

Draft Unaudited Statement of Accounts 2015/16
Report by Head of Finance

Summary:	This report summarises the Broads Authority's Statement of Accounts for the year ended 31 March 2016.
Recommendation:	That the Statement of Accounts for 2015/16 be recommended to the Broads Authority for approval, subject to any amendments suggested by the Committee.

1 Introduction

- 1.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2015. This year the Authority has trialled an early shut down in preparation of the new timetable for 2016/17. This has meant a slight change to the timetable for the adoption of the 2015/16 accounts, which is as follows:
- Treasurer and Financial Adviser to sign off the completed accounts by the 9 June 2016
 - External Audit (Ernst and Young) to undertake the audit by 1 July 2016 (a verbal update on progress will be made during the meeting)
 - Financial Scrutiny and Audit Committee to scrutinise the accounts on 5 July 2016, and to recommend them for approval to the Full Authority, subject to any suggested amendments
 - Broads Authority to consider and formally adopt the audited accounts at its meeting on 30 September 2016
- 1.2 As members will be aware, the Authority's accounts are required to be prepared in accordance with International Financial Reporting Standards (IFRSs), and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.
- 1.3 This report summarises the draft (unaudited) Statement of Accounts for 2015/16 which were approved for issue by the Treasurer and Financial Adviser on 9 June. Appended to this report are:
- the consolidated income and expenditure outturn figures for 2015/16
 - the draft Statement of Accounts for 2015/16 (excluding the Audit Report and Annual Governance Statement, under agenda item 6)

2 Revenue Account Outturn Figures

- 2.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 2.2 The original general fund budget provided for a surplus contribution of £83,617 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £34,875, while the final Forecast Outturn was a surplus of £60,448. The year end saw a net underspend of £33,380 against the final forecast (although it was agreed to carry forward £25,850 as additional expenditure into 2016/17 at the Broads Authority meeting on 13 May 2016). The outcome was therefore a contribution of £93,828 to the general reserve. After accounting for the transfer of £2,878 interest to earmarked reserves, the general reserve increased to £1,044,406 as at 31 March 2016.
- 2.3 The original navigation fund budget provided for a surplus contribution of £55,804 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £29,209, while the final Forecast Outturn was a surplus of £31,172. The year end saw a net overspend of £30,535 against the final forecast (although it was agreed to carry forward £181 as additional expenditure into 2016/17 at the Broads Authority meeting on 13 May 2016). The outcome was therefore a contribution of £61,707 to the navigation reserve. After accounting for the transfer of £8,756 interest to earmarked reserves, the navigation reserve reduced to £333,090 as at 31 March 2016.
- 2.4 The consolidated surplus for the year is £155,535, which reduces to £143,901 after taking account of £11,634 interest transferred to earmarked reserves. An additional £26,031 has been carried forward into the 2015/16 budget following its approval in May. There are a number of reasons for the 2015/16 underspend but in particular it arises from:
- delays in progressing expenditure on projects such as The Broads Plan due to the span of the project, this is in addition to: staff vacancies, savings on Head Office expenditure, savings on consultancy fees for asset management, savings on office equipment leases and expenditure
 - major success in obtaining additional external funding, particularly within Strategy and Projects budgets for the Catchment Partnership, and higher than forecast income from the Visitor Centres / Yacht Stations

3 Balance Sheet

- 3.1 The Broads Authority has the following earmarked reserves shown on the Balance Sheet, which contain funds in addition to the General and Navigation Funds for specific purposes. The Authority uses these earmarked reserve accounts to make provision for known future liabilities which are unlikely to be affordable from revenue expenditure.

Mobile Phone Upgrade / IT Reserve

Reserve holding the balance of ring-fenced Defra “INSPIRE” grant funding provided to support the Authority in meeting regulatory requirements for publishing geospatial information related to the environment under the European INSPIRE Directive. This grant funded project has now finished.

Planning Delivery Grant

Balance of Defra and ODPM grants awarded to deliver the planning service.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment. At the end of 2015/16 this grant funded project was finished and transferred to the Plant, Vessels and Equipment Reserve which help initially set up the reserve.

Heritage Lottery Fund

A reserve account set up for the Landscape Partnership project funded by the Heritage Lottery Fund.

Upper Thurne Enhancement Scheme

Reserve established to hold the balance of ring-fenced Environment Agency funding for enhancement works in the Upper Thurne.

Section 106 Agreements

A reserve account established to hold ring-fenced developers’ contributions relating to planning application conditions.

Property

A reserve account set up to provide for the ongoing maintenance of the Authority’s major assets, moorings and operational property assets, including Mutford Lock.

Plant, Vessels and Equipment

Reserve established to provide for the maintenance and replacement of the Authority’s plant and equipment, including launches, construction and maintenance vessels and equipment, pool vehicles and fen management equipment.

Premises

A reserve account providing for the maintenance and development of both the Authority’s Dockyard facility and main office site.

- 3.2 The closing balance of the earmarked reserves above in 2015/16 are shown in the table below:

Earmarked Reserves 2015/16

Reserve	Balance as at 01/04/2016 £
Planning Delivery Grant	(290,865)
Heritage Lottery Fund	(55,956)
Upper Thurne Enhancement Scheme	(56,552)
Section 106 Agreements	(76,469)
Property	(360,603)
Plant, Vessels and Equipment	(302,223)
Premises	(201,675)
Total	(1,344,343)

- 3.3 The balance of Navigation earmarked reserves within this total is £665,324.

4 Other Significant Issues

- 4.1 There are no other significant issues arising from the preparation of the accounts which it is considered need to be drawn to the attention of the Committee.

5 Annual Governance Statement

- 5.1 The Accounts and Audit (England) Regulations 2011 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The draft Annual Governance Statement will be considered under agenda item number 6. The Solicitor and Monitoring Office will provide a verbal update on its progress at the meeting.

6 Audit of the Statement of Accounts

- 6.1 The Authority's external auditors, Ernst & Young, will be undertaking the audit of these accounts during June 2016, and are required to complete the audit and issue the value for money conclusion by 30 September 2016. The audit timetable was set out in the Audit Plan presented at the last meeting of this Committee, 9 February 2016.
- 6.2 Upon completion the audit report will be signed and incorporated into the Statement of Accounts.

7 Financial Implications

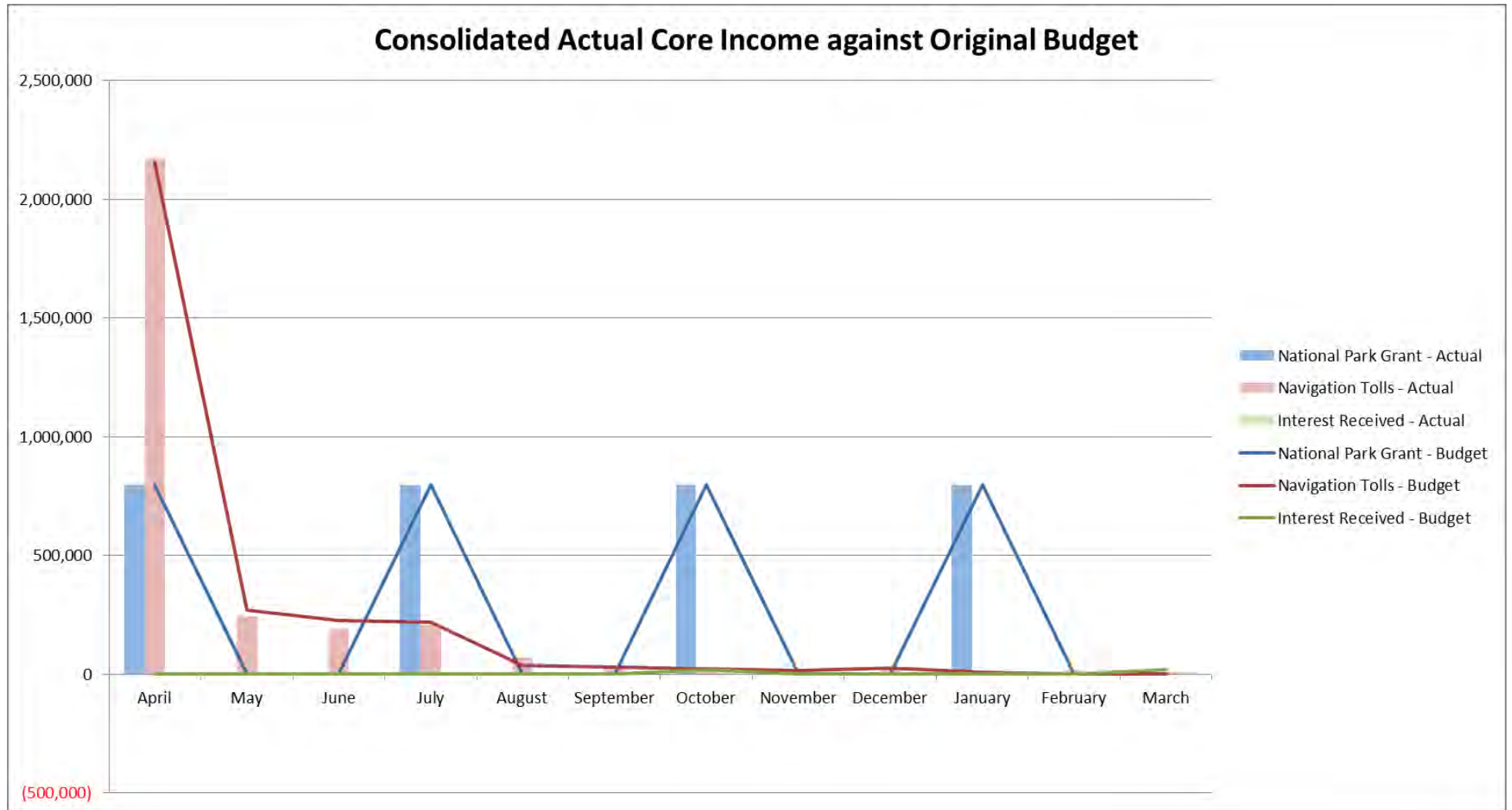
7.1 The draft Statement of Accounts for 2015/16 shows revenue reserves of £1,377,496 (general reserves £1,044,406, navigation reserves £333,090) that are considered to be adequate. The navigation reserve at the end of 2015/16 stands at 11.3% of net expenditure. This is slightly higher than the Financial Strategy prediction but will help cushion the fall in Hire Boat income as experienced at the end of month 2 in 2016/17. With these taken alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2015/16, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2016/17.

