BROADS AUTHORITY

STATEMENT OF ACCOUNTS

[DRAFT UNAUDITED]

2012/13

Contents

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 2012/13

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 respect of its navigation area the Authority is required to:

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

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

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

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

The Accounting Statements

The Broads Authority's accounts for the year 2012/13 are set out on pages 7 to 71. 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, which follows the Accounting Statements in Note 1 and various notes to the accounts.

The information included in these accounts incorporates spending relating to the Broads Navigation Fund. The Navigation Fund has separate accounting records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. The Navigation Fund income and expenditure is shown in full at note 37 on page 71.

Changes to the 2012/13 Accounts

There have been no key changes to the Statement of Accounts in 2012/13.

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 2013 is £264,835.

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 £3,775k from Defra (£4,002k in 2011/12). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £682k (£749k in 2011/12). Total income for 2012/13 was £4,456k (£4,751k in 2011/12).

The Authority initially set a budget for 2012/13 with a forecast deficit of £272k (£11k for 2011/12). During the year, the Authority approved a number of changes to the original budget, including significant one-off items of expenditure relating to the construction of a new workshop at the Dockyard site, the relocation from Dragonfly House to Yare House, and additional costs following the transfer of responsibility for Breydon Water and the Lower Bure. 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 £357k. The actual outturn saw a deficit of £317k (a favourable variance of £40k). After applying the Authority's carry forward policy, the net over-spend against the forecast outturn budget was £70k for 2012/13 (£194k underspend for 2011/12).

Navigation Income and Expenditure

Income from tolls was £2,819k (2,761k in 2011/12), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £196k, (£433k in 2011/12) and interest was £21k (£24k in 2011/12). Total income for 2012/13 was £3,017k (£3,193k in 2011/12).

The Authority initially set a budget with a forecast deficit of £198k for 2012/13 (deficit of £215k for 2011/12). As set out above, the Authority subsequently approved a number of additional items of expenditure during 2012/13, which were particularly significant for Navigation in relation to the construction of the new Dockyard workshop and the costs associated with Breydon Water and the Lower Bure. 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 2012/13, which took account of the approved budget changes, indicated an anticipated deficit of £660k. The actual outturn saw a deficit of £546k (a favourable variance of £114k). After applying the Authority's carry forward policy, the net over-spend against the forecast outturn budget was £49k (£192k underspend for 2011/12).

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. The assumption underlying the Defra allocation was for a 7% level of inflation over the four years of the Spending Review. If that forecast is correct, the Authority can expect its National Park Grant to be about one third less in 2014/15 compared to the original 2011/12 budget. In cash terms this means a reduction from £4.44 million to £3.32 million.

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 2015/16, which was adopted by the Broads Authority in September 2012.

The current Financial Strategy was drawn up having regard to the Authority's grant settlement, the priorities in the Broads Plan, and significant changes to the budget agreed during the 2012/13 financial year. These changes arose principally as a result of a surplus on the 2011/12 budget, anticipated savings from the relocation to Yare House, expenditure relating to the construction of a new workshop at the Dockyard, and additional costs associated with the transfer of Breydon Water and the Lower Bure. The Authority has previously undertaken a fundamental review of its organisational structure and moved from four to two Directorates with effect from April 2013, with an interim structure containing three Directorates from 1 May 2011.

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, the final year of the current Financial Strategy (2015/16), relates to the first year of a new Comprehensive Spending Review period and there is considerable uncertainty about the likely levels of National Park Grant funding, although the current Strategy assumes a standstill position for 2015/16.

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 in balance by not later than 2014/15.

Navigation funding is currently projecting a small surplus in 2013/14, with reserves at 9.44% of net expenditure. For general funding there is a projected surplus of £106k in 2013/14, with reserves at 19.82% of net expenditure, moving to a deficit in 2014/15 and beyond.

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 2014. The annual toll increase, which for 2013/14 was set at 3%, will continue to be subject to consultation with the Navigation Committee and other stakeholders.

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:-

(a) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer and Financial Adviser.

(b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

(c) Approve the statement of accounts.

The Treasurer and Financial Adviser's Responsibilities

The Treasurer and Financial Adviser is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 (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 2013 and its income and expenditure for the year ended 31 March 2013.

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 20 September 2013.

Signed on behalf of The Broads Authority:

(Chair of meeting approving the accounts)
20 September 2013

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

[TO BE INSERTED]

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.

2011/12	General Fund and Navigation Fund Balance £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2011 (A)	1,502	1,658	3,160	(89)	3,071
Surplus or (deficit) on the provision of services	524	0	524	0	524
Other comprehensive income and expenditure	0	0	0	(656)	(656)
Total comprehensive income and expenditure	524	0	524	(656)	(132)
Adjustments between accounting basis and funding basis under regulations (Note 7)	130	0	130	(130)	0
Net increase or (decrease) before transfers to Earmarked Reserves	654	0	654	(786)	(132)
Transfers to / from Earmarked Reserves (Note 8)	(296)	296	0	0	0
Increase or (decrease) in 2011/12 (B)	358	296	654	(786)	(132)
Balance at 31 March 2012 (=A+B)	**1,860**	**1,954**	**3,814**	**(875)**	**2,939**

