

Statement of Accounts

2025-2026



Gwasanaeth Tân ac Achub
Fire and Rescue Service



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The maintenance and integrity of the Authority's website is the responsibility of the Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Narrative Report

The Statement of Accounts has been put together following the rules set by the Chartered Institute of Public Finance and Accountancy (CIPFA). This report is meant to help people, including the public, North Wales residents, Fire and Rescue Authority Members, partners, and anyone else interested to:

- Understand the Fire and Rescue Authority's financial position and how much money was spent in 2025/26;
- Feel confident that the Authority has used public money properly and recorded it correctly; and
- Be reassured that the Authority's finances are strong and well-managed.

The accounts follow CIPFA standards, and we have tried to make the information as simple and clear as possible. However, because North Wales Fire and Rescue Authority is a large organisation, some parts of the accounts are still technical and complicated.

The Statement of Accounts includes the core financial statements, which are: -

The Comprehensive Income and Expenditure Statement (CIES) – This shows how much it cost to run our services this year, based on normal accounting rules. It does not show the amount paid for by taxes.

Expenditure and Funding Analysis (EFA) – This shows the same information as the CIES but also explains which accounting adjustments are removed in note 7 so that taxpayers do not fund them.

The Movement in Reserves Statement (MIRS) – This shows how the Authority's reserves (savings and other financial balances) changed during the year. It separates reserves into "usable" (those we can spend) and "unusable" (those we cannot spend). It also shows the true cost of running the service and how we use different reserves to cover those costs.

The Balance Sheet – This shows what the Authority owns (assets) and what it owes (liabilities) on the date of the Balance Sheet. The difference between these is the Authority's net assets, which match the total value of its reserves.

The Cash Flow Statement – This shows how the Authority's cash has moved in and out over the year.

The notes to the account explain how the financial statements were prepared, the accounting rules used, and extra information that helps make the accounts easier to understand.

Foreword from the Chair

As Chair of the North Wales Fire and Rescue Authority (NWFRS), I am pleased to share the 2025/26 Statement of Accounts. Despite ongoing financial pressures, I am proud of how the Service, with the support of the Authority, has continued to protect our communities while staying in a stable financial position.

The Authority remains committed to ensuring a fire and rescue service that works well and keeps people safe. Our goal is to make North Wales a safe place to live, work and visit. To do this, we must not only balance this year's budget but also plan ahead so we can stay strong in the future. A key part of this plan is investing in the buildings, vehicles, and equipment that will support the Service and our communities for many years.

Although the financial outlook for the future is challenging, I am confident that our solid financial position will help us deal with these difficulties.

Councillor Dylan Rees,
Chair of North Wales Fire and Rescue Authority



Introduction from Dawn Docx, Chief Fire Officer

This Narrative Statement is designed to help readers understand the Fire and Rescue Authority, the environment in which it operates, and the information included in the Statement of Accounts.

Along with financial details, the Narrative Statement also explains our activities, long-term plans, and performance results. This gives readers a clearer picture of the wider work of the Authority and the context in which it operates.

The accounts themselves can be complex, but I encourage you to review them along with this Narrative Statement. Together, they provide a full summary of the financial year and the Authority's financial position as of 31 March 2026.

If you need more information or have questions, contact details are included in the Narrative Statement.

Dawn Docx,
Chief Fire Officer



Introduction to North Wales Fire and Rescue Authority

These accounts cover the year to 31 March 2026 for the North Wales Fire and Rescue Authority. The Authority covers a geographic area of 2,400 square miles with an estimated population of approximately 700,000 people. There are 44 fire stations in North Wales – 8 full-time and 36 on-call stations.

The Authority is committed to community safety and fire prevention, alongside emergency response. We work with local schools, businesses, and community groups to teach people about safety and share important messages.

The Authority is made up of 28 elected councillors from the six unitary authorities of North Wales. The population of the constituent Council's area determines the number of representatives. More information about the Authority, its members and responsibilities can be found [on the Fire Authority pages of our website.](#)

North Wales Fire and Rescue Service is led by a Chief Fire Officer and the Service Leadership Team. This includes Senior Officers and Managers who lead the departments that support our key operational and corporate functions.

Our principles

At NWFRS, we are guided by our principles that shape our actions and decisions. These are:



These principles help us deliver high-quality services and maintain the trust and safety of the communities we serve.

About Our Service Area



Resources

 44 fire stations
 54 front line fire appliances
 41 special appliances including rescue boats and aerial ladder platforms
 979 staff of which 30% are fluent welsh speakers

Prevention and Protection activities

 19,376 safe and well checks completed
 530 business audits conducted
 64 safety talks with 4,645 children and young people
 20 phoenix courses with 172 participants completing the programme

Responding activities

 15,972 emergency calls handled
 Attended 6,611 emergency incidents
 2,040 fires attended of which 35 were wildfires
 3,209 false alarms

Governance and Risk Management

During the financial year 2025/26, the Service continued to strengthen its governance and risk management arrangements to support transparent, accountable and effective decision making.

Summary of Key Risks and Uncertainties

The Service operates in a complex and evolving risk environment. The principal risks and uncertainties identified during the year included:

Capital Investment in training facilities – Uncertainty in future capital funding presents a risk that training and facilities may become unfit-for-purpose if sufficient investment is not available to maintain and improve the estate.

Cyber security and information resilience – The Service continues to face increased risk arising from the evolving cyber-threat landscape.

Pensions administration and regulatory complexity – Complex pension regulations and ongoing legal challenges create a risk that statutory deadlines may not be met.

Workforce capacity and operational availability - Challenges in recruiting and retaining sufficient staff, particularly in rural areas, present a risk to maintaining appliance availability and operational resilience.

Critical systems – The Service continues to manage risks associated with the maintenance and continuity of critical systems.

Risk Management and Control

Risk management is embedded within the Service's strategic planning, decision-making and performance management processes. Key risks are recorded in the corporate risk register and are regularly reviewed by the Service Leadership Team and relevant committees, with mitigating actions clearly identified, monitored and updated to ensure risks remain within the Service's risk appetite.

NWFRS assesses its principal risks and uncertainties, including financial risks, through the five-year Community Risk Management Plan (CRMP) and the Annual Community Risk Management Implementation Plan (CRMIP). Directorate-level annual planning aligns with the CRMP and CRMIP, translating priorities into departmental objectives. Where these objectives give rise to strategic risks, they are recorded on the Strategic Risk Register alongside associated business cases.

The Strategic Risk Committee operates under agreed terms of reference and in accordance with the Service's Risk Management Strategy. The Committee meets quarterly to review strategic risks and oversee mitigation activity. Independent assurance on the effectiveness of risk management, governance and internal control arrangements is provided through internal and external audit.

Key Governance Developments

During the year, the Service continued to strengthen its governance arrangements, including:

Governance structure review – continued refinement of committee structures and roles to provide clearer accountability and oversight.

Integration of risk into decision making – further embedding risk assessment into business planning, reporting and strategic decisions.

Internal audit – delivery of the third year of the three year internal audit plan, providing assurance on the effectiveness of internal controls and compliance with policies and procedures.

Future Priorities

Looking ahead, the Service will continue to strengthen its governance and risk management arrangements in response to an evolving operational, regulatory and organisational landscape.

Priorities for the year ahead include developing governance capability through ongoing training and development for Members and officers, alongside enhanced performance and risk reporting to support timely, evidence-based oversight of strategic risks and objectives.

The Authority will also continue to prepare for and respond to Fire and Rescue Service Governance Reform. Work will focus on ensuring that governance arrangements remain robust, transparent and adaptable, while supporting operational effectiveness and public confidence throughout any transition.

Alongside the risks facing the organisation, the Service will continue to pursue opportunities to improve resilience, efficiency and service delivery. This includes strengthening collaboration with partners, investing in workforce development, making effective use of digital and data-driven solutions, and maintaining a strong focus on prevention and community safety to manage future demand and risk.

Annual Governance Statement

The Annual Governance Statement, which accompanies the financial statements, provides a detailed assessment of the effectiveness of the Service's governance framework during the year. It identifies key governance related risks and sets out the actions taken, and planned, to address areas for improvement.

Service Leadership Team

The Service Leadership Team (SLT) comprises the Chief Fire Officer, Assistant Chief Fire Officers, Area Managers and Heads of Department, providing a comprehensive leadership framework to oversee governance, risk management and operational delivery.

Operating Model

The Fire Authority's operating model explains how we work to keep our communities safe. It shows how we use our resources, manage our services, and reach our goals.

Our main services include:

- **Emergency Response:** Quickly and effectively responding to fires, special service calls, and other incidents.
- **Prevention and Protection:** Promotion and education of fire safety, completing inspections, and enforcing rules to reduce risk.
- **Community Engagement:** Working with residents, businesses, and local groups to promote safety and preparedness.

We regularly check and adjust how we use our resources to make sure we are meeting our goals efficiently. This includes reviewing our budget, staffing, and equipment needs, as well as assessing our performance and impact.

Below is a map of all our facilities across North Wales.

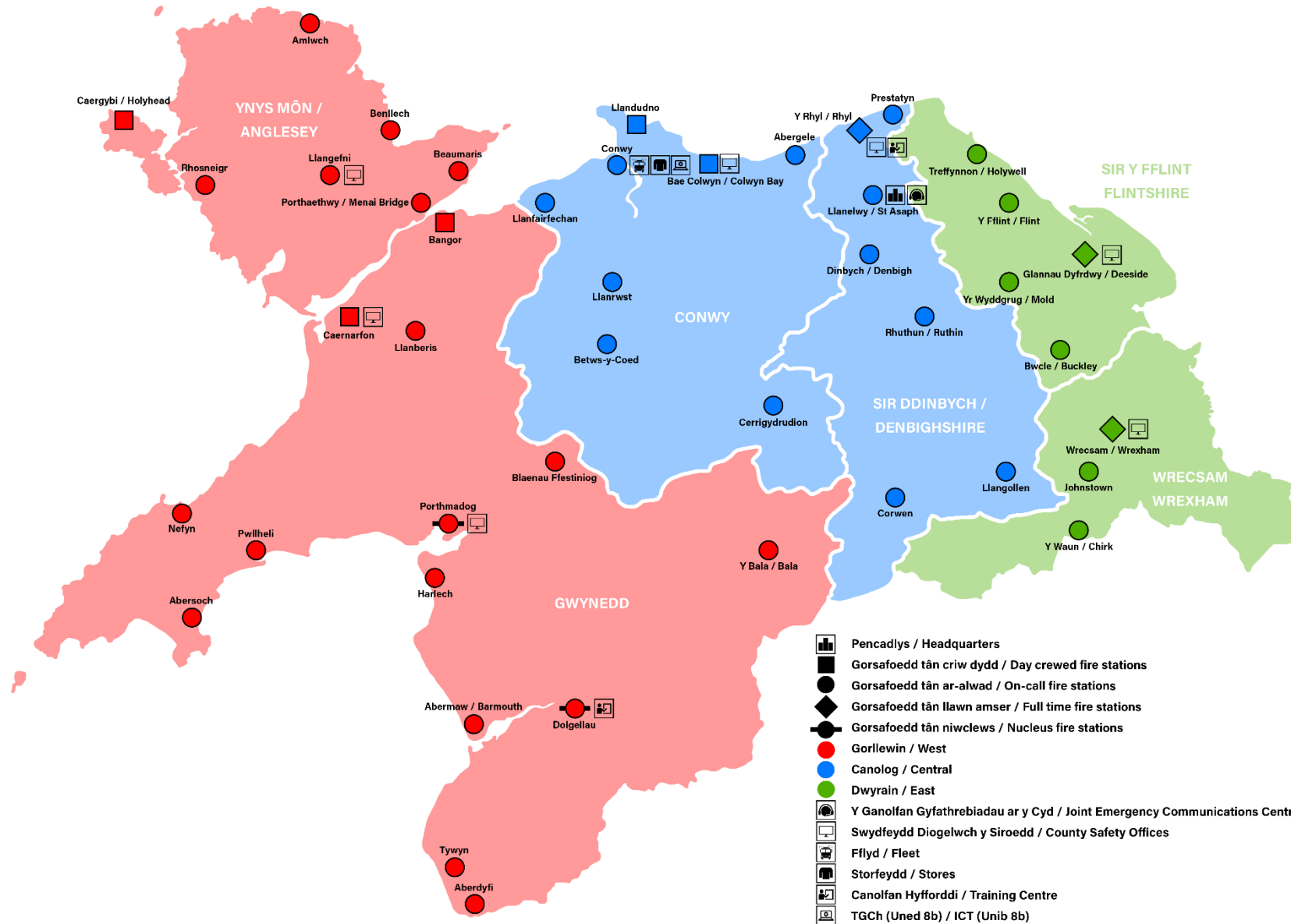
Emergency Cover Review (ECR)

The Emergency Cover Review has informed the development of a revised approach to sustaining emergency cover across North Wales, particularly in rural areas. This work has focused on improving resilience, predictability of appliance availability and the long-term sustainability of emergency response within existing financial and workforce constraints.

