

# Broads Authority

22 November 2019

Agenda item number 10

## Financial Performance and Direction

Report by Chief Financial Officer

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### Summary

This report contains the Statement of Accounts for the year ended 31 March 2019 and the income and expenditure figures to 30 September 2019.

### Recommendation

- i. To adopt the Statement of Accounts for 2018/19.
  - ii. To note the income and expenditure figures.
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Appendix 1 - Statement of Accounts 2018/19 (excluding the Audit Report and Annual Governance Statement)

Appendix 2 - Consolidated income and expenditure charts to 30 September 2019

Appendix 3 - Financial Monitor: Consolidated Income and Expenditure 2019/20

## **1. Introduction**

- 1.1. The Statement of Accounts and Annual Audit Results were considered by the Audit and Risk Committee on 19 November. A verbal update will be provided at this meeting.
- 1.2. The Financial Performance and Direction report to the Authority on 17 May 2019 provided the draft year-end figures for 2018/19, which detailed a surplus of £84,760. These figures were used to produce the Statement of Accounts.
- 1.3. There have been no subsequent changes to these figures, and the draft Statement of Accounts was signed on 30 May 2019. The Authority's external auditors Ernst and Young undertook their onsite work between 14 October and 8 November 2019. Where amendments are notified up to this date they have been incorporated into the final document, included at appendix 1. Amendments required after this date will be provided in a verbal update at this meeting.

## **2. Changes to the 2018/19 Accounts**

- 2.1. While the draft surplus of £84,760 has remained unchanged, there have been two changes to the year-end adjustments. These have impacted the allocation of interest to the closing reserve balances, following a missed accrual for CANAPE claim 2 (£107,057) and adjustments to the Pension liability (£332,000). Members were made aware of the Pension adjustment at the July meeting, following receipt of the revised actuary report based on the impact of the two court rulings on the McCloud case and Guaranteed Minimum Pension (GMP).
- 2.2. These adjustments have been summarised in the tables below.

**Table 1**

Summary Income and Expenditure by Directorate 2018/19

<b>Income and Expenditure 2018/19</b>	<b>Operations £</b>	<b>Strategic Services £</b>	<b>Chief Executive £</b>	<b>HLF &amp; CANAPE £</b>	<b>Corporate Amounts £</b>	<b>Total £</b>
Fees charges and other service income	(245,921)	(441,383)	(30,185)	(674,374)	(3,396,348)	(4,788,211)
Contribution from reserves	0	0	0	0	(188,395)	(188,395)
Government Grants	0	0	0	0	(3,356,348)	(3,356,348)
<b>Total Income</b>	<b>(245,921)</b>	<b>(441,383)</b>	<b>(30,185)</b>	<b>(674,374)</b>	<b>(6,941,091)</b>	<b>(8,332,954)</b>
Employee Expenses	2,054,687	1,742,820	422,569	170,753	78,444	4,469,273
Other service expenses	1,675,120	794,090	674,488	635,223	0	3,778,921
<b>Total Expenditure</b>	<b>3,729,807</b>	<b>2,536,910</b>	<b>1,097,057</b>	<b>805,976</b>	<b>78,444</b>	<b>8,248,194</b>
<b>Net Expenditure (Surplus)/ Deficit</b>	<b>3,483,886</b>	<b>2,095,527</b>	<b>1,066,872</b>	<b>131,602</b>	<b>(6,862,647)</b>	<b>(84,760)</b>

2.3. The missed CANAPE accrual means that the fees and charges figure has increased while the contribution from reserves figure has decreased, resulting in a nil movement on the net expenditure previously reported in July.

2.4. Table 2 provides an overview of the year-end adjustments and agrees back to the Comprehensive Income and Expenditure Statement on page 14 in the Statement of Accounts.

**Table 2**

Detailed adjustments of the Income and Expenditure 2018/19

Type of Income and Expenditure	Service Analysis £	Not reported to Management £	Not included in CIES £	Costs of Services £	Other Operating Expenditure, Financing and Investment Income and Government Grants £	Deficit on Provision of Services £
Fees, charges and other service income	(4,751,158)	0	0	(4,751,158)	0	(4,751,158)
Interest and investment income	(37,053)	0	37,053	0	(37,053)	(37,053)
Contributions from reserves	(188,395)	0	(305,007)	(493,402)	0	(493,402)
Government Grants	(3,356,348)	0	3,356,348	0	(3,356,348)	(3,356,348)
<b>Total Income</b>	<b>(8,332,954)</b>	<b>0</b>	<b>3,088,394</b>	<b>(5,244,560)</b>	<b>(3,393,401)</b>	<b>(8,637,961)</b>
Employee expenses	4,469,272	770,524	0	5,239,796	215,000	5,454,796
Other service expenses	3,743,765	0	(331,863)	3,411,902	0	3,411,902

Type of Income and Expenditure	Service Analysis £	Not reported to Management £	Not included in CIES £	Costs of Services £	Other Operating Expenditure, Financing and Investment Income and Government Grants £	Deficit on Provision of Services £
Depreciation, amortisation and impairment	0	395,175	0	395,175	0	395,175
Interest payments	35,157	0	(35,157)	0	35,157	35,157
Expenditure in relation to investment properties	0	0	0	0	(130,000)	(130,000)
Gain on disposal of Fixed Assets	0	0	0	0	(5,663)	(5,663)
<b>Total Operating Expenditure</b>	<b>8,248,194</b>	<b>1,165,699</b>	<b>(367,020)</b>	<b>9,046,873</b>	<b>114,494</b>	<b>9,161,367</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(84,760)</b>	<b>1,165,699</b>	<b>2,721,374</b>	<b>3,802,313</b>	<b>(3,278,907)</b>	<b>523,406</b>

- 2.5. Items in the second column 'Not reported to management' under employee expenses include the year end adjustment for the pension scheme. The Accounts are adjusted to reflect the difference between the actual costs as assessed by the actuary and the contributions paid over during the year. Further adjustments are made for untaken staff leave, depreciation and movements on revaluations of fixed assets. The figure reported for employee expenses has increased by £195,000 as a result of the revised actuary report since the draft Statement of Accounts was issued.
- 2.6. The third column 'Not included in the CIES' includes the removal of the DEFRA grant, interest and investment income, interest payable and expenditure in relation to investment properties (Ludham Fieldbase). These items are added back in the lines under the fourth column 'Cost of Services'. Expenditure adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.

### 3. Balance sheet

- 3.1. Following the adjustments for the missed income accrual and the pension adjustment, the net liability has moved from £2,394,418 in the draft Statement of Accounts to £2,619,360. This has resulted in Short Term Debtors increasing from £701,230 to £808,287, Other long liabilities increasing from £10,708,249 to £11,040,249, Earmarked Reserves increasing from £1,803,475 to £1,911,064 and the Pension Reserve increasing from £10,708,0000 to £10,812,000.
- 3.2. The bottom section of the balance sheet on page 17 splits the reserves between useable and unusable reserves. This year sees the introduction of the Capital Receipts Reserve within the useable reserves. This reserve has been created following the sale of the Fieldbase at Ludham, previously classified as Investment Property held for Sale. This can be used for future capital purchases or the repayment of debt. The other useable reserves can be used to fund future operating expenditure, while the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.
- 3.3. The closing position on the National Park (General), Navigation and Earmarked reserves has moved slightly since those reported in July following the reallocation of interest. The individual balances that make up the Earmarked reserve are in the Statement of Accounts under note 10, page 39. The year end balances of the reserves are:
- National Park £1,063,776
  - Navigation £425,848
  - Earmarked £1,911,064 of which £786,890 relates to Navigation

## 4. Annual Governance Statement

- 4.1. The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The Annual Governance Statement was approved for issue on 26 July 2019 by the Broads Authority and is on the website at <https://www.broads-authority.gov.uk/about-us/spending/annual-accounts>.

## 5. Audit of the Statement of Accounts

- 5.1. The Authority's auditors Ernst and Young are undertaking their audit, and at the time of writing this report have not completed their work. Their draft audit results are under agenda item 9. A verbal update of their progress will be provided at the meeting.
- 5.2. Upon completion of any outstanding items detailed in their audit report, the report will be signed and incorporated into the Statement of Accounts.

## 6. Financial implications

- 6.1. The Statement of Accounts for 2018/19 shows revenue reserves of £1,489,624 (general reserves £1,063,776, navigation reserves £425,848) that are considered to be adequate. The navigation reserve at the end of 2018/19 stands at 12.9% of net expenditure. This is higher than the Financial Strategy forecast for the end of 2018/19. With these taken alongside the earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2018/19, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2019/20.

## 7. Overview of Actual Income and Expenditure 2019/20

**Table 1**

Actual consolidated income and expenditure by directorate to 30 September 2019

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Income	(5,886,039)	(5,899,371)	+ 13,332
Operations	2,167,695	2,003,936	+ 163,759
Strategic Services	829,682	774,318	+ 55,364
Chief Executive	877,870	803,444	+ 74,426
Projects, Corporate Items and Contributions from Earmarked Reserves	(75,900)	34,789	- 110,689

Directorate	Profiled Latest Available Budget £	Actual Income and Expenditure £	Actual Variance £
Net (Surplus) Deficit	(2,086,692)	(2,282,884)	+ 196,192

7.1. Income is slightly above the profiled budget at the end of month six. The overall position as at 30 September is a favourable variance of £196,192 or a 9.4% difference from the profiled latest available budget (LAB). This is principally due to:

- An overall favourable variance of £13,333 within core income:
  - Hire Craft Tolls is £10,121 behind the profiled budget.
  - Private Craft Tolls is £18,700 above the profiled budget.
  - Short visit/other tolls is £727 behind the profiled budget.
  - Interest is £5,481 above the profiled budget.
- A favourable variance within Operations relating to:
  - Construction and Maintenance Salaries is under the profiled budget by £13,442, due to a number of vacancies that have arisen throughout the year which have now been filled.
  - Equipment, Vehicle and Vessels is under the profiled budget by £13,414, due to increased income from the sale/hire of the tug Cannonbrook. This income has been added to the earmarked reserve.
  - Water Management is under the profiled budget by £11,742 due to timing differences.
  - Land Management is under the profiled budget by £25,728 due to income being ahead from the Rural Payments Agency.
  - Ranger Services is under the profiled budget by £10,961, this is predominantly due to an underspend on salaries following vacancies.
  - Premises is under the profiled budget by £41,563 due to a timing difference on the contract for design of the concrete pad being issued. This is offset by the corresponding Premises Reserve variance.
  - Project Funding is under the profiled budget by £38,424 due to the uncertain nature of when projects will be submitted.
- A favourable variance within Strategic Services relating to:
  - Development Management is under the profiled budget by £13,781 due to the Local Plan Inspection coming in less than expected. This is offset by the corresponding Planning Delivery Grant reserve variance. It should also be



noted that income from Planning fees is under budget, which has reduced the overall variance.

- Strategy and Projects is under the profiled budget by £25,331 due to a delayed Catchment project. This is likely to slip into 2020/21 as its delivery is dependent on warmer weather. This is offset by the corresponding Catchment Reserve variance.
- Communications is under the profiled budget by £22,584 due to timing differences within the events and education budgets.
- Visitor Centres and Yacht Stations is above the profiled budget by £11,519 due to the trip boat Liana requiring a replacement engine ahead of the annual refit and repairs.
- A favourable variance within Chief Executive relating to:
  - Legal is under the profiled budget by £33,182 due to salary savings.
  - Asset Management is under the profiled budget by £12,811 due to timing differences on leases payments and consultancy.
  - Finance and Insurance is under the profiled budget by £21,288 due to salary savings following a vacancy and a reduction in insurance premiums.

7.2. The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the latest available budget.

## 8. Latest available budget

8.1. The Authority's income and expenditure is monitored against the latest available budget (LAB) for 2019/20. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Full details of movements from the original budget are set out in Appendix 2.

