



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Statement of Accounts 2014-2015

Explanatory Foreword

1 Introduction

1.1 This document contains Hampshire Fire and Rescue Authority's Annual Governance Statement and Statement of Accounts for the year ended 31 March 2015. The pattern of presentation of the statement is laid down by a code of practice, which the Authority is legally required to follow.

1.2 This foreword gives:

- a summary of the various statements which make up the 2014/15 accounts
- a broad picture of where the money comes from and what it is spent on
- a summary of the revenue expenditure on services and capital expenditure on new assets over the course of the year.

2 Summary of Statement of Accounts

2.1 The accounts for 2014/15 are set out from page 6.

2.2 They consist of the following:

- Statement of accounting policies – sets out the policies adopted by the Authority in preparing the Accounts. They are largely determined by the Code of Practice.
- Statement of responsibilities for the statement of accounts – records the respective responsibilities of the Authority, Treasurer and Chairman of the Authority.
- Movement in reserves statement – analyses the change in net worth between the general fund, other usable reserves and unusable reserves.
- Comprehensive Income and Expenditure Statement – shows the accounting cost in the year of providing services measured in accordance with international accounting standards rather than on the basis of the costs that are required to be financed from taxation.
- Balance Sheet – this sets out the financial position on 31 March 2015.
- Cash flow statement - this summarises cash coming in or going out from transactions with others for revenue and capital purposes.
- Pension Fund Accounts – reflects the payments made to pensioners and those retiring, transfers between pension funds by employees joining and leaving the Authority and employer contributions. These costs are met by a specific Government grant.

Explanatory Foreword

3 Annual Governance Statement

- 3.1 The Annual Governance Statement, which reviews the effectiveness of the system of internal control, is included on pages 86-104.

4 Where the money comes from

- 4.1 The Authority's income in 2014/15 came from general Government grants, a share of locally collected business rates, a business rates top up grant and the council tax.
- 4.2 In addition to this specific Government grants were received for freezing council tax in 2014/15, the 2% cap imposed on business rate increases, business rates relief schemes and for some specific services. Also fees are charged to customers for some services and interest is also earned on day to day balances and the loan made to 3SFire Ltd.
- 4.3 The proportion of the Authority's income from these sources is as follows:

	2013/14	2014/15
	%	%
Council tax	50	50
Business rates	17	17
General Government grants	27	24
Fees, charges & interest	4	6
Specific Government grants	2	3
	<hr/>	<hr/>
	100	100

5 What the money is spent on

- 5.1 The Authority spent its money as follows:

	2013/14	2014/15
	%	%
Firefighters' pay and allowances	57	53
Pensions	1	1
Other employee costs	16	15
Other costs	26	31
	<hr/>	<hr/>
	100	100

Explanatory Foreword

6 Overview of the year – revenue account

6.1 The main components of the 2014/15 budget and actual income and expenditure are set out below:

	Original Budget	Actual	Variation
	£'000	£'000	£'000
Net Cost of services	66,684	61,982	-4,702
Interest payable	457	461	4
Interest receivable	-126	-330	-204
Gain (-) / loss (+) on sale of fixed assets	30	33	3
Pensions interest cost and expected return on pensions assets	22,260	24,250	1,990
Net operating and financing expenditure	89,305	86,396	-2,909
Income from council tax	-36,115	-36,769	-654
General Government grant	-16,896	-16,895	1
Business rates	-12,865	-12,972	-107
Council tax freeze grant	-793	-401	392
Other specific Government grants	-373	-365	8
Capital grants & contributions	0	-1,468	-1,468
Surplus (-) or deficit for the year on the provision of services	22,263	17,526	-4,737
Capital accounting and pension cost adjustments	-20,364	-20,106	258
General fund surplus (-) or deficit (+) for the year	1,899	-2,580	-4,479
Contribution to/from (-) from earmarked reserves	-1,899	2,580	4,479
Transfer to (+) /from (-) the general fund	0	0	0
General fund balance:			
Brought forward 1 April 2014	-2,500	-2,500	0
Carried forward 31 March 2015	-2,500	-2,500	0

Explanatory Foreword

Overview of the year – capital expenditure

6.2 In 2014/15 the Authority spent £3,149,000 on capital projects:

Scheme	£'000
Vehicles	1,382
Winchester Fire Station	125
Basingstoke Fire Station	102
Garages at Beaulieu	21
Annex at Steele Close	400
Solar photovoltaic panels	1,011
Estates Transformation	84
Other capital projects	24
Total	3,149

6.3 The capital expenditure was financed as follows:

Source of funding:	£'000
Budgeted revenue contributions	2,394
Capital grant funding - government	737
Other contributions	18
Total	3,149

6.4 The Authority recognises the importance of its capital assets. Given the uncertainty of Government support it has over recent years built up reserves to finance the future capital programme. It is intended that the planned capital programme for the four years until 2018/19 will be financed without the need of any long term borrowing.

Explanatory Foreword

7 Pension Fund Liability

7.1 The estimated future pension liability of the Authority has increased by £84m. This is mainly due changes in the financial assumptions used to calculate the present value of liabilities, such as a lower discount rate being used this year to reflect the current rate of return on corporate bonds.

7.2 This is not a cause of concern for the Authority due to the Local Government Pension Schemes actuaries adjusting contributions gradually in order to fully fund the scheme within 22 years and the Fire Fighters and new Fire Fighters pension schemes being fully funded by central government.

8 Changes

8.1 There were no major changes to the Authority's responsibilities or unusual charges in the Accounts, significant change in accounting policies or changes to the Code of Practice on Local Authority Accounting that had any major impact in 2014/15.

9 Impact of the current economic climate and significant movements and events in the year

9.1 The impact of the current economic climate on the Authority is taken into account when the Authority sets its budget in the February preceding the start of the financial year. The significant movements and events in the year are reported to the Finance and General Purposes Committee in the Final Accounts report in the July after the end of the financial year.

10 Further information

10.1 Further information can be obtained about the accounts from the Chief Finance Officer to the Fire and Rescue Authority at Hampshire County Council, The Castle, Winchester, Hampshire, SO23 8UB, telephone (01962) 847571, or e-mail budget@hants.gov.uk.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce 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. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The net increase/decrease before transfers to earmarked reserves line shows the statutory amounts required to be charged to the General Fund Balance before any discretionary transfers to or from earmarked reserves.

	General Fund Balance £'000	Earmarked Revenue Reserves £'000	Capital receipts reserve £'000	Capital grants unapplied reserve £'000	Total Usable Reserves (Note 9) £'000	Total Unusable Reserves (Note 19) £'000	Total Reserves £'000
Balance as at 31 March 2013	-2,500	-22,027	-1,054	-681	-26,262	460,519	434,257
Movements During 2013/14:							
Deficit on provision of services	25,384	0	0	0	25,384	0	25,384
Other comprehensive expenditure and income	0	0	0	0	0	-17,943	-17,943
Total Comprehensive Income and Expenditure	25,384	0	0	0	25,384	-17,943	7,441
Adjustments between accounting basis and funding basis under regulations (note 8)	-28,530	0	-64	257	-28,337	28,337	0
Net (increase)/decrease before transfers to earmarked reserves	-3,146	0	-64	257	-2,953	10,394	7,441
Net transfers to or from earmarked reserves (note 9)	3,146	-3,146	0	0	0	0	0
Net (Increase)/Decrease in 2013/14	0	-3,146	-64	257	-2,953	10,394	7,441
Balance as at 31 March 2014	-2,500	-25,173	-1,118	-424	-29,215	470,913	441,698

	General Fund Balance £'000	Earmarked Revenue Reserves £'000	Capital receipts reserve £'000	Capital grants unapplied reserve £'000	Total Usable Reserves (Note 9) £'000	Total Unusable Reserves (Note 19) £'000	Total Reserves £'000
Balance as at 31 March 2014	-2,500	-25,173	-1,118	-424.5	-29,216	470,913	441,697
Movements During 2014/15:							
Deficit on provision of services	17,526	0	0	0	17,526	0	17,526
Other comprehensive expenditure and income	0	0	0	0	0	61,246	61,246
Total Comprehensive Income and Expenditure	17,526	0	0	0	17,526	61,246	78,772
Adjustments between accounting basis and funding basis under regulations (note 8)	-20,106	0	-2,018	-713.1	-22,837	22,837	0
Net (increase)/decrease before transfers to earmarked reserves	-2,580	0	-2,018	-713.1	-5,311	84,083	78,772
Net transfers to or from earmarked reserves (note 9)	2,580	-2,580	0	0	0	0	0
Net (Increase)/Decrease in 2014/15	0	-2,580	-2,018	-713.1	-5,311	84,083	78,772
Balance as at 31 March 2015	-2,500	-27,753	-3,136	-1,138	-34,527	554,996	520,469

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount 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			2014/15			
Gross Exp £'000	Gross Income £'000	Net Exp £'000		Gross Exp £'000	Gross Income £'000	Net Exp £'000
3,706	129	3,577	Community Fire Safety :			
2,100	26	2,074	Statutory inspection, certification & enforcement	3,305	226	3,079
			Prevention and education	2,124	53	2,071
			Firefighting and Rescue Operations :			
62,710	2,056	60,654	Operational responses	55,916	2,344	53,572
3,112	363	2,749	Communications and mobilising	3,356	438	2,918
187	1	186	Securing water supplies	134	2	132
423		423	Corporate management	407	0	407
365		365	Democratic representation and management	355	0	355
520		520	11 Non-distributed costs	0	0	0
280		280	18 Increase (+) /decrease (-) in provisions	-552	0	-552
73,403	2,575	70,828	Cost of Services	65,045	3,063	61,982
			Other operating expenditure:			
		-39	10 Loss (+) /gain (-) on the disposal of fixed assets	2,051	2,018	33
		24,169	12 Financing and investment income	25,920	1,539	24,381
			Taxation and non-specific grant income:			
		-36,095	19.11 Income from council tax			-36,769
		-19,128	Revenue Support Grant			-16,895
		-12,141	Non-domestic rates distribution			-12,972
		-712	Non-ringfenced Government grants			-766
		-1,498	Capital grants and contributions			-1,468
		-69,574	Total taxation and non-specific grant income			-68,870
		25,384	Surplus (-) or deficit on provision of services			17,526
			Other comprehensive income and expenditure:			
		-2,143	19.3 Net gains on revaluation of fixed assets			-1,832
			19.12 Deficit on revaluation of available-for-sale assets			38
		-15,800	30 Actuarial gains/losses on pension fund assets and liabilities			63,040
		-17,943	Total other comprehensive income and expenditure			61,246
		7,441	Total Comprehensive income and expenditure			78,772

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves 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 are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations.'

