

BROADS AUTHORITY
STATEMENT OF ACCOUNTS

2009-10

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Contents

Explanatory Foreword	1
Statement of Responsibilities for the Statement of Accounts	7
Chairman's Statement	8
Independent Auditor's Report to the Members of the Broads Authority	9
Annual Governance Statement	12
Statement of Accounting Policies	21
Consolidated Income and Expenditure Account	25
Statement of Movement of the Fund Balance	26
Statement of Total Recognised Gains and Losses	27
Balance Sheet	28
Cash Flow Statement	29
Notes to the Statement of Accounts	30
Glossary of Terms	52

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 2009-10

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.

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 2010 is £273,801 (for more details please see note 17).

The Accounting Statements:

The Broads Authority's accounts for the year 2009-10 are set out on pages 19 to 27. They consist of:

- A Statement of Responsibilities for the Statement of Accounts.
- The Annual Governance Statement.
- The Income and Expenditure Account, covering income and expenditure on all functions including navigation.
- Statement of Movement on the General Fund Balance, reconciling the differences between the outturn on the income and expenditure account and the general fund balance.
- A Statement of Total Recognised Gains and Losses, which considers all gains and losses recognised for year ending 31 March 2010.
- The Balance Sheet, which sets out the financial position of the Authority as at 31 March 2010.
- A Cash Flow Statement, which focuses on the flow of cash through the Authority between 1 April 2009 and 31 March 2010.

These accounts are supported by the Statement of Accounting Policies, which follows this foreword and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation. This has separate accounting records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation Account income and expenditure is shown in full at note 2 on page 20.

Changes to the 2009-10 Accounts

There are a number of changes introduced into the SORP 2009. The main changes are in relation to Private Finance Initiatives and Council Tax, which have no direct impact on the Broads Authority's accounts

Review of the Year

The figures disclosed below are different to those shown in the Consolidated Income and Expenditure Account as they have not taken into account the accounting entries for depreciation or the pension adjustment FRS17. The figures below are therefore consistent with the methodology used for producing the monthly internal management reports.

General Income and Expenditure

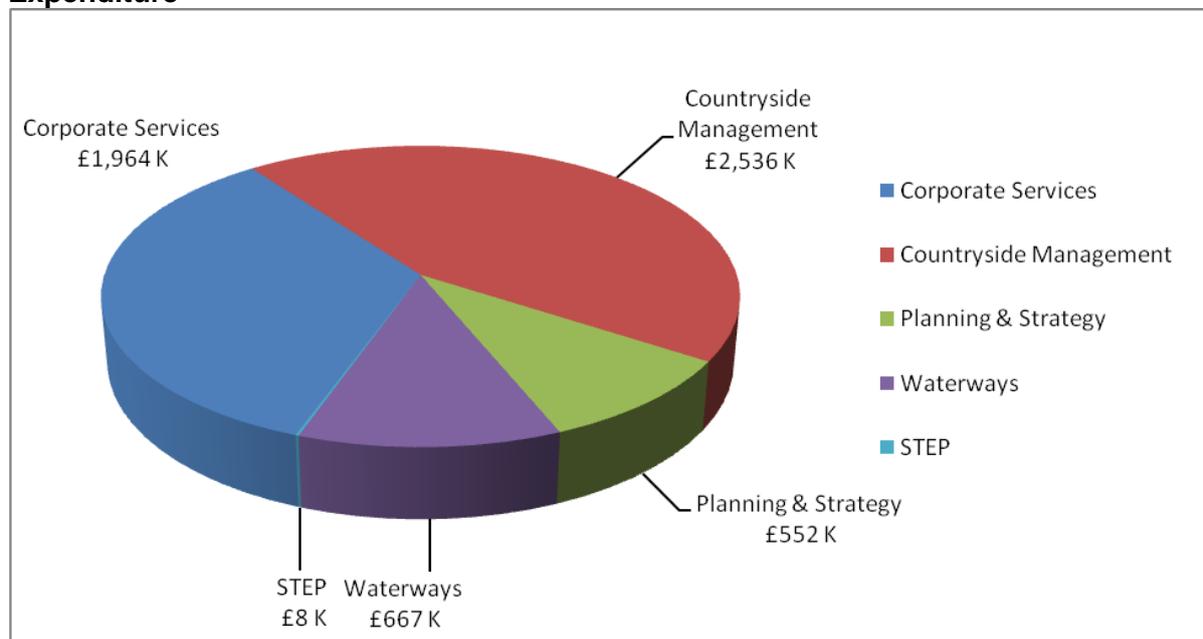
In addition to the National Park Grant of £4,123k (£4,129k in 2008-09) income received for the year from external grants support, sales, fees and charges and interest totalled £1,328k (£1,529k in 2008-09). Specific purpose grant of £217k (£200k in 2008-09) was also received from Defra for the continuation of the Sustainable Development Fund (SDF). Total income for 2009-10 was £5,668k (£5,917k in 2008-09).

The Authority initially set a budget with a forecast deficit of £335k for 2009-10 (£243k for 2008-09). The actual outturn saw a deficit of £58k (a favourable variance of £277k). After applying the Authority's carry forward policy, the net under-spend against the revised budget was £251k for 2009-10 (£6k for 2008-09).

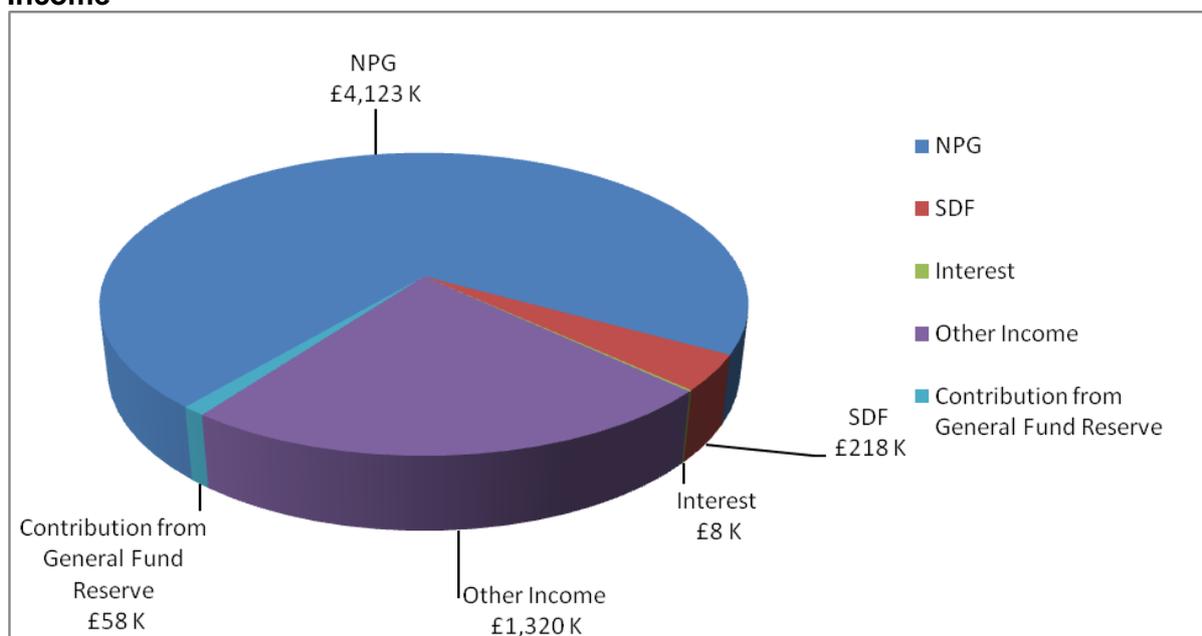
The largest areas that contributed to this under spend were:

- £80k – STEP project – The Authority was able to claim costs from 1st January 2008 that fell within the criteria of this project. The income had not been budgeted for.
- £83k – Four earmarked reserve funded projects. The Climate change research project did not go ahead as planned; the Local Development Framework and the Broads Plan production timescales slipped due to sustained staff sickness; The tourism website was launched later than planned and therefore costs were incurred in 2010/11.
- £63k – Broadland Flood Alleviation Project – The under spend was due to delays in three projects which were delayed through a combination of planning consent and design issues.

