Notes To The Accounts

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009-10 Government Financial reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of the British Transport Police Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the British Transport Police Authority for 2009-10 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These financial statements represent the Authority's first time adoption of IFRS, an explanation of the effect of transition is given in Note 2.

1.1 Accounting Conventions

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets and follow the requirements of the 2009-10 Government Financial Reporting Manual.

1.2 Non Current Assets

Non current assets includes improvements and capital works to leasehold buildings, plant and machinery, IT equipment, fixtures and fittings, and road vehicles required for the ongoing operations of the Force. These non current assets are restated to current value each year using the relevant modified historic costing indices from the Office for National Statistics(MM17) for the category of non current asset. All expenditure on the acquisition, creation or enhancement of tangible non current assets is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS16 Property, Plant and Equipment.

1.3 Intangible Assets

Purchased computer software and software licences are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Software licences are amortised over the shorter of the term of the licence or the life of the software package, which is usually five years.

1.4 Assets Under Construction

Assets under construction includes vehicles and buildings under construction. These assets have been purchased but require essential modification before they are safe and fit for purpose. The vehicle cost includes both the original vehicle cost plus the cost of modification. Buildings under construction includes refurbishment costs for buildings held on operating leases that BTPA have not yet occupied.

1.5 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Depreciation begins at the start of the period following acquisition.

These useful economic lives are subject to review as appropriate. The lives used for the major categories of assets are:

- Leasehold Improvements – Number of years remaining on the lease at time of purchase
- Plant and machinery – 5 years
- Fixtures and fittings - 5 years
- Information technology – 5 years
- Road vehicles – between 3 and 10 years

No depreciation is provided on assets under construction.

1.6 Disposals

Depreciation is charged on assets in accordance with BTP's Depreciation Policy. Depreciation is charged up to the accounting period in which the asset is disposed. Any surplus or deficit is taken to the income and expenditure account.

1.7 Income

All income is accounted for by applying the accruals convention, and is recognised in the period in which the services are provided.

Core PSA income is statutory and therefore exempt from value added tax. All other income is regarded as business income for value added tax purposes.

1.8 Leases

The Authority has a number of operating leases in respect of property and office machinery. Expenditure under operating leases is charged to the Income and Expenditure Account in the period in which it is incurred. The Authority currently holds no finance leases.

1.9 Grants

Capital grant in aid, revenue grants and revenue grant in aid received are treated as financing and credited to the General reserve, because they are regarded as contributions from a controlling party in line with the requirements of the FReM.

Capital grants used to acquire specific capital items are credited to a government grant reserve. Income is released into the Income & Expenditure account in line with the depreciation charged on the asset.

1.10 Provisions

Provisions for liabilities and charges have been established in accordance with IAS37 Provisions, Contingent Liabilities and Contingent Assets and are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist at 31 March 2010.

Provisions are charged to the Income and Expenditure account and are released when the transfer of economic benefit to settle the obligation has been made. The key provisions included in these accounts are for Professional Standards (previously Complaints and Discipline), Employment claims, Public/Employer Liability, and Dilapidations.

1.11 VAT

Value added tax is included in the accounts of the Authority, whether of a capital or revenue nature, only to the extent that it is recoverable. There is an exception in the case of business charges where VAT is charged and partially recovered in accordance with an agreed formula with HM Revenue and Customs.

1.12 Interest Payable / Receivable

Interest payable is accrued so that the period bears the full cost of interest relating to actual borrowings during that period.

Interest receivable is accounted in the period in which it is due.

1.13 Inventories

Inventories is made up entirely of uniforms. The uniforms are stated at the lower of cost or net realisable value.

1.14 Research and Development

Research and development expenditure is written off in the year in which it is incurred.

1.15 Insurance

BTPA insures its activities by purchasing policies for motor vehicles and travel, professional indemnity, Directors and Officers liability, fidelity guarantee and natural damages and business interruption. The cost of repairs, claims for damages, are charged to the Income and Expenditure Account as they occur. In the event of a material loss occurring BTPA will consult with the Secretary of State about the action to be taken.

1.16 Financial Instruments

BTPA have adopted IFRS 7 which requires disclosure in the financial statements which allows users to evaluate:

a) The significance of financial instruments for the Authority's financial position and performance; and

b) The nature and extent of risks arising from financial instruments to which the Authority is exposed during the year and at 31 March2010 and how the Authority manages these risks.

