

BROADS AUTHORITY
STATEMENT OF ACCOUNTS

2010-11

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Explanatory Foreword

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 2010-11

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 Defra report 'Review of English Park Authorities' published in July 2002.

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.

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.

On 2 July the Broads Authority Act 2009 received Royal Assent. This Act is primarily concerned with augmenting the Authority's powers to ensure safety on the Broads. These provisions have no financial implications for the Authority apart from the costs associated with enforcement. In addition, the Act contains a small number of provisions amending and updating the 1988 Act. These include removing the need for the Authority to maintain a separate navigation account. The Act does however contain provisions which ensure that, taking one year with another, expenditure on navigation matters is equal to navigation income. The Authority has also agreed with national boating organisations how the combined accounts will be reported in the future. The new powers also allow for tolls to be collected from vessels which use certain waters connected to the Authority's navigation area.

The Accounting Statements

The Broads Authority's accounts for the year 2010-11 are set out on pages 6 to 79. They consist of:-

A Statement of Responsibilities for the Statement of Accounts.

A 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 are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement 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, which follows the Accounting Statements in Note 1 and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation Account. The Navigation Account has separate accounting records to ensure the proper control of income from tolls payers and to ensure it is spent primarily to benefit the users of the navigation. The Navigation Account income and expenditure account is shown in full at note 37 on page 73.

Changes to the 2010-11 Accounts

The Implementation of International Financial Reporting Standards (IFRS) has led to a number of key changes in the Statement of Accounts. These are:

Changes in the presentation of the Financial Statements

There is a new statement introduced, the Movement in Reserves Statement. This replaces the Statement of Movement on the General Fund Balance.

The Comprehensive Income and Expenditure Account incorporates the Statement of Total Recognised Gains and Losses.

Changes in accounting policies

Due to the introduction of IFRS there are some significant changes compared to previous years. These are:

- Government Grants and Contributions –
Unless there are specific conditions, grants and contributions, received are accounted for immediately in the comprehensive income and expenditure statement. The previous accounting policy was to match the expenditure with the grant.
- Leases –
The definition of finance/operating leases has changed and leases have been reviewed to comply with the new definition. Property leases are now classified and accounted for as separate leases of land and buildings.
- Property, Plant and Equipment –
The value of assets which can be split into “components” are now accounted for separately with a depreciation charge on each part. A new classification of “Assets held for sale” has been introduced and the accounting treatment for impairment has changed.
- Accumulated Absences –
The cost of any untaken leave and similar employee benefits at the end of the financial year is now accrued for and included within the accounts.

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 2011 is £264,631.

The purpose of the 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. The repayment period of the loan is 20 years at a fixed interest rate of 4.82%, repayable by equal instalments of principal.

Review of the Year

General Income and Expenditure

The Authority's original budget for 2010/11 was based on an assumed grant of £4,442k (£4,340k in 2009/10) from Defra, including specific purpose grant of £200k (£217k in 2009/10) for the continuation of the Sustainable Development Fund (SDF). This was subject to an 'in year' cut of 5% (£212k) which reduced total National Park Grant to £4,230k. In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £887k (£1,328k in 2009/10). Total income for 2010/11 was £5,116k (£5,668 in 2009/10).

The Authority initially set a budget for 2010/11 with a forecast deficit of £98k (£335k for 2009/10). The revised budget predicted a deficit budget of £484k. The actual outturn saw a deficit of £184k (a favourable variance of £300k). After applying the Authority's carry forward policy, the net under-spend against the revised budget was £171k for 2010/11 (251k for 2009/10).

Navigation Income and Expenditure

Income from tolls was £2,564k (2,396k in 2009/10), other income received for the year from yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £164k, (£167k in 2009/10), interest was £13k (£6k in 2009/10) and the contribution from the General Account was £190k (£200k in 2009/10). Total income for 2010/11 was £2,786k (£2,735k in 2009/10).

The Authority initially set a budget with a forecast surplus of £15k for 2010/11 (deficit of £22k for 2009/10). The revised budget predicted a surplus of £128k. The actual outturn saw a surplus of £203k (£66k for 2009/10). The net under-spend against the revised budget was £75k (£84k for 2009/10).

Financial Outlook

The Authority received notification in December 2010 that its National Park Grant would be reduced by 21.5% in cash terms over the period 2011/12 to 2014/15. This was on top of the 5% 'in-year' reduction announced in the summer of 2010. The assumption underlying the Defra allocation is for a 7% level of inflation over the four years of the Spending Review. If that forecast is correct, the Authority can expect its National Park Grant to be about one third less in 2014/15 compared to the original 2010/11 budget. In cash terms this means a reduction from £4.44 million to £3.32 million.

Income from navigation tolls has however held up well, and has exceeded the projections made by the Navigation Finance and Tolls Review Group which reported to the Broads Authority in November 2009.

In response to the expected cut in National Park Grant the Authority established a member working group to review all the activities and expenditure of the Authority and, having regard to the Authority's grant settlement and using the priorities in the new Broads Plan, to develop a three year financial strategy.

The Authority quickly recognised, given the scale of reduction involved, that a fundamental review of its organisational structure would be necessary. Proposals were therefore developed, with the support of the working group, to move from four to two Directorates with effect from April 2013, with an interim structure containing three Directorates from 1 May 2011.

Based on these new proposals the Group developed a three year financial strategy for the Authority which was endorsed and adopted by the Broads Authority at its meeting on 24 June 2011.

In developing the Strategy the Group agreed a number of general principles designed to maintain the Authority's finances on a sound footing, and made a number of assumptions in respect of future boat numbers and the level of staff pay. However it was noted that there are a significant number of variables – and some unknown quantities, such as future inflation – which could impact on these figures. It is important therefore that the Strategy is reviewed and updated on an annual basis, having regard to any changes in circumstances and the annual outturn figures. With regard to the annual toll increase, this will be subject to consultation with the Navigation Committee.

The Authority has adopted a general principle that it should seek to maintain both general and navigation reserves at a minimum of 10% of net expenditure, and that general and navigation income and expenditure should be in balance by not later than 2014/15. Navigation funding is currently projecting a reducing deficit over the next three years, moving to a small surplus in 2014/15, with reserves at 11% of net expenditure. For general funding there is a projected deficit of £92,000 in 2014/15, with reserves at 10.2% of net expenditure. However it should be noted that a deliberately cautious approach has been taken, both to the potential future costs of Dragonfly House and to the receipt of income from other sources.

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 (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;
- 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 2011 and its income and expenditure for the year ended 31 March 2011.

John Duvall (Treasurer and Financial Adviser)

Certificate of Committee Resolution

I confirm that these accounts were approved by The Broads Authority at its meeting held 23 September 2011.

