CHESHIRE
FIRE & RESCUE SERVICE

Statement of Accounts

2014-15

www.cheshirefire.gov.uk

CHESHIRE FIRE AUTHORITY

Statement of Accounts 2014-15

CONTENTS

Further Information please contact;

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1. INTRODUCTION

The documents referred to below comprise Cheshire Fire Authority's Statement of Accounts for the year 2014-15. This Explanatory Foreword explains the structure of the Accounts and also considers the overall financial position of the Authority in the context of the economic environment within which the Authority operates.

The production and presentation of the Accounts is determined by the Code of Practice on Local Authority Accounting (the code), which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Authority makes every effort to avoid technical language, but the way in which the Accounts are presented means sometimes it has to be included. A glossary is included in the accounts, which explains what the technical terms mean.

The Accounts are presented as a series of statements; a number of these comprise the financial statements themselves, whilst others provide context and other information. This is explained below.

2. THE STATEMENT OF ACCOUNTS

2.1 THE FINANCIAL STATEMENTS

Movement in Reserves Statement (MiRS)

This statement shows the movement in the year on the different reserves held by the Authority, split into usable reserves and other reserves (see the section on the Balance Sheet below for an explanation of usable and other reserves).

The Comprehensive Income and Expenditure Statement (CI&E)

The Comprehensive Income and Expenditure Statement includes all the financial transactions for which the Authority is responsible. Not all of these transactions impact on the Authority's General Fund and the MiRS shows how the differences are appropriated to other reserves.

Balance Sheet

The Balance Sheet sets out the Authority's overall financial position at the 31 March 2015, showing its balances and reserves, its long term liabilities, the non current and current assets employed in its operations and its short term liabilities. The net assets of the Authority (assets less liabilities) are matched by the reserves of the Authority, divided into usable reserves and other reserves. Usable reserves may be used by the Authority to provide services, subject to the need to maintain a prudent level and any statutory limitations on their use (for example capital receipts may generally only be used to fund capital expenditure or repay debt). Other reserves include those which hold unrealised gains and losses, those where amounts would only become available to provide services if the assets are sold and those which hold timing differences and which are shown in the MiRS in “Adjustments between accounting basis and funding under regulations”.

Cash Flow Statement

The Authority’s Accounts are prepared on an accruals basis (see Note 1 of supporting notes to the Statement [Accounting Policies] for more detail on what this means). The Cash Flow Statement summarises the inflows and outflows of cash during the year and reconciles this back to the net position on the CI&E.

The Pension Fund Account

The Pension Fund Account provides information about the income and expenditure for the year on the Firefighters’ Pension Fund. The Account consolidates the 1992, 2006 and the 2006 Modified Firefighters’ Pension Schemes.

2.2. SUPPORTING INFORMATION

Note to the Accounts

The Financial Statements are supplemented by the inclusion of a comprehensive set of notes which explain the figures shown in the Financial Statements in more detail.

Statement of Responsibilities for the Statement of the Accounts

This note makes clear the respective responsibilities of the Authority and the Treasurer to the Authority in the preparation of the Accounts.

Statement of Accounting Policies

This shows how the Authority determines the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. It makes clear, for each type of transaction, the criteria used to decide whether to include it in the accounts and, if included, how to present it.

3. FINANCIAL PERFORMANCE IN 2014-15

Where did the Authority get its revenue funding from?

The Authority received over half (£23,655k) of its revenue funding from local taxpayers, by way of precepts (amounts of funding) levied on the four constituent Borough Councils (Cheshire East, Cheshire West and Chester, Halton and

Warrington) who collect Council Tax. The precept levied in 2014-15 was increased by 1.99% from 2013-14 and equated to £69.09 on a Band D property.

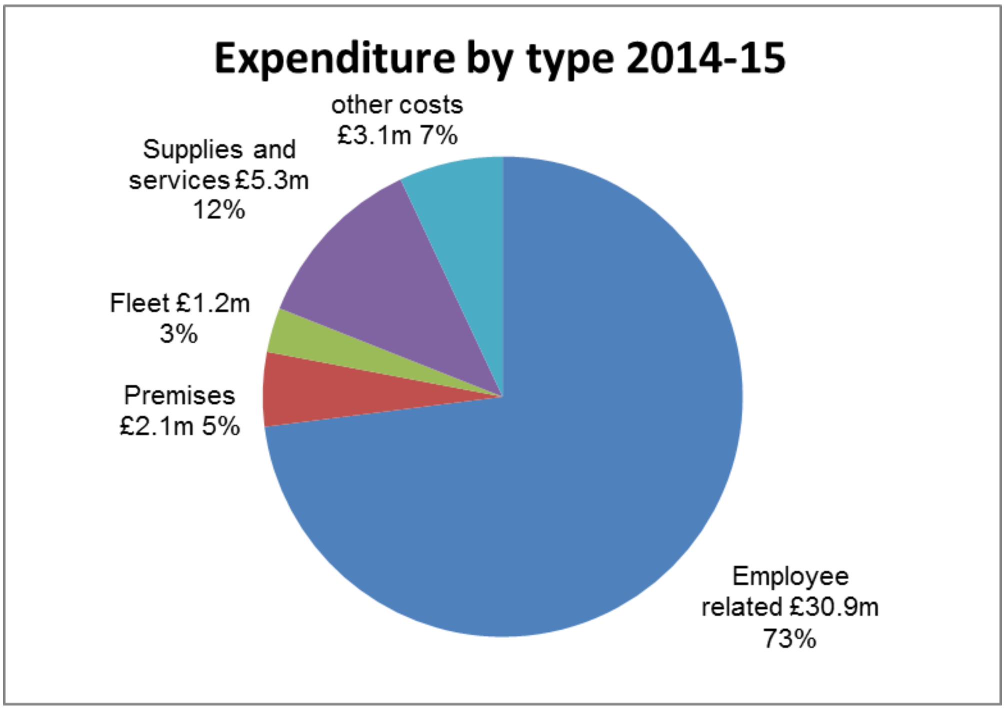
The majority of the balance of the revenue funding (£19,402k) was received from Central Government and the four constituent Authorities in the form of Settlement Funding Assessment. This can be broken down into two elements, Revenue Support Grant and Baseline Funding Level. Revenue Support Grant is determined centrally by Government and is based on a formula. Baseline Funding Level is the amount which the Government determines should be available to the Fire Authority as its share of the Business Rates raised in its four constituent borough councils. However, the amount in relation to Business Rates which is available to the Fire Authority from its four constituent borough councils is not sufficient to meet this level, so the Government also pays the Authority a Top Up Grant to make up the difference. In addition the Authority received other grants in relation to funding, and took its share of surpluses or deficits on the collection funds of the four constituent authorities.

The actual amounts for 2014-15 for these elements are shown below:

	£000
Council Tax	(23,655)
Council Tax (surplus)/deficit - distributed	(117)
Baseline Funding Level	
- Business Rates Baseline	(4,391)
- Business Rates (surplus)/deficit - distributed	104
- Top Up Grant	(4,061)
Revenue Support Grant	(10,725)
Section 31 Grants re Business Rates	(228)
Provision for non collection of Business Rates and Council Taxes	16
Total 2014-15 Funding	**(43,057)**

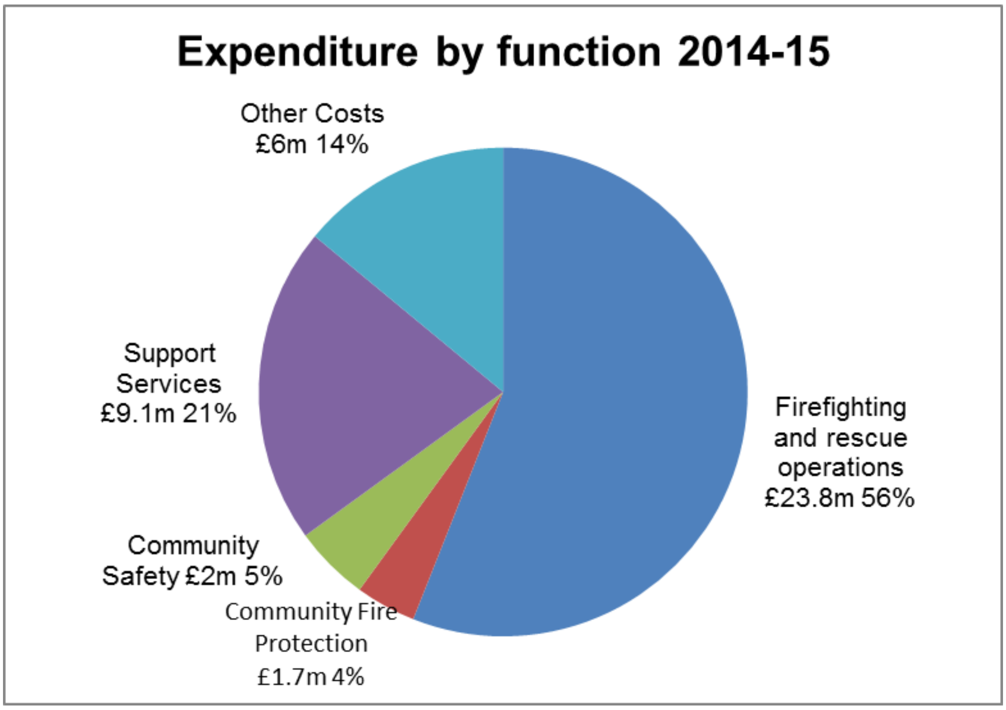
What did the Authority spend its money on?

Actual expenditure broken down by type of expenditure is shown below. The bulk of the Authority's revenue is spent on employee costs.



Performance against budget

Financial and non financial performance is reported on a quarterly basis to the Authority's Performance and Overview Committee. Actual expenditure broken down by function is shown below.



The Authority budgeted to break even, so that expenditure and income were equal. However, the Authority has underspent its revenue budget in 2014-15, and the budget has been revised twice during the year, after discussion at the Authority's Performance and Overview Committee, to reflect this. The intention is to reserve the underspend to help underpin the delivery of Integrated Risk Management Plans (IRMPs).

The underspends reported during the year to the Committee and now treated in the accounts as reserve movements together amount to around £1.6m. They are due to inflationary costs running lower than had been budgeted for, vacant posts in Community Fire Protection, lower than budgeted costs in Fleet Services on maintenance and fuel, and savings in People and Development and Planning, Performance and Communications in anticipation of Value For Money (VFM) review savings.

The table below shows overall how the Authority performed against its revised revenue budget. More detail of the Authority's performance against its service area revenue budget is provided in Note 2, Amounts Reported for Resource Allocation Decisions.

Service Area	Revised Budget £000	Actual £000	Variance £000
Fire fighting and rescue operations	23,875	23,798	(77)
Community Fire Protection	1,708	1,661	(47)
Community Safety	1,997	1,970	(27)
Support Services	9,350	9,113	(237)
Other costs	6,125	6,021	(104)
Funding	(43,055)	(43,057)	(2)
Total	-	**(494)**	**(494)**

The underspend against the revised revenue budget is £494k. The underspend on Service Delivery reflects lower than budgeted costs of on call activity. Other underspends reflect the trends described above, with underspends on areas where VFMs have identified savings which are now reflected in reductions to the 2015-16 revenue budget.

Community Fire Protection and Community Safety have both spent close to their revised budget level, and in general this is the case across the Authority. Other costs are those costs which are budgeted for centrally (i.e. they are not reported as part of operational or support services), and the underspend against the revised budget for other costs is as a result of continued downward inflationary pressure and some lower than anticipated costs on pensions related issues.

The underspending during the year reflects the trend of recent years, as the Authority anticipates savings to be made to support the delivery of IRMP 12 and future IRMPs. It is intended that underspends will mainly be transferred to the IRMP reserves which will be used to ensure that funding is available to smooth timing differences between actual expenditure and the full realisation of planned savings, and to support the capital cost of delivering the Emergency Response Programme (ERP), which restructures the Authority's service delivery by building new fire stations and changing shift systems.

Capital Expenditure

The Authority invested £2,264k in non current assets during the year. Some of this expenditure was against schemes included in the capital programme for 2014-15, whilst some was carried forward from previous years. It is the nature of capital expenditure that some schemes do span financial years. In particular, the amounts approved for spend on the ERP will not be fully spent until 2016-17, in line with the Authority's plan. 2014-15 capital expenditure includes the purchase of the land for the new fire stations at Alsager and Lymm. The build of the new fire station at Alsager has been substantially completed during 2014-15. Apart from the spending on the ERP, the Authority has invested £126k in vehicles, £107k in equipment (mobile working equipment and thermal image cameras), and has nearly completed the replacement boiler scheme at the fire service headquarters.

4. NON FINANCIAL PERFORMANCE IN 2014-15

Members of the Authority receive comprehensive performance reports quarterly, including a Corporate Performance scorecard. The final scorecard for 2014-15 shows that overall the Authority is performing well against target.

The number of primary fires in 2014-15 was lower than target in the year, and was also an improvement on 2013-14. The number of deliberate fires was significantly under that targeted, and down on 2013-14.

There were five fatalities in fires during 2014-15, three in accidental dwelling fires. There were fifty fire related injuries (six more than in 2013-14) although 86% of these were slight, and only five were severe. The Authority continues to work hard through its prevention and protection activities to minimise personal risk from fire.

The Authority reviews its performance against the projects which supports delivery of the Authority's IRMP. Key successes have been the delivery of a three year programme of VFM reviews, saving around £1.3m, with just a few outstanding recommendations to complete. In addition, the Authority have played a leading role in introducing legislation requiring landlords to fit smoke alarms in all private rented accommodation. The Authority is now continuing to be at the forefront of the campaign to raise awareness of the change in legislation and to promote the availability of free smoke alarms and carbon monoxide alarms. The Authority continues to work with partners on fitting sprinkler systems in tower blocks across the boroughs of Cheshire East, Cheshire West, Halton and Warrington.