As a result, a formal Collective Agreement has been agreed between the Chief Fire Officer and the Fire Brigades Union. The Collective Agreement sets out the overarching principles and governance arrangements for a package of operational and workforce changes, including revised crewing arrangements at selected stations.

Implementation of the Collective Agreement is now underway, supported by defined workstreams and oversight arrangements. Progress continues to be monitored to assess its operational, workforce and financial impacts.

NWFRS Facilities/Station Map



Community Risk Management Plan

The Community Risk Management Plan 2024-29 (CRMP), explains how the Service identifies and manages risks across North Wales, outlining the key risks facing our communities and setting out how we will address them—while continuing to prevent and respond to fires and other emergencies.

To support the CRMP, we produce annual Community Risk Management Implementation Plans. These implementation plans detail the specific actions we will take each year to achieve our goals and keep our communities safe. The plans also include well-being and improvement objectives, in line with Welsh legislation.

During 2025-26 we held a public consultation, including several engagement events, to gain feedback on our proposed Community Risk Management Implementation Plan for 2026-27. All feedback received has been given consideration in line with Gunning Principles, and the approved plan will be available on our [website](#).

Annual Performance

NWFRA's Annual Performance Assessment, published in October 2025, marked the first year of the five-year Corporate Risk Management Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

In addition to reporting on statutory and sector-wide performance indicators, the report assessed progress against improvement and well-being objectives. These included enhancing community safety and resilience, improving environmental sustainability, and embedding social value in procurement.

The annual performance assessment also highlighted the Authority's commitment to workforce development, stakeholder engagement, and operational efficiency.

The Annual Performance Assessment can be accessed [here](#).

Organisational Culture and Improvement

During 2025/26, the Service continued to act on the findings of the Independent Cultural Review carried out by Crest Advisory in February 2025. The focus has moved from planning changes to putting them into practice and making sure they become part of everyday ways of working. Culture Champions have been appointed to encourage positive behaviour, support open conversations, and help staff engage with the culture improvement programme.

The Culture Improvement Plan has been updated during 2025/26 to reflect current priorities and feedback from staff. Progress is tracked through clear actions and reported through existing governance arrangements.

Oversight is provided by the Cultural Improvement Board, which includes senior leaders, the Chair of the Authority, the EDI Member Champion and a Welsh Government representative. This ensures progress and risks are properly monitored and challenged.

The Service continues to work closely with Welsh Government and partners to support long-term cultural change and remains committed to providing a safe, inclusive and values-led workplace that supports high-quality public services.

Hwb Awen

The Authority made further progress during the year on the development of Hwb Awen, the proposed training centre. Following approval of the Strategic Outline Case in October 2024, work moved into early design stages and technical preparation to support the Outline Business Case.

Initial RIBA design stages focused on operational needs, space requirements and how different areas of the site would work together which helped shape an early design brief.

Site investigations and environmental checks were carried out during the year, including ecological and biodiversity surveys. This work supported site feasibility, identified constraints and ensured environmental and sustainability requirements were considered from an early stage.

Clear governance arrangements remain in place, with the project sponsored by an Assistant Chief Fire Officer and supported by a dedicated project team. Engagement with internal and external stakeholders has continued to ensure proposals reflect operational needs, workforce considerations and recognised good practice.

Hwb Awen remains a key part of the Authority's long-term strategy and is central to delivering the Community Risk Management Plan 2024–2029.



Sustainability and climate change

In 2025/26, the Authority worked to implement the detailed decarbonisation plans for Fleet, Heating, Power and Procurement as set out in its Environmental Strategy (2023–2030). The Environment and Sustainability Working Group has monitored the Service's progress towards the Net Zero 2030 target.

The pilot installation of Hydrotreated Vegetable Oil (HVO) as a diesel alternative has continued at Deeside Fire Station. Plans are in place to install HVO tanks and dispensing equipment at twenty sites by 2030. This should mitigate nearly half of the Service's direct carbon emissions.

Progress continued on a bespoke Environmental Management System aligned with ISO 14001, aimed at improving environmental performance through better resource use and waste reduction. Implementation is expected to begin in 2026/27.

A comprehensive mechanical and electrical estate condition survey has been undertaken, to inform planning around proactive replacement of aged or inefficient heating systems.

A standard heating system specification has been developed for low-occupancy fire stations which will allow us to install zero-carbon heating systems at a significantly lower cost per site.

Grant funding was secured to support decarbonisation initiatives, including up to 90% of the cost of EV charging infrastructure installation and associated decarbonisation works, alongside fixed contributions towards the purchase of electric vehicles. A total of £204k was awarded through the Welsh Government Energy Service.

Significant partnership work has taken place, with the Service supporting the development of a regional Climate Change Risk Assessment for Public Service Board partners.

The Authority published its three-yearly Biodiversity Report and Action Plan, detailing the progress made to date and an ambitious scheme of work proposed for the period to 2028.



Financial Performance

The Authority remains committed to delivering high-quality fire prevention, protection, and emergency response services across its communities. During 2025/26, the Authority continued to operate within a challenging financial environment, characterised by ongoing inflationary pressures, workforce cost increases, and continued uncertainty across the wider public sector funding landscape.

To support financial sustainability, Members reaffirmed the Medium-Term Resource Strategy for 2026-30 and approved increased contributions from the constituent authorities for 2025/26 of 5.15% once adjusted for SCAPE and Employer National Insurance increases. This was supported by the planned and prudent use of earmarked reserves and non-recurring measures to ensure that operational effectiveness and community safety were maintained while longer-term cost pressures continue to be addressed.

Workforce pressures remained a key area of focus during the year, particularly in relation to recruitment and retention in specialist and retained roles. Progress continued in implementing agreed workforce recommendations and aligning local arrangements with national discussions on pay, terms and conditions. Further development work was also undertaken during the year on the revised Emergency Cover model, building on the outcomes of the 2023 public consultation and subsequent engagement with stakeholders.

Despite these ongoing pressures, the Authority maintained a stable financial position throughout 2025/26 through robust budget monitoring, vacancy management, and in-year income generation. Looking ahead, the Authority continues to prioritise the active management of pay, pension and non-pay inflation, while ensuring that financial decisions remain aligned to operational resilience, risk management, and the delivery of strategic objectives.

Revenue Performance

The Authority reported a surplus of £121k for 2025/26 after applying statutory accounting adjustments and transfers to reserves. This compares to an outturn forecast of £134k at the end of March. The surplus has been transferred to the General Fund balance, increasing overall reserves.

Usable reserves increased by £904k during the year, bringing the total to £11,783k. These reserves have been set aside to support ongoing service requirements, including anticipated insurance claims and the replacement of fire kit. It is anticipated that reserve levels will reduce in future years as these commitments are met. Further details are provided in Note 8 of the Statement of Accounts.

Revenue Summary

2025/26	Budget (£'000)	Outturn (£'000)	Reserves (£'000)	CERA (£'000)	Total (£'000)	Variance (£000)	Variance (%)
Employees	38,233	36,871	548		37,419	(814)	-2.1%
Premises	2,818	3,344			3,344	526	18.7%
Transport	1,327	1,582	89		1,671	344	26.0%
Supplies	6,182	5,333	(30)		5,303	(879)	-14.2%
Third Party Payments	367	429			429	62	16.9%
Capital Finance & Charges	4,501	2,568		2,338	4,906	405	9%
Income	(1,039)	(1,557)	151		(1,406)	(367)	35%
Use of Reserves	(601)						
Sub Total	51,788	48,571	758	2,338	51,667	(121)	-0.2%
Levies	(51,788)	(51,788)			(51,788)	0	0.0%
Outturn Position					(121)	(121)	0.2%

Usable Reserves

Usable Reserves	Balance 31 March 2025	Transfers (in/)/out 2025/26	Balance 31 March 2026
	£'000	£'000	£'000
Earmarked Reserves	(8,938)	(759)	(9,697)
General Fund	(1,871)	(121)	(1,989)
Capital Receipts Reserve	(73)	(24)	(97)
Total Usable Reserves	(10,882)	(904)	(11,783)

Capital Performance

The Authority approved a capital programme of £6,100k in January 2025, supplemented by £2,589k of rollover funding from prior years. Capital expenditure for 2025/26 totalled £5,008k, with detailed breakdown of the schemes seen below.

Due to project slippage, approximately £3,885k will be carried forward into 2026/27 to complete ongoing schemes. The Authority continues to monitor capital delivery closely, with improved scrutiny and planning processes now in place.

Capital Fundinging

During the year, the Authority also received capital grant funding from Welsh Government to support decarbonisation initiatives, for facilities and EV charging infrastructure, alongside fixed contributions towards the purchase of electric vehicles. These investments contribute to the authority's long-term resilience.

Funding	Amount £000
Grant Funding	204
Contributions	2,338
Borrowing	2,466
Total	5,008

Scheme	Allocation £'000	Actual £'000	Rollover £'000
Vehicles*	3,193	1,751	1,460
Buildings	3,199	1,997	1,431
Training Towers	550	152	245
Equipment	1,747	904	749
Capital Programme	8,689	4,804	3,885
In year Grant Funding			
Electric Vehicles		57	
Electric Charging		89	
Sustainability works		58	
Total		5,008	

*Expenditure on vehicles excludes any leased assets.

Hwb Awen

Cumulative capital expenditure on Hwb Awen is included within Buildings in the table above and totals £1,231k at year end (£11k in 2024/25), with further costs required in 2026/27 to progress the project to RIBA Gateway 4.

Treasury Management

The Authority remained compliant with its Treasury Management Strategy throughout 2025/26. Borrowing and investments stayed within approved limits, and no defaults were reported. Investment income exceeded budget expectations, and the Authority's net borrowing position at year-end was £15,756k, which is below the Capital Financing Requirement.

The Authority continues to work with a Treasury Advisor, Arlingclose, to plan and manage interest rate risk and borrowing strategy effectively.

Pension Costs

Employer contributions to the Firefighters' Pension Scheme totalled £5,437k, with pension payments to retired members amounting to £10,872k, and commutation of pensions and lump sum retirement benefits totalling £3,332k. The scheme remains unfunded, with the liability increasing from £208,143k to £232,624k following actuarial remeasurement movements and pension costs recognised during the year.

For the Local Government Pension Scheme, the employer's primary rate remained at 18.3%, and the same secondary rate reduction of £548k continued to be applied.

Outlook

Cashflow and Future Considerations

The Authority maintained a strong cash position throughout 2025/26, supported by timely receipt of precepts and active treasury management.

Looking ahead, future cashflows may be affected by the timing of capital projects, particularly the Training Centre development. The Authority continues to monitor liquidity closely, using short-term investments and scenario planning to ensure sufficient flexibility to meet operational and capital commitments. Specialist advice is provided by Arlingclose, supporting the Authority's approach to prudent and informed treasury decision-making.

Future Budget Pressures and Mitigation

The Authority continues to face rising cost pressures and increasing demand on services. While the 2025/26 budget was approved by the Authority during the year, future budget pressures and associated funding gaps are set out in the [Medium Term Resource Strategy](#).

Consideration of Section 114

The Authority reviewed updated guidance from the CIPFA regarding issuing a Section 114 notice, when a Treasurer notifies an authority that they are heading for a breach of the legal requirement to balance their revenue budget. Despite the financial pressures facing the wider public sector, the Authority maintained strong financial oversight throughout the year, including regular monitoring of budgets, reserves, and emerging risks.

At no point was a Section 114 notice considered necessary. This reflects the Authority's commitment to sound financial management and its proactive approach to protecting public services and ensuring long-term sustainability.

Further Information

Additional information about these accounts is available from Elgan Roberts, Head of Finance and Procurement for North Wales Fire and Rescue Service, Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.

Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

At the appropriate time, availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority

www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/

Acknowledgements

As Section 151 Officer, appointed on 1 May 2026, it is a pleasure to sign off my first set of accounts for North Wales Fire and Rescue Service.

