

**Draft Unaudited Statement of Accounts 2014/15**  
Report by Head of Finance

<b>Summary:</b>	This report summarises the Broads Authority's Statement of Accounts for the year ended 31 March 2015.
<b>Recommendation:</b>	That the Statement of Accounts for 2014/15 be recommended to the Broads Authority for approval, subject to any amendments suggested by the Committee.

## **1 Introduction**

- 1.1 The timetable for the preparation of the Authority's Statement of Accounts is dictated by the requirements of The Accounts and Audit (England) Regulations 2011. The timetable for the adoption of the 2014/15 accounts is as follows:
- Treasurer and Financial Adviser to sign off the completed accounts by the end of June 2015
  - Financial Scrutiny and Audit Committee to scrutinise the accounts on 7 July 2015, and to recommend them for approval to the Full Authority, subject to any suggested amendments
  - External Audit (Ernst and Young) to undertake and complete the audit of the accounts by the end of September 2015
  - Broads Authority to consider and formally adopt the audited accounts at its meeting on 25 September 2015
- 1.2 As members will be aware, the Authority's accounts are required to be prepared in accordance International Financial Reporting Standards (IFRSs), and the *Code of Practice on Local Authority Accounting* (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The production of the Statement of Accounts represents a sizeable technical exercise for the Authority's limited staff resources working to a very tight timetable.
- 1.3 This report summarises the draft (unaudited) Statement of Accounts for 2014/15 which were approved for issue by the Treasurer and Financial Adviser on 22 June. Appended to this report are:
- the consolidated income and expenditure outturn figures for 2014/15; and
  - the draft Statement of Accounts for 2014/15 (excluding the Audit Report and Annual Governance Statement).

## **2 Revenue Account Outturn Figures**

- 2.1 The Statement of Accounts provides summaries of general and navigation fund income and expenditure for the year.
- 2.2 The original general fund budget provided for a contribution of £55,053 from reserves. The final Latest Available Budget (LAB) for the year allowed for a deficit of £164,536, while the final Forecast Outturn was a deficit of £73,557. The year end saw a net underspend of £183,229 against the final forecast (although it is proposed that £43,668 be carried forward as additional expenditure into 2015/16). The outcome was therefore a contribution of £109,672 to the general reserve. After accounting for the transfer of £3,969 interest to earmarked reserves, the closure of the STEP fund of £2,332, and the closure of the Sustainable Development Fund reserve of £43,030, the general reserve increased to £950,138 as at 31 March 2015.
- 2.3 The original navigation fund budget provided for a surplus contribution of £39,558 to reserves. The final Latest Available Budget (LAB) for the year allowed for a surplus of £7,449, while the final Forecast Outturn was a surplus of £16,166. The year end saw a net overspend of £18,148 against the final forecast (and it is proposed that a further £10,669 be carried forward as additional expenditure into 2015/16). The outcome was therefore a draw down of £1,982 from the navigation reserve. After accounting for the transfer of £7,653 interest to earmarked reserves, the navigation reserve reduced to £280,139 as at 31 March 2015.
- 2.4 The consolidated surplus for the year is £107,690, which reduces to £96,068 after taking account of £11,622 interest transferred to earmarked reserves. An additional £54,337 is proposed to be carried forward into the 2015/16 budget. There are a number of reasons for the 2014/15 underspend but in particular it arises from:
- significant difficulties in progressing projects, including the Whitlingham development project, for a variety of reasons including: capacity issues, difficulties in recruiting vacant posts, obtaining consents, and savings on new office equipment leases.
  - major success in obtaining additional external funding, particularly within Biodiversity Strategy budgets, and also as a result of introducing new products for sale at the Visitor Centres / Yacht Stations.

## **3 Carry Forward Requests**

- 3.1 As indicated above, it is recommended by the Management Team that additional expenditure totalling £54,337 be carried forward into the 2015/16 budget as slippage / deferred expenditure, which would effectively reduce the net surplus for the year to £41,731. As in previous years, the Management Team has taken a very robust approach to requests to carry forward expenditure, and most of the requests below relate to either:

- projects already underway but which have been delayed by external events; or
- ring-fenced income which has been provided by third parties and is earmarked for specific purposes.

3.2 Details of all 2014/15 carry forward requests are set out in the table below:

Budget Line	National Park	Navigation	Total	Reason for carry-forward request
	£	£	£	
IT	20,100.00	9,900.00	30,000.00	Additional budget allocated in 14/15 (£26,080) following the departure of a temporary member of staff and the decision not to replace but to use contractors instead. A further staff vacancy within IT has meant that the capacity to support additional work has not been available.
Biodiversity Strategy	800.00	0.00	800.00	Ring fenced Love The Broads income for Barn Owl Project.
Biodiversity Strategy	1,500.00	0.00	1,500.00	Ring fenced income from NBP (invoiced from H & O Trust) for Barn Owl project. NBP support carryforward and work areas.
Biodiversity Strategy	13,491.42	0.00	13,491.42	Ring fenced Partner income for Catchment Partnership.
Strategy & Projects	7,776.86	769.14	8,546.00	Carry-forward of funding for extension to Catchment Officer post.
	<b>43,668.28</b>	<b>10,669.14</b>	<b>54,337.42</b>	

3.3 Approval of these carry forward amounts would result in a general reserve balance of £906,470 and navigation reserve balance of £269,470. This represents 30.2% and 9.4% of net expenditure for 2014/15 respectively and although in the case of the navigation reserve this is slightly below the minimum recommended level of 10% of net expenditure, the 2015/16 budget anticipates a small navigation surplus which will restore this balance. In addition, once the significant earmarked reserve balances are taken into account, this level of navigation reserve is considered to be adequate in the short to medium term.

## 4 Balance Sheet

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

### *Mobile Phone Upgrade / IT Reserve*

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

*Planning Delivery Grant*

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

*Sustainable Development Fund*

Balance of Sustainable Development Fund (SDF) grant supplied by Defra National Park Grant. At the end of 2014/15 this fund was closed and transferred to the General Fund.

*STEP*

A reserve set up for a European Grant part funded project relating to Sustainable Tourism in Estuary Parks. This grant funded project has now finished and transferred to the General Fund.

*PRISMA*

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment.

*Upper Thurne Enhancement Scheme*

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

*Section 106 Agreements*

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

*Property*

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

*Plant, Vessels and Equipment*

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

*Premises*

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

- 4.2 The closing balance of the earmarked reserves above in 2014/15 are shown in the table below:

Earmarked Reserves 2014/15

Reserve	Balance as at 01/04/2015 £
Mobile Phone Upgrade / IT	(469)
Planning Delivery Grant	(353,676)
Sustainable Development Fund	0
STEP	0
PRISMA	(171,869)
Upper Thurne Enhancement Scheme	(53,285)
Section 106 Agreements	(16,652)
Property	(586,757)
Plant, Vessels and Equipment	(240,790)
Premises	(169,930)
<b>Total</b>	<b>(1,593,428)</b>

- 4.3 The balance of Navigation earmarked reserves within this total is £962,956.

## 5 Other Significant Issues

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

## 6 Annual Governance Statement

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

## 7 Audit of the Statement of Accounts

- 7.1 The Authority's external auditors, Ernst & Young, will be undertaking the audit of these accounts during August and September 2015, and are required to complete the audit and issue the value for money conclusion by 30 September. The audit timetable was set out in the Audit Plan presented at the last meeting of this Committee, 10 February 2015.
- 7.2 Upon completion the audit report will be signed and incorporated into the Statement of Accounts.