**Table 2**  
Adjustments to LAB

Item	Authorisation Reference	Amount £
Original budget 2019/20 - deficit	Broads Authority 01/02/19 Agenda item number 12	44,381
Approved budget carry-forwards	Broads Authority 17/05/19 Agenda item number 12	15,094
Cybercrime	Broads Authority 17/05/19 Agenda item number 25	36,000
Water Resources East	Broads Authority 27/09/19	15,000

Item	Authorisation Reference	Amount £
membership	Agenda item number 13	
<b>LAB as at 30 September 2019</b>	n/a	<b>110,475</b>

## 9. Overview of forecast outturn 2019/20

9.1. Budget holders were asked to comment on the expected income and expenditure at the end of the financial year in respect of all budget lines for which they are responsible. A summary of these adjustments is in Table 3.

**Table 3**

Adjustments to Forecast Outturn

Item	Amount £
Forecast outturn deficit as per LAB	110,475
Decrease to Hire Craft Toll income	10,000
Increase to Private Craft Toll income	(10,000)
Increase to Interest income	(17,500)
Decrease to Waterways and Recreation following a restructure and vacancy	(23,560)
Increase Climate Change work two days per week	9,265
Decrease to Legal Services following the Solicitor vacancy	(26,430)
Decrease to Insurance premiums	(12,000)
Increase to the winter capacity within Collection of Tolls	6,675
<b>Forecast outturn deficit as at 30 September 2019</b>	<b>46,925</b>

## 10. Reserves

10.1. As with previous years, the Authority's contributions to the reserves have all been made in full at the end of quarter one. This has resulted in the reserves showing increased balances at the end of September. This will reduce as planned purchases take place throughout the year.

10.2. £913,086 of the current reserve balance below relates to Navigation reserves.

**Table 4**

Consolidated earmarked reserves

<b>Reserve name</b>	<b>Balance at 1 April 2019 £</b>	<b>In-year movements £</b>	<b>Current Reserve balance £</b>
Property	(569,960)	(72,462)	(642,422)
Plant, Vessels and Equipment	(275,291)	(116,143)	(391,434)
Premises	(195,398)	(78,250)	(273,648)
Planning Delivery Grant	(269,393)	59,311	(210,082)
Upper Thurne Enhancement	(120,453)	(21,000)	(141,453)
Section 106	(103,430)	(4,580)	(108,010)
HLF	(89,739)	207,044	117,305
Catchment Partnership	(89,021)	(9,073)	(98,094)
CANAPE	(79,309)	(72,591)	(151,900)
Computer Software	(11,481)	(10,000)	(21,481)
<b>Total</b>	<b>(1,803,475)</b>	<b>(117,744)</b>	<b>(1,921,219)</b>

## 11. Conclusion

11.1. The forecast outturn position for the year suggests a deficit of £52,693 for the national park side and a surplus of £5,768 on navigation. This will result in an overall consolidated deficit of £46,925. This would indicate a general fund reserve balance of £1,011,000 and a navigation reserve balance of approximately £432,000 at the end of 2019/20 before any transfers of interest. This will mean that the navigation reserve will be above the recommended level of 10% of net expenditure during 2019/20.

Author: Emma Krelle

Date of report: 7 November 2019

Background papers: Draft Statement of Accounts 2018/19

[Broads Plan](#) objectives: None

Appendix 1 –Statement of Accounts 2018/19 (excluding the Audit Report and Annual Governance Statement)

Appendix 2 –Consolidated actual income and expenditure charts to 30 September 2019

Appendix 3 –Financial Monitor: Consolidated income and expenditure 2019/20

## **BROADS AUTHORITY**

### **STATEMENT OF ACCOUNTS**

2018/19

Presented to Parliament pursuant to Section 20 (2) of the Norfolk and Suffolk Broads Act 1988

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Broads Authority Statement of Accounts  
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## **Narrative Report**

### Introduction

The purpose of the Narrative Report is to provide information on the Authority, its main objectives and strategies and the principal risks that it faces. It also provides commentary on how the Authority has used its resources to achieve its outcomes in line with its objectives and strategies.

### About the Broads Authority

The Broads Authority was established by the Norfolk and Suffolk Broads Act 1988.

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

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

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

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

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

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

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

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

The Broads Plan is a key management plan for the Broads. It sets out a long-term vision for the benefit of the natural and cultural environment, local communities and visitors. Although the Authority is responsible for its production it is a plan for the whole of the Broads, and its success very much depends on a common vision, strong partnership working and the best use of shared resources. The current plan covers the period 2017-22 and is publicly available

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Broads Authority Statement of Accounts  
**Narrative Report**

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via the website. A six monthly newsletter is produced to provide updates and can also be found in the link below.

<https://www.broads-authority.gov.uk/about-us/how-we-work/strategy>

The Authority's Strategic Priorities are set annually by the members in line with objectives in the Broads Plan. Progress against the Strategic Priorities is reported regularly to the Authority and details of 2018/19 can be found in the link below:

[https://www.broads-authority.gov.uk/\\_data/assets/pdf\\_file/0007/1571497/Strategic-Direction-and-Annual-Business-Plan-ba170519.pdf](https://www.broads-authority.gov.uk/_data/assets/pdf_file/0007/1571497/Strategic-Direction-and-Annual-Business-Plan-ba170519.pdf)

All decisions are supported by the Authority's core values. These are enduring beliefs or ideals about what is good or desirable and what is not. They are:

- Sustainable - we take the long-term view, are passionate about our environment and its ability to provide for a vibrant local economy and the well-being of local people;
- Exemplary - we strive for excellence in all we do. We are ambitious, innovative and lead by example;
- Commitment - we are committed to making a difference to the Broads for the benefit of all, and will have the courage of our convictions when faced with difficult issues;
- Caring - we are considerate and respectful of each other, working together to provide the best service we can; and
- Open and Honest - we are open, honest and inclusive in our communication and in making decisions. We are approachable and available, reaching out to all groups.

The Authority is funded from two major sources; National Park Grant from Defra and Navigation Toll Income. These are approximately equal to each other and are used to fund the activities (including staffing) across the organisation.

### Governance

The Annual Governance Statement provides details of progress against the current year and provides the new financial year action plan. This is available via the link below:

[https://www.broads-authority.gov.uk/\\_data/assets/pdf\\_file/0009/1668150/Signed-Annual-Governance-Statement-2018-19.pdf](https://www.broads-authority.gov.uk/_data/assets/pdf_file/0009/1668150/Signed-Annual-Governance-Statement-2018-19.pdf)

Following on from the peer review in 2017/18 the Authority agreed a peer review action plan in May 2018. Progress against the action plan has been regularly reported to committee as part of the Strategic Direction report.

In 2018 the Government commissioned a review of National Parks and Areas of Outstanding Natural Beauty (AONBs) looking at coverage of designations, how designated areas deliver their responsibilities, how designated areas are financed, and whether there is scope for expansion. The review team, led by Julian Glover, visited the Broads in November 2018. The team's report is expected in September 2019.

### Operational model

The Authority consists of the Chief Executive team and two Directorates; Operations and Strategic Services. The total number of staff employed by the Authority gives a head count of 148 or 129.04 Full Time Equivalents (FTE) as at 31 March 2019. This is split 66 (60.62 FTE) Operations, 68 (58.97 FTE) Strategic Services and 14 (9.45 FTE) Chief Executive. Due to the seasonal nature of the Authority's activities the levels of staff can vary throughout the year and the year end position may vary depending on when Easter falls.



The Chief Executive is supported by the Governance Team who service the Authority's various committees; and the Chief Financial Officer who is responsible for the Asset Management, Finance and Insurance team.

The Operations Directorate consists of; the Construction, Maintenance and Environment team who carry out the practical work on the Broads, from dredging to the maintenance and refurbishment of moorings and land based sites and project managing the Heritage Lottery Fund (HLF) project Water, Mills and Marshes; the Ranger team who patrol the waterways enforcing our byelaws to small scale practical works; Safety Management for both waterways and land based activities; and Volunteer Services which support volunteering opportunities across all areas of the Authority.

The Strategic Services Directorate consists of; Planning - responsible for all planning applications, enforcement and the Local Plan within the Authority's executive area; Strategy and Projects - responsible for setting strategy across all areas including the Broads Plan; Communications - responsible for all publications, events and visitor services; Collection of Tolls - processing the applications and payments of 12,500 boats every year; IT - supporting all of the Authority's IT systems and users; HR - supporting all of the Authority's employees; and the management of the European Regional Development Fund (ERDF) INTERREG project 'Creating A New Approach to Peatland Ecosystems' (CANAPE).

The Authority's income is supplemented by income from planning fees, contributions from landowners towards fen management and from the Rural Payments Agency, staff recharges to Whitlingham Charitable Trust, Visitor Centres and Yacht Station sales and external funding such as HLF and ERDF.

### Risks

Whilst the Authority has some degree of confidence over the level of its National Park Grant funding for 2019/20, uncertainty remains about future years' settlements and their duration. In 2015/16 the Authority received a four year settlement which was the first time the Authority had been able to plan for such a period as prior years notifications had been provided on an annual basis. Cuts to National Park Grant in years 2010/11 to 2015/16 has meant the Authority has already restructured from four Directorates to two. If there were future reductions to the National Park grant beyond 2019/20 it would mean difficult decisions would need to be made to determine future services. This uncertainty is further emphasised by the outcome of the Comprehensive Spending Review, which at this stage the timing is still to be determined. Whilst increases from Toll income has helped minimise the impact, this income cannot be spent on National Park purposes. The current level of reserves means that such impact would be cushioned in the short term until the longer vision of services is determined; however this is not sustainable in the longer term.

Risks are reviewed on a regular basis with actions being taken to mitigate any possible impacts. Reports to the Authority highlight risks on potential new areas of activity. The Audit and Risk Committee receive detailed reports on the current risks with details of the individual risks, risk owner and actions. A link to the latest report can be found below.

[https://www.broads-authority.gov.uk/\\_data/assets/pdf\\_file/0004/1419277/Review-of-Strategic-Risk-Register-arc111218.pdf](https://www.broads-authority.gov.uk/_data/assets/pdf_file/0004/1419277/Review-of-Strategic-Risk-Register-arc111218.pdf)

Following a recommendation from internal audit's Corporate Governance and Risk Management review the risk register is due to be refreshed for the July committee. This will involve updating our policy and focusing on those risks that are strategic. Detailed actions can be found in the Annual Governance Statement action plan for 2019/20.

### Opportunities

External funding opportunities continue to be investigated and supported by National Parks Partnership LLP (NPP). NPP continues to promote corporate partnerships for the UK National Parks with the aim to make a significant, sustainable and discernible contribution to the improved quality of UK National Parks and the benefits they offer for generations to come. There has already been a high level of success including funding from; the HLF for Water, Mills and Marshes, ERDF for CANAPE, Tesco for Broadland Catchment Partnership, Forest Holidays who are partnering on projects that will enable young people to experience and explore the best of the UK countryside and Columbia providing clothing to all front line staff for five years from 2017/18.

The UK National Parks also continue to investigate efficiencies through joint procurement and services and also to create resilience amongst the Parks.

The developments at Acle Bridge over the coming years will seek to further the Authority's National Park purposes and increase income opportunities.

### Strategy and Resource Allocation

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 in order to minimise the impact on front-line activity. The Authority recognises that without its employees continued commitment and hard work this would not be possible.

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. The Strategy follows the general principle that the Authority should seek to maintain the general (National Park) reserve at a minimum of £100,000 plus 10% of net expenditure, and the navigation reserves at a minimum of 10% of net expenditure. It also expects that General and Navigation income and expenditure should be broadly in balance across the life of the Financial Strategy.

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 2019 is £146,217.

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.

### Performance

Performance is assessed against progress made towards the Broads Plan, Strategic Priorities and the Budget with regular updates being provided to the Authority.

