

**SHROPSHIRE AND WREKIN  
FIRE AUTHORITY**

**STATEMENT OF ACCOUNTS**

————— **2000/2001** —————

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This Statement of Accounts covers the period from 1 April 2000 to 31 March 2001 (2000/01), the third year of the Fire Authority.

Publication of accounts is required under the Accounts and Audit Regulations 1996 supported by the Code of Practice on Local Authority Accounting. The Regulations require that the Fire Authority approves the statement of accounts and that the responsible financial officer shall certify that it presents fairly the financial position of the body at the end of the respective period.

The Authority's accounts for the year are set out on pages 10 to 20. They consist of:

- The Revenue Account – which summarises expenditure and income of the Authority.
- The Balance Sheet – which sets out the financial position of the Authority.
- The Cash Flow Statement – which summarises the inflows and outflows of cash arising from both revenue and capital transactions with third parties.

These accounts are supported by the Statement of Responsibilities and the Statement of Accounting Policies that follow this foreword and by notes to the statements mentioned above. This document is complementary to the Best Value Performance Plan, which is available from Brigade Headquarters and is circulated to information centres throughout the County.

## REVENUE

The Authority agreed an original revenue budget of £12,663,000 for 2000/2001. The outturn matches the budget giving no over- or under-spend. A number of variations in spending and income arose during the year. The major areas are as follows:

- The deletion of an Assistant Chief Officer post, which has resulted in a saving.
- A saving on retained firefighter costs due to lower than anticipated call out levels and fewer numbers of staff.
- Savings due to slippage in purchase of appliances, and therefore in lease payments falling on the revenue account.
- Reduced expenditure on equipment and materials, mainly due to the refurbishment of water mains reducing the costs of hydrants.
- Increased costs in cleaning and inspecting protective clothing, to comply with health and safety requirements.
- Increased pension costs due to an unanticipated increase in the number of pensioners through ill health or injury, with an increase in the Firefighters' Pension Provision, made possible by net underspending elsewhere.

Whilst Members, through the Best Value Performance Plan endorse the Home Office target of 2% efficiency savings, they also acknowledge that it will be more difficult to meet this target locally. In the last twelve months, the review of staffing structures and the extension of fire cover to another MOD establishment has created full year savings of over £150,000 - some 1% of net budget. Further efficiencies of another £150,000 may be achievable, with £90,000 being subject

to agreement by the Secretary of State in reducing the fleet with savings of some £90,000 (a 's19' approval).

There continues to be potential impact on the Service from legislation that could also affect expenditure. The effect on costs is pending further guidance, on a national basis. A particular area under review includes legislation regarding part-time workers that may affect retained firefighters' contracts and is being pursued through employment tribunals. The requirement to provide stakeholder pensions for retained firefighters is also subject to review.

## **CAPITAL**

In 2000/01 the Authority spent £265,000 on capital compared to a revised budget of £259,000. This includes expenditure on the purchase of an appliance, building works and the completion of the training facility at Oswestry. Other expenditure on vehicles, of around £246,000, has been funded by operational leasing. Capital expenditure has been funded, in the main, from borrowing through the annual basic credit approval (BCA). The Authority had permission to borrow (BCA) £241,000 in 2000/01 and total borrowing now stands at £655,000 at 31 March 2001. The programme for future years includes major building improvements to stations, expansion of information systems and technology and plans for collaborative projects as well as the need to replace 4 appliances in 2001/02, to be funded by operational leasing.

# Statement of Responsibilities for the Statement of Accounts

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Shropshire and Wrekin Fire Authority  
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## THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

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

## THE TREASURER'S RESPONSIBILITIES

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

In preparing this Statement of Accounts, the Treasurer has:

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

The Treasurer has also:

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

## CERTIFICATE OF THE TREASURER

In accordance with the requirement of the Accounts and Audit Regulations 1996, I certify that the Statement of Accounts on pages 10 to 21 presents fairly the financial position of the Shropshire and Wrekin Fire Authority at 31 March 2001 and its income and expenditure for the year then ended.

K Dixon CPFA  
Treasurer

Dated:

# Audit Certificate

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Shropshire and Wrekin Fire Authority  
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## AUDIT OPINION

To: Shropshire and Wrekin Fire Authority

I certify that I have completed the audit of the statement of accounts on pages 10 to 21 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 6 to 9.

## RESPECTIVE RESPONSIBILITIES OF TREASURER AND AUDITORS

As described on page 4 the Treasurer is responsible for the preparation of the statement of accounts. It is my responsibility to form an independent opinion, based on my audit, on the statements and to report my opinion thereon.