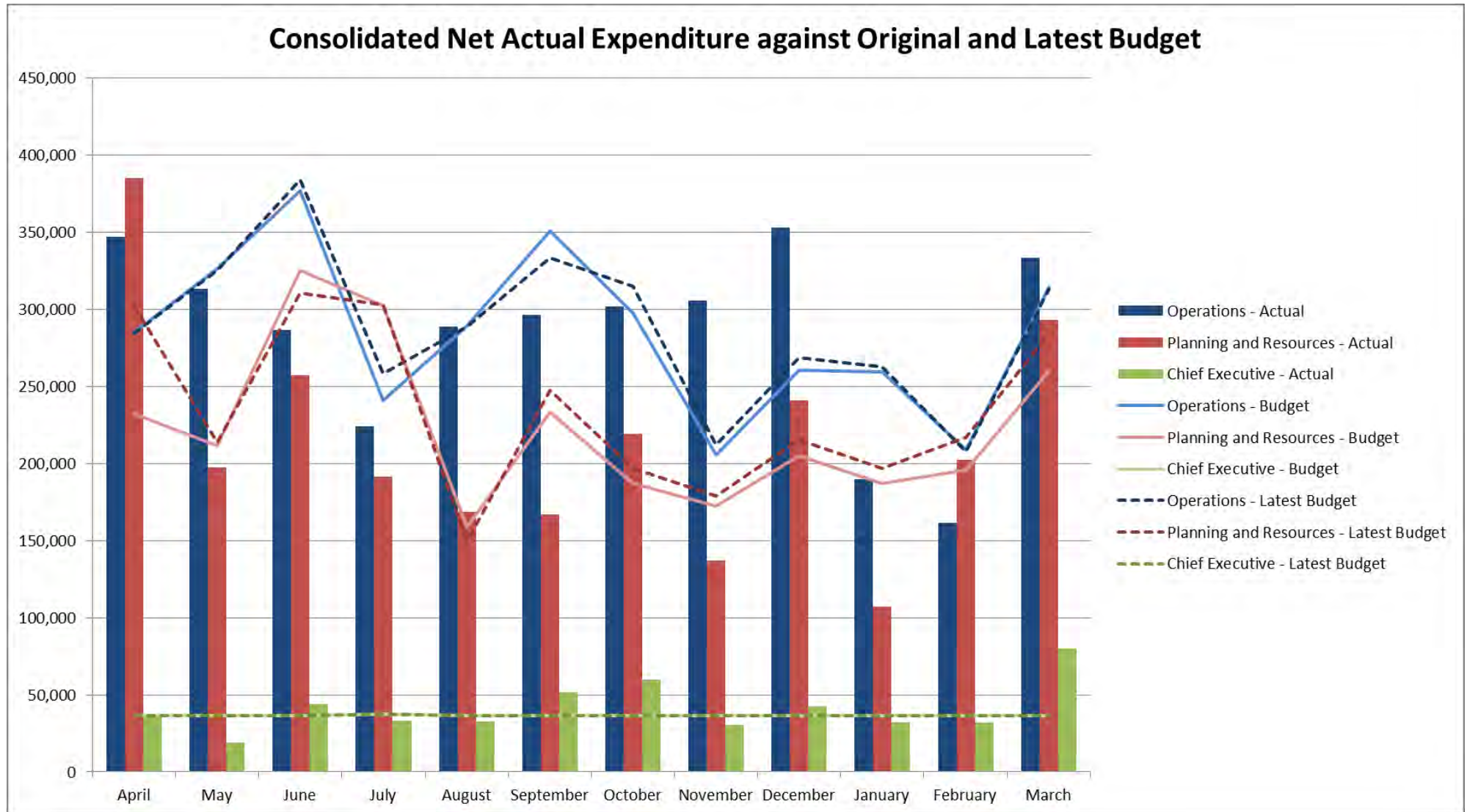
Background Papers: Nil

Author: Emma Krelle
Date of Report: 14 June 2016

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2016
APPENDIX 2: Consolidated Income and Expenditure 2015/16
APPENDIX 3: Draft Unaudited Statement of Accounts 2015/16 (excluding the Audit Report and Annual Governance Statement)





To 31 March 2016

Budget Holder (All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,240,632)		(6,240,632)	(6,211,776)	-28,856
National Park Grant	(3,188,952)		(3,188,952)	(3,188,952)	0
Income	(3,188,952)		(3,188,952)	(3,188,952)	0
Hire Craft Tolls	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Income	(1,090,525)		(1,090,525)	(1,068,802)	-21,723
Private Craft Tolls	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Income	(1,869,042)		(1,869,042)	(1,873,422)	4,380
Short Visit Tolls	(38,363)		(38,363)	(43,617)	5,254
Income	(38,363)		(38,363)	(43,617)	5,254
Other Toll Income	(18,750)		(18,750)	(16,983)	-1,767
Income	(18,750)		(18,750)	(16,983)	-1,767
Interest	(35,000)		(35,000)	(20,000)	-15,000
Income	(35,000)		(35,000)	(20,000)	-15,000
Operations	3,538,581	146,470	3,685,051	3,567,572	117,479
Construction and Maintenance Salaries	1,088,740		1,088,740	1,097,740	-9,000
Salaries	1,088,740		1,088,740	1,097,740	-9,000
Expenditure			0		0
Equipment, Vehicles & Vessels	631,500	12,300	643,800	590,628	53,172
Income			0		0
Expenditure	631,500	12,300	643,800	590,628	53,172
Water Management	172,500	56,950	229,450	230,950	-1,500
Income			0		0
Expenditure	172,500	56,950	229,450	230,950	-1,500
Land Management	(36,000)		(36,000)	(43,600)	7,600
Income	(90,000)		(90,000)	(102,500)	12,500
Expenditure	54,000		54,000	58,900	-4,900

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	459,200	77,220	536,420	500,420	36,000
Income	(7,000)		(7,000)	(8,000)	1,000
Expenditure	466,200	77,220	543,420	508,420	35,000
Ranger Services	736,910		736,910	715,093	21,817
Income	(35,000)		(35,000)	(35,000)	0
Salaries	578,910		578,910	578,910	0
Expenditure	193,000		193,000	171,183	21,817
Pension Payments			0		0
Safety	111,918		111,918	111,918	0
Income	(9,000)		(9,000)	(9,000)	0
Salaries	57,918		57,918	57,918	0
Expenditure	63,000		63,000	63,000	0
Asset Management	108,780		108,780	108,780	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	39,030		39,030	39,030	0
Expenditure	70,750		70,750	70,750	0
Premises	137,503		137,503	134,290	3,213
Income	(10,667)		(10,667)	(10,667)	0
Expenditure	148,170		148,170	144,957	3,213
Operations Management and Administration	127,530		127,530	121,353	6,177
Income	0		0	(2,177)	2,177
Salaries	115,030		115,030	115,030	0
Expenditure	12,500		12,500	8,500	4,000
Planning and Resources	2,547,090	167,337	2,714,427	2,563,797	150,630
Development Management	241,882	20,000	261,882	228,120	33,762
Income	(60,000)		(60,000)	(92,262)	32,262
Salaries	276,882		276,882	267,382	9,500
Expenditure	25,000	20,000	45,000	53,000	-8,000
Pension Payments			0		0
Strategy and Projects Salaries	194,380	76,000	270,380	241,380	29,000
Income	(32,500)	18,000	(14,500)	(14,500)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	204,880	0	204,880	204,880	0
Expenditure	22,000	58,000	80,000	51,000	29,000
Biodiversity Strategy	0	2,300	2,300	12,300	-10,000
Income	(10,000)		(10,000)	0	-10,000
Expenditure	10,000	2,300	12,300	12,300	0
Strategy and Projects	69,780	14,037	83,817	82,313	1,504
Income	0	(18,000)	(18,000)	(23,635)	5,635
Salaries	36,280	22,037	58,317	65,448	-7,131
Expenditure	33,500	10,000	43,500	40,500	3,000
Waterways and Recreation Strategy	77,820		77,820	82,953	-5,133
Salaries	68,320		68,320	68,320	0
Expenditure	9,500		9,500	14,633	-5,133
Project Funding	147,060		147,060	121,094	25,966
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,560		41,560	15,594	25,966
Expenditure	124,500		124,500	124,500	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	50,000	0
Income			0		0
Salaries			0		0
Expenditure	50,000		50,000	50,000	0
Volunteers	64,670		64,670	64,670	0
Income	(1,000)		(1,000)	(1,000)	0
Salaries	43,670		43,670	43,670	0
Expenditure	22,000		22,000	22,000	0
Finance and Insurance	330,920		330,920	330,920	0
Income			0		0
Salaries	130,920		130,920	130,920	0
Expenditure	200,000		200,000	200,000	0
Communications	259,830	25,000	284,830	274,330	10,500
Income	0		0	(5,500)	5,500