#### *General (National Park) Income and Expenditure*

The Authority received National Park Grant of £3,356k from Defra (£3,299k in 2017/18). In addition to this, the income received from external grant support, sales, fees, charges and

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Broads Authority Statement of Accounts  
**Narrative Report**

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interest totalled £1,064k (£726k in 2017/18). Total income for 2018/19 was £4,420k (£4,025k in 2017/18).

The Authority set a budget for 2018/19 with a forecast deficit of £71k (£42k deficit for 2017/18). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for the year 2018/19 indicated an anticipated surplus of £26k. The actual outturn saw a surplus of £12k (an adverse variance of £14k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £9k (£1k for 2017/18) and will be added to the 2019/20 budget.

#### *Navigation Income and Expenditure*

Income from tolls was £3,336k (£3,230k in 2017/18), other income received for the year from external grant support, yacht stations charges, sales of tide tables, works licences and other miscellaneous services was £263k, (£240k in 2017/18) and interest was £18k (£11k in 2017/18). Total income for 2018/19 was £3,617k (£3,481k in 2017/18).

The Authority set a budget with a forecast deficit of £3k for 2018/19 (surplus of £1k for 2017/18). The Authority monitors its budget throughout the year against a forecast outturn which is updated on a monthly basis. The final forecast outturn for 2018/19, which took account of approved budget changes, indicated an anticipated surplus of £44k. The actual outturn saw a surplus of £73k (a favourable variance of £29k). The Authority has a policy for carry forward requests in respect of underspends. These have been subsequently approved by the Authority for £6k (£1k for 2017/18) and will be added to the 2019/20 budget.

The Statement of Accounts consolidates these results and the combined figures are found in the Comprehensive Income and Expenditure Statement (CIES) and the Expenditure Funding Analysis (EFA). The CIES can be found on page 14 and the EFA on page 13.

#### Outlook

2019/20 continues to focus on the successful delivery of our two external funded projects from the HLF and ERDF. Although both projects are claimed in arrears the impact and the Authority's cash flows is minimal. However, there is some uncertainty on future exchange rates which are difficult to forecast for the ERDF grant which is contracted in Euro. The use of a prudent exchange rate during the application phase should minimise any future impact of Brexit. Also the Authority is fortunate that it receives a large proportion of its toll income prior to the start of the financial year whilst the National Park Grant is received quarterly. The budget supports this with Navigation funding currently projecting a deficit of £23k in 2019/20 (after taking into account carry forward requests), with reserves at 11.4% of net expenditure at the end of the year. For General (National Park) funding there is a projected deficit of £36k (after taking into account carry forwards requests) in 2019/20, with reserves at 29.4% of net expenditure.

The Strategy also covers capital expenditure with the majority being funded from Earmarked Reserves and the rest from National Park Grant and Navigation income.

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 2020. The annual toll increase for 2019/20 was set at an overall 2.6%. When setting the future strategy the Authority will continue to consult with the Navigation Committee and other stakeholders.

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Broads Authority Statement of Accounts  
**Narrative Report**

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2019/20 continues to focus on the development of partnership work. This incorporates projects at a number of sites; including Acle Bridge. This approach will help determine the funding available to develop Acle Bridge further. Work will also continue with partners to help shape the future of land management schemes post Brexit. Climate change remains a threat to the Authority. Broadland Futures Initiative in collaboration with the Environment Agency will look at engaging with stakeholders.

#### Changes to the 2018/19 Accounts

There have been no key changes to the Statement of Accounts in 2018/19. Although the introduction of IFRS 9 Financial Instruments will have had an impact on other Authorities, the Authority continues to recognise its assets and liabilities at amortised cost. There are no expected credit losses recognised in 2018/19. Further details can be found in notes (x) and 35.

#### The Accounting Statements

The Broads Authority's accounts for the year 2018/19 are set out on pages 10 to 73. They consist of:

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

#### **Statement of Corporate Governance**

**Expenditure and Funding Analysis** – This statement shows how annual expenditure is used and funded from resources (government grants and rents) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis is a note to the Financial Statements, however its position next to the Comprehensive Income and Expenditure Statement is to provide a link from the figures reported under Performance within the Narrative Report.

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

**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.

**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

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Broads Authority Statement of Accounts  
**Narrative Report**

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timing differences shown in the Movement of Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

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

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

The information included in these accounts incorporates spending relating to the Broads Navigation. The Navigation income and expenditure is separately accounted for in the records to ensure the proper control of income from toll payers and to ensure it is spent primarily to benefit the users of the navigation. Navigation income and expenditure is shown in full at note 37 on page 73.

## **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 Chief Financial Officer.
- (b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (c) Approve the statement of accounts.

### *The Chief Financial Officer's Responsibilities*

The Chief Financial Officer 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 2018/19 (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer 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 Chief Financial Officer 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.

### *Chief Financial Officer'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 2019 and its income and expenditure for the year ended 31 March 2019.

Emma Krelle (Chief Financial Officer)

**Certificate of Committee Resolution**

I confirm that these accounts were approved by The Broads Authority at its meeting held 22 November 2019.

Signed on behalf of The Broads Authority:

Mr Bill Dickson

(Chair of meeting approving the accounts)

22 November 2019

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

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



Broads Authority Statement of Accounts  
**Expenditure and Funding Analysis**

**Expenditure and Funding Analysis**

This statement shows how funding available to the Authority for the year has been used in providing services in accordance with generally accepted accounting practices.

2017/18				2018/19		
Net Expenditure Chargeable to the General and Navigation Fund Balances £000	Adjustments between the Funding and Accounting Basis * £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General and Navigation Fund Balances £000	Adjustments between the Funding and Accounting Basis * £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
957	133	1,090	Operations	1,079	12	1,091
1,574	145	1,719	Strategic Services	1,608	123	1,731
617	36	653	Chief Executive	592	30	622
37	0	37	Corporate Amounts	47	109	156
(153)	141	(12)	Broads Navigation Account	(222)	424	202
<b>3,032</b>	<b>455</b>	<b>3,487</b>	<b>Net Cost of services</b>	<b>3,104</b>	<b>698</b>	<b>3,802</b>
(3,283)	210	(3,073)	Other Income and Expenditure	(3,494)	215	(3,279)
<b>(251)</b>	<b>665</b>	<b>414</b>	<b>(Surplus) or Deficit</b>	<b>(390)</b>	<b>913</b>	<b>523</b>
(1,368)			Opening General and Navigation Fund Balance	(1,426)		
(251)			Less/Plus (Surplus) or Deficit on General and Navigation Balance in Year	(390)		
193			Transfer (to)/from Earmarked Reserves	326		
<b>(1,426)</b>			<b>Closing General and Navigation Fund Balance at 31 March</b>	<b>(1,490)</b>		

\* Further details on the adjustments between Funding and Accounting Basis can be found in Note 7.

The Expenditure and Funding Analysis is a note to the Financial Statements, however it is positioned here as it provides a link from the figures reported under Performance within the Narrative Report to the Comprehensive Income and Expenditure Statement.

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

**Comprehensive Income and Expenditure Statement**

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

2017/18				Note	2018/19		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000			Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
1,263	(173)	1,090	Operations	37	1,317	(226)	1,091
2,233	(514)	1,719	Strategic Services		2,575	(845)	1,730
678	(25)	653	Chief Executive		644	(22)	622
37	0	37	Corporate Items		156	0	156
3,456	(3,468)	(12)	Broads Navigation Account		3,850	(3,647)	203
<b>7,667</b>	<b>(4,180)</b>	<b>3,487</b>	<b>Cost of services</b>		<b>8,542</b>	<b>(4,740)</b>	<b>3,802</b>
		3	(Gains)/Losses on the disposal of non-current assets	11			(6)
		223	Financing and investment income and expenditure				83
		(3,299)	DEFRA National Park grant income				(3,356)
		414	(Surplus) or deficit on provision of services				523
		(36)	(Surplus) or deficit on revaluation of fixed assets				(73)
		(1,000)	Actuarial (gains) / losses on pension assets / liabilities				2,253
		(1,036)	Other comprehensive income and expenditure				2,180
		<b>(622)</b>	<b>Total comprehensive income and expenditure</b>				<b>2,703</b>

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

**Movement in Reserves Statement**

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

2017/18	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 2017 (A)	1,368	1,392	2,760	(3,297)	(537)
Total comprehensive income and expenditure	(414)	0	(414)	1,036	622
Adjustments between accounting basis and funding basis under regulations (Note 9)	665	0	665	(665)	0
Transfers to or from Earmarked Reserves (Note 10)	(193)	193	0	0	0
Increase or (decrease) in 2018/19 (B)	58	193	251	371	622
<b>Balance at 31 March 2018 (=A+B)</b>	<b>1,426</b>	<b>1,585</b>	<b>3,011</b>	<b>(2,926)</b>	<b>85</b>

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

2018/19	General Fund and Navigation Fund Balance £000	Capital Receipts Reserve £000	Earmarked Reserves £000	Total Useable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018 (A)	1,426	0	1,585	3,011	(2,926)	85
Total comprehensive income and expenditure	(523)	0	0	(523)	(2,181)	(2,704)
Adjustments between accounting basis and funding basis under regulations (Note 9)	913	405	0	1,318	(1,318)	0
Transfers to or from Earmarked Reserves (Note 10)	(326)	0	326	0	0	0
Increase or (decrease) in 2018/19 (B)	64	405	326	795	(3,499)	(2,704)
<b>Balance at 31 March 2019 (=A+B)</b>	<b>1,490</b>	<b>405</b>	<b>1,911</b>	<b>3,806</b>	<b>(6,425)</b>	<b>(2,619)</b>

Broads Authority Statement of Accounts  
**Balance Sheet**

**Balance Sheet**

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

As at 31 Mar 18 £000		Note	As at 31 Mar 19 £000
4,754	Property, Plant & Equipment	12	4,709
275	Investment Property Held for Sale	13	0
37	Intangible Assets	14	28
5,066	Long term assets		4,737
2,505	Short term investments		3,508
91	Inventories	15	88
699	Short term debtors	16	808
1,694	Cash and cash equivalents	17	1,198
4,989	Current assets		5,602
(15)	Short term borrowing		(15)
(1,903)	Short term creditors	18	(1,747)
(66)	Provisions	19	(47)
(1,984)	Current liabilities		(1,809)
(123)	Long term borrowing		(109)
(7,863)	Other long term liabilities	31, 33	(11,040)
(7,986)	Long term liabilities		(11,149)
<b>85</b>	<b>Net assets/(liabilities)</b>		<b>(2,619)</b>
	<u>Useable reserves</u>		
1,058	General Account fund balance		1,064
368	Navigation Account fund balance		426
0	Capital Receipts Reserve		405
1,585	Earmarked Reserves	10	1,911
	<u>Unusable reserves</u>	21	
1,774	Revaluation Reserve		1,950
2,921	Capital Adjustment Account		2,484
(7,571)	Pension Reserve		(10,812)
(50)	Accumulated Absence Reserve		(47)
<b>85</b>	<b>Total reserves</b>		<b>(2,619)</b>

Emma Krelle (Chief Financial Officer)

22 November 2019

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

**Cash Flow Statement**

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

2017/18 £000	Revenue Activities	Note	2018/19 £000
(414)	Net surplus or (deficit) on the provision of services		(523)
1,102	Adjustments to net surplus or deficit on the provision of services for non-cash movements		1,395
(5)	Adjust for items in the net surplus or deficit on the provision of services that are Investing and Financing Activities		(11)
683	Net cash flows from Operating Activities	22	861
(904)	Investing Activities	23	(1,287)
(66)	Financing Activities	24	(70)
(287)	Net increase or (decrease) in cash and cash equivalents		(496)
1,981	Cash and cash equivalents at the beginning of the reporting period		1,694
<b>1,694</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>17</b>	<b>1,198</b>

## **Notes to the Statement of Accounts**

### **1. Accounting Policies**

#### **i. General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year end of 31 March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, 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 2018/19 and the Service Reporting Code of Practice 2018/19, 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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.

#### **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

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

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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.