## BASIS OF OPINION

I carried out my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards.

My audit included examination, on a test basis, of evidence relevant to the amounts and disclosures in the statement of accounts. It also included an assessment of the significant estimates and judgements made by the authority in the preparation of the statement of accounts and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the statement of accounts.

## OPINION

In my opinion the statement of accounts presents fairly the financial position of Shropshire and Wrekin Fire Authority at 31<sup>st</sup> March 2001 and its income and expenditure for the year then ended.

D M Rigg  
District Auditor  
Central Region

Dated:

# Statement of Accounting Policies

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Shropshire and Wrekin Fire Authority  
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## GENERAL

The accounts have been prepared in keeping with the Code of Practice on Local Authority Accounting ('The Code') issued in 1999 by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code is supported by a number of detailed accounting recommendations including the Application of Statements of Accounting Practice (SSAPs) to Local Authorities in Great Britain approved by the Accounting Standards Board.

## PROVISIONS

A provision represents a liability or a loss which is certain to arise but for which there is uncertainty as to its size and, possibly, timing. The purpose of a provision is specific and counts as expenditure in the year in which the sum is earmarked. It is considered reasonable for combined fire authorities to provide for pension liabilities in respect of all those entitled to retire in the financial year immediately following that to which the financial statements relate. The level of this provision is reviewed annually and for 2000/01, following major use of the provision, the net underspend against budget has been added to the provision (see note 10 to the Balance sheet).

## RESERVES

Reserves are sums set aside as balances to meet general rather than specific expenditure. The power of combined fire authorities to create and maintain reserves is dependent upon any such inclusion in the combination scheme orders and relevant local government legislation. In the absence of these powers, the carrying forward of unspent balances and the creation of reserves by combined fire authorities appears to be of dubious legality although there is recognition of the need to budget for contingencies. Shropshire and Wrekin Fire Authority hold no such reserves.

However, the current system of capital accounting requires the maintenance of two reserve accounts in the balance sheet, neither of which are 'cash-backed':

- the fixed asset restatement reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets and
- the capital financing reserve, which represents the balance of amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and other financing transactions.

## FIXED ASSETS

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the Authority for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to the revenue account.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are grouped in accordance with 'The Code' and valued on the following bases:

# Statement of Accounting Policies

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Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

Land, operational properties and other operational assets are included in the balance sheet at the lower of the net current replacement costs or net realisable value. There are no holdings of non-operational assets or of community assets with all fire stations and Brigade Headquarters being classified as operational assets.

Revaluations of fixed assets are planned at five yearly intervals, although material changes to asset valuations will be adjusted in the interim period, as they occur. Surpluses or deficits on revaluation are credited or charged to the fixed asset restatement reserve.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that is not reserved for the repayment of external loans (forming part of the capital financing reserve) and has not already been used to finance capital expenditure is included in the balance sheet as usable capital receipts.

## **CHARGES TO REVENUE IN RESPECT OF FIXED ASSETS**

The service revenue account is debited (charged) with a capital charge for all fixed assets used in the provision of services. The total charge covers any annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest to net asset values.

Depreciation is provided on fixed assets with a finite useful life using the straight-line method. Land and buildings are not depreciated on the grounds that the Authority's repairs and maintenance policy has resulted in the useful life of assets being extended so that any provision for depreciation would not be material. This policy will be reviewed following the revaluation of property, which will determine the remaining asset life. Newly acquired assets that are complete are depreciated from the start of the year. No depreciation is provided in the year of disposal.

The Asset Management Revenue Account is credited with the capital charge to the service account ensuring that these notional charges have no monetary impact on the contributions required from the constituent authorities and local taxation.

Any amounts set aside from revenue for the repayment of external loans and to finance capital expenditure are disclosed separately on the face of the service revenue account, below net operating expenditure.

## **DEFERRED CHARGES**

Deferred charges represent expenditure that may properly be capitalised, but which does not represent tangible fixed assets. They are amortised from the balance sheet over an appropriate period related to the period over which the Authority receives benefit from the expenditure.

## **CAPITAL RECEIPTS**

Income from the disposal of fixed assets is held in the usable capital receipts reserve until such time as they are set aside, used to finance capital expenditure or to repay debt.

# Statement of Accounting Policies

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Shropshire and Wrekin Fire Authority  
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## **INTEREST CHARGES**

External interest payable is charged to the Asset Management Revenue Account and not the service revenue account.

## **REDEMPTION OF DEBT**

The Authority makes provision for the repayment of debt in accordance with the statutory Minimum Revenue Provision (MRP) requirements. The MRP applicable for the Authority's debt is 4% per annum.

