

**THE POLICE AND CRIME COMMISSIONER
FOR SOUTH WALES
(Group Accounts)**

**STATEMENT OF ACCOUNTS
FOR THE
YEAR ENDED 31 MARCH 2016**

**Geoff Petty
CHIEF FINANCIAL OFFICER to the POLICE
AND CRIME COMMISSIONER**

On the Website @

<http://www.southwalescommissioner.org.uk/en/Transparency/Finance/Finance-Plans-and-Reports.aspx>

Contents	Page Number
Narrative Report (formerly Foreword)	3
Independent Auditor's Report	11
Statement of Accounts	
• Statement of Responsibilities for the Accounts	14
• Main Statements (for the Group – being a consolidation of the Police and Crime Commissioner and Chief Constable for South Wales Police entities)	
• Movement in Reserves Statement	15
• Comprehensive Income and Expenditure Statement	16
• Balance Sheet	19
• Cash Flow Statement	21
• Police Pension Fund Account	22
• Notes to the Accounts Contents List	23
• Glossary	77

NARRATIVE REPORT

Introduction

The purpose of the Statement of Accounts is to provide information about the financial position, performance, management accountability of resources, risks and uncertainties of the Police and Crime Commissioner for South Wales which is useful to a wide range of users. Users of the financial statements may include the public, government, grant-awarding bodies, employees, customers, suppliers and contractors of the Commissioner.

The financial year 2015/16 was the fifth consecutive year of the government imposed austerity programme arising from the comprehensive spending review 2010(CSR), which sought to address the national budget deficit due to the international banking crises.

The accountability for public resources is documented in the Annual Governance Statement which details the responsibilities of both the Commissioner and the Chief Constable as Corporation Soles. The review of the effectiveness of the governance arrangements is detailed within the Annual Governance Statement that accompanies the Statement of Accounts.

Statutory Framework for the Statement of Accounts

The establishment of the two Corporation Soles requires each body to produce their own single entity Statement of Accounts with the Commissioner producing a Statement of Accounts for the Group and Police Pension Fund.

The Accounts and Audit (Wales) Regulations 2014, require Local Government Bodies to prepare a Statement of Accounts in accordance with proper practices. The Code of Practice on Local Authority Accounting in the UK is identified as representing proper practices.

The Code applies to Local Government Bodies set out in the Public Audit (Wales) Act 2004 who are required to prepare accounts for audit by the Wales Audit Office. Section 12 of this Act was amended by the Police Reform Social Responsibility Act to replace reference to Police Authorities with Commissioners and Chief Constables.

The Code requires that Local Authorities prepare their financial statements in accordance with the International Accounting Standards Board (IASB) *Framework for the Preparation and Presentation of Financial Statements (the IASB Framework)* as interpreted by the Code. The IASB Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users of the accounts. The Statement of Accounts continue to follow International Financial Reporting Standards (IFRS).

Format of the Statement of Accounts

The Statement of Accounts comprises the following:

- Statement of Responsibilities
Sets out the responsibilities of the Commissioner, Chief Constable and Chief Finance Officers during the production and approval of the Statement of Accounts.
- Movement in Reserves Statement
Analyses movements in reserves (and together with note 6) provides a reconciliation between funding and the cost of policing services shown in the Comprehensive Income and Expenditure Statement (CIES).
- Comprehensive Income and Expenditure Statement
This sets out the cost in the year of providing policing services in accordance with International Accounting Standards (IAS) rather than the amount funded from Government Grants and Council Tax.

NARRATIVE REPORT

- Balance Sheet
The balance sheet sets out the assets, liabilities and reserves held as at 31 March 2016.
- Cash Flow Statement
This sets out the changes in cash and cash equivalents during the financial year.
- Police Pension Fund Account
This sets out the income and expenditure associated with Police Officer Pensions, such as monthly pension payments and retirement lump sums.
- Notes to the Accounts
These provide more detailed information on items of income, expenditure, assets, liabilities and reserves that is not practical to show in the main accounting statements detailed above.

NARRATIVE REPORT

SUMMARY FINANCIAL POSITION

The following summary provides an overview of the financial position and performance of South Wales Police for the year ending 31 March 2016.

Revenue Expenditure and Funding

A net revenue budget for 2015/16 of £255.1M was approved in January 2015, to fund existing expenditure commitments. In addition a further £1.9M of capital expenditure (funded by Government Grant) brought the total budget requirement to £257.0M. The table below provides a breakdown of how this amount was spent and funded during the year.

	2015/16 %	2015/16 £M	2014/15 £M
Police Officer and Police Staff costs	62%	190.3	190.8
Pension Retirement Benefits - current service cost	21%	64.7	63.6
Non Pay costs (Premises, Transport, Supplies and Services, Agency and Contracted Services)	14%	44.2	55.3
Other service costs (Depreciation, Non enhancing capital expenditure)	3%	8.4	8.5
Gross Expenditure of Services	100%	307.6	318.3
Less Grants and Income		(39.0)	(45.1)
Net Cost of Police Services		268.6	273.2
Accounting Adjustments (Pensions, Depreciation, Movements on General Fund)		(11.6)	(12.4)
Budget Requirement		257.0	260.8

	2015/16 %	2015/16 £M	2014/15 £M
Capital Government Grants	1%	(1.9)	(2.3)
Police Grant (Home Office)	34%	(89.3)	(95.8)
Revenue Support Grant (Welsh Government)	17%	(43.1)	(42.8)
Non-Domestic Rate Income (Welsh Government)	11%	(28.1)	(30.6)
Council Tax Payers	37%	(94.5)	(89.2)
Total Funding	100%	(257.0)	(260.8)

NARRATIVE REPORT

Capital Finance & Borrowing

Capital expenditure for the period was £28.0M. This was financed by reserves, specific grant, borrowing, capital receipts and revenue contributions and is summarised in the table below.

	2015/16 %	2015/16 £M	2014/15 £M
Property	70.3	19.7	14.5
Vehicles	8.5	2.4	2.5
Computer, Communications and Equipment	21.2	5.9	5.8
Total	100.0	28.0	22.8

This represents money spent by South Wales Police for the purpose of purchasing, upgrading and improving assets such as property, vehicles and ICT. The distinction from revenue expenditure is that South Wales Police receives the benefit from capital expenditure on assets over a longer period of time, which is accounted for as depreciation.

There are ongoing capital works which will be concluded in the forthcoming financial year and the funding for these is held in Capital Reserves.

Balance Sheet

The table below is a summary of the Police and Crime Commissioner Group's Balance Sheet as at 31 March 2016. It summarises the Group's assets, liabilities and reserves.

	2015/16 £M	2014/15 £M
Tangible Assets (Property, Vehicles, Computer Systems and Equipment)	130.9	110.8
Intangible Assets (Computer Software)	2.4	1.6
Stocks	1.0	0.9
Debtors (Money Owed to SWP)	28.3	40.4
Creditors (Money Owed by SWP)	(18.0)	(24.8)
Temporary Investments and Deposits	8.1	8.2
Cash and Cash Equivalent	11.9	19.2
Provisions	(5.2)	(14.1)
Long Term Borrowing	(17.1)	(17.4)
Other Long term Liabilities	(2,808.4)	(3,097.6)
Less Unusable Reserves	2,695.4	3,005.9
Total Assets less Liabilities	29.2	33.3
Financed by:		
Usable Reserves	(29.2)	(33.3)
	(29.2)	(33.3)

Provisions

A provision for £9.3M was made during 2014/15 in relation to backdated police officer pension lump sum payments. This was utilised in 2015/16 and therefore accounts for the material fall in provisions between 31 March 2015 and 31 March 2016.

NARRATIVE REPORT

The Police Fund

The current balance on the Police Fund is maintained at the target level of 3% of Gross Revenue Expenditure (i.e. £9.2M). Funding of £20.0M is retained in earmarked reserves for specific revenue and capital purposes. Note 7 in the Statement of Accounts provides more information on this.

Pensions Liability

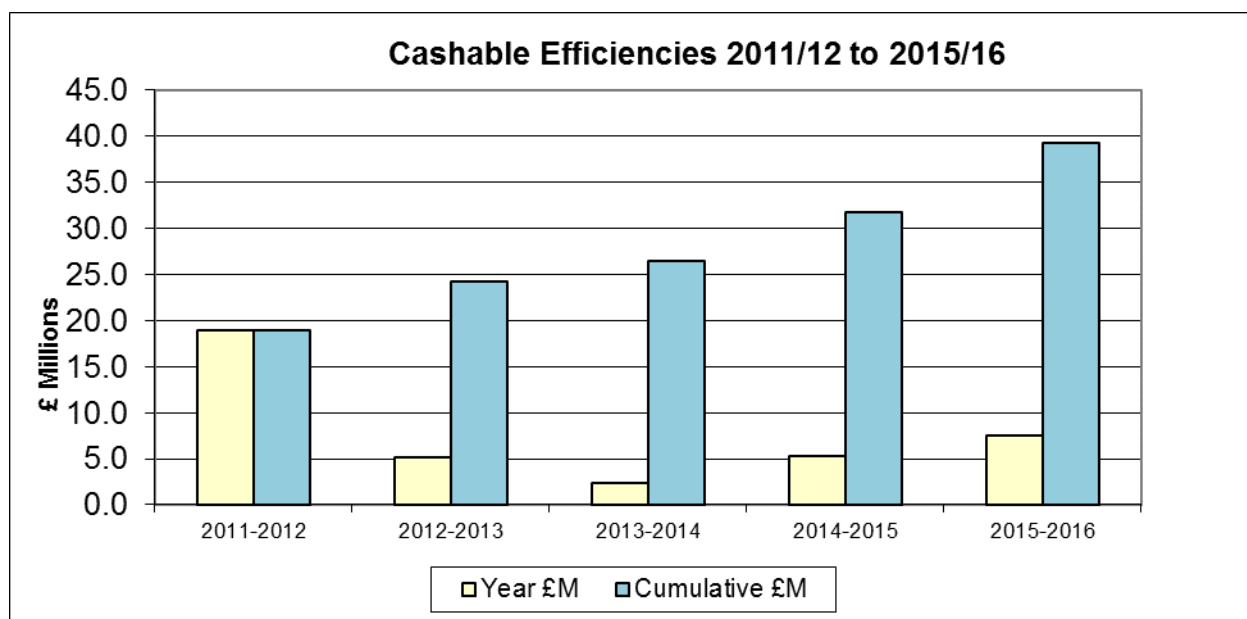
The Government Actuary's Department calculate the potential liability of the Police schemes based on Actuarial review, using Pension and Payroll data. This estimated liability decreased over the year from £2,974M to £2,703M, a decrease of 9.1%, this is mainly attributed to changes in actuarial assumptions. The Pension Scheme for Police Officers is unfunded by statute.

In the case of Police Staff, South Wales Police is an admitted body to the Rhondda Cynon Taff County Borough Council Local Government Pension Scheme. The Actuary's assessment of South Wales Police's share of the estimated deficit in this scheme decreased over the year from £124M to £105M as at 31 March 2016, a decrease of 15%.

The unrealised net losses or gains for the year have no direct impact on the cost of services in the comprehensive income and expenditure statement and the notional liability is recognised in the balance sheet only.

Efficiency & Effectiveness

Central funding has not kept pace with rising costs and changing demands. The rigorous measures implemented to deal with the financial challenges arising from CSR2010, as outlined in the Commissioner's Value for Money Plan, along with continued prudent financial management have enabled the delivery of the required £39M of savings resulting from the CSR2010 cuts in police grants. This achievement is a positive endorsement of the Medium Term Finance Strategy. This is illustrated in the following table:



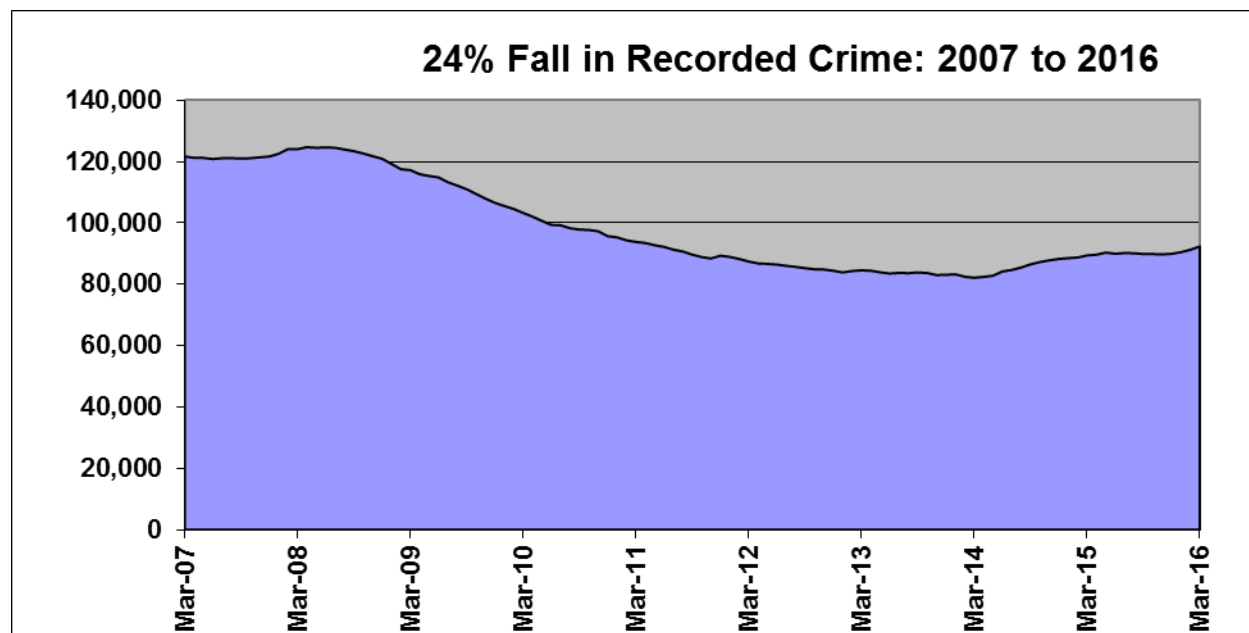
NARRATIVE REPORT

However the austerity programme is set to continue and further revenue savings of £19M are forecasted to be required over the next four years on top of which the capital expenditure requirements highlight a further £17M shortfall in funding.

South Wales Police has developed a comprehensive medium term strategy to deliver the savings which protects front line services and this can be seen in the performance chart below. The summary includes statistics of operational performance.