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

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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. Fair Value Measurement

The Authority measures some of its non-financial assets such as investment properties and some of its financial instruments such as borrowings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quotes prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

x. Financial Instruments

*Financial Liabilities*

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. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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*

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

*Financial Assets Measured at Amortised Cost*

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

*Expected Credit Loss Model*

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The Authority has not made any material loans.

xi. 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

xii. 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.

xiii. Intangible Assets

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

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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.

xiv. 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.

xv. 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.

xvi. Leases

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

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

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

### The Authority as Lessee

#### *Finance Leases*

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

Lease payments are apportioned between:

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

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

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

#### *Operating Leases*

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

### The Authority as Lessor

#### *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.

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 – current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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

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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 between 5 and 50 years, as advised by a professional valuer;
- vehicles, plant, furniture and equipment – straight-line allocation between 5 and 10 years, as advised by a suitably qualified officer; and
- infrastructure – straight-line allocation between 20 and 25 years, as advised by a suitably qualified officer.

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.

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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*

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 or Equipment) 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. 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*



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

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note (note 34) to the accounts.

*Contingent Assets*

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

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

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 2018/19, however in note 37 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 2018/19 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 2019:

- IFRS 16 Leases will be a significant change in Local Authority Accounting. Its introduction will remove the distinction between operating and finance leases for lessees. The standard will require assets to be recognised on the balance sheet as well as the liability for outstanding lease payments. This will apply where the right to use the asset exceeds 12 months and it is not considered low value. This will be a significant change to the Authority as it holds a number of operating leases relating to land that is used for moorings.
- The following amendments to the accounting standards are either not relevant or have minor changes which are not expected to have a material effect on the Authority's Statement of Accounts. These include: IAS 40 Investment Property; Transfers of Investment Property, Annual improvements to IFRS Standards 2014-2016 Cycle, IFRIC 22 Foreign Currency Transactions and Advance Consideration, IFRIC 23 Uncertainty over Income Tax Treatments and amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

## **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:

- Despite the remaining one year of the original four year settlement from DEFRA there remains a degree of uncertainty about the longer term 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 four 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 Accounting Standard (IAS) 28 – 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

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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 £63,000 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 £4,089,000. Further details are set out in the sensitivity analysis in note 33.

## 5. Material Items of Income and Expense

There are no material items of expense in relation to 2018/19 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 Chief Financial Officer on 22 November 2019. Events that occur after this date are not reflected in the financial statements or notes.

Subsequent to the approval of the draft accounts, the Authority received further information regarding the Defined Benefit Pension Scheme disclosed in note 33 on page 60 and the Contingent Liabilities disclosed in note 34 on page 68.

### *Defined Benefit Pension Scheme*

Following on from the Guaranteed Minimum Pension Indexation and the McCloud Judgement the narrative and the revised liabilities have been updated.

### *Employment Tribunal Claim*

A settlement was reached on this case on 26 June 2019 with a COT3 agreement in place requiring the claimant to withdraw their claims.

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**7. Note to the Expenditure and Funding Analysis**

Adjustments from General and Navigation Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts

2017/18					2018/19			
Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments		Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
£000	£000	£000	£000		£000	£000	£000	£000
25	108	0	133	Operations	(96)	110	(2)	12
(31)	179	(3)	145	Strategic Services	(61)	181	3	123
0	34	2	36	Chief Executive	0	32	(2)	30
0	0	0	0	Corporate Items	0	109	0	109
(119)	260	0	141	Broads Navigation Account	85	341	(2)	424
(125)	581	(1)	455	<b>Net Cost of Services</b>	(72)	773	(3)	698
				Other income and expenditure from the Expenditure and Funding Analysis				
0	210	0	210		0	215	0	215
				<b>Difference between General and Navigation Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>				
(125)	791	(1)	665		(72)	988	(3)	913

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Note

1. Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:
  - Other operating expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
2. Net change for the removal of pension contribution and the addition of IAS 19 Employee Benefits pension related expenditure and income:
  - For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
  - For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
3. Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute including accumulated absences.

Income received on a segmental basis is analysed below:

Service	2017/18 Income from Services £000	2018/19 Income from Services £000
Operations	(173)	(226)
Strategic Services	(514)	(845)
Chief Executive	(25)	(22)
Corporate Items	0	0
Specialist Ringfenced Account (Navigation)	(3,468)	(3,647)
<b>Total income analysed on a segmental basis</b>	<b>(4,180)</b>	<b>(4,740)</b>

## 8a. Expenditure and Income Analysed by Nature

The Authority's expenditure and income is analysed as follows:

Expenditure/Income *	2017/18 £000	2018/19 £000
Expenditure		
Employee benefits expenses	5,025	5,454
Other services expenses	2,935	3,412
Depreciation, amortisation, impairment	329	395
Interest payments	38	35
Expenditure in relation to investment properties	(2)	(130)
Loss/(gain) on the disposal of assets	3	(6)
<b>Total expenditure</b>	<b>8,328</b>	<b>9,160</b>
Income		
Fees, charges and other service income	(4,184)	(4,751)
Interest and investment income	(23)	(37)
Contributions from reserves	(408)	(493)
Government grants and contributions	(3,299)	(3,356)
<b>Total income</b>	<b>(7,914)</b>	<b>(8,637)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>414</b>	<b>523</b>

\* In addition to the amounts reported within the Comprehensive Income and Expenditure Statement the breakdown above also includes income and expenditure funded from the earmarked reserves.

### 8b. Revenue from Contracts with Service Recipients

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2017/18 £000		2018/19 £000
262	Revenue from contracts with service recipients	270
<b>262</b>	<b>Total Included in Comprehensive Income and Expenditure</b>	<b>270</b>

### Amounts included in the Balance Sheet for contracts with service recipients

2017/18 £000		2018/19 £000
32	Receivables, which are included in debtors (Note 16)	25
<b>32</b>	<b>Total Included in Net Assets</b>	<b>25</b>

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

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

General Fund & Navigation Fund	Capital Receipts Reserve	Movement in Unusable Reserves		General Fund & Navigation Fund	Capital Receipts Reserve	Movement in Unusable Reserves
2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
£000	£000	£000		£000	£000	£000
			<b>Adjustments primarily involving the Capital Adjustment Account:</b>			
			<b>Reversal of items debited or credited to the Comprehensive Expenditure and Income Statement:</b>			
0	0	0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	(130)	130	0
312	0	(312)	Charges for depreciation and impairment of non-current assets	372	0	(372)
7	0	(7)	Revaluation losses on property, plant and equipment	14	0	(14)
6	0	(6)	Amortisation of intangible assets	9	0	(9)
8	0	(8)	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	5	0	(5)
			<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>			
(67)	0	67	Statutory provision for the financing of capital investment	(70)	0	70
(392)	0	392	Capital expenditure charged against the General Fund	(273)	0	273



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General Fund & Navigation Fund 2016/17 £000	Capital Receipts Reserve 2017/18 £000	Movement in Unusable Reserves 2016/17 £000		General Fund & Navigation Fund 2018/19 £000	Capital Receipts Reserve 2018/19 £000	Movement in Unusable Reserves 2018/19 £000
0	0	0	<b>Adjustments involving the Capital Receipts Reserve:</b> Cash receipts from disposal of investment property	0	275	(275)
1,475	0	(1,475)	<b>Adjustments involving the Pensions Reserve:</b> Reversal of items relating to post-employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 33)	1,699	0	(1,699)
(684)	0	684	Employer's pension contributions and direct payments to pensioners payable in the year	(711)	0	711
0	0	0	<b>Adjustments involving the accumulated Absences Account:</b> Adjustments in relation to short-term compensated absences	(2)	0	2
0	0	0	<b>Adjustments involving the Capital Grant Unapplied Account:</b> Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	0	0
<b>665</b>	<b>0</b>	<b>(665)</b>	<b>Total Adjustments</b>	<b>913</b>	<b>405</b>	<b>(1,318)</b>

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**10. 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 2018/19. A description of each of the earmarked reserves follows in the table below.

	Balance at 31 March 2017 £000	Transfers in 2017/18 £000	Transfers out 2017/18 £000	Balance at 31 March 2018 £000	Transfers in 2018/19 £000	Transfers out 2018/19 £000	Balance at 31 March 2019 £000
Property	(429)	(76)	26	(479)	(95)	4	(570)
Plant, Vessels and Equipment	(214)	(170)	182	(202)	(176)	103	(275)
Premises	(179)	(31)	61	(149)	(83)	36	(196)
Planning Delivery Grant	(195)	(43)	11	(227)	(42)	0	(269)
Upper Thurne Enhancement Scheme	(78)	(24)	2	(100)	(23)	3	(120)
Section 106 Agreements	(109)	(1)	8	(102)	(1)	0	(103)
Heritage Lottery Fund	(93)	(205)	184	(114)	(523)	547	(90)
Catchment Partnership	(95)	(32)	27	(100)	(24)	34	(90)
CANAPE	0	(112)	40	(72)	(264)	149	(187)
Computer Software	0	(40)	0	(40)	0	29	(11)
<b>Total</b>	<b>(1,392)</b>	<b>(734)</b>	<b>541</b>	<b>(1,585)</b>	<b>(1,231)</b>	<b>905</b>	<b>(1,911)</b>

Included in the closing balance of £1,911k, £787k relates to Navigation funded reserves.

Earmarked reserves

*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 established to provide for the maintenance and development of the Authority's Dockyard facility and other buildings throughout the Broads.

*Planning Delivery Grant*

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

*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.

*Heritage Lottery Fund*

A reserve account established for the Landscape Partnership project funded by the Heritage Lottery Fund.

*Catchment Partnership*

A reserve account set up to hold ring-fenced income from various partners within the Catchment Partnership.

*CANAPE*

A reserve account set up for European grant part funded project relating to the Creating A New Approach to Peatland Ecosystems.

*Computer Software*

A reserve account set up to provide for the ongoing replacement of Authority's Computer Software.

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**11. Financing and Investment Income and Expenditure**

2017/18 £000		2018/19 £000
38	Interest payable and similar charges	35
210	Net interest on the net defined benefit liability (asset)	215
(23)	Interest receivable and similar income	(37)
(2)	Income and expenditure in relation to investment properties and changes in their fair value including disposal	(130)
<b>223</b>	<b>Total</b>	<b>83</b>

**12. Property, Plant and Equipment**

Movements on balances 2017/18

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 2017	2,732	2,942	302	323	30	6,329
additions	180	404	0	0	22	606
revaluation increases / (decreases) recognised in the Revaluation Reserve	(50)	4	0	0	0	(46)
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(7)	0	0	0	0	(7)
derecognition – disposals	0	(31)	0	0	0	(31)
asset reclassification (to)/from Assets Under Construction	30	0	0	0	(30)	0
<b>At 31 March 2018</b>	<b>2,885</b>	<b>3,319</b>	<b>302</b>	<b>323</b>	<b>22</b>	<b>6,851</b>

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Accumulated depreciation and impairment	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
At 1 April 2017	13	1,669	208	0	0	1,890
depreciation charge	23	274	15	0	0	312
derecognition – disposals	(13)	(69)	0	0	0	(82)
depreciation written out to the Revaluation Reserve	0	(23)	0	0	0	(23)
<b>At 31 March 2018</b>	<b>23</b>	<b>1,851</b>	<b>223</b>	<b>0</b>	<b>0</b>	<b>2,097</b>

Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>At 31 March 2018</b>	<b>2,862</b>	<b>1,468</b>	<b>79</b>	<b>323</b>	<b>22</b>	<b>4,754</b>
At 31 March 2017	2,719	1,273	94	323	30	4,439

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**Movements on balances 2018/19**

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 2018	2,885	3,319	302	323	22	6,851
additions	0	235	0	0	38	273
revaluation increases / (decreases) recognised in the Revaluation Reserve	12	(53)	0	0	0	(41)
revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(4)	(11)	0	0	0	(15)
derecognition – disposals	0	(31)	0	0	0	(31)
<b>At 31 March 2019</b>	<b>2,893</b>	<b>3,459</b>	<b>302</b>	<b>323</b>	<b>60</b>	<b>7,037</b>

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 2018	23	1,851	223	0	0	2,097
depreciation charge	32	325	15	0	0	372
derecognition – disposals	0	(27)	0	0	0	(27)
depreciation written out to the Revaluation Reserve	(3)	(111)	0	0	0	(114)
<b>At 31 March 2019</b>	<b>52</b>	<b>2,038</b>	<b>238</b>	<b>0</b>	<b>0</b>	<b>2,328</b>

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Net Book Value	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>At 31 March 2019</b>	<b>2,841</b>	<b>1,421</b>	<b>64</b>	<b>323</b>	<b>60</b>	<b>4,709</b>
At 31 March 2018	2,862	1,468	79	323	22	4,754

### 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. (The split between land and buildings is determined by the Authority's property consultant)	Between 5 to 50 years as per professional advice
Community Land	Not depreciated	Not depreciated
Infrastructure Asset	Straight line	Between 20 to 25 years
Vehicles, Vessels and Equipment	Straight line	Between 5 to 10 Years
Computer and Office Equipment	Straight line	5 years

### Capital Commitments

The Authority has no capital commitments as at the balance sheet date.