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	187,830		187,830	187,830	0
Expenditure	72,000	25,000	97,000	92,000	5,000
Visitor Centres and Yacht Stations	240,520		240,520	220,970	19,550
Income	(218,000)		(218,000)	(237,550)	19,550
Salaries	326,520		326,520	326,520	0
Expenditure	132,000		132,000	132,000	0
Collection of Tolls	116,740		116,740	116,740	0
Income			0		0
Salaries	104,040		104,040	104,040	0
Expenditure	12,700		12,700	12,700	0
ICT	289,380	30,000	319,380	288,899	30,481
Salaries	132,680		132,680	135,386	-2,706
Expenditure	156,700	30,000	186,700	153,513	33,187
Premises - Head Office	254,548		254,548	254,548	0
Expenditure	254,548		254,548	254,548	0
Planning and Resources Management and Administration	209,560		209,560	194,560	15,000
Income	0		0	(10,000)	10,000
Salaries	128,360		128,360	128,360	0
Expenditure	81,200		81,200	76,200	5,000
Chief Executive	440,040		440,040	486,081	-46,041
Human Resources	111,530		111,530	112,430	-900
Income			0		0
Salaries	52,030		52,030	52,930	-900
Expenditure	59,500		59,500	59,500	0
Legal	107,260		107,260	154,801	-47,541
Income	0		0	(3,360)	3,360
Salaries	47,260		47,260	36,725	10,535
Expenditure	60,000		60,000	121,436	-61,436
Governance	119,790		119,790	117,390	2,400
Salaries	65,590		65,590	65,590	0
Expenditure	54,200		54,200	51,800	2,400

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,460		101,460	101,460	0
Salaries	101,460		101,460	101,460	0
Expenditure			0		0
Projects and Corporate Items	112,000		112,000	112,000	0
PRISMA			0		0
Expenditure			0		0
Corporate Items	112,000		112,000	112,000	0
Pension Payments	112,000		112,000	112,000	0
Contributions from Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Earmarked Reserves	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Expenditure	(536,500)	(238,470)	(774,970)	(609,294)	-165,676
Grand Total	(139,421)	75,337	(64,084)	(91,620)	27,536

BROADS AUTHORITY

DRAFT UNAUDITED

STATEMENT OF ACCOUNTS

2015/16

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Broads Authority Statement of Accounts
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Narrative Report

Introduction

The purpose of the foreword is to offer interested parties an easily understandable guide to the most significant matters reported in the accounts. It contains a commentary on the major influences affecting the Authority's income and expenditure and cash flow, and information on the financial needs and resources of the Authority.

The Background to the Accounts 2015/16

The Statement of Accounts represents the financial transactions of The Broads Authority.

The Broads Authority was set up under the Norfolk and Suffolk Broads Act 1988.

Its duties, as subsequently amended by the Natural Environment and Rural Communities Act 2006, are to manage the Broads for the purpose of:

- conserving and enhancing the natural beauty, wildlife and cultural heritage of the Broads;
- promoting opportunities for the understanding and enjoyment of the special qualities of the Broads by the public; and
- protecting the interests of navigation.

This brought the first two purposes into line with those of the English National Park Authorities, as recommended in the Department for Environment, Food and Rural Affairs (Defra) report 'Review of English Park Authorities' published in July 2002.

In discharging its function, the Authority should have regard to:

- the national importance of the Broads as an area of natural beauty and one which affords opportunities for open air recreation;
- the desirability of protecting the natural resources of the Broads from damage; and
- the needs of agriculture and forestry and the economic and social interests of those who live and work in the Broads.

In respect of its navigation area the Authority is required to:

- maintain the navigation area for the purposes of navigation to such a standard as appears to it to be reasonably required; and
- take such steps to improve and develop it as it thinks fit.

The Broads Authority Act 2009 amended the 1988 Act and is primarily concerned with augmenting the Authority's powers to ensure safety on the Broads, including the application of the Boat Safety Scheme and compulsory third party insurance. It also made provision for the transfer of responsibility for the navigation in Breydon Water to the Authority which was implemented in 2012. The 2009 Act removed the need for the Authority to maintain a separate navigation account and contained provisions which require the Authority to ensure that, taking one year with another, expenditure on navigation matters is equal to navigation income.

The Accounting Statements

The Broads Authority's accounts for the year 2015/16 are set out on pages 7 to 73. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

Movement in Reserves Statement – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves and 'other' reserves. The 'surplus / deficit on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income & Expenditure Statement. The 'net increase / decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Comprehensive Income & Expenditure Statement – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet – The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. Reserves are reported in two categories. The first category of reserves are 'usable' reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement of Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

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

These accounts are supported by the Statement of Accounting Policies in Note 1, which follows the Accounting Statements, and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 37 on page 73.

Broads Authority Statement of Accounts
Narrative Report

Changes to the 2015/16 Accounts

There have been no key changes to the Statement of Accounts in 2015/16.

Current Borrowing Facilities and Capital Borrowing

On 20 November 2007, the Authority took out a £290,000 loan from the Public Works Loan Board. The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal. The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2016 is £205,664.

The purpose of this loan was to finance the purchase of the Dockyard Operation from May Gurney to enable the Authority to continue to dredge the Broads in an economical and efficient manner.

Review of the Year

General Income and Expenditure

The Authority received National Park Grant of £3,189k from Defra (£3,245k in 2014/15). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £712k (£603k in 2014/15). Total income for 2015/16 was £3,901k (£3,848k in 2014/15).

The Authority set a budget for 2015/16 with a forecast surplus of £84k (£55k deficit for 2014/15). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for the year indicated an anticipated surplus of £60k. The actual outturn saw a surplus of £94k (a favourable variance of £33k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £26k (£44k for 2014/15) and will be added to the 2016/17 budget.

Navigation Income and Expenditure

Income from tolls was £2,986k (£2,948k in 2014/15), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £159k, (£133k in 2014/15) and interest was £11k (£9k in 2014/15). Total income for 2015/16 was £3,156k (£3,090k in 2014/15).

The Authority set a budget with a forecast surplus of £56k for 2015/16 (surplus of £40k for 2014/15). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2015/16, which took account of approved budget changes, indicated an anticipated surplus of £31k. The actual outturn saw a surplus of £62k (a favourable variance of £31k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £181 (£11k for 2014/15) and will be added to the 2016/17 budget

Financial Outlook

The Authority received notification in January 2016 that its National Park Grant would be protected in real terms and receive an increase of 1.72% per annum over the period 2016/17 to 2019/20. This is the first time since 2009/10 that the Authority has seen an increase to its National Park Grant. The settlement has meant that the Authority can now plan for this period with a higher degree of certainty.

Income from navigation tolls has continued to hold up reasonably well despite continued pressures on Hire Craft numbers. Despite the decline in Hire Craft, the Private Craft increase means that income is broadly in line with the projections made in the Authority's current Financial Strategy for the period up to 2018/19, which was adopted by the Broads Authority in March 2016.

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings from within central budgets in order to minimise the impact on front-line activity. Although it has not been entirely possible to mitigate the impact on the front line, savings have been achieved by the incremental changes of allocation on practical works between National Park and Navigation. The Authority continues to focus on identifying opportunities to raise income, make efficiencies and find further savings.

In raising additional income the Authority's focus has been on external funding bids including the Landscape Partnership Scheme. The development phase bid for £226,000 has been successful to the Heritage Lottery Fund, with the delivery phase bid due to be submitted in 2017. If successful this will be a project worth £4.5 million including match funding. Funding is also being sought in conjunction with other partners from the EU towards the Hickling Project and further Lottery Funding towards the Wetland Grassland Bid. In both cases other partners will be the Lead in these projects.

The 15 UK National Parks have also established the National Parks Partnership LLP which was launched on 9 May 2016 and wants to create successful corporate partnerships that generate vital income for the parks. Its aim is to make a very significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come.

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. The Strategy follows the general principle that the Authority should seek to maintain the general reserve at a minimum of £100,000 plus 10% of net expenditure, and the navigation reserves at a minimum of 10% of net expenditure. It also expects that general and navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

Navigation funding is currently projecting a small surplus of £16k in 2016/17, with reserves at 11.1% of net expenditure at the end of the year. For general funding there is a projected deficit of £52k (after taking into account carry forwards requests) in 2016/17, with reserves at 29.9% of net expenditure.

The strategy also covers capital expenditure with the majority being funded from Earmarked Reserves and the rest from National Park Grant and Navigation income.

There are a significant number of variables – and some unknown quantities, such as future inflation – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2017. The annual toll increase for 2016/17 was set at an overall 4.5%. Any impact from the Tolls Working Group recommendations will need to be taken into account when setting the future strategy and will continue to be subject to consultation with the Navigation Committee and other stakeholders.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:-

- (a) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer and Financial Adviser.
- (b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (c) Approve the statement of accounts.

The Treasurer and Financial Adviser's Responsibilities

The Treasurer and Financial Adviser is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code).

In preparing this Statement of Accounts, the Treasurer and Financial Adviser has:-

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

The Treasurer and Financial Adviser 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.

Treasurer and Financial Adviser's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Jill Penn (Treasurer and Financial Adviser)

Certificate of Committee Resolution

I confirm that these accounts were approved by The Broads Authority at its meeting held 30 September 2016.