The building of the four new fire stations and the safety centre continues, with the fire station at Alsager almost complete and the three other sites due to commence in summer 2015. North West Fire Control (NWFC) was successfully introduced and has been mobilising Cheshire appliances since May 2014.

The Authority has a robust performance management framework and seeks to improve in areas where targets are not achieved and help the organisation focus on outcomes which will help it realise its vision of "A Cheshire where there are no deaths, injuries or damage from fires or other emergencies."

5. PENSIONS LIABILITY

The Authority is a responsible employer and encourages its employees to participate in pension schemes. Firefighters may be members of three schemes. The first is the scheme introduced in 1992. This closed to new entrants in 2006 and was replaced by a new scheme. A third scheme was introduced in April 2014 which is a modified version of the 2006 scheme and is available to on call firefighters now entitled to participate in a pension scheme from 2000 as a result of the decision to backdate part time workers rights. The Authority administers these schemes via a specialist external partner. Support staff may be members of the Local Government Pension Scheme (LGPS), which is administered on the Authority's behalf by Cheshire West and Chester Council.

The Firefighters' Pension Schemes are unfunded, which means that there are no underlying assets to fund them and liabilities are funded as they fall due out of the annual income to the scheme. The requirements of IAS 19 means that the Authority must account in the current year for the liability which it incurs as an employer for future pension costs. This leads to a liability on the Authority's Balance Sheet for all pension costs, for both the Firefighter Pension Schemes and the LGPS, of £529m, which is based on a calculation by the Authority's actuaries of the future costs. This is offset in the Balance Sheet by a notional reserve of an equal and opposite amount. At present, all current deficits on the Firefighters' Pension Schemes are funded by Government through payment of a specific grant.

In April 2015, a further scheme has been introduced which many firefighters will transfer into from their existing scheme, at that date or in the future, and which new entrants will join. The already existing schemes will remain open to accommodate those firefighters who have not transferred to the 2015 scheme.

6. CHANGES IN ACCOUNTING POLICY

There have only been minor changes to Accounting Policies during the year, and the impact of these changes on the accounts is minimal.

7. CURRENT BORROWING FACILITIES

In accordance with its Treasury Management Strategy, the Authority has recently been using cash balances to fund capital expenditure, as the poor investment returns available make this the most cost effective use of these balances. At the beginning of the year the Authority had outstanding loans with the Public Works Loans Board (PWLB) of £2,214k. The policy on premature repayment continues to be reviewed, but there have been no premature or maturity repayments of loans during 2014-15. During the year the Authority obtained an interest free loan of £44k from Salix, a not for profit company which lends money to public bodies for invest to save environmental schemes. This has been used to fund lighting upgrade schemes to save energy in fire stations.

8. SOURCES OF FUNDS FOR CAPITAL

The Authority funded its capital expenditure in 2014-15 by using capital grant and capital receipts (see Note 32) and contributions from reserves. The key issue in respect of funding remains the Authority's ability to contain the potential impact from any capital funding decisions within its revenue budget, and this is regularly considered as part of the Medium Term Financial Plan (MTFP).

9. CONTINGENCIES AND MATERIAL WRITE OFFS

The Authority has a Risk Management Framework which identifies significant risks and where those risks are clearly financial in nature they are designated as such and are considered regularly at the Authority's Risk Management Board, which is chaired by the Chief Fire Officer and Chief Executive.

The Authority had identified contingent liabilities in respect of potential future insurance claims and potential pension costs for on call firefighters in its 2013-14 accounts. These are still considered valid at March 2015.

With regard to insurance the risk is as a result of the insolvency of MMI, the historic insurer to the Authority when it was still part of the County Council. The "run off" fund, set up to fund current claims relating to past insurable events is exhausted, leaving a risk of the costs of such claims bearing directly on the Authority.

With regard to pension costs, the risk relates to on call firefighters being allowed to retrospectively join the Firefighters Pension Scheme. DCLG has determined that the costs of the employer contributions will be met through future scheme valuations, which will calculate levels of employer and employee contribution. This will impact on the Authority's IAS 19 position in relation to its outstanding liabilities in future years, and may impact on its CI&E.

A recent court ruling means that the Authority has a risk in relation to a requirement to meet back dated revised lump sum and pension costs of firefighters who retired between 2001 and 2006. The potential cost involved is not clear at this stage, although it is likely to be substantial. Discussions as to exactly how these costs are to be met are ongoing nationally, but are at an early stage.

The Authority has not incurred any significant write offs during the year, and does not anticipate any such write offs in the future.

10. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

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

11. IMPACT OF THE CURRENT ECONOMIC CLIMATE

The austerity agenda continues to impact on the Authority's financial position. The Authority's MTFP is in part premised on assumptions about future cuts to government funding, and is regularly reviewed to ensure these and other assumptions used remain reasonable. The latest version of the MTFP shows savings required of around £8m over a four year period to produce balanced budgets.

Savings generated in 2014-15 have been largely as a result of the ERP, the transfer of control functions to NWFC and the results of a comprehensive VFM programme. It is recognised that further savings are required and this is addressed in the following section.

The Authority has in place an IRMP reserve, which will be used in the next two years to help fund the delivery of the capital and one off revenue elements of the ERP, and then to fund future potential one off costs necessary to help deliver the savings required.

The property element of the Authority's asset base is revalued as a minimum every 5 years in line with the requirements of the accounting code, with the last occasion being in March 2014. The Authority recognises the volatility of the property market and regularly reviews property values with its valuer. The Authority has determined after discussions with its valuer that there has been no material change in asset values during 2014-15.

The Authority has benefited from lower than anticipated inflation in 2014-15, but the continuing low level of interest rates means that the income it receives from investing its cash balances remains lower than it was able to achieve some years ago.

12. FUTURE PLANS

As indicated above, the MTFP is dominated by the need to continue to make substantial savings to absorb the impact of cuts to Government funding, and has been for some years. The Authority's initial principal response to this challenge was to commission the ERP, and as a result of this the Authority agreed to build four new fire stations, and agreed that one of the stations should share a site with a new safety centre. One of these stations is substantially built, with the remaining three and the safety centre being programmed to be built over the next two years. As the Authority works through it, this programme will continue to generate savings to the revenue budget from changes to the way in which the service is delivered.

The Authority is now embarking on a fresh review of Service Delivery, a fresh round of VFM reviews, and is also reviewing the suitability, efficiency and effectiveness of all its major ICT systems. These reviews will form the cornerstone of meeting the need for savings going forward.

In addition, the Authority is actively investigating collaboration opportunities to help to cut costs but also to benefit from greater resilience in support services. In particular, the Authority has identified the possibility of working more closely with its blue light partners in Cheshire, especially the Cheshire Constabulary.

It is seen as unlikely that general capital grant will be available in future years. The latest MTFP recognises the need to fund at least some capital from revenue and reserves, which will enable the Authority to continue with relatively low levels of debt.

The Authority will establish a charity in 2015-16, which will initially be used for prevention activity, in particular the safety centre. The Authority will continue to review the potential creation of other entities which may be required to deliver activities in the future.

The Authority is planning to participate in a new insurance arrangement in collaboration with eight other fire authorities starting in 2015-16. It is intended that this will lead to cost reduction and a more informed approach to risk management.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

Responsibilities of Cheshire Fire Authority

Cheshire Fire Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In Cheshire Fire Authority, that officer is the Treasurer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Statement from Cheshire Fire Authority

I hereby approve the Statement of Accounts for Cheshire Fire Authority for the year ended 31 March 2015.

....

Councillor John Joyce Date: 23 September 2015
Cheshire Fire Authority

Responsibilities of the Treasurer to the Cheshire Fire Authority

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

In preparing this Statement of Accounts, the Treasurer has ensured that:

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates made were reasonable and prudent.
- The Code of Practice has been complied with.

The Treasurer has also:

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

The Treasurer's Certificate

I certify that the Statement of Accounts present a true and fair view of the financial position of Cheshire Fire Authority at the reporting date and its income and expenditure for the year ended 31 March 2015 and that events after this date and prior to the formal approval of the Accounts have been properly considered.

....

Paul Vaughan Date: 23 September 2015
Treasurer to Cheshire Fire Authority

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE FIRE AUTHORITY

We have audited the financial statements of Cheshire Fire Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes and include the Firefighters' Pension Fund financial statements comprising the Fund Account, the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Cheshire Fire Authority as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Cheshire Fire Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Cheshire Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the financial statements of Cheshire Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robin Baker
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Royal Liver Building
Liverpool
L3 1PS

24 September 2015

CHESHIRE FIRE AUTHORITY - MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	(Usable) Capital Receipts	Resource Centre Managers Reserves	Community Risk Reduction Reserve	UPGs Reserve	Capital grant unapplied account	Capital Reserve	**Total Usable Reserves**	Pensions Reserve	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Capital Adjustment Account	**Total Other Reserves**	**Total Authority Reserves**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	(6,741)	(289)	(12,068)	(742)	(334)	-	(1,731)	**(21,905)**	405,886	(4,599)	(96)	585	(21,006)	**380,770**	**358,865**
Movement in reserves during 2013-14															
Surplus or deficit on the provision of services	9,108	-	-	-	-	-	-	**9,108**	-	-	-	-	-	**-**	**9,108**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	23,371	(7,044)	-	-	-	**16,327**	**16,327**
Total Comprehensive Income and Expenditure	9,108	-	**-**	**-**	**-**	**-**	**-**	**9,108**	**23,371**	**(7,044)**	**-**	**-**	**-**	**16,327**	**25,435**
Adjustments between accounting basis and funding basis under regulations															
-depreciation & impairment of fixed assets and other capital charges	(2,453)	-	-	-	-	-	-	**(2,453)**	-	420	-	-	2,033	**2,453**	**-**
-revaluation losses on property plant and equipment	903	-	-	-	-	-	-	**903**	-	-	-	-	(903)	**(903)**	**-**
-revenue expenditure funded from capital under statute	(30)	-	-	-	-	-	-	**(30)**	-	-	-	-	30	**30**	**-**
-pension costs - statutory adjustment	(16,488)	-	-	-	-	-	-	**(16,488)**	16,488	-	-	-	-	**16,488**	**-**
-capital expenditure charged to revenue	-	-	-	-	-	-	126	**126**	-	-	-	-	(126)	**(126)**	**-**
-capital grants - statutory adjustment	3,304	-	-	-	-	(2,383)	-	**921**	-	-	-	-	(921)	**(921)**	**-**
-Collection fund - statutory adjustment	66	-	-	-	-	-	-	**66**	-	-	(66)	-	-	**(66)**	**-**
-Accumulated Absences - statutory adjustment	22	-	-	-	-	-	-	**22**	-	-	-	(22)	-	**(22)**	**-**
-Statutory provision for debt repayment (MRP)	676	-	-	-	-	-	-	**676**	-	-	-	-	(676)	**(676)**	**-**
Net increase/decrease before transfers to earmarked reserves	**(4,892)**	**-**	**-**	**-**	**-**	**(2,383)**	**126**	**(7,149)**	**39,859**	**(6,624)**	**(66)**	**(22)**	**(563)**	**32,584**	**25,435**
Transfers to/from earmarked reserves	4,357	-	(4,162)	148	(27)	-	(316)	**-**	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2013-14	**(535)**	**-**	**(4,162)**	**148**	**(27)**	**(2,383)**	**(190)**	**(7,149)**	**39,859**	**(6,624)**	**(66)**	**(22)**	**(563)**	**32,584**	**25,435**
Balance at 31 March 2014 carried forward	**(7,276)**	**(289)**	**(16,230)**	**(594)**	**(361)**	**(2,383)**	**(1,921)**	**(29,054)**	**445,745**	**(11,223)**	**(162)**	**563**	**(21,569)**	**413,354**	**384,300**

CHESHIRE FIRE AUTHORITY - MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	(Usable) Capital Receipts	Resource Centre Managers Reserves	Community Risk Reduction Reserve	UPGs Reserve	Capital grant unapplied account	Capital Reserve	**Total Usable Reserves**	Pensions Reserve	Revaluation Reserve	Collection Fund Adjustment Account	Accumulated Absences Account	Capital Adjustment Account	**Total Other Reserves**	**Total Authority Reserves**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2014 brought forward	(7,276)	(289)	(16,230)	(594)	(361)	(2,383)	(1,921)	**(29,054)**	445,745	(11,223)	(162)	563	(21,569)	**413,354**	**384,300**
Movement in reserves during 2014-15															
Surplus or deficit on the provision of services	9,277	-	-	-	-	-	-	**9,277**	-	-	-	-	-	**-**	**9,277**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	**-**	66,094	-	-	-	-	**66,094**	**66,094**
Total Comprehensive Income and Expenditure	9,277	-	**-**	**-**	**-**	**-**	**-**	**9,277**	**66,094**	**-**	**-**	**-**	**-**	**66,094**	**75,371**
Adjustments between accounting basis and funding basis under regulations															
-depreciation & impairment of fixed assets and other capital charges	(2,471)	-	-	-	-	-	-	**(2,471)**	-	358	-	-	2,113	**2,471**	**-**
-amount of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&E	(70)	-	-	-	-	-	-	**(70)**	-	-	-	-	70	**70**	**-**
-pension costs - statutory adjustment	(16,785)	-	-	-	-	-	-	**(16,785)**	16,785	-	-	-	-	**16,785**	**-**
-capital expenditure charged to revenue		-	-	-	-	-	30	**30**	-	-	-	-	(30)	**(30)**	**-**
-transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CI&E	67	(67)	-	-	-	-	-	**-**	-	-	-	-	-	**-**	**-**
-use of capital receipts reserve to finance new capital expenditure	-	95	-	-	-	-	-	**95**	-	-	-	-	(95)	**(95)**	**-**
-capital grants - statutory adjustment	3,304	-	-	-	-	(1,165)	-	**2,139**	-	-	-	-	(2,139)	**(2,139)**	**-**
-Collection fund - statutory adjustment	408	-	-	-	-	-	-	**408**	-	-	(408)	-	-	**(408)**	**-**
-Accumulated Absences - statutory adjustment	43	-	-	-	-	-	-	**43**	-	-	-	(43)	-	**(43)**	**-**
-Statutory provision for debt repayment (MRP)	631	-	-	-	-	-	-	**631**	-	-	-	-	(631)	**(631)**	**-**
Net increase/decrease before transfers to earmarked reserves	**(5,596)**	**28**	**-**	**-**	**-**	**(1,165)**	**30**	**(6,703)**	**82,879**	**358**	**(408)**	**(43)**	**(712)**	**82,074**	**75,371**
Transfers to/from earmarked reserves	5,910	-	(5,580)	16	4	-	(350)	**-**	-	-	-	-	-	**-**	**-**
(Increase)/Decrease in 2014-15	**314**	**28**	**(5,580)**	**16**	**4**	**(1,165)**	**(320)**	**(6,703)**	**82,879**	**358**	**(408)**	**(43)**	**(712)**	**82,074**	**75,371**
Balance at 31 March 2015 carried forward	**(6,962)**	**(261)**	**(21,810)**	**(578)**	**(357)**	**(3,548)**	**(2,241)**	**(35,757)**	**528,624**	**(10,865)**	**(570)**	**520**	**(22,281)**	**495,428**	**459,671**

For further details on Usable and Other Reserves, see Notes 21 and 22.