Signed on behalf of The Broads Authority:

Dr JS Johnson (Chair of meeting approving the accounts)
23 September 2011

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

Opinion on the Authority accounting statements

I have audited the accounting statements of the Broads Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of the Broads Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Treasurer and Financial Adviser and auditor

As explained more fully in the Statement of 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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of the Broads Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good

Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, the Broads Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Certificate

I certify that I have completed the audit of the accounts of the Broads Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil Harris,
Officer of the Audit Commission,
Audit Commission,
3rd Floor,
Eastbrook,
Shaftesbury Road,
Cambridge, CB2 8BF

Date:

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (ie 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.

	General Fund & Navigation Fund Balance £'000	Earmarked Reserves £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2009 (A)	1,482	1,658	3,140	(73)	3,067
Surplus or (Deficit) on the provision of services	(109)	0	(109)	0	(109)
Other Comprehensive Income and Expenditure	0	0	0	(4,944)	(4,944)
Total Comprehensive Income and Expenditure	(109)	0	(109)	(4,944)	(5,053)
Adjustments between accounting basis & funding basis under regulations (Note 6)	77	0	77	(77)	0
Net Increase / (Decrease) before transfers to Earmarked Reserves	(32)	0	(32)	(5,021)	(5,053)
Transfers to/from Earmarked Reserves (Note 7)	33	(33)	0	0	0
Increase / (Decrease) in 2009/10 (B)	1	(33)	(32)	(5,021)	(5,053)
Balance at 31 March 2010 (=A+B)	1,483	1,625	3,108	(5,094)	(1,986)

	General Fund & Navigation Fund Balance £'000	Earmarked Reserves £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2010 (A)	1,483	1,625	3,108	(5,094)	(1,986)
Surplus / (Deficit) on provision of services	1,470	0	1,470	0	1,470
Other Comprehensive Income and Expenditure	0	0	0	3,587	3,587
Total Comprehensive Income and Expenditure	1,470	0	1,470	3,587	5,057
Adjustments between accounting basis & funding basis under regulations (Note 6)	(1,418)	0	(1,418)	1,418	0
Net Increase / (Decrease) before transfers to Earmarked Reserves	52	0	52	5,005	5,057
Transfers to / from Earmarked Reserves (Note 7)	-33	33	0	0	0
Increase / (Decrease) in Year (B)	19	33	52	5005	5,057
Balance at 31 March 2011 (=A+B)	1,502	1,658	3,160	(89)	3,071

Comprehensive Income & Expenditure Statement

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

Restated 2009-10			2010-11				
Gross Expenditure £000s	Income £000s	Net Expenditure / (Income) £000s		Note	Gross Expenditure £000s	Income £000s	Net Expenditure/ (Income) £000s
1,724	583	1,141	Conservation of the Natural Environment		1,566	473	1,092
615	278	337	Conservation of Cultural Heritage		389	162	227
900	216	684	Recreation Management and Transport		862	121	741
915	174	741	Promoting Understanding		1,101	240	861
417	0	417	Rangers Estates and Volunteers		413	0	413
431	175	256	Development Control		455	80	375
177	0	177	Forward Planning and Communities		227	0	227
0	0	0	Exceptional Item: Negative Past Service Cost	4	(1,832)	0	(1,832)
0	0	0	Non Distributed Costs		0	0	0
439	52	387	Corporate and Democratic Core		414	0	414
2,425	2,537	(112)	Broads Navigation Account	37	2,594	2,728	(134)
8,043	4,015	4,028	Cost of Services		6,189	3,804	2,385
		14	Other operating expenditure	8			21
		262	Financing and investment income and expenditure	9			193
		(4,196)	Taxation and non-specific grant income	10			(4,070)
		108	(Surplus) or Deficit on Provision of Services				(1,470)
		(421)	(Surplus) or deficit on revaluation of fixed assets				0
		5,366	Actuarial (Gains) / Losses on Pension Assets / Liabilities				(3,587)
		4,945	Other Comprehensive Income and Expenditure				(3,587)
		5,053	Total Comprehensive Income and Expenditure				(5,057)

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.

Restated As at 01 Apr 09	Restated As at 31 Mar 10		Note	As at 31 Mar 11
£000	£000			£000
3,080	3,429	Property, Plant & Equipment	11	3,263
0	22	Intangible Assets	12	54
15	18	Long Term Debtors		21
3,095	3,469	Long Term Assets		3,338
0	0	Short Term Investments		2,013
167	160	Inventories	14	141
831	713	Short Term Debtors	15	622
3,455	4,238	Cash and Cash Equivalents	16	2,561
0	0	Assets Held for Sale		8
4,453	5,111	Current Assets		5,345
(15)	(15)	Short Term Borrowing		(15)
(1,402)	(2,106)	Short Term Creditors	17	(2,223)
(78)	(71)	Provisions	18	(127)
(1,495)	(2,192)	Current Liabilities		(2,365)
(254)	(239)	Long Term Borrowing		(309)
(2,732)	(8,136)	Other Long Term Liabilities		(2,939)
(2,986)	(8,375)	Long Term Liabilities		(3,248)
3,067	(1,987)	Net Assets		3,071
		<u>Useable Reserves</u>		
966	904	General Account Fund Balance		910
516	579	Navigation Account Fund Balance		592
1,658	1,625	Earmarked Reserves	7	1,658
		<u>Unusable Reserves</u>	20	
215	635	Revaluation Reserve		634
2,358	2,360	Capital Adjustment Account		2,259
(2,568)	(8,018)	Pension Reserve		(2,916)
(78)	(71)	Accumulated Absence Reserve		(67)
3,067	(1,987)	Total Reserves		3,071

John Duvall (Treasurer and Financial Adviser)

14 December 2011

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.

Restated 2009-10 £000	Note	Revenue Activities		2010-11 £000
(109)		Net surplus or (deficit) on the provision of services		1,470
1,133		Adjustments to net surplus or deficit on the provision of services for non-cash movements		(927)
0		Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		0
1,024		Net cash flows from Operating Activities	21	543
(171)		Investing Activities	22	(2,105)
(70)		Financing Activities	23	(115)
783		Net increase or (decrease) in cash and cash equivalents		(1,677)
3,455		Cash and cash equivalents at the beginning of the reporting period		4,238
4,238		Cash and cash equivalents at the end of the reporting period	16	2,561

Notes to the Statement of Accounts

Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, 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 2010/11 and the Best Value Accounting Code of Practice 2010/11, 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 payable on borrowings and receivable on investments is accounted for 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 income 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 it is doubtful that debts will 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.

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, ie 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
- 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 (eg 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, eg 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 Non Distributed Costs 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, 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 pensions 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 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 a 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 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. 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. 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 costing formula.

xiv. Leases

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 for the difference between the two.