Signed on behalf of The Broads Authority:

Prof J A Burgess

(Chair of meeting approving the accounts)

30 September 2016

DRAFT

Independent Auditor's Report to the Members of the Broads Authority

DRAFT

Broads Authority Statement of Accounts
Movement in Reserves Statement

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure) and 'other' reserves. The 'surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

2014/15	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014 (A)	1,089	64	1,798	2,951	(1,034)	1,917
Surplus or (deficit) on the provision of services	(626)	0	0	(626)	0	(626)
Other comprehensive income and expenditure	0	0	0	0	(1,584)	(1,584)
Total comprehensive income and expenditure	(626)	0	0	(626)	(1,584)	(2,210)
Adjustments between accounting basis and funding basis under regulations (Note 7)	564	(64)	0	500	(500)	0
Net increase or (decrease) before transfers to Earmarked Reserves	(62)	(64)	0	(126)	(2,084)	(2,210)
Transfers to or from Earmarked Reserves (Note 8)	205	0	(205)	0	0	0
Increase or (decrease) in 2014/15 (B)	143	(64)	(205)	(126)	(2,084)	(2,210)
Balance at 31 March 2015 (=A+B)	1,232	0	1,593	2,825	(3,118)	(293)

Broads Authority Statement of Accounts
Movement in Reserves Statement

2015/16	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2015 (A)	1,232	0	1,593	2,825	(3,118)	(293)
Surplus or (deficit) on the provision of services	(459)	0	0	(459)	0	(459)
Other comprehensive income and expenditure	0	0	0	0	2,662	2,662
Total comprehensive income and expenditure	(459)	0	0	(459)	2,662	2,203
Adjustments between accounting basis and funding basis under regulations (Note 7)	356	0	0	356	(356)	0
Net increase or (decrease) before transfers to Earmarked Reserves	(103)	0	0	(103)	2,306	2,203
Transfers to or from Earmarked Reserves (Note 8)	249	0	(249)	0	0	0
Increase or (decrease) in 2015/16 (B)	146	0	(249)	(103)	2,306	2,203
Balance at 31 March 2016 (=A+B)	1,378	0	1,344	2,722	(812)	1,910

Broads Authority Statement of Accounts
Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2014/15				Note	2015/16		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,102	(205)	897	Conservation of the natural environment		1,066	(221)	845
377	(28)	349	Conservation of cultural heritage		415	(66)	349
530	(14)	516	Recreation management and transport		545	(25)	520
781	(194)	587	Promoting understanding		738	(196)	542
475	(67)	408	Rangers, estates and volunteers		472	(23)	449
433	(83)	350	Development control		508	(167)	341
122	0	122	Forward planning and communities		79	0	79
0	0	0	Non distributed costs		0	0	0
182	0	182	Corporate and democratic core		86	0	86
3,280	(3,074)	206	Broads Navigation Account	37	3,310	(3,142)	168
7,282	(3,665)	3,617	Cost of services		7,219	(3,840)	3,379
		1	Other operating expenditure	9			15
		253	Financing and investment income and expenditure	10			254
		(3,245)	Taxation and non-specific grant income	11			(3,189)
		626	(Surplus) or deficit on provision of services				459
		0	(Surplus) or deficit on revaluation of fixed assets				(21)
		1,584	Actuarial (gains) / losses on pension assets / liabilities				(2,641)
		1,584	Other comprehensive income and expenditure				(2,662)
		2,210	Total comprehensive income and expenditure				(2,203)

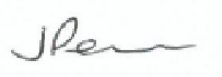
Broads Authority Statement of Accounts
Balance Sheet

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

As at 31 Mar 15 £000		Note	As at 31 Mar 16 £000
4,312	Property, Plant & Equipment	12	4,453
339	Investment Property	13	340
9	Long term debtors		10
4,660	Long term assets		4,803
4	Short term investments		10
112	Inventories	15	104
599	Short term debtors	16	494
4,312	Cash and cash equivalents	17	4,137
3	Assets held for sale		0
5,030	Current assets		4,745
(15)	Short term borrowing		(15)
(2,118)	Short term creditors	18	(1,944)
(47)	Provisions	19	(43)
(2,180)	Current liabilities		(2,002)
(167)	Long term borrowing		(152)
(7,636)	Other long term liabilities		(5,484)
(7,803)	Long term liabilities		(5,636)
(293)	Net assets/(liabilities)		1,910
	<u>Useable reserves</u>		
952	General Account fund balance		1,045
280	Navigation Account fund balance		333
1,593	Earmarked Reserves	8	1,344
	<u>Unusable reserves</u>	21	
1,426	Revaluation Reserve		1,426
2,875	Capital Adjustment Account		3,079
(7,372)	Pension Reserve		(5,274)
(47)	Accumulated Absence Reserve		(43)
(293)	Total reserves		1,910

Jill Penn (Treasurer and Financial Adviser)



9 June 2016

Broads Authority Statement of Accounts
Cash Flow Statement

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2014/15 £000	Revenue Activities	Note	2015/16 £000
(498)	Net surplus or (deficit) on the provision of services		(459)
1,055	Adjustments to net surplus or deficit on the provision of services for non-cash movements		833
(56)	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		(5)
501	Net cash flows from Operating Activities	22	369
(270)	Investing Activities	23	(478)
(69)	Financing Activities	24	(66)
162	Net increase or (decrease) in cash and cash equivalents		(175)
4,150	Cash and cash equivalents at the beginning of the reporting period		4,312
4,312	Cash and cash equivalents at the end of the reporting period	17	4,137

Notes to the Statement of Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

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

ii. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amounts 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. Specific bad debt provisions are reviewed annually.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 7 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Broads Authority Statement of Accounts
Notes to the Statement of Accounts

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

iv. Exceptional Items

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 the Authority's financial performance.

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Broads Authority are members of Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

viii. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities such as trade receivables and trade payables and the complex ones such as derivatives.

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Long term loans are shown in the balance sheet as the capital element outstanding at the year end, split between amounts due within the current year and amounts due outside the year. Any interest paid is taken directly to the income and expenditure account. The 'fair value' of any loans is disclosed in the notes to the accounts with accompanying explanations.

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments, but are not quoted on an active market.
- Available for Sale Assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

The Authority has not made any material loans.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. 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-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. Intangible Assets

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

Broads Authority Statement of Accounts
Notes to the Statement of Accounts

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the general reserve balances. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the general reserve balances. The gains and losses are therefore reversed out of the general reserve balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. The cost of inventories is assigned using the FIFO (first-in, first-out) costing formula.

xv. Leases

Broads Authority Statement of Accounts
Notes to the Statement of Accounts

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain

Broads Authority Statement of Accounts
Notes to the Statement of Accounts

or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2015/16* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

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

xvii. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. A de minimis limit of £5,000 is used to recognise fixed assets.

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 Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

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

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

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

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

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

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

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

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for 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 certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation between 5 and 50 years, as advised by a professional valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 10 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation over 25 years, as advised by a suitably qualified officer.

Where an asset has been acquired under a finance lease arrangement, and the lease term is shorter than the asset's estimated useful life, the asset is depreciated over the lease term.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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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.

Receipts below £5,000 arising from the sale of fixed assets are allocated to revenue. The Broads Authority has a policy of not depreciating assets in the first year of ownership.

Disposals and 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.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 35) to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

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

xix. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

xx. Operating Segments

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In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2015/16, however in note 37 to the accounts the navigation income and expenditure is shown.

xxi. Allocation of Costs

Salary, vehicle and other revenue costs are reallocated within the general expenditure to major projects that are grant aided partially or wholly by sources other than Defra grant. The method of allocation is kept as simple as possible and is either made on usage, such as number of hours spent on a project, or estimated on a percentage basis.

Recharges between the general and navigation funds are based on staff time and usage.

xxii. 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.

xxiii. VAT

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

2. Accounting Standards that have been issued but have not yet been adopted

The 2016/17 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2016:

- IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.
- Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Authority's Statement of Accounts.

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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- The Authority is a member of Whitlingham Charitable Trust of which there are three members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. Whilst the Authority does have significant influence in the management of the Trust, it does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Public Sector Accounting Standard (IPSAS) 7 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would increase by £56,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £2,843,000. Further details are set out in the sensitivity analysis in note 34.

5. Material Items of Income and Expense

There are no material items of expense in relation to 2015/16 which are not disclosed elsewhere within the Statement of Accounts.

6. Events after the balance sheet date

The Draft Statement of Accounts was authorised for issue by the Treasurer and Financial Adviser on 9 June 2016. Events that occur after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. However, there have been no post-balance sheet events.

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7. 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 by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves		General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves
2014/15	2014/15	2014/15		2015/16	2015/16	2015/16
£000	£000	£000		£000	£000	£000
			Adjustments primarily involving the Capital Adjustment Account:			
			Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:			
310	0	(310)	Charges for depreciation and impairment of non-current assets	330	0	(329)
6	0	(6)	Revaluation losses on property, plant and equipment	0	0	0
14	0	(14)	Amortisation of intangible assets	0	0	0
0	0	0	Movements in the fair value of investment properties	(1)	0	1
51	0	(51)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22	0	(22)
			Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
0	0	0	Reversal of finance lease liability for disposal of assets	0	0	0
(70)	0	70	Statutory provision for the financing of capital investment	(67)	0	67
(218)	0	218	Capital expenditure charged against the General Fund	(467)	0	467

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General Fund & Navigation Fund 2014/15 £000	Capital Grant Unapplied 2014/15 £000	Movement in Unusable Reserves 2014/15 £000		General Fund & Navigation Fund 2015/16 £000	Capital Grant Unapplied 2015/16 £000	Movement in Unusable Reserves 2015/16 £000
955	0	(955)	Adjustments involving the Pensions Reserve: Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 34)	1,117	0	(1,117)
(544)	0	544	Employer's pension contributions and direct payments to pensioners payable in the year	(574)	0	574
(4)	0	4	Adjustments involving the accumulated Absences Account: Adjustments in relation to short-term compensated absences	(4)	0	4
64	(64)	0	Adjustments involving the Capital Grant Unapplied Account: Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
564	(64)	(500)	Total Adjustments	356	0	(356)

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8. Transfers to / from earmarked reserves

This note presents details of the amounts set aside in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet expenditure in 2014/15. During the year, the Authority consolidated its earmarked reserves into a smaller number of reserves holding larger balances. A description of each of the earmarked reserves follows the table below.