Expenditure



Income



Navigation Income and Expenditure

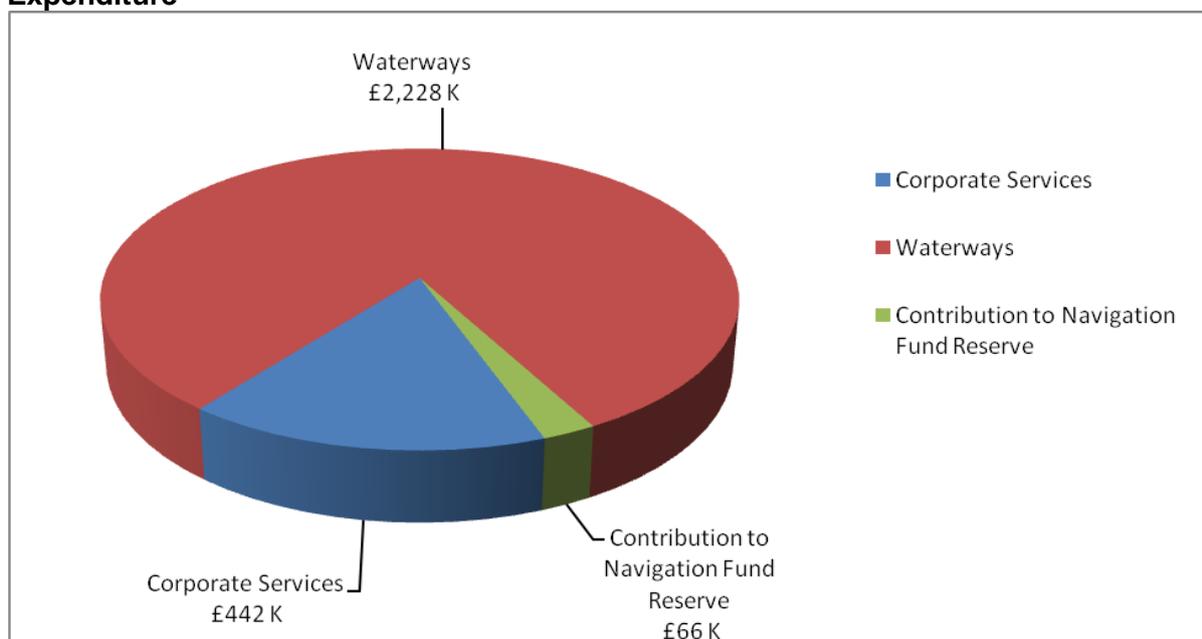
Income from tolls was £2,369k (£2,213k in 2008-09), other income received for the year from yacht stations charges, sales of tide tables, works licences, sales of dredging services, provision escort services, interest was £167k (£168k in 2008-09) and the contribution from General Account was £200k (£250k in 2008-09). Total income for 2009-10 was £2,735k (£2,381k in 2008-09).

The Authority initially set a budget with a forecast deficit of £22k (£234k for 2008-09). The actual outturn saw a surplus of £66k. The net under spend against the revised budget was £84k for 2009-10 (£30k over spend for 2008-09).

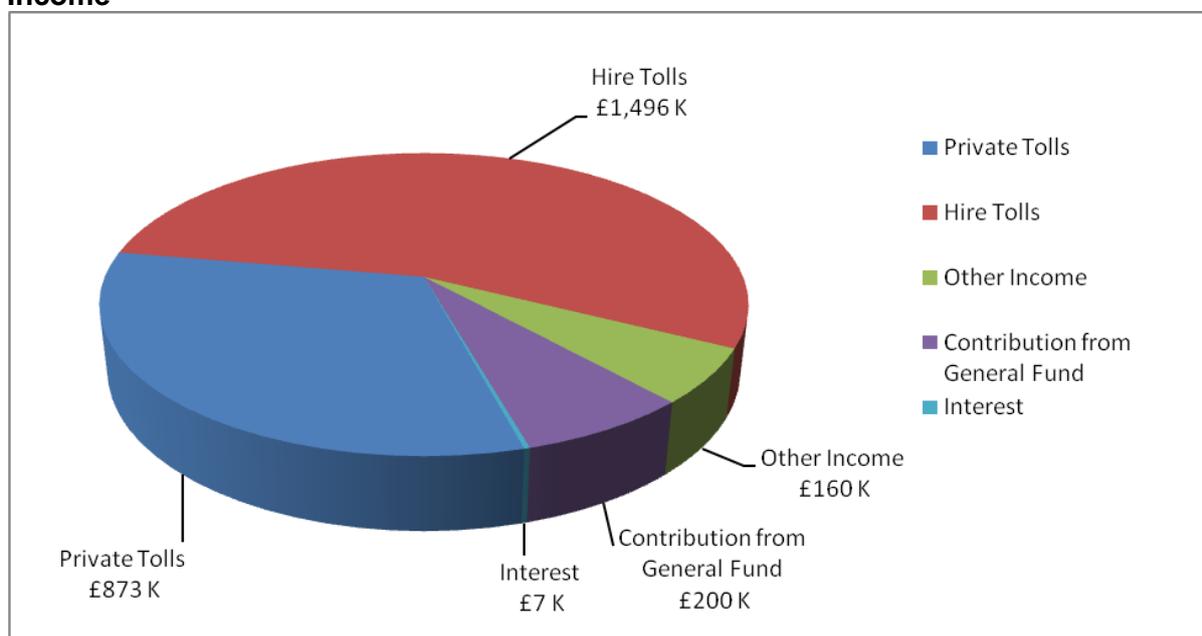
The largest areas that contributed to this under spend were:

- £42k – Dockyard Disposal/Survey costs – The Authority was able to use BESL set back areas in this financial year and therefore this reduced the costs associated with dredging disposal
- £24k – Dockyard Vessels & Equipment – The hire of equipment was lower than was originally anticipated
- £18k – Landowner payments – Sites have now been identified for dredging disposal but negotiations to date have not led to the acquisition of any land.

Expenditure



Income



Financial Outlook

General Income and Expenditure

The Authority's National Park Grant for 2010/11, which was based on an increase of 2.75%, has been subject to an 'in year' reduction of 5%, equivalent to about £212,000 in cash terms. A further reduction in 2011/12 and beyond is expected, following the Government's Spending Review. The advice from Defra officials is that the Authority should 'be prepared for a period of year-on-year fiscal contraction which might well lead to further reductions in arm's length body allocations over the next 3 years'. This reduction in income is likely to have a significant impact on the Authority's ability to deliver key services and, in order to achieve the level of savings which are likely to be required, it will be necessary to shrink the workforce where opportunities permit and continue to seek more efficient ways of working. However on the positive side the Government has confirmed that the Additional National

Park Grant of £400,000, awarded towards the restoration of the Broads ecosystems, has been incorporated into the Authority's core funding.

Navigation Income and Expenditure

The level of toll increase is set on an annual basis. The budget for 2010/11 has been set on the basis of a 6% increase in toll income. The Authority has developed a three year strategy for navigation income and expenditure, based on the work carried out the Navigation Finance and Tolls Review Group in 2009. The Group was encouraged by the apparent upturn in boating during 2009 and concluded, for forward planning purposes, that boat numbers are likely to remain broadly constant over the next three years.

Explanation of the Pension Liability

The Broads Authority is a member of the Norfolk Pension Fund. The Norfolk Pension Fund has had a triennial valuation as at the 31 March 2010. The pension reserve and corresponding liability shown in the Authority's balance sheet are prepared on a FRS17 basis. Recent actuarial advice has indicated a long-term potential pension fund shortfall of £8,018,000 (£2,568,000 2008-09) should all pensions liabilities arise. This is not an uncommon position in local government. The pension liability is being actively managed by the Norfolk Pension Fund and should be viewed as a long term commitment. The Authority has taken the advice of the Norfolk Pension Fund when setting the level of employer's contributions over the next three years, hence the level of general reserves has not been set to cover any potential shortfall in the pension provision. It is believed that the level of employer's contribution is sufficient to cover 100% of the perceived liability over the long term.

Further Information:

Further information about the accounts is available from the Head of Finance, Dragonfly House, 2 Gilders Way, Norwich, NR3 1UB. This is part of the Authority's policy of providing full information about its affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press.

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 SORP).

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 SORP

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 presents fairly the financial position of the Broads Authority at 31 March 2010 and its income and expenditure for the year ended 31 March 2010.

John Duvall (Treasurer and Financial Adviser)
21 October 2010

Chairman's Statement

I confirm that these accounts were approved by The Broads Authority at its meeting held on 25 June 2010.