OPERATIONAL PERFORMANCE

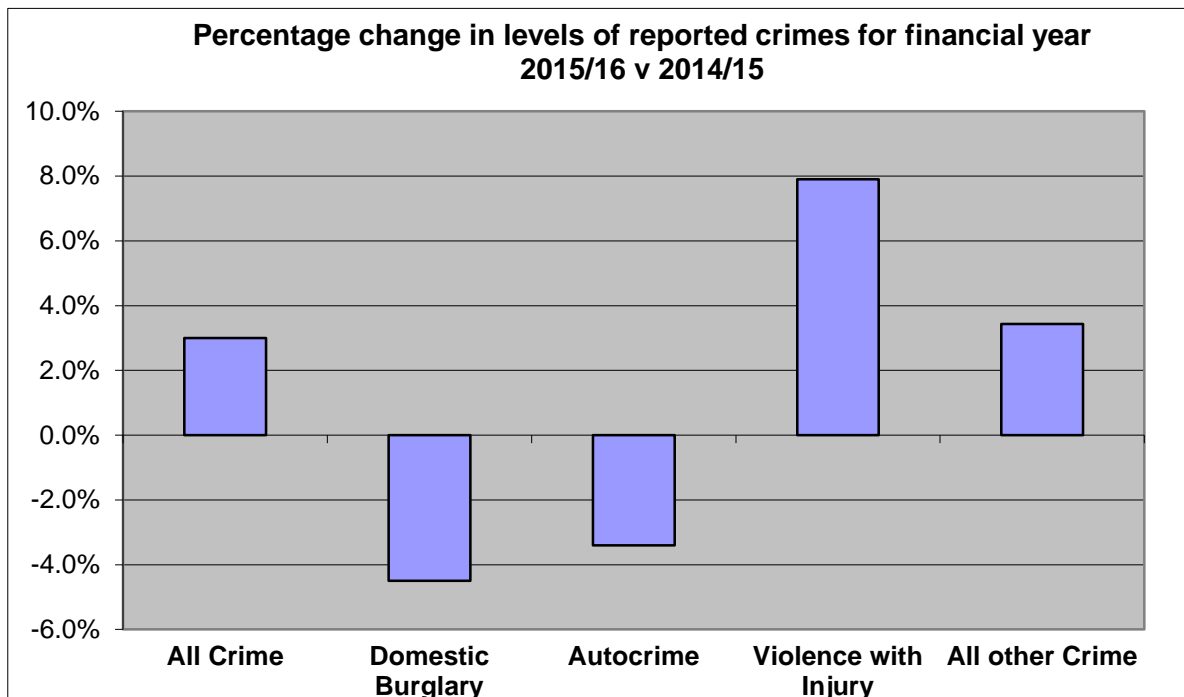
Recorded Crime



There is a further slight increase in recorded crime during 2015/2016 reflecting the continuing impact of the internal change in crime recording processes. Previously incidents were investigated and then recorded, now the Force records the crime when the incident is reported. The process of improvement continues, with the latest figures showing the best victim satisfaction levels experienced by the Force. The decision to change has put it at the front of development of good practice identified nationally by Her Majesty's Inspectorate of the Constabulary.

NARRATIVE REPORT

Force-wide Performance



Making Every Contact Count

90.5% of 999 calls were answered within 10 seconds, which is 0.5% above the national target.

88.6% of non-emergency calls were answered within 40 seconds.

Equality, Diversity and Human Rights

Overall, the whole experience victim satisfaction has remained relatively stable and now stands at 88.7% as at the end of 2015-16, compared to 88.3% in 2014-15.

The whole experience victim satisfaction of Black and Minority Ethnic victims has further reduced from 85.4% at the end of 2014-15 to 80.5% in 2015-16.

Hate related crimes increased in line with the Force aim to increase reporting of these offences.

Quality of Service

During 2015-16, there was a change in our crime recording standards which resulted in 91.2% of crimes reported to South Wales Police being recorded within 24 hours.

South Wales Police recorded a positive outcome rate for overall crime of 27.8% for 2015-16, compared to 28.6% in 2014-15.

There was a fall of 4.5% in domestic burglaries compared to 2014-15 and the outcome rate also fell by 1.3% to 20.3% in 2015-16.

NARRATIVE REPORT

The outcome rate for violence with injury decreased slightly to 49.5%.

Vehicle crime reduced by 3% compared to 2014-15.

The number of criminal damage offences increased by 0.8% compared to 2014-15.

POLICE EFFECTIVENESS EFFICIENCY & LEGITIMACY PROGRAMME (PEEL)

This HMIC's second assessment of the effectiveness, efficiency and legitimacy with which South Wales Police keeps people safe and reduces crime, concluded that:

- The Force is effective in preventing and the service provided to victims is reliable and overall was judged to be good at keeping people safe and reducing crime.
- In terms of efficiency the HMIC judged South Wales Police to be good and rated outstanding at using its resources to meet the demand for its services while also reducing costs and improving service.
- The Force was also rated as overall good in terms of legitimacy and outstanding in understanding, engaging with and treating fairly the people it serves.

The HMIC assessment also looked at leadership, which was not subject to a graded judgement but concluded that South Wales Police is well led and can show that it understands the skills, capability and capacity of its workforce. The force is clear about the standards that are expected from its leaders and there is a well-established culture of focusing on quality of service.

Chief Financial Officer GEOFF PETTY Dated: 30 June 2016

Chief Financial Officer GEOFF PETTY Dated: 30 September 2016

INDEPENDENT AUDITOR'S REPORT

Auditor General for Wales' report to the Police and Crime Commissioner for South Wales

I have audited the accounting statements and related notes of the:

- Police and Crime Commissioner for South Wales;
- Police and Crime Commissioner for South Wales Police Group; and
- South Wales Police Pension Fund.

for the year ended 31 March 2016 under the Public Audit (Wales) Act 2004.

The Police and Crime Commissioner for South Wales accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and related notes.

The Police and Crime Commissioner for South Wales Police Group accounting statements comprise the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement and related notes.

The South Wales Police Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement and related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including the Police and Crime Commissioner for South Wales Group accounting statements and South Wales Police Pension Fund's accounting statements, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Police and Crime Commissioner for South Wales and the Police and the Crime Commissioner for South Wales Police Group and the South Wales Police Pension Fund's

INDEPENDENT AUDITOR'S REPORT

circumstances, and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Narrative Report to identify material inconsistencies with the audited accounting statements and related notes and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of the Police and Crime Commissioner for South Wales

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of the Police and Crime Commissioner for South Wales as at 31 March 2016 and of his income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on the accounting statements of the Police and Crime Commissioner for South Wales Police Group

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Police and Crime Commissioner for South Wales Police Group as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on the accounting statements of the South Wales Police Pension Fund

In my opinion, the pension fund accounts and related notes:

- give a true and fair view of the financial transactions for South Wales Police Pension Fund during the year ended 31 March 2016 and of the amount and disposition of the fund's assets and liabilities as at that date, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

Opinion on other matters

In my opinion, the information contained in the Narrative Report is consistent with the accounting statements and related notes.

INDEPENDENT AUDITOR'S REPORT

Matters on which I report by exception

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

- adequate accounting records have not been kept;
- the accounting statements are not in agreement with the accounting records and returns;
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement contains material misstatements of fact or is inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of the Police and Crime Commissioner for South Wales and Police and Crime Commissioner for South Wales Group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

**For and on behalf of
Huw Vaughan Thomas
Auditor General for Wales
30 September 2016**

**Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ**

The maintenance and integrity of Police and Crime Commissioner for South Wales's website is his responsibility; 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.

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STATEMENT OF RESPONSIBILITIES

Responsibilities of the Police and Crime Commissioner

Is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one officer has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer;
- manage its affairs to secure economic, efficient and effective use of its resources and safeguard its assets; and
- approve the Statement of Accounts.

I certify the approval of this Statement of Accounts.

Rt Hon ALUN MICHAEL JP FRSA

The Police and Crime Commissioner for South Wales

Dated:

30 September 2016

Responsibilities of the Chief Financial Officer

Is responsible for the preparation of the 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 this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

I certify that the Statement of Accounts, presents a true and fair view of the financial position of the Police and Crime Commissioner for South Wales at the accounting date and his income and expenditure for the year ended 31 March, 2016.

GEOFF PETTY

Chief Financial Officer

Date of signing (by responsible financial officer)

Dated:

30 June 2016

GEOFF PETTY

Chief Financial Officer

Date of signing (prior to the approval of the Police and Crime Commissioner)

Dated: 30 September 2016

FINANCIAL STATEMENTS

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves, which cannot. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The Net (Increase) /Decrease before Transfers to Earmarked Reserves line shows the statutory Police Fund Balance before any discretionary transfers to or from earmarked reserves.

	Note	Police Fund Balance £000	Earmarked Police Fund Reserves £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2015		(9,041)	(24,229)	0	(33,270)	3,005,894	2,972,624
Movement in reserves during 2015/16							
(Surplus) or deficit on provision of services		75,239	0	0	75,239	0	75,239
Other Comprehensive Income and Expenditure		0	0	0	0	(381,724)	(381,724)
Total Comprehensive Income and Expenditure		75,239	0	0	75,239	(381,724)	(306,485)
Adjustments between accounting basis & funding basis under regulations	6	(80,392)	0	(76)	(80,468)	80,468	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(5,153)	0	(76)	(5,229)	(301,256)	(306,485)
Transfers (to)/ from Earmarked Reserves	7	4,910	4,263	76	9,249	(9,249)	0
All other movements in reserves - collaboration restatement	32	84	0	0	84	0	84
(Increase)/ Decrease movement in Year		(159)	4,263	0	4,104	(310,505)	(306,401)
Balance at 31 March 2016 carried forward		(9,200)	(19,966)	0	(29,166)	2,695,389	2,666,223
Movement in reserves during 2014/15							
(Surplus) or deficit on provision of services		85,250	0	0	85,250	0	85,250
Other Comprehensive Income and Expenditure		0	0	0	0	303,936	303,936
Total Comprehensive Income and Expenditure		85,250	0	0	85,250	303,936	389,186
Adjustments between accounting basis & funding basis under regulations	6	(87,874)	0	(911)	(88,785)	88,785	0
Net (Increase)/ Decrease before Transfers to Earmarked Reserves		(2,624)	0	(911)	(3,535)	392,721	389,186
Transfers (to)/ from Earmarked Reserves	7	2,624	653	911	4,188	(4,188)	0
(Increase)/ Decrease movement in Year		0	653	0	653	388,533	389,186
Balance at 31 March 2015 carried forward		(9,041)	(24,229)	0	(33,270)	3,005,894	2,972,624

Unusable reserves mainly include a Pensions Deficit Reserve or net liabilities for Police & Police Staff schemes, a Capital Adjustment Account (including how assets have been financed) and a Revaluation Reserve of unrealised asset revaluations. Further details in the Balance Sheet and Note 17.

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES) - Group

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local Government Bodies raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS).

	Note	Group 2015/16			Group 2014/15		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Local Policing		119,242	(7,908)	111,334	119,018	(7,933)	111,085
Dealing with the Public		21,223	-	21,223	21,709	-	21,709
Criminal Justice Arrangements		31,363	(2,602)	28,762	24,954	(2,230)	22,724
Road Policing		10,918	(1,735)	9,184	9,544	(2,034)	7,509
Specialist Operations		22,205	(1,123)	21,082	24,730	(1,791)	22,939
Intelligence		14,267	(2,619)	11,648	14,382	(2,349)	12,033
Investigation		57,994	(2,163)	55,831	60,980	(2,263)	58,717
Investigative Support		6,634	(261)	6,373	5,987	(5)	5,983
National Policing		13,374	(18,463)	(5,089)	20,402	(24,681)	(4,279)
Police Services		297,222	(36,875)	260,347	301,707	(43,287)	258,420
Corporate and Democratic Core		1,227	0	1,227	1,077	0	1,077
Commissioned Services (including Community Safety Fund Expenditure)		5,962	(2,092)	3,870	5,844	(1,807)	4,037
Non Distributed Costs:							
- Retirements Benefits Past Service Cost		1,680	0	1,680	9,460	0	9,460
- Other Non Distributed Costs including Termination Benefits - voluntary early retirement		1,467	0	1,467	183	0	183
Cost of Services		307,558	(38,967)	268,591	318,271	(45,094)	273,177
Other operating expenditure:							
- Levies to national police services		2,006	0	2,006	1,644	0	1,644
- (Gain)/losses on disposal of non current assets		168	0	168	1,697	0	1,697
Financing and investment income and expenditure	8	102,405	(40,950)	61,455	118,891	(49,394)	69,497
Taxation and non-specific grant income	9	0	(256,981)	(256,981)	0	(260,765)	(260,765)
(Surplus)/Deficit on Provision of Services		412,137	(336,898)	75,239	440,503	(355,253)	85,250
(Surplus) or deficit on revaluation of non-current assets				(1,505)			210
Actuarial (gains)/losses on pension assets/liabilities				(380,219)			303,726
Other Accounting Adjustments due to restatements				0			0
Commissioning Costs (intra-group transfer)				0			0
Other Comprehensive Income and Expenditure				(381,724)			303,936
Total Comprehensive Income and Expenditure				(306,485)			389,186

The above table shows the Group position with the statements for both the Police and Crime Commissioner and the Chief Constable separately identified in the following tables.

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES) – Police and Crime Commissioner

	Note	Police and Crime Commissioner 2015/16			Police and Crime Commissioner 2014/15		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Local Policing		0	(7,908)	(7,908)	0	(7,933)	(7,933)
Dealing with the Public		0	0	0	0	0	0
Criminal Justice Arrangements		0	(2,602)	(2,602)	0	(2,230)	(2,230)
Road Policing		0	(1,735)	(1,735)	0	(2,034)	(2,034)
Specialist Operations		0	(1,123)	(1,123)	0	(1,791)	(1,791)
Intelligence		0	(2,619)	(2,619)	0	(2,349)	(2,349)
Investigation		0	(2,163)	(2,163)	0	(2,263)	(2,263)
Investigative Support		0	(261)	(261)	0	(5)	(5)
National Policing		0	(18,463)	(18,463)	0	(24,681)	(24,681)
Police Services		0	(36,875)	(36,875)	0	(43,287)	(43,287)
Corporate and Democratic Core		1,227	0	1,227	1,077	0	1,077
Commissioned Services (including Community Safety Fund Expenditure)		5,962	(2,092)	3,870	5,844	(1,807)	4,037
- Other Non Distributed Costs including Termination Benefits - voluntary early retirement		1,467	0	1,467	183	0	183
Impairment to Fixed Assets		1,518	0	1,518	2,695	0	2,695
Cost of Services		10,174	(38,967)	(28,793)	9,799	(45,094)	(35,295)
Other operating expenditure: - (Gain)/losses on disposal of non current assets		168	0	168	1,697	0	1,697
Financing and investment income and expenditure	8	687	(40,950)	(40,263)	803	(49,394)	(48,591)
Taxation and non-specific grant income	9	0	(256,981)	(256,981)	0	(260,765)	(260,765)
Commissioning Costs (intra-group transfer)		401,108	0	401,108	428,204	0	428,204
(Surplus)/Deficit on Provision of Services		412,137	(336,898)	75,239	440,503	(355,253)	85,250
(Surplus) or deficit on revaluation of non-current assets				(1,505)			210
Actuarial (gains)/losses on pension assets/liabilities				(379)			262
Other Accounting Adjustments due to restatements				0			0
Commissioning Costs (intra-group transfer)				(379,840)			303,464
Other Comprehensive Income and Expenditure				(381,724)			303,936
Total Comprehensive Income and Expenditure				(306,485)			389,186

FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement (CIES) – Chief Constable

	Note	Chief Constable 2015/16			Chief Constable 2014/15		
		Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Local Policing		118,633	0	118,633	117,955	0	117,955
Dealing with the Public		21,115	0	21,115	21,517	0	21,517
Criminal Justice Arrangements		31,203	0	31,203	24,731	0	24,731
Road Policing		10,863	0	10,863	9,458	0	9,458
Specialist Operations		22,093	0	22,093	24,509	0	24,509
Intelligence		14,195	0	14,195	14,253	0	14,253
Investigation		57,697	0	57,697	60,435	0	60,435
Investigative Support		6,600	0	6,600	5,933	0	5,933
National Policing		13,305	0	13,305	20,220	0	20,220
Police Services		295,704	0	295,704	299,012	0	299,012
Non Distributed Costs: - Retirements Benefits Past Service Cost		1,680	0	1,680	9,459	0	9,459
Cost of Services		297,384	0	297,384	308,471	0	308,471
Other operating expenditure: - Levies to national police services		2,006	0	2,006	1,644	0	1,644
Financing and investment income and expenditure	6	101,718	0	101,718	118,089	0	118,089
Taxation and non-specific grant income		0	0	0	0	0	0
Commissioning Costs (intra-group transfer)		(401,108)	0	(401,108)	(428,204)	0	(428,204)
(Surplus)/Deficit on Provision of Services		0	0	0	0	0	0
Actuarial (gains)/losses on pension assets/liabilities				(379,840)			303,464
Commissioning Costs (intra-group transfer)				379,840			(303,464)
Other Comprehensive Income and Expenditure				0			0
Total Comprehensive Income and Expenditure				0			0

The note reference in the above table of note 6 refers to the Chief Constable's accounts.