## 8 Financial Implications

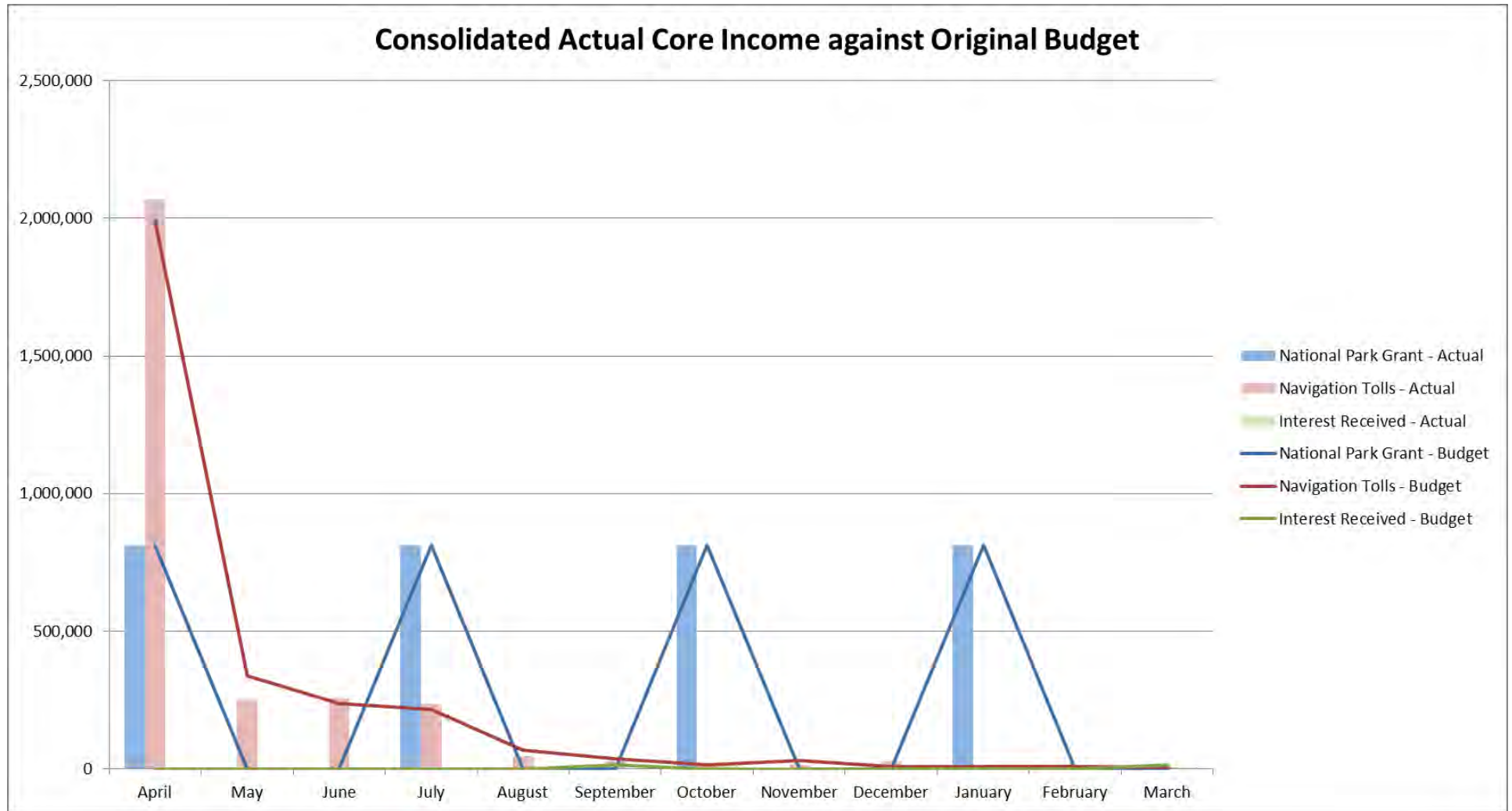
- 8.1 The draft Statement of Accounts for 2014/15 shows revenue reserves of £1,230,277 (general reserves £950,138, navigation reserves £280,139) that are considered to be adequate and which are in line with the levels considered by the Authority in setting the Financial Strategy for the period up to 2017/18. After the proposed carry-forwards are taken into account, navigation reserves will fall slightly below the recommended levels, as previously advised to the Authority, although the current budget and financial strategy would anticipate the restoration of this balance in 2015/16. Taken alongside the significant earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2014/15, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2015/16.

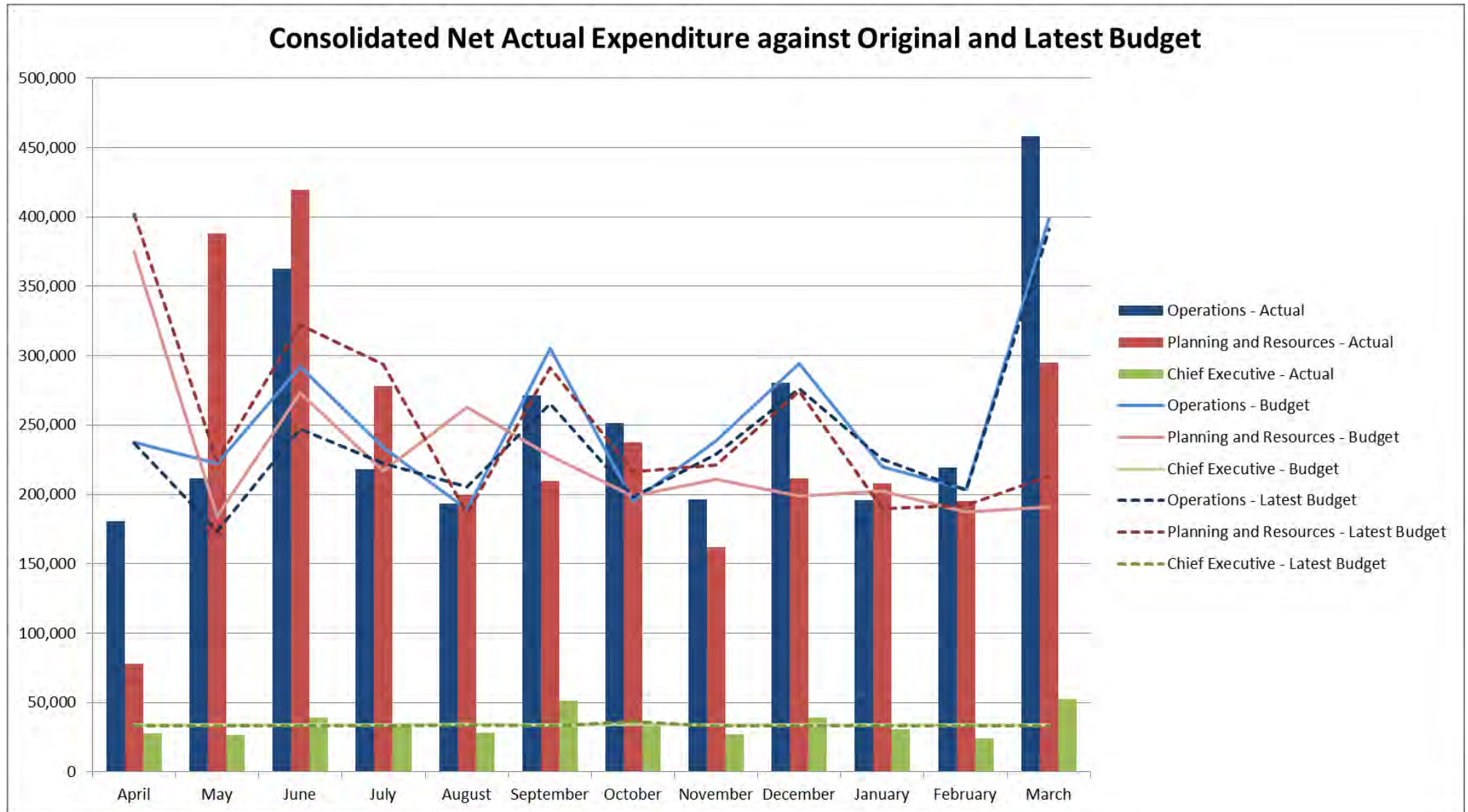
Background Papers: Nil

Author: Emma Krelle  
Date of Report: 18 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure Charts to 31 March 2015  
APPENDIX 2: Consolidated Income and Expenditure 2014/15  
APPENDIX 3: Draft Unaudited Statement of Accounts 2014/15 (excluding the Audit Report and Annual Governance Statement)







To 31 March 2015

Budget Holder (All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,242,264)		(6,242,264)	(6,230,354)	(11,910)
National Park Grant	(3,245,393)		(3,245,393)	(3,245,393)	0
Income	(3,245,393)		(3,245,393)	(3,245,393)	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Income	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Income	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(30,000)		(30,000)	(22,000)	(8,000)
Income	(30,000)		(30,000)	(22,000)	(8,000)
Operations	3,030,715	30,113	3,060,828	3,116,126	(55,298)
Construction and Maintenance Salaries	1,074,770		1,074,770	1,065,359	9,411
Salaries	1,074,770		1,074,770	1,065,359	9,411
Expenditure			0		0
Equipment, Vehicles & Vessels	405,000	(17,450)	387,550	387,550	0
Income			0		0
Expenditure	405,000	(17,450)	387,550	387,550	0
Water Management	67,500	14,350	81,850	80,535	1,315
Income	0		0	(1,315)	1,315
Expenditure	67,500	14,350	81,850	81,850	0
Land Management	(41,000)	14,850	(26,150)	(28,275)	2,125
Income	(90,000)		(90,000)	(100,500)	10,500
Expenditure	49,000	14,850	63,850	72,225	(8,375)

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	339,035	7,170	346,205	346,527	(322)
Income	(7,000)		(7,000)	(8,700)	1,700
Expenditure	346,035	7,170	353,205	355,227	(2,022)
Ranger Services	663,010		663,010	696,340	(33,330)
Income	(35,000)		(35,000)	(35,000)	0
Salaries	580,010		580,010	613,340	(33,330)
Expenditure	118,000		118,000	118,000	0
Pension Payments			0		0
Safety	76,900		76,900	83,542	(6,642)
Income	(9,000)		(9,000)	(1,000)	(8,000)
Salaries	51,900		51,900	51,542	358
Expenditure	34,000		34,000	33,000	1,000
Asset Management	104,650		104,650	123,912	(19,262)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	37,900		37,900	37,662	238
Expenditure	67,750		67,750	87,250	(19,500)
Volunteers	61,340		61,340	61,373	(33)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	42,340		42,340	42,373	(33)
Expenditure	20,000		20,000	20,000	0
Premises	151,970	11,193	163,163	172,363	(9,200)
Income	(11,200)		(11,200)	(2,000)	(9,200)
Expenditure	163,170	11,193	174,363	174,363	0
Operations Management and Administration	127,540		127,540	126,900	640
Income			0		0
Salaries	115,040		115,040	114,400	640
Expenditure	12,500		12,500	12,500	0
Planning and Resources	2,729,004	111,479	2,840,484	2,657,409	183,075
Development Management	224,910		224,910	215,699	9,211
Income	(60,000)		(60,000)	(75,000)	15,000
Salaries	259,910		259,910	255,699	4,211