31 March 2014	See note		31 March 2015
£'000			£'000
113,870	13	Property, plant and equipment	113,149
3,000	14.1	Long term investments	3,462
104	14.16	Long term debtors	76
116,974		Total long term assets	116,687
2,025	17	Assets held for sale	1,200
755	16	Inventories	847
4,248	14.19	Short term debtors	5,182
18,554	14.14	Short term investments	21,935
4,070	14.22	Cash and cash equivalents	9,163
29,652		Total current assets	38,327
-5,299	14.9	Short term creditors	-8,963
-65	14.7	Short term borrowing	-69
-5,364		Total current liabilities	-9,032
24,288		Net current assets	29,295
141,262		Total assets less current liabilities	145,982
-66	14.6	Long term creditors	0
-1,353	18	Provisions	-931
-8,361	14.8	Long term borrowing	-8,350
-9,780			-9,281
-573,180	30	Net Liabilities relating to defined benefit pension schemes	-657,170
-441,698		Net Liabilities	-520,469
Financed by :			
Usable reserves			
-2,500	9	Revenue account	-2,500
-23,703	9	Earmarked reserves	-27,105
-1,118	9	Usable capital receipts reserve	-3,136
-424	9	Capital grants unapplied reserve	-1,138
-1,470	9	Revenue grants unapplied reserve	-648
-29,215		Total usable reserves	-34,527
470,913	19	Unusable reserves	554,996
441,698		Total reserves	520,469

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.

	Note	2013/14 £'000	2014/15 £'000
Net surplus (-) or deficit (+) on provision of services		25,384	17,526.00
Adjustments to net surplus or deficit on the provision of services for non cash movements	31.1	-32,420	-29,841.00
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31.2	1,514	3,468.00
Net cash inflow from Operating Activities		-5,522	-8,847
Investing Activities	31.4	5,928	3,561
Financing Activities	31.5	278	193
Net increase (-) or decrease (+) in cash and cash equivalents		684	-5,093
Cash and cash equivalents at the beginning of the reporting period		-4,754	-4,070
Cash and cash equivalents at the end of the reporting period		-4,070	-9,163

Notes to the core financial statements

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Notes to the core financial statements

1. Accounting policies

General principles

- 1.1. The Statement of Accounts summarises the Authority's transactions for the relevant financial year and its position at the relevant year end of 31 March. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) which is based on International Financial Reporting Standards (IFRS) and the Best Value Accounting Code of Practice for the relevant year.
- 1.2. 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.

Accruals of income and expenditure

- 1.3. 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 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.
- 1.4. 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.

Cash and cash equivalents

- 1.5. Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice on the same day. Cash equivalents are investments that mature the same day as the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the core financial statements

- 1.6. 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.

Exceptional items

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

Prior period adjustments, changes in accounting policies and estimates and errors

- 1.8. 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.
- 1.9. 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.
- 1.10. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Employee benefits

- 1.11. Employee benefits comprise those payable during employment, on termination of employment and post employment:

Benefits Payable During Employment

- 1.12. Short-term employee benefits are those due to be settled 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 would be 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 if it proved to be material. The accrual would be 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 would be charged to 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.

Notes to the core financial statements

1.13. Analysis has proven that this is currently immaterial so no adjustment is made.

Termination Benefits

1.14. 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 and are charged on an accruals basis to the cost of services in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

1.15. 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 charges for pension enhancement termination benefits and replace them with a charge for the actual amount payable to the former employee and the pension fund.

Post Employment Benefits

1.16. Employees of the Authority are members of three separate pension schemes:

- The Firefighters' Pension Scheme for firefighters (closed to new members on 31 March 2006) (FPS)
- The New Firefighters' Pension Scheme 2006 (NFPS 2006) including retained firefighters (open to new members from 1 April 2006 until end of March 2015)
- The Local Government Pensions Scheme, administered by Hampshire County Council (LGPS)

1.17. All three schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority where:

1.18. The liabilities attributable to the Authority are included in the Authority's Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees).

1.19. Liabilities are discounted to their value at current prices using a calculated discount rate based on a series of calculations for high quality corporate bonds over a range of periods.

1.20. The assets of the LGPS pension fund attributable to the Authority are included in the Authority's Balance Sheet at their fair value: for quoted securities this means the current bid price; for unquoted securities this is based on a professional estimate; for unitised securities this means the current bid price; for property this means an estimate of the market value.

Notes to the core financial statements

1.21. The change in the net pensions liability is analysed into five components:

- 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 (including curtailments) – the increase in liabilities arising from current year decisions which effect 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
- financing cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. These are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Actuarial gains and losses – These are now analysed into three different groups:
 - Gains / losses due to a change in financial assumptions
 - Gains / losses due to a change in demographic assumptions
 - Gains / losses due to liability experience

These show the changes in pension liabilities that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are debited to the pensions reserve.

- Contributions paid to the Hampshire County Council pension fund and pension fund account – cash paid as employer's contributions to the LGPS pension fund and firefighter schemes pension fund account in settlement of liabilities; not accounted for as an expense.

1.22. 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 appropriations 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.

Discretionary benefits

1.23. The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements to its employees who are members of the LGPS. 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.

Notes to the core financial statements

Events after the balance sheet date

- 1.24. 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. There are two types of events:
- 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.
- 1.25. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial instruments

Financial liabilities

- 1.26. 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.
- 1.27. The Authority's long term borrowing is mainly with the Public Works Loan Board. Any short term borrowing is with Hampshire County Council. For the borrowings that the Authority has this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial assets

- 1.28. Financial assets are classified into two types:
- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market;
 - available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments
- 1.29. Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the

Notes to the core financial statements

instrument. For 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.

- 1.30. Available-for-Sale Assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority. Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:
- instruments with quoted market prices – the market price;
 - other instruments with fixed and determinable payments – net present value;
- 1.31. Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred, these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.
- 1.32. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- 1.33. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).
- 1.34. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Government grants and contributions

- 1.35. 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.

Notes to the core financial statements

- 1.36. 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 has 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 donor.
- 1.37. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.
- 1.38. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.
- 1.39. Where revenue grants are credited to the Comprehensive Income and Expenditure Statement but are yet to be used, they are transferred to an earmarked reserve in the Movement in Reserves Statement. Once used in subsequent years, they are transferred to the General Fund to fund the revenue expenditure.

Intangible assets

- 1.40. Intangible assets do not have physical substance but are identifiable and controlled by the Authority and bring benefits to the Authority for more than one year. Typical examples include software licences and internally developed websites developed to deliver services rather than information about services. The Authority does not have any material intangible assets. Capital expenditure on immaterial intangible assets is classified as furniture and equipment.

Inventories and long term contracts

- 1.41. Inventories are included in the Balance Sheet at latest procured cost as this is not materially different from the recommended practice of carrying them at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging services with the value of works and services received under the contract during the financial year. The cost of capital schemes that are in progress at the date of the balance sheet are included as Assets Under Construction within Long Term Assets.

Leases

- 1.42. 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

Notes to the core financial statements

equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

1.44. The Authority as a lessee

- Finance Leases - Where the Authority leases a material asset under a finance lease (such as the front-line appliances) it is recognised in the accounts as if it were the Authority's asset. The arrangement is treated as borrowing and rentals payable are treated partly as capital expenditure (for the principal element) and partly as revenue expenditure (for the interest element).
- Operating Leases - Where the Authority leases an asset under an operating lease (such as support vehicles) the asset is not recognised in the balance sheet. Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense on a straight line basis.

Overheads and support services

1.45. 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 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of the Corporate and Democratic Core (costs relating to the Authority's status as a democratic organisation) and Non Distributed Costs (the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale). These two cost categories are defined in the SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the cost of services.

Property, plant and equipment

1.46. Assets that have physical substance and are held for use in the provision of services 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

1.47. Expenditure on the acquisition, creation or enhancement of Property Plant and Equipment assets is capitalised on an accruals basis, provided that it benefits the Authority and the services that it provides are for more than one financial year. Spending on IT assets and intangible assets (such as software licences) typically yields benefits for a period of less than five years. Such expenditure is capitalised only if it

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yields benefits of five years or more which is not in accordance with recommended practice. This does not have a material effect in the accounts. Expenditure that maintains, but does not extend, the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to the relevant service area within the Comprehensive Income and Expenditure Statement as it is incurred.

Measurement

1.48. PPE assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- Land and Buildings are measured at fair value. For land and buildings this means Existing Use Value (EUV) for non-specialised properties or Depreciated Replacement Cost (DRC) for specialised properties such as fire stations.
- Vehicles, Plant and Equipment are measured at depreciated historical cost (as this is not materially different from the fair value).
- Assets under construction are measured by historic cost
- 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 revaluation loss previously charged to a service.]

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

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

1.50. 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

1.51. Decreases in value (due to either physical impairment or market prices) are either charged to the Asset Revaluation Reserve (to the extent that it has any balance relating to the specific asset) or to the relevant service area within the Comprehensive Income and Expenditure Statement.

1.52. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to

Notes to the core financial statements

the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- 1.53. However, revaluation losses and subsequent reversals are not permitted by statutory arrangements to have an impact on the General Fund Balance and therefore any gains or losses are reversed out of the General Fund Balance (in the Movement in Reserves Statement) and are transferred to the Capital Adjustment Account.

Depreciation

- 1.54. Depreciation is provided for on all PPE assets with a determinable and finite life by allocating the value of the asset in the Balance Sheet over their useful lives. An exception is made for assets without finite lives (e.g. land) assets that are not yet available for use (e.g. assets under construction) and assets held for sale.
- 1.55. Depreciation commences in the year after the year of acquisition and a full year's depreciation is charged in the year of disposal, except for vehicles disposed of in the first six months of a financial year when no depreciation is charged in the final period. 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. The useful life of a building is the weighted average of all its components. When one or more components are replaced or enhanced incurring capital expenditure in excess of £350,000, all assets on the site are revalued and the useful life of each asset is reassessed to ensure an appropriate rate of depreciation.
 - Furniture and equipment - 10 years.
 - Vehicles - between five and 10 years.
- 1.56. Depreciation is charged to the relevant revenue service area within the Comprehensive Income and Expenditure Statement. However, depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund Balance and therefore any gains or losses are reversed out of the General Fund Balance (in the Movement in Reserves Statement) and are transferred to the Capital Adjustment Account.
- 1.57. Where assets have been re-valued, the revaluation gains held in the Asset Revaluation Reserve are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged, based on their historic cost, being transferred each year from the Asset Revaluation Reserve to the Capital Adjustment Account.

Disposals and assets held for sale

- 1.58. When a material PPE asset is to be disposed of, and meets all of the criteria of an asset held for sale, it is reclassified as Assets Held for Sale. If the carrying amount at the time of reclassification is higher than the fair value less costs to sell the asset, then the asset held for sale will be impaired. This impairment is charged to non-distributed costs. Assets that are being abandoned or scrapped are written out without being reclassified.

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- 1.59. When the asset is disposed of, or decommissioned, the carrying value of the asset is written out to the Other Operating Income and Expenditure line within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The written-off value of disposals is not a charge against council tax, as the cost of fixed 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. Any revaluation gains accumulated for the asset in the Asset Revaluation Reserve are written out to the Capital Adjustment Account by way of a transfer between the accounts.
- 1.60. Amounts received in excess of £10,000 are categorised as capital receipts and are credited to the other operating expenditure line within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. They are then appropriated to the Capital Receipts Reserve from the General Fund Balance within the Movement in Reserves Statement and then can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement).

Provisions

- 1.61. 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.
- 1.62. Provisions are charged to 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.
- 1.63. 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 payments will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Contingent liabilities

- 1.64. 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 payments will be required or the amount of the payment cannot be measured reliably.
- 1.65. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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Contingent assets

- 1.66. 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.
- 1.67. 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.

Reserves

- 1.68. 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.
- 1.69. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading within the Comprehensive Income and Expenditure Statement in that year and is included in the Surplus or Deficit on 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.
- 1.70. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

Revenue expenditure funded from capital under statute

- 1.71. 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.
- 1.72. 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.
- 1.73. An example of this type of expenditure is smoke detectors which are fitted into individuals homes and therefore do not add to the value of the Authority's assets.