FINANCIAL STATEMENTS

Balance Sheet

The Balance Sheet shows the value of the recognised assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first are usable reserves, (i.e. those reserves that it may use to provide services), subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are unusable or those that it is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (e.g. 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' (e.g. Pension deficits).

31 March 2016		Group	Police and Crime Commissioner	Chief Constable
	Note	£000	£000	£000
Property, Plant & Equipment	10	130,685	130,685	0
Intangible Assets	10	2,411	2,411	0
Long Term Debtors (intra-group transfer)		excluded on consolidation for group		2,806,996
Long Term Assets		133,096	133,096	2,806,996
Short Term Investments	11	8,082	8,082	0
Assets held for sale (<1yr)	14	187	187	0
Inventories		973	0	973
Short Term Debtors	12	28,277	28,277	0
Debtors (Intra-group working capital)		0	(13,457)	13,457
Cash and Cash Equivalents	13	11,877	11,877	0
Current Assets		49,396	34,966	14,430
Short Term Borrowing	11	(1,959)	(1,959)	0
Short Term Creditors	15	(16,067)	(1,637)	(14,430)
Current Liabilities		(18,026)	(3,596)	(14,430)
Long Term Creditors (intra-group transfer)		excluded on consolidation for group		0
Provisions	16	(5,225)	(5,225)	0
Long Term Borrowing	11	(17,074)	(17,074)	0
Other Long Term Liabilities:				
• Local Government Pension Schemes	29.1	(105,310)	(1,394)	(103,916)
• Police Pension Schemes	29.2	(2,703,080)	0	(2,703,080)
Long Term Liabilities		(2,830,689)	(2,830,689)	(2,806,996)
Net Assets		(2,666,223)	(2,666,223)	0
Usable Reserves	7	(29,166)	(29,166)	0
Unusable Reserves	17	2,695,389	2,695,389	0
Total Reserves		2,666,223	2,666,223	0

FINANCIAL STATEMENTS

31 March 2015		Group	Police and Crime Commissioner	Chief Constable
	Note	£000	£000	£000
Property, Plant & Equipment	10	110,817	110,817	0
Intangible Assets	10	1,580	1,580	0
		excluded on consolidation for group		
Long Term Debtors (intra-group transfer)			0	3,096,150
Long Term Assets		112,397	112,397	3,096,150
Short Term Investments	11	8,247	8,247	0
Assets held for sale (<1yr)	14	0	0	0
Inventories		876	0	876
Short Term Debtors	12	40,381	40,381	0
Debtors (Intra-group working capital)		0	(18,618)	18,618
Cash and Cash Equivalents	13	19,244	19,244	0
Current Assets		68,748	49,254	19,494
Short Term Borrowing	11	(1,981)	(1,981)	0
Short Term Creditors	15	(22,775)	(3,281)	(19,494)
Current Liabilities		(24,756)	(5,262)	(19,494)
		excluded on consolidation for group		
Long Term Creditors (intra-group transfer)			(3,096,150)	0
Provisions	16	(14,061)	(14,061)	0
Long Term Borrowing	11	(17,362)	(17,362)	0
Other Long Term Liabilities:				
• Local Government Pension Schemes	29.1	(123,990)	(1,440)	(122,550)
• Police Pension Schemes	29.2	(2,973,600)	0	(2,973,600)
Long Term Liabilities		(3,129,013)	(3,129,013)	(3,096,150)
Net Assets		(2,972,624)	(2,972,624)	0
Usable Reserves	7	(33,270)	(33,270)	0
Unusable Reserves	17	3,005,894	3,005,894	0
Total Reserves		2,972,624	2,972,624	0

FINANCIAL STATEMENTS

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of South Wales Police/ the Commissioner during the reporting period. The statement shows how it 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 are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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).

	Note	2015/2016 £000	2014/2015 £000
Net (surplus) or deficit on the provision of services		75,239	85,250
Adjustments to net surplus or deficit on the provision of services for non-cash movements	18	(95,920)	(103,582)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		1,453	1,851
Net cash flows from Operating Activities	18	(19,228)	(16,481)
Returns on Investments and Servicing of Finance		447	470
Investing Activities	19	25,838	6,605
Financing Activities	20	310	380
Net (increase) or decrease in cash and cash equivalents		7,367	(9,026)
Cash and cash equivalents at the beginning of the reporting period		19,244	10,218
Cash and cash equivalents at the end of the reporting period	13	11,877	19,244

FINANCIAL STATEMENTS

Police Pension Fund Account

Police Scheme	2015/2016 £000	2014/2015 £000
Contributions receivable		
From employer:		
• Normal	(25,072)	(24,970)
• Early retirements (incl. capital equivalent charge for ill health retirements)	(420)	(608)
From members	(14,203)	(14,328)
Un-authorized backdated lump sum tax payments (Home Office funding)	(6,500)	0
Transfers in		
Individual transfers in from other schemes	(1,064)	(472)
Benefits payable		
Pensions	67,259	65,527
Commutations and lump sum retirement benefits'	13,250	13,633
Un-authorized backdated lump sum tax payments	6,500	0
Revised commutation factors (Milne v GAD)	418	9,350
Lump sum death benefits	5	93
Payments to and on account of leavers		
Individual transfers out to other schemes	557	821
Sub-Total before transfer from the Police Fund	40,730	49,046
Additional funding payable by Police Fund (by way of top up grants)	(40,730)	(49,046)
Funding Shortfall to be met by Police Fund	0	0
Net Asset Statement		
Net current assets and liabilities		
Current Assets		
Debtor - net balances owed from the Police Fund	398	92
Debtor - net balances owed from the Police Fund	0	9,350
Bank balance	424	607
Current Liabilities		
Provisions	0	(9,350)
Creditor - benefits payable to retiring officers end of March paid April	(398)	(699)
Creditor - net balances owed to Police Fund	(424)	0
Net	0	0

Notes to the Police Pension Fund Accounts

1. The payments with regards to revised commutation factors also attracted unauthorised tax charges totalling £6.5m. These tax charges were paid by the Home Office directly to HM Revenue & Customs and are included as expenditure above.
2. The Home Office only funded employer's contributions at 21.3%, whilst the actual employer's contribution was at 24.2%, a cost against the Commissioner's budget of £3m during 2015/16.
3. There are no investment assets of the fund. The payments in and out of the Pension Fund are balanced to nil each year by receipt of additional contribution from the Police Fund, which in turn is reimbursed by the Home Office.
4. The fund's financial statements do not take account of other liabilities to pay pensions and other benefits after the year end, which are, however, accounted for on the balance sheet as future retirement benefits.
5. Other than the notes above, the Police Pension Fund has followed the accounting policies as set out in note 1 below.

NOTES TO THE FINANCIAL STATEMENTS

CONTENTS	Page Number
Note 1 Accounting Policies	24
Note 2 Accounting Standards Issued, Not Adopted	33
Note 3 Critical Judgements in Applying Accounting Policies	33
Note 4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	34
Note 5 Events after the Balance Sheet Date	35
Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations	35
Note 7 Transfers to/ from Earmarked Reserves	38
Note 8 Financing and Investment Income and Expenditure	40
Note 9 Taxation and Non-Specific Grant Income	40
Note 10 Property, Plant and Equipment	41
Note 11 Financial Instruments	44
Note 12 Debtors	46
Note 13 Cash and Cash Equivalents	47
Note 14 Assets Held for Sale	47
Note 15 Creditors	47
Note 16 Provisions	48
Note 17 Unusable Reserves	49
Note 18 Operating Activities	52
Note 19 Investing Activities	52
Note 20 Financing Activities	52
Note 21 Amounts Reported for Resource Allocation Decisions	53
Note 22 Members' Allowances	55
Note 23 Officers'/ Employee Remuneration	55
Note 24 External Audit Costs	59
Note 25 Grant and Other Income	60
Note 26 Related Parties	62
Note 27 Capital Expenditure and Capital Financing	62
Note 28 Leases	63
Note 29 Defined Benefit Pension Schemes	63
Note 30 Contingent Liabilities/ Contingent Assets	70
Note 31 Nature and Extent of Risks Arising from Financial Instruments	70
Note 32 Collaboration	74

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Accounting Policies

General Principles

The general principles and practices adopted in compiling these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). Reference is made to the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 - based on International Financial Reporting Standards (the Code). This is supplemented by the Service Reporting Code of Practice for Local Authorities (SeRCOP).

These codes of practice set out the proper accounting practices as required by section 21(2) of the Local Government Act 2003 and the Accounts and Audit Regulations as amended.

Local Government Bodies have some discretion in determining what policies need to be provided and the level of detail disclosed, but it should be noted that the Code states that users of financial statements are assumed to have a reasonable knowledge of accounting, which would limit the detail required in the summary of significant accounting policies.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will be received;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected; and
- Where actual amounts were not available, it may have been necessary to use appropriate estimated values.

Office of the Police & Crime Commissioner

Transactions of the Police and Crime Commissioner include operating costs of his Office and certain other corporate costs, which are accounted for as Corporate and Democratic Core expenditure under the Code together with a new classification for the commissioning of services. Gross expenditure includes asset charges (depreciation and revaluation decreases) with all income being included so as to transfer funding to meet the Chief Constable's Expenditure Account. The Group's income and expenditure includes all income and expenditure relating to the Police and Crime Commissioner and Chief Constable.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. This includes instant and callable account bank deposits. The Code does not include strict criteria for the composition of cash equivalents and the Commissioner has some discretion in this policy. Further advice suggests that fixed term deposits are not highly liquid and not readily convertible to cash and, in certain market conditions, there could be a risk of change in value. On this basis all fixed term deposit investments are accounted for as investments.

Contingent liabilities

A contingent liability arises where an event has taken place that gives a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner or Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner or Chief Constable. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Employee benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service. An accrual is made for the cost of holiday entitlements or any form of leave, (e.g. annual leave and flexi-leave) as earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision to terminate an employee's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when there is a demonstrable commitment to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund balance to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement

NOTES TO THE FINANCIAL STATEMENTS

termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Police Officers' pensions are unfunded by statute. However, the funding arrangements changed on 1st April 2006 from 'Pay As You Go' (i.e. based on payments to current pensioners), a direct charge to the Revenue Account, to an annual employers' pension contribution based on percentage of salary, with the balance payable to pensioners met from a grant provided by the Home Office. All other employees are eligible to join the Local Government Pension Scheme.

The Commissioner and Chief Constable are participating members of the Rhondda Cynon Taff County Borough Council Pension Fund making appropriate employer contributions into that Pension Fund.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees.

Events after the reporting period

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Events taking place after this latter date are not reflected in the financial statements or notes.

Where events taking place before this date (adjusting events) provide information about conditions existing at the balance sheet date, the figures in the financial statements and notes would be adjusted in all material respects to reflect the impact of this information. Where events taking place before this date (non-adjusting events) are indicative of conditions arising after the balance sheet date, the financial statements are not adjusted, but if material, disclosure will be made in a note.

Exceptional items and prior period adjustments

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, (i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment).

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Commissioner or Chief Constable becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective rate of interest 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 the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets – Deposits, Loans and Receivables

Deposits, loans and receivables are recognised on the Balance Sheet when the Commissioner or Chief Constable becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the deposits, loans and receivables the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Foreign currency translation

Where the Commissioner or Chief Constable has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

Government grants and other contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to South Wales Police/ the Commissioner when there is reasonable assurance that:

- the Commissioner or Chief Constable will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Certain low value grants below deminimus are recognised in the year of receipt. Balances are assessed at each year-end and for certain low value deminimus amounts these may be recognised. Should future adjustments be necessary, these are accounted for in a future period.

NOTES TO THE FINANCIAL STATEMENTS

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets can be determined by reference to an active market. In practice, no intangible asset meets this criterion, and they are therefore carried at amortised cost.

Inventories and long-term contracts

Inventories (stocks) are valued at the lower of cost or net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Joint arrangements - Accounting for the consolidation of joint arrangements

Where the Commissioner/ Force has entered into collaborative arrangements with other Commissioners/ Forces an assessment has been made against IFRS 11 Joint Arrangement to determine the appropriate accounting treatment. IFRS11 requires all such arrangements to be classed as either Joint Ventures or Joint Operations. All of the Commissioner's/ Force's such arrangements are classed as Joint Operations where the Commissioner/ Force is entitled to their fair share of the Joint Operations' Assets and Liabilities.

Leases

Costs are charged to the Comprehensive Income and Expenditure Statement over the life of the lease.

Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing 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. Where there is a subsequent decrease to fair value less costs to sell, the loss is 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 previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

Capital receipts in excess of £10,000, after initial recognition in the Comprehensive Income and Expenditure Statement, are taken to the Capital Receipts Reserve and can only be used for capital investments or debt redemption with receipts less than £10,000 being kept in the Comprehensive Income and Expenditure Statement.

Overheads

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities (SeRCOP).

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

The full value of capital expenditure is included in the additions line but the carrying value going forward reflects the value of the asset. Assets individually (or collectively valued over £5,000) are capitalised, where their estimated life is of material benefit beyond one year.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Code in summary prescribes the following bases for measuring classes of property, plant and equipment:

Separate valuations for land and buildings and any components.

Inclusion of an estimate of the remaining useful life of the building and any components.

The value methodology is determined by the classification of the asset:

- Assets Under Construction – Depreciated Historic Cost;
- Other land and buildings - Current value based on existing use (EUV);
- Where there is no market based evidence of current value, because of the specialist nature of the asset and the asset is rarely sold, this is estimated using a depreciated replacement cost approach;
- Vehicles, plant, furniture and equipment - Depreciated Replacement Cost if EUV cannot be determined;
- Surplus Assets - Fair Value based on existing use (EUV);
- Assets held for sale - measured at the lower of carrying amount and fair value less costs to sell, and depreciation on those assets should cease; and
- Investment property - Fair Value in its highest and best use, (i.e. market value).

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The effective date of valuations for the following asset categories are as follows:

- Land and buildings: 31 March 2012, resulting from a full external valuation undertaken on a five year cycle. Valuations services were provided by representatives of the Head of Property and Regeneration of Neath Port Talbot County Borough Council in support of the internal Estates Department. A rolling or interim valuation was undertaken in 2012/13, so as to revalue land and buildings over the next valuation cycle. The valuations were provided in the first year by Bruton Knowles, a firm of property consultants. <https://www.brutonknowles.co.uk/>. The second, third and fourth year rolling valuation for 2013/14, 2014/15 and 2015/16 were undertaken by a change in contracted valuer – GVA Grimley Limited, trading as Bilfinger GVA. <http://www.gva.co.uk/>.
- Vehicles, plant and equipment: annual reviews, resulting from respective asset management functions facilitated by internal departments including Fleet Management and Information Systems for computer and other technology systems.

Current values are based on valuations using one of the following methodologies: Existing Use Value, Market Value or Depreciated Replacement Cost, as advised by external/ internal valuation reviews.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

NOTES TO THE FINANCIAL STATEMENTS

Depreciation applies to all property, plant and equipment, whether held at historical cost or re-valued amount, with certain exceptions:

- Land where it can be demonstrated that the asset has an unlimited useful life;
- Investment properties;
- Assets under construction until available for use;
- Assets classified as held for sale (i.e. surplus or derecognised); and
- Assets are held at their estimated residual value.

The depreciation charge shall be based on the depreciable amount allocated over the useful life of the asset, using a depreciation method that reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed. Revisions to the above shall be considered annually, including depreciation methods, estimated useful lives, residual values and should expectations significantly differ, the revision is a change in accounting estimate and not a change in accounting policy.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where there is more than one significant part of the same asset, which have the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge.