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	25,000		25,000	35,000	(10,000)
Pension Payments			0		0
Strategy and Projects Salaries	231,575	8,546	240,121	209,837	30,284
Income	(27,500)		(27,500)	(39,000)	11,500
Salaries	249,075	8,546	257,621	238,837	18,784
Expenditure	10,000		10,000	10,000	0
Biodiversity Strategy	35,000	42,298	77,298	77,298	0
Income			0		0
Expenditure	35,000	42,298	77,298	77,298	0
Strategy and Projects	84,900	2,020	86,920	86,453	467
Income			0		0
Salaries	44,900		44,900	44,433	467
Expenditure	40,000	2,020	42,020	42,020	0
Waterways and Recreation Strategy	84,920		84,920	78,618	6,302
Salaries	69,920		69,920	63,618	6,302
Expenditure	15,000		15,000	15,000	0
Project Funding	101,780	46,615	148,395	148,023	372
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,780		41,780	41,408	372
Expenditure	79,000	46,615	125,615	125,615	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	0	50,000
Expenditure	50,000		50,000	0	50,000
SDF	12,000		12,000	12,000	0
Expenditure	12,000		12,000	12,000	0
Finance and Insurance	336,569	10,000	346,569	327,632	18,937
Income			0		0
Salaries	133,970		133,970	130,033	3,937
Expenditure	202,599	10,000	212,599	197,599	15,000
Communications	316,260		316,260	318,598	(2,338)
Income			0		0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	241,260		241,260	243,598	(2,338)
Expenditure	75,000		75,000	75,000	0
Visitor Centres and Yacht Stations	235,660	2,000	237,660	222,236	15,424
Income	(213,000)		(213,000)	(213,000)	0
Salaries	317,660		317,660	302,236	15,424
Expenditure	131,000	2,000	133,000	133,000	0
Collection of Tolls	113,660		113,660	113,192	468
Salaries	100,960		100,960	100,492	468
Expenditure	12,700		12,700	12,700	0
ICT	267,820		267,820	272,142	(4,322)
Income			0		0
Salaries	127,120		127,120	131,442	(4,322)
Expenditure	140,700		140,700	140,700	0
Legal	120,000		120,000	104,112	15,888
Income	0		0	(13,000)	13,000
Salaries	0		0	7,112	(7,112)
Expenditure	120,000		120,000	110,000	10,000
Premises - Head Office	240,000		240,000	224,547	15,453
Expenditure	240,000		240,000	224,547	15,453
Planning and Resources Management and Administration	273,950		273,950	247,021	26,929
Income	0		0	(11,000)	11,000
Salaries	146,750		146,750	148,821	(2,071)
Expenditure	127,200		127,200	109,200	18,000
Chief Executive	405,040		405,040	421,098	(16,058)
Human Resources	133,140		133,140	158,206	(25,066)
Salaries	73,140		73,140	98,206	(25,066)
Expenditure	60,000		60,000	60,000	0
Governance	170,410		170,410	160,659	9,751
Income			0		0
Salaries	109,210		109,210	104,459	4,751
Expenditure	61,200		61,200	56,200	5,000

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,490		101,490	102,233	(743)
Salaries	101,490		101,490	102,233	(743)
Expenditure			0		0
Projects and Corporate Items	93,000		93,000	93,113	(113)
PRISMA	0		0	113	(113)
Income			0		0
Salaries	10,410		10,410	10,523	(113)
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	93,000		93,000	93,000	0
Pension Payments	93,000		93,000	93,000	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
<b>Grand Total</b>	<b>15,495</b>	<b>141,592</b>	<b>157,087</b>	<b>57,391</b>	<b>99,696</b>

**BROADS AUTHORITY**  
DRAFT UNAUDITED  
STATEMENT OF ACCOUNTS  
2014/15

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Broads Authority Statement of Accounts  
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## **Explanatory Foreword**

### Introduction

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

### The Background to the Accounts 2014/15

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

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

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

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

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

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

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

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

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

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



## The Accounting Statements

The Broads Authority's accounts for the year 2014/15 are set out on pages 7 to 75. They consist of:

### **Statement of Responsibilities for the Statement of Accounts**

### **Statement of Corporate Governance**

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

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

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

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

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

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 38 on page 75.

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Broads Authority Statement of Accounts  
**Explanatory Foreword**

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Changes to the 2014/15 Accounts

There have been no key changes to the Statement of Accounts in 2014/15.

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 2015 is £222,467.

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

Review of the Year

*General Income and Expenditure*

The Authority received National Park Grant of £3,245k and no further one-off funding from Defra (£3,547k in 2013/14, including one-off funding of £33k). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £603k (£762k in 2013/14). Total income for 2014/15 was £3,848k (£4,342k in 2013/14).

The Authority set a budget for 2014/15 with a forecast deficit of £55k (£91k surplus for 2013/14). The Authority now monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for the year indicated an anticipated deficit of £74k. The actual outturn saw a surplus of £109k (a favourable variance of £183k). After applying the Authority's carry forward policy, the net underspend against the forecast outturn budget was £65k for 2014/15 (£67k underspend for 2013/14).

*Navigation Income and Expenditure*

Income from tolls was £2,948k (£2,872k in 2013/14), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £133k (£481k in 2013/14) and interest was £9k (£11k in 2013/14). Total income for 2014/15 was £3,090k (£3,364k in 2013/14). No additional funding was received from Defra (£82k in 2013/14 for repairs following the tidal surge).

The Authority set a budget with a forecast surplus of £40k for 2014/15 (surplus of £27k for 2013/14). The Authority now monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2014/15, which took account of approved budget changes, indicated an anticipated surplus of £16k. The actual outturn saw a deficit of £2k (an adverse variance of £18k). After applying the Authority's carry forward policy, the net overspend against the forecast outturn budget was £13k (£20k underspend for 2013/14).

Financial Outlook

The Authority received notification in December 2010 that its National Park Grant would be reduced by 21.5% in cash terms over the period 2010/11 to 2014/15. This was on top of the 5% 'in-year' reduction announced in the summer of 2010. In December 2013, further reductions of 2.2% and 1.7% in the grant allocations for 2014/15 and 2015/16 were announced. In cash terms this means that the Authority will have experienced a reduction from £4.44 million in 2009/10 to £3.19 million in 2015/16, and Defra has indicated that there

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Broads Authority Statement of Accounts  
**Explanatory Foreword**

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remains considerable uncertainty about the wider fiscal outlook for public finances with continued downward pressure on Government spending likely.

Income from navigation tolls has however continued to hold up well, and is broadly in line with the projections made in the Authority's current Financial Strategy for the period up to 2017/18, which was adopted by the Broads Authority in January 2015.

The current Financial Strategy was drawn up having regard to the Authority's grant settlement and the priorities in the Broads Plan. It sets out a prudent strategy for managing the limited resources available in order to build on the work underway across the organisation and to continue to deliver the Authority's key priorities over the next three years. The focus in developing the Financial Strategy has been to deliver the maximum possible efficiencies and savings from within central budgets in order to minimise the impact on front-line activity, and this has required some difficult decisions about important services. Although it has not been possible to entirely mitigate the impact on the front line, considerable savings have been proposed within support services and these will be challenging to deliver. The Authority has previously undertaken a fundamental review of its organisational structure and moved from four to two Directorates with effect from April 2013. The Authority is now focussed on identifying opportunities to raise income, make efficiencies and find further savings.

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. In particular, there is considerable uncertainty about the likely levels of National Park Grant funding in the final two years of the current Financial Strategy (2017/18), although the Strategy assumes a standstill position in line with 2015/16 allocations. The Strategy follows the general principle that the Authority should seek to maintain both general and navigation reserves at a minimum of 10% of net expenditure, and that general and navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

Navigation funding is currently projecting a small surplus of £56k in 2015/16, with reserves at 10.4% of net expenditure at the end of the year. For general funding there is a projected surplus of £83k in 2015/16, with reserves at 24.7% of net expenditure.

There are a significant number of variables – and some unknown quantities, such as future inflation – which could impact on these figures. The Financial Strategy will therefore be reviewed and updated by the Authority, having regard to any changes in circumstances and the annual outturn figures, at its meeting in January 2016. The annual toll increase, which for 2015/16 was set at 1.7%, will continue to be subject to consultation with the Navigation Committee and other stakeholders.

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Broads Authority Statement of Accounts  
**Statement of Responsibilities for the Statement of Accounts**

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## **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 2014/15 (the Code).

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

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

The Treasurer and Financial Adviser has also:

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

### *Treasurer and Financial Adviser's Certificate*

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Broads Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

Jill Penn (Treasurer and Financial Adviser)

**Certificate of Committee Resolution**

I confirm that these accounts were approved by The Broads Authority at its meeting held 25 September 2015.

Signed on behalf of The Broads Authority:

Prof J A Burgess

(Chair of meeting approving the accounts)

25 September 2015

DRAFT

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

DRAFT

Broads Authority Statement of Accounts  
**Movement in Reserves Statement**

**Movement in Reserves Statement**

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

2013/14	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2013 (A)	959	0	1,849	2,808	(1,533)	1,275
Surplus or (deficit) on the provision of services	(768)	0	0	(768)	0	(768)
Other comprehensive income and expenditure	0	0	0	0	1,410	1,410
Total comprehensive income and expenditure	(768)	0	0	(768)	1,410	642
Adjustments between accounting basis and funding basis under regulations (Note 7)	847	64	0	911	(911)	0
Net increase or (decrease) before transfers to Earmarked Reserves	79	64	0	143	499	642
Transfers to or from Earmarked Reserves (Note 8)	51	0	(51)	0	0	0
Increase or (decrease) in 2013/14 (B)	130	64	(51)	143	499	642
<b>Balance at 31 March 2014 (=A+B)</b>	<b>1,089</b>	<b>64</b>	<b>1,798</b>	<b>2,951</b>	<b>(1,034)</b>	<b>1,917</b>