VAT

- 1.74. 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.

Notes to the core financial statements

Redemption of debt

1.75. The Authority's borrowing for capital purposes is determined by the Authority each year in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities. The total borrowing is known as the Capital Financing Requirement which is derived from the opening balance sheet. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 which came into force on 31 March 2008 and affect 2007/08 and subsequent years require the Authority to make provision for the redemption of debt. The Authority has approved the policy that in accordance with requirement a minimum revenue provision is put aside from revenue which will be equal to 4% of the capital financing requirement for capital purposes at the start of the financial year. For unsupported borrowing incurred after 1 April 2008, minimum revenue provision is made on a basis to reflect the life of the assets financed.

Heritage Assets

1.76. A heritage asset is one with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. They are intended to be preserved for future generations.

1.77. The Authority will only value and include in the financial statements such assets where the cost in measuring them would be proportionate to the benefit received by the readers of these financial statements.

Interests in Companies and Other Entities

1.78. The Authority reviews their collaborative arrangements on an annual basis and will account for these accordingly or disclose their material interests in other entities where they exist.

1.79. Disclosures of material involvement with other entities are provided under note 25.

1.80. Under IFRS10 the Authority is required to produce consolidated group accounts as it has sole ownership and therefore control over a company '3SFire Ltd'. However, as permitted the Authority will not produce group accounts until their interest in the Company becomes material.

2. Accounting Standards Issued, Not Adopted

2.1. The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

- IFRS 13 Fair Value Measurement - This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The

Notes to the core financial statements

adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the fact the Authority rarely carries surplus assets.

- IFRIC 21 Levies - This standard provides guidance on when to recognise a liability for a levy imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
- Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally providing clarification and will not have a material impact on the Statement of Accounts.

2.2. The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3. Critical judgements in applying accounting policies

3.1. In applying 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. The Authority has made decisions as to how much it should be adding to both the capital payments and transformation reserves in order to help minimise the impact of reduced funding.
- The Authority has made judgements on whether its vehicle lease arrangements are operating leases or finance leases. These judgements are based on an assessment as to whether the risks and rewards of ownership have been transferred from the lessor to the lessee. The results of the tests are that front line appliances are finance leases and support vehicles remain as operational leases. The accounting treatment for operating and finance leases is significantly different but would have a significant effect on the accounts if any new lease entered into were of an extremely high value.
- Judgements have been made on whether any contracts for services include embedded leases. None have been identified.

3.2. In interpreting the new standards relating to collaborative arrangements, the Authority has made certain judgements about how to classify their partnership working. Not all partnership working has been deemed to meet the definition of a collaborative arrangement.

Notes to the core financial statements

3.3. The following arrangements have been deemed outside the scope of group accounts, but due to the Authority having contractual rights and obligations and rights to assets and liabilities arising from their partnership agreements the transactions associated with the collaborative arrangement are included in the authority's accounts.

- Network Fire Control Services Partnership
- South Central Ambulance Service (SCAS) Co-responder scheme.
- Joint working with Hampshire County Council and Hampshire Constabulary

3.4. In the case of 3SFire Ltd they have been judged to be a subsidiary of the Authority and therefore group accounts will be required when their turnover becomes material. However, for 2014/15 this has been judged immaterial as their turnover is less than 1% of the Authority's total income.

4. Assumptions made about the future and other major sources of estimation uncertainty

4.1. The Statement of Accounts contains estimated figures on the Authority's net liability to pay pensions that are based on a number of complex assumptions made by the scheme's actuaries about things such as retirement ages, mortality rates, rate at which salaries will increase and expected returns on pension fund assets. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with complete certainty, actual results could be different from the assumptions and estimates. Sensitivity analysis to these assumptions is now included in note 30.19.

4.2. Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in earlier financial years in their proportionate share. Therefore, a provision has been recognised this year for the best estimates as provided by the district, borough and unitary authorities in Hampshire of the amount that businesses have been overcharged up to 31 March 2015. In most cases the estimates have been based on the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015.

5. First time adoption of Accounting Standards

5.1. The Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 introduced a number of new and revised standards addressing consolidation, involvement in joint arrangements and disclosure of involvement in other entities. To comply with IFRS11 this year the Authority has fully reviewed all their partnership working, made critical judgements and has accounted for or disclosed their material involvement with other entities accordingly.

6. Material Items of income and expense

6.1. There were no individually material items of income or expenditure in 2014/15.

Notes to the core financial statements

7. Events after the balance sheet date

- 7.1. The Statement of Accounts was authorised for issue by the Chief Financial Officer on 22 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 would have been adjusted in all material respects to reflect the impact of this information but there were none.
- 7.2. There was one material event after the Balance Sheet date which needs to be reflected in these accounting statements: namely, the agreement by the Government to accept the outcome of the Milne v GAD court case and its applicability in respect of historical fire pension payments. The Fire Pension Scheme Commutation Factors are reviewed annually by the Government Actuary's Department (GAD). The factors (the amount that can be commuted for each £1 sacrificed) were not reviewed between 1998 and 2006. This was challenged by a member of the Firefighters' Scheme and the Pensions' Ombudsman has recently ruled in favour of the complainant. Consequently, there is a liability to pay higher commutation lump sums for members who retired in this period, together with interest owed. Using updated guidance and commutation factors provided by the Government Actuary's Department (GAD) it is estimated that £1.97m of additional payments (including interest) will be paid in 2015/16 to former fire officers (or their estate in the case of those who have subsequently deceased). In accordance with the Accounting Code of Practice and by reference to the appropriate accounting standards this event is deemed to be a plan amendment in terms of the fire pension scheme which takes place in 2015/16. As such this is reported as a non-adjusting event in that it is indicative of conditions that arose after the Balance Sheet date which therefore does not require amendments to the financial statements and notes in the Statement of Accounts.
- 7.3. It should be noted that the payments which will be made in respect of this ruling will be charged to the Fire Pension Fund in the first instance and the Government will fully fund these payments through the top-up grant funding mechanism.

8. Adjustments between accounting basis and funding basis under regulations

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

Notes to the core financial statements

2013/14	-----Usable reserves-----			Movement in Unusable Reserves
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-9,218			9,218
Capital grants and contributions applied	1,755			-1,755
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	-22			22
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	838			-838
Capital expenditure charged against the General Fund balances	929			-929
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	64	-64		0
Use of the Capital Receipts Reserve to finance new capital expenditure		0		0
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-37,030	0		37,030
Employer's pensions contributions and direct payments to pensioners payable in the year	14,520	0		-14,520
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-109	0		109
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions applied debited to the Comprehensive Income and expenditure Statement	-257		257	0
Total Adjustments	-28,530	-64	257	28,337

Notes to the core financial statements

2014/15	-----Usable reserves-----			Movement in Unusable Reserves
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	-4,496			4,496
Capital grants and contributions applied	755			-755
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	-2,031			2,031
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	733			-733
Capital expenditure charged against the General Fund balances	2,394			-2,394
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,018	-2,018		0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0		0
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-35,900	0		35,900
Employer's pensions contributions and direct payments to pensioners payable in the year	14,950	0		-14,950
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	758	0		-758
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and expenditure Statement	713		-713	0
Total Adjustments	-20,106	-2,018	-713	22,837

Notes to the core financial statements

9. Transfer to/from Usable Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. The table below sets out the opening and closing balance of each reserve.

2013/14	note	Balance 1 April £'000	Transfers out £'000	Transfers in £'000	Balance 31 March £'000
Capital payments reserve	9.1	-13,387	0	-3,462	-16,849
Improvement and sustainability reserve	9.2	-3,853	+1,149	-1,302	-4,006
Grant reduction reserve	9.3	-2,149	+44	0	-2,105
Designated underspending reserve	9.4	-858	+858	-743	-743
Revenue grants unapplied reserve	9.6	-1,780	+338	-28	-1,470
Total revenue reserves		-22,027	+2,389	-5,535	-25,173
Capital receipts reserve	9.7	-1,054	0	-64	-1,118
Capital grants unapplied reserve	9.8	-681	+257	0	-424
Total capital reserves		-1,735	+257	-64	-1,542
General fund balance		-2,500	0	0	-2,500
Total usable reserves		-26,262	+2,646	-5,599	-29,215

2014/15	note	Balance 1 April £'000	Transfers out £'000	Transfers in £'000	Balance 31 March £'000
Capital payments reserve	9.1	-16,849	0	-3,746	-20,595
Improvement and sustainability reserve	9.2	-4,006	4,006	0	0
Grant reduction reserve	9.3	-2,105	2,105	0	0
Transformation reserve	9.5	0	0	-6,122	-6,122
Service improvement reserve	9.9	0	0	-284	-284
Designated underspending reserve	9.4	-743	743	-104	-104
Revenue grants unapplied reserve	9.6	-1,470	822	0	-648
Total revenue reserves		-25,173	+7,676	-10,256	-27,753
Capital receipts reserve	9.7	-1,118	0	-2,018	-3,136
Capital grants unapplied reserve	9.8	-424	0	-713	-1,137
Total capital reserves		-1,542	0	-2,731	-4,273
General fund balance		-2,500	0	0	-2,500
Total usable reserves		-29,215	+7,676	-12,987	-34,526

Notes to the core financial statements

- 9.1. The capital payments reserve is used to match the timing of available resources with capital payments. The Authority has had the aim for a number of years to increase this reserve given the withdrawal of Government funding for capital.
- 9.2. The improvement and sustainability reserve is used to help deliver in-year value for money improvements and to pump-prime environmental initiatives. This year the decision has been made to combine this reserve along with the Grant reduction reserve into a single reserve, the transformation reserve, to fund any expenditure which will contribute to the long-term improvement, efficiency and innovation of the service.
- 9.3. The grant reduction reserve was established to help ease pressures anticipated through Government grant reductions in future years and fund the cost of any redundancies required during service transformation. As mentioned above at the end of 2014/15 the balance has now been consolidated into the transformation reserve.
- 9.4. The Transformation Reserve has been established in 2014/15 to fund all transformational projects that will support the re-design of the service over the next few years in order to achieve the financial savings that are required to balance the budget
- 9.5. The designated underspends reserve enables departments to carry forward specific underspendings into the next financial year.
- 9.6. The revenue grants unapplied reserve is required as grants have to be accounted for in the year they are received. This reserve contains the value of grants unspent during the year, where there is no repayment conditions attached, in order for them to be applied when the expenditure is incurred.
- 9.7. The capital receipts reserve is the proceeds from the sale of capital assets (buildings and vehicles) which is available to finance future capital expenditure.
- 9.8. The capital grants unapplied reserve is the equivalent of the revenue grants unapplied reserve (9.6) but for capital grants.
- 9.9. The Service Improvement Reserve has been established in 2014/15 to hold any of the unspent budget controlled by the Heads of Service, for day to day improvements which will benefit the service. This will then be available to be carried forward for the same purpose in the future years.

Notes to the core financial statements

10. Other Operating Expenditure

Other operating expenditure represents the net surplus or deficit on the disposal of non-current assets. The following statement shows the analysis:

	2013/14	2014/15
	£'000	£'000
Sale proceeds	-64	-2,018
Less net book value of assets sold	22	2,031
Costs of sale	3	20
Gain(-) / loss(+) on sale charged to the Comprehensive Income and Expenditure Account	-39	33

11. Non distributed costs

This represents the impairments of assets held for sale of £0 (£500,000 in 2013/14) and past pension costs of £0 (£20,000 in 2013/14).