## **LEASES**

Rental payments under operating leases are charged to the revenue account on an accruals basis. The costs of assets acquired under operating leases and the related liability for future rentals are not included in the balance sheet.

Rental payments under finance leases are apportioned between the finance charge and the principal element, where material. Any finance element of these rentals is charged to the Asset Management Revenue Account.

## **DEBTORS AND CREDITORS**

The accounts for the Authority are maintained on an income and expenditure basis. Where actual amounts due are not known at the time of closing the accounts, estimated amounts have been included. Periodic payments are recorded on a cash basis, unless material, and have not been accrued. This policy will apply across each year and will, therefore, not have a material effect on the accounts.

## **STOCKS**

Stocks are valued at cost with an allowance for slow moving stock. Obsolescent stock is written off during the year.

## **OVERHEADS AND SUPPORT SERVICE COSTS**

The Authority purchases some legal, personnel, financial, IT, estate management and other support from the constituent authorities and other external providers. The costs of these services are charged to the service revenue account and under the Best Value Accounting Code of Practice are apportioned to the relevant headings.

## **PENSIONS**

The Fire Authority participates in two pension schemes for the firefighters and other employees respectively. The schemes are as follows:

**Firefighters' Pension Scheme** – This scheme for firefighters is regulated by the Home Office, under which the Fire Authority pays pensions on a 'pay-as-you-go' basis being an unfunded, defined benefit scheme. Contributions to the scheme are made by deductions from wholtime firefighters' pay only. Benefits and awards are payable to both wholtime and retained firefighters. The statutes and regulations governing payments made under the "Firemen's"

# Statement of Accounting Policies

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Shropshire and Wrekin Fire Authority  
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Pension Scheme do not permit authorities to set up funds to meet the full cost of future liabilities and/or to make a proper charge to the revenue account in accordance with SSAP 24. As a result the Fire Authority does not comply with the accounting requirements of SSAP24 and although a provision is held, the liabilities in the balance sheet are understated. The spirit of this standard is met by disclosure of what the charge would have been if the statement had been applied.

**Local Government Pension Scheme** - Non-operational staff are eligible for membership of the Shropshire County Pension Fund administered by Shropshire County Council. The pension costs that are charged to the Authority's accounts in respect of its non-uniformed employees are equal to the contributions paid to the funded pension scheme for these employees. The amount of these contributions is determined by regular actuarial valuations. The accounts of the Shropshire County Pensions Fund are available from the County Council. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

# Revenue Account

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

	Notes	Year ended 31 March 2001 £'000	£'000	Year ended 31 March 2000 £'000
<b>Expenditure</b>				
Employees				
Wholetime Firefighters		5,378		5,354
Retained Firefighters		1,415		1,501
Control Room		415		392
Non-uniformed Staff		919		877
Other Employee expenses		<u>39</u>		<u>16</u>
			8,166	8,140
Firefighters Pensions (net of contributions)	5	1,661		1,512
Premises		725		678
Transport		432		316
Supplies and Services		741		942
Administration		140		89
Operational Leasing	3	859		864
Capital Charges		<u>693</u>		<u>663</u>
			5,251	5064
Expenditure			<b>13,417</b>	<b>13,204</b>
<b>Income</b>				
Fire Certificates		- 8		- 6
Rents		- 5		-10
Other Services		<u>- 23</u>		<u>- 22</u>
			-36	- 38
Net cost of Service			<b>13,381</b>	<b>13,166</b>
<b>Financing</b>				
Asset Management Revenue Account	2		- 623	- 626
Interest and Investment Income			- 69	- 70
Net Operating Expenditure			<b>12,689</b>	<b>12,470</b>
Contributions to/(from) Capital Financing Reserve -	6		-26	-14
<b>Net Expenditure for the Year</b>			<b>12,663</b>	<b>12,456</b>
<b>Financed by:</b>				
Shropshire County Council	9		8,636	8,533
Telford and Wrekin Council			4,027	3,923
			<b>12,663</b>	<b>12,456</b>

# Revenue Account

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## Best Value Accounting<sup>1</sup>