Signed on behalf of The Broads Authority:

Dr JS Johnson (Chair of meeting approving the accounts)
21 October 2010

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

Opinion on the accounting statements

I have audited the Authority accounting statements and related notes of the Broads Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Treasurer and Financial Adviser and auditor

The Treasurer and Financial Adviser's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes,

and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the Authority's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on 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 regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority 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 in relation to proper arrangements, having regard to relevant criteria for other local government bodies specified by the Audit Commission and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. 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.

Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified that the Broads Authority did not have a corporate asset management strategy linked to its corporate objectives and medium term financial strategy, or an asset management plan.

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance. I am satisfied that, in all significant respects, the Broads Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010 except for managing its assets effectively to help deliver its strategic priorities and service needs.

Certificate

I certify that I have completed the audit of the accounts 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
Regus House,
Cambourne Business Park,
Cambourne,
Cambridge, CB23 6DP

21 October 2010

Annual Governance Statement

1 Scope of Responsibility

- 1.1 The Broads Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on the Authority's website at www.broads-authority.gov.uk or can be obtained from the Director of Corporate Services at Dragonfly House, 2 Gilders Way, Norwich NR3 1UB. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2 The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Broads Authority for the year ended 31 March 2010 (except where otherwise stated) and up to the date of approval of the statement of accounts.

3 The Governance Framework

- 3.1 At its meeting on 20 November 2009, the Broads Authority adopted a Code of Corporate Governance in accordance with guidance in the CIPFA /SOLACE Framework 'Delivering Good Governance in Local Government'.
- 3.2 The Framework also included a number of supporting principles and suggestions for source documents/good practice that may be used to demonstrate compliance. These have been used by the Authority in developing its Code.
- 3.3 The purpose of the new Code is:
 - to develop a framework for Corporate Governance for the Authority based on good practice and external guidance;
 - to demonstrate compliance with the principles of good governance; and
 - to continuously improve its effectiveness through an annual review of performance against the framework with an action plan to address weaknesses (as set out in the Annual Governance Statement).
- 3.4 The Code sets out how the Authority delivers good governance, using as its basis the objectives set out in the CIPFA/SOLACE Framework, supported by examples of evidence which demonstrate the actions being taken.
- 3.5 The Authority is currently reviewing the Broads Plan 2004, the strategic five year plan for the management of the Broads, with a view to developing a draft revised Plan for public consultation during the Summer of 2010. As part of the development of this Plan the Authority has consulted key stakeholders and partner organisations. The Plan will contain a revised vision for the Broads, for the period up to 2030, together with long-term aims, and outcomes and objectives for the five year period up to 2016.
- 3.6 The Authority has in place a number of procedures to ensure that it obtains best value for money in all that it does, including Financial Regulations, Standing Orders Relating to Contracts and a Procurement Strategy. These are all reviewed and updated on a regular basis. The Authority benchmarks some of its key services against those of national park authorities, through the identification of a number of performance indicators, supplemented by a number of 'local' (Broads Authority only) indicators. Performance data is published in the Authority's Business Plan and over time will give an indication of how well the Authority is performing in these areas, both year on year and in comparison with national park authorities.
- 3.7 The Authority also has in place a series of internal financial controls, including approved budgets, separation of duties and authorised signatures, to reflect good practice and ensure that its finances are managed securely to minimise risk.
- 3.8 The views of users have been sought through a number of means, including questionnaires to the Norfolk Citizens Panel and all toll payers (both to be repeated approximately every three years), the national park visitors centres annual survey and an ongoing survey of users of the planning system.
- 3.9 The Authority communicates the results of these surveys, and other relevant information, through its website and through its regular publications Broad Sheet (aimed at toll payers), Broadcaster, and the Annual Report.
- 3.10 The Authority does not operate through an Executive. All matters are dealt with by the full Broads Authority, which is the prime decision maker, and its service

committees. The Authority monitors the effectiveness of internal control systems through the consideration of regular performance management and budget monitoring reports, and through the receipt of reports from the Audit Commission and internal auditors.

- 3.11 During 2009/10 the Authority has established a Financial Scrutiny and Audit Committee, whose terms of reference include responsibility for financial scrutiny, including a review of the Annual Statement of Accounts and Annual Governance Statement, financial planning, audit and risk management.
- 3.12 The Authority has established a Standards Committee, comprising an independent Chairman and majority of independent members, which is responsible for promoting and maintaining high standards of conduct by members and assisting members to observe the Authority's Code of Conduct.
- 3.13 The Authority has appointed the Head of Finance at Broadland District Council to act as its Treasurer and Financial Adviser ('the Treasurer'), to be responsible for the proper administration of the Authority's financial affairs, as set out in Section 17 (1) of the Norfolk and Suffolk Broads 1988. The Treasurer has a defined job description, appropriate delegated powers, works closely with senior officers of the Authority, in particular the Director of Corporate Services and Head of Finance, is consulted on key decisions, receives all committee papers which have potentially significant financial implications, and attends Broads Authority meetings as and when appropriate to provide high level strategic and financial advice.
- 3.14 The Treasurer is professionally qualified and suitably experienced, and actively involved in all material business decisions. Although not a member of the Authority's Management Team, he has access to the Chief Executive and Director of Corporate Services, and is entitled to attend meetings of the Management Team should he consider it to be necessary.
- 3.15 The Treasurer is supported by the Director of Corporate Services, who is a member of the Management Team and who works closely with the Treasurer in overseeing the Authority's strategic financial arrangements, and the Head of Finance, who manages the financial arrangements and internal financial controls on a day to day basis. The Head of Finance manages a team of one Senior Finance Assistant and four part-time Finance Assistants.
- 3.16 It should be noted that in the latter part of 2008/09, and during 2009/10, the Finance Section was subject to a high level of staff turnover and sickness, which necessitated a review of the working arrangements within the section. As a result of this additional assistance was sought from Norfolk County Council during both of these years to assist with the preparation of the year end Statement of Accounts. The issues within the section have now been resolved, and there is no reason to believe that these arrangements have resulted in a significant detrimental impact on the quality of the accounts.
- 3.17 Although these arrangements do not comply in all respects with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, they are considered to be appropriate and proportionate for the size and budget of the Authority, and have worked successfully for many years, representing a good example of partnership working between local authorities and delivering an efficient and well managed finance service.
- 3.18 The Chief Executive is responsible for day to day management and maintenance of internal controls within the Authority, with advice and support from the Treasurer and Financial Adviser, Solicitor and Monitoring Officer, and other senior officers.

- 3.19 There are clear Terms of Reference which set out the powers reserved to the Broads Authority and its committees, and a Scheme of Powers Delegated to Officers, which sets out the powers delegated to the Chief Executive and other senior officers. These are reviewed and updated on a regular basis.
- 3.20 The Authority has in place a Whistle Blowing Policy which enables staff to raise concerns or issues about any aspect of the Authority's work, and a formal Complaints Procedure for receiving and investigating complaints from members of the public. Both documents are on the Authority's Intranet, and the latter is also on its website.
- 3.21 The Authority's Strategic Risk Register has been reviewed and updated during 2009/10, and a Risk Management Policy has been developed. The annual report on risk management will be presented to the Financial Scrutiny and Audit Committee at its October meeting. The Strategic Risk Register is reviewed annually by the Management Forum so that the Management Team can provide assurance that key strategic and operational risks have been identified, monitored and reviewed during the year and that key controls to mitigate the identified risks have operated effectively throughout the year.
- 3.22 A Partnerships Protocol and Register of Partnerships have been developed during 2009/10. In addition the Authority is in the process of reviewing the governance arrangements in respect of all significant partnerships, with identified weaknesses being addressed through an Action Plan, with clear responsibility for action and timescales. An annual review of partnerships will be carried out by the Management Team, and a report will be received by the Broads Authority at its November meeting.