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 (eg 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 or loss on disposal (ie 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.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are 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 (eg 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.

xv. 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 *Best Value Accounting Code of Practice 2010/11* (BVACOP). 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 BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xvi. 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 (ie 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
- 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 (ie 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:
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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer,
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over 25 years.

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.

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 (ie 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.

xvii. 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. 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 (eg 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 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.

xviii. 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.

xix. Operating Segments

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 2010-11, however in note 37 to the accounts the navigation income and expenditure is shown in full.

xx. 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 made on a percentage basis of the service or goods consumed.

xxi. 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.

xxii. 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.

First time adoption of IFRS

The Statement of Accounts for 2010-11 is the first to be prepared on an IFRS basis. The date of transition to IFRS is 1 April 2009.

The accounting policies detailed above have been applied to the financial statements for the year ended 31 March 2011, the comparative information and the opening statement of financial position at the date of transition.

Material differences between amounts presented under the 2009 and 2010 Statement of Recommended Practice and the IFRS-based Code of Practice are explained below.

IFRS Adjustments

(a) Government Grant Deferred Adjustment

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. As a result of adopting the accounting policy required by the Code, the financial statements have been amended by transferring the balance on the Government Grants Deferred Account at 31 March 2009 to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.

(b) Holiday Pay

Short term accumulating absences refer to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean local authorities are only required to fund holiday pay and other benefits when they are used, rather than when the employees earn the benefits. Amounts are transferred to the Accumulated Absence Account until the benefits are used.

(c) Leases – Property, Plant & Equipment.

Under previous accounting arrangements certain leases relating to vehicles were classified as operating leases and therefore annual lease payments were charged to the Income and Expenditure Account. These leases are finance lease under the IFRS-based Code and the lease payments have been removed from expenditure and the assets have been capitalised and held on the Balance Sheet under Property Plant and Equipment. This has also created an additional depreciation charge within the Comprehensive Income and Expenditure Statement.

(d) Broadland District Council Investment Reclassification

The Authority makes deposits with Broadland District Council for Treasury Management purposes. Under the Service Level Agreement the Authority has the right to have the deposits returned within 2 working days. Due to the highly liquid nature of these investments and the minimal risk to fluctuations in value, the Code requires them to be classified as Cash and Cash Equivalents. Previously, under the SORP, the deposits were classified as short term investments.

(e) Intangible Asset

The Code (following IAS 38) recognises a wider range of intangible assets than the 2009 SORP and therefore expenditure that could have been recognised as an intangible asset, had the Code applied at the time, was not so recognised under the SORP but was charged to the Income and Expenditure Account. The Authority internally generated a website www.enjoythebroads.com which is classified as an intangible asset under the Code as it meets strict IAS 38 requirements to be recognised on the balance sheet. Therefore Intangible Assets have increased by £21,891 on the balance sheet and expenditure in the 2009-10 Comprehensive Income and Expenditure Statement has been reduced by the same amount.

Prior Period Adjustment

(f) Property, Plant and Equipment

The Authority have owned 15 Moorings and a demasting area for a number of years and during the Annual Impairment Review, it was identified that these had been omitted from the Fixed Asset Register and therefore the Balance Sheet as at 01 April 2009 and 31 March 2010. The value of these Moorings increased Property, Plant and Equipment by £209,450.

Changes to Transition Balance Sheet 1 April 2009

	Audited Balance Sheet as at 01 Apr 09	IFRS Adjustments				Prior Period Adjustment	IFRS Restated Balance Sheet as at 01 Apr 09
		Gov Grant Deferred Adj	Holiday Pay	Leases	BDC Reclassification	Property, Plant & Equipment	
		(a)	(b)	(c)	(d)	(f)	
Long term assets							
Property, plant and equipment	2,594,039			268,987		209,450	3,072,476
Current assets							
Short Term Investments	3,030,555				(3,030,555)		0
Short term debtors	790,246				40,555		830,801
Cash & Cash equivalents	465,229				2,990,000		3,455,229
Current liabilities							
Short term creditors	(1,328,071)			(73,921)			(1,401,992)
Provisions	0		(77,882)				(77,882)
Long term liabilities							
Government Grant Deferred	(395,552)	395,552					0
Other long term liabilities	(2,568,000)			(164,498)			(2,732,498)
Unusable reserves							
Capital Adjustment Account	(1,714,774)	(395,552)		(30,568)		(209,450)	(2,350,344)
Accumulated Absence Account	0		77,882				77,882

Changes to Balance Sheet 31 March 2010

	Audited Balance Sheet as at 31 Mar 10	Transition Balance Sheet Adj	Gov Grant Deferred Adj	Holiday Pay Accrual	Leases	BDC Reclassificatio n	Intangibl e Asset	IFRS Restated Balance Sheet as at 31 Mar 2010
			(a)	(b)	(c)	(d)	(e)	
Long term assets								
Property, plant and equipment	2,974,142	478,437			(30,863)			3,421,716
Intangible assets	0	0					21,891	21,891
Current assets								
Short Term Investments	3,254,655	0				(3,254,655)		0
Short term debtors	698,750	0				14,655		713,405
Cash & Cash equivalents	997,704	0				3,240,000		4,237,704
Current liabilities								
Short term creditors	(2,020,540)	(73,921)			(11,189)			(2,105,650)
Provisions		(77,882)		6,613				(71,269)
Long term liabilities								
Government Grant Deferred	(321,025)		321,025					0
Other long term liabilities	(8,018,000)	(164,498)			46,321			(8,136,177)
Unusable reserves								
Capital Adjustment Account	(1,764,834)	(240,018)	(321,025)		(4,269)		(21,891)	(2,352,037)
Accumulated Absense Account	0	77,882		(6,613)				71,269

**Changes to Income and Expenditure
Account 2009-10**

	2009-10 Audited Expenditure	IFRS changes						IFRS Adjusted 2009-10 Expenditure
		Amortisation Reversal (a)	Accumulated Absences 2008-09 (b)	Accumulated Absences 2009-10 (b)	Finance Lease Payment Removal (c)	Additional Depreciation (c)	Additional CERA (e)	
Conservation of the Natural Environment	1,730,490		(9,663)	9,323	(8,384)	2,598	0	1,724,364
Conservation of Cultural Heritage	603,328	15,090	(5,014)	1,787		0		615,191
Recreation Management and Transport	902,127		(14,135)	13,202	(9,692)	8,501		900,003
Promoting Understanding	936,533		(6,948)	6,622		0	(21,796)	914,411
Rangers Estates and Volunteers	419,064		(6,843)	6,089	(7,659)	6,353		417,004
Development Control	428,766		(3,518)	6,059				431,307
Forward Planning and Communities	176,813		(1,392)	1,860		0		177,281
Corporate and Democratic Core	425,884	17,294	(5,615)	3,337	(9,573)	7,127	(95)	438,359
General Account sub total	5,623,004	32,384	(53,128)	48,279	(35,308)	24,579	(21,891)	5,617,919
Broads Navigation Account	2,393,344	42,143	(24,756)	22,990	(59,647)	50,995	0	2,425,069
Cost of Services	8,016,348	74,527	(77,884)	71,269	(94,955)	75,574	(21,891)	8,042,988
Interest Payable and Similar Charges	26,296				15,108			41,404

2. 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 high 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.