The following bases are used:

Land and buildings

Land values are not depreciated, buildings with asset values exceeding a threshold of £1M are considered for separation into their component parts. This threshold captures most of the main higher valued operational properties, effectively covering about 87% in terms of total building asset values.

Potential components shall have regard to estimated remaining asset lives and in principal be limited to the host structure, roof, services (mechanical and electrical). This is considered appropriate in meeting the requirements. A deminimus threshold of 20% of the building value is applied. In future years where part of an asset is replaced, the replaced part will need to be derecognised.

Deminimus thresholds for Headquarters of £0.35M and Waterton £0.2M are applied in the recognition of significant component carrying values and the resultant depreciation, which are reported by the Valuer as having an economic remaining life ranging from 3-66 years. Non significant components or minor outbuildings and temporary structures on these sites continue to be based on an assumed 50 year life for the determination of depreciation. These are likely to be associated with the dominant significant buildings maintaining the longevity of the sites.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Vehicles

On a straight line basis over the period estimated to benefit from their use – between 2 and 10 years.

NOTES TO THE FINANCIAL STATEMENTS

Computer Hardware

On a straight line basis over the period estimated to benefit from their use – between 3 and 7 years.

Intangible – Computer Software Licences

Amortised on a straight line basis over the estimated life, between 3 and 7 years. The useful economic lives detailed are a guideline and are subject to the individual asset in question.

Provisions

Provisions set aside amounts to provide for liabilities, which are likely to be incurred but there is uncertainty as to the amounts or the dates on which they will arise. Provisions are charged direct to the Comprehensive Income and Expenditure Statement whilst the expenditure, when incurred, is charged against the provision.

Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for South Wales Police/ the Commissioner – these reserves are explained in the relevant policies.

Amounts have been set aside to meet specific expenditure in future years, as earmarked capital and revenue reserves. Additionally, a general reserve (Police Fund), funded from accumulated surpluses of income over expenditure, is maintained to meet exceptional and unforeseen expenditure. South Wales Police/ the Commissioner has a risk based approach to the retention of reserves with the aim of having a Police Fund balance of 3% of Gross Revenue Expenditure.

Revenue expenditure funded from capital under statute

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

Value added tax

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

NOTES TO THE FINANCIAL STATEMENTS

Note 2 Accounting Standards Issued, Not Adopted

For 2015/16 the following accounting policy changes that need to be reported relate to:

- Amendments to IAS19 Employee Benefits (defined benefit plans: employee contributions);
- Annual Improvements to IFRSs 2010-2012 Cycle;
- Amendment to IFRS 11 Joint Arrangements (accounting for the acquisitions of interest in joint operations);
- Amendment to IAS16 Property, Plant and Equipment and IAS38 Intangible Assets (clarification on acceptable methods of depreciation and amortisation);
- Annual Improvements to IFRS 2012-2014 Cycle;
- Amendment to IAS1 Presentation of Financial Statements (disclosure initiative);
- The changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis; and
- The changes to the format of the Police Pension Account and the Net Asset Statement.

It is anticipated that details of the disclosures required for these changes will be included in the Code of Practice and guidance notes to be issued for 2016/17 and applied accordingly in the 2016/17 Statements.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies, South Wales Police/ the Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts include:

- That there is a high degree of uncertainty about future levels of funding. The Commissioner has determined that this uncertainty is not yet sufficient to provide an indication that the assets might be further impaired as a result of a need to close facilities and reduce levels of service provision; and
- Depreciation is charged on operational buildings but is written out to the Comprehensive Income and Expenditure Statement annually. In the Commissioner's judgement, this provides a more accurate picture of asset values in between the 5 year cycle of valuations. This is supported by valuation advice obtained annually from the valuer to ascertain whether there would be a material change in asset values listed by South Wales Police. This provides a view that the asset valuations would not have been significantly affected by a marginal market based increase in property values.

NOTES TO THE FINANCIAL STATEMENTS

Note 4 Assumptions Made about the Future and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions	
<u>Pensions Liability - Police (Information from Actuary)</u>			
Sensitivity of the defined benefit obligation to changes in the significant actuarial assumptions:			
<u>Change in assumption*</u>		<u>Impact on Defined Benefit Obligation</u>	
		<u>%</u>	<u>£ million</u>
Rate of discounting scheme liabilities	-½% a year	10.9%	288
Rate of increase in salaries	+½% a year	0.9%	23
Rate of increase in pensions / deferred revaluation	+½% a year	8.9%	233
Life expectancy: each pensioner subject to longevity of an individual 1 further year younger than assumed		2.4%	64
* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.			
The weighted average duration of the defined benefit obligation is around 21 years for all schemes combined.			
<u>Pensions Liability - LGPS (Information from Actuary)</u>			
The results shown in the report are sensitive to the assumptions used. The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2016 is set out below.			
In each case, only the assumption mentioned is altered; all other assumptions remain the same. For inflation, for example, we have assumed this will not change the salary inflation figure and will affect pension increases only. We have not included sensitivity of unfunded benefits on materiality grounds.			
<u>Change in assumption*</u>		<u>Impact on Defined Benefit Obligation</u>	
		<u>%</u>	<u>£ million</u>
Adjustment to discount rate	-0.1% p.a	-2.2	8
Adjustment to salary increase rate	+0.1% p.a	0.6	2
Adjustment to pension increase rate	+0.1% p.a	1.7	6
Adjustment to mortality age rating assumption **	+1	-2.5	9
**A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.			

NOTES TO THE FINANCIAL STATEMENTS

Note 5 Events after the Reporting Period

The draft Statement of Accounts was authorised for issue by the Chief Financial Officer on 30 June 2016. There are no adjusting or non-adjusting events.

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

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

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

- **Police Fund Balance**

The Police Fund is the statutory fund into which all the receipts are required to be paid and out of which all liabilities 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 Police Fund Balance, which is not necessarily in accordance with proper accounting practice. The Police Fund Balance therefore summarises the resources that South Wales Police/ the Commissioner is statutorily empowered to spend on its services or on capital investment (or the deficit of resources it 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.

NOTES TO THE FINANCIAL STATEMENTS

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations (Continued)

2015/2016	Police Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(6,158)	-	(6,158)	6,158
Revaluation losses on Property Plant and Equipment	(1,518)	-	(1,518)	1,518
Amortisation of intangible assets	(678)	-	(678)	678
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(168)	-	(168)	168
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	1,981	-	1,981	(1,981)
Capital expenditure charged against the Police Fund	16,590	-	16,590	(16,590)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(76)	(76)	76
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(168,110)	-	(168,110)	168,110
Employer's pensions contributions and direct payments to pensioners payable in the year	77,091	-	77,091	(77,091)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	578	-	578	(578)
Total Adjustments	(80,392)	(76)	(80,468)	80,468

NOTES TO THE FINANCIAL STATEMENTS

2014/2015	Police Fund Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(5,070)	-	(5,070)	5,070
Revaluation losses on Property Plant and Equipment	(2,695)	-	(2,695)	2,695
Amortisation of intangible assets	(738)	-	(738)	738
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,697)	-	(1,697)	1,697
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	2,051	-	2,051	(2,051)
Capital expenditure charged against the Police Fund	17,489	-	17,489	(17,489)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(911)	(911)	911
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(191,240)	-	(191,240)	191,240
Employer's pensions contributions and direct payments to pensioners payable in the year	94,496	-	94,496	(94,496)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(470)	-	(470)	470
Total Adjustments	(87,874)	(911)	(88,785)	88,785

NOTES TO THE FINANCIAL STATEMENTS

Note 7 Transfers to/ from Earmarked Reserves

This note sets out the amounts set aside from the Police Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Police Fund expenditure in 2015/16.

	Balance at 31 March 2014 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2015 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2016 £000
Police Fund:							
<u>Earmarked Revenue Reserves</u>							
Devolved Budget Carry Forwards	(159)	159	(194)	(194)	193	(178)	(179)
<u>Other Specific Reserves:</u>							
Legacy Investigations	(469)	0	(140)	(609)	238	0	(371)
Major Crime Fund	(200)	0	0	(200)	0	0	(200)
Financial Investigators	(720)	0	0	(720)	720	0	0
Change Management	0	0	0	0	0	(872)	(872)
Bank Holiday Reserve	(520)	0	(38)	(558)	558	0	0
Information/ Police National Database	(211)	3	0	(208)	183	0	(25)
Body Armour Replacement	(200)	20	(459)	(639)	139	0	(500)
Road Safety/ANPR	(911)	87	0	(824)	1,557	(1,224)	(491)
Resource Management System Transition	(400)	400	0	0	0	0	0
Office of the Police and Crime Commissioner	(1,053)	0	(76)	(1,129)	673	(1,102)	(1,558)
Disaster Recovery	(775)	775	0	0	0	0	0
Estates Strategy	(1,500)	1,500	0	0	0	0	0
Safety Camera Partnership	(491)	0	0	(491)	491	0	0
Drone	0	0	0	0	160	(160)	0
Fire & Rescue Collaboration	(1,000)	1,000	0	0	3,000	(3,000)	0
Centralised Property Store	(250)	250	0	0	0	0	0
Public Service Centre Transition	(633)	443	(40)	(230)	190	0	(40)
Invest to Save Initiatives	0	0	(184)	(184)	0	0	(184)
Staff Pay Award	0	0	(300)	(300)	300	0	0
Project Reform	(4,287)	0	(115)	(4,402)	4,402	0	0
Other Specific Reserves under £150,000	(1,234)	604	(508)	(1,138)	1,167	(749)	(720)
	(15,013)	5,241	(2,054)	(11,826)	13,971	(7,285)	(5,140)
<u>Earmarked Reserve - Possible Impaired Investments Icelandic</u>							
Repayments (principal) Partial sale/ transfer to third parties Write off carrying amounts	(241)	0	0	(241)	159	0	(82)
Total Earmarked Revenue Reserves	(15,254)	3,187		(12,067)	6,845		(5,222)
<u>Earmarked Capital Reserves</u>							
Resources allocated to part finance capital programme	(9,628)	3,276	(5,810)	(12,162)	9,174	(11,756)	(14,744)
	(9,628)	3,276	(5,810)	(12,162)	9,174	(11,756)	(14,744)
Total Earmarked Reserves	(24,882)	653		(24,229)	4,263		(19,966)
Police Fund	(9,041)	0	0	(9,041)	0	(159)	(9,200)
Total Usable Reserves	(33,923)	8,517	(7,864)	(33,270)	23,304	(19,200)	(29,166)
(Increase)/ Decrease movement in Year		653			4,104		

NOTES TO THE FINANCIAL STATEMENTS

Additional information and planned future spend profile for earmarked revenue reserves.

	Balance at 31 March 2016 £000	Comments	Spend Profile	
			2016/17 £000	2017/18 £000
Police Fund:				
<u>Earmarked Revenue Reserves</u>				
Devolved Budget Carry Forwards	(179)	Approved devolved budget carry forward in line with Budget Management Framework	179	0
Legacy Investigations	(371)	On - going legacy investigation team costs	371	0
Major Crime Fund	(200)	Reserve held to contribute to potential unfunded major investigations	200	0
Change Management	(872)	Reserves needed to fund significant change programme	436	436
Management of Police Information/	(25)	Needed to support compliance with MOPI	25	0
Body Armour Replacement	(500)	Body armour replacement required as existing kit is 'out of warranty'	500	0
Road Safety	(490)	On- going investment in ANPR capabilities	490	0
Office of the Police & Crime Commissioner	(1,558)	Partnership funding initiatives	779	778
Public Service Centre Transition	(40)	additional overtime and training costs - linked to higher turnover from police officer recruitment	40	0
Invest to Save Initiatives	(184)	On - going investment in energy saving initiatives	184	0
Other Specific Reserves under £150,000	(720)	Various minor reserves relating to delayed expenditure plans in 2015/16	720	0
Sub Total	(5,140)		3,924	1,214
Earmarked Reserve- Possible Impaired Investments Icelandic				
Write off carrying amounts	(82)	Reserve held pending potential impairment. No additional investment payments expected in the medium term	0	0
Total Earmarked Revenue Reserves	(5,222)	Total Spend Profile	3,924	1,214

NOTES TO THE FINANCIAL STATEMENTS

Note 8 Financing and investment income and expenditure

Group

	2015/16 £000	2014/15 £000
Interest payable on debt	635	751
Capital Financing Grant	(31)	(67)
Pensions interest costs	101,770	118,140
Pensions top up Grant receivable (Home Office)	(40,731)	(49,046)
Investment Interest income	(188)	(281)
Total	61,455	69,497

Single entity – for the Police and Crime Commissioner

	2015/16 £000	2014/15 £000
Interest payable on debt	635	751
Capital Financing Grant	(31)	(67)
Pensions interest costs	52	51
Pensions top up Grant receivable (Home Office)	(40,731)	(49,046)
Investment Interest income	(188)	(281)
Total	(40,263)	(48,592)

Note 9 Taxation and non-specific grant income

	2015/16 £000	2014/15 £000
Capital government grants and contributions	(1,900)	(2,321)
Council tax income	(94,525)	(89,243)
Non domestic rates (Welsh Government)	(28,076)	(30,551)
Revenue Support Grant (Welsh Government)	(43,142)	(42,806)
Non ringfenced government grants (Home Office)	(89,338)	(95,844)
Total	(256,981)	(260,765)

NOTES TO THE FINANCIAL STATEMENTS

Note 10 Property, Plant and Equipment & Intangible Assets

Movements on Balances in 2015/16	Property, Plant & Equipment					Intangible Assets	Assets held for sale	Total Fixed Assets
	Other Land & Buildings	Vehicles	Information Systems & Equipment	PP&E Under Construction	Total PP&E			
	£000	£000	£000	TOTAL £000	£000			
Cost or Valuation								
At 1 April 2015	89,254	12,267	25,536	10,027	137,084	11,514	0	148,598
Additions - capital	733	2,374	3,388	18,930	25,425	2,554	0	27,979
Additions - revenue	0	0	0	0	0	0	0	0
Revaluation Increases/ (decreases) to RR	1,468	0	0	0	1,468	0	37	1,505
Revaluation Increases/ (decreases) or Impairment to SDPS Including non enhancing spend	(733)	(360)	(841)	(891)	(2,825)	(1,045)	0	(3,871)
Revaluation Increases/ (decreases) to SDPS VALUER revaluations	0	0	0	0	0	0	0	0
Derecognition- Disposals	0	(1,282)	(1,334)	0	(2,616)	(6,046)	0	(8,662)
Reclassified to/from Held for Sale	(150)	0	0	0	(150)	0	150	0
Reclassifications	20,145	0	0	(20,145)	0	0	0	0
Impairment reversals to SDPS	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	(715)	67	0	(648)	0	0	(648)
At 31 March 2016	110,717	12,284	26,816	7,920	157,737	6,977	187	164,902
Depreciation and Impairment								
At 1 April 2015	0	(7,072)	(19,195)	0	(26,267)	(9,934)	0	(36,201)
Depreciation Charge	(2,300)	(1,140)	(2,718)	0	(6,158)	(678)	0	(6,836)
Depreciation written out to SDPS	2,300	0	0	0	2,300	0	0	2,300
Derecognition- Disposals	0	1,040	1,332	0	2,372	6,046	0	8,418
Other movements in depreciation and impairment	0	701	0	0	701	0	0	701
At 31 March 2016	0	(6,471)	(20,581)	0	(27,052)	(4,566)	0	(31,618)
Net Book Value								
At 31 March 2016	110,717	5,813	6,235	7,920	130,685	2,411	187	133,283
At 31 March 2015	89,254	5,195	6,341	10,027	110,817	1,580	0	112,397

Assets under construction refer to the ongoing construction associated with property schemes. A property scheme to relocate facilities funded by the Home Office was completed in year, which became operational in March 2016. The balance carried forward at March 2016, includes expenditure for an extension to Force Headquarters to accommodate a tri-service contact centre for police, fire and health services, to create a more resilient and effective service for the public, and other minor ongoing property schemes.