2012/13	General Fund and Navigation Fund Balance £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2012 (A)	1,860	1,954	3,814	(875)	2,939
Surplus or (deficit) on the provision of services	(153)	0	(153)	0	(153)
Other comprehensive income and expenditure	0	0	0	(1,500)	(1,500)
Total comprehensive income and expenditure	(153)	0	(153)	(1,500)	(1,653)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(842)	0	(842)	842	0
Net increase or (decrease) before transfers to Earmarked Reserves	(995)	0	(995)	(658)	(1,653)
Transfers to or from Earmarked Reserves (Note 8)	105	(105)	0	0	0
Increase or (decrease) in 2012/13 (B)	(890)	(105)	(995)	(658)	(1,653)
Balance at 31 March 2013 (=A+B)	**970**	**1,849**	**2,819**	**(1,533)**	**1,286**

Comprehensive Income and Expenditure Statement

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

2011/12					2012/13		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Note	Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,112	(254)	858	Conservation of the natural environment		1,093	(303)	790
276	(51)	225	Conservation of cultural heritage		424	(69)	355
426	(9)	417	Recreation management and transport		488	(2)	486
1,111	(219)	892	Promoting understanding		1,078	(106)	972
383	(57)	326	Rangers, estates and volunteers		362	(79)	283
453	(90)	363	Development control		453	(95)	358
498	0	498	Forward planning and communities		310	0	310
108	0	108	Non distributed costs		0	0	0
140	0	140	Corporate and democratic core		216	0	216
2,762	(3,160)	(398)	Broads Navigation Account	37	3,026	(2,996)	30
7,269	**(3,840)**	**3,429**	**Cost of services**		**7,450**	**(3,650)**	**3,800**
		51	Other operating expenditure	9			17
		(2)	Financing and investment income and expenditure	10			111
		(4,002)	Taxation and non-specific grant income	11			(3,775)
		(524)	(Surplus) or deficit on provision of services				153
		(935)	(Surplus) or deficit on revaluation of fixed assets				0
		1,591	Actuarial (gains) / losses on pension assets / liabilities				1,500
		656	Other comprehensive income and expenditure				1,500
		132	**Total comprehensive income and expenditure**				**1,653**

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 12 (Restated) £000		Note	As at 31 Mar 13 £000
4,099	Property, Plant & Equipment	12	5,165
41	Intangible assets	13	27
9	Long term debtors		3
4,149	Long term assets		5,195
1,008	Short term investments		1,018
145	Inventories	15	112
771	Short term debtors	16	810
3,595	Cash and cash equivalents	17	2,392
0	Assets held for sale		0
5,519	Current assets		4,332
(14)	Short term borrowing		(15)
(1,768)	Short term creditors	18	(1,572)
(59)	Provisions	19	(48)
(1,841)	Current liabilities		(1,635)
(210)	Long term borrowing		(196)
(4,678)	Other long term liabilities		(6,410)
(4,888)	Long term liabilities		(6,606)
2,939	**Net assets**		**1,286**
	Useable reserves		
933	General Account fund balance		605
927	Navigation Account fund balance		365
1,954	Earmarked Reserves	8	1,849
	Unusable reserves	21	
1,538	Revaluation Reserve		1,499
2,249	Capital Adjustment Account		3,308
(4,603)	Pension Reserve		(6,292)
(59)	Accumulated Absence Reserve		(48)
2,939	**Total reserves**		**1,286**

Jill Penn (Treasurer and Financial Adviser)

xx September 2013

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.

2011/12 £000	Revenue Activities	Note	2012/13 £000
524	Net surplus or (deficit) on the provision of services		(153)
(163)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		278
(3)	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		0
358	Net cash flows from Operating Activities	22	125
775	Investing Activities	23	(1,254)
(99)	Financing Activities	24	(74)
1,034	Net increase or (decrease) in cash and cash equivalents		(1,203)
2,561	Cash and cash equivalents at the beginning of the reporting period		3,595
3,595	**Cash and cash equivalents at the end of the reporting period**	17	**2,392**

Notes to the Statement of Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year end of 31 March 2013. 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 2012/13 and the Service Reporting Code of Practice 2012/13, 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.

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

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; 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 (eg cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the 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 loans.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

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

xiii. Inventories

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

xiv. Leases

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

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

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

The Authority as Lessee

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

Lease payments are apportioned between:

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

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

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

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 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 (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting *Code of Practice 2012/13* (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.

xvi. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (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 (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

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

xvii. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (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 34) to the accounts.

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

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

xviii. Reserves

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

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.

xix. Operating Segments

In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2012/13, however in note 37 to the accounts the navigation income and expenditure is shown.

xx. Allocation of Costs

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

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

xxi. Revenue Expenditure Funded from Capital Under Statute

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

xxii. VAT

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

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

The 2013/14 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 2013:

- June 2011 amendments to IAS 19 *Employee Benefits* will require a change in accounting policy from April 2013. The key change affecting Local Government Pension Scheme employers relates to the expected return on assets. Advance credit for anticipated outperformance of return seeking assets (such as equities) will no longer be permitted. The expected return on assets is currently credited to profit and loss, however from 2013/14 this will in effect be replaced with an equivalent figure calculated using the discount rate. This change to IAS 19 will be retrospectively applied for the 2012/13 financial year at the time the 2013/14 accounts are prepared in accordance with IAS 8. In other words, the 2012/13 income statement will be rebased onto the IAS 19 (revised) reporting basis. For the 2012/13 financial year restatement this is projected to result in a £92k expense increase in the Comprehensive Income and Expenditure Statement.