The Authority is a member of Whitlingham Charitable Trust of which there is 3 members. The Authority can appoint up to 4 trustees and there shall be no more than 9 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.

The Authority has been charged additional costs for the Dragonfly House office accommodation which, if agreed, would increase the charges payable by approximately £198,000 per annum over and above those notified to the Authority in 2008. The Authority disputes these costs, which relate to Defra's decision to levy a non-recoverable element of VAT, the potential capital/depreciation charge and the cost of the FM service. Negotiations are being held with Defra Estates to attempt to settle the matter. This has been disclosed as a contingent liability (See Note 36).

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

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

The items in the Authority's Balance Sheet at 31 March 2011 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

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 or 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 £18,000 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 effect on the net pensions liability of changes in individual assumptions can be measured.

4. Material Items of Income and Expense

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Authority's liabilities in the Pension Fund by £1.832m. These reductions have been recognised as past service gains in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact on the General Fund.

5. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Treasurer and Financial Advisor on 12 July 2011. 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 2011, the figures in the financial statements and note have been adjusted in all material respects to reflect the impact of this information. However there have been no post balance sheet events.

6. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised 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.

Restated General Fund & Navigation Fund 2009-10 £000	Restated Movement in Unusable Reserves 2009-10 £000		General Fund & Navigation Fund 2010-11 £000	Movement in Unusable Reserves 2010-11 £000
		Adjustments primarily involving the Capital Adjustment Account:		
		Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:		
242	(242)	Charges for depreciation and impairment of non current assets	312	(312)
0	0	Revaluation losses on property, plant and equipment	0	0
0	0	Amortisation of intangible assets	14	(14)
0	0	Donated Assets (no conditions)	(40)	40
14	(14)	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	21	(21)
		Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
(94)	94	Statutory provision for the financing of capital investment	(115)	115
(161)	161	Capital expenditure charged against the General Fund	(91)	91

Restated General Fund & Navigation Fund 2009-10 £000	Restated Movement in Unusable Reserves 2009-10 £000		General Fund & Navigation Fund 2010-11 £000	Movement in Unusable Reserves 2010-11 £000
549	(549)	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 33)	(1,046)	1,046
(465)	465	Employer's pension contributions and direct payments to pensioners payable in the year	(469)	469
(7)	7	Adjustments involving the accumulated Absences Account: Adjustments in relation to short-term compensated absences	(4)	4
77	(77)	Total Adjustments in 2010-11	(1,418)	1,418

7. Transfers to / from earmarked reserves

This note sets out the amounts set aside in earmarked reserves, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2010-11. Details of each of the earmarked reserves follow the table below.

	Restated Balance at 1 April 2009 £000	Restated Transfers in 2009-10 £000	Restated Transfers out 2009-10 £000	Restated Balance at 31 March 2010 £000	Transfers in 2010-11 £000	Transfers out 2010-11 £000	Balance at 31 March 2011 £000
Asset Management	-34	-33	8	-59	-18	4	-73
Implementing Electronic Government	-16	0	0	-16	0	1	-15
Mobile Phone Upgrade	-6	-11	2	-15	0	1	-14
New Office Accommodation	-158	-2	61	-99	-2	13	-88
Planning Delivery Grant	-821	-3	86	-738	-9	130	-617
Sustainable Development Fund	-131	-217	241	-107	-201	267	-41
STEP	0	0	0	0	-311	324	13
Dredging disposal	-60	-20	0	-80	-100	0	-180
Dockyard Vessels and Equipment	-60	-20	0	-80	-82	0	-162
Dockyard Site Maintenance	-30	-30	0	-60	-31	0	-91
Mutford Lock Endowment Fund	-182	-28	0	-210	-30	0	-240
Vessel Replacement Fund	-160	-1	0	-161	-2	13	-150
Total	-1658	-365	398	-1625	-787	754	-1658

Earmarked reserves

Asset Management

Reserve set up to provide for future repair and maintenance of the Authority's property assets, as prioritised through the Asset Management Plan

Implementing Electronic Government

Unused grant supplied by ODPM for the purpose of improving IT systems

Mobile Phone Upgrade

A reserve set up to provide for the replacement and acquisition of mobile phones

New Office Accommodation

Unused Defra grant awarded to enable the Authority to make the move to its new premises

Planning Delivery Grant

Unused Defra and OPDM grants awarded to deliver the planning service

Sustainable Development Fund

Unused Sustainable Development Fund grant supplied by Defra

STEP

A reserve set up for a European Grant part funded project relating to Sustainable Tourism in Estuary Parks

Dredging Disposal

Navigation Fund reserve to provide for the acquisition of sites for the disposal of sediment from dredging

Dockyard Vessels & Equipment

Navigation Fund reserve to provide for the future replacement and acquisition of vessels and equipment by the Dockyard Team

Dockyard Site Maintenance

Navigation Fund reserve to provide for the future maintenance and improvement of the Dockyard site, including the access road

Mutford Lock Endowment Fund

Navigation Fund reserve for the future repair of Mutford Lock

Vessel Replacement Fund

Navigation Fund reserve for the purchase of water borne vessels.