### 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 current value is revalued every five years. Valuations were carried out internally and externally. Valuations of land and buildings were carried out externally by Concertus Design and Property Consultants, 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 current values are:

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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.

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.

	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	64	323	0	387
Valued at current value as at:						
31 March 2019	1,385	363	0	0	60	1,808
31 March 2018	319	477	0	0	0	796
31 March 2017	882	280	0	0	0	1,162
31 March 2016	255	174	0	0	0	429
31 March 2015	0	127	0	0	0	127
<b>Total cost or valuation</b>	<b>2,841</b>	<b>1,421</b>	<b>64</b>	<b>323</b>	<b>60</b>	<b>4,709</b>

### 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.

2017/18 £000		2018/19 £000
21	Rental income from investment property	0
(19)	Direct operating expenses arising from investment property	0
0	Disposals	130
<b>2</b>	<b>Net gain / (loss)</b>	<b>130</b>



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

2017/18 £000		2018/19 £000
275	Balance at start of the year	275
0	Disposals	(275)
<b>275</b>	<b>Balance at end of the year</b>	<b>0</b>

Fair Value Hierarchy

Details of the Authority's investment properties and information about the fair value hierarchy as at 31 March 2018 and 2019 are as follows:

	Significant observable inputs (Level 2) £000s	Fair Value 31 March 2018 £000s	Significant observable inputs (Level 2) £000s	Fair Value 31 March 2019 £000s
Fieldbase (Sold August 2018)	275	275	0	0
	<b>275</b>	<b>275</b>	<b>0</b>	<b>0</b>

Valuation techniques used to determine Level 2 fair values for Investment Properties

The fair value of investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that information for similar properties are actively purchased and sold and the level of observable inputs are significant, leading to properties being categorised at Level 2 in the fair value hierarchy.

There has been no change in valuation techniques used during the year for investment properties.

Highest and best use of Investment Properties

In estimating the fair value of the Authority's investment properties, the highest and best use of the properties is their current use.

Valuation Process for Investment Properties

The investment property was previously valued by Concertus Design and Property Consultants in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors.

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#### 14. Intangible Assets

The Authority internally generated a website [www.visitthebroads.co.uk](http://www.visitthebroads.co.uk) 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:

	Internally Generated Assets	Other Assets	2017/18 Total	Internally Generated Assets	Other Assets	2018/19 Total
	£000	£000	£000	£000	£000	£000
Balance at start of year:						
Gross carrying amounts	43	0	43	46	0	46
Accumulated amortisation	0	0	0	(9)	0	(9)
Net carrying amount at start of year	0	0	0	0	0	0
Additions:						
Internal development	3	0	3	0	0	0
Purchases	0	0	0	0	0	0
Amortisation for the period	(9)	0	(9)	(9)	0	(9)
<b>Net Carrying Amount at the end of the year</b>	<b>37</b>	<b>0</b>	<b>37</b>	<b>28</b>	<b>0</b>	<b>28</b>
Comprising:						
Gross carrying amounts	46	0	46	46	0	46
Accumulated amortisation	(9)	0	(9)	(18)	0	(18)
	<b>37</b>	<b>0</b>	<b>37</b>	<b>28</b>	<b>0</b>	<b>28</b>

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**15. Inventories**

	Consumable Stores		Maintenance Materials		Total	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Balance outstanding at start of year	31	37	57	54	88	91
Purchases	43	35	87	60	130	95
Recognised as an expense in year	(37)	(36)	(90)	(62)	(127)	(98)
Written off balances	0	0	0	0	0	0
<b>Balance outstanding at year-end</b>	<b>37</b>	<b>36</b>	<b>54</b>	<b>52</b>	<b>91</b>	<b>88</b>

**16. Debtors**

31 March 2018 £000		31 March 2019 £000
127	Trade receivables	79
417	Prepayments and accrued income	592
155	Other receivable amounts	137
<b>699</b>	<b>Total</b>	<b>808</b>

**17. Cash and Cash Equivalents**

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

31 March 2018 £000		31 March 2019 £000
2	Cash held by the Broads Authority	2
1,692	Bank current accounts	1,196
<b>1,694</b>	<b>Total Cash and Cash Equivalents</b>	<b>1,198</b>

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**18. Creditors**

31 March 2018 £000		31 March 2019 £000
398	Trade payables	313
1,299	Accruals and income in advance	1,211
206	Other payable amounts	223
<b>1,903</b>	<b>Total</b>	<b>1,747</b>

**19. Provisions**

2017/18					2018/19		
Accumulate Absences Provision £000	Redundancy Provision £000	HMRC Provision £000	Total £000		Accumulated Absences Provision £000	HMRC Provision £000	Total £000
50	13	0	63	Balance at 1 April	50	16	66
50	0	16	66	Additional provisions made in year	47	0	47
(50)	(13)	0	(63)	Settlements or cancellation of provision made at end of preceding year	(50)	(16)	(66)
<b>50</b>	<b>0</b>	<b>16</b>	<b>66</b>	<b>Balance at 31 March</b>	<b>47</b>	<b>0</b>	<b>47</b>

The redundancy provision settled in 2017/18 was for the costs of organisational restructuring. The provision relates to a redundancy payment for a post which left the Authority in April 2017. The post effected was notified in January 2017 and the payment was made during 2017/18. No further redundancy provisions were made in 2018/19.

The HMRC Provision related to the non-taxation of members expenses for attendance at committee meetings during the period 2012/13-2017/18. Settlement was agreed with HMRC in August 2018.

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

## 20. Usable reserves

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

## 21. Unusable reserves

31 March 2018 £000		31 March 2019 £000
1,774	Revaluation reserve	1,950
2,921	Capital Adjustment Account	2,484
(7,571)	Pensions Reserve	(10,812)
(50)	Accumulated Absences Account	(47)
<b>(2,926)</b>	<b>Total unusable reserves</b>	<b>(6,425)</b>

### 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.

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2017/18 £000			2018/19 £000
1,641	Balance at 1 April		1,774
258	Upward revaluation of assets	75	
(222)	Downward revaluation of assets	(3)	
1,677	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on Provision of Services		72
97	Difference between current value depreciation and historical cost depreciation	105	
0	Asset disposed of 2017/18, balance still on reserve	(1)	
97	Amount written off to the Capital Adjustment Account		104
<b>1,774</b>	<b>Balance at 31 March</b>		<b>1,950</b>

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current 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 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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2017/18 £000			2018/19 £000
2,892	Balance at 1 April		2,921
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
0	Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	130	
(312)	Charges for depreciation and impairment of non current assets	(372)	
(7)	Revaluation losses on Property Plant & Equipment	(14)	
0	Movements in the market value of investment properties	(130)	
(9)	Amortisation of intangible assets	(9)	
(8)	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	(280)	
(336)		(675)	
(97)	Adjusting amounts written out of the revaluation reserve	(105)	
(433)	Net written out amount of the cost of non-current assets consumed in the year		(780)
	Capital financing applied in the year:		
67	Statutory provision for the financing of capital investment charged against the General Fund	70	
	Removal of Finance Lease Liability for assets returned in year		
395	Capital expenditure charged against the General Fund	273	
462			343
<b>2,921</b>	<b>Balance at 31 March</b>		<b>2,484</b>

### 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.

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2017/18 £000		2018/19 £000
(7,780)	Balance at 1 April	(7,571)
1,000	Remeasurements of the net defined benefit liability / (asset)	(2,253)
(1,475)	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	(1,699)
684	Employer's pension contributions and direct payments to pensioners payable in the year	711
<b>(7,571)</b>	<b>Balance at 31 March</b>	<b>(10,812)</b>

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.

2017/18 £000		2018/19 £000
(50)	Balance at 1 April	(50)
50	Settlement or cancellation of accrual made at the end of the preceding year	50
(50)	Amounts accrued at the end of the current year	(47)
0	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	0
<b>(50)</b>	<b>Balance at 31 March</b>	<b>(47)</b>

## 22. Cash Flow Statement – Operating Activities

The cash flows from operating activities include the following items:

2017/18 £000		2018/19 £000
(20)	Interest received	(34)
38	Interest paid	35
<b>18</b>	<b>Net cash flows from operating activities</b>	<b>1</b>



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

2017/18 £000		2018/19 £000
(395)	Purchase of property, plant and equipment, investment property and intangible assets	(273)
(500)	Purchase of short term investments	(1,000)
(4)	Other payments from investing activities	(3)
(5)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(11)
<b>(904)</b>	<b>Net cash flows from investing activities</b>	<b>(1,287)</b>

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

2017/18 £000		2018/19 £000
(52)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(55)
(14)	Repayments of short and long term borrowing	(15)
<b>(66)</b>	<b>Net cash flows from financing activities</b>	<b>(70)</b>

**25. Members' Allowances**

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

2017/18 £000		2018/19 £000
36	Allowances	37
7	Expenses	6
<b>43</b>	<b>Total</b>	<b>43</b>

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**26. 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	2017/18	85	0	0	16	<b>101</b>
	2018/19	87	0	0	16	<b>103</b>
Director of Planning & Resources <sup>1</sup> / Director of Strategic Services	2017/18	51	0	0	9	<b>60</b>
	2018/19	58	0	0	11	<b>69</b>
Director of Operations	2017/18	54	0	0	10	<b>64</b>
	2018/19	57	0	0	10	<b>67</b>

The Director of Planning & Resources<sup>1</sup> resigned with effect from 6 August 2017. This role was replaced by the Director of Strategic Services whose employment commenced 18 September 2017.

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

2017/18 Number of Employees		2018/19 Number of Employees
1	£50,000 - £54,999	0
0	£55,000 - £59,999	2
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
1	£80,000 - £84,999	0
0	£85,000 - £89,999	1

Exit Packages

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

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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	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18 £000	2018/19 £000
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The total cost in the table above for exit packages have been charged to the authority's Comprehensive Income and Expenditure Statement in the previous year.

## 27. 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:

2017/18 £000		2018/19 £000
13	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	11
<b>13</b>	<b>Total</b>	<b>11</b>

## 28. Grant Income

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

2017/18 £000		2018/19 £000
3,299	Credited to taxation and non-specific grant income: Defra National Park Grant	3,356
144	Credited to services: Heritage Lottery Fund – Landscape Partnership Scheme	459
21	CANAPE – ERDF	202
<b>3,464</b>	<b>Total</b>	<b>4,017</b>

## 29. 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

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independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

#### Central Government

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

#### Members

Members of the Broads Authority have direct control over the Authority's financial and operating policies. Members of the Navigation Committee have a consultative role in respect of navigation matters. The Authority wrote to all Members requesting details of any related party transactions. Details of Members' expenses are included in note 25.