Broads Authority Statement of Accounts  
**Movement in Reserves Statement**

2014/15	General Fund and Navigation Fund Balance £000	Capital Grant Unapplied Account £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2014 (A)	1,089	64	1,798	2,951	(1,034)	1,917
Surplus or (deficit) on the provision of services	(498)	0	0	(498)	0	(498)
Other comprehensive income and expenditure	0	0	0	0	(1,584)	(1,584)
Total comprehensive income and expenditure	(498)	0	0	(498)	(1,584)	(2,082)
Adjustments between accounting basis and funding basis under regulations (Note 7)	564	(64)	0	500	(500)	0
Net increase or (decrease) before transfers to Earmarked Reserves	66	(64)	0	2	(2,084)	(2,082)
Transfers to or from Earmarked Reserves (Note 8)	77	0	(205)	(128)	0	(128)
Increase or (decrease) in 2014/15 (B)	143	(64)	(205)	(126)	(2,084)	(2,210)
<b>Balance at 31 March 2015 (=A+B)</b>	<b>1,232</b>	<b>0</b>	<b>1,593</b>	<b>2,825</b>	<b>(3,118)</b>	<b>(293)</b>



Broads Authority Statement of Accounts  
**Comprehensive Income and Expenditure Statement**

**Comprehensive Income and Expenditure Statement**

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

2013/14				Note	2014/15		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,269	(261)	1,008	Conservation of the natural environment		1,102	(205)	897
425	(81)	344	Conservation of cultural heritage		377	(28)	349
532	(14)	518	Recreation management and transport		530	(14)	516
970	(232)	738	Promoting understanding		781	(196)	585
452	(80)	372	Rangers, estates and volunteers		475	(67)	408
444	(84)	360	Development control		433	(83)	350
272	0	272	Forward planning and communities		122	0	122
29	0	29	Non distributed costs		0	0	0
179	0	179	Corporate and democratic core		182	(0)	182
3,592	(3,353)	239	Broads Navigation Account	38	3,154	(3,074)	80
<b>8,164</b>	<b>(4,105)</b>	<b>4,059</b>	<b>Cost of services</b>		<b>7,156</b>	<b>(3,667)</b>	<b>3,489</b>
		53	Other operating expenditure	9			1
		319	Financing and investment income and expenditure	10			253
		(3,663)	Taxation and non-specific grant income	11			(3,245)
		768	(Surplus) or deficit on provision of services				498
		(11)	(Surplus) or deficit on revaluation of fixed assets				0
		(1,399)	Actuarial (gains) / losses on pension assets / liabilities				1,584
		(1,410)	Other comprehensive income and expenditure				1,584
		<b>(642)</b>	<b>Total comprehensive income and expenditure</b>				<b>2,082</b>

Broads Authority Statement of Accounts  
**Balance Sheet**

**Balance Sheet**

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

As at 31 Mar 14 £000		Note	As at 31 Mar 15 £000
4,366	Property, Plant & Equipment	12	4,312
339	Investment Property	13	339
14	Intangible assets	14	0
14	Long term debtors		9
4,733	Long term assets		4,660
8	Short term investments		4
115	Inventories	16	112
833	Short term debtors	17	599
4,150	Cash and cash equivalents	18	4,312
0	Assets held for sale		3
5,106	Current assets		5,030
(15)	Short term borrowing		(15)
(2,071)	Short term creditors	19	(2,118)
(51)	Provisions	20	(47)
(2,137)	Current liabilities		(2,180)
(181)	Long term borrowing		(167)
(5,604)	Other long term liabilities		(7,636)
(5,785)	Long term liabilities		(7,803)
<b>1,917</b>	<b>Net assets/(liabilities)</b>		<b>(293)</b>
	<u>Useable reserves</u>		
799	General Account fund balance		952
290	Navigation Account fund balance		280
64	Capital Grant Unapplied Account		0
1,798	Earmarked Reserves	8	1,593
	<u>Unusable reserves</u>	22	
1,486	Revaluation Reserve		1,426
2,908	Capital Adjustment Account		2,875
(5,377)	Pension Reserve		(7,372)
(51)	Accumulated Absence Reserve		(47)
<b>1,917</b>	<b>Total reserves</b>		<b>(293)</b>

Jill Penn (Treasurer and Financial Adviser)



22 June 2015

Broads Authority Statement of Accounts  
**Cash Flow Statement**

**Cash Flow Statement**

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

2013/14 £000	Revenue Activities	Note	2014/15 £000
(768)	Net surplus or (deficit) on the provision of services		(498)
1,850	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,055
0	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		(56)
1,082	Net cash flows from Operating Activities	23	501
750	Investing Activities	24	(270)
(74)	Financing Activities	25	(69)
1,758	Net increase or (decrease) in cash and cash equivalents		162
2,392	Cash and cash equivalents at the beginning of the reporting period		4,150
<b>4,150</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	18	<b>4,312</b>

## Notes to the Statement of Accounts

### 1. Accounting Policies

#### i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

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

#### ii. Accruals of Income and Expenditure

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

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

#### iii. Cash and Cash Equivalents

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

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Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

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

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

vii. Employee Benefits

*Benefits payable during employment*

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

### *Termination Benefits*

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

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

### *Post-Employment Benefits*

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

#### viii. Events After the Balance Sheet Date

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

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

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

#### ix. Financial Instruments

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

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

Financial assets are classified into two types:

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

The Authority has not made any material loans.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

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

xii. Intangible Assets

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

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Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

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

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

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

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

xiii. Investment Property

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

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

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

xiv. Inventories

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

xv. Leases



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Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

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

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

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

### The Authority as Lessee

#### *Finance Leases*

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

Lease payments are apportioned between:

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

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

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

#### *Operating Leases*

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

### The Authority as Lessor

#### *Finance Leases*

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

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Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

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

Lease rentals receivable are apportioned between:

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

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

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

#### *Operating Leases*

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

#### xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

#### xvii. Property, Plant and Equipment

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

### *Recognition*

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

### *Measurement*

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

#### *Impairment*

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

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

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

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

#### *Depreciation*

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 7 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation over 25 years.

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

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

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

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Reserve to the Capital Adjustment Account.

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

*Disposals and Non-current Assets Held for Sale*

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

xviii. Provisions, Contingent Liabilities and Contingent Assets

*Provisions*

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

#### *Contingent Liabilities*

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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 36) to the accounts.

#### *Contingent Assets*

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

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

#### xix. Reserves

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

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

#### xx. Operating Segments

In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2014/15, however in note 38 to the accounts the navigation income and expenditure is shown.

xxi. Allocation of Costs

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

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

xxii. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

xxiii. VAT

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

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

The 2015/16 Code of Practice on Local Authority Accounting adopts the following amendments to International Accounting Standards and International Financial Reporting Standards, which will be required from 1 April 2015:

- IFRS 13 *Fair Value Measurement*. This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. This standard will not have a material impact on the Statement of Accounts, due to the Authority not holding surplus assets.
- IFRIC 21 *Levies*. This standard provides guidance on levies imposed by government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.
- Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

## **3. Critical judgements in applying accounting policies**

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

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- There is a degree of uncertainty about future levels of funding for National Parks. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority is a member of Whitlingham Charitable Trust of which there are three members. The Authority can appoint up to four trustees and there shall be no more than nine in total. The Trust is limited by guarantee in which each member agrees to contribute £1 in the event of it being wound up. Whitlingham Charitable Trust was established to manage and maintain Whitlingham Country Park for public benefit. Whilst the Authority does have significant influence in the management of the Trust, it does not have a controlling influence, and it does not have any share equity, or any share in profits or losses. It is considered therefore that International Public Sector Accounting Standard (IPSAS) 7 – Accounting for Investments in Associates - does not apply as the charity has no formal equity structure, and the Authority does not derive any financial benefit from the Trust.

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

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



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Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.  It is estimated that the annual depreciation charge would increase by £54,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £3,008,000. Further details are set out in the sensitivity analysis in note 35.

**5. Material Items of Income and Expense**

There are no material items of expense in relation to 2014/15 which are not disclosed elsewhere within the Statement of Accounts.

**6. Events after the balance sheet date**

The Statement of Accounts was authorised for issue by the Treasurer and Financial Adviser on 25 September 2015. These financial statements replace the unaudited statements authorised for issue on 22 June 2015. Events that occur after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. However, there have been no post-balance sheet events.

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**7. Adjustments between accounting basis and funding basis under regulations**

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

General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves		General Fund & Navigation Fund	Capital Grant Unapplied	Movement in Unusable Reserves
2013/14	2013/14	2013/14		2014/15	2014/15	2014/15
£000	£000	£000		£000	£000	£000
			<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
			<b>Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:</b>			
328	0	(328)	Charges for depreciation and impairment of non-current assets	310	0	(310)
362	0	(362)	Revaluation losses on property, plant and equipment	6	0	(6)
14	0	(14)	Amortisation of intangible assets	14	0	(14)
53	0	(53)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	51	0	(51)
			<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
0	0	0	Reversal of finance lease liability for disposal of assets	0	0	0
(73)	0	73	Statutory provision for the financing of capital investment	(55)	0	55
(260)	0	260	Capital expenditure charged against the General Fund	(218)	0	218

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General Fund & Navigation Fund 2013/14 £000	Capital Grant Unapplied 2013/14 £000	Movement in Unusable Reserves 2013/14 £000		General Fund & Navigation Fund 2014/15 £000	Capital Grant Unapplied 2014/15 £000	Movement in Unusable Reserves 2014/15 £000
1,006	0	(1,006)	<b>Adjustments involving the Pensions Reserve:</b> Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 35)	955	0	(955)
(522)	0	522	Employer's pension contributions and direct payments to pensioners payable in the year	(544)	0	544
3	0	(3)	<b>Adjustments involving the accumulated Absences Account:</b> Adjustments in relation to short-term compensated absences	(4)	0	4
(64)	64	0	<b>Adjustments involving the Capital Grant Unapplied Account:</b> Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	64	(64)	0
<b>847</b>	<b>64</b>	<b>(911)</b>	<b>Total Adjustments</b>	<b>579</b>	<b>(64)</b>	<b>515</b>