8. Other Operating Expenditure

Restated 2009-10 £000		2010-11 £000
14	Gains / losses on disposal of non-current assets	21
14	Total	21

9. Financing and Investment Income and Expenditure

Restated 2009-10 £000		2010-11 £000
41	Interest payable and similar charges	40
235	Pensions interest cost and expected return on pensions assets	197
(14)	Interest receivable and similar income	(44)
0	Other Investment income	0
262	Total	193

10. Taxation and non specific grant incomes

Restated 2009-10 £000		2010-11 £000
(4,123)	DEFRA Grant	(4,030)
(73)	CLG Grant	0
	Donated Asset Liana	(40)
(4,196)	Total	(4,070)

11. Property, Plant and Equipment

Movements on balances 2010/11

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2010	1,746	1,646	302	323	4,017
additions	0	135	0	0	135
donations	0	40	0	0	40
revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	0	(36)	0	0	(36)
derecognition - other	0	0	0	0	0
Assets reclassified (to) / from Held for Sale	0	(8)	0	0	(8)
Other movements in cost or valuation	0	0	0	0	0
At 31 March 2011	1,746	1,777	302	323	4,148

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2010 (restated)	24	460	103	0	587
depreciation charge	27	270	15	0	312
depreciation written out of the Revaluation Reserve	0	0	0	0	0
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	0	(15)	0	0	(15)
derecognition - other	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0
At 31 March 2011	51	716	118	0	885

Net Book Value					
At 31 March 2011	1,695	1,061	184	323	3,263
At 31 March 2010 (restated)	1,722	1,186	199	323	3,430

Movements on balances 2009/10 (restated)

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2009 (restated)	1,497	1,593	302	323	3,715
additions	18	176	0	0	194
donations	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	243	(103)	0	0	140
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	0	(20)	0	0	(20)
derecognition - other	(12)	0	0	0	(12)
Assets reclassified (to) / from Held for Sale	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0
At 31 March 2010 (restated)	1,746	1,646	302	323	4,017

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2009 (restated)	51	496	88	0	635
depreciation charge	13	200	15	0	228
depreciation written out of the Revaluation Reserve	(28)	(230)	0	0	(258)
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0
Impairment losses / (reversals) recognised in the Revaluation Reserve	(12)	0	0	0	(12)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	0	(6)	0	0	(6)
derecognition - other	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0
At 31 March 2010 (restated)	24	460	103	0	587

Net Book Value					
At 31 March 2010 (restated)	1,722	1,186	199	323	3,430
At 31 March 2009 (restated)	1,446	1,097	214	323	3,080

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 8 to 55 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

During 2010/11 a boat 'Helen' was reclassified as 'Held for Sale'. 'Helen' has an estimated value of £7,500 to £10,000.

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 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	Total £000
Carried at historical cost	591	1,433	302	323	2,649
Valued at fair value as at:					
31 March 2011	0	0	0	0	0
31 March 2010 (restated)	1,044	122	0	0	1,166
31 March 2009 (restated)	0	122	0	0	122
31 March 2008 (restated)	51	70	0	0	121
31 March 2007 (restated)	60	30	0	0	90
Total cost or valuation	1,746	1,769	302	323	4,148

12. Intangible Assets

The Authority internally generated a website www.enjoythebroads.com which would be classified as an intangible asset as it meets strict IAS 38 requirements to be recognised on the balance sheet. The useful life of the website is 5 years and the carrying amount is amortised on a straight line basis

The movement on Intangible Assets balances during the year is as follows:

Restated 2009-10 Total £000		Internally Generated Assets £000	Other Assets £000	2010-11 Total £000
	Balance at start of year:			
0	Gross carrying amounts	22	0	22
0	Accumulated amortisation	0	0	0
0	Net carrying amount at start of year	22	0	22
	Additions:			
22	Internal development	46	0	46
0	Amortisation for the period	(14)	0	(14)
22	Net Carrying Amount at the end of the year	54	0	54
	Comprising:			
22	Gross carrying amounts	68	0	68
0	Accumulated amortisation	(14)	0	(14)
22		54	0	54

13. Financial Instruments

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

	Long-term		Current	
	Restated 31 March 2010 £000	31 March 2011 £000	Restated 31 March 2010 £000	31 March 2011 £000
Investments				
Loans and receivables	0	0	3,255	4,019
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	0	0	3,255	4,019
Debtors				
Loans and receivables	18	152	705	480
Financial assets carried at contract amounts	0	0	0	0
Total debtors	18	152	705	480
Borrowings				
Financial liabilities at amortised cost	239	224	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	239	224	15	15
Other Long Term Liabilities				
Finance lease liabilities	118	108	85	85
Total other long term liabilities	118	108	85	85
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	2,021	2,138
Total Creditors	0	0	2,021	2,138

Income, Expense Gains and Losses

Restated 2009-10			2010-11			
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
41	0	41	Interest Expense	40	0	40
41	0	41	Total expense in Surplus or Deficit on the Provision of Services	40	0	40
0	(14)	(14)	Interest Income	0	(44)	(44)
0	(14)	(14)	Total Income in Surplus or Deficit on the Provision of Services	0	(44)	(44)
41	(14)	27	Net (gain) / loss for the year	40	(44)	(4)

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

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 2011		Restated 31 March 2010	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	332	357	357	377
Long term Creditors	0	0	0	0

	31 March 2011		Restated 31 March 2010	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	152	152	18	18

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.

14. Inventories

All 2009-10 figures shown are restated	Consumable Stores		Maintenance Materials		Total	
	2009-10 £000	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000	2010-11 £000
Balance outstanding at start of year	73	71	94	89	167	160
Purchases	39	28	252	202	291	230
Recognised as an expense in year	(41)	(49)	(257)	(200)	(298)	(249)
Written off balances	0	0	0	0	0	0
Balance outstanding at year-end	71	50	89	91	160	141

15. Debtors

	Restated 31 March 2010 £000	31 March 2011 £000
Central government bodies	129	99
Other local authorities	53	26
Prepayments	455	404
Other entities and individuals	76	93
Total	713	622

16. Cash and Cash Equivalents

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

Restated 31 March 2010 £000		31 March 2011 £000
3	Cash held by the Broads Authority	2
3,240	Investments with Broadland District Council	1,990
995	Bank current accounts	569
4,238	Total Cash & Cash Equivalents	2,561

17. Creditors

	Restated 31 March 2010 £000	31 March 2011 £000
Central government bodies	148	0
Other local authorities	9	28
Accruals	1,605	1,901
Public corporations and trading funds	3	0
Other entities and individuals	341	294
Total	2,106	2,223

18. Provisions

Accumulated Absences Provision £000	Total 31 March 2010 £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total 31 March 2011 £000
78	78	Balance at 1 April	71	0	71
71	71	Additional provisions made in year	67	60	127
(78)	(78)	Settlements or cancellation of provision made at end of preceeding year	(71)	0	(71)
0	0	Unused amounts reversed in year	0	0	0
0	0	Unwinding of discounting in year	0	0	0
71	71	Balance at 31 March	67	60	127

The provision made in 2010-11 was for the costs of organisational restructuring. The provision related to redundancy payments for a reduction in 9 posts leaving the Authority by July 2011. It also includes compensation payments for contract standardisation of 8 posts payable in May 2011. All affected staff members were notified of these arrangements during February and March 2011.

For more information on the Accumulated Absence Account see Note 20.

19. Usable reserves

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

20. Unusable reserves

Restated 31 March 2010 £000		31 March 2011 £000
634	Revaluation reserve	634
2,360	Capital Adjustment Account	2,259
(8,018)	Pensions Reserve	(2,916)
(71)	Accumulated Absences Account	(67)
<hr/>		
(5,095)	Total unusable reserves	(90)

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.