4 Review of Effectiveness

- 4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 As part of this exercise the Authority reviews the Code of Corporate Governance on an annual basis. The annual review is initiated by the Director of Corporate Services, and includes consultations with the Management Team, the Solicitor and Monitoring Officer, the Treasurer and Financial Adviser and the Chairs of the Financial Scrutiny and Audit Committee and the Standards Committee. Other senior officers are also invited to contribute.
- 4.3 The Treasurer and Financial Adviser and Monitoring Officer have provided an assurance that, subject to the weaknesses already identified and addressed in the Action Plan, the Authority's governance arrangements are adequate and are operating effectively. They have confirmed that there have been no significant control issues that have required the need for formal action in their respective roles, significant additional funding, had a material impact on the accounts or resulted in significant public interest, thus damaging the reputation of the Authority.
- 4.4 The Authority's Standards Committee has been asked to provide an annual ethical assessment of the activities of the Authority and what, if necessary, the Authority

could do to improve its ethical standards. In its annual report to the Broads Authority on 18 September 2009 the Committee concluded that 'the ethical standards of the Authority continue to be very high'.

- 4.5 Internal audit reports are considered by the Director of Corporate Services and other officers as appropriate, and a management response is submitted in respect of each recommendation, setting out whether the recommendation is accepted, what action will be taken, which officer is responsible and the timetable for action. Each audit report contains an independent assurance of opinion on the adequacy and effectiveness of controls in place to mitigate risks. The agreed actions are followed up subsequently to ensure implementation, thus ensuring that the Authority's risks are properly managed. A summary of all internal audit work carried out during the year is received by the Financial Scrutiny and Audit Committee, together with regular reports setting out progress made in implementing internal audit recommendations. Any significant issues of concern are brought to the attention of the Broads Authority.
- 4.6 The Authority has developed a strategic five year audit plan for the Authority, using a risk based approach, supplemented by an annual audit plan.
- 4.7 The 2006 Audit and Accounts Regulations require that a review of the effectiveness of internal audit be carried out by either a committee of the audited body (in this case the Financial Scrutiny and Audit Committee) or by that body meeting as a whole. The aim is not only to make the Authority more aware of the work of Internal Audit and their key role in governance, but also to make those charged with governance more able to understand the connection between, and the Authority's responsibility for, risk management, internal control and the function of internal audit. This review was the subject of a separate report to the Financial Scrutiny and Audit Committee at its meeting on 17 June 2010. The Committee concluded that proper arrangements had been put in place to comply with the statutory requirements relating to Internal Audit, and that the system of Internal Audit at the Broads authority was effective.
- 4.8 In order for the Broads Authority to be able to place reliance on the opinions contained within this report, the Head of Internal Audit has in place a performance management and quality assurance framework to demonstrate that the Internal Audit Service is:
- meeting its aims and objectives;
 - compliant with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006;
 - meeting internal quality standards;
 - effective, efficient and continually looking to improve service delivery; and
 - adding value and assisting the Authority in achieving its objectives.
- 4.9 Additionally the Authority is informed of the work of Audit Commission appointed auditors and inspectors, including receipt of the Annual Governance Report and annual audit and inspection letter.
- 4.10 The Head of Internal Audit is required to provide a Written Report and Opinion on the overall adequacy and effectiveness of the Authority's internal control environment, and of its corporate governance framework and risk management arrangements, identifying any weaknesses that qualify this opinion and highlighting significant issues. The Written Report and Opinion for 2009/10 was received by the Financial Scrutiny and Audit Committee at its meeting on 17 June 2010.
- 4.11 On the basis of the internal audit work undertaken with reference to the 2009/10 financial year, it is the opinion of the Head of Internal Audit that the overall standards

of internal control were adequate at the Authority for the year ended 31 March 2010 and hence, accord with proper practice.

- 4.12 The Head of Internal Audit has also stated that, in her opinion, she is able to give an adequate assurance with regard to the Authority's corporate governance arrangements and systems of risk management during 2009/10.
- 4.13 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Financial Scrutiny and Audit Committee/Broads Authority, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5 Significant Governance Issues

- 5.1 An Action Plan has been developed in order to address those significant governance issues which have been identified and to secure continuous improvement in the Authority's governance arrangements. This is appended.
- 5.2 This Action Plan has been informed not only by the results of audit and other reports, but also by the results of a self assessment assurance statement which has been circulated to all senior managers, inviting them to assess the Authority's performance across a range of governance issues, in order to identify any gaps and weaknesses in the Authority's governance arrangements.
- 5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed
Dr J S Johnson, Chairman

Signed.....
Dr J Packman, Chief Executive

Date

Date

APPENDIX

Annual Governance Statement 2009/10

2010/11 Action Plan

Action	Responsibility	Target Date	Priority
Asset Management			
Develop an Asset Management Plan, identifying future costs of maintenance and replacement for BA assets using GIS to map structures	Director of Corporate Services (lead officer)	By 31 December 2010	H
Prepare a capital replacement and maintenance budget for Broads Authority assets, linked to the Asset Management Plan and Business Plan	Director of Corporate Services (lead officer)	By 31 December 2010	H
Business Planning			
Develop a forward strategy for all income and expenditure	Chief Executive (lead officer)	By 30 November 2010	H
Prepare and publish 3 year Business Plan	Director of Corporate Services	By 31 March 2011	H
Carbon Reduction			
Prepare a Carbon Audit Reduction Plan for the Authority	Director of Conservation and Countryside Management	By 31 March 2011	H
Corporate Assessment			
Undertake a pilot corporate assessment of the Authority and develop an Improvement Action Plan	Head of Administration and Executive Assistant (lead officer)	By 30 November 2010	H
Complaints Procedure			
Review and update formal Complaints Procedure	Head of Administration and Executive Assistant	By 31 March 2011	L
Data Management			
Formalise a data quality policy	Director of Corporate Services	By 31 December 2010	L

Action	Responsibility	Target Date	Priority
Financial Management			
Review and update the Anti-Fraud and Corruption Policy, and ensure that all members of staff are aware of the contents of the policy	Head of Finance/Director of Corporate Services	By 31 December 2010	L
Human Resources			
Review and update as appropriate the Scheme of Local Conditions of Service and all Broads Authority HR policies	Head of Human Resources	By 31 December 2010	M
Produce a People Strategy, to be incorporated into Business Plan	Head of Human Resources	By 31 January 2011	M
Information Technology			
Develop an IT Disaster Recovery Plan	Head of Information Technology and Collector of Tolls	By 30 June 2010	H
Test the IT Disaster Recovery Plan	Head of Information Technology and Collector of Tolls	By 31 December 2010	M

Action	Responsibility	Target Date	Priority
Identify and develop IT strategies and policies	Head of Information Technology and Collector of Tolls	By 31 October 2010	H
Compile written procedures for all aspects of the new Tolls Management System	Head of Information Technology and Tolls/Assistant Collector of Tolls	By 30 November 2010	M
Membership Issues			
Provide training for selected members in dealing with the press and media	Communications Manager	By 30 November 2010	L
Implement the Broads Authority Development Appraisal process for all members of the full Authority	Head of Administration and Executive Assistant (lead officer)	By 31 March 2011	M
Procurement			
Update the Procurement Policy to ensure that the Authority is securing value for money and sustainability in its purchasing arrangements	Director of Corporate Services/Head of Finance	By 31 December 2010	M

Statement of Accounting Policies

1. General Principles

The Statement of Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (the SORP), the recommendations issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and also with guidance notes issued by CIPFA on the application of Statement of Standard Accounting Practices (SSAPs) and Financial Reporting Standards (FRSs) and Urgent Issues Task Force.

2. 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:

- Fees, charges and rents due from customers are accounted for as income at the date the Authority provides the relevant goods or service.
- 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 stocks on the Balance Sheet
- 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 written down and a charge made to revenue for the income that might not be collected. Specific bad debt provisions are reviewed annually.

3. Fixed Assets

A de minimis limit of £5,000 is used to recognise fixed assets.

The accounting convention adopted by the Authority is to value fixed assets initially at historic cost and then perform a revaluation on certain categories of assets on a five yearly basis.

Revaluations follow, broadly, the principles stated in the Statement of Recommended Accounting Practice (SORP). The Broads Authority adopted the following valuation and accounting treatment.

Operating assets are valued at the lesser of:

- net current replacement cost; and
- net realisable value in existing use.

The difference between the revalued amount and the historic cost of fixed assets is credited to the Revaluation Reserve. There is therefore, no effect on the revenue account.

Revaluation and impairment reviews are conducted in accordance with FRS15 Tangible fixed assets. Land and buildings are revalued by NPS Consultants Ltd every five years, with annual impairment reviews performed by Broads Authority Directors in the intervening years.