	Balance at 31 March 2014 £000	Transfers in 2014/15 £000	Transfers out 2014/15 £000	Balance at 31 March 2015 £000	Transfers in 2015/16 £000	Transfers out 2015/16 £000	Balance at 31 March 2016 £000
Mobile Phone Upgrade / IT Reserve	(8)	(7)	14	(1)	0	1	0
Planning Delivery Grant	(454)	(6)	106	(354)	(3)	65	(292)
Sustainable Development Fund	(66)	(12)	78	0	0	0	0
STEP	(8)	0	8	0	0	0	0
PRISMA	(245)	(15)	88	(172)	(1)	173	0
Heritage Lottery Fund	0	0	0	0	(77)	21	(56)
Upper Thurne Enhancement Scheme	(82)	0	29	(53)	(3)	0	(56)
Section 106 Agreements	(12)	(31)	27	(16)	(64)	4	(76)
Property	(568)	(94)	75	(587)	(30)	256	(361)
Plant, Vessels and Equipment	(216)	(184)	160	(240)	(320)	259	(301)
Premises	(139)	(31)	0	(170)	(32)	0	(202)
Total	(1,798)	(380)	585	(1,593)	(530)	779	(1,344)

Earmarked reserves

Mobile Phone Upgrade / IT Reserve

A reserve set up for holding the balance of ring-fenced Defra “INSPIRE” grant funding provided to support the Authority in meeting regulatory requirements for publishing geospatial information related to the environment under the European INSPIRE Directive. This grant funded project has now finished.

Planning Delivery Grant

Balance of Defra and OPDM grants awarded to deliver the planning service.

PRISMA

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment. At the end of 2015/16 this grant funded project was finished and transferred to the Plant, Vessels and Equipment Reserve which help initially set up the reserve.

Heritage Lottery Fund

A reserve account set up for the Landscape Partnership project funded by the Heritage Lottery Fund.

Upper Thurne Enhancement Scheme

Reserve established to hold the balance of ring-fenced Environment Agency funding for enhancement works in the Upper Thurne.

Section 106 Agreements

A reserve account established to hold ring-fenced developers’ contributions relating to planning application conditions.

Property

A reserve account set up to provide for the ongoing maintenance of the Authority’s major assets, moorings and operational property assets, including Mutford Lock.

Plant, Vessels and Equipment

Reserve established to provide for the maintenance and replacement of the Authority’s plant and equipment, including launches, construction and maintenance vessels and equipment, pool vehicles and fen management equipment.

Premises

A reserve account providing for the maintenance and development of both the Authority’s Dockyard facility and main office site.

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9. Other Operating Expenditure

2014/15 £000		2015/16 £000
(5)	Gains / losses on disposal of non-current assets	15
6	Expenditure on Assets Held for Sale	0
1	Total	15

10. Financing and Investment Income and Expenditure

2014/15 £000		2015/16 £000
36	Interest payable and similar charges	40
233	Net interest on the net defined benefit liability (asset)	241
(19)	Interest receivable and similar income	(23)
3	Income and expenditure in relation to investment properties and changes in their fair value	(4)
0	Other investment income	0
253	Total	254

11. Taxation and non-specific grant income

2014/15 £000		2015/16 £000
(3,245)	Defra National Park Grant	(3,189)
(3,245)	Total	(3,189)

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12. Property, Plant and Equipment

Movements on balances 2014/15

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	2,688	2,279	302	323	78	5,670
additions	34	282	0	0	0	316
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1)	0	0	0	0	(1)
derecognition – disposals	(23)	(116)	0	0	0	(139)
assets reclassified (to) / from Assets Under Construction	0	59	0	0	(59)	0
assets reclassified (to) / from Assets Held for Sale	(8)	0	0	0	0	(8)
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2015	2,690	2,504	302	323	19	5,838

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	36	1,105	163	0	0	1,304
depreciation charge	26	269	15	0	0	310
depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(88)	0	0	0	(88)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2015	62	1,286	178	0	0	1,526

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2015	2,628	1,218	124	323	19	4,312
At 31 March 2014	2,652	1,174	139	323	78	4,366

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Movements on balances 2015/16

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2015	2,690	2,504	302	323	19	5,838
additions	123	194	0	0	150	467
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	22	0	0	0	0	22
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(66)	0	0	0	(66)
assets reclassified (to) / from Assets Under Construction	0	0	0	0	0	0
assets reclassified (to) / from Assets Held for Sale	0	0	0	0	0	0
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2016	2,835	2,632	302	323	169	6,261

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2015	62	1,286	178	0	0	1,526
depreciation charge	17	298	15	0	0	330
depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	0	(48)	0	0	0	(48)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2016	79	1,536	193	0	0	1,808

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2016	2,756	1,096	109	323	169	4,453
At 31 March 2015	2,628	1,218	124	323	19	4,312

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Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Category of Asset	Depreciation method	Depreciation period
Operational Land and Buildings	Straight line. (20% assumed land value, where no split available)	Between 5 to 50 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	20 years
Vehicles, Vessels and Equipment	Straight line	7 years / 10 Years
Computer and Office Equipment	Straight line	5 years

Capital Commitments

The Authority was committed to one significant capital contract as at the balance sheet date. Details of the amounts outstanding under this contract are set out in the table below.

Contract	Total contract value £000	Payments made to 31 March 2016 £000	Outstanding commitments £000
Third replacement Wherry	113	102	11
Third replacement Launch	88	44	44
Total	201	146	55

Impairments

In accordance with IAS 36 and the Code, Directors have undertaken an annual impairment review. No assets were considered to be impaired.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

Significant assumptions applied in estimating the fair values are:

Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear

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and tear and obsolescence of the existing asset (Fair Value less depreciated replacement cost).

Infrastructure Assets and Community Assets have been valued at historic cost rather than fair value.

Property leases have been split between finance and operating leases and valued accordingly depending upon whether the Authority is lessor or lessee.

Assets held for Sale have been valued on the basis of market value with the value reported being the estimated sale price.

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	0	109	323	65	497
Valued at fair value as at:						
31 March 2016	336	201	0	0	104	641
31 March 2015	27	334	0	0	0	361
31 March 2014	559	135	0	0	0	694
31 March 2013	0	351	0	0	0	351
31 March 2012	1,834	75	0	0	0	1,909
Total cost or valuation	2,756	1,096	109	323	169	4,453

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13. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
2	Rental income from investment property	14
(5)	Direct operating expenses arising from investment property	(10)
(3)	Net gain / (loss)	4

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

2014/15 £000		2015/16 £000
339	Balance at start of the year	339
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	1
	Transfers:	
0	To / from Inventories	0
0	To / from Property, Plant and Equipment	0
0	Other changes	0
339	Balance at end of the year	340

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14. Financial Instruments

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

	Long-term		Current	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Investments				
Loans and receivables	0	0	3,254	2,760
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	0	0	3,254	2,760
Debtors				
Loans and receivables	11	10	599	494
Financial assets carried at contract amounts	0	0	0	0
Total debtors	11	10	599	494
Borrowings				
Financial liabilities at amortised cost	167	152	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	167	152	15	15
Other Long Term Liabilities				
Finance lease liabilities	118	74	53	48
Total other long term liabilities	118	74	53	48
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	2,065	1,896
Total Creditors	0	0	2,065	1,896

Broads Authority Statement of Accounts 2015/16
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Income, Expense Gains and Losses

2014/15				2015/16		
Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000		Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
36	0	36	Interest Expense	40	0	40
36	0	36	Total expense in Surplus or Deficit on the Provision of Services	40	0	40
0	(19)	(19)	Interest Income	0	(23)	(23)
0	(19)	(19)	Total Income in Surplus or Deficit on the Provision of Services	0	(23)	(23)
36	(19)	17	Net (gain) / loss for the year	40	(23)	17

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Fair Values of Assets and Liabilities

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

- Fixed interest rate of 4.82% over the 20 year PWLB loan;
- No early repayment or impairment is recognised; and
- The fair value of trade and other receivables is taken to be invoices or billed amount.

The fair values calculated are as follows:

	31 March 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	284	340	227	280
Long term Creditors	0	0	0	0

	31 March 2015		31 March 2016	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	10	10	10	10

Available for sale assets and assets and liabilities at fair value through profit and loss are carried in the balance sheet at their fair value. These fair values are based on public quotations where there is an active market for the instrument.