Year ended  
31 March 2001

	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Expenditure:</b>			
Community Fire Safety	590	8	582
Firefighting & Rescue Operations	10,779	28	10,751
Firefighters Pension	2,430	769	1,661
<b>Gross Totals: Expenditure &amp; Income</b>	<b>13,799</b>	<b>805</b>	
<b>Net Total Cost</b>			<b>12,994</b>
<b>Central Services:</b>			
Democratic Representation & Management			187
Corporate Management			193
<b>Unapportionable Central Overheads</b>			7
<b>Other Operating Income &amp; Expenditure:</b>			
Asset Management Revenue Account			-623
Investment Income			-69
<b>Net Operating Expenditure</b>			<b>12,689</b>
Contributions from Capital Financing Reserve			-26
<b>Net Expenditure for the Year</b>			<b>12,663</b>
<b>Financed by:</b>			
Shropshire County Council			8,636
Telford & Wrekin Council			4,027
			<b>12,663</b>

<sup>1</sup> for an explanation of this statement please refer to Note 1 to the Revenue Account

# Notes to the Revenue Account

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 1. BEST VALUE ACCOUNTING

Under the *Best Value Accounting – Code of Practice* (BVACOP), published by the Chartered Institute of Public Finance and Accountancy, the framework for reporting to ‘stakeholders’ has been modernised. The BVACOP applies to the production of accounts from 2000/01. The ‘Best Value’ statement included in this Statement of Accounts complies with the code of practice in identifying Gross and Net Total Costs, Corporate and Democratic costs and Unapportionable Central Overheads. The application of BVACOP is to enable data consistency and comparability at all levels. As this is the first year of applying this framework, comparative figures for 1999/2000 are not available.

## 2. ASSET MANAGEMENT REVENUE ACCOUNT

The net expenditure on this account is intended to represent the difference between the amount charged to the revenue account through capital charges and the depreciation and interest actually incurred by the Authority.

	2000/2001 £'000	1999/2000 £'000
Expenditure		
External interest payable	25	14
Depreciation	<u>45</u>	<u>23</u>
	70	37
Income		
Capital charges to revenue account (for use of fixed assets)	<u>- 693</u>	<u>- 663</u>
	- 693	- 663
Total Net Income/Deficit	<u>- 623</u>	<u>- 626</u>

## 3. OPERATING AND FINANCE LEASES

During 2000/2001 the Authority purchased assets to the value of £433,000 to be funded through operational leasing. There are no finance leases. The outstanding undischarged obligations in respect of operating leases amounted to £2,949,613. Of this, some £664,500 is due in 2001/2002 and £2,285,000 is due from 2002/2003 onwards. The amount of operating lease rentals paid during the year was:

	2000/2001 £'000	1999/2000 £'000
Operating	859	844
Finance	<u>0</u>	<u>20</u>
Total	859	864

# Notes to the Revenue Account

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 4. EXPENDITURE ON PUBLICITY

Set out below, under the requirement of s5 (1) of the Local Government Act 1986, is the Authority's spending on publicity.

	2000/2001	1999/2000
	£'000	£'000
Recruitment Advertising	11	9
Other Advertising	<u>0</u>	<u>0</u>
Total	11	9

## 5. PENSIONS

### Operational Employees

The statutes and regulations governing payments made under the "Firemen's" Pension Scheme does not permit authorities to set up funds to meet future liabilities and/or to make a proper charge to the revenue account in accordance with SSAP 24. In 2000/01 the net costs of pension payments and other benefits amounted to £1.427m., representing 31.6% of pensionable pay. Using research information available, it is estimated that if the cost of pensions under the scheme had been determined in accordance with SSAP 24 "Accounting for Pensions Costs" the regular cost of the scheme would have been £1.241m., representing 27.5% of pensionable pay. This does not reflect the cost of funding the accrued liability in relation to existing pensioners, past service of current employees and deferred pensions. The costs of spreading the unfunded accrued liability over 40 years would have been an additional £1.613m., representing 35.7% of pensionable pay.

### Other Employees

The Authority pays contributions to the Shropshire County Pension Fund, which provides its members with defined benefits relating to pay and service. The contributions are based on rates determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund; the most recent of which was at 31 March 1998.

In 2000/01 the Authority paid an employer's contribution of £71,697 based on 6.8% of pensionable employees' reckonable pay.

The actuarial valuation states that assets held at the valuation date were sufficient to cover 111% of accrued liabilities assessed at that date.

## 6. MINIMUM REVENUE PROVISION

The net amount charged to revenue in compliance with the statutory requirement to set aside a provision for the repayment of external loans was £19,000. The credit from the Capital Financing Reserve reduces the total depreciation by £26,000, to ensure that the Revenue Account meets only this minimum requirement. (See also note 13 to the Balance Sheet)

# Notes to the Revenue Account

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 7. MEMBERS' ALLOWANCES

The Fire Authority does not pay allowances to its Members. Allowances for attendance are incorporated in the scheme for Members' allowances at their respective constituent authority.