Depreciation is charged in accordance with FRS15 and each class of asset is considered separately. Assets (excluding land) are depreciated at cost or revalued amount less estimated residual value. The depreciable amount (i.e. cost, or revalued amount, less residual value) of a tangible fixed asset is recognised in the Income and Expenditure Accounts, on a systematic basis that reflects as fairly as possible the pattern in which the assets economic benefits are consumed by the entity, over its useful economic life. The Broads Authority has a policy of not depreciating assets in the first year of ownership.

4. Stocks

Stock is included in the Balance Sheet at the lower of cost or net realisable value in accordance with SSAP9.

5. Reserves

Reserves can be cash or non-cash backed, and cash backed reserves can be used to meet general or earmarked future expenditure.

Non cash backed reserves are the Revaluation Reserve, Capital Adjustment Account, the Government Grants Deferred Account and the Pension Reserve.

Earmarked reserves are held for fulfilling specific projects, see note 19.

6. Investment Interest

Surplus revenue funds are invested with Broadland District Council and interest is credited to the General, Navigation and specific reserve accounts based on the average level of their balances throughout the year.

7. Investments

Investments are shown in the Balance Sheet at cost.

8. Defra Grant

Grants are essential to enable the Broads Authority to achieve its strategic aims and objectives as defined by the Norfolk and Suffolk Broads Act 1988 (as amended by the Natural Environment and Rural Communities Act 2006).

Grants are credited to the Authority's Income and Expenditure Accounts and matched with related expenditure in accordance with SSAP4, i.e. when:

- (a) conditions for receipt have been complied with;
- (b) there is reasonable assurance that the grant will be received.

9. Segmental Reporting

In accordance with the SSAP25 the Broads Authority keeps the general funds and navigation funds separately. Under the Local Authorities 2009 SORP the Authority has prepared a single income and expenditure account for 2009-10, however in note 2 to the accounts the navigation income and expenditure is shown in full.

10. 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.

11. Leasing

Leases are classified in accordance with SSAP21 "Accounting for Leases and Hire Purchase Contracts".

Operating lease obligations are not recorded in the balance sheet, but information of the obligation is disclosed by way of a note to the financial statements. Operating lease rentals are charged to the relevant service revenue account on a straight-line basis over the lease term, generally meaning that the rentals are charged when they become payable.

12. Retirement Benefits

Retirement benefits are included in the financial statement in accordance with Financial Reporting Standard 17 (FRS17). The objectives of FRS17 are:

- the assets and liabilities arising from the employer's retirement benefit obligations are to be reflected at fair value;
- the operating costs of providing retirement benefits are to be recognised in the accounting periods in which the benefits are earned by the employees;
- the related financing costs and other charges in the value of assets and liabilities are to be recognised in the accounting period in which they arise;
- there is adequate disclosure in respect of the above.

13. Capital Grants

Government grants and other contributions of a capital nature are accounted for on an accruals basis and recognised in the balance sheet when conditions for their receipt have been complied with, and there is reasonable assurance that the grant or contribution will be received. Capital grants when received in the future, will be initially credited to the Capital Grants and Contributions Account, from where they are transferred to the Government Grants Deferred Account when used to finance capital expenditure. Grants are then released to the Income and Expenditure Account so as to offset the appropriate amount of depreciation on the assets to which they refer.

14. Long Term Loans

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.

15. 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.

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 neither does it have any available for sale financial assets).

16. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Consolidated Income and Expenditure Account

2008-09		2009-10			
Net Expenditure £000	Note	Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000	
		Corporate Services			
253		Management and Admin Support	270	(24)	246
224		Finance	232	-	232
107		Human Resources and Staff Training	156	(6)	150
201		Information and Design	230	-	230
198		Information and Technology	202	-	202
227		Legal Services	116	-	116
144		Member Services	167	-	167
464		Premises and Property Matters	415	(8)	407
81		Sustainable Development Fund	241	(217)	24
		Conservation and Countryside			
119		Management and Admin Support	140	(42)	98
348		Fen and Grazing Marshes	649	(173)	476
54		Events	103	(5)	98
252		Visitor Facilities	203	-	203
118		Public Rights of Way	113	(1)	112
307		Landscape and Projects	369	(53)	316
65		Tourism Development	115	(7)	108
172		Visitor Services	290	(87)	203
61		Partnerships	552	(482)	70
		Planning and Strategy			
118		Management and Admin Support	145	-	145
45		Broads Plan	46	-	46
103		Cultural Heritage	98	-	98
35		Development Control	242	(175)	67
35		Forward Planning	57	-	57
		Waterways			
20		Management and Admin Support	20	-	20
(7)		Broadland Flood Alleviation Project	46	(60)	(14)
256		Conservation of Water Bodies	314	(29)	285
6		Dredging	1	-	1
0		Moorings and Yacht Stations	-	(1)	(1)
10		Navigation Safety and Policy	6	-	6
61		Patrolling	75	(28)	47
0		STEP Project	8	(79)	(71)
87	2	Navigation Revenue Account	2,394	(2,537)	(144)
4,164		Net Cost of Services	8,016	(4,014)	4,002
0		Gains or loss on disposal			8
31		Interest payable and similar charges			26
(140)		Interest and investment income			(15)
45	8	Pensions interest cost and expected return on pensions assets			235
4,100		Net Operating Expenditure			4,256
(4,104)		Defra Grant			(4,123)
(602)		CLG Grant			(73)
(606)		(Surplus)/Deficit for the year			60

Statement of Movement of the Fund Balance

The income and expenditure account shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to account for the general fund on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.
- The General Fund Balance compares the Authority's spending against the Defra grant for the year, taking into account the use of reserves built up in the past and reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

Statement of Movement of the Fund Balance

2008-09		2009-10		
Consolidated Account £000		General Account £000	Navigation Account £000	Consolidated Account £000
(606)	(Surplus)/Deficit on General and Navigation Fund I&E a/c	102	(42)	60
-	Gains or Losses on disposal of assets	-	(8)	(8)
(180)	Depreciation and impairment of fixed assets	(109)	(57)	(166)
62	Amortisation of government grants deferred	32	43	75
(530)	Net charge made for retirement benefits in accordance with FRS17	(351)	(198)	(549)
432	Employers contributions to the Norfolk Pension Fund & benefits payable direct	297	168	465
169	Capital financed from Revenue	22	117	139
24	Repayment of Loan Principal		15	15
502	Net transfer to or (from) earmarked reserves Earmarked Reserves Transfer	(132)	99	(33)
(127)	Sub total	(139)	137	(2)
-	Transfer from General to Navigation Funds	200	(200)	0
(127)	Decrease/(Increase) in Fund Balances for the year	62	(63)	(2)
(1356)	Balance b/f	(966)	(516)	
(1483)	Balance c/f	(904)	(579)	

Statement of Total Recognised Gains and Losses

2008-09		2009-10
£000		£000
(606)	(Surplus)/Deficit for the year on the General and Navigation Fund Income and Expenditure Account	60
(26)	(Surplus)/Deficit arising on the revaluation of fixed assets	(414)
1,837	Actuarial (gains)/losses on the pension fund assets and liabilities	5,366
1,205	Total recognised (gains)/losses for the year	5,012
3,707	Balance sheet as at 1 April	2,502
2,502	Balance sheet as at 31 March	(2,510)
(1,205)		(5,012)

Balance Sheet

As at 31 Mar 09		Note	As at 31 Mar 10	
£000			£000	£000
	<u>Fixed Assets</u>			
1,238	Land and Buildings - Operational Assets	11	1,513	
323	Land and Buildings - Community Assets	11	323	
214	Infrastructure Assets	11	199	
695	Vehicles, Vessels and Equipment	11	857	
124	Computer and Office Equipment	11	82	
2,594				2,974
15	Long Term Debtors	12		18
	<u>Current Assets</u>			
167	Stock		160	
790	Debtors	13	699	
3,031	Investments	14	3,255	
465	Cash at Bank and Hand		998	
4,453			5,112	
	<u>Current Liabilities</u>			
(1,328)	Creditors	15	(2,021)	
(15)	Public Works Loan	17	(15)	
(1,343)			(2,036)	3,076
3,110	Net Current Assets/(Liabilities)			
	<u>Long Term Creditors</u>			
(395)	Government Grants Deferred	16		(321)
(254)	Public Works Loan	17		(239)
(2,568)	Pension Liability	8		(8,018)
2,502				(2,510)
	<u>Represented by:-</u>			
1,715	Capital Adjustment Account	19b		1,765
215	Revaluation Reserve	19a		635
(2,568)	Pension Reserve	8		(8,018)
1,658	Earmarked Reserves	19c		1,625
	<u>Funded Balances</u>			
966	General Account Fund Balance	19		904
516	Navigation Account Fund Balance	19		579
2,502				(2,510)