In doing so, I would like to express my sincere thanks to colleagues across the organisation who have contributed to the preparation of this Narrative Report and the wider Statement of Accounts. In particular, I would like to recognise the continued professionalism and dedication of the Finance team, whose efforts have ensured the timely and accurate delivery of the Authority's financial reporting.

I would also like to thank our partners and stakeholders for their ongoing support and constructive engagement throughout 2025/26.

Helen MacArthur

**Assistant Chief Fire Officer and S151 Officer
North Wales Fire and Rescue Authority**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

Authority's Certificate

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2026.

Signed: _____ Dated: _____

Chairman, North Wales Fire and Rescue Authority

The Section 151 Officer's Responsibilities

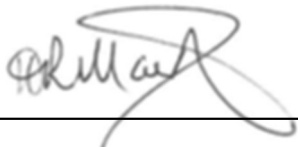
The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer 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.
- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Section 151 Officer's Certificate

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of North Wales Fire and Rescue Authority as at 31 March 2026 and the Authority's income and expenditure for the year then ended.

Signed:  Dated: 28/05/2026

Section 151 Officer, North Wales Fire and Rescue Awdurdod

Audit of Accounts Report – North Wales Fire and Rescue Authority

Audit year: 2025-26

Date issued: September 2026



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For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email info@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Introduction



Catherine Mealing-Jones

Auditor General for
Wales

As the newly appointed Auditor General for Wales, I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2025-26 annual report and accounts. My team have already discussed these findings with the Head of Finance and Procurement.

My team have substantially completed the audit work as set out in my Audit Plan dated June 2026. The remaining tasks involve continuous planning and review.

Since my Audit Plan, I have updated materiality to reflect the 2025-26 accounts. I have not identified any new audit risks. My

response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, and give a true and fair view, in all material respects. My proposed audit opinion and basis for it is outlined on page 8.

It is the responsibility of those charged with governance, i.e. the Authority to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of North Wales FRA for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We intend to issue an **unqualified opinion** on the accounts

See [Appendix 3](#)



There are no **other significant matters** to report

See [Audit findings](#)



There are **uncorrected misstatements** in the accounts which we wish to draw to your attention.

See [Audit findings](#)



We have raised **One recommendation** as a result of our work

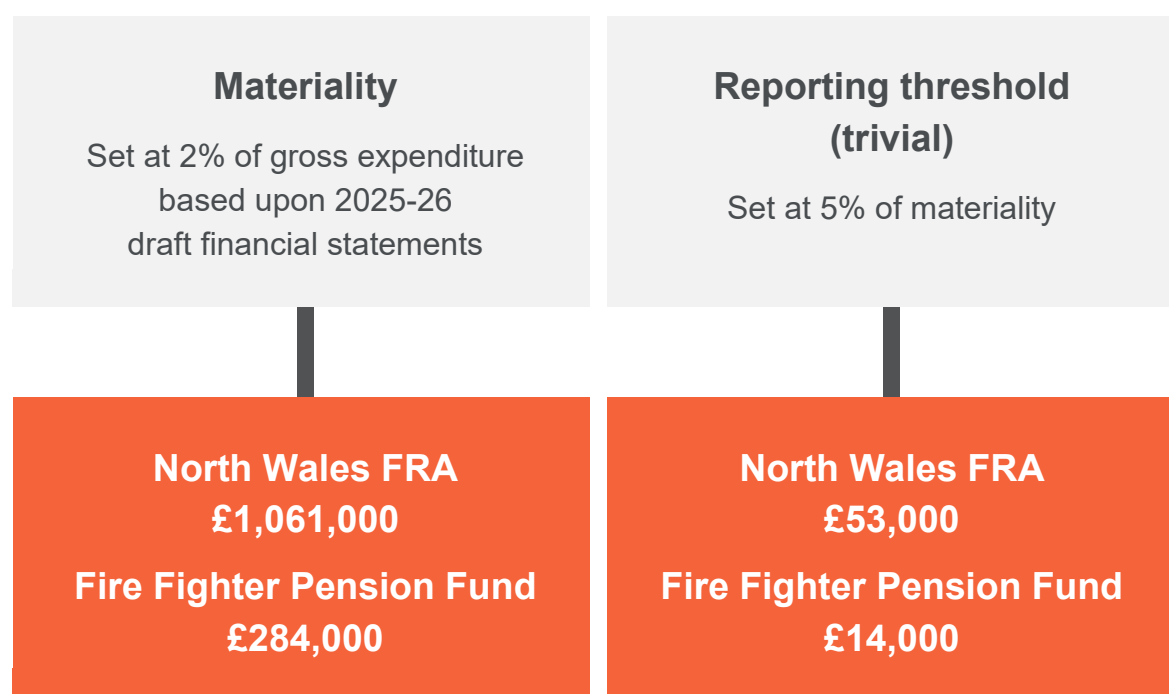
See [Appendix 5](#)



Subject to no further material issues being identified. We are aiming to certify your accounts ahead of the deadline of **30 September 2026**.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:



Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. We request that these misstatements be corrected.

If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them:

- £89,000 of impairment of assets was posted to the CIES rather than against the Revaluation Reserve. Correcting this would increase the surplus and reduce the Revaluation Reserve balance. Due to the nature of this transaction, this does not impact upon the General Fund.
- £85,000 of expenditure was incorrectly treated as a prepayment at year-end. Correcting this would reduce the balance of debtors and increase expenditure in 2025-26.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 2**.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of North Wales FRA's financial reporting process.

There were no such issues identified during the audit.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4**, the contents of which are in line with our standard request for representations

Recommendations

We have made a recommendation during the audit, which is set out in **Appendix 5** along with management's response to the recommendation.

We will monitor progress against the recommendations during next year's audit.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: My local audit team

Engagement Lead	Kate Havard Kate.Havard@audit.wales
Audit Manager	Carwyn Rees Carwyn.Rees@audit.wales

Audit Lead	Kieran Vickery Kieran.Vickery@audit.wales
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Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been compromised; and
- we have no relationships that could undermine our independence or objectivity.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of North Wales FRA's accounts. **Exhibit 2** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 2: Audit risks reported previously, work done and outcome

Audit risk	Work done	Outcome
Risk of management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.32-33].	The audit team: • tested the appropriateness of journal entries and other adjustments made in preparing the financial statements; • reviewed accounting estimates for bias. • Considered if there were any transactions outside of the normal course of business	Audit work did not identify any instances of management override of controls.

Valuation of pension fund net liability/surplus The pension fund liability estimates are based on assumptions and as a result there is a high level of uncertainty in the calculations. The calculation is also sensitive to economic conditions and the impact of legal cases.	The audit team: • Evaluated the actuary's instructions, competence, and the accuracy of the information provided. • Tested the accuracy of the pension fund net liability and disclosures in the financial statements. • Assessed the reasonableness of assumptions and the impact of any legal cases on the net liability.	Audit work did not identify any issues with the valuation of pension fund net liability/surplus.
Valuation of land and buildings The value of land and buildings in the balance sheet is subjective and can change significantly due to economic conditions and revaluation requirements.	The audit team: • assessed the work undertaken by the authority to determine that asset values are not materially misstated.	Audit work did not identify any issues with the valuation of land and buildings.
Senior officer remuneration Remuneration paid to senior officers continues to be of high interest and is material by nature. Therefore, there is a risk that even low-value errors in the disclosure could result in a material misstatement.	The audit team: • Understood the movements in the senior management team during 2025-26. • Verified that amounts paid are consistent with evidence and were in accordance with the approved pay policy.	Audit work did not identify any issues with the disclosure of senior officer remuneration.

Related party disclosures

There is an increased risk of material misstatement because these disclosures are of significant public interest and are considered material by nature.

The audit team:

- Reviewed the Authority's process for identifying related party relationships and associated transactions and balances.
- Undertook procedures to confirm the completeness of related party relationships.
- Ensured disclosures are complete, accurate, consistent with evidence, and in accordance with the Local Government Code.

Audit work did not identify any issues with Related Party disclosures.

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts area	Explanation
£2,192,000	Note 11 – Classification of Disposals Reclassification of movement in depreciation to show value of assets that have been disposed. There is no net impact on CIES or Balance Sheet.	To accurately disclose the historic depreciation of assets that have been disposed during the year.
£850,000	Note 11 – Classification of Impairments Reclassification of Impairments due to expenditure that does not impact the valuation due to prescribed valuation methods. There is no net impact on CIES or Balance Sheet.	To accurately disclose the movements on assets during the year
£177,000 - £2,133,000	Note 30 – Defined Benefit Pension Scheme Various reclassifications between lines within the note. There is no net impact on CIES or Balance Sheet.	To accurately reflect movements in pension balances in line with actuarial findings.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of:

- North Wales Fire and Rescue Authority;
- North Wales Fire and Rescue Authority Firefighters' Pension Fund

for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

North Wales Fire and Rescue Authority financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the material accounting policies.

The Firefighters' Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund as at 31 March 2026 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the North Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report or accompanying it. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to

determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts included in the Statement, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with section 13(2) of the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- Obtaining an understanding of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's framework of authority as well as other legal and regulatory frameworks that North Wales Fire & Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Authority about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire and Rescue Authority and Firefighters' Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Signature
Auditor General for Wales
Date

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

[date]

Representations regarding the 2025-26 financial statements

This letter is provided in connection with your audit of the financial statements of North Wales Fire and Rescue Authority for the year ended 31 March 2026, for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2025-26; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects North Wales Fire and Rescue Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware;

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

Audit of Accounts Report – North Wales Fire and Rescue Authority

- £89,000 of impairment of assets was posted to the CIES rather than against the Revaluation Reserve. Correcting this would increase the surplus and reduce the Revaluation Reserve balance. Due to the nature of this transaction, this does not impact upon the General Fund.
- £85,000 of expenditure was incorrectly treated as a prepayment at year-end. Correcting this would reduce the balance of debtors and increase expenditure in 2025-26.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by North Wales Fire and Rescue Authority on 21 September 2026.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Officer who signs on behalf of
management

Date:

Signed by:

Member who signs on behalf of those
charged with governance

Date:

Appendix 5 – Recommendation

1. Inventory Management of Fleet Items

The Authority's Technology One software includes an inventory module, which is used for their main stores inventory. This allows automatic calculations of issue prices and valuation of items remaining in stock at the year-end, based on invoices received and issues processed. This is not used for fleet inventory currently, which is maintained by a spreadsheet.

In the testing of issues of fleet inventory, it was identified that some fleet items were being issued at a price which was not consistent with the Authority's accounting policy of 'first in, first out' (FIFO). Whilst this had a trivial impact upon the accounts for 2025-26, it is recommended that the process for inventory management for fleet items is incorporated into the Technology One system to ensure that issue prices and closing inventory values are accurately recorded.

Priority:

Medium

Accepted in full by management:

Yes

Management response:

The Service will review the suitability and efficiency of transitioning fleet inventory management into the TechnologyOne inventory module. The review will be completed by December 2026 to enable full integration by March 2027, where appropriate. If full integration is not considered the most effective solution, an alternative process will be implemented to ensure inventory issues and stock valuations are calculated consistently in line with the Authority's FIFO accounting policy.

Implementation date:

March 2027

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Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

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Our newsletter which provides you with regular updates on our public service audit work, good practice, and events.



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We welcome correspondence and telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



EXPENDITURE AND FUNDING ANALYSIS

This statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices (GAAP). It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred. Income and Expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
46,713	(9,456)	37,257	Provision of Fire Services	50,909	(11,506)	39,403
(48,549)	10,308	(38,241)	Other Income & Expenditure	(51,788)	11,699	(40,089)
(1,836)	852	(984)	Deficit or (Surplus) on Provision of Services	(879)	193	(686)

2024/25				2025/26		
General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000
(1,575)	(7,519)	(9,094)	Brought Forward	(1,871)	(9,011)	(10,882)
(1,836)		(1,836)	(Surplus)/Deficit on Provision of Services	(879)	0	(879)
	48	48	Transfer between General Fund Balance and Capital Grants Unapplied	0	0	0
1,540	(1,540)	0	Transfer between General Fund Balance and Earmarked General Fund Reserves	759	(783)	(24)
(1,871)	(9,011)	(10,882)	Closing General Fund Balance	(1,989)	(9,794)	(11,783)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/25				2025/26			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
39,032	(1,775)	37,257	Provision of Fire Services		40,960	(1,557)	39,403
39,032	(1,775)	37,257	Cost of Services		40,960	(1,557)	39,403
56	0	56	Other Operating Expenditure		2	0	2
11,352	(182)	11,170	Financing & Investment Income & Expenditure	9	12,125	(224)	11,901
0	(49,467)	(49,467)	Taxation and Non Specific Grant Income	10	0	(51,992)	(51,992)
		(984)	(Surplus)/Deficit on Provision of Services				(686)
0	(2,003)	(2,003)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18	0	(318)	(318)
		(26,136)	Remeasurement of the Net Defined Benefit Liability	18			22,564
		(28,139)	Other Comprehensive (Income) & Expenditure				22,246
		(29,123)	Total Comprehensive (Income) & Expenditure				21,560

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) 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 which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The movements in 'Unusable Reserves' in local government accounting are notional, primarily reflecting changes in asset valuation (like buildings or pension liabilities). These are figures on paper, rather than 'cash backed', and cannot be spent on services.