Restated 2009-10 £000		2010-11 £000
215	Balance at 1 April	634
523	Upward revaluation of assets	0
(103)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0
<hr/>		
420	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on Provision of Services	0
0	Difference between fair value depreciation and historical cost depreciation	0
0	Accumulated gains on assets sold or scrapped	0
<hr/>		
0	Amount written off to the Capital Adjustment Account	0
<hr/>		
634	Balance at 31 March	634

Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains 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.

Restated 2009-10 £000		2010-11 £000
2,358	Balance at 1 April	2,360
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(242)	Charges for depreciation and impairment of non current assets	(312)
0	Revaluation losses on Property Plant & Equipment	0
0	Amortisation of intangible assets	(14)
(14)	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	(21)
(256)		(347)
0	Adjusting amounts written out of the revaluation reserve	0
(256)	Net written out amount of the cost of non-current assets consumed in the year	(347)

Restated 2009-10 £000		2010-11 £000
	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)	40
94	Statutory provision for the financing of capital investment charged against the General Fund	115
161	Capital expenditure charged against the General Fund	91
255		246
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0
2,360	Balance at 31 March	2,259

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.

Restated 31 March 2010 £000		31 March 2011 £000
(2,568)	Balance at 1 April	(8,018)
(5,366)	Actuarial gains or losses on pensions assets and liabilities	3,587
(549)	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	1,046
465	Employer's pension contributions and direct payments to pensioners payable in the year	469
(8,018)	Balance at 31 March	(2,916)

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, eg 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.

Restated 2009-10 £000		2010-11 £000
(78)	Balance at 1 April	(71)
78	Settlement or calculation of accrual made at the end of the preceding year	71
(71)	Amounts accrued at the end of the current year	(67)
7	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
(71)	Balance at 31 March	(67)

21. Cash flow Statement – Operating Activities

The cash flows from operating activities include the following items:

Restated 2009-10 £000		2010-11 £000
(48)	Interest received	(30)
41	Interest paid	40
0	Dividends received	0

22. Cash flow Statement – Investing Activities

Restated 2009-10 £000		2010-11 £000
(171)	Purchase of property, plant and equipment, investment property and intangible assets	(92)
0	Other payments from investing activities	(2,013)
(171)	Net cash flows from investing activities	(2,105)

23. Cash flow Statement – Financing Activities

Restated 2009-10 £000		2010-11 £000
14	Cash receipts of short and long term borrowing	0
(80)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(100)
11	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(15)
(70)	Net cash flows from financing activities	(115)

24. 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 *Best Value Accounting 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)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

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

Income and Expenditure 2010-11	Corporate Services £000	Countryside Management £000	Planning & Strategy £000	Waterways £000	STEP £000	Corporate Amounts £000	Total £000
Fees charges and other service income	(28)	(638)	(77)	(388)	(111)	(2,564)	(3,806)
Contribution from reserves	0	0	0	0	0	(638)	(638)
Government Grants	0	0	0	0	0	(4,053)	(4,053)
Total Income	(28)	(638)	(77)	(388)	(111)	(7,255)	(8,497)
Employee expenses	955	1,230	452	1,442	0	0	4,079
Other service expenses	1,631	794	185	1,207	522	60	4,399
Total Expenditure	2,586	2,024	637	2,649	522	60	8,478
Net expenditure	2,558	1,386	560	2,261	411	(7,195)	(19)

Income and Expenditure 2009-10	Corporate Services £000	Countryside Management £000	Planning & Strategy £000	Waterways £000	STEP £000	Corporate Amounts £000	Total £000
Fees charges and other service income	(259)	(850)	(248)	(266)	(79)	(2,379)	(4,081)
Interest	0	0	0	0	0	(15)	(15)
Contributions from reserves	0	0	0	0	0	(384)	(384)
Government Grants	0	0	0	0	0	(4,123)	(4,123)
Total Income	(259)	(850)	(248)	(266)	(79)	(6,901)	(8,603)
Employee expenses	959	1,295	407	1,387	0	0	4,048
Other service expenses	1,754	1,283	194	1,308	8	0	4,547
Total Expenditure	2,713	2,578	601	2,695	8	0	8,595
Net expenditure	2,454	1,728	353	2,429	(71)	(6,901)	(8)

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

2009-10 £000		2010-11 £000
(8)	Net expenditure in the [Directorate] analysis	(19)
84	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(1,390)
3,952	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	3,794
4,028	Cost of Services in Comprehensive Income and Expenditure Statement	2,385

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.

2010-11	Service Analysis £000	Amounts not reported to management for decision making £000	Amounts included in Analysis but not in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, Charges & Other Service Income	(3,782)	0	0	(3,782)	(40)	(3,822)
Interest & Investment Income	(23)	0	0	(23)	(21)	(44)
Contribution from reserves	(638)	0	(13)	(651)	0	(651)
Government Grants & Contributions	(4,053)		4,053	0	(4,053)	(4,053)
Total Income	(8,496)	0	4,040	(4,456)	(4,113)	(8,569)
Employee Expenses	4,079	(1,716)	0	2,363	197	2,560
Other service expenses	4,398	0	(246)	4,152	0	4,152
Depreciation, Amortisation & Impairment	0	326	0	326	0	326
Interest Payments	0	0	0	0	40	40
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	21	21
Total Expenditure	8,477	(1,390)	(246)	6,841	258	7,099
Surplus or Deficit on the Provision of Services	(19)	(1,390)	3,794	2,385	(3,855)	(1,470)

2009-10 Comparative figures	Service Analysis £000	Amounts not reported to management for decision making £000	Amounts included in Analysis but not in I&E £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, Charges & Other Service Income	(4,081)	0	66	(4,015)	0	(4,015)
Interest & Investment Income	(15)	0	15	0	(15)	(15)
Contributions from reserves	(384)	0	0	(384)	0	(384)
Government Grants & Contributions	(4,123)	0	4,123	0	(4,195)	(4,195)
Total Income	(8,603)	0	4,204	(4,399)	(4,210)	(8,609)
Employee Expenses	4,048	(157)	0	3,891	235	4,126
Other service expenses	4,547	0	(252)	4,295	0	4,295
Depreciation, Amortisation & Impairment	0	242	0	242	0	242
Interest Payments	0	0	0	0	41	41
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	14	14
Total Expenditure	8,595	85	(252)	8,428	290	8,718
Surplus or Deficit on the Provision of Services	(8)	85	3,952	4,029	(3,920)	109

