BROADS AUTHORITY

STATEMENT OF ACCOUNTS

2013/14

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 2013/14

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.

<u>The Accounting Statements</u>

The Broads Authority's accounts for the year 2013/14 are set out on pages 7 to 78. They consist of:

Statement of Responsibilities for the Statement of Accounts

Statement of Corporate Governance

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

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

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

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

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

The information included in these accounts incorporates spending relating to the Broads Navigation 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 38 on page 78.

Changes to the 2013/14 Accounts

The presentations of transactions relating to the Authority's participation in defined benefit schemes has been amended in line with changes to international accounting standard IAS19 *Employee Benefits*. 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 was previously credited to profit and loss, however from 2013/14 this has been replaced with an equivalent figure calculated using the discount rate. IAS19 also now requires a much more detailed breakdown of the pension fund assets; this is shown in note 35. The changes have resulted in a number of restatements within the main financial statements and the notes to the accounts, with comparative figures for 2012/13 having been restated. There was no impact on the Authority's balance sheet from this change.

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 2014 is £228,405.

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 £3,547k and one-off funding of £33k from Defra (£3,775k in 2012/13). In addition to this, the income received from external grant support, sales, fees, charges and interest totalled £762k (£682k in 2012/13). Total income for 2013/14 was £4,342k (£4,456k in 2012/13).

The Authority set a budget for 2013/14 with a forecast surplus of £91k (£272k deficit for 2012/13). 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 surplus of £87k. The actual outturn saw a surplus of £232k (a favourable variance of £145k). After applying the Authority's carry forward policy, the net underspend against the forecast outturn budget was £67k for 2013/14 (£70k overspend for 2012/13).

Navigation Income and Expenditure

Income from tolls was £2,872k (£2,800k in 2012/13), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £481k, (£475k in 2012/13) and interest was £11k (£21k in 2012/13). Total income for 2013/14 was £3,364k (£3,296k in 2012/13). In addition, the Authority received a one-off capital grant from Defra of £82k in respect of urgent repairs to access infrastructure following the tidal surge in December 2013. These works will be completed in 2014/15.

The Authority set a budget with a forecast surplus of £27k for 2013/14 (deficit of £198k for 2012/13). 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 2013/14, which took account of approved budget changes, indicated an anticipated deficit of £79k. The actual outturn saw a deficit of £42k (a favourable variance of £36k). After applying the Authority's carry forward policy, the net underspend against the forecast outturn budget was £20k (£60k overspend for 2012/13).

Financial Outlook

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

Income from navigation tolls has however continued to hold up well, and is broadly in line with the projections made in the Authority's current Financial Strategy for the period up to 2016/17, which was adopted by the Broads Authority in May 2014.

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

In developing the Financial Strategy, a number of assumptions have been made in respect of National Park Grant allocations, future boat numbers and the level of staff pay inflation. In particular, there is considerable uncertainty about the likely levels of National Park Grant funding in the final year of the current Financial Strategy (2016/17), although the Strategy assumes a standstill position in line with 2015/16 allocations. The Strategy follows the general principle that the Authority should seek to maintain both general and navigation reserves at a minimum of 10% of net expenditure, and that general and navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

Navigation funding is currently projecting a small surplus of £40k in 2014/15, with reserves at 10.42% of net expenditure at the end of the year. For general funding there is a projected deficit of £55k in 2014/15, with reserves at 18.98% of net expenditure, moving to a balanced position in 2015/16.

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 2015. The annual toll increase, which for 2014/15 was set at 2.8%, 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 2013/14 (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 2014 and its income and expenditure for the year ended 31 March 2014.

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 26 September 2014.

Signed on behalf of The Broads Authority:

Dr Stephen Johnson

(Chair of meeting approving the accounts)

26 September 2014

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

Opinion on the Authority's financial statements

We have audited the financial statements of the Broads Authority for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Accounting in the United Kingdom 2013/14.

This report is made solely to the members of the Broads Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and Financial Adviser and auditor

As explained more fully in the Statement of the Treasurer and Financial Adviser's Responsibilities set out on page 7, the Treasurer and Financial Adviser is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer and Financial Adviser; and the overall presentation of the financial statements. We read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Broads Authority as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2013, we have considered the results of the following:

- our review of the annual governance statement; and
- our locally determined risk-based work.

As a result, we have concluded that there are no matters to report.

Certificate

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

Neil Harris

for and on behalf of Ernst & Young LLP, Appointed Auditor
One Cambridge Business Park, Cambridge, CB4 0WZ, United Kingdom
26th September 2014

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.

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	(164)	0	(164)	0	(164)
Other comprehensive income and expenditure	0	0	0	(1,500)	(1,500)
Total comprehensive income and expenditure	(164)	0	(164)	(1,500)	(1,664)
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	(1,006)	0	(1,006)	(658)	(1,664)
Transfers to or from Earmarked Reserves (Note 8)	105	(105)	0	0	0
Increase or (decrease) in 2012/13 (B)	(901)	(105)	(1,006)	(658)	(1,664)
Balance at 31 March 2013 (=A+B)	**959**	**1,849**	**2,808**	**(1,533)**	**1,275**

2012/13 (Restated)	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	(256)	0	(256)	0	(256)
Other comprehensive income and expenditure	0	0	0	(1,408)	(1,408)
Total comprehensive income and expenditure	(256)	0	(256)	(1,408)	(1,664)
Adjustments between accounting basis and funding basis under regulations (Note 7)	(750)	0	(750)	750	0
Net increase or (decrease) before transfers to Earmarked Reserves	(1,006)	0	(1,006)	(658)	(1,664)
Transfers to or from Earmarked Reserves (Note 8)	105	(105)	0	0	0
Increase or (decrease) in 2012/13 (B)	(901)	(105)	(1,006)	(658)	(1,664)
Balance at 31 March 2013 (=A+B)	**959**	**1,849**	**2,808**	**(1,533)**	**1,275**