John Duvall (Treasurer and Financial Adviser)
21 October 2010

Cash Flow Statement

2008-09		Note	Revenue Activities	2009-10	
£000				£000	£000
(560)	22		Net Cash Outflow/(Inflow) from Revenue Activities		(916)
(173)			Returns on Investments & Servicing of Finance		
31			Interest Received	(20)	
(142)			Interest Paid	26	
					6
169			Capital Activities		
			Purchase of Fixed Assets		139
(533)			Net Cash Outflow/(Inflow) Before Financing		(771)
366	23		Managing of Liquid Resources		
			Net Increase/(Decrease) in Short Term Deposits		224
15			Financing		
0			Repayment of amounts borrowed	15	
15			New Long-term loans raised.	-	
					15
(152)			Net Decrease/(Increase) in Cash		532

Notes to the Statement of Accounts

1. Consolidated Income and Expenditure Account in Best Value Account Code of Practice Format

The Broads Authority is a special statutory authority created under the provisions of the Norfolk and Suffolk Broads Act 1988. This note presents the accounts in the Best Value Accounting Code of Practice format for national parks authorities, to comply with the 2009 SORP requirement and to enable comparison between the Authority and other national parks authorities.

2008-09		2009-10		
Net Expenditure £000s		Gross Expenditure £000s	Income £000s	Net Expenditure/ (Income) £000s
715	Conservation of the Natural Environment	1,730	(583)	1,147
653	Conservation of Cultural Heritage	603	(278)	325
666	Recreation Management and Transport	902	(216)	686
717	Promoting Understanding	937	(174)	763
444	Rangers Estates and Volunteers	419	-	419
174	Development Control	429	(175)	254
140	Forward Planning and Communities	177	-	177
87	Non Distributed Costs	-	-	-
481	Corporate and Democratic Core	426	(52)	374
87	Broads Navigation Account	2,394	(2,537)	(144)
4,164	Net cost of Services	8,016	(4,015)	4,002
-	Profit/Loss on disposal of fixed assets			8
31	Interest payable and similar charges			26
(140)	Interest and investment income			(15)
45	Pensions interest cost and expected return on pensions assets			235
4,100	Net Operating Expenditure			4,256
(4,104)	Defra Grant			(4,123)
(602)	CLG Grant			(73)
(606)	(Surplus)/deficit for the year			60

2. Navigation Fund Income and Expenditure Account

The Broads Authority is also required to maintain a separate navigation fund. Due to this requirement this note shows a Navigation Fund income and expenditure account for information.

2008-09		2009-10		
Net Expenditure £000s		Gross Expenditure £000s	Income £000s	Net Expenditure/ (Income) £000s
	Corporate Services			
51	Management and Admin Support	51	-	51
89	Finance	93	-	93
27	Human Resources and Staff Training	33	-	33
29	Information and Design	27	-	27
38	Information and Technology	37	-	37
80	Legal Services	15	-	15
11	Member Services	12	-	12
83	Navigation Tolls	92	(3)	89
49	Premises and Property Matters	69	-	69
	Waterways			
109	Management and Admin Support	111	-	111
647	Dockyard Operation	623	(4)	619
108	Moorings and Yacht Stations	258	(100)	158
121	Navigation Safety and Policy	134	(6)	128
374	Navigation Works and Maintenance	381	(19)	362
484	Patrolling	457	(26)	430
2,300	Net cost of Services	2,393	(158)	2,234
-	Gains or losses on disposal of fixed asset			8
19	Interest payable and similar charges			16
(54)	Interest and investment income			(6)
17	Pensions interest costs and expected return on pensions assets			85
2,282	Net Operating Expenditure			2,337
(2,213)	Tolls Income			(2,379)
69	(Surplus)/Deficit for the year			(42)

3. Disclosure of Audit Costs

The Broads Authority has incurred the following fees relating to external audit and inspection:

Year:	2008-09 £000s	2009-10 £000s
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	27	28

4. Staff Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 was:

Year:	2008-09 Number of Staff	2009-10 Number of Staff
50,000 – 54,999	-	2
55,000 – 59,999	-	-
60,000 – 64,999	-	-
65,000 – 69,999	-	-
70,000 – 74,999	-	-
75,000 – 79,999	1	-
80,000 – 84,999	-	1

5. Senior Employees

The following table shows the remuneration of senior employees whose salary is less than £150,000 but more than £50,000 per year. Senior employees are those that have the power to direct or control the major activities of the Authority and are included in the remuneration bands in Note 4.

The Authority's Section 17 officer is not an employee of the Broads Authority. This service is provided by the Head of Finance of Broadland District Council and therefore their costs are not shown in the table below.

Similarly, the Monitoring Officer role is performed by the Head of Law at Norfolk County Council.

Job Title	2008-09 £	2009-10 £
Chief Executive Salary, Fees & Allowances Expenses Allowance Total Remuneration excluding Pension Contributions Pension Contributions Total Remuneration including Pension Contributions	 74,331 849 75,180 11,893 87,073	 80,615 227 80,842 12,898 93,740
Director of Waterways Salary, Fees & Allowances Expenses Allowance Total Remuneration excluding Pension Contributions Pension Contributions Total Remuneration including Pension Contributions	 Not Applicable	 50,095 906 51,001 7,920 58,921
Director of Planning & Strategy Salary, Fees & Allowances Expenses Allowance Total Remuneration excluding Pension Contributions Pension Contributions Total Remuneration including Pension Contributions	 Not Applicable	 52,722 - 52,722 8,436 61,158

6. Members Allowances

The total of members allowances paid in the year was £48,534 (£33,202 in 2008-09).

7. Related Party Transactions

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 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.

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.

- Mr Martin Broom is a member of the Broads Authority and the Chairman of the Navigation Committee. He is also a Director/owner of Broom Boats which supply fuel and services to the Authority's boats totalling £359 (including VAT).
- The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. During the year the Authority provided administration services for £17,500 (£17,250 in 2008/09)

The Broads Authority also provides a recharge service for purchase invoices and salaries with a value of £143,332 (2009: £114,545). The balance outstanding at the year end was £23,949 ((£5,553) in 2008/09).

The Whitlingham Charitable Trust also invoiced the Authority £14,721 (£14,946 in 2008/09) for rental income for the lease of the visitor centre and moorings. The balance outstanding at the year end was £846 (2009: £nil). The Trust also recharged purchase invoices of £4,390 (£411 in 2008/09). This was not outstanding at the year end (£411 in 2008/09).

Whitlingham Charitable Trust also invoiced the Authority £11,750 for the Gateway to the Broads Event held within the country park.

8. Pensions and Retirement Benefits

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, the Broads Authority offers retirement 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 Retirement Benefits

The Authority recognises the cost of retirement benefits in the Net 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 retirement benefits is reversed out in the Statement of Movement on the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement on the General Fund Balance during the year:

	2008-09 £000s	2009-10 £000s
Income and Expenditure Account		
Net Cost of Services:		
• current service cost	346	314
• past service cost	139	-
Net Operating Expenditure:		
• interest cost	799	792
• expected return on scheme assets	(754)	(557)
Net Charge to the Income and Expenditure Account	530	549
Statement of Movement in the General Fund Balance		
• reversal of net charges made for retirement benefits in accordance with FRS17	(530)	(549)
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers contributions payable to the scheme	417	450
• contributions in respect of unfunded benefits	15	15
• retirement benefits payable to pensioners (including transfer values)	432	465

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £5,366,000 (losses of £1,837,000 in 2008-09) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses that have been recognised in the Statement of Total Recognised Gains and Losses is £6,586,000

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of present value of the scheme liabilities:

Year	2008-09 £000s	2009-10 £000s
1 April	11,390	11,362
Current service cost	346	314
Interest cost	799	792
Contributions by scheme participants	182	195
Actuarial losses/(gains)	(1,217)	7,588
Benefits paid	(262)	(249)
Unfunded benefits paid	(15)	(15)
Past service costs	139	-
31 March	11,362	19,987

Reconciliation of fair value of the scheme assets:

Year	2008-09 £000s	2009-10 £000s
1 April	10,758	8,794
Expected rate of return	754	557
Actuarial gains and losses	(3,055)	2,222
Employer contributions	432	465
Contributions by scheme participants	182	195
Benefits paid	(277)	(264)
31 March	8,794	11,969

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 the respective markets.