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

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15. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000
Balance outstanding at start of year	43	44	72	68	115	112
Purchases	38	27	85	80	123	107
Recognised as an expense in year	(37)	(28)	(89)	(78)	(126)	(106)
Written off balances	0	(9)	0	0	0	(9)
Balance outstanding at year-end	44	34	68	70	112	104

16. Debtors

31 March 2015 £000		31 March 2016 £000
125	Central government bodies	95
5	Other local authorities	0
385	Prepayments	326
84	Other entities and individuals	73
599	Total	494

17. Cash and Cash Equivalents

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

31 March 2015 £000		31 March 2016 £000
2	Cash held by the Broads Authority	2
3,250	Investments with Broadland District Council	2,750
1,060	Bank current accounts	1,385
4,312	Total Cash and Cash Equivalents	4,137

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18. Creditors

31 March 2015 £000		31 March 2016 £000
63	Central government bodies	65
19	Other local authorities	6
0	NHS bodies	1
1,612	Accruals	1,586
0	Public corporations and trading funds	0
424	Other entities and individuals	286
2,118	Total	1,944

19. Provisions

2014/15				2015/16		
Accumulated Absences Provision £000	Redundancy Provision £000	Total £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
51	0	51	Balance at 1 April	47	0	47
47	0	47	Additional provisions made in year	43	0	43
(51)	0	(51)	Settlements or cancellation of provision made at end of preceding year	(47)	0	(47)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
47	0	47	Balance at 31 March	43	0	43

No provision for redundancy costs was made in 2015/16 or 2014/15. For more information on the Accumulated Absence Account, see note 21.

20. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

21. Unusable reserves

31 March 2015 £000		31 March 2016 £000
1,426	Revaluation reserve	1,426
2,875	Capital Adjustment Account	3,079
(7,372)	Pensions Reserve	(5,274)
(47)	Accumulated Absences Account	(43)
(3,118)	Total unusable reserves	(812)

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Revaluation Reserve

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

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

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.

2014/15 £000			2015/16 £000
1,486	Balance at 1 April		1,426
0	Upward revaluation of assets	22	
0	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0	
0	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		22
(33)	Difference between fair value depreciation and historical cost depreciation	(15)	
0	Accumulated gains on assets sold or scrapped	0	
(27)	Asset disposed of 2014/15, balance still on reserve	(7)	
(60)	Amount written off to the Capital Adjustment Account		(22)
1,426	Balance at 31 March		1,426

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £000			2015/16 £000
2,908	Balance at 1 April		2,875
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(310)	Charges for depreciation and impairment of non current assets	(330)	
(6)	Revaluation losses on Property Plant & Equipment	0	
0	Movements in the market value of investment properties	1	
(14)	Amortisation of intangible assets	0	
(51)	Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(22)	
(381)		(351)	
60	Adjusting amounts written out of the revaluation reserve	21	
(321)	Net written out amount of the cost of non-current assets consumed in the year		(330)
	Capital financing applied in the year:		
0	Use of Capital Receipts Reserve to finance new capital expenditure	0	
0	Use of the Major Repairs Reserve to finance new capital expenditure	0	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
0	Donated Assets (no conditions)	0	
70	Statutory provision for the financing of capital investment charged against the General Fund	67	
	Removal of Finance Lease Liability for assets returned in year		
218	Capital expenditure charged against the General Fund	467	
288			534
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	
2,875	Balance at 31 March		3,079

Pensions Reserve

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

2014/15 £000		2015/16 £000
(5,377)	Balance at 1 April	(7,372)
(1,584)	Remeasurements of the net defined benefit liability / (asset)	2,641
(955)	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	(1,117)
544	Employer's pension contributions and direct payments to pensioners payable in the year	574
(7,372)	Balance at 31 March	(5,274)

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Accumulated Absences Account

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

2014/15 £000		2015/16 £000
(51)	Balance at 1 April	(47)
51	Settlement or cancellation of accrual made at the end of the preceding year	47
(47)	Amounts accrued at the end of the current year	(43)
4	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	4
(47)	Balance at 31 March	(43)

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22. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2014/15 £000		2015/16 £000
(23)	Interest received	(23)
36	Interest paid	40
0	Dividends received	0
13	Net cash flows from operating activities	17

23. Cash Flow Statement – Investing Activities

2014/15 £000		2015/16 £000
(218)	Purchase of property, plant and equipment, investment property and intangible assets	(467)
4	Other payments from investing activities	(6)
(56)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(5)
(270)	Net cash flows from investing activities	(478)

24. Cash Flow Statement – Financing Activities

2014/15 £000		2015/16 £000
0	Cash receipts of short and long term borrowing	0
(54)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(52)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(14)
(69)	Net cash flows from financing activities	(66)

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25. Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Broads Authority on the basis of budget reports analysed across Directorates. 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); and
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.

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

Income and Expenditure 2014/15	Operations £000	Planning & Resources £000	Chief Executive £000	PRISMA £000	STEP £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(217)	(472)	0	(25)	2	(2,986)	(3,698)
Contributions from reserves	0	0	0	0	0	(384)	(384)
Government Grants	0	0	0	0	0	(3,245)	(3,245)
Total Income	(217)	(472)	0	(25)	2	(6,615)	(7,327)
Employee expenses	1,925	1,706	303	11	0	0	3,945
Other service expenses	1,528	1,451	114	88	0	93	3,274
Total expenditure	3,453	3,157	417	99	0	93	7,219
Net expenditure	3,236	2,685	417	74	2	(6,522)	(108)

Broads Authority Statement of Accounts
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Income and Expenditure 2015/16	Operations	Planning & Resources	Chief Executive	PRISMA	STEP	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(228)	(590)	(24)	0	0	(3,026)	(3,868)
Contributions from reserves	0	0	0	0	0	(525)	(525)
Government Grants	0	0	0	0	0	(3,189)	(3,189)
Total Income	(228)	(590)	(24)	0	0	(6,740)	(7,582)
Employee expenses	1,900	1,725	262	0	0	0	3,887
Other service expenses	1,858	1,304	255	10	0	112	3,539
Total expenditure	3,758	3,029	517	10	0	112	7,426
Net expenditure	3,530	2,439	493	10	0	(6,628)	(156)

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This reconciliation shows how the figures in the analysis of directorate income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
(108)	Net expenditure in the directorate analysis	(156)
626	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	627
3,099	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	2,908
3,617	Cost of services in Comprehensive Income and Expenditure Statement	3,379

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Reconciliation between Segmental Reporting and Comprehensive Income & Expenditure Statement

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

2014/15	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,679)	0	0	(3,679)	0	(3,679)
Interest & Investment Income	(19)	0	19	0	(19)	(19)
Contributions from reserves	(384)	0	159	(225)	0	(225)
Government Grants & Contributions	(3,245)	0	3,245	0	(3,245)	(3,245)
Total Income	(7,327)	0	3,423	(3,904)	(3,264)	(7,168)
Employee Expenses	3,944	174	0	4,118	239	4,357
Other service expenses	3,275	122	(324)	3,073	0	3,073
Depreciation, Amortisation & Impairment	0	330	0	330	0	330
Interest Payments	0	0	0	0	36	36
Income and expenditure relating to investment properties	0	0	0	0	3	3
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(5)	(5)
Total Expenditure	7,219	626	(324)	7,521	273	7,794
(Surplus) or Deficit on the Provision of Services	(108)	626	3,099	3,617	(2,991)	626

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2015/16	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,845)	0	0	(3,845)	0	(3,845)
Interest & Investment Income	(23)	0	23	0	(23)	(23)
Contributions from reserves	(525)	0	261	(264)	0	(264)
Government Grants & Contributions	(3,189)	0	3,189	0	(3,189)	(3,189)
Total Income	(7,582)	0	3,473	(4,109)	(3,212)	(7,321)
Employee Expenses	3,886	298	0	4,184	241	4,425
Other service expenses	3,540	0	(565)	2,975	0	2,975
Depreciation, Amortisation & Impairment	0	329	0	329	0	329
Interest Payments	0	0	0	0	40	40
Income and expenditure relating to investment properties	0	0	0	0	(4)	(4)
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	15	15
Total Expenditure	7,426	627	(565)	7,488	292	7,780
(Surplus) or Deficit on the Provision of Services	(156)	627	2,908	3,379	(2,920)	459

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26. Members' Allowances

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

2014/15 £000		2015/16 £000
40	Allowances	40
10	Expenses	5
50	Total	45

27. Officers' Remuneration

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

		Salary, Fees and Allowances £000	Bonuses £000	Expenses Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2014/15	82	0	0	12	94
	2015/16	83	0	0	13	96
Director of Planning & Resources	2014/15	58	0	0	9	67
	2015/16	58	0	0	9	67
Director of Operations	2014/15	58	0	0	9	67
	2015/16	58	0	0	9	67

The number of employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is shown below:

2014/15 Number of Employees		2015/16 Number of Employees
0	£50,000 - £54,999	0
2	£55,000 - £59,999	2
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1

Exit Packages

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The number and cost of exit packages agreed, analysed between compulsory redundancies and other departures, are disclosed in the table below:

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15 £000	2015/16 £000
£0 - £20,000	6	0	0	0	6	0	34	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
Total	6	0	0	0	6	0	34	0

28. External Audit Costs

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

2014/15 £000		2015/16 £000
13	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13
0	Fees payable to external auditors in respect of statutory inspections	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
0	Fees payable in respect of other services provided by external auditors during the year	0
13	Total	13

29. Grant Income

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

2014/15 £000		2015/16 £000
3,245	Credited to taxation and non-specific grant income: Defra National Park Grant	3,189
0	Credited to services: Heritage Lottery Fund – Landscape Partnership Scheme	19
3,245	Total	3,208

30. Related Parties

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

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of government grants are included in note 11.

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 26.

A number of members of the Broads Authority are appointed by Local Authorities within the Broads area. The Authority transacts with these other Local Authorities for items such as rates in the normal course of business. There were no material transactions with Local Authorities which are not disclosed elsewhere within the Statement of Accounts.