- June 2011 amendments to IAS1 *Presentation of Financial Statements – Other Comprehensive Income*. These amendments, relating to the separation of gains and losses included within the other comprehensive income and expenditure section into re-classifiable and non re-classifiable groupings, will not impact on amounts reported in the Comprehensive Income and Expenditure Statement. This change relates to presentational issues which will not result in a change in accounting policy.

- December 2011 amendments to IFRS7 *Financial Instruments Disclosures – Offsetting Financial Assets and Liabilities* relate to the offsetting of financial assets and liabilities. The Authority does not have a bank overdraft, which would in any case be consolidated within the cash and cash equivalents line on the Balance Sheet and disclosed within note 17, and this change will therefore not impact on the Statement of Accounts.

- December 2010 amendments to IAS12 *Deferred Tax – Recovery of Underlying Assets* particularly relate to investment properties. The Authority does not have any investment properties and it is not considered that this change will affect 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:

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

- The Authority is a member of Whitlingham Charitable Trust of which there 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 Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2012 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level 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 £18,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effect on the net pensions liability of changes in individual assumptions cannot be measured.

5. Material Items of Income and Expense

There are no material items of expense in relation to 2012/13.

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Treasurer and Financial Adviser on xx September 2013. These financial statements replace the unaudited statements authorised for issue on 28 June 2013. 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 2013, 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.

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 2011/12 £000	Movement in Unusable Reserves 2011/12 £000		General Fund & Navigation Fund 2012/13 £000	Movement in Unusable Reserves 2012/13 £000
		Adjustments primarily involving the Capital Adjustment Account:		
		Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:		
250	(250)	Charges for depreciation and impairment of non current assets	270	(270)
63	(63)	Revaluation losses on property, plant and equipment	0	0
14	(14)	Amortisation of intangible assets	14	(14)
54	(54)	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	17	(17)
		Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
(11)	11	Reversal of finance lease liability for disposal of assets	(5)	5
(99)	99	Statutory provision for the financing of capital investment	(73)	73
(229)	229	Capital expenditure charged against the General Fund	(1,243)	1,243

General Fund & Navigation Fund 2011/12 £000	Movement in Unusable Reserves 2011/12 £000		General Fund & Navigation Fund 2012/13 £000	Movement in Unusable Reserves 2012/13 £000
		Adjustments involving the Pensions Reserve:		
604	(604)	Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 34)	667	(667)
(508)	508	Employer’s pension contributions and direct payments to pensioners payable in the year	(478)	478
		Adjustments involving the accumulated Absences Account:		
(8)	8	Adjustments in relation to short-term compensated absences	(11)	11
130	**(130)**	**Total Adjustments**	**(842)**	**842**

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 2012/13. A description of each of the earmarked reserves follows the table below.

	Balance at 31 March 2011 £000	Transfers in 2011/12 £000	Transfers out 2011/12 £000	Balance at 31 March 2012 £000	Transfers in 2012/13 £000	Transfers out 2012/13 £000	Balance at 31 March 2013 £000
Asset Management	(73)	(1)	0	(74)	(1)	0	(75)
Fen Management Equipment	0	(51)	0	(51)	(51)	29	(73)
Implementing Electronic Government	(15)	0	10	(5)	0	5	0
Mobile Phone Upgrade	(14)	(6)	2	(18)	0	2	(16)
New Office Accommodation	(88)	(4)	7	(85)	(1)	8	(78)
Planning Delivery Grant	(617)	(7)	102	(522)	(8)	26	(504)
Sustainable Development Fund	(41)	(151)	116	(76)	(151)	161	(66)
STEP	13	(172)	79	(80)	(83)	97	(66)
Dredging disposal	(180)	(62)	60	(182)	(2)	60	(124)
Dockyard Vessels and Equipment	(162)	(62)	60	(164)	(44)	75	(133)
Dockyard Site Maintenance	(91)	(106)	126	(71)	(30)	72	(29)
Mutford Lock Endowment Fund	(240)	(30)	0	(270)	(32)	0	(302)
PRISMA	0	(334)	128	(206)	(450)	445	(211)
Vessel Replacement Fund	(150)	(2)	2	(150)	(24)	91	(83)
Upper Thurne Enhancement Scheme	0	0	0	0	(81)	0	(81)
Section 106 Agreements	0	0	0	0	(8)	0	(8)
Total	**(1,658)**	**(988)**	**692**	**(1,954)**	**(966)**	**1,071**	**(1,849)**

Earmarked reserves

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

Fen Management Equipment
Reserve established to provide for the selection and purchase of a Fen Harvester.

Implementing Electronic Government
Balance of grant supplied by ODPM (The Office of the Deputy Prime Minister, now the Department for Communities and Local Government) for the purpose of improving IT systems.

Mobile Phone Upgrade
A reserve set up to provide for the replacement and acquisition of mobile phones.

New Office Accommodation
Balance of Defra grant awarded to enable the Authority to make the move to its new premises.

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.

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

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

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

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

Mutford Lock Endowment Fund
Navigation Fund reserve for the future repair of Mutford Lock.

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.

Vessel Replacement Fund
Navigation Fund reserve for the purchase of water borne vessels.

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.