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**8. Transfers to / from earmarked reserves**

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

	Balance at 31 March 2013 £000	Transfers in 2013/14 £000	Transfers out 2013/14 £000	Balance at 31 March 2014 £000	Transfers in 2014/15 £000	Transfers out 2014/15 £000	Balance at 31 March 2015 £000
Asset Management	(75)	0	75	0	0	0	0
Fen Management Equipment	(73)	0	73	0	0	0	0
Mobile Phone Upgrade / IT Reserve	(16)	0	8	(8)	(7)	14	(1)
New Office Accommodation	(78)	0	78	0	0	0	0
Planning Delivery Grant	(504)	(15)	65	(454)	(6)	106	(354)
Sustainable Development Fund	(66)	(151)	151	(66)	(12)	78	0
STEP	(66)	(70)	128	(8)	0	8	0
Dredging disposal	(124)	0	124	0	0	0	0
Dockyard Vessels and Equipment	(133)	0	133	0	0	0	0
Dockyard Site Maintenance	(29)	0	29	0	0	0	0
Mutford Lock Endowment Fund	(302)	0	302	0	0	0	0
PRISMA	(211)	(233)	199	(245)	(15)	88	(172)
Vessel Replacement Fund	(83)	0	83	0	0	0	0
Upper Thurne Enhancement Scheme	(81)	(1)	0	(82)	0	29	(53)
Section 106 Agreements	(8)	(4)	0	(12)	(31)	27	(16)
Property	0	(586)	18	(568)	(94)	75	(587)
Plant, Vessels and Equipment	0	(310)	94	(216)	(184)	160	(240)
Premises	0	(140)	1	(139)	(31)	0	(170)
<b>Total</b>	<b>(1,849)</b>	<b>(1,510)</b>	<b>1,561</b>	<b>(1,798)</b>	<b>(380)</b>	<b>585</b>	<b>(1,593)</b>

Earmarked reserves

*Mobile Phone Upgrade / IT Reserve*

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

*Planning Delivery Grant*

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

*Sustainable Development Fund*

Balance of Sustainable Development Fund (SDF) grant supplied by Defra National Park Grant. At the end of 2014/15 this fund was closed and transferred to the General Fund.

*STEP*

A reserve set up for a European Grant part funded project relating to Sustainable Tourism in Estuary Parks. This grant funded project has now finished.

*PRISMA*

A reserve account set up for European grant part funded projects and trials relating to the development of sustainable techniques and methods for the dredging, treatment and reuse of sediment.

*Upper Thurne Enhancement Scheme*

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

*Section 106 Agreements*

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

*Property*

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

*Plant, Vessels and Equipment*

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

*Premises*

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

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**9. Other Operating Expenditure**

2013/14 £000		2014/15 £000
53	Gains / losses on disposal of non-current assets	(5)
0	Expenditure on Assets Held for Sale	6
<b>53</b>	<b>Total</b>	<b>1</b>

**10. Financing and Investment Income and Expenditure**

2013/14 £000		2014/15 £000
42	Interest payable and similar charges	36
287	Net interest on the net defined benefit liability (asset)	233
(22)	Interest receivable and similar income	(19)
12	Income and expenditure in relation to investment properties and changes in their fair value	3
0	Other investment income	0
<b>319</b>	<b>Total</b>	<b>253</b>

**11. Taxation and non-specific grant income**

2013/14 £000		2014/15 £000
(3,547)	Defra National Park Grant	(3,245)
(34)	Defra Additional National Park Grant	(0)
(82)	Defra Access Infrastructure Grant	(0)
<b>(3,663)</b>	<b>Total</b>	<b>(3,245)</b>

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**12. Property, Plant and Equipment**

Movements on balances 2013/14

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2013	2,708	2,097	302	323	840	6,270
additions	89	133	0	0	49	271
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	(39)	0	0	0	0	(39)
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(364)	0	0	0	0	(364)
derecognition – disposals	(38)	(91)	0	0	0	(129)
assets reclassified (to) / from Investment Property	(339)	0	0	0	0	(339)
assets reclassified (to) / from Assets Under Construction	671	140	0	0	(811)	0
other movements in cost or valuation	0	0	0	0	0	0
<b>At 31 March 2014</b>	<b>2,688</b>	<b>2,279</b>	<b>302</b>	<b>323</b>	<b>78</b>	<b>5,670</b>

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2013	73	884	148	0	0	1,105
depreciation charge	18	295	15	0	0	328
depreciation written out of the Revaluation Reserve	(51)	0	0	0	0	(51)
depreciation written out to the Surplus / Deficit on the Provision of Services	(2)	0	0	0	0	(2)
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
derecognition – disposals	(2)	(74)	0	0	0	(76)
other movements in depreciation and impairment	0	0	0	0	0	0
<b>At 31 March 2014</b>	<b>36</b>	<b>1,105</b>	<b>163</b>	<b>0</b>	<b>0</b>	<b>1,304</b>

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>At 31 March 2014</b>	<b>2,652</b>	<b>1,174</b>	<b>139</b>	<b>323</b>	<b>78</b>	<b>4,366</b>
At 31 March 2013	2,635	1,213	154	323	840	5,165



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Movements on balances 2014/15

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2014	2,688	2,279	302	323	78	5,670
additions	34	282	0	0	0	316
donations	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1)	0	0	0	0	(1)
derecognition – disposals	(23)	(116)	0	0	0	(139)
assets reclassified (to) / from Assets Under Construction	59	0	0	0	(59)	0
assets reclassified (to) / from Assets Held for Sale	(8)	0	0	0	0	(8)
other movements in cost or valuation	0	0	0	0	0	0
<b>At 31 March 2015</b>	<b>2,749</b>	<b>2,445</b>	<b>302</b>	<b>323</b>	<b>19</b>	<b>5,838</b>

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

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>At 31 March 2015</b>	<b>2,687</b>	<b>1,159</b>	<b>124</b>	<b>323</b>	<b>19</b>	<b>4,312</b>
At 31 March 2014	2,652	1,174	139	323	78	4,366

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Depreciation

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

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

Capital Commitments

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

Contract	Total contract value £000	Payments made to 31 March 2015 £000	Outstanding commitments £000
Third replacement Wherry	113	0	113
<b>Total</b>	<b>113</b>	<b>0</b>	<b>113</b>

Impairments

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

Revaluations

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

Significant assumptions applied in estimating the fair values are:

Property, Plant and Equipment of a specialised nature were valued on the basis of what it would cost to reinstate the service, suitably adjusted to reflect for age, wear and tear and obsolescence of the existing asset (Fair Value less depreciated replacement cost).

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

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

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

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	0	123	323	19	465
Valued at fair value as at:						
31 March 2015	28	436	0	0	0	464
31 March 2014	569	183	0	0	0	752
31 March 2013	0	447	0	0	0	447
31 March 2012	1,841	118	0	0	0	1,959
31 March 2011	191	34	0	0	0	225
<b>Total cost or valuation</b>	<b>2,629</b>	<b>1,218</b>	<b>123</b>	<b>323</b>	<b>19</b>	<b>4,312</b>

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**13. Investment Properties**

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

2013/14 £000		2014/15 £000
8 (20)	Rental income from investment property Direct operating expenses arising from investment property	2 (5)
<b>(12)</b>	<b>Net gain / (loss)</b>	<b>(3)</b>

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

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

2013/14 £000		2014/15 £000
0	Balance at start of the year	339
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	0
	Transfers:	
0	To / from Inventories	0
339	To / from Property, Plant and Equipment	0
0	Other changes	0
<b>339</b>	<b>Balance at end of the year</b>	<b>339</b>

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**14. Intangible Assets**

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

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

2013/14 Total £000		Internally Generated Assets £000	Other Assets £000	2014/15 Total £000
	Balance at start of year:			
68	Gross carrying amounts	68	0	68
(41)	Accumulated amortisation	(55)	0	(55)
27	Net carrying amount at start of year	13	0	13
	Additions:			
0	Internal development	0	0	0
(14)	Amortisation for the period	(13)	0	(13)
<b>13</b>	<b>Net Carrying Amount at the end of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Comprising:			
68	Gross carrying amounts	68	0	68
(55)	Accumulated amortisation	(68)	0	(68)
<b>13</b>		<b>0</b>	<b>0</b>	<b>0</b>

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**15. Financial Instruments**

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

	Long-term		Current	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Investments				
Loans and receivables	0	0	2,758	3,254
Financial assets at fair value through profit and loss	0	0	0	0
<b>Total investments</b>	<b>0</b>	<b>0</b>	<b>2,758</b>	<b>3,254</b>
Debtors				
Loans and receivables	14	11	833	599
Financial assets carried at contract amounts	0	0	0	0
<b>Total debtors</b>	<b>14</b>	<b>11</b>	<b>833</b>	<b>599</b>
Borrowings				
Financial liabilities at amortised cost	181	167	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
<b>Total borrowings</b>	<b>181</b>	<b>167</b>	<b>15</b>	<b>15</b>
Other Long Term Liabilities				
Finance lease liabilities	79	118	50	53
<b>Total other long term liabilities</b>	<b>79</b>	<b>118</b>	<b>50</b>	<b>53</b>
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	2,022	2,065
<b>Total Creditors</b>	<b>0</b>	<b>0</b>	<b>2,022</b>	<b>2,065</b>

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Income, Expense Gains and Losses