25. Members Allowances

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

Restated 2009-10 £000		2010-11 £000
40	Allowances	48
10	Expenses	12
50	Total	60

26. Officers Remuneration

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

		Salary Fees and Allowances £000	Bonuses £000	Expense Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2010-11	79	0	1	13	93
	2009-10	81	0	1	13	95
Director of Planning & Development	2010-11	54	0	0	9	63
	2009-10	53	0	0	8	61
Director of Waterways	2010-11	50	0	2	8	60
	2009-10	50	0	2	8	60
Director of Corporate Services	2010-11	50	0	0	8	58
	2009-10	50	0	0	8	58
Director of Conservation & Countryside Management	2010-11	47	0	0	8	55
	2009-10	46	0	0	7	53

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

2009-10 Number of Employees		2010-11 Number of Employees
3	£50,000 - £54,999	3
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	1
1	£80,000 - £84,999	0

27. 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:

Restated 2009-10 £000		2010-11 £000
28	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	23
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
28	Total	23

28. Grant Income

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

Restated 2009-10 £000		2010-11 £000
	Credited to Taxation and Non Specific Grant Income	
4,123	Defra Grant	4,030
73	CLG Grant	0
0	Donated Asset: Liana	40
	Credited to Services	
217	Sustainable Development Fund Grant	200
4,413	Total	4,270

29. 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 10)

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. The Authority wrote to all members requesting details of any related party transactions. Details of Members expenses are included in Note 25.

Mr Paul Greasley is a member of the Navigation Committee and has a relationship with 'Norfolk Broads Direct Ltd' which paid £72,193 navigation tolls to the Broads Authority in 2010/11.

Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in Note 26.

Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £18,360 (£17,500 in 2009/10). The balance outstanding at 31/03/2011 was £5,508 (nil at 31/03/2010)

The Broads Authority also provides a recharge service for purchase invoices and salaries of £123,788 (£143,332 2009-10). The balance outstanding at 31/03/2011 was £9,604 (£23,949 at 31/03/2010)

The Whitlingham Charitable Trust also invoiced the Authority £15,026 (£14,721 in 2009/10) for rental income for the lease of the visitor centre and moorings. The balance outstanding at year end was £851 (£846 31/03/2010). The Trust also recharged purchase invoices of £359 (£4,390 2009-10). This was not outstanding at year end (2009-10 £nil).

Other Public Bodies

Broadland District Council provide financial and payroll services for the Broads Authority. The Broads Authority were charged £22,113 in 2010/11 for the provision of these services (£22,162 in 2009/10)

In 2010/11 officers salaries, expenses and members expenses totalled £4.258m (2009-10 £4.240) The council also provide treasury management of the Authorities investments £1,990,000 as at 31/03/2011 (£3,240,000 as at 31/03/2010)

30. 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.

Restated 2009-10 £000		2010-11 £000
507	Opening Capital Finance Requirement	457
	<u>Capital Investment</u>	
195	Property, Plant and Equipment	175
22	Intangible Assets	46
	<u>Sources of finance</u>	
	Sums set aside from revenue:	
161	Direct revenue contributions	91
94	MRP	115
12	Other Contributions	40
457	Closing Capital Finance Requirement	432

31. Leases

Authority as Lessee

Finances Leases

The Authority has a number of vehicles, plant and office equipment 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:

Restated 2009-10 £000		2010-11 £000
0	Other Land and Buildings	0
238	Vehicles, Plant, Furniture and Equipment	242
238		242

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:

Restated 2009-10 £000		2010-11 £000
	Finance lease liabilities (net present value of minimum lease payments):	
85	• Current	85
118	• Non Current	107
25	Finance costs payable in future years	19
228	Minimum lease payments	211

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

	Minimum lease Payments Restated		Finance Lease Liabilities Restated	
	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000
Not later than one year	98	92	85	85
Later than one year and not later than 5 years	130	118	118	106
Later than 5 years	0	1	0	1
	228	211	203	192

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 2010-11 £0 contingent rents were payable by the Authority (2009-10 £0)

Operating Leases

The Authority has acquired vehicles by entering into operating leases, with typical lives of 7 years. The future minimum lease payments due under non cancellable leases in future years are:

Restated 2009-10 £000		2010-11 £000
288	Not later than one year	283
1,062	Later than one year and not later than 5 years	1,014
2,002	Later than 5 years	1,759
<u>3,352</u>		<u>3,056</u>

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

Restated 2009-10 £000		2010-11 £000
296	Minimum lease payments	288
0	Contingent rents	0
(4)	(sub-lease payments receivable)	(4)
<u>292</u>		<u>284</u>

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:

Restated 2009-10 £000		2010-11 £000
5	Not later than one year	5
12	Later than one year and not later than 5 years	8
0	Later than 5 years	0
<u>17</u>		<u>13</u>

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.

32. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010-11, incurring liabilities of £6,715 (£0 in 2009-10) who were made redundant as part of the Broads Authority's organisational restructuring.

In addition, a provision of £59,875 (detailed in Note 18) was created in 2010-11 relating to further termination benefits payable in 2011-12.

33. Defined Benefit Pension Schemes

Participation in Pensions 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, 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 pensions 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:

2009-10 £000		2010-11 £000
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
314	• current service cost	589
0	• past service costs / (gain)	(1,832)
0	• settlements and curtailments	0
	Financing and Investment Income and Expenditure	
792	• interest Cost	1,031
(557)	• expected return on scheme assets	(834)
549	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(1,046)
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
5,366	• actuarial gains and losses	(3,587)
5,366	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(3,587)
	Movement in Reserves Statement	
549	• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the code	(1,046)
	Actual amount charged against the General Fund Balance for pensions in the year:	
(465)	employers' contributions payable to scheme	(469)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a gain of £3,587,000.

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

2009-10 £000		2010-11 £000
(11,362)	Opening Balance at 1 April	(19,987)
(314)	Current service cost	(589)
(792)	Interest cost	(1,031)
(195)	Contributions by scheme participants	(196)
(7,588)	Actuarial gains and (losses)	4,005
15	Benefits paid - Unfunded	16
249	- Funded	400
0	Past service costs	1,832
0	Entity combinations	0
0	Curtailments	0
0	Settlements	0
(19,987)	Closing Balance at 31 March	(15,550)

Reconciliation of fair value of the scheme (plan) assets:

2009-10 £000		2010-11 £000
8,794	Opening Balance at 1 April	11,969
557	Expected rate of return	834
2,222	Actuarial gains and (losses)	(418)
450	Employer contributions	453
195	Contributions by scheme participants	196
15	Contributions in respect of unfunded benefits	16
(15)	Benefits paid - Unfunded	(16)
(249)	- Funded	(400)
0	Entity combinations	0
0	Settlements	0
11,969	Closing Balance at 31 March	12,634

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long term real rates of return experienced in respective markets.