9. Other Operating Expenditure

2011/12 £000		2012/13 £000
51	Gains / losses on disposal of non-current assets	17
51	**Total**	**17**

10. Financing and Investment Income and Expenditure

2011/12 £000		2012/13 £000
39	Interest payable and similar charges	24
9	Pensions interest cost and expected return on pensions assets	130
(50)	Interest receivable and similar income	(43)
0	Other Investment income	
(2)	**Total**	**111**

11. Taxation and non specific grant incomes

2011/12 £000		2012/13 £000
(4,002)	Defra Grant	(3,775)
(4,002)	**Total**	**(3,775)**

12. Property, Plant and Equipment

Movements on balances 2011/12

Cost or valuation	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2011	1,746	1,777	302	323	4,148
additions	30	229	0	0	259
donations	0	0	0	0	0
revaluation increases / (decreases) recognised in the Revaluation Reserve	946	(156)	0	0	790
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	0	(149)	0	0	(149)
derecognition – other	(14)	0	0	0	(14)
assets reclassified (to) / from Held for Sale	0	0	0	0	0
other movements in cost or valuation	0	0	0	0	0
At 31 March 2012	**2,708**	**1,701**	**302**	**323**	**5,034**

Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 1 April 2011	51	716	118	0	885
depreciation charge	14	221	15	0	250
depreciation written out of the Revaluation Reserve	(28)	(55)	0	0	(83)
depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0
impairment losses / (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0
derecognition – disposals	(3)	(114)	0	0	(117)
derecognition – other	0	0	0	0	0
other movements in depreciation and impairment	0	0	0	0	0
At 31 March 2012	**34**	**768**	**133**	**0**	**935**

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Property, Plant and Equipment £000
At 31 March 2012	**2,674**	**933**	**169**	**323**	**4,099**
At 31 March 2011	1,695	1,061	184	323	3,263

Movements on balances 2012/13

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 2012	2,708	1,701	302	323	0	5,034
additions	0	512	0	0	840	1,352
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	0	0	0	0	0	0
derecognition – disposals	0	(116)	0	0	0	(116)
assets reclassified (to) / from Held for Sale	0	0	0	0	0	0
other movements in cost or valuation	0	0	0	0	0	0
At 31 March 2013	**2,708**	**2,097**	**302**	**323**	**840**	**6,270**

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 2012	34	768	133	0	0	935
depreciation charge	39	216	15	0	0	270
depreciation written out of the Revaluation Reserve	0	(1)	0	0	0	(1)
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	(99)	0	0	0	(99)
other movements in depreciation and impairment	0	0	0	0	0	0
At 31 March 2013	**73**	**884**	**148**	**0**	**0**	**1,105**

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 31 March 2013	**2,635**	**1,213**	**154**	**323**	**840**	**5,165**
At 31 March 2012	2,675	931	169	323	0	4,098

Depreciation

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

Category of Asset	Depreciation method	Depreciation period
Operational Land and Buildings	Straight line. (20% assumed land value, where no split available)	Between 8 to 55 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	20 years
Vehicles, Vessels and Equipment	Straight line	7 years / 10 Years
Computer and Office Equipment	Straight line	5 years

Capital Commitments

The Authority was committed to a number of significant capital contracts as at the balance sheet date. Details of the amounts outstanding under these contracts are set out in the table below.

Contract	Total contract value £000	Payments made to 31 March 2013 £000	Outstanding commitments £000
Dockyard redevelopment	772	672	100
Fen Harvester procurement	97	29	68
Replacement launch (hull and fit-out)	79	41	38
Total	**948**	**742**	**206**

Impairments

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

Revaluations

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

Significant assumptions applied in estimating the fair values are:

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

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

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

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

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	0	154	323	840	1,317
Valued at fair value as at:						
31 March 2013	0	630	0	0	0	630
31 March 2012	1,937	193	0	0	0	2,130
31 March 2011	224	87	0	0	0	311
31 March 2010	474	262	0	0	0	736
31 March 2009	0	41	0	0	0	41
Total cost or valuation	**2,635**	**1,213**	**154**	**323**	**840**	**5,165**

13. Intangible Assets

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

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

2011/12 Total £000		Internally Generated Assets £000	Other Assets £000	2012/13 Total £000
	Balance at start of year:			
68	Gross carrying amounts	68	0	68
(14)	Accumulated amortisation	(27)	0	(27)
54	Net carrying amount at start of year	41	0	41
	Additions:			
0	Internal development	0	0	0
(13)	Amortisation for the period	(14)	0	(14)
41	**Net Carrying Amount at the end of the year**	**27**	**0**	**27**
	Comprising:			
68	Gross carrying amounts	68	0	68
(27)	Accumulated amortisation	(41)	0	(41)
41		**27**	**0**	**27**

14. Financial Instruments

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

	Long-term		Current	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
Investments				
Loans and receivables	0	0	3,511	2,534
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	**0**	**0**	**3,511**	**2,534**
Debtors				
Loans and receivables	9	3	771	810
Financial assets carried at contract amounts	0	0	0	0
Total debtors	**9**	**3**	**771**	**810**
Borrowings				
Financial liabilities at amortised cost	210	196	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	**210**	**196**	**15**	**15**
Other Long Term Liabilities				
Finance lease liabilities	75	119	53	53
Total other long term liabilities	**75**	**119**	**53**	**53**
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	1,715	1,519
Total Creditors	**0**	**0**	**1,715**	**1,519**

Income, Expense Gains and Losses

2011/12				2012/13		
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
39	0	39	Interest Expense	24	0	24
39	0	39	Total expense in Surplus or Deficit on the Provision of Services	24	0	24
0	(50)	(50)	Interest Income	0	(43)	(43)
0	(50)	(50)	Total Income in Surplus or Deficit on the Provision of Services	0	(43)	(43)
39	**(50)**	**(11)**	**Net (gain) / loss for the year**	**24**	**(43)**	**(19)**

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 2012		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	285	352	314	383
Long term Creditors	0	0	0	0

	31 March 2012		31 March 2013	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	9	9	3	3

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.

15. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000
Balance outstanding at start of year	50	47	92	98	142	145
Purchases	40	27	121	99	161	126
Recognised as an expense in year	(43)	(28)	(115)	(131)	(158)	(159)
Written off balances	0	0	0	0	0	0
Balance outstanding at year-end	**47**	**46**	**98**	**66**	**145**	**112**

16. Debtors

31 March 2012 £000		31 March 2013 £000
146	Central government bodies	265
18	Other local authorities	17
486	Prepayments	469
121	Other entities and individuals	59
771	**Total**	**810**

17. Cash and Cash Equivalents

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

31 March 2012 £000		31 March 2013 £000
2	Cash held by the Broads Authority	2
2,490	Investments with Broadland District Council	1,500
1,103	Bank current accounts	890
3,595	**Total Cash and Cash Equivalents**	**2,392**

18. Creditors

31 March 2012 £000		31 March 2013 £000
2	Central government bodies	1
40	Other local authorities	92
0	NHS bodies	1
1,401	Accruals	1,058
0	Public corporations and trading funds	0
325	Other entities and individuals	420
1,768	**Total**	**1,572**

19. Provisions

2011/12				2012/13		
Accumulated Absences Provision £000	Redundancy Provision £000	Total £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
67	60	127	Balance at 1 April	59	0	59
59	0	59	Additional provisions made in year	48	0	48
(67)	(60)	(127)	Settlements or cancellation of provision made at end of preceding year	(59)	0	(59)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
59	**0**	**59**	**Balance at 31 March**	**48**	**0**	**48**

No provision for redundancy costs was made in 2011/12 or 2012/13.

For more information on the Accumulated Absence Account, see note 21.

20. Usable reserves

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

21. Unusable reserves

31 March 2012 £000		31 March 2013 £000
1,538	Revaluation reserve	1,499
2,249	Capital Adjustment Account	3,308
(4,603)	Pensions Reserve	(6,292)
(59)	Accumulated Absences Account	(48)
(875)	**Total unusable reserves**	**(1,533)**

<u>Revaluation Reserve</u>

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.

2011/12 £000			2012/13 £000
634	Balance at 1 April		1,538
980	Upward revaluation of assets	1	
(45)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	0	
935	Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on Provision of Services		1
(31)	Difference between fair value depreciation and historical cost depreciation	(40)	
0	Accumulated gains on assets sold or scrapped	0	
(31)	Amount written off to the Capital Adjustment Account		(40)
1,538	**Balance at 31 March**		**1,499**

Capital Adjustment Account

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

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

2011/12 £000			2012/13 £000
2,259	Balance at 1 April		2,249
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(250)	Charges for depreciation and impairment of non current assets	(270)	
(63)	Revaluation losses on Property Plant & Equipment	0	
(14)	Amortisation of intangible assets	(14)	
(54)	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	(17)	
(381)		(301)	
31	Adjusting amounts written out of the revaluation reserve	40	
(350)	Net written out amount of the cost of non-current assets consumed in the year		(261)

2011/12 £000			2012/13 £000
	Capital financing applied in the year:		
0	Use of Capital Receipts Reserve to finance new capital expenditure	0	
0	Use of the Major Repairs Reserve to finance new capital expenditure	0	
0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	0	
0	Donated Assets (no conditions)	0	
99	Statutory provision for the financing of capital investment charged against the General Fund	73	
11	Removal of Finance Lease Liability for assets returned in year	5	
230	Capital expenditure charged against the General Fund	1,243	
340			1,321
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	
2,249	**Balance at 31 March**		**3,308**

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.

31 March 2012 £000		31 March 2013 £000
(2,916)	Balance at 1 April	(4,603)
(1,591)	Actuarial gains or losses on pensions assets and liabilities	(1,500)
(604)	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	(667)
508	Employer's pension contributions and direct payments to pensioners payable in the year	478
(4,603)	**Balance at 31 March**	**(6,292)**

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.

2011/12 £000		2012/13 £000
(67)	Balance at 1 April	(59)
67	Settlement or calculation of accrual made at the end of the preceding year	59
(59)	Amounts accrued at the end of the current year	(48)
8	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	(11)
(59)	**Balance at 31 March**	**(48)**

22. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2011/12 £000		2012/13 £000
(51)	Interest received	(27)
39	Interest paid	24
0	Dividends received	0
(12)	**Net cash flows from operating activities**	**(3)**

23. Cash Flow Statement – Investing Activities

2011/12 £000		2012/13 £000
(228)	Purchase of property, plant and equipment, investment property and intangible assets	(1,243)
1,005	Other payments from investing activities	(11)
(2)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	0
775	**Net cash flows from investing activities**	**(1,254)**

24. Cash Flow Statement – Financing Activities

2011/12 £000		2012/13 £000
0	Cash receipts of short and long term borrowing	0
(84)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(59)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(15)
(99)	**Net cash flows from financing activities**	**(74)**

25. Amounts reported for resource allocation decisions

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

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

The Authority completed the final stage of an organisational restructure in April 2013. The figures for 2012/13 reflect the previous directorate structure in place during the financial year and are comparable with the 2011/12 figures.