12. Financing and investment income and expenditure

The financing and investment income is made up of the following elements:

	2013/14	2014/15
	£'000	£'000
Interest payable	443	463
Interest on loans	0	-2
Interest from short-term investments	-279	-220
Dividend income	0	-49
Interest receivable	5	-61
Pensions interest cost	25,320	25,460
Pensions interest on assets	-1,310	-1,210
Total	24,169	24,381

Notes to the core financial statements

13. Property, plant and equipment

Movements

13.1. The movements in property, plant and equipment were as follows:

	Other land and build's	Vehicles and equip't	Surplus assets	Assets under const'n	Total
2013/14	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:					
At 1 April 2013	110,104	34,574	1,480	850	147,008
Additions	263	431	0	1,990	2,684
Disposals	0	-318	0	0	-318
Reclassifications (to)/from other classes	727	17	0	-744	0
Reclassifications (to)/from Assets held for sale	0	0	0	0	0
Revaluations	-614	0	0	0	-614
Asset adjustment re prior years	0	0	0	0	0
Gross book value as at 31 March 2014	110,480	34,704	1,480	2,096	148,760
Accumulated depreciation:					
At 1 April 2013	9,866	18,999	280	0	29,145
Charge for 2013/14	1,849	2,516	0	0	4,365
Disposals	0	-296	0	0	-296
Reclassifications (to)/from AHFS	0	0	0	0	0
Revaluations	-2,677	0	0	0	-2,677
Impairments	4,353	0	0	0	4,353
Asset adjustment re prior years	0	0	0	0	0
Accumulated depreciation as at 31 March 2014	13,391	21,219	280	0	34,890
Net book value 1 April 2013	100,238	15,575	1,200	850	117,863
Net book value 31 March 2014	97,089	13,485	1,200	2,096	113,870

Notes to the core financial statements

2014/15	Other land and build's	Vehicles and equip't	Surplus assets	Assets under const'n	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:					
At 1 April 2014	110,480	34,704	1,480	2,096	148,760
Additions	586	1,516	0	1,047	3,149
Disposals	-412	-2,941	0	0	-3,353
Reclassifications (to)/from other classes	575	1,136	-1,480	-1,711	-1,480
Reclassifications (to)/from Assets held for sale	0	0	0	0	0
Revaluations	872	0	0	0	872
Asset adjustment re prior years	0	0	0	0	0
Gross book value as at 31 March 2015	112,101	34,415	0	1,432	147,948
Accumulated depreciation:					
At 1 April 2014	13,391	21,219	280	0	34,890
Charge for 2014/15	1,912	2,437	0	0	4,349
Disposals	-412	-2,935	0	0	-3,347
Reclassifications (to)/from AHFS	0	0	-280	0	-280
Revaluations	-960	0	0	0	-960
Impairments	147	0	0	0	147
Asset adjustment re prior years	0	0	0	0	0
Accumulated depreciation as at 31 March 2015	14,078	20,721	0	0	34,799
Net book value 1 April 2014	97,089	13,485	1,200	2,096	113,870
Net book value 31 March 2015	98,023	13,694	0	1,432	113,149

Notes to the core financial statements

Capital commitments

13.2. As at 31 March 2015 the Authority had entered into a number of contracts for the construction or enhancement of property and the purchase of vehicles. Commitments as at 31 March 2015 totalled £1,252,052 (£773,738 on 31 March 2014).

Major commitments were:

	£'000
2012/13:	
2012/13 Fire Control System	369
2012/13 Basingstoke Fire Station feasibility	88
2013/14:	
2013/14 Live Fire Training Facility	13
2014/15:	
2014/15 vehicle replacement programme	811

Revaluations

13.3. Land and buildings are required to be valued every five years, or sooner when there are material changes. The Authority undertakes a rolling programme for valuing its assets.

13.4. The following statement shows the progress of the Authority's rolling programme for the revaluation of fixed assets. The valuations were carried out by qualified personnel from the Estates Practice, Hampshire County Council except for vehicles, plant and equipment which are held at historic cost.

	Land and buildings £'000	Vehicles, plant and equipment £'000
Valued at historic cost	0	13,694
Valued at current value in:		
2010/11	19,479	0
2011/12	47,014	0
2012/13	6,989	0
2013/14	16,161	0
2014/15	8,379	0
Total	98,022	13,694

Notes to the core financial statements

Heritage assets

- 13.5. The heritage assets held by the authority are two vintage vehicles and a small collection of equipment such as helmets.
- 13.6. The collection is not recognised in the financial statements as no information is available on the value of these assets. Obtaining specialist valuations for these assets would be disproportionate in comparison to the benefits to the users of the financial statements.

14. Financial Instruments

Financial Instruments – classifications

- 14.1. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

- 14.2. A financial liability is an obligation to transfer economic benefits controlled by Hampshire Fire & Rescue Authority and can be represented by a contractual obligation to deliver cash and financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to Hampshire Fire & Rescue Authority.
- 14.3. Hampshire Fire & Rescue Authority's financial liabilities held during the year were long-term loans from the Public Works Loan Board and are measured at amortised cost.

Financial Assets

- 14.4. A financial asset is a right to future economic benefits controlled by Hampshire Fire & Rescue Authority that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by Hampshire Fire & Rescue Authority during the year are held under the following classifications.
- Cash
 - Bank accounts
 - Fixed term deposits with banks and building societies
 - Loans to other local authorities
- 14.5. Available for sale financial assets (those that are quoted in an active market) comprising:
- Money market funds and other collective investment schemes
 - Certificates of deposit and covered bonds issued by banks and building societies

Notes to the core financial statements

- Bonds issued by UK companies

Financial Instruments – Balances

14.6. The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities	Long Term		Short Term	
	31/03/14	31/03/15	31/03/14	31/03/15
	£'000	£'000	£'000	£'000
Loans at amortised cost:				
-Principal sum borrowed	-8,350	-8,350	0	0
-Accrued interest	0	0	-65	-65
-Salix Loan	-11	0	0	-4
-Other short-term borrowing	0	0	-5,113	-8,897
Total borrowing	-8,361	-8,350	-5,178	-8,966
Liabilities at amortised cost:				
-Finance leases	-66	0	-186	-66
Total other liabilities	-66	0	-186	-66
Total	-8,427	-8,350	-5,364	-9,032

Short term borrowing

14.7. This balance represents the interest payable to the PWLB within one year.

Long- term borrowing

14.8. Hampshire Fire & Rescue Authority's long-term borrowing consists of loans from the Public Works Loan Board and are measured at amortised cost.

Notes to the core financial statements

Creditors

14.9. The short term creditors balance on the balance sheet can be further analysed as amounts due from:

	2013/14 £'000	2014/15 £'000
Central government bodies	1,371	1,407
Other local authorities	2,134	2,175
Other creditors	1,794	5,381
Total	5,299	8,963

14.10. Receipts in advance are also included within creditors. The balance is in the main relating to next years expenditure and as such their amortised cost in the balance sheet is a reasonable assessment of fair value.

14.11. The financial assets disclosed in the balance sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31/03/14 £'000	31/03/15 £'000	31/03/14 £'000	31/03/15 £'000
Total investments carried forward	3,000	3,462	18,554	21,935
Total Cash and Cash Equivalents	0	0	4,070	9,163
Loans and receivables	104	76	4,248	5,182
Total financial assets	3,104	3,538	26,872	36,280

Long-term investments

14.12. Surplus cash balances are lent to borrowers on the Authority's approved list. Long term investments are not due to be repaid until after a year from the balance sheet date for periods of up to two years.

14.13. This balance also includes available for sale financial investments which are not planned to be redeemed in the next financial year.

Short term investments

14.14. Surplus cash balances are lent to borrowers on the Authority's approved list. Short term investments are due to be repaid within a year and so their amortised cost in the balance sheet date is a reasonable assessment of their fair value.

Notes to the core financial statements

14.15. This balance also includes available for sale financial investments which are planned to be redeemed in the next financial year.

Long term debtors

14.16. In the main these represent the loan made to 3SFire Ltd on a commercial basis and staff car loans. Staff car loans attract a market rate of interest for a period of less than five years and the value in the balance sheet is a reasonable assessment of fair value. All loans are expected to be repaid in full and so a reduction for impairment is not considered necessary.

Debtors

14.17. Receipts are due within one year without interest and as such the fair value of receivables equals the original invoice amount. The total amount has not been reduced to take account of debts that are unlikely to be collectable as it is believed all debts will be repaid in full. Consideration was given as to the need for a provision for bad debts but none was required for either 2013/14 or 2014/15.

14.18. The debtors balance incorporates payments in advance. These represent the proportion of operational leasing payments made that relate to 2014/15 as payments are made annually in advance. As the balance relates to less than a financial year the fair value is equivalent to the proportion of the original invoice that relates to 2014/15.

14.19. The short term debtors balance on the balance sheet can be further analysed as amounts due to:

	2013/14 £'000	2014/15 £'000
Central government bodies	61	13
Other local authorities	2,985	2,389
Other debtors	1,202	2,780
Total	4,248	5,182

Cash and cash equivalents

14.20. Cash comprises cash in hand and on demand deposits.

14.21. Balances classified as 'cash equivalents' fit the definition of being short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These are carried at amortised cost.

Notes to the core financial statements

14.22. The balance of cash and cash equivalents is made up of the following elements at the balance sheet date;

	2013/14 £'000	2014/15 £'000
Bank Account (see 14.23)	0	11
Call Account (same day access fund)	4,000	2,172
Call account (same day access funds placed with Hampshire County Council)	62	0
Available for sale cash equivalents	0	6,972
Petty cash bank accounts	8	8
Total	4,070	9,163

14.23. The bank balance above can be analysed between bank accounts in credit and those overdrawn in the table below;

	Gross assets (liabilities) £'000	(Liabilities) assets set off £'000	Net position on balance sheet £'000
Bank accounts in credit	19	0	19
Bank overdrafts	0	0	0

Financial Instruments – Fair Values

14.24. Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2015, using the following methods and assumptions:

- The fair value of loans from the PWLB have been discounted at the published interest rates for new PWLB certainty rate loans with an identical remaining term to maturity arranged on 31 March.
- No early repayment of impairment is recognised for any financial instrument.

Notes to the core financial statements

- The fair value of short-term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.
- The fair values of investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.

	Amortised cost	Fair value	Amortised cost	Fair value
	31/03/14	31/03/14	31/03/15	31/03/15
	£'000	£'000	£'000	£'000
Financial Liabilities				
Accrued interest	-65		-65	
PWLB loans borrowed	-8,350		-8,350	
PWLB loans borrowed	-8,415	-8,993	-8,415	-10,186
Financial Assets				
Accrued interest	10		7	
Long term investments (>1 year)	3,000		1,500	
Long term investments (>1 year)	3,010	3001	1,507	1,514

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

14.26. The fair value for long term assets as at the Balance Sheet is higher than the carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Financial Instruments - Gains and Losses

14.27. Interest payable and receivable on financial assets in 2014/15 is detailed in note 12. This includes details of losses and gains on financial assets held for sale.