CHESHIRE FIRE AUTHORITY - COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure (CI&E) 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 the Movement in Reserves Statement.

2013-14 Restated					2014-15		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		Note	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
11,150	(391)	**10,759**	Community fire safety	(a)	10,698	(234)	**10,464**
28,708	(2,719)	**25,989**	Fire fighting and rescue operations	(a)	26,884	(1,652)	**25,232**
1,053	(22)	**1,031**	Corporate and democratic core	(a)	1,129	(19)	**1,110**
229	-	**229**	Non-distributed costs	37	240	-	**240**
41,140	**(3,132)**	**38,008**	Cost of services		**38,951**	**(1,905)**	**37,046**
			Other operating expenditure:				
26	-	**26**	(Gains)/losses on the disposal of non-current assets		3	-	**3**
18,639	(178)	**18,461**	Financing and investment income and expenditure	10	19,205	(187)	**19,018**
-	(47,387)	**(47,387)**	Taxation and non-specific grant income and expenditure	11	-	(46,790)	**(46,790)**
59,805	**(50,697)**	**9,108**	**(Surplus)/Deficit on Provision of Services**		**58,159**	**(48,882)**	**9,277**
		(7,044)	Surplus or deficit on revaluation of property, plant and equipment assets	12			-
		23,371	Remeasurment of the net defined benefit liability/(asset)	37			66,094
		16,327	Other comprehensive income and expenditure				**66,094**
		25,435	**Total Comprehensive Income and Expenditure**				**75,371**

(a) The 2013-14 split for cost of services has been restated in accordance with a revised more accurate apportionment of costs, in particular pay costs.

CHESHIRE FIRE 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 may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

01/04/2013	31/03/2014			31/03/2015	
£000	£000		Note	£000	£000
29,032	36,266	Land and buildings	12	35,770	
6,044	5,468	Vehicles and equipment	12	4,470	
183	216	Assets under construction	12	1,608	
418	229	Intangible assets	13	44	
35,677	**42,179**	**Total long-term assets**			**41,892**
12,119	18,343	Short-term investments	14	21,299	
371	459	Inventories	16	457	
3,619	4,049	Short-term debtors	17	3,192	
1,835	1,845	Amount due from pension fund	Pension fund	2,127	
1,914	2,230	Cash and cash equivalents	18	6,501	
19,858	**26,926**	**Total current assets**			**33,576**
55,535	**69,105**	**Total assets**			**75,468**
(8)	-	Short-term borrowing	14	(11)	
(4,626)	(4,265)	Short-term creditors	19	(3,684)	
(133)	(1,112)	Provisions	20	(514)	
(4,767)	**(5,377)**	**Total current liabilities**			**(4,209)**
50,768	**63,728**	**Total assets less current liabilities**			**71,259**
(330)	-	Long-term creditors	15	-	
(3,338)	(2,214)	Long-term borrowing	14	(2,247)	
(79)	(69)	Deferred liabilities	33	(59)	
(405,886)	(445,745)	Net pension liability (IAS19)	37	(528,624)	
(409,633)	**(448,028)**	**Total long-term liabilities**			**(530,930)**
(358,865)	**(384,300)**	**Net assets**			**(459,671)**
(21,905)	(29,054)	Usable reserves	21, MiRS		(35,757)
380,770	413,354	Unusable reserves	22, MiRS		495,428
358,865	**384,300**	**Total reserves**			**459,671**

CHESHIRE FIRE AUTHORITY - CASH FLOW STATEMENT

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

2013-14 £000		Note	**2014-15 £000**
9,108	**Net (surplus)/deficit on the provision of services**	CI&E	**9,277**
(17,862)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	23	(18,676)
3,294	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	3,361
(5,460)	**Net cash flows from Operating Activities**		**(6,038)**
4,002	Investing activities	24	1,801
1,142	Financing activities	25	(34)
(316)	**Net (increase)/decrease in cash and cash equivalents**		**(4,271)**
1,914	Cash and cash equivalents at the beginning of the reporting period	18	2,230
2,230	Cash and cash equivalents at the end of the reporting period	18	6,501
(316)	**Net (increase)/decrease in cash and cash equivalents**		**(4,271)**

CHESHIRE FIRE AUTHORITY - FIREFIGHTERS' PENSION FUND

2013-14 £000	2013-14 £000		2014-15 £000	2014-15 £000
		Contributions Receivable		
		Fire Authority contributions		
(2,442)		1992 Firefighters' Pension Scheme	(2,391)	
(556)		(a) 2006 New Firefighters' Pension Scheme	(568)	
	(2,998)			(2,959)
		Actuarial charges re: Early retirements		
	(103)	Re: Ill health retirements		(19)
	(3,101)			**(2,978)**
		Firefighters' Contributions		
(1,518)		1992 Firefighters' Pension Scheme	(1,658)	
(492)		(a) 2006 New Firefighters' Pension Scheme	(550)	
	(2,010)			(2,208)
		Transfers in		
	(84)	Transfers in from other pension funds		(65)
	(5,195)	**Total Amount Receivable**		**(5,251)**
		Benefits payable		
10,631		Pensions	11,178	
2,156		Commutation of pensions and lump sum retirement benefits	2,162	
	12,787	**Total Benefits payable**		13,340
		Payments to and on account of leavers		
	16	Individual transfers out to other schemes		16
	-	**Administrative expenses**		2
	12,803	**Total Amount payable**		**13,358**
	7,608	**(Surplus)/deficit for the year before top-up grant from Government**		**8,107**
	(7,608)	Top-up grant receivable from Government		(8,107)
	-	**Net amount payable/receivable for the year**		**-**

Net Assets Statement

01/04/2013 £000	31/03/2014 £000		31/03/2015 £000
		Current Assets	
1,855	1,856	Top-up grant receivable from the Government	2,174
95	66	Employee arrears	102
13	-	Contributions due from Fire Authority	-
		Current Liabilities	
(87)	(77)	Contributions received in advance	(61)
(41)	-	Benefits outstanding	(88)
(1,835)	(1,845)	Amount due to General Fund	(2,127)
-	**-**	**Net Assets**	**-**

(a) These lines include the Modified 2006 Firefighters Pension Scheme (4 members in 2014-15). For further details, please see notes to the financial statements, notes 31 & 37.

The following pages show the notes to Cheshire Fire Authority Financial Statements 2014-15, a listing of the notes is shown below.

1 Accounting Policies

I. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014-15 financial year and its position at the year end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations (England) 2011, which Regulations require, accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 and the Service Reporting Code of Practice 2014-15, supported by International Financial Reporting Standards (IFRS).

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

II. 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.

Exceptions to this principle are immaterial items of income and expenditure such as cash income and some small elements of employee pay, which are recorded on a receipts and payments basis rather than being apportioned between financial years.

III. 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 one month 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.

IV. 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.

V. 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 fixed assets attributable to the service.

The Authority is not required to raise council tax 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 (MRP)], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VI. 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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 four separate pension schemes:

- The Local Government Pension Scheme, administered by Cheshire West and Chester Council
- The Firefighters' Pension Schemes (1992)
- The New Firefighter Pension Scheme (2006)
- The New Firefighter Pension Scheme (2006) (Modified)

These schemes provided defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

The Local Government Pension Scheme for non-uniformed staff

All non-uniformed staff, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme, through the medium of the Cheshire Pension Fund. The scheme, which is a funded, defined benefit statutory scheme, is administered by Cheshire West and Chester Council in accordance with the Local Government Pension Scheme Regulations 2007 and 2008. The Authority currently pays an employer's contribution of 21% of employees' pensionable pay into the Cheshire Pension Fund. All pension payments to eligible staff are met from this fund. The attributable assets of the scheme are measured at fair value. Assets are valued at bid value

Employer contribution rates are reviewed every three years. The last review took place on 31 March 2014. Contributions are set at a level intended to balance pension liabilities with the Authority's share of the Fund's investment assets.

The liabilities of the Local Government Pension Scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method - an assessment of the future payments which 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 by current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (discount rate is derived from a corporate bond yield curve which is constructed in the following manner:

- Use the UBS corporate bond curve (derived by applying the UBS delta curve fitting methodology to the constituents of the iBoxx £ Corporates AA Index) for durations up to 8 years;
- From 12 years onwards use a gilts curve plus a long term average credit spread of 0.9% p.a;
- Interpolate between the two approaches for durations between 8 and 12 years.

The Firefighters' Pension Schemes for uniformed staff

These are unfunded schemes, meaning that there are no investment assets built up to meet their liabilities. These liabilities now reside in a local pensions fund into which pension contributions are made and from which pensions are paid. An original scheme commenced in 1992. An additional scheme commenced in 2006 and a further Modified version of this scheme commenced in 2014, with all three being administered through one fund. The Authority currently pays an employer's contribution of 21.3% of employees' pensionable pay into the fund in respect of the 1992 and 2006 Modified Scheme's, and 11% in respect of the 2006 scheme. The balance on the local pensions account is funded by Government grant.

Firefighters' Injury Scheme

Under the Firefighters' Compensation Scheme (England) Order 2006, a firefighter receives an injury award where they have retired and are permanently disabled because of an injury received in the execution of their duty. Under IAS19 the Authority is required to account for contingent future injury benefits. The liability is based on an estimate of future benefits earned by members, and movements in this liability are treated in the same way as for the Firefighters' Pension Schemes.

The impact of these three pension schemes and the Firefighters' Injury Scheme is identified in the revenue account and balance sheet.

The change in net pension's 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 as part of Non Distributed Costs.
- 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 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 pension funds - cash paid as employer's contributions to the pension funds 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 Local Government Pension Scheme.

VII. 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 event 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.

VIII. 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 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.

The Authority's borrowings in the Balance Sheet represent the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Financial Assets (Loans and Receivables)

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

IX. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

X. 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 acquired using 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. Where conditions are satisfied, the grant or contribution is credited to the relevant Service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

XI. Heritage Assets

Heritage assets are defined as tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

The Authority does not consider that any of its assets fall into the definition of a Heritage Asset.

XII. 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.

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 to the relevant Service line(s) in the Comprehensive Income and Expenditure Statement with charges commencing in the year of acquisition. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant Service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

XIII. Interests in Companies and Other Entities (Group Accounts)

The Authority has an interest in one entity only, NW Fire Control Ltd. A detailed assessment for Group Accounting requirements has taken place during 2014-15 in respect of NW Fire Control Ltd. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12). See note 36 for more details.

XIV. 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.

The Authority has no long term contracts.

XV. 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.

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).

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

Operating Leases

Rentals 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 (if for example there is a rent-free period at the beginning of the lease).

XVI. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014-15 (SeRCOP). The total absorption method is used. With this the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and the changes in the net pensions liability relating to past service costs.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

XVII. 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 (PPE).

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 as it is incurred. The Authority does not treat any expenditure under £10,000 as capital expenditure.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it was located.

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 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, community assets and assets under construction - depreciated historical cost.
- All other assets - fair value, determined as the amount that would be paid for the asset in its existing use.

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

Where non-property assets have short useful lives and/or low values, depreciated historical cost basis is used as a proxy for fair value.

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

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

- Where there is a balance of revaluation gains for the asset in 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(s) 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(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant Service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged had the loss 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 commencing in the year of acquisition. An exception is made for assets without a determinable useful life (e.g. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation 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. Useful lives for all firefighter dwellings and other buildings are 25 years.
- Vehicles, plant and equipment - straight-line allocation over the asset's useful life: appliances 13 to 20 years, and other vehicles and equipment 5 to 15 years, as advised in each case by a suitably qualified Officer.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item and material to the Authority, 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 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 in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve to be used only 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 Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Componentisation

The Authority is required under International Financial Reporting Standards to recognise the individual components of its non-current assets and depreciate them separately where necessary. The Authority can also apply a de minimis level below which assets are not considered to be material, and has set this level at £2m or approximately 5% of the total carrying value of assets in the Balance Sheet.