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

Comprehensive Income and Expenditure Statement

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

2012/13			2012/13			2013/14		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000	(Restated) Net Expenditure £000		Note	Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,093	(303)	790	790	Conservation of the natural environment		1,269	(261)	1,008
424	(69)	355	355	Conservation of cultural heritage		425	(81)	344
488	(2)	486	486	Recreation management and transport		532	(14)	518
1,085	(113)	972	972	Promoting understanding		970	(232)	738
362	(79)	283	283	Rangers, estates and volunteers		452	(80)	372
453	(95)	358	358	Development control		444	(84)	360
310	0	310	310	Forward planning and communities		272	0	272
0	0	0	0	Non distributed costs		29	0	29
216	0	216	216	Corporate and democratic core		179	0	179
3,316	(3,275)	41	41	Broads Navigation Account	38	3,592	(3,353)	239
7,747	**(3,936)**	**3,811**	**3,811**	**Cost of services**		**8,164**	**(4,105)**	**4,059**
		17	17	Other operating expenditure	9			53
		111	203	Financing and investment income and expenditure	10			319
		(3,775)	(3,775)	Taxation and non-specific grant income	11			(3,663)
		164	256	(Surplus) or deficit on provision of services				768
		0	0	(Surplus) or deficit on revaluation of fixed assets				(11)
		1,500	1,408	Actuarial (gains) / losses on pension assets / liabilities				(1,399)
		1,500	1,408	Other comprehensive income and expenditure				(1,410)
		1,664	**1,664**	**Total comprehensive income and expenditure**				**(642)**

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 13 £000		Note	As at 31 Mar 14 £000
5,165	Property, Plant & Equipment	12	4,366
0	Investment Property	13	339
27	Intangible assets	14	14
3	Long term debtors		14
5,195	Long term assets		4,733
1,018	Short term investments		8
112	Inventories	16	115
799	Short term debtors	17	833
2,392	Cash and cash equivalents	18	4,150
0	Assets held for sale		0
4,321	Current assets		5,106
(15)	Short term borrowing		(15)
(1,572)	Short term creditors	19	(2,071)
(48)	Provisions	20	(51)
(1,635)	Current liabilities		(2,137)
(196)	Long term borrowing		(181)
(6,410)	Other long term liabilities		(5,604)
(6,606)	Long term liabilities		(5,785)
1,275	**Net assets**		**1,917**
	Useable reserves		
605	General Account fund balance		799
354	Navigation Account fund balance		290
0	Capital Grant Unapplied Account		64
1,849	Earmarked Reserves	8	1,798
	Unusable reserves	22	
1,499	Revaluation Reserve		1,486
3,308	Capital Adjustment Account		2,908
(6,292)	Pension Reserve		(5,377)
(48)	Accumulated Absence Reserve		(51)
1,275	**Total reserves**		**1,917**

These financial statements replace the unaudited statements certified by the Treasurer and Financial Adviser on 23 June 2014.

Jill Penn (Treasurer and Financial Adviser)

23 September 2014

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.

2012/13 £000	2012/13 (Restated) £000	Revenue Activities	Note	2013/14 £000
(164)	(256)	Net surplus or (deficit) on the provision of services		(768)
289	381	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,850
0	0	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		0
125	125	Net cash flows from Operating Activities	23	1,082
(1,254)	(1,254)	Investing Activities	24	750
(74)	(74)	Financing Activities	25	(74)
(1,203)	(1,203)	Net increase or (decrease) in cash and cash equivalents		1,758
3,595	3,595	Cash and cash equivalents at the beginning of the reporting period		2,392
2,392	**2,392**	**Cash and cash equivalents at the end of the reporting period**	18	**4,150**

Notes to the Statement of Accounts

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. 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 2013/14 and the Service Reporting Code of Practice 2013/14, 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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

vii. Employee Benefits

Benefits payable during employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

viii. Events After the Balance Sheet Date

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

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

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

ix. Financial Instruments

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

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

Financial assets are classified into two types:

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

The Authority has not made any material loans.

x. Foreign Currency Translation

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

xi. Government Grants and Contributions

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

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

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

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

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

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

xii. Intangible Assets

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

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

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

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

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

xiii. Investment Property

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

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

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

xiv. Inventories

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

xv. Leases

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.

<u>The Authority as Lessee</u>

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).

<u>The Authority as Lessor</u>

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

xvi. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2013/14* (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xvii. Property, Plant and Equipment

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

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

Measurement
Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – 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 asset has been acquired under a finance lease arrangement, and the lease term is shorter than the asset's estimated useful life, the asset is depreciated over the lease term.

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

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

Reserve to the Capital Adjustment Account.

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

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

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

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

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

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

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

xviii. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

xix. Reserves

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

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

xx. Operating Segments

In accordance with IFRS 8 and the Code, the Broads Authority keeps the general fund and navigation fund separately. Under the Code, the Authority has prepared a single income and expenditure account for 2013/14, however in note 38 to the accounts the navigation income and expenditure is shown.

xxi. Allocation of Costs

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

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

xxii. Revenue Expenditure Funded from Capital Under Statute

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

xxiii. VAT

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

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

The 2014/15 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 2014:

- IFRS 10 *Consolidated Financial Statements* establishes a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Authority does not have any subsidiaries and as such does not produce consolidated accounts.
- IFRS 11 *Joint Arrangements* sets out the accounting by entities that jointly control an arrangement (a contractual arrangement over which two or more parties have joint control). A joint arrangement takes the form of either a joint venture or a joint operation. The Authority has no material joint arrangements.
- IFRS 12 *Disclosure of Interests in Other Entities* requires a range of consolidated disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The purpose of the disclosure is to enable users of financial statements to evaluate the nature of, and risks associated with, the Authority's interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The Authority has significant influence over the Whitlingham Charitable Trust, which would normally require it to be accounted for as an associate. However, the Authority has no share equity, and no share in profits and losses, and transactions are therefore not consolidated. Details of the basis for this accounting judgement are set out in note 3, and details of the Authority's relationship and transactions with the Whitlingham Charitable Trust are disclosed in note 31.
- IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* have been amended to conform with changes in IFRS 10, IFRS 11 and IFRS 12. As there are no changes in the financial statements arising from the changes to IFRS 10, IFRS 11 and IFRS 12, there is also no impact as a result of changes in IAS 27 and IAS 28.
- IAS 32 *Financial Instruments Presentation* amends guidance relating to offsetting a financial asset and a financial liability. Gains and losses are separately identified and therefore no further disclosure is required.