Mr Phil Durant is a member of the Broads Authority and Navigation Committee and has a relationship with 'Gardline Environmental Ltd' which was contracted by the Authority to undertake an environment report on dredging feasibility. The Authority paid £5,940 in 2015/16. The balance outstanding at 31 March 2016 was £5,940. Mr Durant took no part in the decision-making process associated with this contract.

Mr Alan Goodchild is a member of the Navigation Committee and has a relationship with 'Goodchild Marine' which was contracted by the Authority to build a new launch during the year, refits, dredging, supply diesel fuel and mooring facilities. The Authority paid £53,183 for the new launch, £3,267 for dredging, £3,023 for refits, £6,770 for fuel and moorings in 2015/16 (£6,394 for refits, and £6,402 for fuel and moorings in 2014/15). No amounts were outstanding at 31 March 2016. Mr Goodchild took no part in the decision-making process associated with these contracts.

Mr James Knight is a member of the Navigation Committee and has a relationship with 'Waveney River Centre (2003) Ltd' which paid £6,643 navigation tolls to the Broads Authority in 2015/16 (£6,589 in 2014/15). The Authority also made fuel purchases of £1,217 (£973 in 2014/15) and used mooring facilities of £2,250 (£4,410 in 2014/15) during 2015/16. No amounts were outstanding at 31 March 2016.

Mr Michael Whitaker is a member of the Broads Authority and Navigation Committee, has a relationship with 'Herbert Woods LLP' which paid £172,446 navigation tolls to the Broads Authority in 2015/16 (£175,380 in 2014/15). The Authority also made fuel purchases of £1,488 (£1,888 in 2014/15) and paid £2,100 relating to a land purchase. No amounts were outstanding at 31 March 2016. Mr Whitaker also has a relationship with 'Waterside Marine Sales LLP' which was the sales agent in the sale of two of the Authority's launches. The Authority paid £2,268 in commission in 2014/15.

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Mr Brian Wilkins is a member of the Navigation Committee and has a relationship with 'Canham Consulting Ltd' which was contracted for engineering design services. The Authority paid £2,550 (£9,000 in 2014/15) during 2015/16. No amounts were outstanding at 31 March 2016. Mr Wilkins took no part in the decision-making process associated with this contract.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 27.

Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £41,549 (£53,367 in 2014/15). The balance outstanding at 31 March 2016 was £21,590 (£27,303 at 31 March 2015).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £30,995 (£45,581 in 2014/15). The balance outstanding at 31 March 2016 was £4,196 (£12,818 at 31 March 2015).

The Whitlingham Charitable Trust also invoiced the Authority £15,264 (£15,264 in 2014/15) for rental income for the lease of the visitor centre and moorings. The balance outstanding at 31 March 2016 was £864. The Trust can also recharge purchase invoices, although there were none in 2015/16 (£1,160 in 2014/15).

Other Public Bodies

Broadland District Council provides financial services for the Broads Authority. The Broads Authority was charged £3,546 in 2015/16 for the provision of this service (£11,497 (including payroll until 30/09/14) in 2014/15). The balance outstanding at 31 March 2016 was £954.

The Council also provides treasury management of the Authority's investments, which were £2,750,000 as at 31 March 2016 (£3,275,000 as at 31 March 2015).

The Authority also recharged the Council for staff of £13,667 during 2015/16 (£13,697 in 2014/15). No amounts were outstanding at 31 March 2016.

The Head of Finance and Revenue Services for Broadland District Council serves as the Treasurer and Financial Adviser (Section 17 Officer) for the Broads Authority.

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £83,968 for legal services in 2015/16 (£131,612 in 2014/15). The Practice Director of NPLaw served as the Solicitor and Monitoring Officer to the Broads Authority from January 2016.

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £6,954 for this in 2015/16 (£9,073 in 2014/15). There were no amounts outstanding at 31 March 2016.

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31. 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 the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2014/15 £000		2015/16 £000
319	Opening Capital Finance Requirement	347
	<u>Capital Investment</u>	
316	Property, Plant and Equipment	467
0	Intangible Assets	0
	<u>Sources of Finance</u>	
	Sums set aside from revenue:	
(218)	Direct revenue contributions	(467)
(70)	MRP	(67)
0	Other contributions	0
347	Closing Capital Finance Requirement	280
	<u>Explanation of movements in year</u>	
(69)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(67)
97	Assets acquired under finance leases	0
28	Increase / (decrease) in Capital Financing Requirement	(67)

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32. Leases

Authority as Lessee

Finance Leases

The Authority has a number of vehicles, plant and office equipment acquired under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2014/15 £000		2015/16 £000
0	Other Land and Buildings	0
203	Vehicles, Plant, Furniture and Equipment	136
203	Total	136

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

2014/15 £000		2015/16 £000
54	Finance lease liabilities (net present value of minimum lease payments):	48
118	• Current	74
13	• Non-current	6
13	Finance costs payable in future years	6
185	Minimum lease payments	128

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000
Not later than one year	57	51	54	48
Later than one year and not later than 5 years	128	77	118	74
Later than 5 years	0	0	0	0
	185	128	172	122

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/16, no (£0) contingent rents were payable by the Authority (2014/15 £0).

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Operating Leases

The Authority has acquired vehicles by entering into operating leases, with typical lives of 7 years. The Authority has also established operating leases in relation to land and buildings with typical lives between 10 and 20 years. The future minimum lease payments due under non-cancellable leases in future years are:

2014/15 £000		2015/16 £000
144	Not later than one year	148
395	Later than one year and not later than 5 years	281
456	Later than 5 years	453
995	Total	882

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

2014/15 £000		2015/16 £000
172	Minimum lease payments	175
0	Contingent rents	0
0	(sub-lease payments receivable)	0
172	Total	175

Authority as Lessor

Finance Leases

The Authority has no leased out property on a finance lease.

Operating Leases

The Authority leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as tourism services; and
- For an outdoor education and study centre.

The future minimum lease payments receivable under non-cancellable operating leases in future years are:

2014/15 £000		2015/16 £000
35	Not later than one year	55
91	Later than one year and not later than 5 years	191
0	Later than 5 years	7
126	Total	253

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

33. Termination Benefits

The Authority terminated the contracts of six employees who were made redundant in 2014/15 as the final stage of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £34,916, of which £nil related to enhanced pension benefits. No liabilities relating to termination benefits were incurred during 2015/16 and no provision for any future redundancy payments was established in the year.

34. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Broads Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make future payments and thus these need to be disclosed as a future entitlement. The Authority participates in one pension scheme:

- The Norfolk Pension Fund for civilian employees (the Local Government Pension Scheme), administered locally by Norfolk County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against tolls and Defra grant is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and via the Movement in Reserves Statement during the year:

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2014/15 £000		2015/16 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
722	• current service cost	876
0	• past service costs / (gain)	0
0	• (gain) / loss from settlements	0
	Financing and investment income and expenditure	
233	• net interest expense	241
955	Total post-employment benefits charged to the surplus or deficit on the provision of services	1,117
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(1,639)	• return on plan assets (excluding the amount included in the net interest expense)	150
0	• actuarial gains and losses arising on changes in demographic assumptions	0
3,560	• actuarial gains and losses arising on changes in financial assumptions	(2,687)
(337)	• other experience	(104)
1,584	Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(2,641)
	Movement in Reserves Statement	
955	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	1,117
	Actual amount charged against the General Fund balance for pensions in the year:	
(544)	• employers' contributions payable to scheme	(574)

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Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plan is as follows:

2014/15 £000		2015/16 £000
(27,383)	Present value of the defined benefit obligation	(25,845)
20,011	Fair value of plan assets	20,571
(7,372)		(5,274)
0	Other movements in the liability / (asset)	0
(7,372)	Net liability arising from defined benefit obligation	(5,274)

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

2014/15 £000		2015/16 £000
17,433	Opening fair value of scheme assets	20,011
744	Interest income	641
	Remeasurement gain / (loss):	
1,639	• The return on plan assets, excluding the amount included in the net interest expense	(150)
0	• Other	0
0	The effect of changes in foreign exchange rates	0
544	Contributions from employer	574
206	Contributions from employees into the scheme	204
(555)	Benefits paid	(709)
0	Other	0
20,011	Closing fair value of scheme assets	20,571

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

2014/15 £000		2015/16 £000
22,810	Balance at 1 April	27,383
722	Current service cost	876
977	Interest cost	882
206	Contributions from scheme participants	204
	Remeasurement (gains) and losses:	
0	• Actuarial gains / losses arising from changes in demographic assumptions	0
3,560	• Actuarial gains / losses arising from changes in financial assumptions	(2,687)
(337)	• Other	(104)
0	Past service cost	0
0	Losses / (gains) on curtailment	0
0	Liabilities assumed on entity combinations	0
(555)	Benefits paid	(709)
0	Liabilities extinguished on settlements (where relevant)	0
27,383	Balance at 31 March	25,845