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 Alan Goodchild is a member of the Navigation Committee and is a Director of 'Goodchild Marine' which was contracted by the Authority to complete launch refits along with supplying diesel fuel and mooring facilities. The Authority paid £2,251 for refits and £5,547 for fuel and moorings during 2018/19 (£8,131 for refits and £5,649 for fuel and moorings in 2017/18). No amounts were outstanding at 31 March 2019. Goodchild Marine paid £599 in navigation tolls to the Broads Authority in 2018/19 (£582 in 2017/18). Mr Goodchild took no part in the decision-making process associated with these contracts.

Mr James Knight was a member of the Navigation Committee and is a Director of 'Waveney River Centre (2003) Ltd' and 'Ferry Marina Ltd'. Waveney River Centre (2003) Ltd paid £8,019 (£7,570 2017/18) and Ferry Marina Ltd paid £56,573 (£48,393 2017/18) navigation tolls to the Broads Authority in 2018/19. The Authority also made fuel purchases of £1,036 (£880 in 2017/18) and used mooring facilities of £2,400 during 2018/19 which were prepaid in advance during 2017/18. £53 was outstanding at 31 March 2019. Mr Knight took no part in the decision-making process associated with these contracts.

Mr Greg Munford is a member of the Broads Authority and Navigation Committee and is Chief Executive of 'Richardson's Leisure Ltd'. Richardson's Leisure paid £382,281 (£375,116 2017/18) navigation tolls to the Broads Authority in 2018/19. No amounts were outstanding at 31 March 2019. Mr Munford took no part in the decision-making process associated with these contracts.

Mr Simon Sparrow is a member of the Navigation Committee and is Director of Hippersons Boatyard Ltd. Hippersons Boatyard paid £3,826 navigation tolls to the Broads Authority in 2018/19. No amounts were outstanding at 31 March 2019.

Mr Michael Whitaker was a member of the Navigation Committee and was a partner of 'Herbert Woods LLP' until November 2018. Herbert Woods LLP paid £172,457 navigation tolls to the Broads Authority in 2018/19 (£170,538 in 2017/18). The Authority also made fuel purchases of £561 during the year (£1,775 in 2017/18) and paid £264 for lifting (Nil 2017/18). No amounts were outstanding at 31 March 2019. Mr Whitaker took no part in the decision-making process associated with these contracts.

Mr Brian Wilkins is a member of the Navigation Committee and is a contractor via 'Windwood Solutions Ltd' to 'Canham Consulting Ltd', which was contracted for engineering design services. The Authority paid £1,470 during 2018/19 (£8,256 in 2017/18). No amounts were

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outstanding at 31 March 2019. Mr Wilkins took no part in the decision-making process associated with this contract.

#### Officers

The Chief Executive represents the Broads Authority on the board of the Whitlingham Charitable Trust. Officer remuneration is detailed in note 26.

#### Whitlingham Charitable Trust

During the year the Authority provided administration services for Whitlingham Charitable Trust of £45,555 (£52,664 in 2017/18). The balance outstanding at 31 March 2019 was £15,384 (£21,892 at 31 March 2018).

The Broads Authority also provides a recharge service for purchase invoices and salaries of £82,513 (£64,731 in 2017/18). Up until the end of July 2018 the recharge was net of income collected on behalf of the Trust. From August 2018 Whitlingham Charitable Trust invoiced the Authority for this. The balance outstanding at 31 March 2019 was £10,115 (£9,670 at 31 March 2018).

The Whitlingham Charitable Trust also invoiced the Authority £18,789 (£15,264 in 2017/18) for rental income for the lease of the visitor centre and moorings, £290 for the hire of a flail and tractor and £3,991 (Nil 2017/18) for income collected on behalf of the Trust. The balance outstanding at 31 March 2019 was £2,159 (£864 in 2017/18).

#### Other Public Bodies

The Authority recharged Broadland District Council for staff time of £12,009 during 2018/19 (£13,542 in 2017/18). The balance outstanding at 31 March 2019 was £1,565 (£1,985 at 31 March 2018).

Norfolk County Council provides legal services to the Broads Authority via its legal practice, NPLaw. The Authority paid £57,249 for legal services in 2018/19 (£71,734 in 2017/18). No amounts were outstanding at 31 March 2019.

Norfolk County Council also provides payroll services to the Broads Authority. The Authority paid £6,952 for this in 2018/19 (£4,685 in 2017/18). No amounts were outstanding at 31 March 2019.

### **30. 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.

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2017/18 £000		2018/19 £000
217	Opening Capital Finance Requirement	364
	<u>Capital Investment</u>	
606	Property, Plant and Equipment	273
	<u>Sources of Finance</u>	
	Sums set aside from revenue:	
(392)	Direct revenue contributions	(273)
(67)	MRP	(70)
<b>364</b>	<b>Closing Capital Finance Requirement</b>	<b>294</b>
	<u>Explanation of movements in year</u>	
(67)	Increase / (decrease) in underlying need to borrow (unsupported by government financial assistance)	(70)
214	Assets acquired under finance leases	0
<b>147</b>	<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>(70)</b>

### 31. Leases

#### Authority as Lessee

##### *Finance Leases*

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

2017/18 £000		2018/19 £000
0	Other Land and Buildings	0
254	Vehicles, Plant, Furniture and Equipment	190
<b>254</b>	<b>Total</b>	<b>190</b>

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

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2017/18 £000		2018/19 £000
	Finance lease liabilities (net present value of minimum lease payments):	
54	• Current	50
181	• Non-current	181
12	Finance costs payable in future years	7
<b>247</b>	<b>Minimum lease payments</b>	<b>238</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Not later than one year	60	53	54	50
Later than one year and not later than 5 years	187	134	181	181
Later than 5 years	0	0	0	0
	<b>247</b>	<b>187</b>	<b>235</b>	<b>231</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19, no (£nil) contingent rents were payable by the Authority (2017/18 £nil).

#### *Operating Leases*

The Authority has also established operating leases in relation to land and buildings with typical lives between 5 and 20 years. The future minimum lease payments due under non-cancellable leases in future years are:

2017/18 £000		2018/19 £000
144	Not later than one year	138
446	Later than one year and not later than 5 years	380
49	Later than 5 years	194
<b>639</b>	<b>Total</b>	<b>712</b>

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

2017/18 £000		2018/19 £000
169	Minimum lease payments	170
<b>169</b>	<b>Total</b>	<b>170</b>

## Authority as Lessor

### *Finance Leases*

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

### *Operating Leases*

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

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

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

2017/18 £000		2018/19 £000
25	Not later than one year	0
0	Later than one year and not later than 5 years	0
0	Later than 5 years	0
<b>25</b>	<b>Total</b>	<b>0</b>

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

## **32. Termination Benefits**

The Authority terminated the contract of one employee who was made redundant at the beginning of 2017/18 as part of the Broads Authority's organisational restructuring. In terminating these contracts the Authority incurred liabilities of £13,203, of which £nil related to enhanced pension benefits. This liability was recognised within the Provision Account in 2016/17. No additional liabilities relating to termination benefits were incurred during 2018/19 and no provision for any future redundancy payments was established in the year.

## **33. 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.



### Guaranteed Minimum Pension

Guaranteed minimum pension (GMP) was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the State Second Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men and women's benefits.

As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

The fund's actuary has carried out calculations in order to estimate the impact that the GMP indexation changes will have on the liabilities of the Broads Authority for financial reporting purposes. The estimate assumes that the permanent solution eventually agreed will be equivalent in cost to extending the interim solution to all members reaching state pension age from 6 April 2016 onwards.

The estimate as it applies to the Broads Authority is that total liabilities could increase by approximately £116,000 as at 31 March 2019.

These numbers are approximate estimates based on employer data as at 31 March 2016 and will be revised at the upcoming valuation.

### The McCloud Judgement

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied.

The impact of the ruling is uncertain. It is looking likely that benefits accrued from 2014 may need to be enhanced so that all members, regardless of age, will benefit from the underpin. However, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. In this outcome, there would likely be a retrospective increase to members' benefits, which in turn would give rise to a past service cost for the Fund employers when the outcome is known.

Quantifying the impact at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as

budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Fund's actuary has adjusted GAD's estimate to better reflect the Norfolk Pension Fund's local assumptions, particularly salary increases and withdrawal rates. The revised estimate as it applies to the Broads Authority is that total liabilities (i.e. the increase in active members' liabilities expressed in terms of the employer's total membership) could be 0.4% higher as at 31 March 2019, an increase of approximately £79,000.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

#### Transactions Relating to Post-Employment Benefits

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

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2017/18 £000		2018/19 £000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
1,265	• current service cost	1,289
-	• past service cost	195
	Financing and investment income and expenditure	
210	• net interest expense	215
<b>1,475</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>1,699</b>
	Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:	
(329)	• return on plan assets (excluding the amount included in the net interest expense)	(710)
-	• actuarial gains and losses arising on changes in demographic assumptions	-
(667)	• actuarial gains and losses arising on changes in financial assumptions	2,945
(4)	• other experience	18
<b>(1,000)</b>	<b>Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,253)</b>
	Movement in Reserves Statement	
1,475	• reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	1,699
	Actual amount charged against the General Fund balance for pensions in the year:	
(684)	• employers' contributions payable to scheme	(711)

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Pension Assets and Liabilities Recognised in the Balance Sheet

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

2017/18 £000		2018/19 £000
(32,782)	Present value of the defined benefit obligation	(37,640)
25,211	Fair value of plan assets	26,828
<b>(7,571)</b>	<b>Net liability arising from defined benefit obligation</b>	<b>(10,812)</b>

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

2017/18 £000		2018/19 £000
24,108	Opening fair value of scheme assets	25,211
628	Interest income	683
329	Remeasurement gain / (loss): <ul style="list-style-type: none"> <li>The return on plan assets, excluding the amount included in the net interest expense</li> </ul>	710
684	Contributions from employer	711
208	Contributions from employees into the scheme	216
(746)	Benefits paid	(703)
<b>25,211</b>	<b>Closing fair value of scheme assets</b>	<b>26,828</b>

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

2017/18 £000		2018/19 £000
31,888	Balance at 1 April	32,782
1,265	Current service cost	1,289
838	Interest cost	898
208	Contributions from scheme participants	216
-	Remeasurement (gains) and losses: <ul style="list-style-type: none"> <li>Actuarial gains / losses from changes in demographic assumptions</li> </ul>	-
(667)	<ul style="list-style-type: none"> <li>Actuarial gains / losses arising from changes in financial assumptions</li> </ul>	2,945
(4)	<ul style="list-style-type: none"> <li>Other</li> </ul>	18
-	<ul style="list-style-type: none"> <li>Past Service Cost</li> </ul>	195
(746)	Benefits paid	(703)
<b>32,782</b>	<b>Balance at 31 March</b>	<b>37,640</b>

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Local Government Pension Scheme Assets

Local Government Pension Scheme assets comprised:

Fair value of scheme assets 2017/18 £000				Fair value of scheme assets 2018/19 £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
-	939.4	939.4	Cash and cash equivalents:	-	669.8	669.8
			• All cash and cash equivalents			
			Equity instruments:			
1,657.6	-	1,657.6	• Consumer	1,663.0	-	1,663.0
1,413.7	-	1,413.7	• Manufacturing	1,373.9	-	1,373.9
449.9	-	449.9	• Energy and utilities	600.6	-	600.6
1,406.4	-	1,406.4	• Financial institutions	1,454.6	-	1,454.6
462.0	-	462.0	• Health and care	645.6	-	645.6
790.6	-	790.6	• Information technology	1,312.8	-	1,312.8
-	-	-	• Other	0.9	-	0.9
			Bonds (Debt securities):			
-	-	-	• Corporate bonds (investment grade)	-	-	-
-	-	-	• Corporate bonds (non-investment grade)	-	-	-
379.5	-	379.5	• UK Government	307.4	-	307.4
			Private equity:			
-	1,392.8	1,392.8	• All private equity	-	1,656.3	1,656.3
			Property:			
-	2,211.6	2,211.6	• UK property	-	2,655.6	2,655.6
-	362.6	362.6	• Overseas property	-	512.6	512.6
			Other investment funds and unit trusts:			
6,749.6	-	6,749.6	• Equities	4,616.3	-	4,616.3
6,975.9	-	6,975.9	• Bonds	9,289.4	-	9,289.4
			Derivatives:			
(19.1)	-	(19.1)	• Other derivatives	76.6	-	76.6
38.5	-	38.5	• Foreign exchange	(7.4)	-	(7.4)
<b>20,304.6</b>	<b>4,906.4</b>	<b>25,211.0</b>		<b>21,333.7</b>	<b>5,494.3</b>	<b>26,828.0</b>

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Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2016.