## 8. OFFICERS' EMOLUMENTS

The number of employees whose remuneration, excluding pension contributions was £40,000 or more in bands of £10,000 were:

Remuneration band	Number of Employees	
	2000/2001	1999/2000
£40,000 - £49,999	2	3
£50,000 - £59,999		1
£60,000 - £69,999	1	

## 9. RELATED PARTY TRANSACTIONS

During the year transactions with related parties arose as follows:

Shropshire County Council and Telford and Wrekin Council fund the net expenditure of the Fire Authority in proportion to the Council Tax base for the year. The respective amount is stated on the face of the revenue account. For 2000/01, the appropriate proportions are as follows:

	Tax base	Percentage
Shropshire County Council	100,119	68.20
Telford and Wrekin Council	<u>46,685</u>	<u>31.80</u>
	146,804	100.00

# Balance Sheet at 31 March 2001

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

	Notes	2000/2001 £'000	1999/2000 £'000
<b>Fixed Assets</b>	1		
Land and buildings		10,774	10,605
Vehicles, plant and equipment		<u>244</u>	197
<b>Total long-term assets</b>			<u>10,802</u>
<b>Current assets</b>			
Stocks and work in progress	6	81	86
Debtors and pre-payments	7	678	718
Investments	8	400	640
Cash in hand		<u>2</u>	<u>2</u>
			<u>1,446</u>
<b>Total assets</b>			<u>12,248</u>
<b>Current liabilities</b>			
Creditors and receipts in advance	9	839	887
Cash overdrawn		<u>327</u>	<u>312</u>
			<u>1,199</u>
<b>Total assets less current liabilities</b>			<u>11,049</u>
Long-term borrowing	16	655	423
Provisions	10	<u>186</u>	<u>290</u>
			<u>713</u>
<b>Total assets less liabilities</b>			<u>10,336</u>
<b>This is balanced by:</b>			
Fixed asset restatement reserve	12	10,137	10,290
Capital financing reserve	13	35	36
Usable capital receipts reserve	14	0	10
<b>Total equity</b>		<u>10,172</u>	<u>10,336</u>

# Notes to the Balance Sheet

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 1. MOVEMENTS IN FIXED ASSETS DURING THE YEAR WERE:

	Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Total £'000
Gross book value at 1 April 2000	10,605	239	10,844
Additions	173	525	698
Revaluations and restatements	-4	-433	-437
Disposals	-	-	-
Gross book value at 31 March 2001	<u>10,774</u>	<u>331</u>	<u>11,105</u>
Depreciation at 1 April 2000	-	42	42
Charge for the year	-	45	45
Disposals	-	-	-
Total Depreciation	<u>-</u>	<u>87</u>	<u>87</u>
Net book value at 31 March 2001	<u>10,774</u>	<u>244</u>	<u>11,018</u>
Net book value at 1 April 2000	<u>10,605</u>	<u>197</u>	<u>10,802</u>

The land and buildings comprise the Fire Authority's Fire stations and Brigade headquarters at 23 sites throughout the County. They have been valued at 25 November 1997 by D R Pagett FRICS in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual published by RICS. VAT has not been included in any valuations. All properties are operational and have been valued by reference to one of the following methods:

- Non-specialised properties (office and workshops accommodation). At open market value (OMV) based on the evidence of transactions in similar property in the locality.
- Specialised properties (fire stations). At depreciated replacement cost (DRC) where the property is of a special nature in the public sector and is expected to continue as an operational building.

Revisions to these valuations are included at cost where expenditure is material. The equipment is valued at cost, less depreciation. Revaluation relates to work in progress on fire appliances that, on completion in 2001/02, will be financed through operational leasing.

## 2. DEFERRED CHARGES

No deferred charges have been incurred during the year.

# Notes to the Balance Sheet

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 3. CAPITAL EXPENDITURE DURING 2000/2001

Total capital expenditure (under Part IV of the Local Government Housing Act 1989) for the year amounted to £265,766. This was financed as follows:

Source of Finance	£'000
Loans	241
Capital Receipts	17
Contributions and Revenue	<u>8</u>
	266

## 4. LONG-TERM INVESTMENTS

There are no long-term investments held by the Authority.

## 5. LONG-TERM DEBTORS

There are no long-term debts owed to the Authority.

## 6. STOCKS

Total stock held is made up of the following items:

	31 March 2001 £'000	31 March 2000 £'000
Personal Protective Clothing	26	31
Fleet and Workshops (parts and fuel)	51	52
Other consumables	4	3
	<u>81</u>	<u>86</u>

## 7. DEBTORS AND PAYMENTS IN ADVANCE

Debtors represent sums owed to the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date. Payments in advance relate to annual operational leasing payments.