NOTES TO THE FINANCIAL STATEMENTS

Movements on Balances in 2014/15	Property, Plant & Equipment					Intangible Assets	Assets held for sale	Total Fixed Assets
	Other Land & Buildings	Vehicles	Information Systems & Equipment	PP&E Under Construction	Total PP&E			
	£000	£000	£000	TOTAL £000	£000			
Cost or Valuation								
At 1 April 2014	67,387	12,080	25,386	21,965	126,818	10,681	395	137,894
Additions - capital	1,591	2,525	4,111	12,683	20,910	1,497	0	22,407
Additions - revenue	0	0	176	250	426	42	0	468
Revaluation Increases/(decreases) to RR	(210)	0	0	0	(210)	0	0	(210)
Revaluation Increases/ (decreases) or Impairment to SDPS Including non enhancing spend	(1,591)	(595)	(635)	(1,381)	(4,202)	(706)	0	(4,908)
Revaluation Increases/ (decreases) to SDPS VALUER revaluations	492	0	0	0	492	0	(9)	483
Derecognition- Disposals	(1,981)	(1,743)	(3,502)	0	(7,226)	0	(310)	(7,536)
Reclassified to/ from Held for Sale	76	0	0	0	76	0	(76)	0
Reclassifications	23,490	0	0	(23,490)	0	0	0	0
Impairment reversals to SDPS	0	0	0	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0
At 31 March 2015	89,254	12,267	25,536	10,027	137,084	11,514	0	148,598
			0					
Depreciation and Impairment								
At 1 April 2014	0	(7,303)	(20,552)	0	(27,855)	(9,196)	0	(37,051)
Depreciation Charge	(1,730)	(1,195)	(2,145)	0	(5,070)	(738)	0	(5,808)
Depreciation written out to SDPS	1,730	0	0	0	1,730	0	0	1,730
Derecognition- Disposals	0	1,426	3,502	0	4,928	0	0	4,928
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0
At 31 March 2015	0	(7,072)	(19,195)	0	(26,267)	(9,934)	0	(36,201)
Net Book Value								
At 31 March 2015	89,254	5,195	6,341	10,027	110,817	1,580	0	112,397
At 31 March 2014	67,387	4,777	4,834	21,965	98,963	1,485	395	100,843

NOTES TO THE FINANCIAL STATEMENTS

Number of Fixed Assets

	2015/16	2014/15
	£000	£000
Police Headquarters, Bridgend	1	1
Divisional Headquarters	4	4
Other Police Stations and Offices	64	63
Radio Masts	4	4
Houses for Police Officers	3	4
	76	76
Vehicles	838	779

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation. Further details are also included in the accounting policies:

- Other Land and Buildings – 10 to 70 years; and
- Vehicles, Plant, Furniture & Equipment – 2 to 10 years.

Capital Commitments

Future expenditure commitments under outstanding purchase orders for capital schemes are as follows:

Commitments	2015/16	2014/15
	£000	£000
Property Schemes	100	9,144
Vehicles	655	206
Computer Systems	370	1,536
Communication Systems	148	82
Other	15	444
Total	1,288	11,412

These would not include other planned or new capital schemes, arising as budgeted by the capital programme.

Investment Properties

South Wales Police/ the Commissioner does not hold properties whose sole purpose is to earn rentals, for capital appreciation or both.

Intangible Assets

South Wales Police/ the Commissioner accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

NOTES TO THE FINANCIAL STATEMENTS

Note 11 Financial Instruments

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Investments				
Deposits, loans and receivables	0	0	8,082	8,247
Debtors				
Financial assets carried at contract amounts	0	0	28,277	40,381
Borrowings				
Financial liabilities at amortised cost	(17,074)	(17,362)	(1,959)	(1,981)
Creditors				
Financial liabilities carried at contract amount	0	0	(16,067)	(22,775)

Income, Expense, Gains and Losses

	2015/16		2014/15	
	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	635	0	751	0
Total expense in Surplus or Deficit on the Provision of Services	635	0	751	0
Interest income	0	(188)	0	(281)
Total income in Surplus or Deficit on the Provision of Services	0	(188)	0	(281)

NOTES TO THE FINANCIAL STATEMENTS

Fair Values of Assets and Liabilities

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

- estimated ranges of interest rates at 31 March 2016 of 1.73% to 11.75% for loans from the PWLB and 0.43% to 0.47% for other deposits, loans receivable and payable, based on new lending rates for equivalent deposits, loans at that date;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- 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 March 2016		31 March 2015	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Short term borrowing	(1,959)	(1,959)	(1,981)	(1,981)
Long term borrowing	(17,074)	(18,741)	(17,362)	(20,346)
Total	(19,033)	(20,700)	(19,343)	(22,327)

The fair value of the liabilities is higher than the carrying amount because South Wales Police / the Commissioner's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders higher than current market rates.

Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values:

- Level 1 - where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities (quoted equities, quoted fixed securities, quoted index linked securities and unit trusts). Listed investments are shown at bid prices. The bid value of the investment is based on the market quotation of the relevant stock exchange.
- Level 2 - where market prices are not available, (e.g. where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data).
- Level 3 – where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds, neither of which the Fund currently invests in.

NOTES TO THE FINANCIAL STATEMENTS

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into the level at which fair value is observable:

	31 March 2016		
	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs
	Level 1 £000	Level 2 £000	Level 3 £000
Financial Assets			
Designated at Fair Value through CIES	0	22,228	0
Financial Liabilities			
Designated at Fair Value through CIES	0	(20,700)	0
Total Net Assets	0	1,528	0

Impairment of Financial Assets with Icelandic Banks

Following the successful outcome of the investment recovery process reported in 2013/14 the last remaining impairment currently recognised is in relation to Heritable Bank of £82,000. The last repayment dividend of £159,000 (3.98p in the £) was received in September 2015, leaving a reduced balance of £81,600 principal (2.04p). This will allow the release of £159,200 from our current earmarked reserve of £241,000. Recent updates suggest that further dividends and/ or a final settlement are possible. Further information is awaited in terms of this potential and the timescales involved.

Note 12 Debtors

Amounts owed by third parties at the balance sheet date are as follows:

	31 March 2016 £000	31 March 2015 £000
Central government bodies	18,432	31,562
Other local authorities and police authorities	7,025	6,688
NHS bodies	95	28
Other entities and individuals:		
Other sundry debtors	517	475
Prepayments	2,122	1,487
Payroll temporary advance payments	86	141
Total	28,277	40,381
<i>Each line item is presented net of impairment</i>		

NOTES TO THE FINANCIAL STATEMENTS

Note 13 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2016 £000	31 March 2015 £000
Cash held by the Police and Crime Commissioner	120	73
Bank current accounts	(2,433)	771
Short-term deposits with callable bank accounts	14,190	18,400
Total Cash and Cash Equivalents	11,877	19,244

The bank balance is showing overdrawn as at 31 March 2016 due to payments posted that day but not charged to the bank account until 3 days after and then funded by a transfer from a callable bank account.

Note 14 Assets Held for Sale

	Current 2015/16 £000	2014/15 £000
Balance outstanding at start of year	0	395
Assets newly classified/ (declassified) as held for sale:		
Property, plant and equipment	150	(85)
Revaluation gains	37	0
Assets sold	0	(310)
Balance outstanding at year-end	187	0

Note 15 Creditors

Amounts owed to third parties at the balance sheet date are as follows:

	31 March 2016 £000	31 March 2015 £000
Central government bodies	5,297	5,131
Other local authorities	2,306	3,268
Other entities and individuals (incl other funds)	8,464	14,376
Total	16,067	22,775

NOTES TO THE FINANCIAL STATEMENTS

Note 16 Provisions

Provisions represent sums set aside in respect of liabilities known or certain to occur, but for which the timing and value are uncertain. The following provisions are included in the Balance Sheet as at 31 March 2016, with movements passing through the Comprehensive Income and Expenditure Statement:

	Outstanding Legal Claims	Insurance Claims re: MMI	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2015	(3,013)	(1,323)	(9,725)	(14,061)
Additional provisions made	(493)	0	(714)	(1,207)
Amounts used	539	150	9,354	10,043
Balance at 31 March 2016	(2,967)	(1,173)	(1,085)	(5,225)

Outstanding Legal and Insurance Claims

These group the provisions for Public Liability claims, Employers Liability costs, Employment Tribunal Claims and Other Miscellaneous Liability claims.

South Wales Police/ the Commissioner maintains a provision to meet the costs of likely policy excesses and self insured risks for existing cases/ claims. South Wales Police/ the Commissioner provides an allocation from its revenue budget and prior year provisions to assist in meeting these costs. Current assessment requires an additional £0.493M.

The previously recognised estimated liability of former Municipal Mutual Insurance (MMI) managed claims of £1.2M is retained being net of a 25% paid levy to date.

Other Provisions

These group provisions which are individually insignificant, which include:

- interest on fund seizures. South Wales Police holds third party funds, seized from individuals arrested, which are being held subject to further investigations of a criminal matter. Depending on the outcome the funds are potentially repayable with interest;
- backdated claims relating to the continued deduction of Employment Support Allowance from police injury benefits. Whilst a review of the overall impact is on-going a provision of £0.6M is the current estimate; and
- time off in lieu (TOIL) for Police Officers who leave the Force but have accrued an amount 'owed' to them to be normally taken as time off duty. The amount owed crystalizes when they leave generating a cash payment to them.

NOTES TO THE FINANCIAL STATEMENTS

The following schedule outlines the main risks insured externally and those self insured:

Insured risks	'Self insured' risks
Employers' Liability above £660,000 in total and above £100,000 for individual claims	Employers' Liability below £660,000 in total and below £100,000 for individual claims
Public Liability above £575,000 in total and above £100,000 for individual claims	Public Liability below £575,000 in total and below £100,000 for individual claims
Employees' Personal Accident	
Buildings - All Risks above £10,000	Buildings - All Risks below £10,000
Vehicles - Third party only	Vehicles - Accident damage unless recovered from third party
All Risks - equipment, computers and money	Theft of equipment
Fidelity Guarantee above £100,000	Fidelity claims below £100,000

Note 17 Unusable Reserves

	31 March 2016 £000	31 March 2015 £000
Revaluation Reserve	(10,369)	(9,010)
Capital Adjustment Account	(103,910)	(84,542)
Pensions Deficit Reserve - Local Government	105,310	123,990
Pensions Deficit Reserve - Police	2,703,080	2,973,600
Accumulated Absences Account	1,278	1,856
Total Unusable Reserves	2,695,389	3,005,894

Revaluation Reserve

The Revaluation Reserve contains the gains made by South Wales Police/ the Commissioner arising from increases in the value of its property, plant and equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

NOTES TO THE FINANCIAL STATEMENTS

	2015/16	2014/15
	£000	£000
Balance at 1 April	(9,010)	(9,380)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,505)	210
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(10,515)	(9,170)
Amount written off to the Capital Adjustment Account	146	160
Balance at 31 March	(10,369)	(9,010)

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 also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

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 current value figures to a historical cost basis).

The account is credited with the amounts set aside by South Wales Police/ the Commissioner 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

	2015/16	2014/15
	£000	£000
Balance at 1 April	(84,542)	(71,765)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of noncurrent assets	6,158	5,070
Revaluation losses on Property, Plant and Equipment	1,518	2,695
Amortisation of intangible assets	678	738
Amounts of non-current assets written off on disposal or sale as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	244	2,608
	8,598	11,111
Adjusting amounts written out of the Revaluation Reserve	(146)	(160)
Net written out amount of the cost of non-current assets consumed in the year	8,452	10,951
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(76)	(911)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,900)	(2,321)
Statutory provision for the financing of capital investment charged against the Police Fund	(1,981)	(2,051)
Transfer to/ (from) Earmarked Reserves	(9,173)	(3,277)
Capital expenditure charged against the Police Fund	(14,690)	(15,168)
	(27,820)	(23,728)
Balance at 31 March	(103,910)	(84,542)

NOTES TO THE FINANCIAL STATEMENTS

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. South Wales Police/ the Commissioner 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 South Wales Police/ the Commissioner 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 South Wales Police/ the Commissioner 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	3,097,590	2,697,120
Actuarial (gains) or losses on pensions assets and liabilities	(380,219)	303,726
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	168,110	191,240
Employer's pensions contributions and direct payments to pensioners payable in the year	(77,091)	(94,496)
Balance at 31 March	2,808,390	3,097,590

Accumulated Absences Account

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

	2015/16 £000	2014/15 £000
Balance at 1 April	1,856	1,386
Settlement or cancellation of accrual made at the end of the preceding year	(1,856)	(1,386)
Amounts accrued at the end of the current year	1,278	1,856
Balance at 31 March	1,278	1,856

NOTES TO THE FINANCIAL STATEMENTS

Note 18 - 20 Notes to the Cash Flow Statement

Note 18 Cash Flow Statement – Operating Activities

	2015/16 £000	2014/15 £000
The cash flows for operating activities include the following items:		
Net (surplus) or deficit on the provision of services	75,239	85,250
Adjustments to net surplus or deficit on the provision of services for non-cash movements		
Depreciation & Impairment of Fixed Assets	(7,676)	(7,765)
Amortisation of intangible Fixed Assets	(678)	(738)
Pension Fund adjustments	(91,019)	(96,744)
Contributions to Provisions	8,836	(9,360)
Gain or (loss) on the disposal of fixed assets	(168)	(1,697)
Collaboration restatementj	84	0
Increase/ (Decrease) in Stock	98	80
Increase/ (Decrease) in Debtors	(12,104)	16,368
(Increase)/ Decrease in Creditors	6,707	(3,726)
	(95,920)	(103,582)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
Capital grants	1,900	2,321
Returns on Investments and Servicing of Finance	(447)	(470)
Net cash flows from Operating Activities	(19,228)	(16,481)

Note 19 Cash Flow Statement – Investing Activities

	2015/16 £000	2014/15 £000
Purchase of property, plant and equipment, investment property and intangible assets	27,979	22,875
Purchase of short-term and long-term investments	8,082	8,247
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(76)	(911)
Capital grants	(1,900)	(2,321)
Proceeds from short-term and long-term investments	(8,247)	(21,285)
Net cash flows from investing activities	25,838	6,605

Note 20 Cash Flow Statement – Financing Activities

	2015/16 £000	2014/15 £000
Cash receipts of short-term and long-term borrowing	(1,671)	(1,671)
Repayments of short-term and long-term borrowing	1,981	2,051
Net cash flows from financing activities	310	380

NOTES TO THE FINANCIAL STATEMENTS

Note 21 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. South Wales Police/ the Commissioner has responsibility for a single service. Resource allocation decisions are taken by the Command Team and the Commissioner on the basis of the same budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement);
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to portfolios.