<u>Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement</u>

Income and Expenditure 2011/12	Operations £000	Planning & Strategy £000	Change Management & Resources £000	PRISMA £000	STEP £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(307)	(238)	(236)	(199)	(96)	(2,761)	(3,836)
Contributions from reserves	0	0	0	0	0	(255)	(255)
Government Grants	0	0	0	0	0	(4,002)	(4,002)
Total Income	(307)	(238)	(236)	(199)	(96)	(7,018)	(8,093)
Employee expenses	1,757	803	1,087	0	0	0	3,648
Other service expenses	1,157	750	1,762	146	155	144	4,114
Total Expenditure	2,914	1,554	2,849	146	155	144	7,762
Net expenditure	**2,607**	**1,316**	**2,613**	**(53)**	**59**	**(6,874)**	**(332)**

Income and Expenditure 2012/13	Operations £000	Planning & Strategy £000	Change Management & Resources £000	PRISMA £000	STEP £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(337)	(252)	(213)	(28)	(7)	(2,862)	(3,699)
Contributions from reserves	0	0	0	0	0	(571)	(571)
Government Grants	0	0	0	0	0	(3,775)	(3,775)
Total Income	(337)	(252)	(213)	(28)	(7)	(7,208)	(8,045)
Employee expenses	1,864	810	1,164	28	0	0	3,866
Other service expenses	1,683	801	2,113	155	173	116	5,041
Total Expenditure	3,547	1,611	3,277	183	173	116	8,907
Net expenditure	**3,210**	**1,359**	**3,064**	**155**	**166**	**(7,092)**	**862**

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.

2011/12 £000		2012/13 £000
(332)	Net expenditure in the directorate analysis	862
405	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	331
3,356	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	2,607
3,429	**Cost of services in Comprehensive Income and Expenditure Statement**	**3,800**

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.

2011/12	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	(3,811)	0	0	(3,811)	0	(3,811)
Interest & Investment Income	(25)	0	0	(25)	(25)	(50)
Contribution from reserves	(255)	0	(270)	(525)	(25)	(551)
Government Grants & Contributions	(4,002)	0	4,002	0	(4,002)	(4,002)
Total Income	(8,093)	0	3,732	(4,361)	(4,052)	(8,414)
Employee Expenses	3,648	79	0	3,727	9	3,736
Other service expenses	4,114	0	(376)	3,738	0	3,738
Depreciation, Amortisation & Impairment	0	326	0	326	0	326
Interest Payments	0	0	0	0	39	39
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	51	51
Total Expenditure	7,762	405	(376)	7,791	99	7,890
(Surplus) or Deficit on the Provision of Services	**(332)**	**(405)**	**3,356**	**3,429**	**(3,953)**	**(524)**

2012/13	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	(3,656)	0	0	(3,656)	0	(3,656)
Interest & Investment Income	(43)	0	43	0	(43)	(43)
Contributions from reserves	(571)	0	132	(439)	0	(439)
Government Grants & Contributions	(3,775)	0	3,775	0	(3,775)	(3,775)
Total Income	(8,045)	0	3,950	(4,095)	(3,818)	(7,913)
Employee Expenses	3,866	49	0	3,915	130	4,045
Other service expenses	5,041	0	(1,343)	3,698	0	3,698
Depreciation, Amortisation & Impairment	0	282	0	282	0	282
Interest Payments	0	0	0	0	24	24
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	17	17
Total Expenditure	8,907	331	(1,343)	7,895	171	8,066
(Surplus) or Deficit on the Provision of Services	**862**	**331**	**2,607**	**3,800**	**(3,647)**	**153**

26. Members' Allowances

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

2011/12 £000		2012/13 £000
37	Allowances	39
8	Expenses	6
45	**Total**	**45**

27. Officers' Remuneration

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

		Salary Fees and Allowances £000	Bonuses £000	Expense Allowances £000	Pension Contribution £000	Total £000
Chief Executive	2011/12	79	0	0	12	91
	2012/13	79	0	1	12	92
Director of Planning & Strategy	2011/12	42	0	0	6	48
	2012/13	50	0	0	7	57
Director of Operations	2011/12	50	0	1	7	58
	2012/13	51	0	1	7	59
Director of Change Management & Resources	2011/12	50	0	0	7	57
	2012/13	50	0	0	7	57
Head of Strategy & Projects	2011/12	48	0	1	7	56
	2012/13	50	0	0	7	57

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

2011/12 Number of Employees		2012/13 Number of Employees
2	£50,000 - £54,999	4
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
1	£75,000 - £79,999	0
0	£80,000 - £84,999	1

28. External Audit Costs

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

2011/12 £000		2012/13 £000
26	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
26	**Total**	**13**

29. Grant Income

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

2011/12 £000		2012/13 £000
	Credited to taxation and non specific grant income:	
4,002	Defra grant	3,775
	Credited to services:	
0	Sustainable Development Fund grant	0
4,002	**Total**	**3,775**

30. Related Parties

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

<u>Central Government</u>
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).