	31 March 2000 £'000	31 March 2000 £'000
General	6	24
Government Debtors	136	181
Payments in advance	538	515
Bad Debt Provision	- 2	- 2
	<u>678</u>	<u>718</u>

## 8. SHORT-TERM INVESTMENTS

This represents money invested through on a temporary (less than one year) basis. All investments are made in accordance with the Local Authority (Capital Finance) (Approved Investments) Regulations 1990, as amended, and with those institutions authorised in the Authority Treasury Policy Statement.

	31 March 2001 £'000	31 March 2000 £'000
Short term investments	400	640

# Notes to the Balance Sheet

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 9. CREDITORS

These represent sums owed by the Authority for supplies and services provided before 31 March in the relevant year but still outstanding at that date.

	31 March 2001	31 March 2000
	£'000	£'000
General	839	877
Other local authorities	-	4
Receipts in advance	-	6
	<hr/>	<hr/>
	839	887

## 10. PROVISIONS AND CONTRIBUTIONS

The balance on Provisions is made up as follows:

	Balance at 31 March 2000	Receipts in the year	Payments in the year	Balance at 31 March 2001
	£'000	£'000	£'000	£'000
Firefighters' Pension Scheme	265	134	-232	167
Contribution to capital scheme	25	Nil	-6	19
	<hr/>	<hr/>	<hr/>	<hr/>
	290	134	-238	186

The Firefighters' Pension Scheme provision is in respect of those wholetime firefighters who will have completed their maximum service and are entitled to retire immediately or in the financial year following that to which the financial statements relate.

## 11. DEFERRED LIABILITIES

Deferred liabilities are liabilities which, by arrangement, are payable beyond the next year at a single point or by an annual sum over a period of time. There are no deferred liabilities.

## 12. FIXED ASSET RESTATEMENT RESERVE

This reserve has been created as a requirement of the capital accounting system and is not representative of resources available to the Authority. The balance represents the valuation on the transfer of current and fixed assets from Shropshire County Council with all subsequent adjustments from later valuations and restatements. The reserve is written down by the net book value of assets as they are disposed of and with expenditure that qualifies as capital but does not increase the value of fixed assets.

	2000/2001	1999/2000
	£'000	£'000
Balance brought forward 1 April	10,290	10,474
Revaluation and restatement of assets in year	-437	-184
Cost of assets reimbursed through operational leasing	284	
	<hr/>	<hr/>
Balance carried forward at 31 March	10,137	10,290

# Notes to the Balance Sheet

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 13. CAPITAL FINANCING RESERVE

	2000/2001 £'000	1999/2000 £'000
Balance brought forward 1 April	-36	-50
Appropriations from Revenue Account		
Depreciation in excess of MRP	26	14
Financing of fixed assets from revenue	-2	
	<hr/>	<hr/>
	-12	-36
Provisions applied	-6	-
Capital receipts applied	-17	-
	<hr/>	<hr/>
Balance carried forward at 31 March	-35	-36

## 14. USABLE CAPITAL RECEIPTS RESERVE

The balance on the usable capital receipts reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amount for the repayment of external loans.

	2000/2001 £'000	1999/2000 £'000
Balance brought forward 1 April	10	7
Capital Receipts during the year	7	3
Capital Receipts applied during the year	-17	-
	<hr/>	<hr/>
Balance carried forward at 31 March	0	10

## 15. PROVISION FOR CREDIT LIABILITIES (PCL)

In accordance with statutory requirements the Authority is required to set aside sums as a provision to repay external loans and finance leases and other limited purposes. The Authority does not keep an account within the accounting records for the PCL as there is no need to do so but maintain a memorandum account that is set out below. A summary is set out below.

	2000/2001 £'000
Balance brought forward	9
Minimum Revenue Provision	19
	<hr/>
Balance carried forward at 31 March	28

## 16. LONG TERM BORROWING AND ANALYSIS OF BORROWING

	31 March 2001 £'000	31 March 2000 £'000
Analysis of loans by type:		
Public Works Loan Board	655	423
Analysis of loans by maturity:		
1-15 years	112	
More than 15 years	543	423