15. Financial Instruments – Risks

- 15.1. Hampshire Fire & Rescue Authority (subsequently HFRA) has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in November 2011).
- 15.2. As part of the adoption of the Treasury Management Code, HFRA approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. HFRA also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.
- 15.3. The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Communities and Local Government 'Guidance on Local Government Investments.' This guidance emphasises that priority is to be given to security and liquidity, rather than yield. HFRA's Treasury Management Strategy and its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.
- 15.4. The main risks covered are:
- Credit risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to HFRA.
 - Liquidity risk: The possibility that HFRA might not have the cash available to make contracted payments on time.
 - Market risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

- 15.5. HFRA manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which HFRA has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, HFRA has regard to other measures including default credit swap and equity prices when selecting commercial entities for investment.
- 15.6. A limit of £7m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). HFRA also sets limits on investments in certain sectors. No more than £17m in total can be invested for a period longer than one year.
- 15.7. HFRA's maximum exposure to credit risk in relation to its investments in banks, building societies and money market funds of £26.74m 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 being irrecoverable

Notes to the core financial statements

applies to all of HFRA's deposits, but there was no evidence at 31 March 2015 that this was likely to crystallise.

- 15.8. The credit quality of £1.52m of HFRA's investments is enhanced by collateral held in the form of covered bonds collateralised by UK residential mortgages. The collateral significantly reduces the likelihood of HFRA suffering a loss on these investments. The table below summarises the credit risk exposures of HFRA's investment portfolio by credit rating:

Credit rating	Long term		Short term	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
	£'000	£'000	£'000	£'000
AAA	0	0	0	0
AA+	0	0	0	1,524
AA	0	0	0	0
AA-	0	0	6,506	1,680
A+	0	0	2,001	5,028
A	0	0	9,015	9,344
A-	0	0	3,517	5,019
AAA Money Market Funds	0	0	0	6,972
Unrated local authorities	3,010	0	1,506	1,505
Unrated pooled funds	0	0	0	1,962
Total Investments	3,010	0	22,545	33,034

Liquidity Risk

- 15.9. HFRA has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that HFRA will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans, limiting the amount of HFRA's borrowing that matures in any one financial year.

Notes to the core financial statements

The maturity analysis of the principal sums borrowed is as follows:

Time to maturity (years)	31 March 2014	31 March 2015
	£'000	£'000
Not over 1	0	0
Over 1 but not over 2	0	0
Over 2 but not over 5	0	100
Over 5 but not over 10	2,450	3,050
Over 10 but not over 20	2,400	3,450
Over 20 but not over 30	3,500	1,750
Total	8,350	8,350

Market Risks: Interest Rate Risk

15.10. HFRA 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 will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

15.11. Investments classed as “loans and receivables” and receivables and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on 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. Movements in the fair value of fixed rate investments classed as “available for sale” will be reflected in Other Comprehensive & Expenditure. The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At 31 March 2015, the entire net principal borrowed (i.e. debt net of investments) was exposed to fixed rates. HFRA’s investments with less than one year to maturity (£33.03m at 31 March 2015) are classed as being held at variable rates and exposed to interest rate risk.

Notes to the core financial statements

15.12. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate borrowings	-330
Impact on Surplus or Deficit on the Provision of Services	-330
Decrease in fair value of available for sale financial assets	46
Impact on Comprehensive Income and Expenditure	46

The approximate impact of a 1% fall would be as above but with movements reversed.

Market Risks: Price Risk

15.13. The market prices of HFRA's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk

15.14. HFRA's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by HFRA's investment strategy, which limits the amount invested in pooled investments, such as pool property investments. A fall in commercial property prices would result in a charge to Other Comprehensive Income & Expenditure – this would have no impact on the General Fund until the investment was sold.

16. Inventories

2013/14	Opening balance £'000	Purchases £'000	Recognised as an expense in the year £'000	Written off balances £'000	Reversal of write offs in previous years £'000	Closing balance £'000
Uniforms	440	647	-677	0	0	410
Equipment	113	892	-898	0	0	107
Workshops	97	295	-271	0	0	121
Fuel	85	465	-479	0	0	71
Foam	45	3	-2	0	0	46
Total	780	2,302	-2,327	0	0	755

Notes to the core financial statements

2014/15	Opening balance £'000	Purchases £'000	Recognised as an expense in the year £'000	Written off balances £'000	Reversal of write offs in previous years £'000	Closing balance £'000
Uniforms	410	495	-468	0	0	437
Equipment	107	893	-877	0	0	123
Workshops	121	536	-476	0	0	181
Fuel	71	426	-435	0	0	62
Foam	46	0	-2	0	0	44
Total	755	2,350	-2,258	0	0	847

17. Assets held for sale

	31 March 14 £'000	31 March 15 £'000
Balance outstanding at start of year	2,445	2,025
Property, plant and equipment assets newly classified as held for sale	0	1,200
Revaluation losses	-500	0
Revaluation gains	80	0
Impairment losses	0	0
Property, plant and equipment assets declassified as held for sale	0	0
Assets sold	0	(2,025)
Transfers from non-current to current	0	0
Balance outstanding at year-end	2,025	1,200

Notes to the core financial statements

18. Provisions

18.1. The Authority holds five provisions.

- The first is for uninsurable and other claims. This covers costs which may arise as a result of the Authority being uninsured for a period (the Authority's insurers went into liquidation some years ago), possible employment tribunals (together with their associated costs) and other claims made against the Authority. These cases may take a number of years to settle.
- The second is for the estimated payments that will have to be made to retained firefighters as a result of the Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, which retained fire-fighter's entitlement to compensation payments for annual leave etc. It has been decided during 2014/15 that this provision is no longer required. This is due to very few eligible firefighters remaining to come forward and the timing period which has now elapsed which makes it very unlikely any more claims will be made.
- The third is for various potential tax liabilities that the Authority may be liable for. Again due to the amount of time which elapsed between setting this provision up and the end of this financial year it has been decided this provision is no longer required as HMRC can only reclaim as far back as six years.
- The fourth relates to estimated pension contributions that will have to be paid on certain allowances which were not originally treated as pensionable, but which now following the ruling in the Norman V Cheshire case it is deemed they should be treated as pensionable.
- The fifth provision relates to the outstanding amount of appeals on business rate valuations, which may impact on future business rates collected by the Authority.

18.2. The movement on these provisions can be summarised as follows:

	Uninsurable and other claims £'000	Part Time Workers Regulations £'000	Tax liabilities £'000	Pensionable allowances £'000	Provision charged to net cost of services £'000's	Business Rate appeals £'000	Total provision made £'000
Balance as at 1 April 2014	47	163	174	261	645	708	1,353
Payments made in the year	0	(1)	0	(6)	(7)	0	(7)
Increase (+) /decrease (-)	3	(162)	(174)	(219)	(552)	137	(415)
Balance as at 31 March 2015	50	0	0	36	86	845	931

Notes to the core financial statements

19. Unusable reserves

19.1. The following table is a summary of the unusable reserves. Details of each are set out in the following paragraphs.

	31 March 14 £'000	31 March 15 £'000
Revaluation reserve	-29,576	-30,614
Donated assets account	-1,284	-1,102
Capital adjustment account	-71,023	-69,354
Pensions reserve	573,180	657,170
Collection fund adjustment account	-384	-1,142
Available for sale financial instruments reserve	0	38
Total unusable reserves	470,913	554,996

Revaluation reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

19.3. 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.

Notes to the core financial statements

	2013/14 £'000	2014/15 £'000
Balance as at 1 April	-28,092	-29,576
Upward revaluation of assets	-2,143	-2,340
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the cost of services	0	508
Surplus or deficit on revaluation of non-current assets not posted to the surplus/deficit on the cost of services	-30,235	-31,408
Difference between fair value depreciation and historic cost depreciation	659	714
Write down of revaluation reserve on assets sold	0	80
Accumulated gains on assets sold or scrapped	0	0
Sub total written off to the capital adjustment account	659	794
Balance at 31 March	-29,576	-30,614

Donated assets account

19.4. In 2010/11 the Authority took ownership of the New Dimensions assets previously owned by the Department of Communities and Local Government. This account represents the net book value of those assets.

	31 March 2014 £'000	31 March 2015 £'000
Opening balance 1 April	1,467	1,284
Less: Depreciation	-183	-182
Closing balance 31 March	1,284	1,102

Notes to the core financial statements

Capital adjustment account

- 19.5. The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.
- 19.6. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.
- 19.7. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.
- 19.8. Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Notes to the core financial statements

19.9. The movement in the reserve is analysed below:

	2013/14	2014/15
	£'000	£'000
Balance as at 1st April	-75,899	-71,023
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Depreciation	4,365	4,349
Adjustment to prior period depreciation	0	0
Impairments	4,853	147
Revaluation losses on property, plant and equipment	0	0
Revenue expenditure funded from capital under statute	0	0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22	2,031
	9,240	6,527
Adjusting amounts written out of the revaluation reserve:		
Excess of current value depreciation over historic cost depreciation	-659	-714
Write out disposed assets	0	-80
	-659	-794
Net written out amount of the cost of non-current assets consumed in the year	8,581	5,733
Capital financing applied in the year:		
Use of the Capital receipts Reserve to finance new capital expenditure	0	0
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-1,498	-755
Application of grants to capital financing from the Capital Grants Unapplied Account	-257	0
Statutory provision for the financing of capital investment charged against the general fund	-838	-733
Capital expenditure charged against the general fund	-929	-2,394
	-3,522	-3,882
Movement in the donated assets account	-183	-182
Balance as at 31 March	-71,023	-69,354

Notes to the core financial statements

Pensions reserve

19.10. 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.

	2013/14 £'000	2014/15 £'000
Balance 1 April	566,470	573,180
Actuarial (gains) or losses on pensions assets and liabilities	-15,800	63,040
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit in the Comprehensive I&E Statement	37,030	35,900
Employer's pension contributions and direct payments to pensioners in the year	-14,520	-14,950
Balance 31 March	573,180	657,170

Notes to the core financial statements

Collection fund adjustment account

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

	2013/14 £'000	2014/15 £'000
Balance 1 April	-493	-384
Income from council tax and Business rates charged to the CIES	-48,236	-49,741
Less precept received in the year	48,345	48,983
Balance 31 March	-384	-1,142

Available for sale financial instruments reserve

19.12. The available for sale financial instruments reserve contains the gains or losses made by the Authority arising from changes in the value of the Authority's investments that have a quoted marketed price or otherwise do not have fixed determinable payments.