- IAS 1 *Presentation of the Financial Statements* clarifies disclosure requirements in respect of comparative information for the preceding period. The Statement of Accounts fully discloses comparative information for preceding periods, and as a result the changes will not have a material impact on the Authority's accounts.

3. Critical judgements in applying accounting policies

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

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

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

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge would increase by £59,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £2,328,000. Further details are set out in the sensitivity analysis in note 35. The assumptions interact in complex ways. During 2013/14 the Authority's actuaries advised that the net pension liability had decreased by £878,000 as a result of estimates being corrected as a result of experience and decreased by £521,000 attributable to updating of the assumptions.

5. Material Items of Income and Expense

There are no material items of expense in relation to 2013/14 which are not disclosed elsewhere within the Statement of Accounts.

6. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Treasurer and Financial Adviser on 23 September 2014. These financial statements replace the unaudited statements authorised for issue on 23 June 2014. 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 2014, 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 2012/13 £000	Movement in Unusable Reserves 2012/13 £000	General Fund & Navigation Fund (Restated) 2012/13 £000	Movement in Unusable Reserves (Restated) 2012/13 £000		General Fund & Navigation Fund 2013/14 £000	Capital Grant Unapplied 2013/14 £000	Movement in Unusable Reserves 2013/14 £000
				Adjustments primarily involving the Capital Adjustment Account:			
				Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:			
270	(270)	270	(270)	Charges for depreciation and impairment of non-current assets	328	0	(328)
0	0	0	0	Revaluation losses on property, plant and equipment	362	0	(362)
14	(14)	14	(14)	Amortisation of intangible assets	14	0	(14)
17	(17)	17	(17)	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	53	0	(53)
				Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
(5)	5	(5)	5	Reversal of finance lease liability for disposal of assets	0	0	0
(73)	73	(73)	73	Statutory provision for the financing of capital investment	(73)	0	73
(1,243)	1,243	(1,243)	1,243	Capital expenditure charged against the General Fund	(260)	0	260

General Fund & Navigation Fund 2012/13 £000	Movement in Unusable Reserves 2012/13 £000	General Fund & Navigation Fund (Restated) 2012/13 £000	Movement in Unusable Reserves (Restated) 2012/13 £000		General Fund & Navigation Fund 2013/14 £000	Capital Grant Unapplied 2013/14 £000	Movement in Unusable Reserves 2013/14 £000
				Adjustments involving the Pensions Reserve:			
667	(667)	759	(759)	Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 35)	1,006	0	(1,006)
(478)	478	(478)	478	Employer's pension contributions and direct payments to pensioners payable in the year	(522)	0	522
				Adjustments involving the accumulated Absences Account:			
(11)	11	(11)	11	Adjustments in relation to short-term compensated absences	3	0	(3)
				Adjustments involving the Capital Grant Unapplied Account:			
0	0	0	0	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(64)	64	0
(842)	**842**	**(750)**	**750**	**Total Adjustments**	**847**	**64**	**(911)**

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 2013/14. During the year, the Authority consolidated its earmarked reserves into a smaller number of reserves holding larger balances. A description of each of the earmarked reserves follows the table below.

	Balance at 31 March 2012 £000	Transfers in 2012/13 £000	Transfers out 2012/13 £000	Balance at 31 March 2013 £000	Transfers in 2013/14 £000	Transfers out 2013/14 £000	Balance at 31 March 2014 £000
Asset Management	(74)	(1)	0	(75)	0	75	0
Fen Management Equipment	(51)	(51)	29	(73)	0	73	0
Implementing Electronic Government	(5)	0	5	0	0	0	0
Mobile Phone Upgrade / IT Reserve	(18)	0	2	(16)	0	8	(8)
New Office Accommodation	(85)	(1)	8	(78)	0	78	0
Planning Delivery Grant	(522)	(8)	26	(504)	(15)	65	(454)
Sustainable Development Fund	(76)	(151)	161	(66)	(151)	151	(66)
STEP	(80)	(83)	97	(66)	(70)	128	(8)
Dredging disposal	(182)	(2)	60	(124)	0	124	0
Dockyard Vessels and Equipment	(164)	(44)	75	(133)	0	133	0
Dockyard Site Maintenance	(71)	(30)	72	(29)	0	29	0
Mutford Lock Endowment Fund	(270)	(32)	0	(302)	0	302	0
PRISMA	(206)	(450)	445	(211)	(233)	199	(245)
Vessel Replacement Fund	(150)	(24)	91	(83)	0	83	0
Upper Thurne Enhancement Scheme	0	(81)	0	(81)	(1)	0	(82)
Section 106 Agreements	0	(8)	0	(8)	(4)	0	(12)
Property	0	0	0	0	(586)	18	(568)
Plant, Vessels and Equipment	0	0	0	0	(310)	94	(216)
Premises	0	0	0	0	(140)	1	(139)
Total	**(1,954)**	**(966)**	**1,071**	**(1,849)**	**(1,510)**	**1,561**	**(1,798)**

Earmarked reserves

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

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

Sustainable Development Fund
Balance of Sustainable Development Fund (SDF) grant supplied by Defra.