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Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2014/15 £000				Fair value of scheme assets 2015/16 £000		
Quoted prices in active markets	Quoted prices not in active markets	Total		Quoted prices in active markets	Quoted prices not in active markets	Total
-	534.0	534.0	Cash and cash equivalents:	-	443.9	443.9
			• All cash and cash equivalents			
			Equity instruments:			
860.3	-	860.3	• Consumer	1,476.2	-	1,476.2
1,061.5	-	1,061.5	• Manufacturing	1,072.0	-	1,072.0
440.6	-	440.6	• Energy and utilities	462.0	-	462.0
1,286.9	-	1,286.9	• Financial institutions	1,346.0	-	1,346.0
676.7	-	676.7	• Health and care	657.0	-	657.0
680.0	-	680.0	• Information technology	618.7	-	618.7
1,014.2	-	1,014.2	• Other	-	-	-
			Bonds (Debt securities):			
841.8	-	841.8	• Corporate bonds (investment grade)	-	-	-
21.8	-	21.8	• Corporate bonds (non-investment grade)	-	-	-
-	-	-	• UK Government	-	-	-
-	-	-	• Other	-	-	-
			Private equity:			
-	1,316.1	1,316.1	• All private equity	-	1,322.6	1,322.6
			Property:			
-	2,125.3	2,125.3	• UK property	-	2,344.6	2,344.6
-	244.0	244.0	• Overseas property	-	317.0	317.0
			Other investment funds and unit trusts:			
8,054.3	-	8,054.3	• Equities	5,282.4	-	5,282.4
828.7	-	828.7	• Bonds	5,292.2	-	5,292.2
			Derivatives:			
24.8	-	24.8	• Other derivatives	-	-	-
-	-	-	• Foreign exchange	(63.6)	-	(63.6)
15,791.6	4,219.4	20,011.0		16,142.9	4,428.1	20,571.0

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Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The principal assumptions used by the actuary have been:

31 March 2015		31 March 2016
	Long term expected rate of return on assets in the scheme:	
3.2%	• Equity investments*	3.5%
3.2%	• Bonds*	3.5%
3.2%	• Property*	3.5%
3.2%	• Cash*	3.5%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1 years	• Men	22.1 years
24.3 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
24.5	• Men	24.5
26.9	• Women	26.9
2.4%	Rate of inflation	2.2%
3.3%	Rate of increase in salaries	3.2%
2.4%	Rate of increase in pensions	2.2%
3.2%	Rate for discounting scheme liabilities	3.5%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

*The expected rates of return are set equal to the discount rate (per the revised version of IAS19).

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions at the end of the reporting period and assumes for each other change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below are consistent with those adopted in the previous period.

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Sensitivity analysis – impact on the defined benefit obligation in the scheme

Change in assumptions at 31 March 2016	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	22,843
1 year increase in member life expectancy	3%	775
0.5% increase in the salary increase rate	3%	805
0.5% increase in the pension increase rate	8%	2,003

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (60% of scheme assets) and bonds (26%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

Further details of the Fund's investment approach are outlined in the Statement of Investment Principles and Funding Strategy Statement that are published on the Fund's website www.norfolkpensionfund.org.

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2019.

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

The Authority anticipates paying contributions of approximately £582,000 to the scheme in 2016/17.

The weighted average duration of the defined benefit obligation for scheme members is as follows:

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Market Risk The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market investments.

Foreign Exchange Risk The possibility that financial loss might arise for the Authority as a result of changes in the exchange rate (GBP and Euro).

The Broads Authority'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.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. Deposits are only made via Broadland District Council under their Treasury Management Strategy which requires that deposits are not made with banks and financial institutions unless they are highly rated. Therefore the Broads Authority does not consider there to be any quantifiable risk in relation to investments.

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not allow credit for customers, and only a small proportion of invoices were overdue and outstanding as at 31 March 2015 for which a bad debt provision had not been put in place.

Liquidity Risk

In the past the Broads Authority has had access to three-year funding from Defra but currently only has a one year confirmation for 2015/16. The change of government brings uncertainties whether future three-year funding will be available following another comprehensive spending review. Given the significant cash balances there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one year with the exception of the 20 year PWLB loan. Therefore there is no risk of having to borrow at unfavourable rates in future to replenish borrowings.

Market Risk

With the exception of the PWLB loan, the Broads Authority is debt free. Excess cash is invested at variable or fixed money market rates depending on forecasts for interest rates under the period of review.

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2014/15 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Treasurer and Financial Adviser will be sought on the advisability of hedging the exchange risk before entering into the contract.

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37. Navigation Income and Expenditure Account

2014/15				2015/16		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
3,282 0	(3,074) 0	208 0	Navigation Fund Non-distributed costs	3,310 0	(3,142) 0	168 0
3,282	(3,074)	208	Net cost of services	3,310	(3,142)	168
		(2)	Other operating expenditure			(1)
		113	Financing and investment income and expenditure			122
		0	Taxation and non-specific grant income			0
		319	(Surplus) or deficit on the provision of services			289
		0	(Surplus) or deficit on revaluation of fixed assets			(22)
		671	Actuarial (gains) / losses on pension assets / liabilities			(1,151)
		990	Total comprehensive income and expenditure			(884)

Glossary of Terms

ACCOUNTING PERIOD

The period of time covered by the accounts, a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

ACCOUNTING POLICIES

The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.

ACCRUALS

Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

These may arise on both defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated). A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

AMORTISATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible long term asset.

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

An item owned by the Authority which has a value, for example, premises, vehicles, equipment, cash.

BUDGET

The statement of the Authority's policy expressed in financial terms usually for the current or forthcoming financial year. The Revenue Budget covers running expenses (see also: revenue income and expenditure), and the Capital Budget plans for asset acquisitions and replacements (see also: capital income and expenditure).

CAPITAL INCOME AND EXPENDITURE

Expenditure on the acquisition of a long term asset, which lasts normally for more than one year, or expenditure which adds to the life or value of an existing long term asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CASH EQUIVALENTS

These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional accountancy institute that sets the standards for the public sector. CIPFA publishes the Accounting Codes of Practice for local government.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)

Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

COMMUNITY ASSETS

Community assets are assets that the Authority intends to hold for an unlimited period of time, have no determinable finite useful life and may have restrictions on their disposal.

CONTINGENT LIABILITIES

Potential costs that the Authority may incur in the future because of something that happened in the past.

CORPORATE AND DEMOCRATIC CORE (CDC)

Corporate and Democratic Core represents costs associated with democratic representation and management and corporate management. Democratic representation and management includes all aspects of Members' activities. Corporate management concerns the cost of the infrastructure that allows services to be provided and the cost of providing information that is required for public accountability. Such costs form part of total service expenditure, but are excluded from the costs of any particular service.

CREDITORS

Amounts owed by the Authority for goods and services provided for which payment has not been made at the end of the financial year.

CURRENT VALUE

This is the cost of an asset if bought in the current year.

DEBTORS

Sums of money due to the Authority but not received at the end of the financial year.

DEFICIT

Arises when expenditure exceeds income or when expenditure exceeds available budget.

DEPRECIATION

The measure of the wearing out, consumption, or other reduction in the useful economic life of a long term asset.

EXPECTED RETURN ON PENSION ASSETS

For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The price at which the Authority could buy or sell an asset in a transaction with another organisation, less any grants received towards buying or using that asset.

FINANCIAL ASSET

A right to future economic benefits.

FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset in one organisation and a financial liability in another.

FINANCIAL LIABILITY

An obligation to transfer economic benefits.

FINANCE LEASE

A lease which transfers all of the risks and rewards of ownership of a long term asset to the lessee. Where these leases are entered into, the assets acquired have to be included with the Authority's long term assets in the balance sheet at the market value of the asset involved (see also: operating lease).

LONG TERM ASSETS

Assets that yield benefits to the Authority and the services it provides for a period of more than one year.

GOVERNMENT GRANTS

Grants paid by the Government. These can be for general expenditure or a particular service or initiative.

HISTORIC COST

The cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS

An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

IMPAIRMENT

A reduction in the value of a long term asset to below its carrying amount in the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (fire at a building) or a deterioration in the quality of the service provided by the asset, or by a general fall in prices of that particular asset or type of asset.

INFRASTRUCTURE ASSETS

Long term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

INTANGIBLE ASSETS

Intangible assets are non-financial long term assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. All local authorities apply international accounting regulations when preparing accounts. The Authority's accounts follow these standards where they apply to local authorities.

INVESTMENT PROPERTIES

Assets that the Authority owns but which are not used in the direct delivery of services.

LIABILITY

An obligation to transfer economic benefits. Current liabilities are usually payable within one year.

MARKET PRICE

This is the price at which another organisation is prepared to buy or sell an asset.

MINIMUM REVENUE PROVISION (MRP)

The minimum sum charged to the Authority's revenue account each year to provide for the repayment of loans.

NET BOOK VALUE

The amount at which long term assets are included in the Balance Sheet, i.e. their historical costs or current value less the cumulative amounts provided for depreciation.

NON DISTRIBUTED COSTS

These are specific overheads relating to unused assets and certain pension costs for employees' service in previous years. These are not allocated to service departments because they do not relate to the in-year cost of providing the service.

OPERATING LEASE

A lease whereby the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service. The assets involved are not included within the Authority's long term assets in the balance sheet (see also: finance lease).

OUTTURN

The actual amount spent in the financial year.

PENSION FUND

A fund which makes pension payments on retirement of its participants.

PROVISION

An amount set aside to provide for a liability, which is likely to be incurred, but where the exact amount and the date on which it will arise are uncertain.

RESERVES

An amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

REVENUE INCOME AND EXPENDITURE

Expenditure which relates to day to day expenses, such as salaries and wages, general running expenses and the minimum revenue provision. Revenue income includes charges made for goods and services.

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)

CIPFA guidance which supports local authorities in financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other National Parks.

SURPLUS

Arises when income exceeds expenditure or when expenditure is less than available budget.

VALUE ADDED TAX (VAT)

A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

VARIANCE / VARIATION

A difference between budgeted income or expenditure and actual outturn, also referred to as an 'over-' or 'underspend'.