Subjective Analysis - Income and Expenditure

	2015/16	2014/15
	£000	£000
Fees, charges & other service income	(9,249)	(16,410)
Government grants	(29,718)	(28,684)
Total Income	(38,967)	(45,094)
Employee expenses	191,172	191,601
Other operating expenses	116,386	126,670
Total operating expenses	307,558	318,271
Net Cost of Services	268,591	273,177

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

	2015/16	2014/15
	£000	£000
Cost of Services in Service Analysis	268,591	273,177
Net Cost of Services in Comprehensive Income and Expenditure Statement	268,591	273,177

NOTES TO THE FINANCIAL STATEMENTS

Note 21 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis 2015/16	Service Analysis £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, charges & other service income	(9,249)	(9,249)	0	(9,249)
Interest and investment income	0	0	(188)	(188)
Income from council tax	0	0	(94,525)	(94,525)
Government grants and contributions	(29,718)	(29,718)	(203,218)	(232,936)
Total Income	(38,967)	(38,967)	(297,931)	(336,898)
Employee expenses	191,172	191,172	0	191,172
Other service expenses	108,032	108,032	0	108,032
Depreciation, amortisation and impairment	8,354	8,354	0	8,354
Interest Payments - on debt	0	0	635	635
Interest Payments - pension retirement Benefits	0	0	101,770	101,770
Precepts & Levies	0	0	2,006	2,006
Gain or Loss on Disposal of Fixed Assets	0	0	168	168
Total operating expenses	307,558	307,558	104,579	412,137
Surplus or deficit on the provision of services	268,591	268,591	(193,352)	75,239

Reconciliation to Subjective Analysis 2014/15	Service Analysis £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total 0 £000s
Fees, charges & other service income	(16,410)	(16,410)	-	(16,410)
Interest and investment income	0	0	(281)	(281)
Income from council tax	0	0	(89,243)	(89,243)
Government grants and contributions	(28,684)	(28,684)	(220,635)	(249,319)
Total Income	(45,094)	(45,094)	(310,159)	(355,253)
Employee expenses	191,601	191,601	0	191,601
Other service expenses	118,167	118,167	0	118,167
Depreciation, amortisation and impairment	8,503	8,503	0	8,503
Interest Payments - on debt	0	0	751	751
Interest Payments - pension retirement Benefits	0	0	118,140	118,140
Precepts & Levies	0	0	1,644	1,644
Gain or Loss on Disposal of Fixed Assets	0	0	1,697	1,697
Total operating expenses	318,271	318,271	122,232	440,503
Surplus or deficit on the provision of services	273,177	273,177	(187,927)	85,250

NOTES TO THE FINANCIAL STATEMENTS

Note 22 Members' Allowances

The following total allowances were paid to members of the Joint Audit Committee:

	2015/16 £000	2014/15 £000
Allowances and expenses	7	7

Note 23 Officers' / Employees' Remuneration

Remuneration Ratio

This is a new disclosure requirement of the Accounts and Audit (Wales) Regulations 2014, and consistent with that recommended by the Hutton Review, to ensure transparency and accountability in public sector entities.

Single entity – for the Office of the Police and Crime Commissioner

The ratio between the Chief of Staff's (Chief Executive) remuneration to the median remuneration within the Office of the Police and Crime Commissioner was:

	2015/16 £	2014/15 £
Band of highest paid director (Chief of Staff)	70,000 - 74,999	70,000 - 74,999
Total Remuneration (excl pension contribution)		
Median Total Remuneration	25,844	29,635
Ratio	2.8	2.4

Single entity – Chief Constable

The ratio between the Chief Constable's remuneration to the median remuneration within the Force was:

	2015/16 £	2014/15 £
Band of highest paid director (Chief Constable)	160,000 - 164,999	160,000 - 164,999
Total Remuneration (excl pension contribution)		
Median Total Remuneration	31,921	32,501
Ratio	5.2	5.1

Remuneration Bandings

During the year the number of police officers and employees who received remuneration in excess of £60,000 are provided below. This is a specific requirement of the Accounts and Audit (Wales) Regulations 2014. Definition includes annual salaries and expense allowances as remuneration being chargeable to United Kingdom income tax, but excluding pension contributions. The table includes those relevant police officers and senior employees reported in more detail below.

NOTES TO THE FINANCIAL STATEMENTS

Group

Number of Police Officers and Police Staff (Employees):		
Remuneration band	2015/16	2014/15
£60,000 - £64,999	15	35
£65,000 - £69,999	12	17
£70,000 - £74,999	6	6
£75,000 - £79,999	4	5
£80,000 - £84,999	2	8
£85,000 - £89,999	7	4
£90,000 - £94,999	0	1
£95,000 - £99,999	0	1
£100,000 - £104,999	0	0
£105,000 - £109,999	1	3
£110,000 - £114,999	2	0
£115,000 - £119,999	0	0
£120,000 - £124,999	2	0
£125,000 - £129,999	1	1
£130,000 - £134,999	0	0
£135,000 - £139,999	0	0
£140,000 - £144,999	0	0
£145,000 - £149,999	0	0
£150,000 - £154,999	0	0
£155,000 - £159,999	0	0
£160,000 - £164,999	1	1
£165,000 - £169,999	0	0
	53	82

Single entity – for the Office of the Police and Crime Commissioner

Number of Staff (Employees):		
Remuneration band	2015/16	2014/15
£60,000 - £64,999	0	0
£65,000 - £69,999	1	1
£70,000 - £74,999	1	1
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
	2	2

Further details in the below remuneration note

The above tables are presented in compliance with regulation, which require the exclusion of the Police and Crime Commissioner as the position is directly elected.

NOTES TO THE FINANCIAL STATEMENTS

Exit Packages

The numbers of exit packages, with total cost per band and total cost of compulsory and other redundancies, are set out in the table below. These figures exclude voluntary early retirements as set out in the Comprehensive Income and expenditure Statement.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed (Voluntary redundancies)		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16 £000	2014/15 £000
£0 – £20,000	3	0	14	0	17	0	227	0
£20,001 – £40,000	0	1	7	0	7	1	194	37
£40,001 – £60,000	1	0	1	0	2	0	105	0
Total	4	1	22	0	26	1	526	37

Remuneration Report for senior relevant police officers and senior employees

The following table sets out the remuneration disclosures for relevant police officers (above the rank of Superintendent) and senior employees (designated office holders to a local government body) whose salary is equal to or more than £60,000 per year. The regulations require persons whose salary exceeds £150,000 per year must also be identified by name. In addition to the remuneration included above the following disclosures include employers' pension contributions. Where columns are nil they need not be included. Equivalent disclosure is provided for the comparative year.

Single entity – for the Office of the Police and Crime Commissioner 2015/16

Post holder information (Post title)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Pension contributions (Employers)	Total Remuneration including pension contributions 2015/16
		£	£	£	£	£	£	£
Police and Crime Commissioner		85,000	0	0	0	0	10,115	95,115
Deputy Police and Crime Commissioner	1	56,674	0	0	0	147	6,744	63,565
Deputy Police and Crime Commissioner	2	6,801	0	0	0	16	0	6,817
Assistant Police and Crime Commissioner	3	34,002	0	0	0	83	0	34,085
Chief of Staff		72,598	0	0	0	291	8,639	81,528
Chief Financial Officer	4	67,356	0	0	0	25	8,009	75,390

Note 1 Terminated 31 January 2016. Annualised salary £68,008.

Note 2 Temporary DPPC from 1 February to 31 March 2016. Annualised salary £68,008.

Note 3 APCC from 1 April 2015 to 31 January 2016. Annualised salary £68,008.

Note 4 Annualised salary £84,131. Salary based on part-time working agreement.

NOTES TO THE FINANCIAL STATEMENTS

Single entity – for the Office of the Police and Crime Commissioner 2014/15

Post holder information (Post title)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Pension contributions (Employers)	Total Remuneration including pension contributions 2014/15
		£	£	£	£	£	£	£
Police and Crime Commissioner		85,000	0	0	0	0	10,115	95,115
Deputy Police and Crime Commissioner	1	51,597	0	0	0	55	7,654	59,306
Assistant Police and Crime Commissioner	2	40,430	0	0	0	167	0	40,597
Chief of Staff		71,166	0	0	0	271	8,469	79,906
Chief Financial Officer	3	65,977	0	0	0	0	7,851	73,828

Note 1 Maternity leave 7 May to 28 September 2014.

Note 2 Commenced 28 March 2014 with an annualised salary £68,008. Salary based on part-time working agreement. Not in pension scheme.

Note 3 Annualised salary £84,131. Salary based on part-time working agreement.

Single entity – for the Chief Constable 2015/16

Post holder information (Post title and name)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Other Payments (Police Officers only)	Pension contributions (Employers)	Total Remuneration including pension contributions 2015/16
		£	£	£	£	£	£	£	£
Chief Constable P.Vaughan	1	157,648	0	0	0	2,461	4,334	0	164,443

Post holder information (Post title)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Other Payments (Police Officers only)	Pension contributions (Employers)	Total Remuneration including pension contributions 2015/16
		£	£	£	£	£	£	£	£
Deputy Chief Constable		125,444	0	0	0	3,653	0	30,357	159,454
ACC Territorial Policing	2	81,612	0	0	0	7,971	0	19,174	108,757
ACC Specialist Crime		95,789	0	0	0	5,512	0	25,377	126,678
Director of Finance		102,578	0	0	0	7,878	0	12,207	122,663
ACC Specialist Ops		107,834	0	0	0	5,364	1,764	25,427	140,389
Director Of Human Resources	3	102,384	0	0	0	5,237	0	12,207	119,828
ACC Seconded to Gwent Police	4	9,920	0	0	0	0	0	2,302	12,222

Note 1 Not in pension scheme.

Note 2 Terminated 3 January 2016. Annualised salary is £105,945.

Note 3 Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged.

Note 4 ACC Seconded to Gwent Force from 1 April to 6 May 2015. Annualised salary is £96,597.

NOTES TO THE FINANCIAL STATEMENTS

Single entity – for the Chief Constable 2014/15

Post holder information (Post title and name)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Other Payments (Police Officers only)	Pension contributions (Employers)	Total Remuneration including pension contributions 2014/15
		£	£	£	£	£	£	£	£
Chief Constable P.Vaughan		156,725	0	0	0	3,824	4,112	21,190	185,851

Post holder information (Post title)	Notes	Salary (Including fees & Allowances)	Bonuses	Expense Allowances	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Other Payments (Police Officers only)	Pension contributions (Employers)	Total Remuneration including pension contributions 2014/15
		£	£	£	£	£	£	£	£
Deputy Chief Constable		124,201	0	0	0	3,321	0	30,057	157,579
ACC Territorial Policing	1	100,712	0	0	0	3,014	0	24,161	127,887
ACC Specialist Crime	2	100,438	0	0	0	5,475	0	24,027	129,940
Director of Legal Services	3	67,962	0	0	0	3,996	0	8,048	80,006
Director of Finance		102,155	0	0	0	7,221	0	12,156	121,532
ACC Specialist Ops		104,249	0	0	0	4,883	1,910	24,535	135,577
Director Of Human Resources	4	102,155	0	0	0	4,761	0	12,156	119,072
ACC Seconded to Gwent Police	5	78,509	0	0	0	0	0	18,208	96,717

Note 1 Temp/ACC from 1 April 2014 to 15 June 2014. New ACC commenced 16 June 2014.

Note 2 Temp/ACC from 1 April 2014 to 15 June 2014. New ACC commenced 16 June 2014.

Note 3 DLS retired 30 November 2014. Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged.

Note 4 Provides services for both South Wales Police and Gwent Police and a share of their costs are recharged.

Note 5 ACC Seconded to Gwent Police from 16 June 2014.

Note 24 External Audit Costs

South Wales Police/ the Commissioner has incurred the following costs, covering both the Commissioner and the Chief Constable, in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by external auditors. The total fee included in the table is split equally between the Commissioner and Chief Constable.

	2015/16 £000	2014/15 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	99	104
Total	99	104

NOTES TO THE FINANCIAL STATEMENTS

Note 25 Grant and Other Income

South Wales Police/ the Commissioner credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16:

		2015/16	2014/15
		£000	£000
Credited to Services	Funding Body		
Home Office funded facilities	Home Office	(7,621)	(8,116)
Community Support Officers	Welsh Govt	(6,494)	(6,458)
Counter Terrorism Intelligence Unit	Home Office	(5,660)	(6,259)
Headquarters Capital Development	Home Office	(2,859)	0
Regional Organised Crime Unit/ Regional Intelligence Unit	Home Office	(2,013)	(1,487)
Speed Reduction Camera Partnership	Home Office/ Welsh Govt/ Other Local Govt Bodies	(1,640)	(2,362)
Police Innovation Fund	Home Office	(1,788)	(1,896)
Victim Support	Ministry of Justice	(1,443)	(890)
Dedicated Security Posts	Home Office	(979)	(836)
All Wales Schools Programme	Local Govt Bodies	(913)	(976)
Regional Task Force/ Tarian	Welsh Govt	(500)	(500)
Criminal Records Bureau	Home Office	(478)	(452)
Counter Terrorism Security Advisors	Home Office	(451)	0
Police Incentivisation Fund	Home Office	(294)	(310)
Cyber Crime	Home Office	(295)	(220)
National Planning Exercise	Home Office	(175)	0
Asset Confiscation Enforcement Team	Home Office	(126)	0
Mobile Data Capital Development	Home Office	0	(34)
Domestic Abuse	Home Office	0	(483)
Regional Asset Recovery	Home Office	0	(1,158)
Other Miscellaneous Grants (less than £150,000)	Various	(542)	(439)
Less grants shared with other collaborative partners		4,553	4,192
Total Credited to Services		(29,718)	(28,684)
Corporate Grants			
Capital Financing Grant - Pre 1990 loan debt	Home Office	(31)	(67)
Pensions Top up Grant	Home Office	(40,731)	(49,046)
		(40,762)	(49,113)
Total		(70,480)	(77,797)

NOTES TO THE FINANCIAL STATEMENTS

Note 25 Grant and Other Income (continued)

	2015/16 £000	2014/15 £000
Other Income		
Police Costs recovered	(2,302)	(1,078)
Recovery of Costs from other Police Forces	(2,375)	(6,032)
Partnership Contributions	(1,192)	(454)
Other (headings less than £150,000)	(1,020)	(617)
Seconded Officers	(824)	(1,093)
Special Services to Welsh Government	(642)	(569)
Training Course fees	(415)	(790)
Special Duty Charges	(396)	(446)
Rents	(299)	(338)
Sale of Vehicles	(237)	(299)
Vehicle Recovery Scheme	(184)	(354)
Sale of Accident Reports	(118)	(155)
Mutual Aid to other Police Forces	(103)	(4,260)
Less income shared with other collaborative partners	858	75
	(9,249)	(16,410)

Financing from Council Taxpayers

In accordance with the Local Government Finance Act 1992, as amended by the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner for South Wales on 24 February 2014 issued the following precepts on the Council Tax Collection Funds of the following Local Authorities.

	Taxbase (no of Band D properties)	2015/16 £000	2014/15 £000
Precepts:			
Cardiff County Council	139,500.00	27,880	26,411
City and County of Swansea	89,066.00	17,800	16,820
Bridgend County Borough Council	51,071.48	10,207	9,625
Merthyr Tydfil CBC	17,725.11	3,543	3,356
Neath Port Talbot CBC	46,324.67	9,258	8,739
Rhondda Cynon Taff CBC	73,297.81	14,649	13,811
The Vale of Glamorgan Council	55,980.00	11,188	10,482
	472,965.07	94,525	89,243
Resultant Council tax payable by tax payers in each Authority area:			
Band A		£133.24	£126.89
Band B		£155.44	£148.04
Band C		£177.65	£169.19
Band D		£199.86	£190.34
Band E		£244.27	£232.64
Band F		£288.68	£274.94
Band G		£333.10	£317.23
Band H		£399.71	£380.68
Band I		£466.33	£444.13

NOTES TO THE FINANCIAL STATEMENTS

Note 26 Related Parties

South Wales Police/ the Commissioner is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence, or to be controlled by South Wales Police/ the Commissioner. Disclosure of these transactions allows readers to assess the extent to which South Wales Police/ the Commissioner 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 South Wales Police/ the Commissioner.

Central Government has significant influence over the general operations of South Wales Police / the Commissioner as it is responsible for providing the statutory framework within which South Wales Police/ the Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that South Wales Police/ the Commissioner has with other parties. Grants received from government departments are set out in Note 25, most of which have strict terms and conditions.