2025/26	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2025		(1,871)	(8,938)	0	(73)	(10,882)	176,422	165,540
Movement in Reserves during 2025/26								
Surplus or (Deficit) on the Provision of Services		(686)	0	0	0	(686)	0	(686)
Other Comprehensive Income & Expenditure		0	0	0	0	0	22,246	22,246
Total Comprehensive Income & Expenditure		(686)	0	0		(686)	22,246	21,560
Adjustments between accounting basis & funding basis under regulations	7	(219)	0	0	0	(219)	219	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(905)	0	0	0	(905)	22,465	21,560
Other Transfers to/(from) Earmarked Reserves	8	783	(759)	0	(24)	0	0	0
Increase/(Decrease) in 2025/26		(121)	(759)	0	(24)	(905)	22,465	21,560
Balance as at 31 March 2026		(1,989)	(9,697)	0	(97)	(11,783)	198,887	187,100

2024/25	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2024		(1,575)	(7,398)	(48)	(73)	(9,094)	203,757	194,663
Movement in Reserves during 2024/25								
Surplus or (Deficit) on the Provision of Services		(984)	0	0	0	(984)	0	(984)
Other Comprehensive Income & Expenditure		0	0	0	0	0	(28,139)	(28,139)
Total Comprehensive Income & Expenditure		(984)	0	0	0	(984)	(28,139)	(29,123)
Adjustments between accounting basis & funding basis under regulations	7	(804)	0	0	0	(804)	804	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(1,788)	0	0	0	(1,788)	(27,335)	(29,123)
Other Transfers to/(from) Earmarked Reserves	8	1,492	(1,540)	48	0	0	0	0
Increase/(Decrease) in 2024/25		(296)	(1,540)	48	0	(1,788)	(27,335)	(29,123)
Balance as at 31 March 2025		(1,871)	(8,938)	0	(73)	(10,882)	176,422	165,540

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 is 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 2025 £'000		Note	31 March 2026 £'000
63,041	Property, Plant & Equipment	11	65,589
99	Intangible Assets	11	197
103	Long Term Debtors	14	113
63,243	Long Term Assets		65,899
663	Inventories	13	813
2,439	Short Term Debtors	14	1,896
2,523	Cash & Cash Equivalents	15	2,624
5,625	Current Assets		5,333
(10,791)	Short Term Borrowing	12	(4,203)
(375)	Short Term Provisions	17	(322)
(6,045)	Short Term Creditors	16	(8,799)
(173)	Short Term Lease Liabilities	29	(209)
(17,384)	Current Liabilities		(13,533)
(208,143)	Pension Liability	18	(232,624)
0	Long Term Provisions	17	0
(425)	Long Term Lease Liabilities	29	(505)
(8,456)	Long Term Borrowing	12	(11,674)
(217,024)	Long Term Liabilities		(244,803)
(165,540)	Net Assets		(187,104)
(10,882)	Usable Reserves	8	(11,783)
176,422	Unusable Reserves	18	198,887
165,540	Total Reserves		187,104

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 contributions 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.

2024/25 £'000		Note	2025/26 £'000
(984)	Net (Surplus)/Deficit on the Provision of Services		(686)
(4,615)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(7,622)
(437)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	19	(429)
(6,036)	Net Cash Flows From Operating Activities	19	(8,737)
7,508	Investing Activities	20	5,214
(1,022)	Financing Activities	21	3,422
450	Net (Increase) or Decrease in Cash and Cash Equivalents		(101)
(2,973)	Cash and Cash Equivalents at the beginning of the reporting period		(2,523)
(2,523)	Cash and Cash Equivalents at the End of the Reporting Period	15	(2,624)

NOTES TO THE FINANCIAL STATEMENTS

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

- a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024
- b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024
- c) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
- d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024

The Authority does not expect the adoption of items a) to d) to result in material changes to the recognition or measurement of amounts reported in the financial statements, and it is anticipated that the application of these amendments will be limited.

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

In applying the accounting policies set out in Appendix 1, the Authority has been required to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is as follows:

- There is a high degree of uncertainty about future levels of funding for local government as a whole. However the Authority has determined that this uncertainty is not sufficient to indicate that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

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

The main items in the Authority's Balance Sheet at 31 March 2026, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment - The Authority revalues its assets every 5 years supported by indexation in the intervening years. Indexation is a tool to apply an approximation of market changes, and the choice of index is a matter of judgement made in the context of providing a reasonable estimate of the movement in the value of an asset from the prior year. It is possible that property values could continue to fluctuate, especially during times of economic uncertainty, with a risk of divergence in indexed values compared to the professional valuations produced by market evidence at the quinquennial revaluation.

Valuations are based on assumptions about asset conditions, useful lives, residual values, and market conditions. These judgements are underpinned by the best available information and made by qualified valuers.

The last full revaluation was completed on 31 March 2023, and a further review of all fire station buildings was completed via a desktop revaluation exercise as at 31 March 2024. Indexation has been applied to the carrying value in 2025/26 using indices that best reflect the underlying cost drivers of each asset class.

Further information is provided in the Accounting Policies and in the Property, Plant and Equipment note.

Pension Liability - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.

Given the sensitivity of the pension liability to changes in key actuarial assumptions, there is a significant risk that reasonably possible changes in assumptions could lead to a material adjustment to the net pension liability in future financial years.

Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Further information is provided within the Pension Fund Account.

4 EVENTS AFTER THE REPORTING PERIOD

The pre-audit Statement of Accounts was certified for publication by the Section 151 Officer on 28 May 2026. 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 as at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the balance sheet date.

5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2025/26	Adjustment for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(2,075)	(9,555)	124	(11,506)
Net Cost of Service	(2,075)	(9,555)	124	(11,506)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(202)	11,472	429	11,699
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(2,277)	1,917	553	193

2024/25	Adjustment for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(1,590)	(8,064)	198	(9,456)
Net Cost of Service	(1,590)	(8,064)	198	(9,456)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(862)	10,733	437	10,308
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(2,452)	2,669	635	852

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the pensions adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

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

6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2024/25 £000		2025/26 £000
	Expenditure	
25,889	Employees	27,216
10,312	Other Operating Costs	10,260
385	Support Services	429
56	(Gain)/loss on the disposal of assets	2
11,352	Financing and Investment Expenditure	12,125
2,445	Capital Financing Costs	3,055
50,439	Total Expenditure	53,087
	Income	
(793)	Fees, Charges & Other Service Income	(895)
(182)	Interest and Investment Income	(224)
(48,549)	Levies from Constituent Authorities	(51,788)
(1,899)	Government Grants and Contributions	(866)
(51,423)	Total Income	(53,773)
(984)	(Surplus)/Deficit on Provision of Services	(686)

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund balance

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

Capital receipts reserve

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

Capital grants unapplied

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

2024/25						2025/26					
General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Adjustments between Accounting Basis and Funding Basis under Regulations	General Fund Balance £'000	Capital Grants Unapplied £'000	Capital Receipts Reserves £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	
(2,602)	0	0	(2,602)	2,602	Depreciation and impairment	(2,967)	0	0	(2,967)	2,967	
156	0	0	156	(156)	Revaluation losses/Gains on Property	(89)	0	0	(89)	89	
(56)	0	0	(56)	56	Disposal of non-current assets	(2)	0	(24)	(26)	26	
1,459	0	0	1,459	(1,459)	Capital expenditure financed from earmarked reserve/CERA	2,338	0	0	2,338	(2,338)	
918	0	0	918	(918)	Capital expenditure funded from grants	204	0	0	204	(204)	
1,957	0	0	1,957	(1,957)	Financing Capital (MRP)	2,138	0	0	2,138	(2,138)	
1,832	0	0	1,832	(1,832)		1,622	0	(24)	1,598	(1,598)	
11,028	0	0	11,028	(11,028)	Employers Pension contributions and payments to pensioners	12,123	0	0	12,123	(12,123)	
(13,697)	0	0	(13,697)	13,697	Reversal of retirement benefits in the CIES	(14,040)	0	0	(14,040)	14,040	
(2,669)	0	0	(2,669)	2,669		(1,917)	0	0	(1,917)	1,917	
0	48	0	48	(48)	Adjustment to Grants Reserve	0	0	0	0	0	
(15)	0	0	(15)	15	Movement in Accumulated Absence accrual	100	0	0	100	(100)	
(852)	48	0	(804)	804	Adjustments between accounting basis and funding basis under regulation	(195)	0	(24)	(219)	219	

8 USABLE RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

Reserve	Purpose of the Reserve	Balance 31 March 2024 £'000	Transfers (in) / out £'000	Balance 31 March 2025 £'000	Transfers (in) / out £'000	Balance 31 March 2026 £'000
Service Reserves						
Pension Reserve	Additional pension costs relating to changes to pension rules	(545)	(525)	(1,070)	(548)	(1,618)
Interest Reserve	Mitigate interest rate increases impacting the revenue budget	(300)	0	(300)	0	(300)
Fire Hydrant Repairs	Funding of the backlog of hydrant repairs	(90)	0	(90)	0	(90)
PPE Uniform / Stock	Increased uniform costs due to changes in legislation	(697)	(71)	(768)	0	(768)
Transformational Change	Funding for the delivery of transformational change projects	(851)	0	(851)	0	(851)
Facilities Improvements	Ensure buildings meet required standard and improve energy efficiency	(651)	(329)	(980)	0	(980)
Legal Liability	Funding of future legal liabilities for known/expected claims	(310)	0	(310)	30	(280)
Training	Implement changes to training provision as required by legislation	(250)	0	(250)	0	(250)
Major Incidents	Offset costs of major incidents in excess of budget	(150)	0	(150)	0	(150)
System Improvements	A fund set aside to meet the cost of system improvements	(711)	0	(711)	0	(711)
Inflation	Offset costs of inflation in excess of budget	(250)	0	(250)	(151)	(401)
Pay Structure review	For on-going discussions regarding the pay structure for firefighters	(473)	0	(473)	0	(473)
Capital & Grants Reserves						
Capital Projects	A fund set aside for delayed schemes and retention costs	(914)	(89)	(1,003)	(90)	(1,093)
Radio Scheme	Emergency Service Network upgrade	(1,011)	(526)	(1,537)	0	(1,537)
Grant Reduction	Offset reduction in Fire Safety funding from Welsh Government	(195)	0	(195)	0	(195)
Total Earmarked Reserves		(7,398)	(1,540)	(8,938)	(759)	(9,697)
General Fund	Available for general purposes and to provide operational resilience	(1,575)	(296)	(1,871)	(121)	(1,989)
Capital Receipts	Retains receipts from asset sales for future capital expenditure	(73)	0	(73)	(24)	(97)
Capital Grants Unapplied	Holds capital grants and contributions not yet applied to expenditure	(48)	48	0	0	0
Total Usable Reserves		(9,094)	(1,788)	(10,882)	(904)	(11,783)

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25 £'000		2025/26 £'000
619	Interest payable and similar charges	653
(182)	Interest receivable and similar income	(224)
10,733	Net Interest on the net defined benefit liability	11,472
11,170	Total	11,901

10 TAXATION AND NON SPECIFIC GRANT INCOME

2024/25 £'000		2025/26 £'000
4,871	Anglesey Council	5,186
8,063	Conwy County Borough Council	8,562
6,812	Denbighshire County Council	7,271
10,957	Flintshire County Council	11,661
8,295	Gwynedd Council	8,919
9,551	Wrexham County Borough Council	10,189
48,549	Levies from Constituent Authorities	51,788
918	Capital Grants and Contributions	204
49,467	Total Taxation and Non Specific Grant Income	51,992