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

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

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

Section 106 Agreements
A reserve account established to hold ring-fenced developers’ contributions relating to planning application conditions.

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

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

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

9. Other Operating Expenditure

2012/13 £000		2013/14 £000
17	Gains / losses on disposal of non-current assets	53
17	**Total**	**53**

10. Financing and Investment Income and Expenditure

2012/13 £000	2012/13 (Restated) £000		2013/14 £000
24	24	Interest payable and similar charges	42
130	222	Net interest on the net defined benefit liability (asset)	287
(43)	(43)	Interest receivable and similar income	(22)
0	0	Income and expenditure in relation to investment properties and changes in their fair value	12
0	0	Other investment income	0
111	**203**	**Total**	**319**

11. Taxation and non-specific grant income

2012/13 £000		2013/14 £000
(3,775)	Defra National Park Grant	(3,547)
0	Defra Additional National Park Grant	(34)
0	Defra Access Infrastructure Grant	(82)
(3,775)	**Total**	**(3,663)**

12. Property, Plant and Equipment

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

Movements on balances 2013/14

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

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

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 2014	**2,652**	**1,174**	**139**	**323**	**78**	**4,366**
At 31 March 2013	2,635	1,213	154	323	840	5,165

Depreciation

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

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

Capital Commitments

The Authority was committed to two 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 2014 £000	Outstanding commitments £000
Second replacement Wherry	110	30	80
Fen Harvester	97	29	68
Total	**207**	**59**	**148**

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	139	323	78	540
Valued at fair value as at:						
31 March 2014	562	233	0	0	0	795
31 March 2013	0	561	0	0	0	561
31 March 2012	1,863	155	0	0	0	2,018
31 March 2011	214	60	0	0	0	274
31 March 2010	13	165	0	0	0	178
Total cost or valuation	**2,652**	**1,174**	**139**	**323**	**78**	**4,366**

13. Investment Properties

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

2012/13 £000		2013/14 £000
0	Rental income from investment property	8
0	Direct operating expenses arising from investment property	(20)
0	**Net gain / (loss)**	**(12)**

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

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

2012/13 £000		2013/14 £000
0	Balance at start of the year	0
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
0	Disposals	0
0	Net gains / losses from fair value adjustments	0
	Transfers:	
0	To / from Inventories	0
0	To / from Property, Plant and Equipment	339
0	Other changes	0
0	**Balance at end of the year**	**339**

14. 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:

2012/13 Total £000		Internally Generated Assets £000	Other Assets £000	2013/14 Total £000
	Balance at start of year:			
68	Gross carrying amounts	68	0	68
(27)	Accumulated amortisation	(41)	0	(41)
41	Net carrying amount at start of year	27	0	27
	Additions:			
0	Internal development	0	0	0
(14)	Amortisation for the period	(14)	0	(14)
27	**Net Carrying Amount at the end of the year**	**13**	**0**	**13**
	Comprising:			
68	Gross carrying amounts	68	0	68
(41)	Accumulated amortisation	(55)	0	(55)
27		**13**	**0**	**13**

15. Financial Instruments

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

	Long-term		Current	
	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Investments				
Loans and receivables	0	0	2,534	2,758
Financial assets at fair value through profit and loss	0	0	0	0
Total investments	**0**	**0**	**2,534**	**2,758**
Debtors				
Loans and receivables	3	14	799	833
Financial assets carried at contract amounts	0	0	0	0
Total debtors	**3**	**14**	**799**	**833**
Borrowings				
Financial liabilities at amortised cost	196	181	15	15
Financial liabilities at fair value through profit and loss	0	0	0	0
Total borrowings	**196**	**181**	**15**	**15**
Other Long Term Liabilities				
Finance lease liabilities	119	79	53	50
Total other long term liabilities	**119**	**79**	**53**	**50**
Creditors				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount	0	0	1,519	2,022
Total Creditors	**0**	**0**	**1,519**	**2,022**

Income, Expense Gains and Losses

2012/13				2013/14		
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
24	0	24	Interest Expense	42	0	42
24	0	24	Total expense in Surplus or Deficit on the Provision of Services	42	0	42
0	(43)	(43)	Interest Income	0	(22)	(22)
0	(43)	(43)	Total Income in Surplus or Deficit on the Provision of Services	0	(22)	(22)
24	**(43)**	**(19)**	**Net (gain) / loss for the year**	**42**	**(22)**	**20**

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 2013		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	314	383	261	308
Long term Creditors	0	0	0	0

	31 March 2013		31 March 2014	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	0	0	0	0
Long term Debtors	3	3	14	14

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.

16. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Balance outstanding at start of year	47	46	98	66	145	112
Purchases	27	38	99	72	126	110
Recognised as an expense in year	(28)	(41)	(131)	(66)	(159)	(107)
Written off balances	0	0	0	0	0	0
Balance outstanding at year-end	**46**	**43**	**66**	**72**	**112**	**115**

17. Debtors

31 March 2013 £000		31 March 2014 £000
265	Central government bodies	209
17	Other local authorities	10
458	Prepayments	481
59	Other entities and individuals	133
799	**Total**	**833**

18. Cash and Cash Equivalents

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

31 March 2013 £000		31 March 2014 £000
2	Cash held by the Broads Authority	2
1,500	Investments with Broadland District Council	2,750
890	Bank current accounts	1,398
2,392	**Total Cash and Cash Equivalents**	**4,150**

19. Creditors

31 March 2013 £000		31 March 2014 £000
1	Central government bodies	1
92	Other local authorities	11
1	NHS bodies	1
1,058	Accruals	1,651
0	Public corporations and trading funds	0
420	Other entities and individuals	407
1,572	**Total**	**2,071**

20. Provisions

2012/13				2013/14		
Accumulated Absences Provision £000	Redundancy Provision £000	Total £000		Accumulated Absences Provision £000	Redundancy Provision £000	Total £000
59	0	59	Balance at 1 April	48	0	48
48	0	48	Additional provisions made in year	51	0	51
(59)	0	(59)	Settlements or cancellation of provision made at end of preceding year	(48)	0	(48)
0	0	0	Unused amounts reversed in year	0	0	0
0	0	0	Unwinding of discounting in year	0	0	0
48	**0**	**48**	**Balance at 31 March**	**51**	**0**	**51**

No provision for redundancy costs was made in 2012/13 or 2013/14. For more information on the Accumulated Absence Account, see note 22.