- The total of members' allowances paid is shown in Note 22. There are no material member interests to disclose;
- The Commissioner has a statutory responsibility to declare any interests and these are published on the website, under money matters and interests. <http://www.southwalescommissioner.org.uk/en/Your-Commissioner/Information-about-the-Commissioner.aspx>; and
- There are also no material interests or relationships of the Chief Officers or their direct families, which could influence or control the decision making, policies or financial transactions of South Wales Police/ the Commissioner. A robust process is also in place to approve and register the business interests of both police staff and officers.

Note 27 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/PP 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 South Wales Police/ the Commissioner, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by South Wales Police/ the Commissioner that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16	2014/15
	£000	£000
Opening Capital Financing Requirement	35,247	33,576
Capital investment		
Property, Plant and Equipment	25,425	21,336
Intangible Assets	2,554	1,539
Sources of finance		
Capital receipts	(76)	(911)
Government grants and other contributions	(1,900)	(2,321)
Direct revenue contributions	(24,332)	(17,972)
Closing Capital Financing Requirement	36,918	35,247
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	1,671	1,671
Increase/ (decrease) in Capital Financing Requirement	1,671	1,671

NOTES TO THE FINANCIAL STATEMENTS

Note 28 Leases

Operating Leases

Assets acquired under leases are legally leased by the Police and Crime Commissioner but used by the Chief Constable. These include property and equipment leases. The future minimum lease payments due under non-cancellable leases in future years are:

	2015/16	2014/15
	£000	£000
Not later than one year	1,139	1,653
Later than one year and not later than five years	1,273	911
Later than five years	364	319
	2,776	2,883

The expenditure charged to Police Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2015/16	2014/15
	£000	£000
Minimum lease payments (annual cost)	1,619	1,325
	1,619	1,325

Note 29 Defined Benefit Pension Schemes

29.1 The Local Government Pension Scheme (LGPS - for Police Staff)

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, South Wales Police/ the Commissioner makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, South Wales Police/ the Commissioner has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

South Wales Police/ the Commissioner participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Rhondda Cynon Taff (RCT) County Borough Council. This is a funded defined benefit final salary scheme, meaning that South Wales Police/ the Commissioner and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The method used to determine the rate of employers contribution are based on review by the scheme actuaries. There is no agreement with other public bodies to share other employer deficits.
- Arrangements for the award of discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

NOTES TO THE FINANCIAL STATEMENTS

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. Following the full actuarial valuation of that Scheme, as at March 2013, further interim work has been undertaken by the Fund's Actuaries to derive suitable approximate cost estimates to participating bodies.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

Local Government Pension Scheme and Unfunded Discretionary Benefits	Discretionary Benefits			Discretionary Benefits		
	Pension Scheme Arrangements	Benefits	Total	Pension Scheme Arrangements	Benefits	Total
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
• Current service cost	12,620	0	12,620	10,600	0	10,600
• Past service costs	1,680	0	1,680	110	0	110
Financing and Investment Income and Expenditure						
• Interest on net defined benefit liability/ (asset)	3,870	50	3,920	4,300	60	4,360
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	18,170	50	18,220	15,010	60	15,070
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement						
• Return on plan assets (in excess of) / below that recognised in net interest	(600)	0	(600)	(20,080)	0	(20,080)
• Actuarial (gains)/ losses:						
Due to changes in financial assumptions	(23,580)	(60)	(23,640)	43,970	110	44,080
Due to changes in demographic assumptions	0	0	0	0	0	0
Due to liability experience	(2,610)	(30)	(2,640)	(1,410)	(10)	(1,420)
Total Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement	(26,790)	(90)	(26,880)	22,480	100	22,580
Total Amount Recognised	(8,620)	(40)	(8,660)	37,490	160	37,650
Movement in Reserves Statement						
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(18,170)	(50)	(18,220)	(15,010)	(60)	(15,070)
Actual amount charged against the Police Fund Balance for pensions in the year:						
• Employers' contributions payable to scheme (note 1)	8,222	0	8,222	17,314	0	17,314
• Retirement benefits payable to pensioners	0	0	0	0	0	0

Note 1 The 2014/15 employers' contribution includes £9M accelerated payment to the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

Assets and Liabilities in Relation to Post-employment Benefits						
Reconciliation of present value of the scheme liabilities (defined benefit obligation):						
	Funded Pension Scheme	Unfunded Discretionary Benefits	Total	Funded Pension Scheme	Unfunded Discretionary Benefits	Total
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15
	£000	£000	£000	£000	£000	£000
Opening balance at 1 April	(357,700)	(1,570)	(359,270)	(295,540)	(1,510)	(297,050)
Current service cost	(12,620)		(12,620)	(10,600)		(10,600)
Interest cost	(11,670)	(50)	(11,720)	(12,920)	(60)	(12,980)
Contributions by scheme participants	(3,600)		(3,600)	(3,680)		(3,680)
Benefits paid	11,780	90	11,870	7,710	100	7,810
Past service costs	(1,680)	0	(1,680)	(110)	0	(110)
Due to changes in financial assumptions	23,580	60	23,640	(43,970)	(110)	(44,080)
Due to changes in demographic assumptions	0	0	0	0	0	0
Due to liability experience	2,610	30	2,640	1,410	10	1,420
Closing balance at 31 March	(349,300)	(1,440)	(350,740)	(357,700)	(1,570)	(359,270)

Reconciliation of fair value of the scheme (plan) assets:		
Local Government Pension Scheme		
	2015/16	2014/15
	£000	£000
Opening balance at 1 April	235,280	193,190
Interest income on assets	7,800	8,620
Remeasurement gains/ (losses) on assets	600	20,080
Employer contributions	9,930	17,420
Contributions by scheme participants	3,600	3,680
Benefits paid	(11,780)	(7,710)
Closing balance at 31 March	245,430	235,280

Scheme History					
	2015/16	2014/15	2013/14	2012/13	2011/12
	£000	£000	£000	£000	£000
Present value of liabilities:					
Local Government Pension Scheme	(349,300)	(357,700)	(295,540)	(308,170)	(273,910)
Discretionary Benefits	(1,440)	(1,570)	(1,510)	(1,590)	(1,510)
Fair value of assets in the Local Government Pension Scheme	245,430	235,280	193,190	176,240	148,190
Total	(105,310)	(123,990)	(103,860)	(133,520)	(127,230)
Surplus/(deficit) in the scheme:					
Local Government Pension Scheme	(103,870)	(122,420)	(102,350)	(131,930)	(125,720)
Discretionary Benefits	(1,440)	(1,570)	(1,510)	(1,590)	(1,510)
Total	(105,310)	(123,990)	(103,860)	(133,520)	(127,230)

The liabilities show the underlying commitments that South Wales Police/ the Commissioner has in the long run to pay post employment (retirement) benefits. The total liability of £105.3m has a substantial impact on the net worth of South Wales Police/ the Commissioner as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of South Wales Police/ the Commissioner remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

NOTES TO THE FINANCIAL STATEMENTS

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary are detailed in the following table:

Local Government	Pension Scheme 2015/16	Discretionary Benefits 2015/16	Pension Scheme 2014/15	Discretionary Benefits 2014/15
Mortality assumptions:				
Longevity at 65 for current pensioners:				
• Men	23.1	23.1	23.0	23.0
• Women	26.0	26.0	25.9	25.9
Longevity at 65 for future pensioners:				
• Men	25.3	-	25.2	-
• Women	28.4	-	28.3	-
Principal Financial Assumptions:				
Rate of increase in salaries	3.3%	-	3.4%	-
Rate of increase in pensions	1.8%	1.8%	1.9%	1.8%
Rate for discounting scheme liabilities	3.5%	3.5%	3.3%	3.1%
Take-up of option to convert annual pension into retirement lump sum:				
• pre 1 April 2010 pension entitlements	75%	-	75%	-
• post 31 March 2010 pension entitlements	75%	-	75%	-

Asset Allocation

The approximate split of assets for the Fund as a whole (based on data supplied via the Actuary and by the Fund Administering Authority) is shown in the table below.

	31 March 2016 %	31 March 2015 %
Equity Investments	70.1%	69.0%
Property	6.4%	5.6%
Government Bonds	9.2%	9.7%
Corporate Bonds	10.6%	11.7%
Cash and other Assets	3.7%	4.0%
	<u>100.0%</u>	<u>100.0%</u>

Contributions for the accounting period ending 31 March 2017

The employers' regular contributions to the Fund for the accounting period ending 31 March 2017 are estimated to be £8.60M. Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

NOTES TO THE FINANCIAL STATEMENTS

Note 29 Defined Benefit Pension Schemes (continued)

29.2 The Police Pension Scheme (for Police Officers)

This includes the 1987, 2006, and 2015 police pension schemes plus the injury benefit scheme.

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, South Wales Police/ the Commissioner makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, South Wales Police/ the Commissioner has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

South Wales Police / the Commissioner participates in two post employment schemes:

- The Police Pension Scheme, administered by Capita plc. This is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet pension liabilities. Instead, from 1st April 2006, actual pension payments are met from a combination of employers' and employee contributions, based on percentages of police salaries, and the balance from Government Grant.
- Discretionary post retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. A software model, developed by the Government Actuary's Department, has been used to calculate the potential long term liability and cost estimates of the Police scheme's based on Actuarial review, using Pension and Payroll data.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the Police Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

NOTES TO THE FINANCIAL STATEMENTS

Police Pension and Unfunded Injury Benefit Scheme	Discretionary Benefits			Discretionary Benefits		
	Pension Scheme	Arrangements	Total	Pension Scheme	Arrangements	Total
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15
	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement						
Cost of Services:						
• Current service cost	49,720	2,320	52,040	51,770	1,270	53,040
• Past service costs			0			0
Financing and Investment Income and Expenditure						
• Interest on net defined benefit liability/ (asset)	95,050	2,800	97,850	109,140	4,640	113,780
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	144,770	5,120	149,890	160,910	5,910	166,820
Other Post Employment Benefit charged to Other Comprehensive Income and Expenditure Statement						
• Actuarial (gains)/ losses:						
Due to changes in financial assumptions	(253,940)	(6,120)	(260,060)	445,440	12,370	457,810
Due to changes in demographic assumptions	(46,720)	(740)	(47,460)	(88,480)	(38,480)	(126,960)
Due to liability experience	(38,490)	(4,900)	(43,390)	(50,780)	1,630	(49,150)
Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure Statement	(339,150)	(11,760)	(350,910)	306,180	(24,480)	281,700
Total Amount Recognised	(194,380)	(6,640)	(201,020)	467,090	(18,570)	448,520
Movement in Reserves Statement						
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code						
	(144,770)	(5,120)	(149,890)	(160,910)	(5,910)	(166,820)
Actual amount charged against the Police Fund Balance for pensions in the year:						
• Employers' contributions payable to scheme	25,498	2,640	28,138	25,576	2,560	28,136
• Retirement benefits payable to pensioners (grant funded)			0			0

Assets and Liabilities in Relation to Post-employment Benefits							
Reconciliation of present value of the scheme liabilities (defined benefit obligation):							
	Funded			Unfunded			Total
	Pension Scheme	Discretionary Benefits	Total	Pension Scheme	Discretionary Benefits	Total	
	2015/16	2015/16	2015/16	2014/15	2014/15	2014/15	
	£000	£000	£000	£000	£000	£000	
Opening balance at 1 April	(2,888,690)	(84,910)	(2,973,600)	(2,487,220)	(106,040)	(2,593,260)	
Current service cost	(49,720)	(2,320)	(52,040)	(51,770)	(1,270)	(53,040)	
Interest cost	(95,050)	(2,800)	(97,850)	(109,140)	(4,640)	(113,780)	
Contributions by scheme participants	(14,210)	0	(14,210)	(14,330)	0	(14,330)	
Actuarial gains and (losses)	339,150	11,760	350,910	(306,180)	24,480	(281,700)	
Benefits paid	81,070	2,640	83,710	79,950	2,560	82,510	
Closing balance at 31 March	(2,627,450)	(75,630)	(2,703,080)	(2,888,690)	(84,910)	(2,973,600)	

Reconciliation of fair value of the scheme (plan) assets:		
Police Pension Scheme		
	2015/16	2014/15
	£000	£000
Opening balance at 1 April	0	0
Remeasurement gains/ (losses) on assets - 'balance'	41,362	40,044
Employer contributions	28,138	28,136
Contributions by scheme participants	14,210	14,330
Benefits paid	(83,710)	(82,510)
Closing balance at 31 March	0	0

NOTES TO THE FINANCIAL STATEMENTS

Scheme History	2015/16	2014/15	2013/14	2012/13	2011/12
	£000	£000	£000	£000	£000
Present value of liabilities:					
Police Pension Scheme	(2,627,450)	(2,888,690)	(2,487,220)	(2,506,290)	(2,209,160)
Discretionary Benefits	(75,630)	(84,910)	(106,040)	(114,600)	(100,420)
Total	(2,703,080)	(2,973,600)	(2,593,260)	(2,620,890)	(2,309,580)
Surplus/(deficit) in the scheme:					
Police Pension Scheme	(2,627,450)	(2,888,690)	(2,487,220)	(2,506,290)	(2,209,160)
Discretionary Benefits	(75,630)	(84,910)	(106,040)	(114,600)	(100,420)
Total	(2,703,080)	(2,973,600)	(2,593,260)	(2,620,890)	(2,309,580)

The liabilities show the underlying commitments that South Wales Police/ the Commissioner has in the long run to pay post employment (retirement) benefits. The total liability of £2.7B has a substantial impact on the net worth of South Wales Police/ the Commissioner as recorded in the Balance Sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of South Wales Police / the Commissioner remains healthy:

- the deficit on the police pension scheme will be made good by government grant and or increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the government and the scheme actuary; and
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Pension Scheme and Discretionary Benefits liabilities have been assessed by the Government Actuary's Department (GAD) an agency of the UK Government, using payroll and pension data provided by or on behalf of South Wales Police/ the Commissioner.

The principal assumptions used by the actuary are detailed in the following table:

Police	Pension Discretionary		Pension Discretionary	
	Scheme	Benefits	Scheme	Benefits
	2015/16	2015/16	2014/15	2014/15
Mortality assumptions:				
Longevity at 65 for current pensioners:				
• Men	23.1	20.6	23.3	23.3
• Women	25.1	22.6	25.7	25.7
Longevity at 65 for future pensioners:				
• Men	25.1	22.8	25.4	25.4
• Women	27.2	25.9	27.9	27.9
Principal Financial Assumptions:				
Rate of inflation RPI	3.35%		3.35%	
Rate of inflation CPI	2.20%		2.20%	
Rate of increase in salaries	4.20%		4.20%	
Rate of increase in pensions	2.20%		2.20%	
Rate for discounting scheme liabilities	3.55%		3.30%	
Assumed rate of return in excess of pensions	1.35%		1.10%	
Assumed rate of return in excess of earnings	-0.65%		-0.90%	
Take-up of option to convert annual pension into retirement lump sum	actuarially neutral		actuarially neutral	

Contributions for the accounting period ending 31 March 2017

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2017 are estimated to be £28.1M.

NOTES TO THE FINANCIAL STATEMENTS

Membership numbers in the various pension schemes will vary from those estimated. Employer contributions will change due to the difference between estimated numbers and actual. Injury awards will also vary due to mortality issues and additional members can be admitted to the Injury Awards scheme. These factors are difficult to predict.

Note 30 Contingent Liabilities & Contingent Assets

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the Accounts, further details in the accounting policies.

30.1 Section A19 Retirements

In July 2015, the Employment Appeal Tribunal (EAT) overturned the employment tribunal decision that five police forces had committed indirect age discrimination by utilising regulation A19 of the Police Pension Regulations. The claimants have appealed the decision of the EAT to the Court of Appeal and their appeal will be heard in January 2017. The outcome of the appeal is uncertain and any possible future costs that South Wales Police/ the Commissioner could be liable for cannot be determined at this stage.

and 30.2 Police Pension Scheme 2015 Legal Challenge

The Chief Constable of South Wales Police, along with other Chief Constables and the Home Office, currently has numerous claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015. The Tribunal is unlikely to consider the substance of these claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

Note 30.3 Contingent Assets

These are also not recognised in the Balance Sheet.