The Authority will take components to be significant if they represent at least 20% of the total cost of the asset. However, components only need to be recognised when they have different useful lives and/or depreciation methods.

XVIII. Provisions, Contingent Liabilities and Contingent Asset

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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the

Balance Sheet date of the expenditure required to settle the obligation, taking 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.

Provisions for business efficiency exit packages are charged to the appropriate service line in the Comprehensive Income and Expenditure, in the year that the Authority is committed to the new structure.

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.

XIX. Reserves

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

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

XX. Revenue Expenditure Funded from Capital under Statute

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

XXI. VAT

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

2 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across service areas.

Outturn against revised budget for each service area and the Authority is shown in the following table; for further details of the variances please refer to the performance against budget section of the explanatory forward.

Service Area	2014-15 £000 Revised budget	2014-15 £000 Outturn	2014-15 £000 Variance (under)/over spend
Firefighting and rescue operations			
Service Delivery	20,251	20,173	(78)
Operational Policy and Assurance	3,624	3,625	1
Community Fire Protection	1,708	1,661	(47)
Community Safety	1,997	1,970	(27)
Support Services			
Executive Management	662	656	(6)
Planning, Performance & Communications	1,325	1,311	(14)
People and Development	1,421	1,367	(54)
Legal & Democratic services	497	495	(2)
Property Management	1,405	1,379	(26)
ICT	1,557	1,508	(49)
Finance	420	407	(13)
Procurement	568	560	(8)
Fleet services	1,495	1,430	(65)
Other Costs			
Unitary Performance Groups	100	100	-
General insurance	228	209	(19)
Contingency	250	-	(250)
Minimum Revenue Provision	631	631	-
Audit fees	69	66	(3)
Non distributed employee costs	426	362	(64)
Pay Inflation	43	-	(43)
Allocation of second homes Council Tax	42	42	-
Interest payable	102	102	-
Interest receivable	(160)	(187)	(27)
Bad debts	6	(2)	(8)
Other costs and income	23	25	2
Non pay inflation	14	-	(14)
Grants	-	(5)	(5)
Transfer to/from provisions	-	-	-
Contribution to IRMP reserve	4,108	4,916	808
Other reserve movements	243	(238)	(481)
Total net expenditure reported for resource allocation decisions	**43,055**	**42,563**	(492)

Funding	2014-15 £000 Revised budget	2014-15 £000 Outturn	2014-15 £000 Variance (under)/over spend
Council Tax	(23,655)	(23,655)	-
Council Tax - surplus / deficit	(117)	(359)	(242)
RSG	(10,725)	(10,725)	-
Business Rates	(8,452)	(8,452)	-
Business Rates - surplus / deficit	150	(61)	(211)
Section 31 grants	(256)	(228)	28
Appropriation to Collection Fund Adjustment account.	-	407	407
Transfer to provisions	-	16	16
Total funding	(43,055)	(43,057)	(2)
2014-15 underspend	-	(494)	(494)
Transfer of 2013-14 underspend to reserves			**808**
Decrease in 2014-15 General Fund Balance			**314**

Reconciliation to Comprehensive Income and Expenditure Statement (CI&E)

	2014-15 £000
Total expenditure reported for resource allocation decisions	42,563
Pension costs calculated in accordance with IAS 19	(240)
Appropriation to capital financing	(833)
Minimum revenue provision	(631)
Capital grants received in year	3,304
Interest payable	(105)
Interest receivable	187
Appropriation to accumulated absences account	(43)
Other operating expenditure (profit or loss on disposal)	(3)
Transparency code set up grant	6
Net cost of IAS 19 pensions charged to CI&E	(2,075)
Funding transfer to provision	16
Transfer to reserves	(5,100)
CI&E Net Cost of Services	**37,046**

No comparatives are available because of changes to the reporting structure.

Subjective Analysis

2013-14 £000		2014-15 £000	2014-15 £000
	Expenditure		
30,985	Employee pay	29,621	
498	Other employee expenses	612	
465	Pensions	619	
1,986	Premises	2,076	
1,366	Transport	1,220	
4,159	Supplies, services & other expenses	3,813	
955	Agency and contracted services	1,503	
1,125	Capital charges and finance resources	746	
133	Members' allowances	129	
763	Provisions	(764)	
42,435	Total expenditure		39,575
	Income		
(3,104)	Fees and other service income	(1,898)	
(28)	Sales	(8)	
(178)	Interest	(186)	
(23,011)	Council tax	(23,655)	
(21,006)	Government grants and contributions	(19,423)	
(47,327)	Total income		(45,170)
4,083	Transfers to reserves		5,101
(809)	Net expenditure		**(494)**

3 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2015-16 (the Code) requires an Authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the code for the relevant year.

The Code 2015-16 has introduced several changes in accounting policies which will be required from 1 April 2015. If these had been adopted for the financial year 2014-15 there would be no material changes as detailed below.

• IFRS 13 Fair Value Measurement – This standard requires local authorities to measure their assets and liabilities and provide disclosure where a section of the code requires or permits fair value measurement. Surplus assets (i.e. property, plant and equipment (PPE) that is not being used to supply goods and services and does not meet the criteria of assets held for sale) are currently measured at existing use valuation based on their use as an operational asset. However, the 2015-16 code requires that such assets must now be measured at fair value in accordance with IFRS 13). As at the 31 March 2015 the Authority doesn't have any surplus assets, this would therefore have no impact on the 2014-15 Statement of Accounts.

• Annual improvements to IFRS 2011-13 cycle. The amendments introduced by the annual improvements to IFRSs 2011-2013 include IFRS 1 (meaning of effective IFRSs); IFRS 3 (Scope exceptions of joint ventures) IFRS 13 (amendment to paragraph 52 - portfolio exception) and IAS 40 (clarifying the interrelationship of IFRS 3 Business combinations and IAS 40 Investment property when classifying property as investment property or owner-occupied property). For this Authority the adoptions of these changes will not need amendments to the accounting policies.

• IFRIC 21 Levies provides guidance on the recognition of liabilities to pay levies. For the 2014-15 accounts no levies were recognised.

4 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:

There is a high degree of uncertainty about future levels of funding for local government. 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 of a need to reduce levels of service provision. The Authority reviews its MTFP to assess potential impacts of reduction in funding. The need to make efficiencies is factored into the IRMP process.

The Authority is aware of a potential liability and asset in relation to the GAD vs Milne case. This means that the Authority is likely to be liable for back dated revised commutations for certain firefighters. The Authority is unable to calculate a provision or debtor, because there are a substantial number of firefighters affected, the Authority has only very recently received guidance on the methodology to be used in the calculation and the Authority is unable to quickly and easily access the information needed to make the estimate, as it would need access to files held by the external pension provider. The external pension provider has indicated that more information will be available by December 2015, in line with DCLG's timetable for calculating the liability.

The Authority believes that this liability will be met by payment from HM Treasury and DCLG, based on correspondence received by the Local Government Association. The Authority has chosen to address the issue by recognising a contingent liability and contingent asset, as referred to in note 34.

5 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 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment (see note 12)	Assets are depreciated over useful lives that are dependent on assumptions about the levels 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, although the Authority does not feel that this poses any immediate quantifiable risk.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £47k for every year that useful lives had to be reduced.
Provisions (see note 20)	Provision, an amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and date on which the liability is due is uncertain.	The Comprehensive Income and Expenditure Statement has been charged with the amount of the provision. Any change would result in a credit/debit to the Comprehensive Income and Expenditure Statement.
Pension Liability (see note 37)	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 age, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. Sensitivity analyses in respect of the Firefighters' and Local Government Pension schemes are shown on the next page, together with the monetary value that would result if they came to fruition (see reference (a) below).

(a) The Sensitivity analyses on the next page does not include the 2006 Modified Firefighters' pension scheme as the scheme had just 4 members that had transferred at the 31 March 2015. For the 2015-16 Statement of Accounts there will be a separate actuarial report for the modified 2006 scheme as the number of members increases.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

Change in financial assumptions at year ended 31 March 2015	LOCAL GOVERNMENT PENSION SCHEME Approximate Increase to Employer Liability	LOCAL GOVERNMENT PENSION SCHEME Approximate monetary Amount
	%	£000
0.5% decrease in real discount rate	12%	5,504
1 year increase in member life expectancy	3%	1,359
0.5% increase in the salary increase rate	5%	2,106
0.5% increase in the pensions increase rate (CPI)	7%	3,271

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	FIREFIGHTERS' PENSION SCHEME - FPS (1992 scheme)		FIREFIGHTERS' PENSION SCHEME - NFPS (2006 scheme)	
Change in financial assumptions at year ended 31 March 2015	Approximate increase to Employer Liability	Approximate monetary amount	Approximate Increase to Employer Liability	Approximate monetary Amount
	%	£000	%	£000
0.1% decrease in real discount rate	2%	9,400	4%	888
1 year increase in member life expectancy	3%	14,800	3%	702
0.5% increase in the salary increase rate	1%	6,900	10%	2,442
0.5% increase in the pensions increase rate (CPI)	8%	41,300	9%	2,123

The sensitivities regarding the principal assumptions used to measure the projected current service cost are set out below:

	FIREFIGHTERS' PENSION SCHEME - FPS (1992 scheme)		FIREFIGHTERS' PENSION SCHEME - NFPS (2006 scheme)	
Change in financial assumptions at year ended 31 March 2015	Approximate increase to projected current service cost	Approximate monetary amount	Approximate increase to projected current service cost	Approximate monetary Amount
	%	£000	%	£000
0.1% decrease in real discount rate	3%	210	5%	110
1 year increase in member life expectancy	3%	210	3%	70
0.5% increase in the salary increase rate	3%	230	13%	320
0.5% increase in the pensions increase rate (CPI)	12%	830	11%	260

6 Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Treasurer on 23 September 2015. 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 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On the 8 May 2015 the Authority purchased land where the new M56 fire station is to be built, at a cost of £230k plus fees.

On the 28 August 2015 the Authority purchased land where the new Penketh fire station is to be built, at a cost of £210k plus fees.

Whilst the item above provide information which is relevant to the Authority's financial position at 31 March 2015, the nature and timing of the activities which gave rise to them mean that no adjustment to the accounts is necessary.

7 Adjustments between Accounting Basis and Funding Basis under regulations

Please refer to the Movement in Reserves Statement (MiRS), for details on the adjustments that are made to the total Comprehensive Income and Expenditure Statement (items recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure).

8 Prior period adjustments

Impact on the accounts following changes in the pension treatment for training and nucleus shift allowances

The High Court decided in October 2011 that Day Crewing allowances are pensionable in the 1992 Firefighters Pension Scheme. Following further legal advice the Authority has determined that other allowance payments to firefighters are pensionable, that were not previously treated as such. These are the Operational Training Groups' training allowance, and the allowance paid to staff on the Nucleus shift system. This decision has been backdated to when these allowances were introduced, and the Authority has subsequently had to make various adjustments in the accounts.

The Code of Practice allows for Authorities to account for prior period issues in the current period where it is impracticable to restate prior periods. The Authority considers that in this case it is not practicable to quantify the effects on each of the prior periods, and has subsequently accounted for the cumulative impact in the 2014-15 statements.

In 2014-15 the Authority have paid £109k of additional employers contributions into the Pension Fund. This has been funded by a reserve created in 2013-14 in anticipation of this issue.

The following are the impacts on the pension fund account in 2014-15:

£000	
55	Additional commutations payable
32	Additional pensions payable
2	Interest on additional commutations and pensions payable
(102)	Additional FPS contributions received
(51)	Additional FPS contributions receivable
(11)	Additional NFPS contributions received
(9)	Additional NFPS contributions receivable

The following debtor/creditors are recognised in the Pension Fund Net Assets Statement:

(88)	Benefits outstanding - additional commutations and pension to be paid from 2015-16
60	Employee arrears (contributions owed by employees)

9 Transfers to/from Earmarked Reserves

Please refer to the Movement in Reserves Statement and note 21.

10 Financing and Investment Income and Expenditure

2013-14 Net Expenditure £000		Gross Expenditure £000	2014-15 Gross Income £000	Net Expenditure £000
436	Interest payable on debt and similar charges	102	-	102
4	Interest payable on finance leases	3	-	3
(178)	Interest receivable and similar income	-	(187)	(187)
18,199	Net Interest on the net defined benefit liability (asset)	19,100	-	19,100
18,461	**Total**	**19,205**	**(187)**	**19,018**

11 Taxation and non-specific grant income

2013-14 Income £000		2014-15 Income £000
(23,312)	Council tax income	(24,014)
(8,179)	Non-domestic rates / Business Rates Retention Scheme	(8,513)
(12,592)	Non-ring fenced government grants	(10,959)
(3,304)	Capital grants and contributions	(3,304)
(47,387)	**Total**	**(46,790)**

Note that council tax and non-domestic rates income has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.

The Explanatory Foreword (section Financial Performance - Where did the Authority get its revenue funding from?) explains the changes in funding for the Authority.

