

Financial Performance and Direction
Addendum Report by Head of Finance

Summary:	This paper supplements the draft Statement of Accounts as printed to provide an update on amendments arising as a result of external audit work.
Recommendation:	That members consider the amendments to the Statement of Accounts and authorise the Chairman to sign the Statement of Accounts subject to the satisfactory conclusion of external audit work in the week commencing 23 September.

1 Introduction

- 1.1 As set out within paragraph 2.6 of the Financial Performance and Direction Report, external audit work on the Statement of Accounts is ongoing. As a result of the timing of this audit activity, amendments which would normally have been made prior to the printing of meeting papers could not be incorporated, with a draft Statement of Accounts being circulated.
- 1.2 This report sets out the adjustments to the draft Statement of Accounts as circulated. External audit work is now substantially complete and the auditors have reported to the Financial Scrutiny and Audit Committee that they anticipate issuing an unqualified audit opinion on the financial statements.
- 1.3 It is proposed that the members consider the amendments to the Statement of Accounts and authorise the Chairman to sign the Statement of Accounts subject to the satisfactory conclusion of the external audit work in the week commencing 23 September.
- 1.4 The final audited Statement of Accounts will be circulated to members as soon as possible following the completion of audit work.

2 Financial Performance and Direction Report

- 2.1 Amendments to the Statement of Accounts have identified an adjustment of £11,563 in respect of accrued PRISMA income which impacts on the figures reported in Appendix 1 and the figures reported in paragraph 2.8 and 2.9 in respect of Navigation Revenue Account Outturn Figures. The corrected figures are as follows:

2.8 The navigation fund budget provided for a contribution of £197,886 to come from reserves. After accounting for £15,929 of interest transferred to

earmarked reserves, the year end saw a net overspend of £375,349 (and it is proposed that a further £162,576 be carried forward as additional expenditure into 2013/14). The outcome was therefore a draw down of £573,235 from the navigation reserve, reducing the navigation reserve to £353,237 as at 31 March 2013.

2.9 The consolidated deficit for the year (after taking account of £27,625 interest transferred to earmarked reserves) is £901,553, with an additional £272,452 carried forward into the 2013/14 budget.

2.2 An updated Appendix 1 is attached to this report.

3 Statement of Accounts Adjustments

3.1 The audit work has identified the following adjustments which have an impact on the financial statements.

Item	Amount	Impact (Statements / Notes)	Narrative
Operating Leases	n/a	Note 32	Calculation of split of future minimum lease payments across future years. No impact on bottom line.
Navigation Tolls income	19,493	Explanatory Foreword	Summary figures included £19k of other income already included in other income total of £196k. No impact on bottom line.
PRISMA / Income accrual	11,563	Explanatory Foreword, MIRS, CIES, BS, CF, Note 16, Note 25, Note 37	Over-accrual of PRISMA income relating to capital item (Wherry) not eligible to be claimed in 2012/13. Impact on net cost of services (£11k reduction in income).
Exit packages	n/a	Note 27	Additional disclosure required by Code. No impact on bottom line.
PRISMA / Income	290,639	Explanatory Foreword, CIES, Note 25, Note 37	Reclassification of PRISMA grant income shown net within expenditure, requires reclassification to income. No impact on bottom line.
STEP / Income	6,710	CIES	Reclassification of STEP grant income shown net within expenditure, requires reclassification to income. No impact on bottom line.
Assumptions	n/a	Note 4	Amendment to disclosure wording. No impact on bottom line.

3.2 Extracts from the amended Financial Statements and the notes which are impacted by these adjustments are set out on the following pages.

Page 5 - Review of the Year

General Income and Expenditure

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

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

Navigation Income and Expenditure

Income from tolls was £2,800k (2,761k in 2011/12), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £475k, (£433k in 2011/12) and interest was £21k (£24k in 2011/12). Total income for 2012/13 was £3,296k (£3,193k in 2011/12).

The Authority initially set a budget with a forecast deficit of £198k for 2012/13 (deficit of £215k for 2011/12). As set out above, the Authority subsequently approved a number of additional items of expenditure during 2012/13, which were particularly significant for Navigation in relation to the construction of the new Dockyard workshop and the costs associated with Breydon Water and the Lower Bure. The Authority now monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2012/13, which took account of the approved budget changes, indicated an anticipated deficit of £660k. The actual outturn saw a deficit of £557k (a favourable variance of £103k). After applying the Authority's carry forward policy, the net over-spend against the forecast outturn budget was £60k (£192k underspend for 2011/12).