# Cash Flow Statement

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

	Notes	2000/2001 £'000	1999/2000 £'000
<b>Revenue activities:</b>			
Cash outflows			
Cash paid to and on behalf of employees		9,916	9,439
Other operating cash payments		2,909	2,842
		<u>12,825</u>	<u>12,281</u>
Cash inflows			
Payments from constituent authorities		- 12,663	-12,456
Cash received for goods and services		- 36	-39
		<u>- 12,699</u>	<u>-12,495</u>
Net cash inflow from revenue activities		<u>126</u>	<u>-214</u>
<b>Servicing of Finance:</b>			
Cash outflows			
Interest paid		25	14
Cash inflows			
Interest received		- 69	-70
Net cash outflow from servicing of finance		<u>- 44</u>	<u>-56</u>
<b>Revenue activities net cash flow</b>	1	<b>82</b>	<b>-270</b>
<b>Capital activities:</b>			
Cash outflows			
Purchase of fixed assets		265	385
Purchase of fixed assets for leasing		433	
Cash inflows			
Sale of fixed assets		-	-
Other capital cash receipts		- 8	-3
Capital receipts for leasing		- 284	
		<u>406</u>	<u>382</u>
<b>Net cash outflow/inflow (-) before financing</b>		<b>488</b>	<b>112</b>
<b>Financing:</b>			
Cash outflows			
Repayments of amounts borrowed		-	-
Cash inflows			
New loans raised		- 232	-210
		<u>- 232</u>	<u>-210</u>
<b>Net increase/decrease in cash</b>	2	<b>256</b>	<b>-98</b>

# Notes to the Cash Flow Statement

Shropshire and Wrekin Fire Authority  
Statement of Accounts 2000/2001

## 1. RECONCILIATION OF NET SURPLUS/DEFICIT ON THE REVENUE ACCOUNT TO THE MOVEMENTS IN CASH

	2000/2001 £'000
Surplus/Deficit on revenue account	
Non cash transactions	
Minimum Revenue Provision	- 19
Contribution to capital activities	0
Contribution to other provisions	98
Items on an accruals basis	
(Decrease)/increase in stocks	- 5
(Decrease)/increase in debtors	- 40
Decrease/(increase) in creditors	+ 48
	<hr/> <b>82</b>

## 2. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	31 March 2001 £'000	31 March 2000 £'000	Movement £'000
Cash at bank	2	2	-
Bank overdraft	- 327	- 311	16
Temporary investments	400	640	240
	<hr/> <b>75</b>	<hr/> <b>331</b>	<hr/> <b>256</b>

**ACCOUNTING STANDARDS** – Statements of standard accounting practice (SSAPs) promulgated by the Consultative Committee of Accountancy Bodies (CCAB) of which the Chartered Institute of Public Finance and Accountancy (CIPFA) is a member. Guidance has been issued by the CCAB as to the application of these standards to local authority accounts. Auditors expect the guidance to be complied with and any departure must be disclosed in the published accounts.

**ACCRUAL** – a sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods received or work done but for which payment has not been received/made by the end date of the period for which the accounts are prepared.

**AUDIT COMMISSION** – an independent body, established under the Local Government Finance Act 1982. The Audit Commission is responsible for the appointment of external auditors to local authorities, has a duty to ensure that local authorities make proper arrangements to secure economy, efficiency and effectiveness in their use of resources and has the power to undertake special “value for money” studies. Since the Local Government Finance Act 1982 the Audit Commission has assumed responsibility for the external audit of the National Health Service and for Best Value Performance Plans and Best Value compliance under the Local Government Act 1999.

**BALANCES** – the surplus or deficit on any account at the end of the year. Often used to refer to the surplus available in aid of the council tax or precept, which has accumulated in past years. Sometimes referred to as reserves.

**BASIC CREDIT APPROVAL (BCA)** – the amount fixed by the Government which an authority may borrow each year to finance capital. The BCA is the authority’s total Annual Capital Guidelines less Receipts Taken Into Account. Supplementary Credit Approvals (SCAs) usually for specific services are additional to the BCA. Credit approvals are used to authorise other forms of credit, such as finance (as opposed to operating) leasing, as well as borrowing.

**BEST VALUE** – is part of a package of reforms to modernise local government. A Best Value Authority must aim to provide the services that users want in the most efficient and cost effective way. The *Best Value Accounting – Code of Practice* modernises the system of local authority accounting and reporting to ensure that it meets the changing needs in ‘modernising local government’.

**CAPITAL EXPENDITURE** – spending on the acquisition of assets. Section 40 of the Local Government and Housing Act 1989 defines “expenditure for capital purposes” as expenditure on tangible assets. The nature of the expenditure may be acquisition of land and buildings, construction of buildings, improvements and “enhancements” of assets. Assets include land, buildings, roads, plant and machinery. Expenditure which does not fall within the definition must be charged to a revenue account.