The actual rate of return on scheme assets in the year was £921,000 (2009-10: £2,779,000).

Scheme History

	2006-07 £000	Restated 2007-08 £000	Restated 2008-09 £000	Restated 2009-10 £000	2010-11 £000
Present value of scheme liabilities	(11,980)	(11,390)	(11,362)	(19,987)	(15,550)
Fair value of assets in the local government pension scheme	10,041	10,758	8,794	11,969	12,634
Surplus or (deficit) in the scheme	(1,939)	(632)	(2,568)	(8,018)	(2,916)

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment benefits.

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 2011.

The principal assumptions used by the actuary have been:

31 March 2010	Year Ended:	31 March 2011
	Long term expected rate of return on assets in the scheme:	
7.8%	Equity investments	7.5%
5.0%	Bonds	4.9%
5.8%	Property	5.5%
4.8%	Cash	4.6%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
20.8	Men	21.2
24.1	Women	23.4
	Longevity at 65 for future pensioners:	
22.3	Men	23.6
25.7	Women	25.8
3.8%	Rate of inflation	2.8%
5.3%	Rate of increase in salaries	5.1%
3.8%	Rate of increase in pensions	2.8%
5.5%	Rate for discounting scheme liabilities	5.5%
50%	Take up of option to convert annual pension into retirement lump sum	50%

Assets in the Norfolk Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

2009-10 £000		2010-11 £000
8,019	Equity investments	8,717
2,035	Bonds	2,148
1,197	Property	1,390
718	Other Assets (Cash)	379
11,969		12,634

History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006-07 £000	Restated 2007-08 £000	Restated 2008-09 £000	Restated 2009-10 £000	2010-11 £000
Experience gains and losses on assets	(0.5%)	(2.1%)	(34.7%)	18.6%	(3.3%)
Experience gains and losses on liabilities	(2.3%)	7.9%	0.0%	0.1%	(12.6%)

35. Contingent Liabilities

The Authority has made payments since 1998-99 for Conservation Management Agreements. These payments fall within the European Union's definition of State Aid in relation to farming support and the Authority has received funding in support of these payments.

The Authority has also made payments since the year 2000 for Public Access Agreements which used to fall within the European Union's definition of State Aid. Based on advice received from the England National Parks Agriculture Group, details regarding payments made to landowners for public access are no longer recorded for State Aid purposes as they do not relate to agricultural production.

A new project has been set under the approved National Parks State Aid for Agriculture Scheme, whereby farmers can apply for 40% funding for the installation of a pesticide bio-bed. The Authority has a maximum of £6,000 available for 2010/11.

These State Aid payments require retrospective approval from the European Union. Should this approval not be forthcoming, this may result in a liability for the Authority to repay the government funding it has received in respect of the payments made. The expected timing and the anticipated outcome is unknown.

The Authority has been charged additional costs for the Dragonfly House office accommodation which, if agreed, would increase the charges payable by approximately £198,000 per annum over and above those notified to the Authority in 2008. The Authority disputes these costs, which relate to Defra's decision to levy a non-recoverable element of VAT, the potential capital/depreciation charge and the cost of the Facilities Management service. Negotiations are being held with the landlord, Defra Estates, to attempt to settle the matter. No provision has been made in the accounts.

36. Nature and Extent of Risks Arising from Financial Instrument

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

Credit Risk the possibility that other parties might fail to pay amounts due to the Broads Authority

Liquidity Risk the possibility that the Authority might not have funds available to meet its commitments to make payments

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 day 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 2011 for which a bad debt provision had not been put in place.

Liquidity Risk

As the Broads Authority has access to three year funding from Defra, 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 2011/12 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.

37. Navigation Income and Expenditure Account

2009-10			2010-11			
Gross Expenditure £000s	Income £000s	Net Expenditure/ (Income) £000s		Gross Expenditure £000s	Income £000s	Net Expenditure/ (Income) £000s
			Corporate Services			
51	0	51	Management and Admin Support	55	0	55
92	0	92	Finance	90	0	90
33	0	33	Human Resources and Staff Training	30	0	30
27	0	27	Information and Design	30	0	30
37	0	37	Information and Technology	39	0	39
15	0	15	Legal Services	26	0	26
12	0	12	Member Services	10	0	10
95	2,382	(2,287)	Navigation Tolls	104	2,567	(2,463)
69	0	69	Premises and Property Matters	101	0	101
			Waterways			
110	0	110	Management and Admin Support	107	0	107
661	4	657	Dockyard Operation	714	33	681
258	100	158	Moorings and Yacht Stations	198	97	101
133	6	127	Navigation Safety and Policy	115	4	111
375	19	356	Navigation Works and Maintenance	437	14	423
457	26	431	Patrolling	537	13	524
0	0	0	Exceptional Item: Past Service Gain	(697)	0	(697)
2,425	2,537	(112)	Net cost of Services	1,896	2,728	(832)
		14	Other Operating expenditure			17
		102	Financing and Investment Income & Expenditure			75
		0	Taxation and non-specific grant income			(40)
		4	(Surplus) or Deficit on the Provision of Services			(780)
		(297)	(Surplus) or deficit on Revaluation of Fixed Assets			0
		1,935	Actuarial gains / losses on pension assets/liabilities			(1,365)
		1,642	Total Comprehensive Income and Expenditure			(2,145)

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 revenue expenditure), and the Capital Budget plans for asset acquisitions and replacements (see capital expenditure).

BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)

Provides guidance to local authorities on 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.

CAPITAL 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)

The Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: 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 in generally accepted accounting standards and practices.

COMMUNITY ASSETS

Community assets are assets that the local 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 we could buy or sell an asset in a transaction with another organisation, less any grants we receive 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 AND OPERATING LEASE

A finance lease transfers all of the risks and rewards of ownership of a long term asset to the lessee. If these leases are used, the assets acquired have to be included within the long term assets in the balance sheet at the market value of the asset involved. With an operating lease the ownership of the asset remains with the leasing company and an annual rent is charged to the relevant service.

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, e.g. School Standards Grant.

HISTORIC COST

This is the cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS

This International Financial Reporting Standard 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 on the Balance Sheet. Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. 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)

An International Financial Reporting Standard (IFRS) is issued by the International Accounting Standards Board. In the budget the Chancellor decided that all local authorities would change to international accounting regulations. Our accounts keep to these standards where they apply to local authorities.

INVESTMENT PROPERTIES

Assets that the Authority owns but 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.

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 the exact amount and the date on which it will arise is uncertain.

RESERVES

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

REVENUE EXPENDITURE AND INCOME

The expenditure includes day to day expenses, mainly salaries and wages, general running expenses and the minimum revenue provision cost. Revenue income includes charges made for goods and services.

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.

VARIATION

The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.