11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Movements on Balances

2025-2026	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 1 April 2025	52,890	26,623	766	80,279	233	0
Re-categorisation of assets	181	533	(714)	0	0	0
Additions	848	2,747	1,681	5,276	135	0
Non-Enhancing Expenditure	(850)	0	0	(850)	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	1,079	0	0	1,079	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	(2,217)	0	(2,217)	0	0
Derecognition - Other	(2)	0	0	(2)	0	0
Gross Book Value at 31 March 2026	54,146	27,686	1,733	83,565	368	0
Accumulated Depreciation & Impairment						
At 1 April 2024	(1,027)	(16,211)	0	(17,238)	(134)	0
Depreciation/Amortisation charge	(1,140)	(1,790)	0	(2,930)	(37)	0
Depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	2,192	0	2,192	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2026	(2,167)	(15,809)	0	(17,976)	(171)	0
Net Book Value at 31 March 2026	51,979	11,877	1,733	65,589	197	0
Net Book Value at 31 March 2025	51,863	10,412	766	63,041	99	0

2024-2025	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 31 March 2024	46,253	24,129	1,060	71,442	233	0
Recognition of Right of Use Assets	593	328	0	921	0	
Gross Book Value at 1 April 2024	46,846	24,457	1,060	72,363	233	0
Re-categorisation of assets	483	577	(1,060)	0	0	0
Additions	3,402	2,366	766	6,534	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	2,003	0	0	2,003	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	156	0	0	156	0	0
Derecognition - Disposals	0	(777)	0	(777)	0	0
Derecognition - Other	0	0	0	0	0	0
Gross Book Value at 31 March 2025	52,890	26,623	766	80,279	233	0
Accumulated Depreciation & Impairment						
At 1 April 2024	(43)	(15,355)	0	(15,398)	(92)	0
Depreciation/Amortisation charge	(984)	(1,577)	0	(2,561)	(42)	0
Depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	
Derecognition - Disposals	0	721	0	721	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2024	(1,027)	(16,211)	0	(17,238)	(134)	0
Net Book Value at 31 March 2025	51,863	10,412	766	63,041	99	0
Net Book Value at 31 March 2024	46,210	8,774	1,060	56,044	141	0

Depreciation

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge.

Other assets are recognised at historic cost, which is a proxy for current cost on short life assets, and depreciated over their useful lives.

Revaluations and Impairments

The authority ensures that all property, plant and equipment to be measured at current value through a quinquennial revaluation process, supplemented by annual indexation in intervening years.

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following indices were used for 2025/26 indexation:

Index	Average change %	Valuation Change £'000
BCIS All-In TPI	2.49	1,043
MSCI Capital Growth - Industrial and CoStar	3.00	36
MSCI Capital Growth - Offices and CoStar	0.10	-
Total		1,079

Valuations of vehicles, plant and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

Capital Commitments

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at 31 March 2026 for future periods equates to £3,202k (2024/25: £1,813k). The commitments relate to the following:

Description	£'000
Building Works	2,012
Vehicles	764
Equipment	426
Total	3,202

Surplus Assets (Non operational property, plant and equipment)

The Authority does not have any material surplus assets.

12 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Non Current		Current	
	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000
Financial Assets at Amortised Cost:				
Cash and Cash Equivalents	0	0	2,523	2,624
Debtors	103	113	2,439	1,896
Financial Liabilities at Amortised Cost:				
Interest Accrued	0	0	(174)	(121)
Borrowings	(8,456)	(11,674)	(10,617)	(4,082)
Total Borrowing	(8,456)	(11,674)	(10,791)	(4,203)
Creditors	0	0	(6,045)	(8,799)
Lease Liability	(425)	(505)	(173)	(209)

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2024/25		2025/26	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense in the Surplus or Deficit on the Provision of Services	619	0	653	0
Interest income in the Surplus or Deficit on the Provision of Services	0	(182)	0	(224)
Net gain/(loss) for the year	619	(182)	653	(224)

Fair Value of Assets and Liabilities carried at Amortised Cost

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

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

The fair values calculated are as follows:

	31-Mar-25		31-Mar-26	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	(14,073)	(13,300)	(13,756)	(13,040)
Non-PWLB debt	(5,000)	(5,000)	(2,000)	(2,000)
Total Debt	(19,073)	(18,300)	(15,756)	(15,040)

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

13 INVENTORIES

	Main Stores		Fleet Stock	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Balance at start of year	413	437	201	225
Purchases	952	470	203	330
Write offs/adjustments	(3)	(5)	(1)	(2)
Recognised as an Expense	(925)	(310)	(178)	(332)
Balance outstanding at year end	437	592	225	221

14 DEBTORS

2024/25 £'000		2025/26 £'000
	Long Term	
103	Prepayments	113
103	Total Long Term	113
	Short Term	
445	Other Receivable Amounts	464
1,509	Trade Receivables	660
485	Prepayments	772
2,439	Total Short Term	1,896
2,542	Total Long and Short Term Debtors	2,009

15 CASH AND CASH EQUIVALENTS

2024/25 £'000		2025/26 £'000
2,517	Cash and Bank Balances	2,620
0	Short Term Deposits	0
6	Petty Cash Imprests	4
2,523	Total	2,624

16 CREDITORS

2024/25 £'000		2025/26 £'000
(820)	Other Payables	(3,783)
(5,225)	Trade Payables	(5,016)
(6,045)	Total	(8,799)

17 PROVISIONS

At 31 March 2026 the Authority held a provision with a value of £322k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing balance £'000
Short Term Provisions	(375)	(1)	54	(322)
Long Term Provisions	0	0	0	0
Total	(375)	(1)	54	(322)

18 UNUSABLE RESERVES

31-Mar-25 £'000		31-Mar-26 £'000
(19,012)	Revaluation Reserve	(18,971)
(13,111)	Capital Adjustment Account	(15,069)
208,143	Pensions Reserve	232,624
402	Accumulated Absences Account	303
176,422	Total	198,887

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25 £'000		2025/26 £'000
(17,304)	Balance at 1 April	(19,012)
(2,003)	Upward revaluation of assets	(1,079)
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	761
0	Adjustment from Capital Adjustment Account	0
295	Difference between fair value depreciation and historical cost depreciation	359
(19,012)	Balance at 31 March	(18,971)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or 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. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25 £'000		2025/26 £'000
(10,935)	Balance at 1 April	(13,111)
2,602	Charges for depreciation & impairment of non-current assets	2,967
56	Amount of non current asset written off on disposal or sale	25
(156)	Adjustment relating to the revaluation of assets	89
(295)	Adjusting amounts written out of the Revaluation Reserve	(359)
2,207	Net written out amount of the cost of non-current assets consumed in the year	2,722
(918)	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(204)
(1,459)	Capital expenditure charged against the General Fund/ Earmarked reserves	(2,338)
(49)	Application of grants to capital financing from the capital grants unapplied account	0
(1,957)	Statutory provision for the financing of capital investment charged against the General Fund	(2,138)
(4,383)	Capital Financing Applied in year	(4,680)
(13,111)	Balance at 31 March	(15,069)

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2024/25 £'000		2025/26 £'000
231,610	Balance at 1 April	208,143
(26,136)	Re-measurement of the net defined benefit liability	22,564
13,697	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	14,040
(11,028)	Employer's pensions contributions and direct payments to pensioners payable in the year	(12,123)
(23,467)	Movement on Pension Reserve	24,481
208,143	Balance at 31 March	232,624

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/25 £'000		2025/26 £'000
386	Balance at 1 April	402
(386)	Settlement or cancellation of accrual made at the end of the preceding year	(402)
402	Amounts accrued at the end of the current year	303
402	Balance at 31 March	303

19 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2024/25 £'000		2025/26 £'000
(984)	Net (Surplus)/Deficit on the Provision of Services	(686)
	Adjustment to net (surplus)/deficit for non-cash	
49	Increase/(Decrease) in Inventories	150
1,205	Increase/(Decrease) in Debtors	(533)
(428)	(Increase)/Decrease in Creditors	(2,754)
0	(Increase)/Decrease in Lease Liabilities	(81)
(2,602)	Depreciation Charge	(2,967)
0	Contributions Received/Capital Receipts	24
(2,608)	IAS 19 Pension Adjustments	(1,295)
0	Impairment Charge/Revaluation of Assets	(89)
(56)	Carrying amount of Non Current Assets sold or derecognised	(25)
(159)	Contribution (to)/from various Provisions	53
0	Other non-cash items charged to the net surplus or deficit on the provision of services	(204)
(16)	Accumulated Absences Reserve	99
(4,615)	Sub Total	(7,622)
	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	
(619)	Interest paid	(653)
182	Interest Received	224
(437)	Sub Total	(429)
(6,036)	Net cash flow from operating activities	(8,737)

20 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2024/25 £'000		2025/26 £'000
6,534	Purchase of property, plant and equipment, investment property and intangible assets	5,411
0	Less Right of Use Assets lease additions	(403)
56	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2
918	Other receipts from investing activities	204
7,508	Net cash flow from investing activities	5,214

21 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2024/25 £'000		2025/26 £'000
(5,000)	Cash receipts of short-term and long-term borrowing	(7,500)
3,714	Repayments of short-term and long-term borrowing	10,817
(173)	Cash payments for the reduction of outstanding lease	(324)
437	Other payments for financing activities	429
(1,022)	Net cash flow from financing activities	3,422

22 MEMBERS' ALLOWANCES

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

2024/25 £		2025/26 £
90,515	Elected Members' Allowances	90,875
1,560	Elected Members' Expenses	1,203
1,142	Co-opted Members' costs	1,376
93,217	Total	93,454

Elected Members of the Fire and Rescue Authority are entitled to receive allowances in recognition of their roles and responsibilities. These allowances include a basic salary payable to all members, and where applicable, senior salaries for those undertaking additional duties such as Chair or Deputy Chair of the Authority or its committees.

In addition to allowances, Elected Members may claim reimbursement for expenses incurred in the performance of their official duties. These expenses typically include travel and subsistence costs associated with attending Authority meetings, training sessions, and other approved engagements.

Co-opted Members, who are appointed to provide independent input or specialist expertise - such as those serving on the Standards Committee - do not receive an allowance. Instead, they are eligible for payments in recognition of their participation in official meetings and related activities.

23 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is detailed in the following table. Senior Officers whose salary is £150,000 or more are named.

Post Title	Year	Salary (Inc Fees & Allowances) £	Pension Contributions £	Total Remuneration £
Chief Fire Officer: Dawn Docx	2025/26	162,057	29,656	191,713
	2024/25	156,392	28,620	185,012
Deputy Chief Fire Officer (vacant from April 2025)	2025/26	12,366	3,387	15,753
	2024/25	125,114	38,785	163,899
Assistant Chief Fire Officer	2025/26	122,020	22,330	144,350
	2024/25	117,294	21,465	138,759
Assistant Chief Fire Officer (appointed March 2024)*	2025/26	120,655	35,263	155,918
	2024/25	101,921	25,901	127,822
Assistant Chief Fire Officer (appointed January 2025)**	2025/26	116,535	33,964	150,499
	2024/25	28,926	7,431	36,357
Assistant Chief Fire Officer (seconded March 2024)***	2025/26	26,444	8,198	34,642
	2024/25	47,314	13,938	61,252
Treasurer - Section 151 Officer (15 days per Year)	2025/26	8,510	1,557	10,067
	2024/25	8,340	1,526	9,866

* The fixed-term contract for the Assistant Chief Fire Officer (ACFO) ended in December 2024. The postholder was re-appointed on a temporary basis in February 2025 and secured the role permanently in July 2025.

**The postholder was appointed on a temporary basis in January 2025 and was subsequently appointed on a permanent basis in July 2025.

***Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 13 November 2024 and subsequently left the organisation in June 2025. Salary costs for the secondment, totalling £107,708, and pension costs totalling £22,423, were met and reported by South Wales Fire and Rescue Service.

The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 27 – Related Parties.

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

Remuneration Band	Number of Employees	
	2024/25	2025/26
£60,000 - £64,999	22	8
£65,000 - £69,999	6	17
£70,000 - £74,999	4	4
£75,000 - £79,999	2	4
£80,000 - £84,999	0	0
£85,000 - £89,999	2	1
£90,000 - £94,999	2	1
£95,000 - £99,999	0	3

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

2024/25		2025/26
£156,392	Chief Fire Officer	£162,057
£37,675	Median	£38,881
4.15	Ratio	4.17

The data in the table above includes total salary paid (excludes pension contributions). The staff that are employed under Retained Duty System (RDS) contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings.

The number of exit packages with total cost per band is set out in the table below. There were no compulsory or voluntary redundancies in either 2024/25 or 2025/26, and accordingly no redundancy costs or other compensation for loss of office were incurred.