2013/14				2014/15		
Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000		Financial Liabilities measured at amortised cost £000	Assets and Liabilities at Fair Value through Profit and Loss £000	Total £000
42	0	42	Interest Expense	36	0	36
42	0	42	Total expense in Surplus or Deficit on the Provision of Services	36	0	36
0	(22)	(22)	Interest Income	0	(19)	(19)
0	(22)	(22)	Total Income in Surplus or Deficit on the Provision of Services	0	(19)	(19)
<b>42</b>	<b>(22)</b>	<b>20</b>	<b>Net (gain) / loss for the year</b>	<b>36</b>	<b>(19)</b>	<b>17</b>



**Notes to the Statement of Accounts**Fair Values of Assets and Liabilities

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

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

The fair values calculated are as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	261	308	284	340
Long term Creditors	0	0	0	0

	31 March 2014		31 March 2015	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	14	14	10	10

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

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

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**16. Inventories**

	Consumable Stores		Maintenance Materials		Total	
	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000	2014/15 £000
Balance outstanding at start of year	46	43	66	72	112	115
Purchases	38	38	72	85	110	123
Recognised as an expense in year	(41)	(37)	(66)	(89)	(107)	(126)
Written off balances	0	0	0	0	0	0
<b>Balance outstanding at year-end</b>	<b>43</b>	<b>44</b>	<b>72</b>	<b>68</b>	<b>115</b>	<b>112</b>

**17. Debtors**

31 March 2014 £000		31 March 2015 £000
209	Central government bodies	125
10	Other local authorities	5
481	Prepayments	385
133	Other entities and individuals	84
<b>833</b>	<b>Total</b>	<b>599</b>

**18. Cash and Cash Equivalents**

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

31 March 2014 £000		31 March 2015 £000
2	Cash held by the Broads Authority	2
2,750	Investments with Broadland District Council	3,250
1,398	Bank current accounts	1,060
<b>4,150</b>	<b>Total Cash and Cash Equivalents</b>	<b>4,312</b>

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**19. Creditors**

31 March 2014 £000		31 March 2015 £000
1	Central government bodies	63
11	Other local authorities	19
1	NHS bodies	0
1,651	Accruals	1,612
0	Public corporations and trading funds	0
407	Other entities and individuals	424
<b>2,071</b>	<b>Total</b>	<b>2,118</b>

**20. Provisions**

2013/14				2014/15		
Accumulated Absences Provision £000	Accumulated Absences Provision £000	Accumulated Absences Provision £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
48	48	48	Balance at 1 April	51	0	51
51	51	51	Additional provisions made in year	47	0	47
(48)	(48)	(48)	Settlements or cancellation of provision made at end of preceding year	(51)	0	(51)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
<b>51</b>	<b>51</b>	<b>51</b>	<b>Balance at 31 March</b>	<b>47</b>	<b>0</b>	<b>47</b>

No provision for redundancy costs was made in 2013/14 or 2014/15. For more information on the Accumulated Absence Account, see note 22.

**21. Usable reserves**

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

**22. Unusable reserves**

31 March 2014 £000		31 March 2015 £000
1,486	Revaluation reserve	1,426
2,908	Capital Adjustment Account	2,875
(5,377)	Pensions Reserve	(7,372)
(51)	Accumulated Absences Account	(47)
<b>(1,034)</b>	<b>Total unusable reserves</b>	<b>(3,118)</b>

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Revaluation Reserve

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

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

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

2013/14 £000			2014/15 £000
1,499	Balance at 1 April		1,486
40	Upward revaluation of assets	0	
(28)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0	
12	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		0
(25)	Difference between fair value depreciation and historical cost depreciation	(33)	
0	Accumulated gains on assets sold or scrapped	0	
0	Asset disposed of 2013/14, balance still on reserve	(27)	
(25)	Amount written off to the Capital Adjustment Account		(60)
<b>1,486</b>	<b>Balance at 31 March</b>		<b>1,426</b>

Capital Adjustment Account

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

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The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000			2014/15 £000
3,308	Balance at 1 April		2,908
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(328)	Charges for depreciation and impairment of non current assets	(310)	
(362)	Revaluation losses on Property Plant & Equipment	(6)	
(14)	Amortisation of intangible assets	(14)	
(53)	Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(51)	
(757)		(381)	
25	Adjusting amounts written out of the revaluation reserve	60	
(732)	Net written out amount of the cost of non-current assets consumed in the year		(321)
	Capital financing applied in the year:		
0	Use of Capital Receipts Reserve to finance new capital expenditure	0	
0	Use of the Major Repairs Reserve to finance new capital expenditure	0	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
0	Donated Assets (no conditions)	0	
72	Statutory provision for the financing of capital investment charged against the General Fund	70	
	Removal of Finance Lease Liability for assets returned in year		
260	Capital expenditure charged against the General Fund	218	
332			288
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	

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<b>2,908</b>	<b>Balance at 31 March</b>		<b>2,875</b>
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Pensions Reserve

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

2013/14 £000		2014/15 £000
(6,292)	Balance at 1 April	(5,377)
1,399	Remeasurements of the net defined benefit liability / (asset)	(1,584)
(1,006)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(955)
522	Employer's pension contributions and direct payments to pensioners payable in the year	544
<b>(5,377)</b>	<b>Balance at 31 March</b>	<b>(7,372)</b>

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Accumulated Absences Account

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

2013/14 £000		2014/15 £000
(48)	Balance at 1 April	(51)
48	Settlement or cancellation of accrual made at the end of the preceding year	51
(51)	Amounts accrued at the end of the current year	(47)
(3)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4
<b>(51)</b>	<b>Balance at 31 March</b>	<b>(47)</b>



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**23. Cash Flow Statement – Operating Activities**

The cash flows from operating activities include the following items:

2013/14 £000		2014/15 £000
(48)	Interest received	(23)
42	Interest paid	36
0	Dividends received	0
<b>(6)</b>	<b>Net cash flows from operating activities</b>	<b>13</b>

**24. Cash Flow Statement – Investing Activities**

2013/14 £000		2014/15 £000
(260)	Purchase of property, plant and equipment, investment property and intangible assets	(218)
1,010	Other payments from investing activities	4
0	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(56)
<b>750</b>	<b>Net cash flows from investing activities</b>	<b>(270)</b>

**25. Cash Flow Statement – Financing Activities**

2013/14 £000		2014/15 £000
0	Cash receipts of short and long term borrowing	0
(59)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(54)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(15)
<b>(74)</b>	<b>Net cash flows from financing activities</b>	<b>(69)</b>

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**26. Amounts reported for resource allocation decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Broads Authority on the basis of budget reports analysed across Directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement); and
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than the current service cost of benefits accrued in the year.

The Authority completed the final stage of an organisational restructure in April 2013. The figures for 2012/13 have been restated to reflect the current Directorate structure in place during the financial year and are comparable with the 2013/14 figures.

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

Income and Expenditure 2013/14	Operations	Planning & Resources	Chief Executive	PRISMA	STEP	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(313)	(567)	0	(260)	(71)	(2,913)	(4,124)
Contributions from reserves	0	0	0	0	0	(343)	(343)
Government Grants	0	0	0	0	0	(3,581)	(3,581)
<b>Total Income</b>	<b>(313)</b>	<b>(567)</b>	<b>0</b>	<b>(260)</b>	<b>(71)</b>	<b>(6,837)</b>	<b>(8,048)</b>
Employee expenses	1,894	1,759	281	28	10	0	3,972
Other service expenses	1,316	2,029	141	199	128	73	3,886
<b>Total expenditure</b>	<b>3,210</b>	<b>3,788</b>	<b>422</b>	<b>227</b>	<b>138</b>	<b>73</b>	<b>7,858</b>
<b>Net expenditure</b>	<b>2,897</b>	<b>3,221</b>	<b>422</b>	<b>(33)</b>	<b>67</b>	<b>(6,764)</b>	<b>(190)</b>

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

Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

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

2013/14 £000		2014/15 £000
(190)	Net expenditure in the directorate analysis	(108)
904	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	504
3,345	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	3,099
<b>4,059</b>	<b>Cost of services in Comprehensive Income and Expenditure Statement</b>	<b>3,495</b>

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Broads Authority Statement of Accounts  
**Notes to the Statement of Accounts**

**Reconciliation between Segmental Reporting and Comprehensive Income & Expenditure Statement**

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

2013/14	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(4,102)	0	0	(4,102)	0	(4,102)
Interest & Investment Income	(22)	0	22	0	(22)	(22)
Contributions from reserves	(343)	0	65	(278)	0	(278)
Government Grants & Contributions	(3,581)	0	3,581	0	(3,663)	(3,663)
<b>Total Income</b>	<b>(8,048)</b>	<b>0</b>	<b>3,668</b>	<b>(4,380)</b>	<b>(3,685)</b>	<b>(8,065)</b>
Employee Expenses	3,972	200	0	4,172	287	4,459
Other service expenses	3,886	0	(323)	3,563	0	3,563
Depreciation, Amortisation & Impairment	0	704	0	704	0	704
Interest Payments	0	0	0	0	42	42
Income and expenditure relating to investment properties	0	0	0	0	12	12
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	53	53
<b>Total Expenditure</b>	<b>7,858</b>	<b>904</b>	<b>(323)</b>	<b>8,439</b>	<b>394</b>	<b>8,833</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(190)</b>	<b>904</b>	<b>3,345</b>	<b>4,059</b>	<b>(3,291)</b>	<b>768</b>