**CAPITAL RECEIPTS** – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure, within rules set down by the Government, but they cannot be used to finance day-to-day spending.

**CONSISTENCY** – the concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

**CREDIT APPROVAL** – a general term covering both Basic Credit Approvals and Supplementary Credit Approvals.

**CREDITOR** – an amount owed by an organisation for work done, goods received, or services rendered to the organisation within the accounting period but for which payment has not been made.

**CURRENT ASSET** – an asset where the value may change because the volume held can vary through day to day activity eg physical stockholdings.

# Glossary of Terms

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**CURRENT LIABILITY** – the amount which will become payable or could be called in within the next accounting period eg creditor, cash overdrawn.

**DEBT OUTSTANDING** – amounts borrowed which are still to be repaid.

**DEBTOR** – an amount due to the authority within the accounting period but not received at the balance sheet date.

**DEFERRED CHARGES** – expenditure which may properly be deferred but which does not result in, or remain matched with, tangible assets.

**DEPRECIATION** – the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

**DISTRICT AUDITORS** – auditors employed directly by the Audit Commission to audit the accounts of local authorities. In some authorities external auditors are used rather than the District Audit service and these tend to be one of the “big 6” chartered accountancy companies.

**FEES AND CHARGES** – income raised by charging users of services for the facilities or services. For example Fire and Rescue Services can charge for the provision of fire certificates and for “non-emergency” services.

**FINANCE LEASE** – a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

**FINANCIAL REGULATIONS** – a written code of procedures approved by the authority, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting and audit administrative procedures and budgeting systems.

**GROSS EXPENDITURE** – the total cost of providing the council’s services before taking into account any income from government grants and fees and charges for services.

**LOANS OUTSTANDING** – the total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

**LONG TERM CONTRACTS** - a contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or combination of asset or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts if they are sufficiently material to the activity of the period.

**MINIMUM REVENUE PROVISION (MRP)** – is the minimum amount which must be charged to an authority’s revenue account each year for repayment of debt charges. This is currently 4% of debt outstanding and is a requirement of the Local Government and Housing Act 1989.

**NET BOOK VALUE** – the amount at which fixed assets are included in the balance sheet ie their historical cost of current value less cumulative amounts provided for depreciation.

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

**NET REVENUE EXPENDITURE** – gross revenue expenditure less service income such as fees and charges and specific grants.

**OPERATIONAL ASSETS** – fixed assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**OUTTURN** – actual income and expenditure in a financial year.

**PENSION FUND** – an employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants; it is financed from contributions from the employing authority, the employee and investment income.

**POST BALANCE SHEET EVENTS** – those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officers.

**PRUDENCE** – the concept that the revenue is not anticipated but is recognised only when realised in the form of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

**RESERVES** – see “Balances”.

**REVENUE EXPENDITURE** – this is expenditure on day-to-day running costs and consists principally of salaries and wages, debt charges and general running expenses. This is the term used by most authorities but “current expenditure” is an alternative often used by central government. Sometimes abbreviated simply to “revenue”.

**REVENUE SUPPORT GRANT (RSG)** – a grant paid by Government in aid of local authority services in general. It is calculated on the amount needed to make up the difference between SSA and the proceeds of the national non-domestic rate received plus the proceeds of a standard council tax levy.

**STANDARD SPENDING ASSESSMENT (SSA)** – the Government's assessment, based on a formula, of the amount of revenue expenditure it would be appropriate for an authority to incur given its demographic social and economic circumstances. It is the key mechanism for the distribution of RSG.

**STANDING ORDERS** – the set of rules adopted by the authority which establish the procedures by which it should conduct its business. In particular, there must be standing orders relating to tendering and contract procedures and there will be standing orders and financial regulations made thereunder to govern financial administration eg authorisation of payments, income collection and accounting and audit.

**STOCKS** – comprise consumable goods held at a specific date.

**SUPPLEMENTARY CREDIT APPROVAL** – an amount additional to the Basic Credit Approval, which the government authorises an authority to borrow to finance capital spending. SCAs are almost always issued on condition they are used for a specific purpose. They may only be used in the year for which they are issued.

**USEFUL LIFE** – the period over which the authority will derive benefits from the use of a fixed asset.

**VIREMENT** – the permission to spend more than currently approved on one budget head when this is matched by a corresponding reduction on some other budget head ie a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

**VOTES** – revenue and capital votes approved by the authority allow expenditure to be incurred up to the sum approved without reference back for further approval. If variations are required then this must be done by virement, for revenue expenditure and supplementary votes for capital.