All exit packages disclosed relate to employer-initiated terminations, arising from failed probationary periods or dismissals, with costs comprising pay in lieu of notice (PILON) only.

The 2024/25 comparative figures have been restated (previously disclosed as £0) to reflect the inclusion of all PILON costs relating to employer-initiated terminations, excluding ill-health retirements.

Exit Package Cost Band	Total Number of Exit Packages		Total Cost of Exit Packages	
	2024/25	2025/26	2024/25	2025/26
£0 - £19,999	2	2	£3,100	£3,152
Total	2	2	£3,100	£3,152

24 EXTERNAL AUDIT COSTS

Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor:

2024/25 £'000		2025/26 £'000
60	Financial Audit Work	63
17	Performance Audit Work	18
77	Total	81

25 GRANTS

2024/25 £'000		2025/26 £'000
	Credited to Services	
250	Home Safety Equipment	240
304	All Wales National Resilience	112
145	Youth & Young People Engagement	141
72	Operation Ugain	80
2	Windrush Grant	0
0	Welsh Government Culture Improvement Initiatives	38
209	Fire and Rescue Service Pay Pressures	51
982	Total	662
	Credited to taxation and non-specific income & expenditure	
377	Fireground Radios	0
115	Electric Vehicles	57
131	Electric Vehicle Charging Infrastructure	89
295	Public Sector Low Carbon Heat Grant	58
918	Total	204

26 AGENCY SERVICES

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

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum. As at 31 March 2026, the Authority held funds of £2k relating to the Forum.

2024/25 £'000		2025/26 £'000
3,117	All Wales National Resilience	2,827
227	Youth and Young People Engagement	240
110	Local Resilience Forum	152
3,454	Total	3,219

27 RELATED PARTIES

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

Welsh Government

The Welsh Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 25 and constituent authority contributions are shown in Note 10.

Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 22.

All Members complete a declaration of interest with related parties return. No Members of the Authority, or their close relations, entered into any declarable related party transaction in 2024/25 or 2025/26. A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - www.northwalesfire.gov.wales

Senior Officers

The Senior Officers completed a declaration of interest with related parties return for the year 2025/26. Senior Officers' remuneration is shown in Note 23.

An Assistant Chief Fire Officer declared an interest as a trustee with DangerPoint. The independent charity runs an education activity centre based in North Wales. Payments of £4,800 have been made to DangerPoint in 2025/26, with £7,700 outstanding at year end (paid 08/04/26) as part of Welsh Government grant funding (2024/25: £13,300). In addition funding is provided for the cost of an administrator, which amounted to £37,514 (2024/25: £34,826).

The treasurer was also contracted as Independent Board Chair for Powys Pension Fund and Merseyside Pension Fund and as a Non-Executive Director on the Board of Adra a housing association.

No income was received by the Authority during 2025/26 (2024/25: nil).

Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. This post is held by the Chief Officer (Governance)/Monitoring Officer and payments amounted to £20k (2024/25: £20k).

Mersey Internal Audit provide internal audit services for which payments amounted to £23k. As at 31 March 2026 nothing remained outstanding.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme. Transactions in the year amounted to £120k (2024/25: £113k). As at 31 March 2026 nothing remained outstanding.

South Wales Fire & Rescue Service, via a secondment agreement, provide a Firefighter's Pension Lead for which payments in year amounted to £18k (2024/25: £18k) with £4k outstanding at year end.

There are joint arrangements with North Wales Police and Crime Commissioner as well as a shared control room. The Authority's contribution towards facilities management amounted to £291k (2024/25: £234k) with £146k outstanding at year end.

28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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 and PFI contracts), 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.

2024/25 £'000		2025/26 £'000
27,950	Opening Capital Financing Requirement	31,022
921	Recognition of IFRS16	0
28,871	Opening CFR adjusted for IFRS16 implementation	31,022
	Capital Investment	
6,534	Property, Plant & Equipment	5,411
	Sources of Finance	
(967)	Government Grants & Contributions	(204)
(1,957)	Sums set aside from revenue (MRP)	(2,138)
(1,459)	Direct Revenue Contributions	(2,338)
31,022	Closing Capital Financing Requirement	31,753
3,072	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	731
3,072	Increase/(decrease) in Capital Financing Requirement	731

The opening Capital Financing Requirement for 2024/25 has been restated to show the recognition of leases under IFRS16. Further details relating to leases can be found in Note 29.

29 LEASES

Authority as lessee - Right of Use Assets

Leases are recognised as right of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date of 01 April 2024, if later). The leases are typically for fixed periods in excess of one year, but may have extension options.

For arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024.

As permitted by the Code, the authority excludes leases for low value items that cost less than £10,000, and leases with a term shorter than 12 months. The Authority recognises the payments associated with these leases as an expense over the lease term.

The authority has acquired vehicles and equipment by entering into lease contracts with typical terms of four years. In addition the authority leases three buildings with typical lease terms of five years.

The table shows the change in the right of use assets held under leases by the Authority.

	Land & Buildings £'000	Vehicles & Equipment £'000	Total £'000
Balance at 1 April 2025	485	173	658
Additions	0	403	403
Revaluations	(2)	12	10
Depreciation and amortisation	(110)	(100)	(210)
Disposals	0	(31)	(31)
Balance as at 31 March 2026	373	457	830

The authority incurred the following expenses and cash flows in relation to leases:

	Land & Buildings £'000	Vehicles & Equipment £'000	Total £'000
Comprehensive income and expenditure statement			
Interest expense on lease liabilities	24	3	27
Expense relating to short term leases	0	2	2
Expense relating to exempt leases of low value	0	13	13
Variable lease payments not included in the measure of lease liabilities	161	28	189
Cash flow statement			
Minimum lease payments	117	207	324

The Authority used the lessee's incremental borrowing rate (PWLB annuity rate) specific to the term and start date of the lease used to discount leased vehicles, and the rate implicit in the lease to discount leased properties.

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

31-Mar-25 £'000		31-Mar-26 £'000
173	Less than one year	209
425	One to five years	505
0	More than five years	0
598	Total undiscounted liabilities	714

30 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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 be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme. The LGPS is a defined benefit funded scheme of which the Authority is an employer member of the Clwyd Pension fund. The governance of this scheme is the responsibility of Clwyd Pension Fund, Flintshire County Council in its capacity of Scheme Manager and Administering Authority.

Policy is determined in accordance with the Pensions Fund Regulations and overseen by the Pension Committee, including the appointment of the investment managers. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements for an actuarial revaluation to be undertaken at regular intervals and for employer and employee contribution rates to be set. The employer contributions are charged to the cost of services based on employee earnings in the period rather than when the benefits are eventually paid as pensions.

The charge to the levy reflects only the actual pension payments made during the year. However, to show the full cost of retirement benefits, these are first recorded in the Comprehensive Income and Expenditure Statement and then reversed out of the General Fund through the Movement in Reserves Statement. The following entries reflect these adjustments.

Any discretionary benefits or additional costs associated with ill-health retirements are an unfunded cost and charged separately to the Authority. To the extent that such costs are known they are included within the budget setting process and the Authority maintains a reserve to address any unplanned costs and to smooth the effect of changes to the employer contribution rates.

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

The information that follows has been extracted from the disclosure reports provided by Mercer (for the LGPS pension scheme) and Government Actuary's Department (GAD) (for the Firefighters Pension Scheme (FFPS)). The most relevant details affecting the Pension funds are detailed below:

Guaranteed Minimum Pension equalisation and indexation

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021. A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

McCloud Judgment

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included within the Pension Fund since 2018/19. These estimates have been updated to reflect the remedy outlined by the UK Government and the requisite changes to the Firefighters' Pension Scheme Regulations laid down by Welsh Ministers which came into force on 1 October 2023.

The Firefighters' Pensions (Remediable Service) (Wales) Regulations 2023 were laid and came into force on 1 October 2023 to make provision for Scheme Managers to implement the changes necessary to effect remedy and these are required to be completed within an 18-month period. Due to the complexity and volume of calculations, the Service did not fully meet the deadline of 31 March 2025.

Due to the inability to meet the statutory requirements of Section 29 of the PSPJOA 2022, the matter was reported to The Pensions Regulator (TPR).

During 2025/26 the Service continued to implement these changes and this exercise has been materially concluded for members assessed to be at detriment. The estimated financial impact was included within the 2020 revaluation and work continues to fully address all residual cases.

Matthews / O'Brien

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

The tables below provide additional details regarding the pension schemes:

LGPS 2024/25 £'000	FFPS 2024/25 £'000	General Fund Transfers	LGPS 2025/26 £'000	FFPS 2025/26 £'000
		Comprehensive Income & Expenditure Statement		
		Cost of Services		
1,033	1,870	Current Service Cost	704	1,010
0	0	Past Service Costs	0	0
51	0	Administration Expenses	54	0
		Financing & Investment Income & Expenditure		
(16)	10,810	Net Interest Expense	(18)	11,490
0	0	Transfers out of scheme	0	0
0	(10)	Transfers in to scheme	0	800
0	0	Curtailments	0	0
1,068	12,670	Total Post Employment Benefits Charged to Provision of Services	740	13,300
		Other Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement		
		Remeasurement of the net defined benefit/liability comprising:		
1,894	0	Return on Plan Assets (excluding Interest)	706	0
(51)	(530)	Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions	325	0
(6,176)	(25,240)	Actuarial (Gains)/Losses arising on Changes in Financial Assumptions	(4)	(7,320)
0	(60)	Actuarial (Gains)/Losses - experience	0	29,930
(4,333)	(25,830)	Total Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement	1,027	22,610
		Movement in Reserves Statement		
(1,068)	(12,670)	Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code	(740)	(13,300)
		Actual amounts charged to the General Fund for pensions in the year		
0	10,370	Retirement Benefits payable to Pensioners	0	11,430
658	0	Employer Contributions Payable to the scheme	693	0

The amount included on the Balance Sheet arising from the Authority's obligation, in respect of its defined benefit plans are as follows:

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	LGPS 2025/26 £'000	FFPS 2025/26 £'000
(35,728)	(208,100)	Present value of the defined benefit obligation	(37,140)	(232,580)
40,950		Fair Value of plan assets	41,599	
5,222	(208,100)	Sub Total	4,459	(232,580)
(5,265)		Effect of IAS19 / IFRIC 14	(4,503)	
(43)	(208,100)	Net surplus / (liability) arising from defined benefit obligation	(44)	(232,580)

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Movement in the Value of Scheme Assets	LGPS 2025/26 £'000	FFPS 2025/26 £'000
41,630	0	Opening Fair Value of Scheme Assets	40,950	0
2,021	0	Interest Income	2,387	0
		Remeasurement Gain/Loss		
(1,894)	0	The return on plan assets, excluding the amount included in the net interest expense	(706)	0
658	12,440	Contributions from employer	693	13,740
437	0	Contributions from employees into the scheme	462	0
(1,851)	(12,440)	Benefits/transfer paid	(2,133)	(13,740)
(51)	0	Administration Expenses	(54)	0
40,950	0	Closing value of scheme assets	41,599	0

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Movement in the Fair Value of Scheme Liabilities	LGPS 2025/26 £'000	FFPS 2025/26 £'000
(40,392)	(231,610)	Opening Balance as at 1 April	(35,728)	(208,100)
(1,033)	(1,870)	Current Service Cost	(704)	(1,010)
0	(10)	Transfers In	0	(800)
(1,944)	(10,810)	Interest Costs	(2,058)	(11,490)
(437)	(2,070)	Contributions from scheme participants	(462)	(2,310)
		Remeasurement Gains and losses		
51	60	Actuarial Gains/losses - experience	(506)	(29,930)
6,176	530	Actuarial Gains/losses arising from changes in demographic assumptions	181	0
1,851	25,240	Actuarial Gains/losses arising from changes in financial assumptions	4	7,320
0	12,440	Benefits/ transfers paid	2,133	13,740
0	0	Curtailments	0	0
0	0	Past Service Cost	0	0
(35,728)	(208,100)	Balance at 31 March	(37,140)	(232,580)

Local Government Pension Scheme: Assets Comprised Of:

Quoted 2024/25 £'000	Fair Value of Scheme Assets	Quoted 2025/26 £'000
	Cash & Cash Equivalents	
0	Cash Accounts	3,786
0	Temporary Investments	0
0	Subtotal Cash and Cash Equivalents	3,786
	Equity Securities	
6,296	Global Quoted	6,697
0	Emerging Markets	0
6,296	Subtotal Equities	6,697
	Bonds	
5,409	Overseas Other	6,656
9,685	Liability-Driven Investment	11,981
15,094	Subtotal Bonds	18,637
	Property	
1,550	UK	1,331
209	Overseas	0
1,759	Subtotal Property	1,331
	Alternatives	
6,298	Hedge Funds	0
3,239	Private Equity	6,573
123	Infrastructure	3,328
4,808	Timber and Agriculture	83
1,380	Diversified Growth Fund	0
1,953	Private Credit	1,165
17,801	Subtotal Alternatives	11,149
40,950	Totals Assets	41,600

Scheme assets are valued using fair values techniques based on the characteristics of each instrument, where possible using market-based information.