12 Property, Plant and Equipment

12.1 Movements in 2014-15

2014-15	Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2014	**36,266**	**11,406**	**3,830**	**216**	**51,718**
Additions	639	126	107	1,392	**2,264**
Derecognitions	-	(276)	(277)	-	**(553)**
As at 31 March 2015	**36,905**	**11,256**	**3,660**	**1,608**	**53,429**
Accumulated depreciation and impairment					
At 1 April 2014	**-**	**(7,092)**	**(2,676)**	-	**(9,768)**
Depreciation charge	(1,135)	(678)	(501)	-	**(2,314)**
Derecognitions	-	241	260	-	**501**
As at 31 March 2015	**(1,135)**	**(7,529)**	**(2,917)**	-	**(11,581)**
Net book value:					
At 31 March 2015	**35,770**	**3,727**	**743**	**1,608**	**41,848**
At 1 April 2014	**36,266**	**4,314**	**1,154**	**216**	**41,950**

12.2 Comparative Movements in 2013-14

2013-14	Land and Buildings £000	Vehicles £000	Plant & Equipment £000	Assets under Construction £000	Total £000
Cost or valuation					
At 1 April 2013	**32,878**	**11,199**	**3,797**	**183**	**48,057**
Additions	229	417	155	216	**1,017**
Revaluations recognised in the Revaluation Reserve	4,020	-	-	-	**4,020**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on Provision of Services	(953)	-	-	-	**(953)**
Derecognitions	-	(225)	(198)	-	**(423)**
Reclassifications	92	15	76	(183)	**-**
As at 31 March 2014	**36,266**	**11,406**	**3,830**	**216**	**51,718**
Accumulated depreciation and impairment					
At 1 April 2013	**(3,846)**	**(6,603)**	**(2,349)**	-	**(12,798)**
Depreciation charge	(1,035)	(699)	(521)	-	**(2,255)**
Depreciation written out to the Revaluation Reserve	3,025	-	-	-	**3,025**
Depreciation written out to the Surplus/ Deficit on Provision of Services	1,856	-	-	-	**1,856**
Derecognitions	-	210	194	-	**404**
As at 31 March 2014	**-**	**(7,092)**	**(2,676)**	-	**(9,768)**
Net book value:					
At 31 March 2014	**36,266**	**4,314**	**1,154**	**216**	**41,950**
At 1 April 2013	**29,032**	**4,596**	**1,448**	**183**	**35,259**

12.3 Revaluations

Assets included in the Balance Sheet at fair value are revalued at least every five years. The Authority's property portfolio was revalued by Edward Cottrell, MRICS of Cottrell Commercial as at 31 March 2014. The basis of the valuation was as follows:

- Day Crewed Housing - Existing Use Value
- Fire Service Headquarters - Existing Use Value
- Fire Stations - Depreciated Replacement Cost

The 2014 valuation led to an overall net increase in asset values of £7.95m.

Other non current assets are valued at depreciated historic cost.

12.4 Capital Commitments

At 31 March 2015, the Authority has capital commitments of £882k (31 March 2014 £nil).

The programme of station builds noted in the Explanatory Forward is underway. The land at Alsager and Lymm sites were purchased in 2014-15. Alsager station build was nearing completion at 31 March 2015. The other sites are underway, but expenditure in 2014-15 was largely on architects, planning fees and surveys. As at 31 March 2015 the capital budget for the four station builds is £16m, with remaining funding of £13.6m (Lymm £7m / Penketh £2.9m / M56 £3.3m / Alsager £0.4m). The Authority is pressing ahead with the plans but besides the Alsager build, and consultants at Penketh, there are not considered to be any formal commitments to further spend at 31 March 2015.

31 March 2014 £000		31 March 2015 £000
-	New station build - Alsager	263
-	New station site - Penketh	18
-	HQ Boiler	27
-	Appliance replacement programme	428
-	Mobile data terminals upgrade	146
-	**Total**	**882**

Effects of changes in estimates

There have been no material changes in accounting estimates in 2014-15.

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 in Plant and Equipment. The intangible assets consist of purchased software and licences.

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 life assigned to the major software suites used by the Authority is five years.

	Intangible (Purchased) Assets	
	2013-14 £000	**2014-15 £000**
Balance at start of year :		
Gross carrying amounts	1,299	1,229
Accumulated amortisation	(881)	(1,000)
Net carrying amount at start of year	**418**	**229**
Other disposals - gross cost	(70)	(737)
Other disposals - amortisation	64	719
Amortisation for the period	(183)	(167)
Net carrying amount at end of year	**229**	**44**
Comprising:		
• Gross carrying amount	1,229	492
• Accumulated amortisation	(1,000)	(448)
Net carrying amount at end of year	**229**	**44**

The significant reduction in the gross carrying amount of intangible assets is primarily due to the derecognition of fully amortised control room systems, following the move to North West Fire Control in May 2014.

14 Financial Instruments

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

	Long Term			Current		
	01/04/13	31/03/14	31/03/15	01/04/13	31/03/14	31/03/15
	£000	£000	£000	£000	£000	£000
Investments						
Loans and receivables						
- Investments	-	-	-	12,119	18,343	21,299
- Imprest and cash	-	-	-	1,914	2,230	6,501
Total Investments	-	-	-	14,033	20,573	27,800
Debtors						
- Loans and receivables	-	-	-	810	1,614	365
Borrowings						
Financial liabilities at amortised cost						
- PWLB	(3,334)	(2,214)	(2,214)	-	-	-
- Salix	(4)	-	(33)	(8)	-	(11)
Total Borrowings	(3,338)	(2,214)	(2,247)	(8)	-	(11)
Creditors						
Financial liabilities at amortised cost	(330)	-	-	(2,342)	(1,401)	(1,286)

Income, Expense, Gains and Losses

	2013-14			2014-15		
	Financial liabilities at amortised cost	Financial Assets: Loans and Receivables	Total	Financial liabilities at amortised cost	Financial Assets: Loans and Receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	(440)	-	(440)	(105)	-	(105)
Impairment losses (bad debt provision)	-	(18)	(18)	-	2	2
Total expense in Surplus or Deficit on the Provision of Services	(440)	(18)	(458)	(105)	2	(103)
Interest income	-	178	178	-	187	187
Total income in Surplus or Deficit on the Provision of Services	-	178	178	-	187	187
Net gain/(loss) for the year	(440)	160	(280)	(105)	189	84

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables, and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present values of the cash flows that will take place over the remaining term of the instruments, making the following assumptions:

- for the PWLB loans, interest rates prevailing at 31 March 2015;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31 March 2014		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Financial liabilities	(3,615)	(3,951)	(3,544)	(4,013)

	31 March 2014		31 March 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Loans and receivables	22,187	22,187	28,165	28,165

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

15 Long Term Creditors

1 April 13	31 March 14		31 March 15
£000	£000		£000
(10)	-	LGPS	-
(320)	-	Pension Top-up grant	-
(330)	**-**	**Total**	**-**

The long term creditor consisted of two elements:

- Pension liabilities (LGPS)

  This represented the unpaid costs of non-uniformed staff early retirements. These costs are usually paid out over a period of 5 years.
- Pension top-up grant

  During 2011-12 the Authority identified that compensatory injury award payments had been inappropriately classified within its accounts since the inception of the Firefighters Pension Fund in 2006. The creditor amount represented the amount due to central government in respect of top up grant received incorrectly in prior years.

16 Inventories

	Workshops £000	Uniform £000	Firefighting & General £000	Total £000
Balance outstanding 1 April 2013	**90**	**190**	**91**	**371**
Purchases 2013-14	32	330	258	**620**
Recognised as an expense in the year	(21)	(243)	(275)	**(539)**
Written off balances 2013-14	-	5	2	**7**
Balance outstanding at 31 March 2014	**101**	**282**	**76**	**459**
Balance outstanding 1 April 2014	**101**	**282**	**76**	**459**
Purchases 2014-15	29	157	286	**472**
Recognised as an expense in the year	(50)	(154)	(274)	**(478)**
Written off balances 2014-15	10	(6)	-	**4**
Balance outstanding at 31 March 2015	**90**	**279**	**88**	**457**

17 Debtors (Amounts Receivable)

1 April 13 £000	31 March 14 £000		31 March 15 £000
328	387	Central Government bodies	495
176	996	Other local authorities	677
25	51	NHS bodies	36
-	5	Public corporations and trading funds	-
2,248	1,499	Other entities and individuals	839
842	970	Collection fund - council tax payers	974
-	141	Collection fund - business rates payers	171
3,619	**4,049**	**Total**	**3,192**

18 Cash and Cash Equivalents

1 April 13 £000	31 March 14 £000		31 March 15 £000
9	26	Cash held by the Authority	21
1,905	2,204	Bank current accounts	6,480
1,914	**2,230**	**Total**	**6,501**

19 Creditors (Amounts Payable) - Short-term creditors

1 April 13 £000	31 March 14 £000		31 March 15 £000
(1,581)	(1,115)	Central Government bodies	(707)
(795)	(1,219)	Other local authorities	(849)
(1)	-	Public corporations and trading funds	-
(2,022)	(1,526)	Other entities and individuals	(1,692)
(227)	(324)	Collection fund - council tax payers	(364)
-	(81)	Collection fund - business rates payers	(72)
(4,626)	**(4,265)**	**Total**	**(3,684)**

20 Provisions

In 2013-14 the Authority identified likely costs in respect of termination payments.

In 2013-14 and 2014-15 the Authority has identified likely costs in business rates collection fund deficits, as well as reflecting the Fire Authority's share of the provision for business rates appeals.

	Termination payments £000	Collection fund £000	Total £000
Balance as at 1 April 2014	(780)	(332)	(1,112)
Additional provisions made in 2014-15	-	(399)	(399)
Amounts used in 2014-15	780	-	780
Amounts reversed in 2014-15	-	217	217
Balance at 31 March 2015	**-**	**(514)**	**(514)**

21 Usable Reserves

1 April 13 £000	31 March 14 £000	Usable Reserves	31 March 15 £000
(6,741)	(7,276)	General Fund Balance	(6,962)
(289)	(289)	(Usable) Capital Receipts	(261)
-	(2,383)	Capital grant unapplied account	(3,548)
		Earmarked revenue reserves:	
(12,068)	(16,230)	- Resource Centre Managers	(21,810)
(742)	(594)	- Community Risk Reduction	(578)
(334)	(361)	- Unitary Performance Groups	(357)
(1,731)	(1,921)	Capital Reserve	(2,241)
(21,905)	**(29,054)**	**Total Usable Reserves**	**(35,757)**

Usable Reserves are those that can be used to fund general expenditure or reduce local taxation. Usable Reserves held by the Authority are described below and movements detailed in the Movement in Reserves Statement.

General Fund Balance
The General Fund represents resources available to meet the potential financial consequences of the Authority's risk profile and other unforeseen circumstances.

(Usable) Capital Receipts
This reserve shows the proceeds of fixed asset sales available to meet future capital expenditure.

Capital Grant Unapplied Account
This reserve holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Resource Centre Managers Reserves
These reserves are available to meet future identified commitments in resource centre managers' areas.

Community Risk Reduction Reserve

This reserve is to meet the cost of the Authority's programme of home safety assessments and other community safety initiatives.

Unitary Performance Groups (UPGs) Reserve
This reserve is earmarked for facilitating partner engagement in community safety activities.

Capital Reserve
This reserve is earmarked to fund future capital expenditure.

22 Unusable Reserves

1 April 13 £000	31 March 14 £000	Unusable Reserves	31 March 15 £000
(4,599)	(11,223)	Revaluation Reserve	(10,865)
(21,006)	(21,569)	Capital Adjustment Account	(22,281)
405,886	445,745	Pensions Reserve	528,624
(96)	(162)	Collection Fund Adjustment Account	(570)
585	563	Accumulated Absences Account	520
380,770	**413,354**	**Total Unusable Reserves**	**495,428**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its non-current 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.

2013-14 £000	Revaluation Reserve		2014-15 £000
(4,599)	**Balance at 1 April**		**(11,223)**
(7,163)	Upward revaluation of assets	-	
119	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	-	
(7,044)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		-
420	Difference between fair value depreciation and historical cost depreciation		358
(11,223)	**Balance at 31 March**		**(10,865)**

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 fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Capital Adjustment Account 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. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account.

2013-14 £000		Capital Adjustment Account	2014-15 £000	2014-15 £000
	(21,006)	**Balance at 1 April**		**(21,569)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
2,245		• Charges for depreciation and impairment of non-current assets	2,304	
(903)		• Revaluation losses on Property, Plant and Equipment	-	
183		• Amortisation of intangible assets	167	
30		• Revenue expenditure funded from capital under statute	-	
25		• 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	70	
	1,580			2,541
	(420)	Adjusting amounts written out of the Revaluation Reserve		(358)
	(19,846)	Net written out amount of the cost of non-current assets consumed in the year		(19,386)
		Capital financing applied in the year		
(51)		• Capital expenditure charged against the General Fund	(30)	
(996)		• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,040)	
-		• Use of the Capital Receipts Reserve to finance new capital expenditure	(95)	
-		• Application of grants to capital financing from the Capital Grants Unapplied Account	(1,099)	
(676)		• Statutory provision for the financing of capital investment charged against the General Fund (MRP)	(631)	
	(1,723)			(2,895)
	(21,569)	**Balance at 31 March**		**(22,281)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, 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.

2013-14 £000	Pension Reserve	2014-15 £000
405,886	**Balance at 1 April**	**445,745**
23,371	Remeasurements of the net defined benefit liability/(asset)	66,094
28,522	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 Account	29,514
(12,034)	Employer's pensions contributions and direct payments to pensioners payable in the year	(12,729)
445,745	**Balance at 31 March**	**528,624**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2013-14 £000	Collection Fund Adjustment Account	2014-15 £000
(96)	**Balance at 1 April**	**(162)**
(66)	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated in accordance with statutory requirements	(408)
(162)	**Balance at 31 March**	**(570)**

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.