	2013/14 £'000	2014/15 £'000
Balance 1 April	0	0
Upward revaluation of investments	0	0
Downward revaluation of investments not charged to the surplus / deficit on the provision of services	0	38
	0	38
Accumulated gains on assets sold and maturing assets written out to the CIES as part of other investment income	0	0
Balance 31 March	0	38

Notes to the core financial statements

20. Amounts reported for resource allocation decisions

20.1. 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 for Local Authorities. However, budget monitoring decisions are taken by the Authority's Finance and General Purposes Committee on the basis of budget reports analysed in a different format. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

Notes to the core financial statements

20.2. The income and expenditure of the Authority in the format that would be received by the Finance and General Purposes Committee for the year is as follows:

Service area	2013/14 £'000	2014/15 £'000
Community Response		
- Employees	37,223	36,322
- Premises	3,549	3,881
- Transport	424	404
- Supplies and services	3,506	2,599
- Support Services		3
	<u>44,702</u>	<u>43,209</u>
- Less Income	-1,892	-1,943
Net expenditure	<u>42,810</u>	<u>41,266</u>
Community Safety		
- Employees	4,010	3,987
- Premises	31	41
- Transport	223	208
- Supplies and services	272	264
	<u>4,536</u>	<u>4,500</u>
- Less Income	-108	-204
Net expenditure	<u>4,428</u>	<u>4,296</u>
Management and Support Services		
- Employees	8017	7,376
- Premises	1,522	825
- Transport	981	1,146
- Supplies and services	4,315	5,658
- Support services	492	326
	<u>15,327</u>	<u>15,331</u>
- Less Income	-576	-915
Net expenditure	<u>14,751</u>	<u>14,416</u>
Pensions	842	860
Revenue contributions to capital – budget	929	2,394
Cost of selling asset	3	19
NET COST OF SERVICES	<u>63,763</u>	<u>63,251</u>
Interest receivable	-284	-329
Fixed contribution to the LGPS		501
Interest on external loans	398	393
Finance lease interest payable	45	67
Council tax transition grant	-1,755	
Section 31 specific grants	-240	-366
Council tax freeze grant	-472	-400
Provision for statutory debt repayment		733
Contribution to Capital Payments reserve	3,462	3,746
Contribution from/to Earmarked Underspendings reserve	-115	-639
Contribution from organisational change reserve	-44	-293
Contribution from/to Revenue Grant Unapplied reserve	-310	-822
Contribution from Investment & Sustainability reserve	153	-2,782
Contribution to transformation reserve		2,818
Service analysis net expenditure	<u>64,601</u>	<u>65,878</u>

Notes to the core financial statements

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

20.3. This reconciliation shows how the figures in the service analysis relate to the amounts in the Comprehensive Income and Expenditure Statement.

	2013/14 £'000	2014/15 £'000
Net expenditure in the Service Analysis	64,601	65,878
Amounts in the Comprehensive I&E Statement not reported to management in the Analysis	8,840	1,504
Amounts included in the Analysis not included in the Comprehensive I&E Statement (net cost of services)	-2613	-5,400
Cost of Services in Comprehensive Income and Expenditure Statement	70,828	61,982

Reconciliation to Subjective Analysis

20.4. This reconciliation shows how the figures in the analysis of income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

2013/14	Analysis £'000	Amounts not reported to Authority £'000	Amounts not included in I&E £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-2,573		-3	-2,576		-2,576
Interest & investment income	-284		284	0	-1594	-1,594
Income from council tax				0	-36,095	-36,095
Government grants & contributions	-2467		2467	0	-33,479	-33,479
Total income	-5324	0	2748	-2,576	-71,168	-73,744
Employee expenses	50,092	-658	-843	48,591		48,591
Other service expenses	15,315			15,315		15,315
Depreciation, amortisation and impairment		9218		9,218		9,218
Interest payments	443		-443	0	25,763	25,763
Gain or loss on disposal of fixed assets				0	-39	-39
Total expenditure	65850	8560	-1,286	73,124	25,724	98,848
Transfers to / from(-) reserves or provisions	4075	280	-4075	280		280
Surplus(-) or deficit on the provision of services	64601	8840	-2613	70,828	-45,444	25,384

Notes to the core financial statements

2014/15	Analysis £'000	Amounts not reported to Authority £'000	Amounts not included in I&E £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	-3,062			-3,062		-3,062
Interest & investment income	-329		329	0	-1,539	-1,539
Income from council tax Government grants & contributions	-766		766	0	-36,769	-36,769
Total income	-4,157	0	1,095	-3,062	-70,409	-73,471
Employee expenses	47,685	-2,440	-860	44,385		44,385
Other service expenses	16,734		-19	16,715		16,715
Depreciation, amortisation and impairment		4,496		4,496		4,496
Interest payments	460		-460	0	25,920	25,920
Gain or loss on disposal of fixed assets				0	33	33
Total expenditure	64,879	2,056	-1,339	65,596	25,953	91,549
Transfers to / from(-) reserves or provisions	5,156	-552	-5,156	-552		-552
Surplus(-) or deficit on the provision of services	65,878	1,504	-5,400	61,982	-44,456	17,526

21. Members' allowances

21.1. The Authority paid the following amounts to members of the Authority during the year:

	2013/14 £'000	2014/15 £'000
Allowances	127	131
Expenses	7	7
	134	138

22. Officers' remuneration

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

Notes to the core financial statements

2013/14	Salary	Benefits in kind (e.g. car allowance)	Pension contributions	Total remuneration
	£	£	£	£
Chief Officer	145,261	0	30,941	176,202
Director of Service Delivery	116,209	0	24,752	140,961
Director of Corporate Services	106,767	1,045	13,986	121,798
Director of Human Resources	106,767	3,225	13,986	123,978

2014/15	Salary	Benefits in kind (e.g. car allowance)	Pension contributions	Total remuneration
	£	£	£	£
Chief Officer - from Jan 2015	36,928	0	6,723	43,651
Chief Officer –until Dec 2014	110,785	1,524	23,728	136,037
Director of Service Delivery from Jan 2015	29,593	247	6,038	35,878
Director of Service Delivery until Dec 2014	88,778	0	20,168	108,946
Director of Professional Services	108,885	825	14,333	124,043

In 2013/14 the statutory roles of Chief Financial Officer (S151 officer) and Clerk to the Authority were provided by the Director of Corporate Resources and the Chief Executive of Hampshire County Council. Their respective remuneration packages are disclosed by the County Council.

In 2014/15 the Clerk to the Authority remains the Chief Executive of Hampshire County Council. The Chief Financial Officer role (S151 Officer) and Director of Human Resources & Workforce Development are provided by senior officers at Hampshire County Council as part of a joint working agreement for a range of corporate services.

Notes to the core financial statements

22.2. The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Total remuneration	Number of Employees	
	2013/14	2014/15
£50,000 - £54,999	41	51
£55,000 - £59,999	18	15
£60,000 - £64,999	11	11
£65,000 - £69,999	7	3
£70,000 - £74,999	4	3
£75,000 - £79,999	0	2
£85,000 - £89,999	0	1
£110,000 - £114,999	1	1
£115,000 - £119,999	1	0
Total	83	87

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

2013/14				
Exit package cost band	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
£0 to £50,000	0	0	0	0
£50,000 to £70,000	0	0	0	0
2014/15				
Exit package cost band	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
£0 to £50,000	0	9	9	£162,896
£50,000 to £70,000	0	0	0	0

Notes to the core financial statements

23. External audit costs

23.1. 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	2014/15
	£'000	£'000
External audit services	48	47
Statutory inspection	0	0
Grant claims and returns	0	0
Other services	0	0
Total	48	47

24. Grant income

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

	2013/14	2014/15
	£'000	£'000
Credited to taxation non specific grant income:		
General Government grants (RSG, locally retained business rates & top up grant)	31,790	29,868
CLG- Council Tax freeze grant	395	400
Council Tax Transition Grant	77	0
S31 Grant funding for rates relief	241	366
Specific capital grants:		
CLG – Capital priorities	1,450	1,450
Total specific capital grants	1,450	1,450
Capital contributions	48	18
Total	34,001	32,102

Notes to the core financial statements

Credited to services:

Flood Rescue Grant	0	19
New Dimensions - USAR	991	994
New Dimensions – Vehicle Insurance	6	6
New Dimensions - Enhanced Command Support	76	59
Radio System	262	259
Network Fire Control	0	818
New Risks	0	3
Fire Cadets Youth grant	0	7
CFOA National Resilience	0	5
LAA - Reward Grant SCC	60	12
Lifestyle Intervention Courses	0	3
EHCP Safe as Houses	2	2
Total	1,397	2,187

24.2. The Authority has received a number of grants that have yet to be recognised as income as they have conditions attached to them that could require the money to be returned:

	31 March 2014 £'000	31 March 2015 £'000
Revenue grants receipts in advance		
SCC LAA Reward Grant	44	31.0
Lifestyle Intervention Courses – Rushmoor & Hart	8	4.5
Home Fire Safety Visits – Basingstoke & Deane	2	2.2
EHCP Safe as Houses	2	0.0
Fire Cadets Youth Fund	0	0.3
Total	56	38.0

24.3. The Authority had not received any contributions or donations which, as at 31 March 2015, had conditions which had not been met.

25. Related parties

25.1. 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.

Notes to the core financial statements

Central Government

- 25.2. Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides a significant proportion of its funding in the form of grants.

Members

- 25.3. Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances is shown in Note 21. During 2014/15 there were no potential conflicts of interest involving Members of the Authority.

Officers

- 25.4. The Chief Finance Officer (S151 Officer) is also the Head of Finance for Hampshire County Council.
- 25.5. Up until the 26th August 2014 the Authority's daily cash surplus or deficit was pooled with that of the County Council and interest was paid based on the Bank of England base rate. The Authority moved to their own banking arrangements post this date, the total interest receivable when they switched was £1,000 (£5,336.34 in 2013/14).

3SFire Ltd

- 25.6. The Authority has sole control over a company – 3SFire Ltd. It is a company limited by shares held by the Authority and was formed on 20 February 2013.
- 25.7. The Directors of the company are Cllrs Royston Smith, Chris Carter and Roger Price who are also Members of the Authority. Dave Curry who became Chief Fire Officer in January 2015 served as a Company Director up until the 10th February 2015. At this point Neil Odin, who is the current Director of Service Delivery, was appointed as a Director to replace him.
- 25.8. The Authority has agreed to loan up to £250,000 to the Company at a commercial rate of interest. As at the 31 March 2015 the Company had drawn down £45,200 of the available loan and paid interest on their borrowings in the year of £3,480.

Joint Working

- 25.9. During 2014/15, the Authority entered into a number of joint working agreements with Hampshire County Council and Hampshire Constabulary for a range of corporate services including finance, HR, IT, facilities management, property services and procurement across the three organisations. The services are hosted but not controlled by Hampshire County Council as they are delivered with joint direction, governance, control and senior management with each organisation accounting for its share of cost in accordance with the individual agreements.

Notes to the core financial statements

26. Capital expenditure and capital financing

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

	2013/14 £'000	2014/15 £'000
Opening capital financing requirement	14,826	13,988
Correcting adjustment	0	1
Adjusted opening capital finance requirement	14,826	13,989
Capital investment:		
Property, plant and equipment	2,684	3,149
Sources of finance:		
Capital receipts	0	0
Government grants and contributions	-1,755	-755
Sums set aside from revenue:		
Direct revenue contributions (budgeted)	-929	-2,394
Direct revenue contributions (from capital payments reserve)	0	0
Minimum revenue provision	-838	-733
Closing capital financing requirement	13,988	13,256
Explanation of movements in year:		
Assets financed with SALIX loan	0	0
Correction to opening balance	0	0
Minimum revenue provision	-838	-733
Increase(+)/decrease(-) in capital financing requirement	-838	-733

27. Assets held under finance leases

- 27.1. No new finance lease arrangements were entered into in 2013/14 or 2014/15, however some existing finance extensions were agreed during 2013/14 and 2014/15.
- 27.2. The following values of assets are held under finance leases by the Authority, accounted for as part of Property, Plant and Equipment:

Notes to the core financial statements

	31 March 2014 £'000	31 March 2015 £'000
Vehicles	252	66

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

	31 March 2014 £'000	31 March 2015 £'000
Finance lease liabilities :		
• Short term	186	66
• Long term	66	0
Finance costs payable in future years	278	228
Minimum lease payments	530	294

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
	£'000	£'000	£'000	£'000
Not later than one year	253	174	186	66
Later than one year and not later than five years	277	120	66	-
Later than five years	-	-	-	-
Total	530	294	252	66

27.5. At 31 March 2015 the Authority had not signed any leases for vehicles or equipment where payments had not started.

28. Assets held under operational lease

28.1. The Authority has acquired some of its operational vehicles under operational lease including leased cars for its employees.