Further information can be found within the Clwyd Pension Fund's Annual Report, publicised on their website - mss.clwydpensionfund.org.uk/home/investments-and-governance/annual-reports/

Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value.

The Firefighters' Scheme has been valued by the Government Actuary's Department.

The LGPS liabilities have been valued by Mercer, an independent firm of actuaries and are based on the latest full valuation of the scheme as at 1 April 2023.

2024/25	LGPS	2025/26
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.1	Men	21.0
23.6	Women	23.6
	Longevity at retirement for future pensioners	
22.4	Men	22.1
25.4	Women	25.2
	Other Assumptions	
2.6%	Rate of Inflation	2.9%
3.9%	Rate of Increase in Salaries	4.2%
2.7%	Rate of Increase in Pensions	3.0%
5.9%	Rate of Discounting Scheme Liabilities	6.2%
2.6%	CARE Revaluation Rate	2.9%

2024/25	Firefighters Pension Scheme	2025/26
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.3	Men	21.3
21.3	Women	21.3
	Longevity at retirement for future pensioners	
22.7	Men	22.8
22.7	Women	22.8
	Other Assumptions	
2.7%	Rate of Inflation	3.0%
3.5%	Rate of Increase in Salaries	3.7%
2.7%	Rate of Increase in Pensions	3.0%
5.7%	Rate of Discounting Scheme Liabilities	6.1%
3.5%	CARE Revaluation Rate	3.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above tables.

The sensitivity analyses below are based on reasonably possible changes to assumptions at the reporting period end, with each assumption varied independently. For example, longevity assumes changes in life expectancy for men and women. While such isolated changes are unlikely in practice, and some assumptions may be interrelated, the estimates follow the scheme's accounting policies—using the projected unit credit method on an actuarial basis. The methods and assumptions used are consistent with those applied in the previous period.

Impact of Assumptions on the obligation - LGPS

	As Reported	+0.5% p.a. discount	+0.25% p.a. inflation	+0.25% p.a. pay growth	1 year increase in life expectancy	+/-1% change in 2023/24 investment returns	
	£000	£000	£000	£000	£000	+1% £000	-1% £000
Liabilities	37,140	34,597	38,481	37,348	37,898	37,140	37,140
Assets	(41,599)	(41,599)	(41,599)	(41,599)	(41,599)	(42,010)	(41,188)
Deficit (surplus)	(4,459)	(7,002)	(3,118)	(4,251)	(3,701)	(4,870)	(4,048)
Projected Service Cost for next year	699	589	759	699	718	699	699
Projected Net Interest Cost for next year	(307)	(502)	(223)	(293)	(259)	(332)	(281)

	As Reported	Discount rate on liabilities 0.5% increase	Increase in salaries 0.5% increase	Life expectancy 1 year increase	Increase in pensions 0.5% increaase
	£000	£000	£000	£000	£000
Firefighters Pension Scheme	Impact (232,580)	-6.50% (217,462)	1% (234,906)	2.50% (238,395)	6.50% (247,698)

Impact on the Authority's Cashflow

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

31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2025/26 was formally approved at a meeting on 28 April 2025. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year, quarterly reports detail the progress against the strategy and if necessary a revision of the PI's.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - www.northwalesfire.gov.wales

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

Credit Risk

This is the possibility that other parties might fail to pay amounts due to the Authority.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy, which sets out the parameters for the management of risks associated with Financial Instruments and emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's policy on treasury investments is to place short term cash surpluses into bank call accounts until required. The Authority does not have long term investments. Cash that is likely to be spent in the near term is invested securely, with selected high-quality banks, to minimise the risk of loss.

Liquidity Risk

This is the possibility that the Authority might not have funds available to meet its commitments to make payments.

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loan Board and so there is no perceived risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding. The maturity profile of the Authority's existing borrowing is as follows:

2025-26	Upper Limit	Lower Limit	31 March 2026 £000	31 March 2026 %
Less than 1 year	60%	0%	2,000	13%
Between 1 and 2 years	45%	0%	1,700	11%
Between 2 and 5 years	45%	0%	1,800	11%
Between 5 and 10 years	75%	0%	2,000	13%
More than 10 years	100%	0%	8,260	52%
Total			15,760	100%

2024-25	Upper Limit	Lower Limit	31 March 2025 £000	31 March 2025 %
Less than 1 year	60%	0%	9,300	49%
Between 1 and 2 years	45%	0%	1,500	8%
Between 2 and 5 years	45%	0%	1,200	6%
Between 5 and 10 years	75%	0%	0	0%
More than 10 years	100%	0%	7,070	37%
Total			19,070	100%

Market Risk

This is the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

As at 31 March 2026, the Authority held market loans of £2m (2024/25: £5m).

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

32 CONTINGENT LIABILITY

Pension Claims

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 6 April 2000 including those who have not yet previously received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

Employment Tribunal

At the year-end there were no matters that required financial recognition.

33 CONTINGENT ASSET

At the year-end there were no matters that required recognition.

FIREFIGHTERS' PENSION FUND ACCOUNT

Firefighters Pension Fund Account for the year ended 31 March 2026

This statement presents the financial position of the Firefighters' Pension Fund Account, detailing whether the Authority has a payable or receivable balance with the Welsh Government to ensure the account is balanced. Additionally, it provides information on the net assets of the fund.

2024/25 £'000		2025/26 £'000
	Contributions Receivable:	
(4,906)	Employer normal contributions	(5,437)
0	Employer ill health charge	0
0	Employer backdated contributions	0
(2,067)	Members normal contributions	(2,309)
(100)	Members backdated contributions	(304)
(321)	Transfers In	(855)
(7,394)	Total Contributions	(8,905)
	Benefits Payable:	
9,737	Pension Payments	10,872
2,437	Commutation of Pensions and Lump Sum retirement benefits	3,332
0	Backdated Commutation Payments	0
	Payments to and on account of leavers:	
88	Transfers out	16
12,262	Total Benefits	14,220
4,868	Deficit for the year before grants receivables from the Welsh Government	5,315
(4,868)	Top Up grant payable to/(from) Welsh Government	(5,315)
0	Net Amount (Payable)/Receivable for Year	0

Net Assets Statement as at 31 March 2026

2024/25 £'000		2025/26 £'000
	Current assets	
(655)	Amount owed (from)/to the General Fund	(3,765)
(655)	Total Current Assets	(3,765)
	Current Liabilities	
655	Top Up grant payable to/(from) Welsh Government	3,765
655	Total Current Liabilities	3,765

Notes to the Firefighters' Pension Fund Account

The Fund, established on 1 April 2007 under the Firefighters' Pension Scheme (Wales) Order 2007, encompasses the 1992, 2007, and 2015 Firefighters' Pension Schemes and is administered by the Authority. This is an unfunded scheme with no investment assets. Each year, the fund is balanced to zero through the receipt of a pension top-up grant from the Welsh Government in the event of a deficit, or by remitting any surplus back to the Welsh Government.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to revaluation by the Government Actuary's Department (GAD) on a four yearly basis or as otherwise directed by HM Treasury.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made as to the amount of Top Up grant required from the Welsh Government. The estimate includes an assessment of the number of firefighters due to retire within the year, based on age and years' service.

Contribution Rates

As per the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme will be 31.0% of pensionable pay, effective from 1 April 2024 to 31 August 2025 (up from 27.3% in 2023/24). The employee contribution rates vary according to pensionable pay bands, detailed below:

Pensionable Pay Band	Contribution Rate % (01 Apr - 31 Aug)
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
More than £142,501	14.5

New employee contribution rates came into effect from 1 September 2025, with rates determined by reference to grade rather than salary band. These rates were applied from the September salary payments onwards, were not applied retrospectively, and no member owes any arrears of contributions as a result of these changes.

Duty System	Grade / Role	Contribution Rate % (from 01 Sept)
Retained	All	13.0
Wholetime	Firefighter	13.0
Wholetime	Crew Manager	13.2
Wholetime	Watch Manager	13.2
Wholetime	Station Manager	13.7
Wholetime	Group Manager	13.7
Wholetime	Area Manager	14.2
Wholetime	Assistant Chief Fire Officer	14.5
Wholetime	Deputy Chief Fire Officer	14.5
Wholetime	Chief Fire Officer	14.5

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 30 to the core financial statements.

Appendix 1

ACCOUNTING POLICIES**1. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

2. ACCRUALS OF INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for net of VAT (unless the VAT is irrecoverable) in the year they arise, not when cash payments are made or received. This aligns with IAS 1, which mandates the accrual basis of accounting to ensure comparability and a true and fair view of financial performance and position.

- **Expenses:** Recorded when services are received, not when payments are made. Income from customers is recognised when goods or services are provided.
- **Supplies:** Recorded as expenditure when consumed. If received but not yet used, they are carried as inventories on the Balance Sheet.
- **Interest:** Accounted for using the effective interest rate method, rather than the cash flows specified by the contract.
- **Debtors and Creditors:** If revenue and expenditure are recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. If debts may not be settled, the balance of debtors is written down, and a charge is made to revenue for the income that might not be collected.

3. CASH AND CASH EQUIVALENTS

Cash includes cash in hand and deposits with financial institutions that can be withdrawn without penalty within 24 hours. Cash equivalents are investments that mature within three months of acquisition and can be easily converted to cash with minimal risk.

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

4. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may occur due to changes in accounting policies or to correct material errors. Changes in accounting estimates are accounted for prospectively, affecting the current and future years, and do not result in prior period adjustments.

Changes in accounting policies are made only when required by proper accounting practices or when they provide more reliable or relevant information about the Authority's financial position or performance. These changes are applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior periods as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services, and trading accounts are charged an estimate of the cost of holding non-current assets during the year. This includes:

- **Depreciation:** Attributable to the assets used by the relevant service.
- **Revaluation and Impairment Losses:** On assets used by the service where there are no accumulated gains in the revaluation reserve to offset the losses.
- **Amortisation:** Of intangible assets attributable to the service.

The Authority is not required to raise a levy to fund these costs. Instead, it makes an annual contribution from revenue towards reducing its overall borrowing requirement, calculated on a prudent basis. Depreciation, revaluation and impairment losses, and amortisation are replaced by this contribution in the General Fund balance (Minimum Revenue Provision) through an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement.

6. EMPLOYEE BENEFITS

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end and include wages, salaries, paid leave, bonuses, and non-monetary benefits (e.g., cars). These are recognised as expenses in the year employees provide services to the Authority.

An accrual is made for holiday entitlements (or any form of leave, e.g., time off in lieu) earned but not taken before the year-end, which employees can carry forward to the next financial year. This accrual is made at the wage and salary rates applicable in the following accounting year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account, ensuring holiday entitlements are charged to revenue in the year the leave is taken.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- **Firefighters' Pension Scheme:** Administered by Dyfed Pension Fund, Carmarthenshire County Council.
- **Local Government Pension Scheme:** Administered by Clwyd Pension Fund, Flintshire County Council.

Both schemes provide defined benefits (retirement lump sums and pensions) earned as employees work for the Authority.

Firefighters' Pension Scheme (FFPS)

The Firefighters' Pension Scheme is an unfunded defined benefits scheme with no assets or investment income.

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on Government bond yields plus an additional margin.

Service cost:

- **Current Service Cost:** Increase in liabilities from service earned in year, allocated in the CIES to the services for which employees worked.
- **Past Service Cost:** Increase in liabilities from scheme amendments or curtailments related to earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES.
- **Net Interest:** Expense that arises from the passage of time on the net defined benefit liability. It is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period. This expense is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Essentially, it represents the interest cost of having a pension liability over time.