<u>Members</u>
Members of the Broads Authority have direct control over the Authority's financial and operating policies. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 26.

Mr Mike Barnard is a member of the Broads Authority and was also a Councillor (and Cabinet Member for Resources) of Waveney District Council and a Councillor of Suffolk County Council during the year. The Authority paid £1,524 in rates to Waveney District Council in 2012/13 and £1,250 to Suffolk County Council as contribution for Suffolk Biodiversity and the Suffolk Biological Records Centre. None of these amounts were outstanding at 31 March 2012.

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 and to supply a new launch, the 'Spirit of Breydon.' The Authority paid £140,925 for the capital costs of the new launch, £40,895 for refits, and £10,265 for other services (including diesel fuel purchases) in 2012/13. The balance outstanding at 31 March 2013 was £9,957. 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 £91,548 navigation tolls to the Broads Authority in 2012/13 (£84,918 in 2011/12).

Mr John Heron is a member of the Navigation Committee and has a relationship with 'Whitlingham Boathouse Foundation Ltd' which received £8,000 through a grant given by the Broads Authority through the Sustainable Development Fund (£28,000 through two Sustainable Development Fund grants in 2011/12).

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

<u>Whitlingham Charitable Trust</u>
During the year the Authority provided administration services for Whitlingham Charitable Trust of £39,522 (£27,957 in 2011/12). The balance outstanding at 31 March 2013 was £21,400 (£13,552 at 31 March 2012).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £63,683 (£32,197 in 2012/13). The balance outstanding at 31 March 2013 was £8,574 (£3,919 at 31 March 2012).

The Whitlingham Charitable Trust also invoiced the Authority £16,128 (£14,400 in 2011/12) for rental income for the lease of the visitor centre and moorings. The balance outstanding at year end was £864 (£nil at 31 March 2012). The Trust also recharged purchase invoices of £485 (£2,923 2011/12). This was not outstanding at year end (£nil in 2011/12).

Other Public Bodies
Broadland District Council provides financial and payroll services for the Broads Authority. The Broads Authority was charged £17,248 in 2012/13 for the provision of these services (£21,409 in 2011/12).

In 2012/13 officers' salaries, expenses and members' expenses totalled £3.970m (£3.767m in 2011/12) The Council also provides treasury management of the Authority's investments, which were £1,500,000 as at 31 March 2013 (£2,490,000 as at 31 March 2012).

31. Capital expenditure and capital financing

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

2011/12 £000		2012/13 £000
432	Opening Capital Finance Requirement	351
	Capital Investment	
247	Property, Plant and Equipment	1,351
0	Intangible Assets	0
	Sources of Finance	
	Sums set aside from revenue:	
(229)	Direct revenue contributions	(1,244)
(99)	MRP	(75)
0	Other contributions	0
351	**Closing Capital Finance Requirement**	**383**

32. Leases

Authority as Lessee

Finance Leases

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

2011/12 £000		2012/13 £000
0	Other Land and Buildings	0
165	Vehicles, Plant, Furniture and Equipment	214
165	**Total**	**214**

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:

2011/12 £000		2012/13 £000
	Finance lease liabilities (net present value of minimum lease payments):	
53	• Current	53
74	• Non Current	119
13	Finance costs payable in future years	17
140	**Minimum lease payments**	**189**

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

	Minimum lease Payments		Finance Lease Liabilities	
	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000
Not later than one year	59	60	53	53
Later than one year and not later than 5 years	81	129	74	119
Later than 5 years			0	0
	140	**189**	**127**	**172**

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 2012/13, no (£0) contingent rents were payable by the Authority (2011/12 £0)

Operating Leases

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

2011/12 £000		2012/13 £000
266	Not later than one year	53
987	Later than one year and not later than 5 years	596
1506	Later than 5 years	708
2,759	**Total**	**1,357**

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

2011/12 £000		2012/13 £000
289	Minimum lease payments	270
0	Contingent rents	0
(5)	(sub-lease payments receivable)	(4)
284	**Total**	**266**

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:

2011/12 £000		2012/13 £000
5	Not later than one year	3
8	Later than one year and not later than 5 years	0
0	Later than 5 years	
13	**Total**	**3**

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

33. Termination Benefits

The Authority terminated the contracts of two employees who were made redundant in 2012/13 as the final stage of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £56,094, of which £17,870 related to enhanced pension benefits. No provision for any future redundancy payments was established in the year.

34. Defined Benefit Pension Schemes

Participation in Pensions Schemes

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

- The Norfolk Pension Fund for civilian employees (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:

2011/12 £000		2012/13 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
487	• current service cost	537
44	• past service costs / (gain)	0
64	• settlements and curtailments	0
	Financing and investment income and expenditure	
866	• interest Cost	851
(857)	• expected return on scheme assets	(721)
604	**Total post employment benefit charged to the surplus or deficit on the provision of services**	**667**
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement	
1,591	• actuarial gains and losses	1,500
1,591	**Total post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**1,500**

	Movement in Reserves Statement	
604	• reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the code	667
	Actual amount charged against the General Fund balance for pensions in the year:	
(508)	• employers' contributions payable to scheme	(478)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £1,500,000 (31 March 2012 was a loss of £1,591,000).