Page 11 – Movement in Reserves 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 7Error! Reference source not found.)	(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

Page 12 – Comprehensive Income and Expenditure Statement

2011/12				Note	2012/13		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
1,112	(254)	858	Conservation of the natural environment		1,093	(303)	790
276	(51)	225	Conservation of cultural heritage		424	(69)	355
426	(9)	417	Recreation management and transport		488	(2)	486
1,111	(219)	892	Promoting understanding		1,085	(113)	972
383	(57)	326	Rangers, estates and volunteers		362	(79)	283
453	(90)	363	Development control		453	(95)	358
498	0	498	Forward planning and communities		310	0	310
108	0	108	Non distributed costs		0	0	0
140	0	140	Corporate and democratic core		216	0	216
2,762	(3,160)	(398)	Broads Navigation Account	37	3,316	(3,275)	41
7,269	(3,840)	3,429	Cost of services		7,747	(3,936)	3,811
		51	Other operating expenditure	9			17
		(2)	Financing and investment income and expenditure	10			111
		(4,002)	Taxation and non-specific grant income	11			(3,775)
		(524)	(Surplus) or deficit on provision of services				164
		(935)	(Surplus) or deficit on revaluation of fixed assets				0
		1,591	Actuarial (gains) / losses on pension assets / liabilities				1,500
		656	Other comprehensive income and expenditure				1,500
		132	Total comprehensive income and expenditure				1,664

Page 13 – Balance Sheet

As at 31 Mar 12 (Restated) £000		Note	As at 31 Mar 13 £000
4,099	Property, Plant & Equipment	12	5,165
41	Intangible assets	13	27
9	Long term debtors		3
4,149	Long term assets		5,195
1,008	Short term investments		1,018
145	Inventories	15	112
771	Short term debtors	16	799
3,595	Cash and cash equivalents	17	2,392
0	Assets held for sale		0
5,519	Current assets		4,321
(14)	Short term borrowing		(15)
(1,768)	Short term creditors	18	(1,572)
(59)	Provisions	19	(48)
(1,841)	Current liabilities		(1,635)
(210)	Long term borrowing		(196)
(4,678)	Other long term liabilities		(6,410)
(4,888)	Long term liabilities		(6,606)
2,939	Net assets		1,275
	<u>Useable reserves</u>		
933	General Account fund balance		605
927	Navigation Account fund balance		354
1,954	Earmarked Reserves	8	1,849
	<u>Unusable reserves</u>		
1,538	Revaluation Reserve	21	1,499
2,249	Capital Adjustment Account		3,308
(4,603)	Pension Reserve		(6,292)
(59)	Accumulated Absence Reserve		(48)
2,939	Total reserves		1,275

Page 14 – Cash Flow Statement

2011/12 £000	Revenue Activities	Note	2012/13 £000
524	Net surplus or (deficit) on the provision of services		(164)
(163)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		289
(3)	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		0
358	Net cash flows from Operating Activities	22	125
775	Investing Activities	23	(1,254)
(99)	Financing Activities	24	(74)
1,034	Net increase or (decrease) in cash and cash equivalents		(1,203)
2,561	Cash and cash equivalents at the beginning of the reporting period		3,595
3,595	Cash and cash equivalents at the end of the reporting period	17	2,392

Page 27 – Note 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:

Page 43 – Note 16 (Debtors)

31 March 2012 £000		31 March 2013 £000
146	Central government bodies	265
18	Other local authorities	17
486	Prepayments	458
121	Other entities and individuals	59
771	Total	799

Pages 53-56 – Note 25 (Amounts reported for resource allocation decisions)

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

2011/12 £000		2012/13 £000
(332)	Net expenditure in the directorate analysis	873
405	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	331
3,356	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	2,607
3,429	Cost of services in Comprehensive Income and Expenditure Statement	3,811

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

Page 58 – Note 27 (Officers' Remuneration)

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	
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12 £000	2012/13 £000
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	2	0	2	0	56
Total	0	0	0	2	0	2	0	56

Page 63 – Note 32 (Operating Leases)

2011/12 £000		2012/13 £000
266	Not later than one year	53
987	Later than one year and not later than 5 years	615
1506	Later than 5 years	671
2,759	Total	1,339

Page 71 – Note 37 (Navigation Income and Expenditure Account)

2011/12				2012/13		
Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure/ (Income) £000
2,762 44	(3,160) 0	(398) 44		Navigation Fund Non-distributed costs	3,316 0	(3,275) 0
2,806	(3,160)	(354)	Net cost of services	3,316	(3,275)	41
		32	Other operating expenditure			8
		3	Financing and investment income and expenditure			54
		0	Taxation and non-specific grant income			0
		(319)	(Surplus) or deficit on the provision of services			103
		(439)	(Surplus) or deficit on revaluation of fixed assets			627
641	Actuarial gains / losses on pension assets / liabilities					
		(117)	Total comprehensive income and expenditure			730

4 Summary

- 4.1 The majority of the adjustments identified during external audit work relate to disclosure or reclassification issues. The only adjustment impacting on the bottom line of the net cost of services since the preparation of the papers for the Authority relates to the £11,563 of incorrectly accrued PRISMA income. All adjustments identified have been made to the Financial Statements in consultation with the external auditors and an unqualified audit opinion is anticipated in the week commencing 23 September.