21. Usable reserves

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

22. Unusable reserves

31 March 2013 £000		31 March 2014 £000
1,499	Revaluation reserve	1,486
3,308	Capital Adjustment Account	2,908
(6,292)	Pensions Reserve	(5,377)
(48)	Accumulated Absences Account	(51)
(1,533)	**Total unusable reserves**	**(1,034)**

Revaluation Reserve

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

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

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

2012/13 £000			2013/14 £000
1,538	Balance at 1 April		1,499
1	Upward revaluation of assets	40	
0	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(28)	
1	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		12
(40)	Difference between fair value depreciation and historical cost depreciation	(25)	
0	Accumulated gains on assets sold or scrapped	0	
(40)	Amount written off to the Capital Adjustment Account		(25)
1,499	**Balance at 31 March**		**1,486**

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.

2012/13 £000			2013/14 £000
2,249	Balance at 1 April		3,308
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(270)	Charges for depreciation and impairment of non current assets	(328)	
0	Revaluation losses on Property Plant & Equipment	(362)	
(14)	Amortisation of intangible assets	(14)	
(17)	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	(53)	
(301)		(757)	
40	Adjusting amounts written out of the revaluation reserve	25	
(261)	Net written out amount of the cost of non-current assets consumed in the year		(732)
	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	
73	Statutory provision for the financing of capital investment charged against the General Fund	72	
5	Removal of Finance Lease Liability for assets returned in year		
1,243	Capital expenditure charged against the General Fund	260	
1,321			332
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	
3,308	**Balance at 31 March**		**2,908**

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.

2012/13 £000	2012/13 (Restated) £000		2013/14 £000
(4,603)	(4,603)	Balance at 1 April	(6,292)
(1,500)	(1,408)	Remeasurements of the net defined benefit liability / (asset)	1,399
(667)	(759)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,006)
478	478	Employer's pension contributions and direct payments to pensioners payable in the year	522
(6,292)	**(6,292)**	**Balance at 31 March**	**(5,377)**

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.

2012/13 £000		2013/14 £000
(59)	Balance at 1 April	(48)
59	Settlement or cancellation of accrual made at the end of the preceding year	48
(48)	Amounts accrued at the end of the current year	(51)
11	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	(3)
(48)	**Balance at 31 March**	**(51)**

23. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2012/13 £000		2013/14 £000
(27)	Interest received	(48)
24	Interest paid	42
0	Dividends received	0
(3)	**Net cash flows from operating activities**	**(6)**

24. Cash Flow Statement – Investing Activities

2012/13 £000		2013/14 £000
(1,243)	Purchase of property, plant and equipment, investment property and intangible assets	(260)
(11)	Other payments from investing activities	1,010
0	Proceeds from the sale of property plant and equipment, investment property and intangible assets	0
(1,254)	**Net cash flows from investing activities**	**750**

25. Cash Flow Statement – Financing Activities

2012/13 £000		2013/14 £000
0	Cash receipts of short and long term borrowing	0
(59)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(59)
0	Other receipts from Financing Activities	0
(15)	Repayments of short and long term borrowing	(15)
(74)	**Net cash flows from financing activities**	**(74)**

26. Amounts reported for resource allocation decisions

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

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

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

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

Income and Expenditure 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)	(307)	(7)	(2,862)	(3,978)
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)	(307)	(7)	(7,208)	(8,324)
Employee expenses	1,864	810	1,164	28	0	0	3,866
Other service expenses	1,683	801	2,113	445	173	116	5,331
Total expenditure	3,547	1,611	3,277	473	173	116	9,197
Net expenditure	**3,210**	**1,359**	**3,064**	**166**	**166**	**(7,092)**	**873**

Income and Expenditure 2012/13 (Restated)	Operations £000	Planning & Resources £000	Chief Executive £000	PRISMA £000	STEP £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(337)	(465)	0	(307)	(7)	(2,862)	(3,978)
Contributions from reserves	0	0	0	0	0	(571)	(571)
Government Grants	0	0	0	0	0	(3,775)	(3,775)
Total Income	(337)	(465)	0	(307)	(7)	(7,208)	(8,324)
Employee expenses	1,831	1,719	288	28	0	0	3,866
Other service expenses	1,681	2,750	166	445	173	116	5,331
Total expenditure	3,512	4,469	454	473	173	116	9,197
Net expenditure	**3,175**	**4,004**	**454**	**166**	**166**	**(7,092)**	**873**

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

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.

2012/13 £000		2013/14 £000
873	Net expenditure in the directorate analysis	(190)
331	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	904
2,607	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	3,345
3,811	**Cost of services in Comprehensive Income and Expenditure Statement**	**4,059**

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.