28.2. The future minimum lease payments due under non-cancellable leases in future years for operational vehicles are:

Notes to the core financial statements

	31 March 2014 £'000	31 March 2015 £'000
Not later than one year	85	55
Later than one year and not later than five years	44	38
Later than five years	0	0
	129	93

28.3. The expenditure charged to the cost of services within the Comprehensive Income and Expenditure Statement in 2014/15 was £66,762.

29. Impairment losses

29.1. During 2014/15 the Authority recognised impairment losses totalling £147,250 (£4.852m in 2013/14).

30. Defined benefit pension schemes

Participation in pension schemes

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

30.2. The Authority participates in three pension schemes:

- the Local Government Pension Scheme (LGPS) for support staff which is administered by Hampshire County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Discretionary arrangements for the award of post retirement benefits upon early retirement can be made. These are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- the Firefighters' Pension Scheme (FPS) for firefighters. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due. This scheme was closed to new members from 31 March 2006. All costs in connection with the scheme except those relating to injury pensions and any ill-health early retirement costs are funded by the Government.

Notes to the core financial statements

- the New Firefighters' Pension Scheme (NFPS) for firefighters. This is an unfunded scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due. This scheme was opened to new members from 1 April 2006. All costs in connection with the scheme except those relating to injury pensions and any ill-health early retirement costs are funded by the Government.

Transactions relating to post-employment benefits

- 30.3. The cost of post-employment benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the council tax is based on the cash payable in the year, so the real cost of 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 Account and the General Fund Balance via the Movement in Reserves Statement during the year:

Notes to the core financial statements

2013/14	LGPS – funded £'000	LGPS – unfunded £'000	FPS £'000	NFPS £'000	Injury £'000	Total £'000
Comprehensive Income and Expenditure Statement:						
Cost of services:						
• Current service cost	1,520	0	8,700	2,190	590	13,000
• Past service cost	20	0	0	0	0	20
• Adjustment for difference in actual and assumed contributions and benefits paid	-64	2	-8,907	1,500	-6	-7,475
Financing and Investment Income and Expenditure:						
• Interest cost	2,020	0	21,630	700	970	25,320
• Expected return on assets in the scheme	-1,310	0	0	0	0	-1,310
<i>Net charge to the surplus or deficit on the provision of services</i>	2,186	2	21,423	4,390	1,554	29,555
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Actuarial gain (-) /loss (+)	-1,020	-10	-12,190	-2,010	-570	-15,800
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	1,166	-8	9,233	2,380	984	13,755
Movement in Reserves Statement:						
Actual amount charged against the General Fund for pensions in year:						
• Added years contributions		-2				-2
• Employers' contributions including back funding	-1,326		-4,112	-763		-6,201
• Benefits paid to pensioners			-141	-57	-644	-842
Sub total – actual amount charged against the General Fund Balance for pensions in year:	-1,326	-2	-4,253	-820	-644	-7,045
Reversal of net charges made for retirement benefits in accordance with the Code	160	10	-4,980	-1,560	-340	-6,710
Total Movement in Reserves Statement	-1166	8	-9,233	-2380	-984	-13,755
Net effect on budget requirement	0	0	0	0	0	0

Notes to the core financial statements

2014/15	LGPS – funded £'000	LGPS – unfunded £'000	FPS £'000	NFPS £'000	Injury £'000	Total £'000
Comprehensive Income and Expenditure Statement:						
Cost of services:						
• Current service cost	1,370	0	7,700	2,020	560	11,650
• Past service cost	0	0	0	0	0	0
• Adjustment for difference in actual and assumed contributions and benefits paid	-50	2	-9,581	1,894	-221	-7,956
Financing and Investment Income and Expenditure:						
Interest cost	1,880	0	21,830	770	980	25,460
Interest received on pensions assets	-1,210	0	0	0	0	-1,210
<i>Net charge to the surplus or deficit on the provision of services</i>	1,990	2	19,949	4,684	1,319	27,944
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement						
Actuarial gain (-) /loss (+)	1,910	0	53,960	4,760	2,410	63,040
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	3,900	2	73,909	9,444	3,729	90,984
Movement in Reserves Statement:						
Actual amount charged against the General Fund for pensions in year:						
• Added years contributions		-2				-2
• Employers' contributions including back funding	-1,280		-4,005	-847		-6,132
Benefits paid to pensioners			-144	-57	-659	-860
Sub total – actual amount charged against the General Fund Balance for pensions in year:	-1,280	-2	-4,149	-904	-659	-6,994
• Reversal of net charges made for retirement benefits in accordance with the Code	-2,620	0	-69,760	-8,540	-3,070	-83,990
Total Movement in Reserves Statement	-3,900	-2	-73,909	-9,444	-3,729	-90,984
Net effect on budget requirement	0	0	0	0	0	0

Notes to the core financial statements

Liabilities in relation to post-employment benefits

30.4. The following tables set out the reconciliation of the present value of the various schemes liabilities:

2013/14	LGPS – funded £'000	LGPS – unfunded £'000	FPS £'000	NFPS £'000	Injury £'000	Total £'000
1 April	45,030	50	510,890	16,300	22,780	595,050
Current service cost	1,520	0	8,700	2,190	590	13,000
Interest cost	2,020	0	21,630	700	970	25,320
Contributions by scheme participants	470	0	2,560	670	0	3,700
Actuarial gains (-) and losses	-3,960	-10	-12,190	-2,010	-570	-18,740
Net benefits paid out	-910	0	-15,720	10	-650	-17,270
Past service costs	20	0	0	0	0	20
31 March	44,190	40	515,870	17,860	23,120	601,080

2014/15	LGPS – funded £'000	LGPS – unfunded £'000	FPS £'000	NFPS £'000	Injury £'000	Total £'000
1 April	44,190	40	515,870	17,860	23,120	601,080
Current service cost	1,370	0	7,700	2,020	560	11,650
Interest cost	1,880	0	21,830	770	980	25,460
Contributions by scheme participants	430	0	2,780	800	0	4,010
Actuarial gains (-) and losses	4,750	0	53,960	4,760	2,410	65,880
Net benefits paid out	-1,260	0	-16,510	190	-880	-18,460
Past service costs	0	0	0	0	0	0
31 March	51,360	40	585,630	26,400	26,190	689,620

30.5. Under IAS 19, a prospective allowance for injury benefits is required. At the last valuation of the FPS scheme, the value of injury pensions was around 5% of the pensioner liabilities. The Actuaries advise that a reasonable estimate of the accrual of injury pensions is 5% of the cost of benefits accruing. A sum equal to 5% of the active liabilities in the FPS and NFPS have been added to the injury pension liabilities.

Notes to the core financial statements

Assets in relation to post-employment benefits

30.6. The following table set out the reconciliation of the fair value of the Local Government Pension Scheme:

	2013/14 £'000	2014/15 £'000
1 April	28,580	27,900
Expected return on assets	1,310	1,210
Actuarial gains and losses	-2,940	2,840
Employer contributions	1,390	1,330
Contributions by scheme participants	470	430
Net benefits paid out	-910	-1,260
31 March	27,900	32,450

30.7. The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

30.8. The actual return on assets in the year was a gain of £4,050,000 in 2014/15 (£1,630,000 loss in 2013/14).

Pension Scheme Assets

30.9. The firefighters' schemes have no assets to cover their liabilities. The Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets held by the Fund:

	31 March 2014 %	31 March 2015 %
Equities	61	58
Property	7	8
Government bonds	24	25
Other assets	8	9
Total	100	100

Impact on the Authority's cash flows

30.10. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The liability has a substantial impact on the net worth of the Authority recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

Notes to the core financial statements

- 30.11. Finance is only required to be raised to cover firefighters' pensions when the pensions are actually paid. Under current financing arrangements most of this expenditure is paid for by the Government. The Authority pays for injury pensions and the costs of ill-health early retirement.
- 30.12. The deficit on the LGPS will be made good by increased contributions over the remaining life of employees, as assessed by the actuary. The objectives of the LGPS are to keep the employer's contribution rate as constant as possible. The Authority has agreed a strategy with the schemes actuary to achieve a 100% funding level over the next 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.
- 30.13. The scheme will need to take account of the national changes to the scheme under the Pensions Services Act 2013. Under the Act, the LGPS in England and Wales and the other main existing public services schemes may not provide benefits in relation to service after the 31 March 2014 (or service after 31 March 2014 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.
- 30.14. The employer's regular contributions to the LGPS fund for the accounting period 31 March 2016 are estimated to be £1.325m. In addition pension strain contributions may be required.

Basis for estimating Assets and Liabilities

- 30.15. Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.
- 30.16. All schemes have been assessed by an independent actuary, AON Hewitt Associates, against a formal actuarial valuation as at the following dates:

Scheme	Date
Local Government Pension Scheme - funded	31 March 2013
Local Government Pension Scheme - unfunded	31 March 2013
Firefighters' Pension Scheme	31 March 2011
New Firefighters' Pension Scheme	31 March 2011
Firefighters' Injury and Ill-Health Pensions	31 March 2011

Notes to the core financial statements

30.17. The main financial assumptions in their calculations have been:

	2013/14 (%)	2014/15 (%)
RPI Inflation - Firefighter schemes	3.30	2.90
RPI Inflation – LGPS schemes	3.40	2.90
CPI Inflation - Firefighter schemes	2.30	1.80
CPI Inflation – LGPS schemes	2.40	1.80
Rate of general increase in salaries - Firefighters	3.80	3.30
Rate of general increase in salaries - LGPS	3.90	3.30
Pension increases - Firefighters	2.30	1.80
Pension increases - LGPS	2.40	1.80
Discount rate - Firefighters	4.30	3.20
Discount rate - LGPS	4.30	3.20

30.18. The commutation assumptions made are:

	31 March 2014	31 March 2015
LGPS	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.	Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 70% of the permitted maximum.
Firefighter schemes	Assumed that 90% of members commute 25% of their pension.	Assumed that 90% of members of the FFPS commute 25% of their pension. Assumed that 75% of members of the NFPS commute 25% of their pension.