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2014/15	Service analysis £000	Amounts not reported to management for decision making £000	Amounts included in analysis but not in CI&ES £000	Cost of services £000	Corporate amounts £000	Total £000
Fees, Charges & Other Service Income	(3,679)	0	0	(3,679)	0	(3,679)
Interest & Investment Income	(19)	0	19	0	(19)	(19)
Contributions from reserves	(384)	0	159	(225)	0	(225)
Government Grants & Contributions	(3,245)	0	3,245	0	(3,245)	(3,245)
<b>Total Income</b>	<b>(7,327)</b>	<b>0</b>	<b>3,423</b>	<b>(3,904)</b>	<b>(3,264)</b>	<b>(7,168)</b>
Employee Expenses	3,944	174	0	4,118	233	4,351
Other service expenses	3,275	0	(324)	2,951	0	2,951
Depreciation, Amortisation & Impairment	0	330	0	330	0	330
Interest Payments	0	0	0	0	36	36
Income and expenditure relating to investment properties	0	0	0	0	3	3
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	(5)	(5)
<b>Total Expenditure</b>	<b>7,219</b>	<b>504</b>	<b>(324)</b>	<b>7,399</b>	<b>267</b>	<b>7,666</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(108)</b>	<b>504</b>	<b>3,099</b>	<b>3,495</b>	<b>(2,997)</b>	<b>498</b>

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### 27. Members' Allowances

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

2013/14 £000		2014/15 £000
39	Allowances	40
9	Expenses	10
<b>48</b>	<b>Total</b>	<b>50</b>

### 28. Officers' Remuneration

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

		Salary, Fees and Allowances £000	Bonuses £000	Expenses Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2013/14	79	0	1	12	<b>92</b>
	2014/15	82	0	0	12	<b>94</b>
Director of Planning & Resources	2013/14	54	0	0	8	<b>62</b>
	2014/15	58	0	0	9	<b>67</b>
Director of Operations	2013/14	54	0	0	8	<b>62</b>
	2014/15	58	0	0	9	<b>67</b>

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

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2013/14 Number of Employees		2014/15 Number of Employees
3	£50,000 - £54,999	0
0	£55,000 - £59,999	2
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1

### Exit Packages

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14 £000	2014/15 £000
£0 - £20,000	0	6	0	0	0	6	0	34
£20,001 - £40,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34</b>

### 29. External Audit Costs

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

2013/14 £000		2014/15 £000
12	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	13
0	Fees payable to external auditors in respect of statutory inspections	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
0	Fees payable in respect of other services provided by external auditors during the year	0
<b>12</b>	<b>Total</b>	<b>13</b>



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**30. Grant Income**

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

2013/14 £000		2014/15 £000
3,582	Credited to taxation and non-specific grant income:	
82	Defra National Park Grant	3,245
	Defra grant for access infrastructure repairs	0
6	Credited to services:	
	Defra INSPIRE (Infrastructure for Spatial Information in the European Community) directive grant	0
<b>3,670</b>	<b>Total</b>	<b>3,245</b>

**31. Related Parties**

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

Central Government

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

Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 27.

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

Mr Kelvin Allen is a member of the Broads Authority and the Navigation Committee, and was also the Treasurer of the 'Broads Angling Strategy Group' (BASG), received no grant funding from the Authority's Sustainable Development Fund during the year (£10,000 in 2013/14).

Mr Lorne Betts is a member of the Navigation Committee and has a relationship with 'Lorne Betts Riverside Piling and Construction' which was contracted to undertake repairs, piling

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and litter picking during the year. The Authority paid £16,512 for these works in 2013/14 (£1,722 in 2013/143). No amounts were outstanding at 31 March 2015.

Mr Alan Goodchild is a member of the Navigation Committee and has a relationship with 'Goodchild Marine' which was contracted by the Authority to undertake refits of vessels during the year, supply diesel fuel and mooring facilities. The Authority paid £6,394 for refits, £6,402 for fuel and moorings in 2014/15 (£36,914 for refits, and £6,830 for fuel and moorings and £65,213 for dredging in 2013/14). The balance outstanding at 31 March 2015 was £116. Mr Goodchild took no part in the decision-making process associated with these contracts.

Mr Paul Greasley is a member of the Navigation Committee and has a relationship with 'Norfolk Broads Direct Ltd' which paid £100,903 navigation tolls to the Broads Authority in 2014/15 (£98,001 in 2013/14). The Authority paid £1,142 for Boat Trip services provided (£638 in 2013/14) and received income of £618 in respect of electric cards (£533 in 2013/14). The Broads Authority made no grant payments from the Sustainable Development Fund in 2014/15 (£2,392 in 2013/14). The balance outstanding at 31 March 2015 was £116.

Mr James Knight is a member of the Navigation Committee and has a relationship with 'Waveney River Centre (2003) Ltd' which paid £6,589 navigation tolls to the Broads Authority in 2014/15 (£6,369 in 2013/14). The Authority also made fuel purchases of £973 (£1,628 in 2013/14) and used mooring facilities of £4,140 (nil in 2013/14) during 2014/15. The balance outstanding at 31 March 2015 was £58.

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

#### Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 28.

#### Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £52,083 (£38,688 in 2013/14). The balance outstanding at 31 March 2015 was £27,303 (£22,563 at 31 March 2014).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £49,166 (£64,400 in 2013/14). The balance outstanding at 31 March 2014 was £12,818 (£15,607 at 31 March 2014).

The Whitlingham Charitable Trust also invoiced the Authority £14,400 (£15,264 in 2013/14) for rental income for the lease of the visitor centre and moorings. The balance outstanding at year end was £nil (£nil at 31 March 2014). The Trust also recharged purchase invoices of £1,160 (£nil 2013/14). This was not outstanding at year end (£nil in 2013/14).

#### Other Public Bodies

Broadland District Council provides financial and payroll services (payroll up until September 2014) for the Broads Authority. The Broads Authority was charged £11,497 in 2014/15 for the provision of these services (£18,411 in 2013/14).

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In 2013/14 up until September 2014, officers' salaries, expenses and members' expenses totalled £2.203m (£4.061m in 2013/14). The Council also provides treasury management of the Authority's investments, which were £3,250,000 as at 31 March 2015 (£2,750,000 as at 31 March 2014).

The Authority received no grant contributions during 2014/15 (£9,540 in 2013/14 from the Council towards works at Reedham Quay).

The Authority also recharged the Council for staff of £13,697 during 2014/15. The balance outstanding at 31 March 2015 was £3,287.

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

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £131,612 for legal services in 2013/14 (£100,936 in 2013/14). The Practice Director of NPLaw served as the Solicitor and Monitoring Officer to the Broads Authority until 20 March 2015. From October 2015 Norfolk County Council provides payroll services to the Broads Authority. The Authority paid £9,073 for this.

### 32. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2013/14 £000		2014/15 £000
383	Opening Capital Finance Requirement	319
	<u>Capital Investment</u>	
271	Property, Plant and Equipment	316
0	Intangible Assets	0
	<u>Sources of Finance</u>	
	Sums set aside from revenue:	
(260)	Direct revenue contributions	(218)
(75)	MRP	(70)
0	Other contributions	0
<b>319</b>	<b>Closing Capital Finance Requirement</b>	<b>347</b>
	<u>Explanation of movements in year</u>	
(75)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(69)

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11	Assets acquired under finance leases	97
<b>(64)</b>	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>28</b>

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### 33. Leases

#### Authority as Lessee

##### *Finance Leases*

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

2013/14 £000		2014/15 £000
0	Other Land and Buildings	0
158	Vehicles, Plant, Furniture and Equipment	203
<b>158</b>	<b>Total</b>	<b>203</b>

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

2013/14 £000		2014/15 £000
	Finance lease liabilities (net present value of minimum lease payments):	
50	• Current	54
79	• Non-current	118
12	Finance costs payable in future years	13
<b>141</b>	<b>Minimum lease payments</b>	<b>185</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000
Not later than one year	54	57	50	54
Later than one year and not later than 5 years	87	128	79	118
Later than 5 years	0	0	0	0
	<b>141</b>	<b>185</b>	<b>129</b>	<b>172</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15, no (£0) contingent rents were payable by the Authority (2013/14 £0).

##### *Operating Leases*

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

2013/14 £000		2014/15 £000
144	Not later than one year	144
533	Later than one year and not later than 5 years	395
451	Later than 5 years	456
<b>1,128</b>	<b>Total</b>	<b>995</b>

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

2013/14 £000		2014/15 £000
161	Minimum lease payments	172
0	Contingent rents	0
0	(sub-lease payments receivable)	0
<b>161</b>	<b>Total</b>	<b>172</b>

Authority as Lessor

*Finance Leases*

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

*Operating Leases*

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

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

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

2013/14 £000		2014/15 £000
36	Not later than one year	35
126	Later than one year and not later than 5 years	91
0	Later than 5 years	0
<b>162</b>	<b>Total</b>	<b>126</b>

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

### **34. Termination Benefits**

The Authority terminated the contracts of six employees who were made redundant in 2014/15 as the final stage of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £34,916, of which £nil related to enhanced pension benefits. The liabilities relating to termination benefits of £56,094, of which £17,870 related to enhanced pension benefits were incurred during 2013/14 and no provision for any future redundancy payments was established in the year.