2013-14 £000	2013-14 £000	Accumulated Absences Account	2014-15 £000	2014-15 £000
	585	**Balance at 1 April**		**563**
(585)		Settlement or cancellation of accrual made at the end of the preceding year	(563)	
563		Amounts accrued at the end of the current year	520	
	(22)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(43)
	563	**Balance at 31 March**		**520**

23 Cash Flow Statement - Operating Activities

Adjustment for non-cash movements charged to the net (surplus)/deficit on the provision of services:

2013-14 £000		2014-15 £000
(2,245)	Depreciation	(2,304)
903	Impairment and downward revaluation	-
(183)	Amortisation	(167)
(18)	Movement in impairment provision for bad debts	2
639	Movement in creditors	623
430	Movement in debtors	(857)
10	Movement in amount due from pension fund	282
95	Movement in stock/inventories	2
(16,488)	Movement in pension liability	(16,785)
(26)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(70)
(979)	Other non-cash items charged to the net surplus or deficit on the provision of services	598
(17,862)	Total adjustment for non-cash movements	**(18,676)**
	The cash flows for operating activities include the following items:	
178	Interest received	187
(440)	Interest paid	(105)

24 Cash Flow Statement - Investing Activities

2013-14 £000		2014-15 £000
1,082	Purchase of non-current assets	2,235
38,724	Purchase of short-term and long-term investments	55,637
-	Proceeds from sale of non-current assets	(67)
(32,500)	Proceeds from short-term and long-term investments	(52,700)
(3,304)	Other receipts from investing activities	(3,304)
4,002	**Net cash flows from investing activities**	**1,801**

25 Cash Flow Statement - Financing Activities

2013-14 £000		2014-15 £000
-	Cash receipts of short-term and long-term borrowing	(44)
10	Cash payments for the reduction of the outstanding liabilities relating to finance leases	10
1,132	Repayment of short-term and long-term borrowing	-
1,142	**Net cash flows from financing activities**	**(34)**

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

2013-14 £000		2014-15 £000
3,304	Reverse part of Note 24 - Other receipts from investing activities	3,304
-	Reverse part of Note 24 - Proceeds from sale of non-current assets	67
(10)	Reverse part of Note 25 - Cash payments for the reduction of the outstanding liabilities relating to finance leases	(10)
3,294	**Total**	**3,361**

26 Members' Allowances

The Authority paid the following amounts to Members of the council during the year:

2013-14 £000		2014-15 £000
134	Members' allowances	131
31	Travel and subsistence, training and conferences	33
165	**Total**	**164**

27 Officers' Remuneration

The tables below shows payments to the Authority's Leadership Team during the financial year 2014-15, and comparative figures for 2013-14.

2014-15	Dates in Post	Gross Annual Salary (a) £	Salary and Allowances £	Benefits in kind (b) £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Fire Officer	Full year	*146,884*	149,907	-	-	31,105	181,012
Deputy Chief Fire Officer	Full year	*125,429*	128,612	-	-	26,569	155,181
Assistant Chief Fire Officer	Full year	*110,416*	118,086	3,751	-	24,327	146,164
Head of Legal & Democratic Services	Full year	*58,021*	60,922	-	-	12,794	73,716
Head of Finance & Treasurer	Full year	*53,798*	53,798	-	-	11,298	65,096
2014-15 Total			**511,325**	**3,751**	**-**	**106,093**	**621,169**

2013-14	Dates in Post	Gross Annual Salary (a) £	Salary and Allowances £	Benefits in kind (b) £	Compensation for loss of office £	Pension Contribution £	Total £
Chief Fire Officer	Full year	*144,430*	149,016	-	-	30,251	179,267
Deputy Chief Fire Officer	Full year	*123,186*	128,511	-	-	26,043	154,554
Assistant Chief Fire Officer	Full year	*106,050*	117,217	3,528	-	21,993	142,738
Head of Legal & Democratic Services	Full year	*58,021*	58,021	-	-	10,966	68,987
Head of Finance & Treasurer	Full year	*53,798*	53,798	-	-	10,168	63,966
2013-14 Total			**506,563**	**3,528**	**-**	**99,421**	**609,512**

Of the Authority's remaining employees, the following numbers received more than £50,000 remuneration for the year (excluding employer's pension contributions):

Remuneration band	Number of employees 2014-15	Number of employees 2013-14
£50,000 - £54,999	9	4
£55,000 - £59,999	7	18
£60,000 - £64,999	12	6
£65,000 - £69,999	5	4
£70,000 - £74,999	6	-
£75,000 - £79,999	-	3
£80,000 - £84,999	1	-
£85,000 - £89,999	2	-

Notes

a) Gross annualised salary represents the gross full time equivalent salary applicable to the post at 31 March, or when the person left post if earlier.

b) Benefits in kind consist of taxable benefits relating to car lease and mileage payments.

c) Members of the Leadership Team are excluded from the remuneration banding figures.

The number of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below

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 £
2014-15				
£0 - £20,000	1	6	7	80,643
£20,001 - £40,000	2	10	12	311,514
£40,001 - £60,000	-	1	1	55,599
£60,001 - £80,000	-	2	2	141,289
£80,001 - £100,000	-	3	3	258,147
Total	**3**	**22**	**25**	**847,192**
Amounts provided for in CI&E not included in bandings			-	-
Total cost included in 2014-15 CI&E			-	**847,192**
2013-14				
£0 - £20,000	1	4	5	42,798
£20,001 - £40,000	-	2	2	46,156
£40,001 - £60,000	1	-	1	44,791
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	1	1	98,905
Total	**2**	**7**	**9**	**232,650**
Amounts provided for in CI&E not included in bandings			21	780,000
Total cost included in 2013-14 CI&E			-	**1,012,650**

In 2014-15 the Authority has identified no likely costs in respect of termination payments (2013-14 £780k).

28 Termination Benefits

The Authority terminated the contracts of a number of employees in 2014-15, incurring liabilities of £847k relating to 25 employees (£233k in 2013-14 relating to 9 employees).

During 2014-15, there were £66k termination costs payable to 4 officers as part of the HR review, £124k termination costs payable to 4 officers as part of the ICT review, 3 posts with £46k costs following the initial part of the CS/CFP realignment/review and 13 posts with £607k costs following the transfer of the control service to NWFC. The remaining £4k was paid to 1 operational officer as the result of termination of their employment.

The termination costs arising from the move to NWFC were fully funded from North West Fire Control Ltd restructuring reserves held specifically for this purpose.

During 2013-14, there were £69k termination costs payable to 4 officers as part of the Planning, Performance and Communications review, £45k termination costs payable to 1 officer as part of the Property Management reviews, 1 post with £99k costs following the initial part of the HR review and 1 post with £12k costs following the OPA review. £2k costs relate to redundancy payments following the end of a fixed contract relating to youth support work. The remaining £6k was paid to 1 operational officer as the result of termination of their employment.

See Note 27 for the number of exit packages and total cost per band.

29 External Audit Costs

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

2013-14 £000		2014-15 £000
40	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year.	40

30 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement during the year:

2013-14 £000		2014-15 £000
	Credited to Taxation and Non-Specific Grant Income and Expenditure	
(8,179)	Non-domestic rates / Business Rates Retention Scheme	(8,513)
(12,592)	Revenue Support Grant	(10,959)
(3,304)	Government Capital Grant	(3,304)
(24,075)		**(22,776)**
	Credited to Services	
(87)	DCLG New Dimensions Fund	(89)
(27)	DCLG Migrant Impact Fund	-
(15)	DCLG Council Tax Transition Grant	-
(133)	DCLG Fire Revenue Grant - FireLink	(145)
(21)	Other Grants (transforming community safety)	(172)
(5)	Other Grants	-
(5)	Donations	(7)
(143)	Other contributions	(92)
(436)		**(505)**

31 Related Parties

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

a Central Government

Central Government has significant influence over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates, provides a substantial part of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties.

Grants received from Government Departments are set out in note (30), Grant Income.
The Authority has utilised the borrowing facilities operated by the Debt Management Office (PWLB loans).

b Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in the year is shown in Note 26 (Members' Allowances).

There were no transactions during the year in which members were required to declare an interest (see also item 'e' in this note.)

c Officers

There were no transactions during the year in which officers were required to declare an interest.

d Entities Controlled or Significantly Influenced by the Authority

The Authority was one of five Fire and Rescue Authorities that together set up FRAML, a company regulated by the Financial Services Authority. In the event that the company incurred a loss, it could require each Authority to pay an additional contribution up to the equivalent of 100% of the insurance premium paid by that Authority during the financial year. Any profits made by the company could be distributed amongst its members.

Following a 2008 court case involving a similar entity the legality of FRAML was brought into question and as a result the Authority transferred its insurances to a commercial insurance provider. The Directors of FRAML elected to wind up the company and this happened on 22 October 2010, passing management of the company into the hands of a liquidator. No material financial issues remain between the Authority and FRAML. The liquidation was completed on 23 April 2014.

Monies due to be received from FRAML amounted to £26,501. The Authority chose to use this money to help fund the start up costs of a new insurance arrangement which it is entering into in collaboration with eight other Fire Authorities during 2015-16.

e Other Public Bodies (subject to common control by central government)

The Fire Authority consists of 26 members, 23 of whom are nominated by the constituent local authorities (the unitary councils of Cheshire West and Chester, Cheshire East, Halton and Warrington). All transactions between the Authority and these authorities are included in the accounts. The principal transactions between the Authority and the constituent authorities are in respect of precept of council tax and the baseline funding (the Fire Authority's share of Business Rates raised in its four constituent authorities).

These are as follows:

2013-14	Council Tax	2014-15
£000	Billing Authority	£000
(9,297)	Cheshire East Council	(9,538)
(7,548)	Cheshire West and Chester Council	(7,790)
(2,263)	Halton Borough Council	(2,271)
(4,204)	Warrington Borough Council	(4,415)
(23,312)	**Total**	**(24,014)**

2013-14 £000	Business Rates Billing Authority	2014-15 £000
(1,292)	Cheshire East Council	(1,322)
(1,401)	Cheshire West and Chester Council	(1,618)
(501)	Halton Borough Council	(471)
(1,002)	Warrington Borough Council	(1,041)
(4,196)	**Total**	**(4,452)**

Note that council tax / business rates income has been adjusted to reflect the surpluses and deficits on Collection Fund accounts, as reflected in the Movement in Reserves Statement.

f Firefighters' Pension Fund

The Fire Authority administers the Firefighters' Pensions Schemes. The account for the schemes is included in the Statement of Accounts.

The funding arrangements for uniformed Firefighters' pensions changed with effect from 1 April 2006. Until that time, the net cost of pensions (principally on-going payments to pensioners and lump sum commutations) was met by the employer. The main source of income to offset the expenditure was the contribution made by employees.

With effect from 1 April 2006, a new Firefighters' Pension Fund for each English Fire Authority was introduced. Rather than meet all of the net cost of pensions, the employer is now required to make contributions to the Fund. In the event of a shortfall, the deficit in the Fund is met by DCLG. Similarly, any surplus on the Fund would be payable by the employer to the DCLG. The deficit is known as "Top-Up Grant".

A further change introduced in April 2006 was the introduction of a new Scheme for new firefighters. This new Scheme attracts a contribution rate from employees of between 8.5% and 12.5% of their pensionable pay (compared to between 11% and 17% for the previous {1992} Scheme). Members of the previous Scheme were given the choice of staying with their existing Scheme or transferring to the New Scheme.

A third scheme was introduced in April 2014 which is a modified version of the 2006 scheme and is available for on call firefighters now entitled to participate in a pension scheme from 2000 as a result of the decision to backdate part time workers rights. The Modified 2006 Scheme attracts a contribution rate from employees of between 11% and 17% of their pensionable pay (the same as the 1992 Scheme).

The employers' contribution consists of 21.3% of gross pay for the 1992 Scheme and the Modified 2006 scheme and 11% of gross pay for the 2006 Scheme, together with formula-based charges for the cost of ill-health and other early retirements.

The new arrangements remove the annual volatility for Fire Authorities that resulted from fluctuations in firefighter retirements. However, there are still no investment assets nor do the Fund's financial statements take account of liabilities to pay pensions and other benefits due after the end of the financial year.

g Entities Controlled or Significantly Influenced by the Authority

The Authority was involved in NW Fire Control Ltd , details of which are disclosed in Notes 36

32 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 below.

2013-14 £000		2014-15 £000
10,090	**Opening Capital Financing Requirement**	**9,414**
	Capital Investment	
1,017	Property, plant and equipment	2,264
30	Revenue Expenditure Funded from Capital under Statute	-
	Sources of Finance	
-	Capital receipts	(95)
(996)	Government grants and other contributions	(2,139)
	Sums set aside from revenue	
(51)	Revenue contributions	(30)
(676)	Minimum revenue provision (MRP)	(631)
9,414	**Closing Capital Financing Requirement**	**8,783**
	Explanation of movements in year	
(676)	Increase/(decrease) in underlying need for borrowing	(631)
(676)	**Increase/(decrease) in Capital Financing Requirement**	**(631)**

33 Leases

Authority as Lessee

Finance Leases

The Authority has a training vehicle held under a finance lease. The vehicle is carried in the Balance Sheet at the value of £58,976 (2013-14 £69,197).