For the period 1992 – 2001 South Wales Police were insured by the Independent Insurance Company in relation to public liability claims. On 17 June 2001 they went into liquidation. At that time steps were taken to ensure that all outstanding amounts were identified and registered should there be a subsequent payment arising from the liquidation. This was done in the sum of £3.1M. Information has now been received that a scheme of arrangement is proposed as a means of making payments against outstanding claims. Whilst no dates for payment have been notified, it is anticipated that this will be in the region of 14 to 15p in the £, subject to the number and value of claims submitted under the scheme.

Note 31 Nature and Extent of Risks Arising from Financial Instruments

South Wales Police/ the Commissioner's activities expose it to a variety of financial risks:

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

NOTES TO THE FINANCIAL STATEMENTS

South Wales Police/ the Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by South Wales Police/ the Commissioner in the annual Treasury Management Strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to South Wales Police/ the Commissioner's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by South Wales Police/ the Commissioner are as detailed below:

- South Wales Police/ the Commissioner relies on credit ratings published by Fitch Ratings, Moody's Investors Service or Standard & Poor's to establish the credit quality of counterparties (issuers and issues) and investment schemes. South Wales Police/ the Commissioner has also determined the minimum long-term and short-term and other credit ratings it deems to be "high" for each category of investment; and
- The maximum amounts to be lent to each institution are subject to the above consideration of risk ratings and other factors and advice from treasury management consultants.

Further details can be found in the annual Treasury Management Strategy considered by South Wales Police/ the Commissioner each February.

Customers for goods and services are assessed taking into account their financial position, past experience and other factors.

The maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise. Deposit protection arrangements will limit any losses that might arise.

South Wales Police/ the Commissioner does not generally allow credit for debtors including balances owing by government departments, other local authorities, business organisations and individuals. The past due but not impaired amount can be analysed by age as follows:

NOTES TO THE FINANCIAL STATEMENTS

	31 March 2016	31 March 2015
	£000	£000
Less than three months	1,594	2,883
Three to six months	58	17
Six months to one year	654	85
More than one year	1,836	99
	4,142	3,084
The experience of default is illustrated by the balances of impairment of doubtful debts:		
Balances at 31 March (£000)	100	96
%	2.4	3.1

Liquidity Risk

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

The maturity analysis of financial liabilities is as follows:

	31 March 2016	31 March 2015
	£000	£000
Less than one year	1,959	1,981
Between one and two years	1,911	1,855
Between two and five years	5,434	5,350
Between five and ten years	5,115	5,488
More than ten years	4,614	4,669
	19,033	19,343

Market Risk - Interest Rate Risk

South Wales Police/ the Commissioner is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on South Wales Police/ the Commissioner. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise. South Wales Police/ the Commissioner does not normally borrow at variable rates;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise. South Wales Police/ the Commissioner does not normally invest at variable rates; and
- investments at fixed rates – the fair value of long term assets will fall. Short term investments are carried at cost as this is a fair approximation of their value.

NOTES TO THE FINANCIAL STATEMENTS

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

South Wales Police/ the Commissioner has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 25% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or South Wales Police/ the Commissioner's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has a strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable. According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	0
<hr/>	
Decrease in fair value of fixed rate long term investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
<hr/>	
Decrease in fair value of fixed rate borrowings liabilities (but with no impact on the Surplus or Deficit on the Provision of Services)	1,177
<hr/>	
<i>The impact of a 1% fall in interest rates would be as above but with the movements being reversed.</i>	

Generally borrowings or investments are on fixed rates.

Market Risk – Price Risk

South Wales Police/ the Commissioner does not generally invest in equity shares or shareholdings.

Foreign Exchange Risk

South Wales Police/ the Commissioner has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

Note 32 Collaboration

Police Forces in Wales have a long, successful history of collaborating to develop specialist areas of policing. This included those under the remit of the former Police Authorities of Wales Joint Committee. Future collaboration will be driven by the need to satisfy the Strategic Policing Requirement and by the outcomes of the Regional Strategic Assessment of threats, risks and harm to the southern region of Wales.

The Police and Crime Commissioner for each Police Force will be responsible for ensuring the Strategic Policing Requirement is met. As part of this, they will look to work in collaboration with other Commissioner's and Forces to provide the most effective service possible. Such agreements are regulated by Section 22A of the Police Act 1996, as amended by the Police Reform and Social Responsibility Act 2011.

The collaborative services and their funding continue under revised Commissioner and Force Governance arrangements. These are in effect considered as pooled budgets with agreements for funding contributions, made and varied from time to time, and certain Specific Government Grants. The pooled budgets are effectively hosted by the Commissioner and Force for South Wales Police on behalf of the four Police Forces in Wales.

The first table below details a summary of the Income and Expenditure Statement for the main activities of the collaborative units based on the funding contributions that each Force made to the collaborative arrangement.

Included in accounting policies under joint arrangements are definitions and an explanation of the new accounting requirements for joint operations, the latter involving shares of income, expenditure, assets and liabilities. As a result of the requirement of IFRS11, the second table below provides revised information relating to South Wales Police and for other forces to show the totals for each joint operation.

As a result of the requirements of IFRS11, gross expenditure in the CIES has been reduced by £5.5M and income/grants have been reduced by £5.4M, a decrease in net expenditure of £0.1M. This net decrease has been reversed in the Movement in Reserves Statement with no impact on the Police Fund balance.

Assets, debtors and creditors in respect of the arrangements have remained in the balance sheets of forces on the basis of materiality.

**North Wales Police, are basing their Dedicated Security Post (DSP) costs on income and expenditure rather than an allocation based on population in Wales. Their income and expenditure for DSP is therefore not included in the tables below and the 2014/15 comparatives have been restated accordingly. They are not included in the Regional Task Force, which operate in the Southern Welsh Forces. For the Regional Organised Crime Unit, North Wales Police contribute to the North West Region of England and North Wales.*

NOTES TO THE FINANCIAL STATEMENTS

COLLABORATIVE SERVICE AREA	Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
Service Classification in CIES	National Policing	National Policing	National Policing	Intelligence/ Investigation	Intelligence	National Policing	Investigative Support	Specialist Operations	
	£000	£000	£000	£000	£000	£000	£000	£000	£000
2015/16									
Pay Expenditure	4,179	411	2,389	3,610	1,873	1,161	6,157	9,670	29,450
Non Pay Expenditure	1,504	29	172	965	627	100	740	1,569	5,706
Gross Expenditure	5,683	440	2,561	4,575	2,500	1,261	6,897	11,239	35,156
Specific Grant Income	(5,664)	(440)	(2,556)	(2,613)	(500)	0	0	0	(11,773)
Income	(19)	0	(5)	(274)	(99)	(123)	(15)	(16)	(551)
Total Income & Grants	(5,683)	(440)	(2,561)	(2,887)	(599)	(123)	(15)	(16)	(12,324)
South Wales Police	0	0	0	(999)	(895)	(1,138)	(4,411)	(5,383)	(12,826)
Dyfed Powys Police	0	0	0	(318)	(456)	0	0	(3,110)	(3,884)
Gwent Police	0	0	0	(371)	(550)	0	(2,471)	(2,730)	(6,122)
North Wales Police	0	0	0	0	0	0	0	0	0
Force Contributions	0	0	0	(1,688)	(1,901)	(1,138)	(6,882)	(11,223)	(22,832)
(Surplus) or Deficit	0	0	0	0	0	0	0	0	0
2014/15									
Pay Expenditure	3,925	466	2,545	3,206	1,913	1,116	6,096	10,523	29,790
Non Pay Expenditure	815	17	192	637	708	102	529	1,278	4,278
Gross Expenditure	4,740	483	2,737	3,843	2,621	1,218	6,625	11,801	34,068
Specific Grant Income	(4,639)	(483)	(2,737)	(2,663)	(500)	0	0	0	(11,022)
Income	(101)	0	0	(34)	(27)	(121)	(32)	0	(315)
Total Income & Grants	(4,740)	(483)	(2,737)	(2,697)	(527)	(121)	(32)	0	(11,337)
South Wales Police	0	0	0	(603)	(1,131)	(1,097)	(4,175)	(5,766)	(12,772)
Dyfed Powys Police	0	0	0	(230)	(440)	0	0	(3,143)	(3,813)
Gwent Police	0	0	0	(313)	(523)	0	(2,418)	(2,892)	(6,146)
North Wales Police	0	0	0	0	0	0	0	0	0
Force Contributions	0	0	0	(1,146)	(2,094)	(1,097)	(6,593)	(11,801)	(22,731)
(Surplus) or Deficit	0	0	0	0	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

SHARE OF SERVICE COLLABORATION		Counter Terrorism Intelligence Unit	Counter Terrorism Specialist Advisors	Counter Terrorism Port / Dedicated Security	Regional Organised Crime Unit	Regional Task Force	Counter Terrorism Special Branch	Scientific Investigation Unit	Joint Firearms Unit	TOTAL
Share of service benefit	Population	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Population (national benefit basis)	Agreed financial contribution (local delivery)	Own spending	Agreed financial contribution (local delivery)	Agreed financial contribution (local delivery)	
2015/16										
		£000	£000	£000	£000	£000	£000	£'000	£'000	£'000
Gross Expenditure										
Dyfed-Powys	16.71%	950	74	552	986	525	0	0	3,182	6,268
Gwent	18.77%	1,067	83	620	1,107	625	0	2,505	2,764	8,770
North Wales	22.45%	1,276	99	0	0	0	0	0	0	1,375
South Wales	42.07%	2,391	185	1,389	2,482	1,350	1,261	4,392	5,294	18,744
	100.00%	5,683	440	2,561	4,575	2,500	1,261	6,897	11,239	35,156
Total Income & Grants										
Dyfed-Powys	16.71%	(950)	(74)	(552)	(622)	(126)	0	0	(5)	(2,328)
Gwent	18.77%	(1,067)	(83)	(620)	(699)	(150)	0	(5)	(4)	(2,626)
North Wales	22.45%	(1,276)	(99)	0	0	0	0	0	0	(1,375)
South Wales	42.07%	(2,391)	(185)	(1,389)	(1,566)	(323)	(123)	(10)	(8)	(5,996)
	100.00%	(5,683)	(440)	(2,561)	(2,887)	(599)	(123)	(15)	(17)	(12,325)
2014/15										
Gross Expenditure										
Dyfed-Powys	16.80%	796	81	593	832	550	0	0	3,143	5,995
Gwent	18.80%	891	91	663	931	655	0	2,429	2,892	8,553
North Wales	22.40%	1,062	108	0	0	0	0	0	0	1,170
South Wales	42.00%	1,991	203	1,481	2,080	1,415	1,218	4,196	5,766	18,350
	100.00%	4,740	483	2,737	3,843	2,621	1,218	6,625	11,801	34,068
Total Income & Grants										
Dyfed-Powys	16.80%	(796)	(81)	(593)	(584)	(111)	0	0	0	(2,165)
Gwent	18.80%	(891)	(91)	(663)	(653)	(132)	0	(12)	0	(2,442)
North Wales	22.40%	(1,062)	(108)	0	0	0	0	0	0	(1,170)
South Wales	42.00%	(1,991)	(203)	(1,481)	(1,460)	(285)	(121)	(20)	0	(5,561)
	100.00%	(4,740)	(483)	(2,737)	(2,697)	(528)	(121)	(32)	0	(11,338)

GLOSSARY OF TERMS

AMORTISATION

Intangible assets should be amortised on a systematic basis over their economic lives. This is similar to depreciation.

ACCRUAL

A sum included in the final accounts to cover income and expenditure attributable to the account period but for which payment has not been made/received at the balance sheet date.

AGENCY SERVICES

The provision of services by one body (the agent) on behalf of, and generally reimbursed by, the responsible body.

ACTUARIAL GAINS AND LOSSES

Changes in actuarial deficits or surpluses can arise due to experience gains and losses (events have not coincided with the actuarial assumptions made for the last valuation) or changes in actuarial assumptions.

ASSET

Tangible and intangible assets that yield benefits to South Wales Police/ the Commissioner for a period of more than one year. Benefits of less than one year are regarded as current assets.

AUDIT

An independent examination of an organisation's activities.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the date specified.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure which adds to, and not merely maintains, the value of an existing fixed asset.

CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from grants, revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

CAPITAL RECEIPT

Proceeds from the sale of fixed assets (e.g. land or buildings, or other money received towards capital expenditure).

CAPITAL RECEIPTS RESERVE

The capital receipts reserve is available to fund future expenditure of a capital nature, as budgeted by the Capital Programme.

CASH FLOW STATEMENT

A statement that summarises the movements in cash, both revenue and capital, during the year.

GLOSSARY OF TERMS

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of pension scheme's liabilities expected to arise from employee service in the current period.

CREDITOR

An amount owed by South Wales Police/ the Commissioner for work done, goods received or services rendered within the accounting period but for which payment has not yet been made.

DEBTOR

An amount due to South Wales Police/ the Commissioner within the accounting period but not received at the balance sheet date.

DEPRECIATION

The measure of the cost, or revalued amount, of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EARMARKED CAPITAL RESERVES

These reserves, generated by additional voluntary revenue contributions, are available for financing future expenditure of a capital nature, as budgeted by the Capital Programme.

CURRENT VALUE

The current value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

IMPAIRMENT

A reduction in the value of a fixed asset, below its carrying amount on the balance sheet.

INVENTORIES (STOCKS)

Uniforms, communication equipment parts, diesel, petrol and vehicle spares are procured by South Wales Police/ the Commissioner to use on a continuing basis. The value of those items not used at the specified date are shown in the balance sheet as assets.

LEASING

A method of financing the use of assets where a rental charge is paid over a specified period of time.

LIABILITY

An amount due to an individual or organisation which will be paid at some time in the future.

PAST SERVICE COST (PENSIONS)

The increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

POLICE FUND

This reserve is maintained to meet exceptional and unforeseen expenditure.

POLICE GRANT

The amount of Home Office grant towards the revenue requirements of South Wales Police/ the Commissioner.

GLOSSARY OF TERMS

POLICE CAPITAL GRANT

The amount of Home Office grant towards capital expenditure of South Wales Police/ the Commissioner.

PRECEPT

The amount of income collected by the constituent County Borough Councils from council tax payers to pay for police services of South Wales Police/ the Commissioner.

PROVISION

An amount set aside in the accounts for liabilities that have been incurred, which are uncertain in terms of timing or amount.

PUBLIC WORKS LOAN BOARD (PWLB)

A Government Agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the government itself can borrow.

RESERVE

Amounts set aside for purposes falling outside the definition of provisions and generally available for funding expenditure after the balance sheet date. Earmarked reserves are set aside for specific purposes.

REVENUE ACCOUNT/ INCOME AND EXPENDITURE ACCOUNT

An account which records day to day expenditure and income on such items as salaries and wages, running costs of services and the financing of capital expenditure.

REVENUE SUPPORT GRANT

A Welsh Government administered grant paid in support of Local Government and Police revenue expenditure.

NATIONAL NON DOMESTIC RATE (NNDR)

The NNDR, or business rate, is the charge levied on occupiers of business premises to finance a proportion of Local Government and Police revenue expenditure. The amount of NNDR is set by Central Government by virtue of a multiplier applied to the rateable values. The multiplier is consistent throughout Wales with the total collected being distributed by Central Government, but administered by the Welsh Government.

TEMPORARY BORROWING/ INVESTMENT

Money borrowed/ invested for an initial period of less than one year.