### **35. Defined Benefit Pension Schemes**

#### Participation in Pension Schemes

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

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

#### Transactions Relating to Post-Employment Benefits

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

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2013/14 £000		2014/15 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
690	• current service cost	722
29	• past service costs / (gain)	0
0	• (gain) / loss from settlements	0
	Financing and investment income and expenditure	
287	• net interest expense	233
<b>1,006</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>955</b>
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(1,892)	• return on plan assets (excluding the amount included in the net interest expense)	(1,639)
548	• actuarial gains and losses arising on changes in demographic assumptions	0
(1,069)	• actuarial gains and losses arising on changes in financial assumptions	3,560
1,014	• other experience	(337)
<b>(1,399)</b>	<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,584</b>
	Movement in Reserves Statement	
1,006	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	955
	Actual amount charged against the General Fund balance for pensions in the year:	
(522)	• employers' contributions payable to scheme	(544)



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Pension Assets and Liabilities Recognised in the Balance Sheet

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

2013/14 £000		2014/15 £000
(22,809)	Present value of the defined benefit obligation	(27,383)
17,433	Fair value of plan assets	20,011
(5,376)		(7,372)
0	Other movements in the liability / (asset)	0
<b>(5,376)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(7,372)</b>

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

2013/14 £000		2014/15 £000
14,865	Opening fair value of scheme assets	17,433
669	Interest income	744
	Remeasurement gain / (loss):	
1,892	• The return on plan assets, excluding the amount included in the net interest expense	1,639
0	• Other	0
0	The effect of changes in foreign exchange rates	0
522	Contributions from employer	544
192	Contributions from employees into the scheme	206
(707)	Benefits paid	(555)
0	Other	0
<b>17,433</b>	<b>Closing fair value of scheme assets</b>	<b>20,011</b>

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

2013/14 £000		2014/15 £000
21,157	Balance at 1 April	22,810
690	Current service cost	722
956	Interest cost	977
192	Contributions from scheme participants	206
	Remeasurement (gains) and losses:	
548	• Actuarial gains / losses arising from changes in demographic assumptions	0
(1,069)	• Actuarial gains / losses arising from changes in financial assumptions	3,560
1,014	• Other	(337)
29	Past service cost	0
0	Losses / (gains) on curtailment	0
0	Liabilities assumed on entity combinations	0
(707)	Benefits paid	(555)
0	Liabilities extinguished on settlements (where relevant)	0
<b>22,810</b>	<b>Balance at 31 March</b>	<b>27,383</b>

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Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2013/14 £000				Fair value of scheme assets 2014/15 £000		
Quoted prices in active markets	Quoted prices in active markets	Quoted prices in active markets		Quoted prices in active markets	Quoted prices not in active markets	Total
0.0	447.1	447.1	Cash and cash equivalents:	0.0	534.0	534.0
			• All cash and cash equivalents			
			Equity instruments:			
1,059.1	-	1,059.1	• Consumer	860.3	-	860.3
971.3	-	971.3	• Manufacturing	1,061.5	-	1,061.5
541.9	-	541.9	• Energy and utilities	440.6	-	440.6
1,085.8	-	1,085.8	• Financial institutions	1,286.9	-	1,286.9
495.4	-	495.4	• Health and care	676.7	-	676.7
311.8	-	311.8	• Information technology	680.0	-	680.0
774.1	-	774.1	• Other	1,014.2	-	1,014.2
			Bonds (Debt securities):			
703.6	-	703.6	• Corporate bonds (investment grade)	841.8	-	841.8
25.0	-	25.0	• Corporate bonds (non-investment grade)	21.8	-	21.8
0.0	-	0.0	• UK Government	0.0	-	0.0
61.5	-	61.5	• Other	0.0	-	0.0
			Private equity:			
-	1,199.3	1,199.3	• All private equity	-	1,316.1	1,316.1
			Property:			
-	1,737.2	1,737.2	• UK property	-	2,125.3	2,125.3
-	258.5	258.5	• Overseas property	-	244.0	244.0
			Other investment funds and unit trusts:			
5,042.2	-	5,042.2	• Equities	8,054.3	-	8,054.3
2,711.7	-	2,711.7	• Bonds	828.7	-	828.7
			Derivatives:			
7.6	-	7.6	• Other derivatives	24.8	-	24.8
<b>13,791.0</b>	<b>3,642.1</b>	<b>17,433.1</b>		<b>15,791.6</b>	<b>4,219.4</b>	<b>20,011.0</b>

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Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

31 March 2014		31 March 2015
	Long term expected rate of return on assets in the scheme:	
4.3%	• Equity investments*	3.2%
4.3%	• Bonds*	3.2%
4.3%	• Property*	3.2%
4.3%	• Cash*	3.2%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1 years	• Men	22.1 years
24.3 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
24.5	• Men	24.5
26.9	• Women	26.9
2.8%	Rate of inflation	2.4%
3.6%	Rate of increase in salaries	3.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

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

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

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

Change in assumptions at 31 March 2015	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	3,008
1 year increase in member life expectancy	3%	821
0.5% increase in the salary increase rate	3%	947
0.5% increase in the pension increase rate	7%	2,003

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (68% of scheme assets) and bonds (8%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

Further details of the Fund's investment approach are outlined in the Statement of Investment Principles and Funding Strategy Statement that are published on the Fund's website [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org).

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2016.

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

The Authority anticipates paying contributions of approximately £525,000 to the scheme in 2015/16.

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

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	Liability split	Weighted average duration
Active members	57.5%	22.4
Deferred members	20.0%	23.3
Pensioner members	22.5%	12.3
<b>Total</b>	<b>100.0%</b>	<b>19.6</b>

### 36. Contingent Liabilities

The Authority has identified two material contingent liabilities:

#### *Postwick Tip*

The Authority uses a site "Postwick Tip," which is included in the Authority's Fixed Asset Register, for the treatment of sediment material from dredging operations. This natural treatment process involves the drying of sediment so that mercury content is absorbed. As such there would be no clean-up costs at the end of the site's life. However, if the Authority were to stop using the site, there would be a cost of £33,000 to surrender the license. There is currently no expectation that the Authority will cease using the site. The Authority's use of the site is the subject of a bond / financial provision to the Environment Agency in the amount of £6.4m. This covers the estimated cost of restoration which could arise if there were to be a catastrophic event at the site. Defra are the guarantors for this bond and the Authority would not itself anticipate making any payment under the terms of this agreement.

#### *Judicial Review*

A claim for Judicial Review has been issued in respect of the Broads Authority decision to brand the area as a National Park. The Authority has submitted its grounds of resistance and now the matter is awaiting determination on the papers at the High Court. If permission is granted, a hearing to determine the claim will follow. At this stage, it is therefore not possible to determine the potential legal costs, which may arise from this claim.

#### *Appeal against Adjacent tolls decision*

The Authority has applied to the High Court to appeal against a recent Crown Court decision which overturned a conviction against an individual for failing to pay the appropriate toll for mooring. At this stage it is not possible to determine the potential legal costs or effect this case may have on other similar situations.

### 37. Nature and Extent of Risks Arising from Financial Instruments

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 Authority.
Liquidity Risk	The possibility that the Authority might not have funds available to meet its commitments to make payments.
Market Risk	The possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market investments.

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

The Broads Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

#### Credit Risk

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

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

#### Liquidity Risk

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

#### Market Risk

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

#### Foreign Exchange Risk

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

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**38. Navigation Income and Expenditure Account**

2013/14				2014/15		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
3,591	(3,353)	238	Navigation Fund	3,155	(3,074)	81
12	0	12	Non-distributed costs	0	0	0
<b>3,603</b>	<b>(3,353)</b>	<b>250</b>	<b>Net cost of services</b>	<b>3,155</b>	<b>(3,074)</b>	<b>81</b>
		48	Other operating expenditure			(2)
		139	Financing and investment income and expenditure			113
		(82)	Taxation and non-specific grant income			0
		<b>355</b>	<b>(Surplus) or deficit on the provision of services</b>			<b>192</b>
		(17)	(Surplus) or deficit on revaluation of fixed assets			0
		(596)	Actuarial (gains) / losses on pension assets / liabilities			671
		<b>(258)</b>	<b>Total comprehensive income and expenditure</b>			<b>863</b>



## **Glossary of Terms**

### **ACCOUNTING PERIOD**

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

### **ACCOUNTING POLICIES**

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

### **ACCRUALS**

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

### **ACTUARIAL GAINS AND LOSSES**

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

### **AMORTISATION**

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

### **AMORTISED COST**

This is cost that has been adjusted for amortisation.

### **ASSET**

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

### **BUDGET**

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

### **CAPITAL INCOME AND EXPENDITURE**

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

### **CAPITAL FINANCING**

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

### **CASH EQUIVALENTS**

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

**CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

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

**CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)**

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

**COMMUNITY ASSETS**

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

**CONTINGENT LIABILITIES**

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

**CORPORATE AND DEMOCRATIC CORE (CDC)**

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

**CREDITORS**

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

**CURRENT VALUE**

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

**DEBTORS**

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

**DEFICIT**

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

**DEPRECIATION**

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

**EXPECTED RETURN ON PENSION ASSETS**

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

**FAIR VALUE**

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

**FINANCIAL ASSET**

A right to future economic benefits.

**Glossary of Terms**

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**FINANCIAL INSTRUMENT**

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

**FINANCIAL LIABILITY**

An obligation to transfer economic benefits.

**FINANCE LEASE**

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

**LONG TERM ASSETS**

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

**GOVERNMENT GRANTS**

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

**HISTORIC COST**

The cost of an asset when originally bought.

**IAS19 RETIREMENT BENEFITS**

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

**IMPAIRMENT**

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

**INFRASTRUCTURE ASSETS**

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

**INTANGIBLE ASSETS**

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

**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

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

**INVESTMENT PROPERTIES**

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

**LIABILITY**

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

**MARKET PRICE**

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

**MINIMUM REVENUE PROVISION (MRP)**

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

**NET BOOK VALUE**

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

**NON DISTRIBUTED COSTS**

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

**OPERATING LEASE**

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

**OUTTURN**

The actual amount spent in the financial year.

**PENSION FUND**

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

**PROVISION**

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

**RESERVES**

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

**REVENUE INCOME AND EXPENDITURE**

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

**SERVICE REPORTING CODE OF PRACTICE (SeRCOP)**

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

**SURPLUS**

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

**VALUE ADDED TAX (VAT)**

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

**VARIANCE / VARIATION**

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