The actual return on scheme assets in the year was £2,779,000 ((£2,303,000) in 2008-09)

Scheme History

Year	2005-06 £000s	2006-07 £000s	2007-08 (restated) £000s	2008-09 £000s	2009-10 £000
Fair value of assets in the pension scheme	9,020	10,041	10,758	8,794	11,969
Present value of liabilities in the pension scheme	(11,850)	(11,980)	(11,390)	(11,362)	(19,987)
Surplus/(deficit) in the pension scheme	(2,830)	(1,939)	(632)	(2,568)	(8,018)

The Authority elected not to restate fair value of scheme assets for 2004-05 and 2005-06 as permitted by FRS17 (as revised).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £8,018,000 has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in an overall balance of £(2,525,801).

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary

The total contributions expected to be made to the Local Government Pension Scheme by the Broads Authority in the year to 31 March 2011 is £450,000.

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 Broads Authority 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 2010.

The principal assumptions used by the actuary have been:

Year Ended:	31 March 2009	31 March 2010
Long term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.8%
Bonds	5.4%	5.0%
Property	4.9%	5.8%
Cash	4.0%	4.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	19.6	20.8
Women	22.5	24.1
Longevity at 65 for future pensioners:		
Men	20.7	22.3
Women	23.6	25.7
Rate of inflation	3.1%	3.8%
Rate of increase in salaries	4.6%	5.3%
Rate of increase in pensions	3.1%	3.8%
Rate for discounting scheme liabilities	6.9%	5.5%
Take up of option to convert annual pension into retirement lump sum	50%	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.

Year Ended:	31 March 2009	31 March 2010
Equity investments	62%	67%
Bonds	21%	17%
Property	10%	10%
Other assets	7%	6%

History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve in 2009/10 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2010.

Year	2005-06	2006-07	2007-08 (restated)	2008-09	2009-10
Differences between the expected and actual return on assets	14.1%	(0.5)%	10.0%	34.8%	(18.6)%
Experience gains and losses on liabilities	(0.1)%	(2.3)%	(8.1)%	0.0%	0.0%

Movement on the Pension Reserve

The movement on the Pension Reserve has two elements, the appropriations to/from revenue, and the actuarial gain as explained above. The net effect is a movement on the Pension Fund Reserve of £5,450,000.

9. Leasing

Vehicles, Plant and Equipment – the Broads Authority uses cars, telephone equipment, photocopiers and franking machines financed under the terms of an operating lease. The amount paid under these arrangements in 2009-10 was £130,000 (£122,000 in 2008-09).

Land and Buildings – the Authority leases various moorings, land and buildings, including its head office Dragonfly House, which have been accounted for as an operating lease. The rentals payable in 2009-10 were £259,000 (£89,000 in 2008-09).

Commitments under Operating Leases – the Authority was committed at 31 March 2010 to making payments of £412,000 under operating leases in 2010-11, comprising the following elements:

	Leases expiring in 2010/11 £000s	Leases expiring between 2011/12 and 2014/15 £000s	Leases expiring after 2014/15 £000s
<i>Vehicle, Plant and Equipment</i>			
- Vehicle Contract Hire	9	120	-
- Telephone Equipment	-	-	-
- Photocopiers	-	11	-
- Franking Machine	-	-	-
Total	9	131	-
<i>Land and Buildings</i>			
- Buildings	3	12	232
- Land	-	3	22
Total	3	15	254

Some building and land operating leases have conditions which will require revisions in later years. These future commitments are stated above at current value.

10. Financing of Capital Expenditure

	2008-09 £000s	2009-10 £000s
<i>Capital Investment</i>		
Land and Buildings –Operational	-	17
Vehicles and Vessels	107	122
Computer and Office Equipment	62	-
Total	169	139
<i>Sources of Finance</i>		
Government grants and other contributions	-	-
Sums set aside from revenue	(169)	(139)
Total	(169)	(139)

11. Fixed Assets

The Code of Practice on Local Authority Accounting in the United Kingdom requires fixed assets be recorded in the balance sheet at current value. The basis of valuation for the various categories of assets is set out below.

Category of Asset	Basis of valuation	Valuers
Operational Land and Buildings	Existing use value or depreciated replacement cost.	Professionally revalued every five years by NPS Property Consultants (external entity)
Community Land	Historical Cost	
Infrastructure Asset	Historical Cost	
Vehicles, Vessels and Equipment	Purchase price or net realisable value.	Directors revaluation every five years (internal entity)
Computer and Office Equipment	Purchase price	Directors revaluation every five years (internal entity)

An independent valuation of the following assets as at 31 March 2010 (and at 31 March 2009 see below) was carried out by Mrs E J Macdonald MFRICS of NPS Property Consultants Limited at:

- Ludham Field Base
- Ranworth Tourist Information Centre
- How Hill Estate, Ludham

It came to light that a Priestman Cub Crawler Crane was decommissioned and consequently disposed of in 2008/09. Conversely, a Sonde was missed as a fixed asset although it was acquired during 2006/07 and the Workboat Z1 was not showing on the fixed asset register although it has been revalued as at 31 March 2010 at £6,000.

These errors have been adjusted for in 2009/10.

During the year the Directors reviewed the net realisable value of the vehicles, vessels and equipment, in accordance with the Authorities policy of revaluing all assets every five years. This resulted in the downward revaluation of:

Asset	Downward Revaluation value	Revised Valuation
	£	£
Peljob Mini Digger	3,000	4,000
Yanmar Tracked Carrier	4,950	4,500
Shoveler	51,925	80,000
Trailer 1	2,200	800
Trailer 2	2,400	600
Argocat Response	6,760	5,000
Water Bowser	2,200	5,000
Selwood Torque S150	2,154	10,000
Nissan 2.5 tonne forklift	2,500	3,800
Mud Pump	11,500	3,500
JCB Tractor	3,000	5,000

An annual impairment review has been undertaken by the Directors in accordance with FRS15.

In accordance with the Code of Practice on Capital Accounting in Local Authorities, depreciation has been charged to the Income and Expenditure Accounts to represent the cost of using assets. Depreciation has been charged on the following basis:

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
Computer and Office Equipment	Straight line	5 years

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.

Fixed Asset Schedule

	Land & Buildings Operational Assets £000s	Land & Buildings Community Assets £000s	Infrastructure Asset £000s	Vehicles, Vessels & Equipment £000s	Computer & Office Equipment £000s	Total £000s
Audited Gross Book Value as at 31 March 2009	1,289	323	302	1,025	211	3,150
Additions	17	-	-	131	-	148
Donated Assets	-	-	-	-	-	-
Disposals	-	-	-	(20)	-	(20)
Revaluations	231	-	-	(102)	-	129
Gross Book Value as at 31 March 2010	1,537	323	302	1,034	211	3,407
Accumulated Depreciation at 31 March 2009	51	-	88	330	87	556
Depreciation for the year	13	-	15	82	42	152
Depreciation eliminated on disposal.	-	-	-	(5)	-	(5)
Depreciation eliminated on revaluation	(40)	-	-	(230)	-	(270)
Accumulated Depreciation as at 31 March 2010	24	0	103	177	129	433
Net Book Value 31 March 2009	1,238	323	214	695	124	2,594
Net Book Value 31 March 2010	1,513	323	199	857	82	2,974

12. Long Term Debtors

Year:	2008-09 £000s	2009-10 £000s
Initial vehicle rental paid in advance	15	17
	15	17

13. Debtors due within one year

Year:	2008-09 £000s	2009-10 £000s
Sundry debtors and prepayments	928	839
Provision for bad debts	(141)	(141)
Initial vehicle rental paid in advance	3	1
	790	699

Consideration has been given for bad and doubtful debts. A provision has been made for a specific debt; the Authority is pursuing the amount outstanding through the courts.

14. Investments

Surplus revenue funds are invested with Broadland District Council and are shown in the Balance Sheet at cost adjusted for accrued interest.