The principal assumptions used by the actuary have been:

31 March 2018		31 March 2019
	Long term expected rate of return on assets in the scheme:	
2.7%	• Equity investments*	2.4%
2.7%	• Bonds*	2.4%
2.7%	• Property*	2.4%
2.7%	• Cash*	2.4%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.1 years	• Men	22.1 years
24.4 years	• Women	24.4 years
	Longevity at 65 for future pensioners:	
24.1 years	• Men	24.1 years
26.4 years	• Women	26.4 years
2.4%	Rate of inflation	2.5%
2.7%	Rate of increase in salaries	2.8%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
	Take up of option to convert annual pension into retirement lump sum:	
50%	Pre- April 2008 service	50%
75%	Post- April 2008 service	75%

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

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

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

Change in assumptions at 31 March 2019	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	11%	4,089
1 year increase in member life expectancy	3-5%	Dependent on revised assumption
0.5% increase in the salary increase rate	1%	463
0.5% increase in the pension increase rate	9%	3,567

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 (50% of scheme assets) and bonds (36%). These percentages are materially the same as the previous year. The scheme also invests in properties as part of the diversification of the scheme's investments.

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

Impact on the Authority's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation will take place on 31 March 2022.

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 £711,000 to the scheme in 2019/20.

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

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	Liability split	Weighted average duration
Active members	52.7%	21.7
Deferred members	24.9%	23.4
Pensioner members	22.4%	12.0
<b>Total</b>	<b>100.0%</b>	<b>19.0</b>

### 34. 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.

#### *Employment Tribunal Claim*

A former employee has submitted a claim to the Employment Tribunal for constructive dismissal, disability discrimination and whistleblowing. The Authority was required to submit a response by 7 March 2019 and a preliminary hearing has been scheduled for 18 June 2019. Currently the costs of such action cannot be determined.



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### 35. Financial Instruments

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

#### Financial Assets

	Non-Current				Current					
	Investments		Debtors		Investments		Debtors		Total	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Amortised cost	0	0	0	0	4,197	4,704	452	559	4,649	5,263
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,197</b>	<b>4,704</b>	<b>452</b>	<b>559</b>	<b>4,649</b>	<b>5,263</b>
Non-financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,197</b>	<b>4,704</b>	<b>452</b>	<b>559</b>	<b>4,649</b>	<b>5,263</b>

#### Financial Liabilities

	Non-Current				Current					
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000
Amortised cost	304	239	0	0	69	64	1,849	1,697	2,222	2,000
<b>Total financial liabilities</b>	<b>304</b>	<b>239</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>64</b>	<b>1,849</b>	<b>1,697</b>	<b>2,222</b>	<b>2,000</b>
Non-financial liabilities	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>304</b>	<b>239</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>64</b>	<b>1,849</b>	<b>1,697</b>	<b>2,222</b>	<b>2,000</b>

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Income, Expense Gains and Losses

	2017/18			2018/19		
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000
Interest Expense	38	0	38	35	0	35
Interest Income	(23)	0	(23)	(37)	0	(37)

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. These valuations are all classified as Level 2, where market prices are not available, with valuation techniques using inputs based significantly on observable market data. The following assumptions should be noted:

- 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.

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The fair values calculated are as follows:

	31 March 2018		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities held at amortised cost:				
PWLB	138	164	123	146
Finance Leases	235	235	180	180
Short Term Creditors	1,849	1,849	1,697	1,697
<b>Total</b>	<b>2,222</b>	<b>2,248</b>	<b>2,000</b>	<b>2,023</b>

The fair value of borrowings is higher than the carrying amount because the authority's PWLB loan is at a fixed interest rate where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions as at 31 March 2019) arising from a commitment to pay interest to lenders above the current market rate. Refinancing the loan at lower interest rates would outweigh the early repayment fee.

	31 March 2018		31 March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial assets held at amortised cost:				
Fixed Term Investments	2,505	2,505	3,508	3,508
Cash at bank	1,692	1,692	1,196	1,196
Short Term Debtors	452	452	559	559
<b>Total</b>	<b>4,649</b>	<b>4,649</b>	<b>5,263</b>	<b>5,263</b>

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

### 36. 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.

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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).
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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 in line with the 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 2019 for which a bad debt provision had not been put in place.

#### Liquidity Risk

The remaining one year of the original four year agreement from DEFRA means the Broads Authority has some certainty over the next few years. Longer term uncertainty still remains and future changes in government brings further uncertainty whether future three-year funding will be available. Given the significant cash balances there is no significant risk that it will be unable to meet its commitments under financial instruments. All financial liabilities are due to be repaid within one to five years 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 2018/19 states that if the Authority enters into any contractual arrangements above £100,000 which involve foreign currency, the advice of the Chief Financial Officer will be sought on the advisability of hedging the exchange risk before entering into the contract.

Broads Authority Statement of Accounts  
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**37. Navigation Income and Expenditure Account**

2017/18				2018/19		
Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000		Gross Expenditure £000	Income £000	Net Expenditure / (Income) £000
2,160	(138)	2,022	Operations	2,445	(214)	2,231
811	(73)	738	Strategic Services	821	(71)	750
460	(10)	450	Chief Executive	466	(8)	458
25	0	25	Corporate Items	117	0	117
0	(3,247)	(3,247)	Navigation Income (Tolls)	0	(3,354)	(3,354)
<b>3,456</b>	<b>(3,468)</b>	<b>(12)</b>	<b>Net cost of services</b>	<b>3,849</b>	<b>(3,647)</b>	<b>202</b>
		(1)	Other operating expenditure			(4)
		109	Financing and investment income and expenditure			51
		96	<b>(Surplus) or deficit on the provision of services</b>			249
		60	(Surplus) or deficit on revaluation of fixed assets			(64)
		(447)	Actuarial (gains) / losses on pension assets / liabilities			994
		<b>(291)</b>	<b>Total comprehensive income and expenditure</b>			<b>1,179</b>

## **Glossary of Terms**

### **ACCOUNTING PERIOD**

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

### **ACCOUNTING POLICIES**

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

### **ACCRUALS**

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

### **ACTUARIAL GAINS AND LOSSES**

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

### **AMORTISATION**

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

### **AMORTISED COST**

This is cost that has been adjusted for amortisation.

### **ASSET**

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

### **BUDGET**

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

### **CAPITAL INCOME AND EXPENDITURE**

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

### **CAPITAL FINANCING**

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

### **CASH EQUIVALENTS**

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

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

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

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

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

**COMMUNITY ASSETS**

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

**CONTINGENT LIABILITIES**

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

**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**



**Glossary of Terms**

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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.