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	(3,935)	0	0	(3,935)	0	(3,935)
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	(8,324)	0	3,950	(4,374)	(3,818)	(8,192)
Employee Expenses	3,866	49	0	3,915	130	4,045
Other service expenses	5,331	0	(1,343)	3,988	0	3,988
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	9,197	331	(1,343)	8,185	171	8,356
(Surplus) or Deficit on the Provision of Services	**873**	**331**	**2,607**	**3,811**	**(3,647)**	**164**

2012/13 (Restated)	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	(3,935)	0	0	(3,935)	0	(3,935)
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	(8,324)	0	3,950	(4,374)	(3,818)	(8,192)
Employee Expenses	3,866	49	0	3,915	222	4,137
Other service expenses	5,331	0	(1,343)	3,988	0	3,988
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	9,197	331	(1,343)	8,185	263	8,448
(Surplus) or Deficit on the Provision of Services	**873**	**331**	**2,607**	**3,811**	**(3,555)**	**256**

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

27. Members' Allowances

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

2012/13 £000		2013/14 £000
39	Allowances	39
6	Expenses	9
45	**Total**	**48**

28. Officers' Remuneration

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

		Salary, Fees and Allowances £000	Bonuses £000	Expenses Allowances £000	Pension Contribution £000	**Total £000**
Chief Executive	2012/13	79	0	1	12	**92**
	2013/14	79	0	1	12	**92**
Director of Planning & Resources[1]	2012/13	50	0	0	7	**57**
	2013/14	54	0	0	8	**62**
Director of Operations	2012/13	51	0	1	7	**59**
	2013/14	54	0	0	8	**62**
Director of Change Management & Resources[2]	2012/13	50	0	0	7	**57**
	2013/14	0	0	0	0	**0**
Head of Strategy & Projects	2012/13	50	0	0	7	**57**
	2013/14	50	0	1	8	**59**

[1] Director of Planning & Strategy up to the 31st March 2013.
[2] The Director of Change Management & Resources retired on the 31st March 2013.

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

2012/13 Number of Employees		2013/14 Number of Employees
4	£50,000 - £54,999	3
0	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	1

Exit Packages

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

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £000	2013/14 £000
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	2	0	2	0	56	0
Total	**0**	**0**	**2**	**0**	**2**	**0**	**56**	**0**

29. External Audit Costs

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

2012/13 £000		2013/14 £000
13	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	12
0	Fees payable to external auditors in respect of statutory inspections	0
0	Fees payable to external auditors for the certification of grant claims and returns for the year	0
0	Fees payable in respect of other services provided by external auditors during the year	0
13	**Total**	**12**

30. Grant Income

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

2012/13 £000		2013/14 £000
	Credited to taxation and non-specific grant income:	
3,775	Defra National Park Grant	3,582
0	Defra grant for access infrastructure repairs	82
	Credited to services:	
0	Defra INSPIRE (Infrastructure for Spatial Information in the European Community) directive grant	6
3,775	**Total**	**3,670**

31. Related Parties

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

<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. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 27.

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

Mr Kelvin Allen is a member of the Broads Authority and the Navigation Committee, and was also the Treasurer of the 'Broads Angling Strategy Group' (BASG), which received a grant of £10,000 from the Authority's Sustainable Development Fund during the year (nil in 2012/13).

Mr Lorne Betts is a member of the Navigation Committee and has a relationship with 'Lorne Betts Riverside Piling and Construction' which was contracted to undertake repair and piling during the year. The Authority paid £1,722 for these works in 2013/14 (nil in 2012/13). No amounts were outstanding at 31 March 2014.

Mr Alan Goodchild is a member of the Navigation Committee and has a relationship with 'Goodchild Marine' which was contracted by the Authority to undertake refits of vessels during the year, supply diesel fuel and mooring facilities, and to undertake dredging works at Heigham Sound. The Authority paid £36,914 for refits, £6,830 for fuel and moorings and £65,213 for dredging in 2013/14 (£140,925 for construction of a 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 2014 was £38,698. 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 £98,001 navigation tolls to the Broads Authority in 2013/14 (£91,548 in 2012/13). The Authority paid £638 for Boat Trip services provided and received income of £533 in respect of electric cards. The Broads Authority also made a grant payment of £2,392 through the Sustainable Development Fund to support improvements to day boats. No amounts were outstanding at 31 March 2014.

Mr James Knight is a member of the Navigation Committee and has a relationship with 'Waveney River Centre (2003) Ltd' which paid £6,369 navigation tolls to the Broads Authority in 2013/14. The Authority also made fuel purchases of £1,628 during 2013/14. No amounts were outstanding at 31 March 2014.

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

Whitlingham Charitable Trust
During the year the Authority provided administration services for Whitlingham Charitable Trust of £38,688 (£39,522 in 2012/13). The balance outstanding at 31 March 2014 was £22,563 (£21,400 at 31 March 2013).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £64,400 (£63,683 in 2012/13). The balance outstanding at 31 March 2014 was £15,607 (£8,574 at 31 March 2013).

The Whitlingham Charitable Trust also invoiced the Authority £15,264 (£16,128 in 2012/13) for rental income for the lease of the visitor centre and moorings. The balance outstanding at year end was £nil (£864 at 31 March 2013). The Trust also recharged purchase invoices of £nil (£485 2012/13). This was not outstanding at year end (£nil in 2012/13).

Other Public Bodies
Broadland District Council provides financial and payroll services for the Broads Authority. The Broads Authority was charged £18,411 in 2013/14 for the provision of these services (£17,248 in 2012/13).

In 2013/14 officers' salaries, expenses and members' expenses totalled £4.061m (£3.970m in 2012/13) The Council also provides treasury management of the Authority's investments, which were £2,750,000 as at 31 March 2014 (£1,500,000 as at 31 March 2013).

The Authority received a grant contribution of £9,540 from the Council towards works at Reedham Quay during 2013/14.

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

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £100,936 for legal services in 2013/14 (£149,603 in 2012/13). The Practice Director of NPLaw serves as the Solicitor and Monitoring Officer to the Broads Authority.