Remeasurements:

- **Actuarial Gains and Losses:** Changes in net pension liability due to updated assumptions or events not matching previous actuary assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension funds or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to

and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings for current employees.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on corporate bonds.
- **Assets:** The assets of the Clwyd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities: current bid price
 - Unquoted securities: professional estimate
 - Unitised securities: current bid price
 - Property: market value

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

Service cost comprising:

- **Current Service Cost:** The increase in liabilities due to years of service earned this year, allocated to the services for which the employees worked in the Comprehensive Income and Expenditure Statement.
- **Past Service Cost:** The increase in liabilities due to a scheme amendment or curtailment related to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of corporate costs.
- **Net Interest on the Net Defined Benefit Liability/(Asset):** The change during the period in the net defined benefit liability/(asset) due to the passage of time, charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, considering any changes during the period due to contributions and benefit payments.

Remeasurements comprising:

- **Return on Plan Assets:** Excluding amounts included in net interest on the net defined benefit liability (asset), charged to the pensions reserve as other comprehensive income and expenditure.

- **Actuarial Gains and Losses:** Changes in the net pensions liability due to events not coinciding with assumptions made at the last actuarial valuation or updates to the actuaries' assumptions, charged to the pensions reserve as other comprehensive income and expenditure.
- **Contributions Paid to the Clwyd Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Statutory Provisions

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. This means there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the pensions reserve measures the beneficial impact to the General Fund of accounting for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. FRAs in England and Wales are required to produce their financial statements in accordance with IAS19.

Discretionary Benefits:

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise from such awards are accrued in the year of the decision and accounted for using the same policies as applied to the Local Government Pension Scheme.

7. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the statement of accounts are authorised for issue. These events are classified into two types:

- **Events Providing Evidence of Conditions at the End of the Reporting Period** - If the event provides evidence of conditions that existed at the end of the reporting period, the statement of accounts is adjusted to reflect such events.
- **Events Indicative of Conditions Arising After the Reporting Period** - If the event indicates conditions that arose after the reporting period, the statement of accounts is not adjusted. However, if these events would have a material effect, their nature and estimated financial impact are disclosed in the notes.

8. FINANCIAL INSTRUMENTS

A Financial instrument is 'any contract that creates a financial asset for one entity and a financial liability or equity instrument for another'.

Initial Measurement and Carrying Amount:

- **Financial Liabilities (Loans):** Initially measured at fair value and carried at amortised cost. The annual interest paid is based on the carrying amount of the loan multiplied by the effective interest rate.
- **Financial Assets (Investments):** Initially measured at fair value and carried at amortised cost. The annual interest received is based on the carrying amount of the investment multiplied by the effective interest rate.

For all loans and investments, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

Recognition and Measurement

- **Financial Liabilities:** Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. Initially measured at fair value and carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- Amortised Cost
- Fair Value Through Profit or Loss (FVPL)

The Authority's business model is to hold investments to collect contractual cash flows, so financial assets are classified as amortised cost.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value.

These assets are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most financial assets held by the Authority, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and the interest credited to the CIES is the amount receivable for the year according to the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

9. FOREIGN CURRENCY TRANSACTIONS

When the Authority enters into a transaction in a foreign currency, the transaction is converted into sterling at the exchange rate on the date the transaction occurs. If there are amounts in foreign currency outstanding at the year-end, they are reconverted at the spot exchange rate on 31 March. Any resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

10. ACCOUNTING FOR GOVERNMENT GRANTS

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.

Recognition: Amounts recognised as due are not credited to the Comprehensive Income & Expenditure Statement until the conditions attached to the grant or contribution have been satisfied.

Unsatisfied Conditions: Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

Satisfied Conditions: When the conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or to Taxation & Non-specific Grant Income (for non-ring fenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & 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.

11. INTANGIBLE ASSETS

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

Intangible assets are initially measured at cost. Under the revised Code of Practice, effective from 1 April 2025, intangible assets can no longer be revalued. In accordance with the Code, all intangible assets must now be held at depreciated historic cost, as the revaluation model has been withdrawn. The Authority does not hold any intangible assets that met the criteria for revaluation under the previous code; therefore, there are no transitional impacts arising from this change for 2025/26.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

When expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not allowed to impact the General Fund balance. These gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account. For any sale proceeds greater than £10,000, the amounts are posted to the capital receipts reserve.

12. INVENTORIES

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

13. LEASES

The Authority applies IFRS 16 Leases and recognises most leases on the Balance Sheet in the form of right-of-use (ROU) assets and corresponding lease liabilities. This reflects the Authority's right to use leased assets and the obligation to make lease payments over the lease term.

Leases are assessed at inception to determine whether a contract conveys the right to use an identified asset in exchange for consideration. Where a contract contains both land and buildings, each component is assessed separately in accordance with the Code.

Lessee Accounting

ROU assets are recognised at the value of the lease liability, adjusted for any lease prepayments, initial direct costs or obligations to restore the site, and reduced by any lease incentives. Lease liabilities are measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or the Authority's incremental borrowing rate where this cannot be readily determined.

Lease payments include fixed payments, in substance fixed payments, amounts under residual value guarantees, payments under options the Authority is reasonably certain to exercise, and any penalties for early termination. ROU assets are subsequently measured using the IFRS 16 cost model.

Low-cost lease exemption: The low-cost exemption is set at £10,000, in line with the de minimis expenditure level for Property, Plant & Equipment. Leases below this value will be excluded from IFRS16.

Short-term lease exemption: Leases with a lease term of 12 months or less at the commencement date, and which do not include a purchase option, are treated as short-term leases. Where this exemption is applied, such leases are excluded from IFRS 16 recognition, with lease payments charged to expenditure on a straight-line basis over the lease term.

Intangible asset exemption: IFRS 16 does not apply to leases of intangible assets (e.g., software licences), which continue to be accounted for under the relevant intangible asset policies.

Use of portfolio of leases with reasonably similar characteristics: The Authority will apply the portfolio expedient for photocopiers and similar machines (e.g., MFDs, franking machines). These leases have similar characteristics in function, cost, and agreements, and will fall within the low-cost exemption.

Depreciation and Interest

ROU assets are depreciated over the shorter of the asset's useful life or the lease term. Lease payments are split between a finance charge recognised in the CIES, and a reduction of the lease liability.

Capital accounting requirements apply in the same way as for owned non-current assets. Statutory adjustments ensure that depreciation and interest charges do not affect the General Fund, replaced instead by statutory financing entries.

Other Arrangements Containing a Lease

Arrangements that do not legally constitute a lease may still fall within the scope of IFRS 16 if they grant control over the use of an identified asset. Such arrangements are reviewed and accounted for consistently with IFRS 16 principles.

Finance Leases (Lessee)

A lease is classified as a finance lease where it transfers substantially all the risks and rewards of ownership. In such cases, the asset and liability are recognised at the lower of fair value or the present value of minimum lease payments. Depreciation is charged over the lease term unless ownership transfers to the Authority. Finance lease accounting follows the same principles as the ROU model for depreciation, liability reduction and interest recognition.

Instead of raising a levy for depreciation or impairment losses, the Authority makes an annual revenue contribution towards the capital investment, in line with statutory requirements. This is reflected through an adjustment between the General Fund and the Capital Adjustment Account.

The Authority as Lessor

Finance Leases Assets disposed of under finance leases shall be written out of the Balance Sheet and an amount recognised in the Balance Sheet as a receivable debtor that reflects the net investment in the lease as defined by the appropriate accounting standard.

The capital element of any rental due under a finance lease shall be accounted for as a capital receipt, the debtor and the equivalent liability being written down by that amount. The finance element shall be treated as revenue income.

14. PROPERTY PLANT AND EQUIPMENT

Assets that have physical substance and are used for producing or supplying goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one financial year, are classified as Property, Plant, and Equipment.

Recognition

Expenditure on acquiring, creating, or enhancing Property, Plant, and Equipment is capitalised on an accruals basis if it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential (e.g., repairs and maintenance) is charged as an expense when incurred.

A de minimis expenditure level of £10,000 has been set for Property, Plant, and Equipment. Expenditure below this level will not be subject to capital accounting requirements. If an asset is revalued below £10,000, any associated expenditure and depreciation will be written out, and the asset will be removed from the Fixed Asset Register.

Measurement

Assets are initially measured at cost, which includes the purchase price, any costs necessary to bring the asset to its intended location and condition, and an initial estimate of dismantling and site restoration costs. The Authority does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be their fair value.

Assets are carried on the Balance Sheet using the following measurement bases:

- Land & Buildings: Offices/Workshops – current value (Existing Use Value)
- Land & Buildings: Fire Stations – current value (Depreciated Replacement Cost)
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value).

If there is no market-based evidence of current value due to the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets with short useful lives or low values, depreciated historical cost is used as a proxy for current value.

Indexation of Property, Plant & Equipment

The Authority applies indexation to relevant Property, Plant & Equipment to keep asset values accurate between formal valuations, in line with the CIPFA/LASAAC Code of Practice. Indexation updates values in years without a full revaluation so that the Balance Sheet continues to reflect current value, but it does not replace the requirement for full revaluations within the five-year cycle or the need to assess assets for possible impairment. The next full revaluation for the relevant asset classes is scheduled to take place in 2027/28.

Indexation is applied annually to assets measured at current value, including Offices and Workshops (valued at Existing Use Value), Fire Stations and training towers (valued using Depreciated Replacement Cost) and Land. The Authority uses recognised external indices aligned with RICS and public-sector valuation guidance, with adjustment factors reviewed alongside the Authority's valuer.

The index is applied to the Opening Net Book Value (NBV) at 1 April to produce an updated carrying amount before depreciation. Increases in value are credited to the Revaluation Reserve unless they reverse earlier losses charged to the Comprehensive Income and Expenditure Statement (CIES). Decreases are charged against any available Revaluation Reserve balance for the asset, with any further reduction recognised in the CIES. This ensures consistent treatment with full revaluations and impairment adjustments.

Indexation is only applied where the resulting change is material. If indices display unusual volatility or do not appropriately reflect an asset category, a valuation review may be completed instead. Where indicators of impairment exist, a separate impairment review is undertaken regardless of indexation.

Depreciation is based on the indexed NBV. For componentised buildings, indexation is allocated proportionately across all components so that the total indexed value reflects the uplift in the asset's Opening NBV.

When applying indexation, the Authority may process the adjustment either through proportional restatement of the gross cost and accumulated depreciation, or through the elimination of accumulated depreciation with a corresponding adjustment to the gross carrying amount. Both approaches are permitted under the Code.

Under the proportional restatement approach, the Authority updates asset values by uplifting both the gross carrying amount and the accumulated depreciation proportionately so that the indexed movement is applied consistently across all components of the asset. This method retains the existing relationship between gross cost and accumulated depreciation, ensuring that the indexed Net Book Value is achieved without eliminating prior depreciation. It maintains continuity in the depreciation profile and is consistent with the principles for subsequent measurement.

Impairments

Assets are assessed at each year-end for indications of impairment. If indications exist and the differences are material, the recoverable amount of the asset is estimated. If this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the carrying amount of the asset against any revaluation gains in the revaluation reserve (up to the amount of the accumulated gains). If there is no balance in the revaluation reserve or an insufficient balance, the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

Depreciation is provided for all Property, Plant, and Equipment assets by systematically allocating their depreciable amounts over their useful lives. The useful economic life of assets is as follows:

Land	Infinite (no depreciation)
Buildings	Useful life of the property (as estimated by the valuer)
Buildings (leased)	Term of lease
Vehicles, Plant and Equipment	5 - 20 years
Intangible Assets	5 years

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal. Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building, and a weighted average is used to calculate the annual charge. The percentages used are:

Buildings – fire stations	2.05% - 2.22%
Buildings – offices/workshops	1.98% - 2.15%

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities. The Authority is required to make an annual contribution from revenue towards reducing its overall borrowing requirement.

Depreciation, revaluation, and impairment losses and amortisation are replaced by the contribution from General Fund Balances (MRP) through an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Revaluation gains are also depreciated, with the difference between current value depreciation and historical cost depreciation being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Subsequent decreases to fair value less costs to sell are posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made when an event has occurred on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is unclear whether an event has occurred on or before the Balance Sheet date, it is considered a present obligation if, based on all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation. They are measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, considering relevant risks and uncertainties. Estimated settlements are reviewed at the end of each financial year. If it becomes less

probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

If some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., through an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises when an event has occurred that gives the Authority a possible obligation, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control. Contingent liabilities also arise in situations where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises when an event has occurred that gives the Authority a possible asset, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control.

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

16. RESERVES

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by transferring amounts out of the General Fund balance. When expenditure is financed from a reserve, it is charged to the appropriate service in that year, affecting the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance, ensuring there is no net charge against the levy for the expenditure.

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

17. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income

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Gwasanaeth Tân ac Achub
Fire and Rescue Service