Background Papers: Nil

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Date of Report: 19 September 2013

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure
2012/13

DIRECTORATE

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to March 2013	Consolidated Actual to March 2013	Consolidated Actual Variance as at March 2013
INCOME							
National Park Grant	(3,774,799)	-	(3,774,799)	-	(3,774,799)	(3,774,799)	-
<i>Navigation Charges</i>							
Hire Craft Tolls	(1,074,000)	-	(1,062,000)	(12,000)	(1,074,000)	(1,061,827)	(12,173)
Private Craft Tolls	(1,692,000)	-	(1,699,000)	7,000	(1,692,000)	(1,699,247)	7,247
Short Visit Tolls	(47,500)	-	(39,000)	(8,500)	(47,500)	(38,898)	(8,602)
Other Toll Income	(18,750)	-	(18,750)	-	(18,750)	(19,493)	743
Interest Received	(40,000)	-	(40,000)	-	(40,000)	(42,760)	2,760
	(6,647,049)	-	(6,633,549)	(13,500)	(6,647,049)	(6,637,024)	(10,025)

OPERATIONS

<i>Construction & Maintenance</i>							
Construction & Maintenance	1,039,720	-	1,036,370	3,350	1,039,720	1,015,514	24,206
Equipment, Vehicles & Vessels	485,000	15,000	579,713	(79,713)	485,000	556,775	(71,775)
Water Management	230,000	-	182,500	47,500	230,000	106,855	123,145
Land Management	123,500	28,985	145,450	7,035	123,500	130,268	(6,767)
Practical Maintenance	368,580	(2,000)	457,762	(91,182)	368,580	382,982	(14,402)
	2,246,800	41,985	2,401,795	(113,010)	2,246,800	2,192,395	54,406
Rangers Salaries	519,880	-	538,590	(18,710)	519,880	553,058	(33,178)
Ranger Services	219,500	91,040	384,770	(74,230)	219,500	358,717	(139,217)
	739,380	91,040	923,360	(92,940)	739,380	911,774	(172,394)
Safety	105,520	-	129,000	(23,480)	105,520	134,571	(29,051)
Asset Management	100,160	-	99,600	560	100,160	97,000	3,160

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to March 2013	Consolidated Actual to March 2013	Consolidated Actual Variance as at March 2013
Volunteers	43,660	-	51,100	(7,440)	43,660	48,625	(4,965)
Management & Admin	160,070	-	157,750	2,320	160,070	162,118	(2,048)
	409,410	-	437,450	(28,040)	409,410	442,314	(32,904)
Operations Income	(251,940)	-	(319,840)	67,900	(251,940)	(337,174)	85,234
OPERATIONS TOTAL	3,143,650	133,025	3,442,765	(166,090)	3,143,650	3,209,309	(65,659)
PLANNING & STRATEGY							
Development Management	272,320	6,700	285,590	(6,570)	272,320	281,640	(9,320)
<i>Strategy & Projects</i>							
Strategy & Projects Salaries	440,010	-	423,880	16,130	440,010	421,538	18,472
Biodiversity Strategy	107,500	-	131,267	(23,767)	107,500	170,898	(63,398)
Partnerships/HLF	-	-	-	-	-	-	-
Strategy & Projects	65,000	3,672	82,614	(13,942)	65,000	89,209	(24,209)
Waterways & Recreation	90,000	-	90,000	-	90,000	84,529	5,471
Project Funding	169,000	-	73,500	95,500	169,000	180,800	(11,800)
SDF transfer to reserves	-	161,464	150,000	11,464	-	150,000	(150,000)
SDF	150,000	-	150,000	-	150,000	161,464	(11,464)
Management & Admin	133,020	-	145,050	(12,030)	133,020	145,703	(12,683)
Planning & Strategy Income	(107,500)	-	(213,656)	106,156	(107,500)	(251,710)	144,210
PLANNING TOTAL	1,319,350	171,836	1,318,245	172,941	1,319,350	1,434,071	(114,721)
RESOURCES							
Human Resources	155,780	-	173,800	(18,020)	155,780	173,731	(17,951)
Finance & Insurance	329,065	-	309,832	19,233	329,065	293,521	35,544
Governance	173,030	-	174,930	(1,900)	173,030	177,043	(4,013)
Communications	289,790	-	270,810	18,980	289,790	281,250	8,540
Visitor Centres & Yacht Stations	450,133	-	444,070	6,063	450,133	431,261	18,872