32. Capital expenditure and capital financing

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

2012/13 £000		2013/14 £000
351	Opening Capital Finance Requirement	383
	Capital Investment	
1,351	Property, Plant and Equipment	271
0	Intangible Assets	0
	Sources of Finance	
	Sums set aside from revenue:	
(1,244)	Direct revenue contributions	(260)
(75)	MRP	(75)
0	Other contributions	0
383	**Closing Capital Finance Requirement**	**319**
	Explanation of movements in year	
(77)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(75)
109	Assets acquired under finance leases	11
32	**Increase / (decrease) in Capital Financing Requirement**	**(64)**

33. Leases

<u>Authority as Lessee</u>

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:

2012/13 £000		2013/14 £000
0	Other Land and Buildings	0
214	Vehicles, Plant, Furniture and Equipment	158
214	**Total**	**158**

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:

2012/13 £000		2013/14 £000
	Finance lease liabilities (net present value of minimum lease payments):	
53	• Current	50
119	• Non-current	79
17	Finance costs payable in future years	12
189	**Minimum lease payments**	**141**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013 £000	31 March 2014 £000	31 March 2013 £000	31 March 2014 £000
Not later than one year	60	54	53	50
Later than one year and not later than 5 years	129	87	119	79
Later than 5 years	0	0	0	0
	189	**141**	**172**	**129**

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 2013/14, no (£0) contingent rents were payable by the Authority (2012/13 £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:

2012/13 £000		2013/14 £000
53	Not later than one year	144
615	Later than one year and not later than 5 years	533
671	Later than 5 years	451
1,339	**Total**	**1,128**

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

2012/13 £000		2013/14 £000
270	Minimum lease payments	161
0	Contingent rents	0
(4)	(sub-lease payments receivable)	0
266	**Total**	**161**

<u>Authority as Lessor</u>

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:

2012/13 £000		2013/14 £000
3	Not later than one year	36
0	Later than one year and not later than 5 years	126
	Later than 5 years	0
3	**Total**	**162**

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

34. Termination Benefits

The Authority terminated the contracts of 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 liabilities relating to termination benefits were incurred during 2013/14 and no provision for any future redundancy payments was established in the year.

35. Defined Benefit Pension Schemes

Participation in Pension Schemes

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

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

Changes in 2013/14 Presentation

The presentation of transactions relating to the Authority's participation in defined benefit schemes has been amended in line with changes to international accounting standard IAS19 *Employee Benefits*. 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 was previously credited to profit and loss, however from 2013/14 this has been replaced with an equivalent figure calculated using the discount rate. IAS19 also now requires a much more detailed breakdown of the pension fund assets; this is shown in this note. The changes have resulted in a number of restatements within the main financial statements and the notes to the accounts, with comparative figures for 2012/13 having been restated. The most significant change is within the Comprehensive Income and Expenditure Statement as set out in the table on the following page. There was no impact on the Authority's balance sheet from this change.

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:

2012/13 (Restated) £000		2013/14 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
537	• current service cost	690
0	• past service costs / (gain)	29
0	• (gain) / loss from settlements	0
	Financing and investment income and expenditure	
222	• net interest expense	287
759	**Total post-employment benefits charged to the surplus or deficit on the provision of services**	**1,006**
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(1,118)	• return on plan assets (excluding the amount included in the net interest expense)	(1,892)
0	• actuarial gains and losses arising on changes in demographic assumptions	548
2,533	• actuarial gains and losses arising on changes in financial assumptions	(1,069)
(7)	• other experience	1,014
1,408	**Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement**	**(1,399)**

	Movement in Reserves Statement	
759	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	1,006
	Actual amount charged against the General Fund balance for pensions in the year:	
(478)	• employers' contributions payable to scheme	(522)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

2012/13 £000		2013/14 £000
(21,157)	Present value of the defined benefit obligation	(22,809)
14,865	Fair value of plan assets	17,433
(6,292)		(5,376)
0	Other movements in the liability / (asset)	0
(6,292)	**Net liability arising from defined benefit obligation**	**(5,376)**

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

2012/13 £000		2013/14 £000
13,084	Opening fair value of scheme assets	14,865
629	Interest income	669
	Remeasurement gain / (loss):	
1,118	• The return on plan assets, excluding the amount included in the net interest expense	1,892
0	• Other	0
0	The effect of changes in foreign exchange rates	0
478	Contributions from employer	522
186	Contributions from employees into the scheme	192
(630)	Benefits paid	(707)
0	Other	0
14,865	**Closing fair value of scheme assets**	**17,433**

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

2012/13 £000		2013/14 £000
17,687	Balance at 1 April	21,157
537	Current service cost	690
851	Interest cost	956
186	Contributions from scheme participants	192
	Remeasurement (gains) and losses:	
0	• Actuarial gains / losses arising from changes in demographic assumptions	548
2,533	• Actuarial gains / losses arising from changes in financial assumptions	(1,069)
(7)	• Other	1,014
0	Past service cost	29
0	Losses / (gains) on curtailment	0
0	Liabilities assumed on entity combinations	0
(630)	Benefits paid	(707)
0	Liabilities extinguished on settlements (where relevant)	0
21,157	**Balance at 31 March**	**22,810**

Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2012/13 £000				Fair value of scheme assets 2013/14 £000		
Quoted prices in active markets	Quoted prices not in active markets	Total		Quoted prices in active markets	Quoted prices not in active markets	Total
			Cash and cash equivalents:			
-	321.0	321.0	• All cash and cash equivalents	0.0	447.1	447.1
			Equity instruments:			
902.9	-	902.9	• Consumer	1,059.1	-	1,059.1
713.5	-	713.5	• Manufacturing	971.3	-	971.3
525.7	-	525.7	• Energy and utilities	541.9	-	541.9
920.3	-	920.3	• Financial institutions	1,085.8	-	1,085.8
391.7	-	391.7	• Health and care	495.4	-	495.4
282.9	-	282.9	• Information technology	311.8	-	311.8
719.5	-	719.5	• Other	774.1	-	774.1
			Bonds (Debt securities):			
655.7	-	655.7	• Corporate bonds (investment grade)	703.6	-	703.6
12.1	-	12.1	• Corporate bonds (non-investment grade)	25.0	-	25.0
0.0	-	0.0	• UK Government	0.0	-	0.0
44.9	-	44.9	• Other	61.5	-	61.5
			Private equity:			
-	1,087.1	1,087.1	• All private equity	-	1,199.3	1,199.3
			Property:			
-	1,413.5	1,413.5	• UK property	-	1,737.2	1,737.2
-	242.2	242.2	• Overseas property	-	258.5	258.5
			Other investment funds and unit trusts:			
4,470.1	-	4,470.1	• Equities	5,042.2	-	5,042.2
2,171.5	-	2,171.5	• Bonds	2,711.7	-	2,711.7
(9.8)	-	(9.8)	Derivatives:			
			• Other derivatives	7.6	-	7.6
11,801.0	**3,063.8**	**14,864.8**		**13,791.0**	**3,642.1**	**17,433.1**

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 2013		31 March 2014
	Long term expected rate of return on assets in the scheme:	
4.5%	• Equity investments*	4.3%
4.5%	• Bonds*	4.3%
4.5%	• Property*	4.3%
4.5%	• Cash*	4.3%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.2 years	• Men	22.1 years
23.4 years	• Women	24.3 years
	Longevity at 65 for future pensioners:	
23.6	• Men	24.5
25.8	• Women	26.9
2.8%	Rate of inflation	2.8%
5.1%	Rate of increase in salaries	3.6%
2.8%	Rate of increase in pensions	2.8%
4.5%	Rate for discounting scheme liabilities	4.3%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

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

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

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

Change in assumptions at 31 March 2014	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	10%	2,328
1 year increase in member life expectancy	3%	684
0.5% increase in the salary increase rate	3%	729
0.5% increase in the pension increase rate	7%	1,575

Techniques used to manage risk

The Pensions Committee of Norfolk County Council considers long term liabilities when setting its investment strategy but does not follow a specific liability matching investment approach having taken appropriate professional advice. The Committee has agreed an asset allocation benchmark, a performance target and various controls on the Fund's investments. These reflect their views on the appropriate balance between maximising the long-term return on investments and minimising short-term volatility and risk. The Committee monitors and reviews the performance of investments and the overall strategy on a regular basis, supported by advice from professional advisers as required. A large proportion of the Fund's assets relate to equities (59% of scheme assets) and bonds (20%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

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

Impact on the Authority's cash flows

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

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

The Authority anticipates paying contributions of approximately £474,000 to the scheme in 2014/15.

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

	Liability split	Weighted average duration
Active members	53.3%	22.4
Deferred members	20.4%	23.3
Pensioner members	26.3%	12.3
Total	**100.0%**	**19.6**

36. Contingent Liabilities

The Authority has identified two material contingent liabilities:

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

Judicial Review
A claim for Judicial Review has been issued by the Arminghall Settlement Trust “the Trust” in respect of the Broads Authority (Whitlingham Country Park) Byelaws 2012. The claim relates to an incorrect Boundary Plan for the Byelaws, as it includes land that the Authority cannot pass Byelaws on (i.e. it must be for land to which the general public has a right of access, or which is commonly used by the general public). Though the Byelaw Plan had previously been agreed with a representative from the Trust, the Authority accepts that there are errors that need to be corrected in an amendment to the Byelaws. A proposed plan of action to amend the Byelaws has been sent to the Trust. The Trust has advised that they wish to resolve the issues surrounding the incorrect plan amicably, but do not wish to lose the protection of a legal mechanism to enforce the rectification of the plan should the steps set out in the proposed plan fail to be taken. At this stage, it is therefore not possible to determine the potential legal costs, if any, which may arise from this claim.

37. Nature and Extent of Risks Arising from Financial Instruments

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

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

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

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

Credit Risk

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

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not allow credit for customers, and only a small proportion of invoices were overdue and outstanding as at 31 March 2014 for which a bad debt provision had not been put in place.

Liquidity Risk

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

Market Risk

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

Foreign Exchange Risk

The Authority's Annual Investment and Capital Financing Strategy for 2013/14 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.

38. Navigation Income and Expenditure Account

2012/13			2012/13		2013/14		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000	(Restated) Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
3,316	(3,275)	41	41	Navigation Fund	3,591	(3,353)	238
0	0	0	0	Non-distributed costs	12	0	12
3,316	**(3,275)**	**41**	**41**	**Net cost of services**	**3,603**	**(3,353)**	**250**
		8	8	Other operating expenditure			48
		54	93	Financing and investment income and expenditure			139
		0		Taxation and non-specific grant income			(82)
		103	142	**(Surplus) or deficit on the provision of services**			355
		0	0	(Surplus) or deficit on revaluation of fixed assets			(17)
		627	589	Actuarial (gains) / losses on pension assets / liabilities			(596)
		730	**730**	**Total comprehensive income and expenditure**			**(258)**

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ASSET
A right to future economic benefits.

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

FINANCIAL LIABILITY
An obligation to transfer economic benefits.

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

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

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

HISTORIC COST
The cost of an asset when originally bought.

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

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

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

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

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

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

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

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

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

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

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

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

OUTTURN
The actual amount spent in the financial year.

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

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

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

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

SERVICE REPORTING CODE OF PRACTICE (SeRCOP)
CIPFA guidance which supports local authorities in financial reporting to stakeholders. It establishes ‘proper practice’ with regard to consistent financial reporting, which allows direct comparisons of financial information to be made with other National Parks.

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

VALUE ADDED TAX (VAT)
A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

VARIANCE / VARIATION
A difference between budgeted income or expenditure and actual outturn, also referred to as an ‘over-’ or ‘underspend’.