15. Creditors and Receipts in Advance

Year:	2008-09 £000s	2009-10 £000s
Creditors and accruals	648	978
Tolls received in advance	680	1,043
	1,328	2,021

16. Government Grants Deferred

All capital grants received are amortised over the same period as the asset they finance. The Government Grants Deferred Account represents the balance of grants received not yet amortised and can be explained as follows:

Asset	Funding	Audited Balance at 31/03/2009 £000s	Balance at 31/03/2010 £000s
Tolls System	Implementing Electronic Government Funding	35	18
Barton Boardwalk	Millennium Commission	214	199
Dockyard Equipment	Donated Assets	146	104
	Total	395	321

17. Public Works Loan

On 20 November 2007 the Authority took out a £290,000 loan from the Public Works Loan Board. 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.

The Public Works Loan Board has advised that the fair value of the debt as at 31 March 2010 is £273,800. The fair value has been calculated by reference to the 'premature repayment' set of rates in force on 31 March 2010. No adjustment has been made in the accounts to reflect the fair value of the loan, as the Authority does not anticipate early repayment of the debt.

18. Contingent Liability

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.

19. Reserves

Reserve	Opening Balance £000s	Net Movement £000s	Closing Balance £000s	Description	Note
Revaluation Reserve	215	420	635	A revaluation reserve compliant with FRS15 (financial reporting standard 15 on Tangible Fixed Assets)	19a
Capital Adjustment Account	1,715	51	1,765	Represents the amount of capital expenditure finance from revenue, depreciation charged, and impairments not taken to the revaluation reserve.	19b
Pension Reserve	(2,568)	(5,450)	(8,018)	Represents overall liability of the Authority for pension payments to employees who are or have been members of the Norfolk Pension Fund	8
General Fund	965	(62)	904	To be spent on general fund activities	
Navigation Fund	518	61	579	To be spent on navigation activities	
Earmarked Reserves	1,658	(33)	1,625		19c

a) Revaluation Reserve

Year:	2008-09 £000s	2009-10 £000s
Balance as at 01/04/2009	208	215
Land and Buildings Revaluations and impairments	(12)	271
Vehicles and Vessels Revaluations	21	151
Transfer of depreciation on revalued assets	(2)	(2)
	215	635

b) Capital Adjustment Account

Year:	2008-09 £000s	2009-10 £000s
Balance brought forward	1,619	1,714
Depreciation for the year	(168)	(152)
Amortisation of Government Grants Deferred	62	75
Capital Financed from Revenue	169	139
Impairment of Fixed Assets	-	(13)
Accumulated Depreciation written out on Revaluation	6	2
Depreciation charged on revalued assets	2	(14)
Repayment of loan principal	24	14
	1,714	1,765

c) 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

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.

Reserves	Balance at 1 April 2009	Income	Transferred from General Fund	Transferred from Navigation Fund	Interest Received	Expenditure	Balance at 31 March 2010
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Asset Management	34	-	33	-	-	(8)	59
Implementing Electronic Government	16	-	-	-	-	-	16
Mobile Phone Upgrade	6	11	-	-	-	(2)	15
New Office Accommodation	158	2	-	-	-	(61)	99
Planning Delivery Grant	821	-	-	-	3	(86)	738
Sustainable Development Fund	131	-	217	-	-	(241)	107
Dredging Disposal	60	-	-	20	-	-	80
Dockyard Vessels and Equipment	60	-	-	20	-	-	80
Dockyard Site Maintenance	30	-	-	30	-	-	60
Mutford Lock Endowment Fund	182	2	-	25	1	-	210
Vessel Replacement Fund	160	-	-	-	1	-	161
Total	1,658	15	250	95	5	(398)	1,626

20. Financial Instruments

A financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. This includes borrowing, investment and loans.

Long term borrowing is with the Public Works Loan Board (PWLB) and is held at amortised cost, as is all short term borrowing. Investments are held at carrying value as there is deemed to be no risk of loss for these investments.

The total financial liabilities and loans and receivables disclosed in the Balance Sheet are made up of the following categories:

	31 March 2009		31 March 2010	
	Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
PWLB Loan	269	306	254	274
Creditors	1,332	1,332	2,021	2,021
Total Financial Liabilities	1,601	1,638	2,275	2,295
Investments	3,031	3,031	3,255	3,255
Trade Debtors	807	807	731	731
Total Loans and Receivables	3,838	3,838	3,986	3,986

The gains and losses recognised in the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses in relation to the financial instruments are made up as follows:

	Financial Liabilities (Liabilities at amortised cost) £000s	Financial Assets (Loans and Receivables) £000s
Interest Income / (Payable)	26	15
Total Interest and Investment Income	26	15

Financial liabilities and financial assets represented by borrowings and receivables 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.

21. 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.

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 2010 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 Broads Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising from movements in exchange rates.

22. Reconciliation of operating surplus to net cash inflow from revenue activities.

2008-09 £000s		2009-10 £000s
(606)	(Surplus)/Deficit – General and Navigation Fund income and expenditure account	62
16	(Decrease)/Increase in Stocks	(6)
137	(Decrease)/Increase in Debtors	(89)
(33)	Decrease/(Increase) in Creditors	(692)
173	Interest Received	20
(31)	Interest Paid	(26)
(180)	Depreciation and impairment of Fixed Assets	(166)
62	Amortisation of Government Grants Deferred	59
0	Profit/Loss on disposal	6
(530)	Net Charges made for retirement benefits in accordance with FRS17	(549)
432	Employers contributions to the Norfolk Pension Fund and Benefits payable direct	465
(560)	Net Cash (Inflow)/Outflow from Revenue Activities	(916)

23. Analysis of Cash and Investments

	31 March 2009 £000s	31 March 2010 £000s	Movement £000s
Cash in Hand	465	998	533
Investments	3,031	3,246	215
	3,496	4,244	748

24. Authorisation for Issue.

The Statement of Accounts were authorised for issue by the Treasurer and Financial Adviser on the 22 October 2010. This is the date up to which events after the balance sheet were considered.

25. Post Balance Sheet Events

In preparing these accounts the Authority is required to consider events that may have an impact on the accounting statement since March 2010. No events have occurred that require changes to the accounting statements.

The coalition government's emergency budget in June 2010 announced that from April 2011 pensions in payment would be indexed to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). Historically the CPI has usually been lower than the RPI and it is therefore likely that the Authority's pension liability under FRS17 (£8.018 million at 31 March 2010) will be reduced.

The actuaries, Hymans Robertson, cannot make a detailed estimate of the impact for the Authority without significant work. However, national research by them published in the Audit Commission Information Paper *Local Government Pensions in England* in July 2010 estimated that nationally the change could reduce the value of pension liabilities by 7%.

Glossary of Terms

ACCRUAL ACCOUNTING

The inclusion of income and expenditure in the accounts for the period in which they are earned or incurred, rather than the period in which the cash is received or bills paid.

AMORTISATION

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

AMORTISED COST

This is cost that has been adjusted for amortisation.

ASSET

An item owned by the Broads Authority, or that they have use of to support their activities, which has a value, for example cash.

BUDGET

The statement of the Broads Authority expressed in financial terms usually for the current forthcoming year.

CAPITAL EXPENDITURE

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

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 national parks authorities.

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

DEBTORS

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

DEFICIT

Arises when expenditure exceeds income or when expenditure exceeds budget.

DEPRECIATION

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

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 AND FINANCIAL LIABILITY

A financial asset is a right to future economic benefits. A financial liability is an obligation to transfer economic benefits.

FINANCIAL INSTRUMENT

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

GOVERNMENT GRANTS DEFERRED ACCOUNT

When a government grant or other contribution is received in respect of the acquisition of a fixed asset it is recorded in a government grants deferred account. The grant is subsequently charged to the revenue account over the life of the asset to match the depreciation charge.

IMPAIRMENT

Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage or a deterioration in the quality of the service provided, or by a general fall in prices of that particular asset or type of asset.

MARKET PRICE

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

NON-DISTRIBUTED COSTS

These are specific overheads relating to unused assets and certain pension costs for employee's 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.

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

Revenue expenditure is the day to day expenses, mainly salaries and wages, and other general running expenses. Revenue income is money received in return for providing goods and services.

SORP

The Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice (SORP) aims to achieve consistent financial reporting between all English local authorities. It is based on generally accepted accounting standards and practices.

SURPLUS

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

VALUE ADDED TAX (VAT)

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

VARIATION

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