**SURPLUS**

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

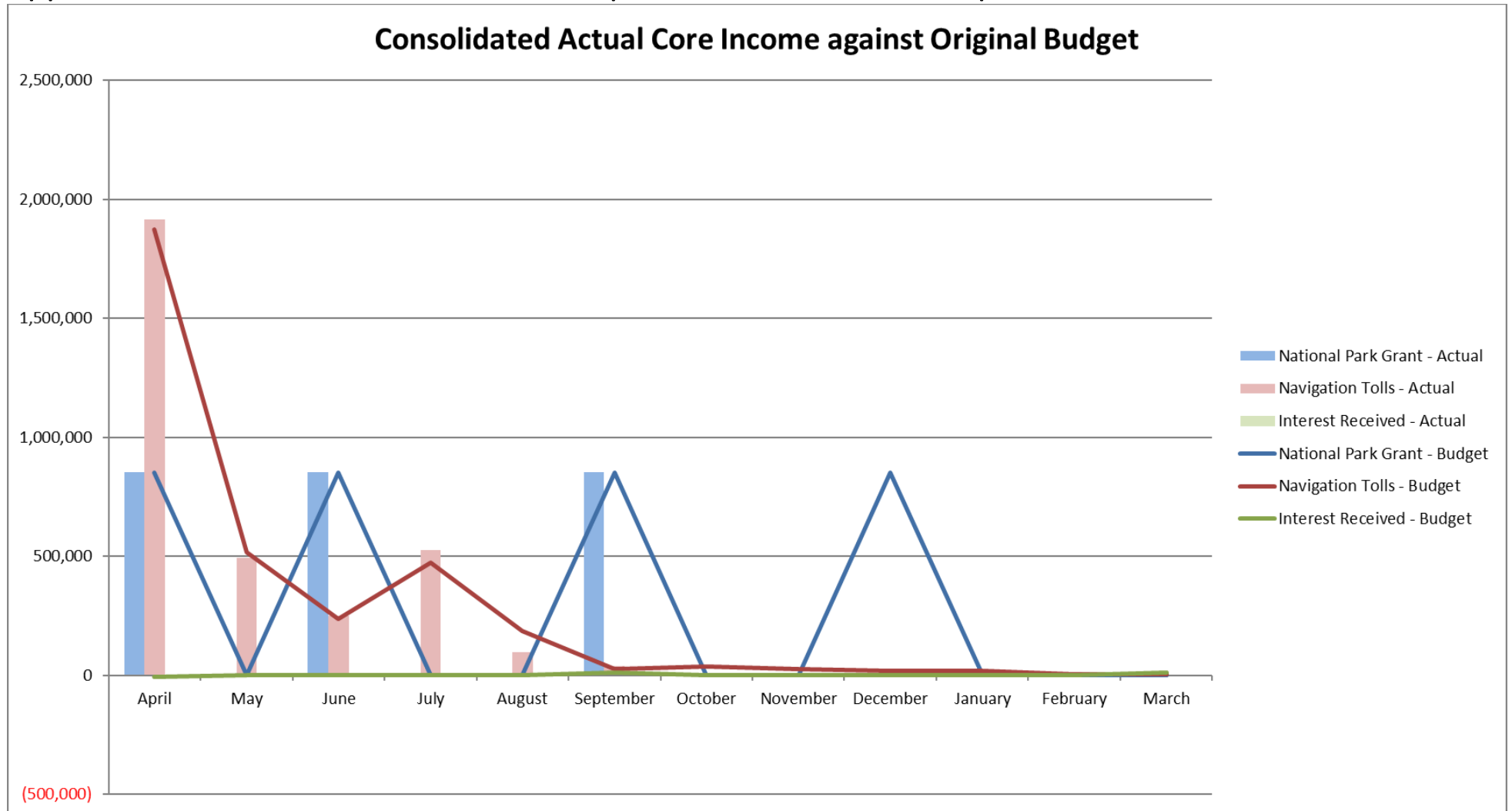
**VALUE ADDED TAX (VAT)**

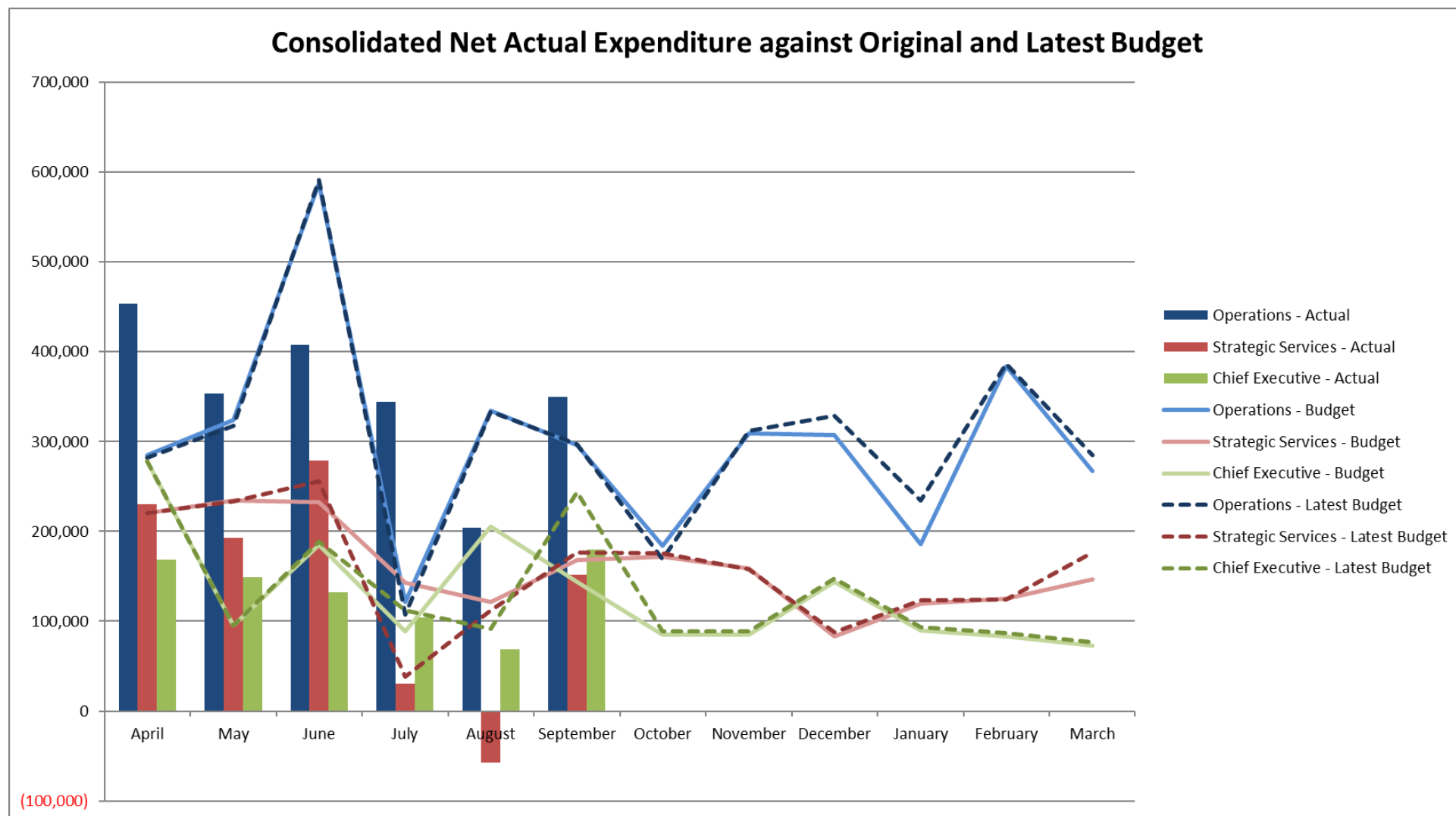
A tax on consumer expenditure, collected on business transactions at each stage in the supply, but ultimately borne by the final customer.

**VARIANCE / VARIATION**

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

## Appendix 2 - Consolidated income and expenditure charts to 30 September 2019





## Appendix 3 - Financial Monitor: Consolidated Income and Expenditure 2019/20

**Table 1**

Income

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Income</b>	<b>(6,869,078)</b>	<b>0</b>	<b>(6,869,078)</b>	<b>(6,886,578)</b>	<b>17,500</b>
National Park Grant	(3,414,078)	0	(3,414,078)	(3,414,078)	0
Hire Craft Tolls	(1,189,000)	0	(1,189,000)	(1,179,000)	-10,000
Private Craft Tolls	(2,175,000)	0	(2,175,000)	(2,185,000)	10,000
Short Visit Tolls	(42,000)	0	(42,000)	(42,000)	0
Other Toll Income	(19,000)	0	(19,000)	(19,000)	0
Interest	(30,000)	0	(30,000)	(47,500)	17,500

**Table 2**  
Operations

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Operations</b>	<b>3,945,630</b>	<b>57,342</b>	<b>4,002,972</b>	<b>3,979,412</b>	<b>23,560</b>
<b>Construction and Maintenance Salaries</b>	1,225,520	28,167	1,253,687	1,253,687	0
Salaries	1,231,130	28,167	1,259,297	1,259,297	0
Expenditure	(5,610)	0	(5,610)	(5,610)	0
<b>Equipment, Vehicles &amp; Vessels</b>	454,000	5,550	459,550	459,550	0
Income	0	0	0	0	0
Expenditure	454,000	5,550	459,550	459,550	0
<b>Water Management</b>	125,970	0	125,970	125,970	0
Expenditure	125,970	0	125,970	125,970	0
<b>Land Management</b>	(48,440)	0	(48,440)	(48,440)	0
Income	(102,600)	0	(102,600)	(102,600)	0
Expenditure	54,160	0	54,160	54,160	0
<b>Practical Maintenance</b>	485,500	0	485,500	485,500	0
Income	(10,700)	0	(10,700)	(10,700)	0
Expenditure	496,200	0	496,200	496,200	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Waterways and Recreation Strategy</b>	89,460	(3,500)	85,960	62,400	23,560
Salaries	79,960	(3,500)	76,460	52,900	23,560
Expenditure	9,500	0	9,500	9,500	0
<b>Ranger Services</b>	779,740	0	779,740	779,740	0
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	701,260	0	701,260	701,260	0
Expenditure	176,880	0	176,880	176,880	0
Pension Payments	1,600	0	1,600	1,600	0
<b>Safety</b>	130,000	27,125	157,125	157,125	0
Income	(3,300)	0	(3,300)	(3,300)	0
Salaries	62,600	0	62,600	62,600	0
Expenditure	70,700	27,125	97,825	97,825	0
<b>Premises</b>	232,910	0	232,910	232,910	0
Income	(1,000)	0	(1,000)	(1,000)	0
Expenditure	233,910	0	233,910	233,910	0
<b>Premises - Head Office</b>	250,640	0	250,640	250,640	0
Income	(240)	0	(240)	(240)	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	250,880	0	250,880	250,880	0
<b>Project Funding</b>	100,000	0	100,000	100,000	0
Expenditure	100,000	0	100,000	100,000	0
Pension Payments	0	0	0	0	0
<b>Operations Management and Administration</b>	120,330	0	120,330	120,330	0
Salaries	115,620	0	115,620	115,620	0
Expenditure	4,710	0	4,710	4,710	0

**Table 3**  
Strategic Services

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Strategic Services</b>	<b>1,679,765</b>	<b>(41,707)</b>	<b>1,638,058</b>	<b>1,619,248</b>	<b>18,810</b>
<b>Development Management</b>	425,615	23,335	448,950	420,875	28,075
Income	(100,000)	0	(100,000)	(100,000)	0
Salaries	403,790	0	403,790	403,790	0
Expenditure	117,425	23,335	140,760	112,685	28,075
Pension Payments	4,400	0	4,400	4,400	0
<b>Strategy and Projects Salaries</b>	350,035	(78,801)	271,234	271,234	0
Income	(20,470)	0	(20,470)	(20,470)	0
Salaries	247,290	(60,301)	186,989	186,989	0
Expenditure	123,215	(18,500)	104,715	104,715	0
<b>Strategy and Projects</b>	5,000	0	5,000	14,265	-9,265
Salaries	0	0	0	9,265	-9,265
Expenditure	5,000	0	5,000	5,000	0
<b>Biodiversity Strategy</b>	7,670	0	7,670	7,670	0
Expenditure	7,670	0	7,670	7,670	0



Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Human Resources</b>	134,720	15,094	149,814	149,814	0
Salaries	76,420	0	76,420	76,420	0
Expenditure	58,300	15,094	73,394	73,394	0
<b>Volunteers</b>	77,340	0	77,340	77,340	0
Salaries	51,740	0	51,740	51,740	0
Expenditure	25,600	0	25,600	25,600	0
<b>Communications</b>	324,245	0	324,245	324,245	0
Income	0	(99,600)	(99,600)	(99,600)	0
Salaries	240,530	52,250	292,780	292,780	0
Expenditure	83,715	47,350	131,065	131,065	0
<b>Visitor Centres and Yacht Stations</b>	244,260	0	244,260	244,260	0
Income	(245,100)	0	(245,100)	(245,100)	0
Salaries	351,260	0	351,260	351,260	0
Expenditure	138,100	0	138,100	138,100	0
<b>Strategic Services Management and Administration</b>	110,880	(1,335)	109,545	109,545	0
Salaries	107,270	0	107,270	107,270	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	3,610	(1,335)	2,275	2,275	0

**Table 4**

Chief Executive

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Chief Executive</b>	<b>1,415,254</b>	<b>35,634</b>	<b>1,450,888</b>	<b>1,419,133</b>	<b>31,755</b>
<b>Legal</b>	116,430	0	116,430	90,000	26,430
Income	0	0	0	0	0
Salaries	51,430	0	51,430	0	51,430
Expenditure	65,000	0	65,000	90,000	-25,000
<b>Governance</b>	233,445	35,634	269,079	269,079	0
Income	0	0	0	0	0
Salaries	113,480	35,634	149,114	149,114	0
Expenditure	119,965	0	119,965	119,965	0
<b>Chief Executive</b>	118,830	0	118,830	118,830	0
Salaries	114,330	0	114,330	114,330	0

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
Expenditure	4,500	0	4,500	4,500	0
<b>Asset Management</b>	113,944	0	113,944	113,944	0
Income	(25,540)	0	(25,540)	(25,540)	0
Salaries	46,890	0	46,890	46,890	0
Expenditure	92,594	0	92,594	92,594	0
<b>Finance and Insurance</b>	373,735	0	373,735	361,735	12,000
Income	0	0	0	0	0
Salaries	161,100	0	161,100	161,100	0
Expenditure	212,635	0	212,635	200,635	12,000
<b>Collection of Tolls</b>	135,860	0	135,860	142,535	-6,675
Salaries	123,360	0	123,360	130,035	-6,675
Expenditure	12,500	0	12,500	12,500	0
<b>ICT</b>	323,010	0	323,010	323,010	0
Salaries	192,660	0	192,660	192,660	0
Expenditure	130,350	0	130,350	130,350	0

**Table 5**

Projects and Corporate items

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Projects and Corporate Items</b>	<b>124,918</b>	<b>51,000</b>	<b>175,918</b>	<b>166,653</b>	<b>9,265</b>
<b>Partnerships / HLF</b>	28,718	0	28,718	19,453	9,265
Income	(754,629)	0	(754,629)	(754,629)	0
Salaries	180,250	0	180,250	170,985	9,265
Expenditure	603,097	0	603,097	603,097	0
<b>Corporate Items</b>	96,200	51,000	147,200	147,200	0
Expenditure	3,200	51,000	54,200	54,200	0
Pension Payments	93,000	0	93,000	93,000	0

**Table 6**

Contribution from earmarked reserves

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Total Contributions from Earmarked Reserves</b>	<b>(252,108)</b>	<b>(36,175)</b>	<b>(288,283)</b>	<b>(250,943)</b>	<b>-37,340</b>
<b>Earmarked Reserves</b>	<b>(252,108)</b>	<b>(36,175)</b>	<b>(288,283)</b>	<b>(250,943)</b>	<b>-37,340</b>
Expenditure	(252,108)	(36,175)	(288,283)	(250,943)	-37,340

**Table 7**

Net (Surplus) / Deficit

Row Labels	Original Budget (Consolidated) £	Budget Adjustments (Consolidated) £	Latest Available Budget (Consolidated) £	Forecast Outturn (Consolidated) £	Forecast Outturn Variance (Consolidated) £
<b>Grand Total</b>	<b>44,381</b>	<b>66,094</b>	<b>110,475</b>	<b>46,925</b>	<b>63,550</b>