Assets and Liabilities in Relation to Post-Employment Benefits

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

2011/12 £000		2012/13 £000
(15,550)	Opening balance at 1 April	(17,687)
(487)	Current service cost	(537)
(866)	Interest cost	(851)
(182)	Contributions by scheme participants	(186)
(859)	Actuarial gains and (losses)	(2,526)
	Benefits paid:	
17	• Unfunded	17
348	• Funded	613
(44)	Past service costs	
(64)	Curtailments	0
0	Settlements	0
(17,687)	**Closing balance at 31 March**	**(21,157)**

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

2011/12 £000		2012/13 £000
12,634	Opening balance at 1 April	13,084
857	Expected rate of return	721
(732)	Actuarial gains and (losses)	1,026
491	Employer contributions	461
182	Contributions by scheme participants	186
17	Contributions in respect of unfunded benefits	17
	Benefits paid:	
(17)	• Unfunded	(17)
(348)	• Funded	(613)
13,084	**Closing balance at 31 March**	**14,865**

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

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

The actual rate of return on scheme assets in the year was £1,748,000 (£125,000 in 2011/12).

Scheme History

	Restated 2008/09 £000	Restated 2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Present value of scheme liabilities	(11,362)	(19,987)	(15,550)	(17,687)	(21,157)
Fair value of assets in the local government pension scheme	8,794	11,969	12,634	13,084	14,865
Surplus or (deficit) in the scheme	**(2,568)**	**(8,018)**	**(2,916)**	**(4,603)**	**(6,292)**

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

2011/12 £000		2012/13 £000
8,635	Equity investments	10,109
2,486	Bonds	2,824
1,570	Property	1,635
393	Other Assets (Cash)	297
13,084		**14,865**

History of experience gains and losses

The actuarial gains identified as movements on the pensions reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	Restated 2008/09 £000	Restated 2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Experience gains and losses on assets	(34.7%)	18.6%	(3.3%)	(5.6%)	6.9%
Experience gains and losses on liabilities	0.0%	0.1%	(12.6%)	0.9%	0.0%

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

Basis for estimating assets and liabilities

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

The principal assumptions used by the actuary have been:

31 March 2012	Year Ended:	31 March 2013
	Long term expected rate of return on assets in the scheme:	
6.2%	• Equity investments*	4.5%
4.2%	• Bonds*	4.5%
4.4%	• Property*	4.5%
3.5%	• Cash*	4.5%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.2	• Men	21.2
23.4	• Women	23.4
	Longevity at 65 for future pensioners:	
23.6	• Men	23.6
25.8	• Women	25.8
2.5%	Rate of inflation	2.8%
4.8%	Rate of increase in salaries	5.1%
2.5%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.5%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

*The expected rates of return for 2012/13 are set equal to the discount rate (per the forthcoming revised version of IAS19).

35. 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.

36. Nature and Extent of Risks Arising from Financial Instrument

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

Credit Risk	The possibility that other parties might fail to pay amounts due to the 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.

<u>Credit Risk</u>

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 2013 for which a bad debt provision had not been put in place.

<u>Liquidity Risk</u>

As the Broads Authority has access to three year funding from Defra, there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one year with the exception of the 20 year PWLB loan. Therefore there is no risk of having to borrow at unfavourable rates in future to replenish borrowings.

Market Risk

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

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2012/13 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Treasurer and Financial Adviser will be sought on the advisability of hedging the exchange risk before entering into the contract.

37. Navigation Income and Expenditure Account

2011/12				2012/13		
Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
2,762	(3,160)	(398)	Navigation Fund	3,026	(2,996)	30
44	0	44	Non-distributed costs	0	0	0
2,806	**(3,160)**	**(354)**	**Net cost of services**	**3,026**	**(2,996)**	**30**
		32	Other operating expenditure			8
		3	Financing and investment income and expenditure			54
		0	Taxation and non-specific grant income			0
		(319)	**(Surplus) or deficit on the provision of services**			92
		(439)	(Surplus) or deficit on revaluation of fixed assets			
		641	Actuarial gains / losses on pension assets / liabilities			627
		(117)	**Total comprehensive income and expenditure**			**719**

Glossary of Terms

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

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

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

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

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

AMORTISED COST
This is cost that has been adjusted for amortisation.

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

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

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

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

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

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

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING (the Code)
Based on International Financial Reporting Standards, the Code aims to achieve consistent financial reporting between all English local authorities and National Park Authorities. It is based on generally accepted accounting standards and practices.

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

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

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

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

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

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

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

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

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

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

FINANCIAL ASSET
A right to future economic benefits.

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

FINANCIAL LIABILITY
An obligation to transfer economic benefits.

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

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

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

HISTORIC COST
The cost of an asset when originally bought.

IAS19 RETIREMENT BENEFITS
An International Financial Reporting Standard which requires local authorities to reflect the true value of the assets and liabilities relating to the Pension Fund in their financial statements.

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

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

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

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

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

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

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

MINIMUM REVENUE PROVISION (MRP)
The minimum sum charged to the Authority's revenue account each year to provide for the repayment of loans.

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

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

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

OUTTURN
The actual amount spent in the financial year.

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

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