Notes to the core financial statements

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. The principal demographic assumptions concerning post retirement mortality are:

LGPS schemes	Males 31 March 2014	Males 31 March 2015	Females 31 March 2014	Females 31 March 2015
Year of birth base table	Standard SAPS Normal Health Light Amounts	Standard SAPS Normal Health Light Amounts (S1NMA_L)	Standard SAPS Normal Health Light Amounts	Standard SAPS Normal Health Light Amounts (S1NFA_L)
Scaling to above base table rates	100%	100%	95%	95%
Improvements to base table	CMI_2012 with a long term rate of improvement of £1.5% p.a.	CMI_2012 with a long term rate of improvement of £1.5% p.a.	CMI_2012 with a long term rate of improvement of £1.5% p.a.	CMI_2012 with a long term rate of improvement of £1.5% p.a.
Future lifetime from age 65	24.4	24.5	26.2	26.3
Future lifetime from age 65 (now aged 45)	26.5	26.6	28.5	28.6
Firefighter schemes	Males 31 March 2014	Males 31 March 2015	Females 31 March 2014	Females 31 March 2015
Base table	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NMA)	Standard SAPS normal health all amounts (S1NFA)	Standard SAPS normal health all amounts (S1NFA)
Scaling to above base table rates	100%	100%	100%	100%
Improvements to base table	Allowance for improvements in line with the CMI 2012 improvements, with a long term rate of improvement of 1.5% p.a.	Allowance for improvements in line with the CMI 2012 improvements, with a long term rate of improvement of 1.5% p.a.	Allowance for improvements in line with the CMI 2012 improvements, with a long term rate of improvement of 1.5% p.a.	Allowance for improvements in line with the CMI 2012 improvements, with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65	22.9	23.0	25.4	25.5
Future lifetime from age 65 (now aged 45)	25.1	25.2	27.7	27.8

Notes to the core financial statements

Sensitivity analysis of financial assumptions

30.19. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the preceding tables. The sensitivity analysis' below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The assumptions used in the analysis have followed accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous method. A sensitivity analysis has not been undertaken on unfunded benefits as it is immaterial.

Effect change in assumptions has on the outstanding pension obligation in respect of FPS benefits as at 31 March 2015

	Increase in assumption		Decrease in assumption	
	£'000	%	£'000	%
Discount rate (increase / decrease 0.1% p.a.)	-9.96	-1.7	10.54	1.8
Salary increase rate (increase / decrease 0.1% p.a.)	1.76	0.3	-1.76	-0.3
Pension increase rate (increase / decrease 0.1% p.a.)	8.20	1.4	-7.61	-1.3
Longevity (increase / decrease 0.1% p.a.)	13.47	2.3	-13.47	-2.3

Effect change in assumptions has on the outstanding pension obligation in respect of NFPS benefits as at 31 March 2015

	Increase in assumption		Decrease in assumption	
	£'000	%	£'000	%
Discount rate (increase / decrease 0.1% p.a.)	-0.9	-3.4	0.9	3.4
Salary increase rate (increase / decrease 0.1% p.a.)	0.4	1.5	-0.4	-1.5
Pension increase rate (increase / decrease 0.1% p.a.)	0.5	1.9	-0.5	-1.9
Longevity (increase / decrease 0.1% p.a.)	0.71	2.7	-0.71	-2.7

Notes to the core financial statements

Effect change in assumptions has on the outstanding pension obligation in respect of LGPS benefits as at 31 March 2015

	Increase in assumption		Decrease in assumption	
	£'000		£'000	
Discount rate (increase / decrease 0.1% p.a.)	-1.58	-2.1%	1.68	2.1%
Salary increase rate (increase / decrease 0.1% p.a.)	1.63	0.6%	-1.63	-0.6%
Pension increase rate (increase / decrease 0.1% p.a.)	1.68	1.5%	-1.58	-1.5%
Longevity (increase / decrease 0.1% p.a.)	1.68	2.6%	-1.58	-2.6%

31. Cash Flow Statement

31.1. The adjustment to the surplus or deficit for non-cash items comprises the following items:

	2013/14	2014/15
	£'000	£'000
Depreciation	-4,365	-4,349
Impairments & downward revaluations	-4,853	-147
Amortisations	0	0
Increase(-)/decrease(+) in impairment for bad debts	0	0
Increase(-)/decrease(+) in creditors	-1,185	-3,785
Increase(+)/decrease(-) in debtors	1,454	907
Increase(+)/decrease(-) in inventories	-26	92
Increase(-)/decrease(+) in provisions	-988	416
Actual cash payments made from provisions	75	6
Movement in pension liability	-22,510	-20,950
Carrying amount of non current assets and non current assets held for sale, sold or derecognised	-22	-2,031
Other non-cash items charged to the net surplus or deficit on the provision of services	0	0
Adjustment for non-cash items	-32,420	-29,841

Notes to the core financial statements

31.2. The adjustment for items that are financing or investing cash flows comprises the following items:

	2013/14 £'000	2014/15 £'000
Proceeds from the sale of short term and long term investments	0	0
Proceeds from the sale of fixed assets	64	2,018
Capital grants received	1,450	1,450
Adjustment for activities that are investing or financing cash flows	1,514	3,468

31.3. The cash flow from operating activities includes the following items:

	2013/14 £'000	2014/15 £'000
Interest received	-275	-329
Interest paid	443	463

31.4. The cash flow from investing activities comprises the following items:

	2013/14 £'000	2014/15 £'000
Purchase of fixed assets	2,684	3,149
Purchase of short-term and long-term investments	4,758	3,880
Proceeds of sale of fixed assets	-64	-2,018
Proceeds of sale of short-term and long-term investments	0	0
Capital grants received	-1,450	-1,450
Other income	0	0
Net cash outflow from investing activities	5,928	3,561

31.5. The cash flow from financing activities comprises the following items:

	2013/14 £'000	2014/15 £'000
Cash receipts of long and short term borrowing	0	0
Other receipts from financing activities	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases	271	186
Repayments of long and short term borrowing	7	7
Other payments for financing activities	0	0
Net cash outflow from financing activities	278	193

Notes to the core financial statements

32. Contingent liabilities and assets

- 32.1. There is a contingent liability in respect of current and former retained firefighters who may be eligible to join the Firefighters Pension Scheme with backdating to 2000. An Employment Tribunal has decided that retained firefighters were unfairly treated in relation to pension rights. It is currently impossible to assess what the Authority's liability may be however it is likely that any impact will be in the form of increased employer's contributions expected to come into effect 2019.
- 32.2. A contingent liability is recognised in respect of allowances which following the ruling in Norman V Cheshire and the introduction of the 2015 Firefighters pension scheme remain uncertain as to whether or not these are pensionable. If these are pensionable, it is thought this would cost the Authority something in the region of £59,000.
- 32.3. An additional contingent liability has also arisen this year due to the ruling in the Employment Appeal Tribunal on overtime. This ruling has decided employee's holiday allowance should be determined taking account of any overtime worked. If this has not been done, compensation can be claimed for any holiday due on overtime completed in the preceding three months. Potentially however, these claims could be allowed to be backdated to when the Part Time Working Regulations came into force in 1998. At this time it is not possible to estimate the additional liability which may arise from this decision due to a number of points requiring further clarification, such as if this applies to both voluntary and contractual overtime. It is thought a further case will be taken to the European Court of Justice to clarify what this exactly means in the UK.

33. Other notes that require disclosure but which this Authority has nothing to report

- 33.1. The Authority has no undischarged obligations from long-term projects.
- 33.2. The Authority does not have any intangible fixed assets.
- 33.3. The Authority does not have any investment properties.
- 33.4. The Authority has no material interests that would require the production of Group Accounts.
- 33.5. The Authority does not administer any Trust Funds.
- 33.6. The Authority does not have any PFI schemes.
- 33.7. The Authority is not undertaking any construction contracts on behalf of a third party
- 33.8. The Authority does not provide any agency services.
- 33.9. The Authority does not have any pooled budget arrangements.
- 33.10. The Authority does not receive any dedicated schools grant.
- 33.11. The Authority does not act as a lessor.
- 33.12. The Authority does not capitalise borrowing costs.
- 33.13. The Authority does not operate a road charging scheme under the Transport Act 2000.
- 33.14. The Authority did not acquire or discontinue any operations in the year.

Notes to the core financial statements

33.15. The Authority does not have sufficient accumulated absences to require an accumulated absences account to be maintained.

Pension Fund Accounting Statements

Pension Fund Account

2013/14 £'000	see note		2014/15 £'000	£'000
		Contributions receivable:		
-4,875		Normal contributions from employer	-4,853	
-80		Early retirement contributions from employer	-80	
-3,224		Contributions from members	-3,586	-8,519
-8,179				
-73		Transfers in		-70
		Benefits payable:		
12,740		Pensions	13,482	
2,676		Commutations and lump sum retirement benefits	2,840	
0		Lump sum death benefits	0	16,322
15,416				
		Payments to and on account of leavers:		
0		Refunds of contributions	0	
233		Individual transfers out to other schemes	329	329
233				
7,397				
		Net amount payable for the year before top-up grant receivable from the Government		8,062
-7,397		Top up grant receivable from the Government		-7,677
0		Net amount receivable/payable for the year		385

Net Assets statement

Net current assets and liabilities				
-1,139		Pension top-up grant receivable from Government		385
212		Pension top-up grant payable to Government		
1,272		Pension top-up grant payable to Government relating to previous years		
		Provisions		0
-345	4	Temporary borrowing (-) / lending (+)		-385
0				0

Notes to the Pension Fund Accounting Statements

1 Accounting policies

- 1.1 The accounting policies for the Pension Fund Account are the same as those of the main Authority and can be found in section 1 of the main Authority's notes to the core financial statements.

2 Funding arrangements

- 2.1 The funding arrangements changed for the Firefighters' Pension scheme on 1 April 2006 at the same time as the New Firefighters' Pension Scheme was introduced. Before, the Authority was responsible for the cost of paying the pensions of its own former employees on a pay-as-you-go basis. Under the new arrangements the schemes remain unfunded and as before do not have any investment assets. The Authority no longer meets the out going pensions directly, instead it pays an employer's pension contribution based on a percentage of pay into the pension fund account. All Fire Authorities are required by legislation to operate a Pension Fund Account and the amounts paid into and out of it are specified by regulation.
- 2.2 The Account is balanced to nil each year by receiving cash in the form of a pension top-up grant from the Government equal to the amount by which the amount payable from the Account exceeded the amount receivable. Should the position arise where the amounts receivable ever exceed those payable then the surplus would be paid over to the Government.

3 Accounting for future liabilities

- 3.1 These accounts do not take into account the liabilities to pay pensions and other benefits after the end of the financial year. As this liability rests with the Authority it is included in the Authority's own Income and Expenditure Account and Balance Sheet. Further details can be found in note 30 to the main Authority accounts.

4 Temporary borrowing or lending

- 4.1 This represents the balance held in or owed to Hampshire Fire & Rescue Authority's bank account.

Statement of Responsibilities for the Statement of Accounts - Authority

1. The Authority's responsibilities

The 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 this Authority, that officer is the Chief Financial Officer
- to manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets
- to approve the Statement of Accounts.

2. The Chairman's Statement

- 2.1 I certify that the Statement of Accounts for 2014/15 were considered and approved at the Standards and Governance Committee meeting on 22 September 2015.

Cllr. R. McIntosh
Chairman – Standards and Governance Committee
22 September 2015

Statement of Responsibilities for the Statement of Accounts – Chief Financial Officer

3. The Chief Financial Officer's responsibilities

- 3.1 The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy / Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in Great Britain ('the code of practice').

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that were reasonable and prudent
- comply with the Code of Practice on Local Authority Accounting in Great Britain.

The Chief Financial Officer has also:

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

4. The Chief Financial Officer's statement

- 4.1 I certify that the Statement of Accounts gives a true and fair view of the position of the Hampshire Fire and Rescue Authority as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Rob Carr CPFA
Chief Financial Officer / Section 151 Officer
22 September 2015