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to March 2013	Consolidated Actual to March 2013	Consolidated Actual Variance as at March 2013
Collection of Tolls	103,300	-	105,470	(2,170)	103,300	103,660	(360)
ICT	236,000	12,853	235,477	13,376	236,000	226,794	9,206
Legal	100,000	-	125,000	(25,000)	100,000	145,840	(45,840)
Premises	635,000	8,169	1,317,891	(674,722)	635,000	1,199,008	(564,008)
Management & Admin	235,620	-	242,030	(6,410)	235,620	245,372	(9,752)
Resources Income	(221,850)	-	(197,000)	(24,850)	(221,850)	(213,297)	(8,553)
RESOURCES TOTAL	2,485,868	21,022	3,202,310	(695,420)	2,485,868	3,064,182	(578,314)
Redundancy and Reorganisation	110,500	-	33,100	77,400	110,500	58,266	52,234
Pension Lump Sum Payments	58,000	-	58,000	-	58,000	58,000	0
	-	-	-	-	-	-	-
STEP	-	-	-	-	-	91,356	(91,356)
PRISMA	-	-	-	-	-	166,556	(166,556)
Contributions from Earmarked							
Planning Delivery Grant		(24,858)	(45,000)	20,142	-	(24,858)	24,858
New Office Accommodation		(8,169)	(8,999)	830	-	(8,169)	8,169
Mobile Phone		(1,854)	(1,854)	-	-	(1,854)	1,854
IEG		(4,813)	(4,813)	-	-	(4,813)	4,813
Sustainable Development		(161,464)	(150,000)	(11,464)	-	(161,464)	161,464
Asset Management		-	-	-	-	-	-
PRISMA		-	-	-	-	(154,718)	154,718
Fen Management Equipment		(28,985)	(28,985)	-	-	(28,985)	28,985
Section 106 Agreements		8,300	-	8,300	-	8,300	(8,300)
STEP		-	-	-	-	(90,186)	90,186
Launch Replacement		(91,040)	(80,000)	(11,040)	-	(91,040)	91,040
Mutford Lock		2,000	(5,000)	7,000	-	2,000	(2,000)

	Consolidated Annual Budget 2012/13	Consolidated Use of Earmarked Reserves	Consolidated Forecast Outturn	Consolidated Forecast Variance	Consolidated Profiled Budget to March 2013	Consolidated Actual to March 2013	Consolidated Actual Variance as at March 2013
Dredging Disposal		-	(50,000)	50,000	-	-	-
Dockyard Vessels & Equipment		(15,000)	(15,000)	-	-	(15,000)	15,000
Dockyard Site Maintenance		-	(15,000)	15,000	-	-	-
	-	(325,883)	(404,651)	78,768	-	(570,788)	570,788
NET EXPENDITURE	7,117,368	-	7,649,769	(532,401)	7,117,368	7,510,953	(393,584)
(SURPLUS) / DEFICIT	470,319	-	1,016,220	(545,901)	470,319	873,928	(403,609)

Earmarked Reserve	Balance as at	Transfers in	Transfers out	Balance as at	
Planning Delivery Grant	(521,564)	-	24,858	(496,707)	0
New Office Accommodation	(85,103)	(114)	8,283	(76,934)	0
Mobile Phone	(16,550)	-	1,854	(14,696)	0
IEG	(4,813)	-	4,813	-	0
Sustainable Development	(75,142)	(150,000)	161,464	(63,678)	0
Asset Management	(74,346)	-	-	(74,346)	0
PRISMA	(205,573)	(446,889)	445,357	(207,105)	0
Fen Management Equipment	(50,647)	(50,000)	28,985	(71,661)	0
Section 106 Agreements	-	(8,300)	-	(8,300)	0
STEP	(79,924)	(81,710)	96,897	(64,738)	0
Upper Thurne	-	(79,904)	-	(79,904)	0
Launch Replacement	(150,369)	(22,500)	91,040	(81,829)	0
Mutford Lock	(270,374)	(27,000)	-	(297,374)	0
Dredging Disposal	(182,950)	-	60,000	(122,950)	0
Dockyard Vessels & Equipment	(164,056)	(41,836)	75,000	(130,892)	0
Dockyard Site Maintenance	(71,836)	(30,000)	71,836	(30,000)	0
Total	(1,953,247)	(938,253)	1,070,387	(1,821,113)	0