The Authority is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the asset 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 payment is made up of the following amounts:

	2014-15	
	£	£
Cost or Valuation		128,743
Accumulated depreciation		
As at 1 April 2013	(49,794)	
Charge for 2013-14	(9,752)	
Charge for 2014-15	(10,221)	
As at 31 March 2015		(69,767)
		58,976

Outstanding obligations to make payments under this lease (excluding finance costs) at 31 March are as follows:

1 April 2013	31 March 2014		31 March 2015
£	£		£
(9,752)	(10,221)	Not later than 1 year	(10,713)
(43,932)	(46,047)	Later than 1 year and not later than 5 years	(48,263)
(25,265)	(12,929)	Later than 5 years	-
(78,949)	**(69,197)**	**Total**	**(58,976)**

Operating Leases

Expenditure on operating leases in 2014-15 totalled £351,966 (2013-14 £386,727). All expenditure on leases relates to vehicles.

The future minimum lease payments due in future years are as follows:

1 April 2013	31 March 2014		31 March 2015
£000	£000		£000
(340)	(262)	Not later than 1 year	(179)
(248)	(140)	Later than 1 year and not later than 5 years	(114)
(588)	**(402)**	**Total**	**(293)**

34 Contingent Assets and Liabilities

As a result of the insolvency of a historic insurer, the Authority is aware of the possibility of future insurance claims which may lead to the Authority incurring liabilities which it is not possible to quantify.

With regard to pension costs, a potential liability relates to on call firefighters being allowed to retrospectively join the Firefighters pension scheme. DCLG has determined that the costs of the employer contributions will be met through future scheme valuations, which will calculate levels of employer and employee contribution. This will impact on the Authority’s IAS 19 position in relation to its outstanding liabilities in future years, and may impact on its Comprehensive Income and Expenditure Account.

The court ruling in the recent GAD vs Milne case means that the Authority has a potential liability in relation to meeting back dated revised commutation for firefighters who retired between 2001 and 2006. The Authority cannot make a reasonable estimate of the amount involved because of the number of firefighters involved, the timing of the production of a generic methodology to enable calculation of the liability and the difficulty in accessing core information. It is likely that any costs incurred by the Authority in paying the liability will be offset by payments from HM Treasury and DCLG, but for the reasons outlined above, it is not possible at this stage to assess this amount.

In November 2014 the Employment Appeal Tribunal ruled that holiday pay should include non-guaranteed overtime (i.e. overtime, which is not guaranteed by the employer, but which the worker is obliged to work, if it is offered). This stems from a discrepancy between EU and UK Law. In the UK, employers have generally used basic pay to calculate how much employees are paid while they are on holiday whilst the European Working Time Directive does not specify how holiday pay should be calculated, suggesting that overall remuneration should be taken into account.

The ruling may have implications for local authorities where their employees are required to work overtime as a regular part of their job. The backdated claims have, however, been limited, with the tribunal ruling that workers can only make claims if it is less than three months since their last incorrect payment (of holiday pay), although the claim can be backdated until such time as there is a three month break between underpayments.

The Authority is aware that an appeal against the ruling may be made which may impact on their estimate of any future liability for such backdated claims, but the amount of contractual overtime or overtime employees are obliged to work is not material for the Authority.

35 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall Treasury risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is the responsibility of the Treasurer, under policies approved by the Authority in the annual Treasury Management Strategy. The Strategy provides written principles for overall risk management, as well as written policies concerning 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, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet the minimum rating of A in the long term and F1 in the short term in independent ratings from Sector. The Strategy also imposes a maximum sum of £10 million to be invested with any single institution.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £21,299k cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at the 31 March 2015 that this was likely to crystallise.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31/03/2015	Historical experience of default	Historical experience adjusted for market conditions at 31/03/2015	Estimated maximum exposure to default and uncollectability at 31/03/2015	Estimated maximum exposure at 31/03/2014
	£000	%	%	£000	£000
	A	**B**	**C**	**(A x C)**	
Deposits with banks & financial institutions	21,299	-	-	-	-
				-	-

The exceptionally difficult economic situation means that the credit limits agreed as part of the Annual Investment Strategy were occasionally exceeded. The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits but continues to invest in a prudent manner.

The Authority does not generally allow credit for customers.

The past due date amount of £215k can be analysed by age as follows:

	31 March 2015	31 March 2014
	£000	£000
Less than three months	129	702
Three to six months	74	94
Six months to one year	-	1
More than one year	12	5
Total	**215**	**802**

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing maturing during specified periods.

The maturity analysis of financial liabilities is as follows:	31 March 2015	31 March 2014
	£000	£000
Less than one year	11	-
Between one and two years	333	-
Between two and five years	902	322
Between five and ten years	893	1,306
Between ten and fifteen years	119	586
Total	**2,258**	**2,214**

The analysis above includes PWLB and Salix borrowing. All trade and other payables are due to be paid in less than one year.

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

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

The Authority seeks to minimise interest rate risk by working with Warrington Borough Council, its Treasury Management partner, to agree a strategy in relation to investment and debt portfolios, which is reflected in its Treasury Management Strategy document.

The Authority's policy is to maximise the percentage of borrowings and investments at fixed rates because it wishes to have cost certainty, particularly in the current volatile economic climate. In addition the Authority has relatively small portfolios of loans and investments, which makes it more difficult to offset risk by having a mixed portfolio.

Price Risk

The Authority does not have any investment in equity shares and so is not exposed to price risk.

Foreign Exchange Risk

The Authority has very low levels of transactions in foreign currencies and therefore has minimal exposure to exchange rate risk.

36 NW Fire Control Limited (NWFC)

NW Fire Control Limited is a company limited by guarantee which was incorporated in July 2007 and was established to operate a Regional Control Centre with the responsibility for Fire and Rescue Service mobilisation for the North West region.

During 2011-12 renegotiations were made for the future of the project following the closure of the National Project announced in December 2011 by the Fire Minister. The Company now has four members which are Cheshire, Cumbria, Greater Manchester and Lancashire Fire & Rescue Authorities (FRAs). The liability of each member in the event of the company being wound up is limited and shall not exceed £1. Each member of the company has the right to appoint 2 directors, who are Councillors appointed to their respective FRAs. All directors have equal voting rights.

During May 2014 all four services transferred their Control Room functions into the regionalised service provided by NW Fire Control Ltd. The cost of the service is charged out to the four FRAs on a pro rata basis agreed by a Service Level Agreement. The implementation phase continued to be funded by a section 31 grant from the Department for Communities and Local Government plus an ongoing grant to fund 66% of the lease costs for the building. The grant is paid to Greater Manchester Fire & Rescue Authority as lead Authority for the North West region and released to the company as required. There have also been contributions to the project from the four fire Authorities.

A detailed assessment for Group Accounting requirements has taken place during 2014-15 in respect of NW Fire Control Ltd. This is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom Based on International Financial Reporting Standards (IFRS 10, 11 & 12).

It has been determined that the company is governed by Joint Control due to the fact that unanimous consent exists for key decisions and that each Authority has equal voting rights. This joint arrangement has been deemed to be a Joint Operation as the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. This will be reviewed in forthcoming financial years based on the future of the Company and if any Fire and Rescue Authority influence positions or Company governance arrangements have changed.

However on the basis of materiality it has been determined that Group Accounts are not required for the financial year 2014-15 having considered both qualitative and quantitative factors, including the following:

• The 25% share of assets, liabilities, income and expenditure are not material against the balances of Cheshire Fire Authority.

• Exclusion of the values would not affect the true and fair concept of the financial statements.

• The joint control centre was set up to generate savings for the FRAs not because they could not provide the service. There is a Standby Control Room at Stretford Fire Station as Business Continuity for NW Fire Control Ltd.

• There are no concerns regarding commercial risk.

• No assets have been transferred from the FRAs to NW Fire Control Ltd.

• The inclusion of Company figures into Group Accounting would not add value to the reader of the Statement of Accounts.

• The liability of the Authority is limited to a maximum of £1.

Below shows the key information from the draft financial statements of NW Fire Control Ltd:

Accounts Information	**Year ended 2014-15 £000**	**Year ended 2013-14 £000**
Total Assets less current liabilities	217	193
Net assets *	(2,202)	136
Profits before taxation	2	63
Profits after taxation	(5)	48

*Net assets includes the future pension liabilities under FRS17 reported by the Cheshire Pension Fund actuaries.

All figures are shown net of VAT

2014-15 transactions between Cheshire Fire Authority and NW Fire Control Ltd include invoices raised by NW Fire Control to Cheshire Fire Authority for the control room service (£544k) and use of facilities in the building (£2k).

2014-15 invoices raised by Cheshire Fire Authority to NW Fire Control Ltd include reimbursement of costs including £22k for the network link, £2.5k for 14-15 legal services and £13k for NWFC project staff costs .

The Company's 2013-14 Financial Statements can be obtained from Companies House, and the 2014-15 financial Statements will be available by the 31/12/2015 (deadline for submission for the final audited 2014-15 accounts).

37 Defined Benefit Pension Schemes

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) that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in four post-employment schemes:

- The Local Government Pension Scheme(LGPS) for non uniformed staff, administered locally by Cheshire West and Chester Council. This is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Up until 31 March 2014 this was a final salary scheme, since 1 April 2014 this has changed to a new LGPS benefit design career average revalued earning (CARE) scheme.

- The three Firefighters' Pension Schemes for uniformed staff. An original scheme commenced in 1992, an additional scheme in 2006, and a third scheme was introduced in April 2014 which is a modified version of the 2006 scheme and is available for on call firefighters now entitled to participate in a pension scheme from 2000 as a result of the decision to backdate part time workers rights. With all being administered through one fund. These are unfunded schemes, meaning that there are no investment assets built up to meet the liabilities so that cash has to be generated to meet actual pension payments as they become due. However, as of 1 April 2006, firefighter and employer contributions are paid into a pension fund, from which pension payments are made. The fund is balanced to nil each year by receipt of pension top-up grant from central government if there is a deficit, or by paying over the surplus to central government. Details of the pension fund for 2014-15 are shown in the Pension Fund statement.

Local Government Pension Scheme assets comprised:

Asset category	Fair Value of scheme assets 31 March 2015 £000	Fair Value of scheme assets 31 March 2014 £000
Equity Securities:		
Consumer	3,376.6	3,822.7
Manufacturing	970.5	1,326.9
Energy and Utilities	152.4	795.9
Financial Institutions	1,025.4	1,454.8
Health and Care	325.1	353.8
Information Technology	1,011.1	1,134.6
Other	328.6	897.4
Debt Securities:		
Corporate Bonds (investment grade)	-	-
Corporate Bonds (non-investment grade)	-	-
UK Government	-	-
Other	-	1,730.7
Private Equity:		
All	1,652.5	1,579.3
Real Estate		
UK Property	2,724.8	1,832.8
Overseas Property	81.6	100.1
Investment Funds and Unit Trusts		
Equities	3,388.6	4,755.3
Bonds	12,156.7	5,071.2
Hedge Funds	4,780.7	4,077.0
Commodities	-	-
Infrastructure	-	-
Other	1,957.0	-
Derivatives:		
Inflation	-	-
Interest Rate	-	-
Foreign Exchange	-	-
Other	-	-
Cash and Cash Equivalents		
All	830.4	114.8
Total Assets	**34,762.0**	**29,047.3**

37 Defined Benefit Pension Schemes (cont)

Transactions Relating to Post-employment benefits

The Authority recognises 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 council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000		Firefighters' Pension Schemes FPS (1992 scheme) £000		Firefighters' Pension Schemes NFPS (2006 scheme) £000		Total for all schemes £000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Comprehensive Income and Expenditure Statement								
Cost of Services								
• Current service cost	1,174	1,394	7,100	7,000	1,900	1,700	10,174	10,094
• Past service costs	240	129	-	100	-	-	240	229
Financing and Investment Income and Expenditure								
• Net interest expense	300	399	18,100	17,300	700	500	19,100	18,199
Total Post-employment benefit charged to the Surplus or Deficit on the Provision of Services	**1,714**	**1,922**	**25,200**	**24,400**	**2,600**	**2,200**	**29,514**	**28,522**
Other Post-employment benefit charged to the Comprehensive Income and Expenditure Statement								
Remeasurement of the net defined benefit liability comprising:								
• Return on plan assets (excluding the amount included in the net interest expense)	(3,456)	(1,288)	-	-	-	-	(3,456)	(1,288)
• Actuarial gains and losses arising on changes in demographic assumptions	-	(620)	-	9,300	-	300	-	8,980
• Actuarial gains and losses arising on changes in financial assumptions	6,901	(2,768)	58,600	14,700	4,500	1,600	70,001	13,532
• Other experience	(251)	2,147	(200)	(100)	-	100	(451)	2,147
Total Post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**4,908**	**(607)**	**83,600**	**48,300**	**7,100**	**4,200**	**95,608**	**51,893**

	Local Government Pension Scheme		Firefighters' Pension Schemes FPS (1992 scheme)		NFPS (2006 scheme)		Total for all schemes	
	£000		£000		£000		£000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Movement in Reserves Statement								
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,714)	(1,922)	(25,200)	(24,400)	(2,600)	(2,200)	(29,514)	(28,522)
Actual amount charged against the General Fund Balance for pensions in the year:								
• Employers' contributions payable to scheme (gross amount before the Authority's receipt of the Firefighter pension scheme top up grant)	1,329	1,134	12,100	11,400	(700)	(500)	12,729	12,034

Pensions Assets and Liabilities Recognised in the Balance Sheet:
The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Funded liabilities: Local Government		Unfunded liabilities: Firefighters' Pension FPS (1992 scheme)		NFPS (2006		Total for all schemes	
	£000		£000		£000		£000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Present value of the defined benefit obligation	45,286	35,992	494,700	423,200	23,400	15,600	563,386	474,792
Fair value of plan assets	(34,762)	(29,047)	-	-	-	-	(34,762)	(29,047)
Sub-total	10,524	6,945	494,700	423,200	23,400	15,600	528,624	445,745
Other movements in the liability (asset)	-	-	-	-	-	-	-	-
Net Liability arising from defined benefit obligation	**10,524**	**6,945**	**494,700**	**423,200**	**23,400**	**15,600**	**528,624**	**445,745**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

	Funded liabilities: Local Government £000		Unfunded liabilities: Firefighters' Pension FPS (1992 scheme) £000		NFPS (2006 £000		Total for all schemes £000	
	2014-15	**2013-14**	**2014-15**	**2013-14**	**2014-15**	**2013-14**	**2014-15**	**2013-14**
Opening fair value of scheme assets	29,047	25,741	-	-	-	-	29,047	25,741
Interest income	1,269	1,176	-	-	-	-	1,269	1,176
Remeasurement gain/(loss):								
- The return on plan assets, excluding the amount included in the net interest expense	3,456	1,288	-	-	-	-	3,456	1,288
Contributions from employer	1,329	1,134	12,100	11,400	(700)	(500)	12,729	12,034
Contributions from employees into the scheme	331	355	1,600	1,600	700	500	2,631	2,455
Benefits paid	(670)	(647)	(13,700)	(13,000)	-	-	(14,370)	(13,647)
Closing fair value of scheme assets	**34,762**	**29,047**	**-**	**-**	**-**	**-**	**34,762**	**29,047**

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

	Funded liabilities: Local Government Pension Scheme		Unfunded liabilities: Firefighters' Pension Schemes				Total for all schemes	
			FPS (1992 scheme)		NFPS (2006 scheme)			
	£000		£000		£000		£000	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Opening balance at 1 April	35,992	34,427	423,200	386,300	15,600	10,900	474,792	431,627
Current service cost	1,174	1,394	7,100	7,000	1,900	1,700	10,174	10,094
Interest cost	1,569	1,575	18,100	17,300	700	500	20,369	19,375
Contributions by scheme participants	331	355	1,600	1,600	700	500	2,631	2,455
Remeasurement (gains) and losses:								
- Actuarial gains/losses arising from changes in demographic assumptions	-	(620)	-	9,300	-	300	-	8,980
- Actuarial gains/losses arising from changes in financial assumptions	6,901	(2,768)	58,600	14,700	4,500	1,600	70,001	13,532
- other experience	(251)	2,147	(200)	(100)	-	100	(451)	2,147
Past service cost	240	129	-	100	-	-	240	229
Benefits paid	(670)	(647)	(13,700)	(13,000)	-	-	(14,370)	(13,647)
Closing balance at 31 March	**45,286**	**35,992**	**494,700**	**423,200**	**23,400**	**15,600**	**563,386**	**474,792**

The Liabilities shown on the Firefighters Pension Schemes include liabilities in respect of injury pensions. Of the £494.7m FPS liability, £28.1m related to injury pensions (2013-14 £23.0m) and of the £23.4m NFPS Liability, £2.1m related to injury pensions (2013-14 £1.4m)

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. Both the Local Government Pension Scheme and the Firefighters' Pension Schemes have been assessed by Hymans Robertson LLP, an independent firm of actuaries. Estimates for the Local Government Pension Scheme are based on the latest full valuation of the scheme as at 31 March 2013. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme £000		Firefighters' Pension Schemes £000	
	2014-15	**2013-14**	**2014-15**	**2013-14**
Long-term expected rate of return on assets in the scheme:				
Equity investments	3.3%	4.3%	-	-
Bonds	3.3%	4.3%	-	-
Property	3.3%	4.3%	-	-
Cash	3.3%	4.3%	-	-
Mortality assumptions:	At age 65		At age 60	
Longevity for current pensioners:				
• Men	22.3 years	22.3 years	29.5 years	29.3 years
• Women	24.4 years	24.4 years	31.7 years	31.5 years
Longevity for future pensioners:				
• Men	24.1 years	24.1 years	31.1 years	30.9 years
• Women	26.7 years	26.7 years	33.2 years	33.0 years
Rate of inflation (CPI)	2.4%	2.8%	2.4%	2.8%
Rate of increase in salaries	3.3%	3.6%	3.4%	3.8%
Rate of increase in pensions	2.4%	2.8%	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%	3.2%	4.3%

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 the 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 on the Defined Benefit Obligation in the Scheme					
	Local Government Pension Scheme £000		FPS (1992 scheme) £000		NFPS (2006 scheme) £000	
	£	%	£	%	£	%
Longevity (increase of 1 year)	1,359	3	14,800	3	702	3
Rate of increase in salaries (increase by 0.5%)	2,106	5	6,900	1	2,442	10
Rate of increase in pensions (increase by 0.5%)	3,271	7	41,300	8	2,123	9
Rate for discounting scheme liabilities (decrease by 0.5%)	5,504	12	n/a	n/a	n/a	n/a
Rate for discounting scheme liabilities (decrease by 0.1%)	n/a	n/a	9,400	2	888	4

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Cheshire West and Chester Council, the administering body, has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the forthcoming years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme may not provide benefits to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings (CARE) schemes to pay pensions and other benefits to certain public servants.

The Authority anticipated to pay £1.022m expected contributions to the Local Government Pension scheme in 2015-16. For the Firefighters' Pension Scheme in the year to 31 March 2016, the projected benefit net cashflow is £11.990m.

The table below shows the weighted average duration of the defined benefit obligation for scheme members for each of the schemes:

	Local Government Pension Scheme		Firefighters' Pension Schemes			
			FPS (1992 scheme)		NFPS (2006 scheme)	
	Years		Years		Years	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
• The weighted average duration of the defined benefit obligation	21.1	21.1	18.1	18.1	37.3	37.3

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting financial statements.

ACCRUALS
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

APPROPRIATIONS
Amounts transferred to or from revenue or capital reserves.

BALANCE SHEET
The Balance Sheet is fundamental to the understanding of the Authority's financial position at the year-end. It shows the Authority's balances and reserves, its long term indebtedness, and the non-current and current assets employed in the Authority's operations, together with summarised information on the non-current assets held.

BUDGET
A statement defining in financial terms the Authority's plans over a specified period. The budget is prepared as part of the process of setting the precept.

CAPITAL ADJUSTMENT ACCOUNT
Provides a balancing mechanism between the different rates at which assets are depreciated under the IFRS and are financed through the capital control systems.

CAPITAL EXPENDITURE
Expenditure on the acquisition of non current assets such as land, buildings, vehicles and equipment which are of long term value, or expenditure which adds to and not merely maintains the value of existing assets.

CAPITAL FINANCING COSTS
Each service is charged with an annual capital charge to reflect the cost of non-current assets used in the provision of services.

CAPITAL FINANCING REQUIREMENT
This measures the underlying need to borrow to finance capital expenditure.

CAPITAL RECEIPTS
Money received from the sale of capital assets such as vehicles, which may be used to repay outstanding debt or to finance new assets.

COLLECTION FUND ADJUSTMENT ACCOUNT
The collection fund adjustment account provides a mechanism for recognising the Authority's share of the Collection Fund surplus/deficits at year end.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CI&E)
The Comprehensive Income and Expenditure Statement reports the net cost of all of the activities of the Authority for the year and demonstrates how the cost has been funded by income from local taxpayers and grants from central government.

COMMUTATION
This is where a member of the pension scheme gives up part of their pension in exchange for an immediate lump sum payment.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core is concerned with the costs of corporate policy making and member based activities. Other costs relate to the general running of the Authority including corporate management, public accountability and treasury management.

CORPORATE GOVERNANCE
This is concerned with the Authority's accountability for the stewardship of resources, risk management, and relationship with the community. It also encompasses policies on whistle blowing, fraud and corruption.

COUNCIL TAX
The means of raising money locally which pays for Fire Authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

CREDITORS
Amounts owed by the Authority for work done, goods received or services rendered, but for which payment has not been made at the balance sheet date.

CURRENT ASSETS
Items from which the Authority derives a benefit but which will be consumed or realised during the next accounting period, e.g. stocks, debtors, and cash.

CURRENT LIABILITIES
The sum of money owed by the Authority and due for payment during the next accounting period, e.g. short term borrowing and creditors.

DEBTORS
Sums of money due to the Authority for work done, goods sold or services rendered but not received at the balance sheet date.

DEFERRED LIABILITY
Amounts owed by the Authority for work done, goods received or services rendered, to be paid in predetermined instalments over more than one accounting period.

DEFINED BENEFIT SCHEME
A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT
The Department for Communities and Local Government is the Government department responsible for the national policy on local government.

DEPRECIATION
The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time, technological obsolescence or changes in demand for the goods and services produced by the asset.

ESTIMATION TECHNIQUES
The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Estimation techniques include, for example:
(a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period.
(b) Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole, rather than individual balances.

FAIR VALUE
This is the amount that an asset could be bought or sold for between parties. The current market value of an asset can be evidence that the assets have been valued fairly.

FINANCIAL INSTRUMENTS
This is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another. The term covers both financial assets (e.g. loans receivable) and financial liabilities (e.g. borrowings).

FINANCIAL REPORTING STANDARDS
Documents issued by the Accounting Standards Board, setting out approved accounting treatment.

FINANCE LEASE
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all of the fair value of the leased asset.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT
Provides a balancing mechanism between the different rates at which discounts on the early repayment of debt are recognised under the SORP and are required by statute to be met from the general fund. It should be noted this reserve is matched by borrowings and investments within the Balance Sheet. They are not resources available to the Authority.

FUNDED PENSION SCHEME
A funded pension scheme is one in which the future liabilities for pension benefits are provided for by the accumulation of assets held externally to the employer's business.

GOING CONCERN
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority, in return for past or future compliance with certain conditions relating to the activities of the Authority.

GROUP ACCOUNTS
Accounts prepared on a group basis where Local Authorities have interests in other bodies which are material in aggregate.

HERITAGE ASSETS
Heritage Assets are defined as assets preserved in trust for future generations because of their cultural, environmental or historical associations, which have historical, artistic, scientific, geophysical or environmental qualities, and which are held and maintained by the Authority, principally for the contribution to knowledge and culture.

IMPAIRMENT
A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

INTANGIBLE ASSETS
These are assets that have no physical substance, for example, the purchase of computer software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
These are the new accounting standards that were adopted for 2010-11 onwards. IFRS are designed as a common global language for financial reporting so that organisation's accounts are understandable and comparable across international boundaries.

INTEGRATED RISK MANAGEMENT PLAN (IRMP)
This is the Authority's annual plan which is based on the current year of a four year strategy. The Plan is premised on ensuring that the Authority recognises risk and manages its resources to reduce potential impact on the communities which it serves.

INVENTORIES (formerly stocks)
The amount of unused or unconsumed stocks held in expectation for future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

LONG TERM BORROWING
Loans that are raised with external bodies, for periods greater than one year.

MEDIUM TERM FINANCIAL PLAN (MTFP)
Budget plan for the Authority for the next five years.

MINIMUM REVENUE PROVISION (MRP)
This is the amount which should be set aside from revenue as provision for debt repayment.

NET BOOK VALUE (NBV)
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current cost, less the cumulative amounts provided for depreciation and/or impairment.

NET CURRENT REPLACEMENT COST
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NEW DIMENSION ASSETS
Vehicles and equipment for use in major incidents, originally operated by Fire and Rescue Authorities but owned by CLG. Ownership for those assets located in the Authority's area transferred to the Authority during 2011-12.

NON CURRENT ASSETS (Previously known as FIXED ASSETS)
Tangible assets that yield benefits to the Authority and the services it provides for a period of more than one year.

NON DISTRIBUTED COSTS
Costs incurred by the Authority which are excluded from service costs. These include past service costs relating to changes in pension regulations, the costs associated with unused shares of ICT facilities, and impairment losses relating to assets under construction.

NON-OPERATIONAL ASSETS
Non-current assets held by the Authority but not directly occupied, used or consumed in the delivery of services.

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

OPERATING LEASES
A lease other than a finance lease.

PENSION FUND ACCOUNT
The Fire and Rescue Authority is required to set up a separate fund from the rest of its operation for transactions relating to firefighters' pension arrangements. The Authority has a formal responsibility for paying firefighters' pensions. The fund is balanced to nil each year by the receipt of a pensions top-up grant from the Department for Communities and Local Government.

PRECEPT
An amount of money levied by one Authority (the precepting authority) which is collected by another Authority (the billing authority) as part of the council tax. The Fire Authority is the precepting Authority and the East Cheshire Borough Council, Cheshire West & Chester Council, Warrington Borough Council & Halton Borough Council are the billing authorities.

PRIOR PERIOD ADJUSTMENTS
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISIONS
An amount set aside to provide for a liability, which is likely to be incurred, but the exact amount and date on which the liability is due is uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
The Public Works Loan Board is an independent and unpaid statutory body. PWLB consider loan applications from local authorities and other prescribed bodies and, where loans are made collect the repayments.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

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
Amounts set aside to meet future obligations.

RETIREMENT BENEFITS
All forms of consideration given by the Authority in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

(a) The Authority’s decision to terminate an employee’s employment before the normal retirement date
(b) An employee’s decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees

REVALUATION RESERVE
This reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation, from holding non-current assets.

REVENUE EXPENDITURE
This is the day to day running costs the Authority incurs in providing the service. It is usually of a constantly recurring nature and produces no permanent asset.

REVENUE SUPPORT GRANT
This is Government grant in aid of the Authority’s services generally. It is based upon the Government’s assessment of how much the Authority needs to spend in order to provide a standard level of service.

UNFUNDED PENSION SCHEME
A pension scheme in which liabilities for pension benefits are charged to the employer's revenue account in the year in which they arise and are not financed from investments held. The Authority operates such a scheme for its firefighters.