Financial assets and liabilities are recognised on the Authority's Statement of Financial Position when the Authority becomes party to the contractual provisions of the instrument. Further details

1.17 Provision for Bad and Doubtful Debts relating to PSA Charges

Where amounts are outstanding in respect of PSA charges - either as a result of the Judicial Review or otherwise - the likelihood of recovery actions being eventually successful will be reviewed in each case and taking account of the nature of the debt, the payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information a provision is made.

1.18 Capital Charge

A charge, reflecting the cost of capital utilised by the British Transport Police Authority, is included in the Expenditure Account. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities, except for:

a) Property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:

* additions at cost
* disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal)
* impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure)
* depreciation of the property, plant and equipment and amortisation of intangible assets;

b) Donated assets, and cash balances with the Office of the Paymaster General, where the charge is nil.

In accordance with the Financial Reporting Manual, a charge/credit of 3.5% of net assets/liabilities is made to the surplus/deficit on ordinary activities before interest. Notional cost of capital is added back to determine retained surplus/deficit on ordinary activities after taxation.

1.19 Pensions

In compliance with HM Treasury guidelines these accounts comply with *IAS19 Employee Benefits* which requires a liability to be recognised for retirement benefits as they are earned, and not when they are due to be paid.

Before 1st July 2004 all past and present employees were covered either by the British Transport Police Force Superannuation Fund (BTPFSF) for police officers, which was established by deed; or the Railway Pension Scheme (RPS), a scheme setup by the Railway Pension Scheme Order (1994) for other staff.

After 1st July 2004 the employer for both sections became the British Transport Police Authority and Railway Pension Scheme members (current and past) were transferred from the British Rail section to the British Transport Police section of the Railways Pension Scheme.

From 1 April 2007 the BTPFSF established a new category where all new joiners were enrolled. The existing category was closed to all new members at this time.

All schemes are defined benefit schemes meaning that retirement benefits are determined independently of the investments of the scheme. Under the rules of the scheme contributions are made up in either the ratio of 1.5:1 between employer and member respectively for the old BTPFSF scheme, 2:1 for the new BTPFSF scheme, or in the ratio of 1.5:1 between employer and member respectively in regard to the RPS (previously 1.57:1 until 30 June 2009) .

2 First-time adoption of IFRS

	General Reserve	Contingency Reserve	Grant Reserve	Revaluation Reserve	Pension Reserve	Total Reserve
	£000	£000	£000	£000	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP	31,000	1,400	3,693	1,962	(292,110)	(254,055)
Adjustments for:						
IAS 19	(2,338)					(2,338)
Taxpayers equity at 1 April 2009 under IFRS	28,662	1,400	3,693	1,962	(292,110)	(256,393)

Net Expenditure for 2008-09 under UK GAAP	(17,640)
Adjustments for:	
IAS 19	(323)
Net Expenditure for 2008-09 under IFRS	(17,963)

3 Segmental Analysis

BTP operates as one class of business, that of policing the railways throughout England, Wales and Scotland, and undertakes that class of business in one geographical segment, Great Britain. Segmental analysis is therefore not appropriate.

4 Staff Numbers and Related Costs

Total staff costs consist of:	2009-10 Total £000	Permanently Employed Staff Total £000	Temporary Employed Staff Total £000	2008-09 Total £000	31 March 2008 Total £000
Salaries and Wages	173,048	168,531	4,517	166,188	155,076
Social Security Costs	13,696	13,696	0	13,297	12,744
Other Pension Costs	25,171	25,171	0	34,434	30,385
Sub-total	211,915	207,398	4,517	213,919	198,205
Less recoveries in respect of outward secondments	(1,169)	(1,169)	0	(946)	(929)
Total Staff costs	210,746	206,229	4,517	212,973	197,276

Between 1 April 2009 and 31 March 2010, contributions of £22.5 million (£20.5million for the year ended 31 March 2009) were paid to the Railway Pension Scheme and the British Transport Police Force Superannuation Fund (BTPFSF) at rates determined by the scheme's Actuary. Employer's contributions are currently 15.09% (+ BRASS matching) for the Railways Pension Scheme, 24% for the BTPFSF and 20% for the BTPFSF (new) . Further details of the BTPA's pension schemes can be found in notes 26 and 27

Eight employees retired early on ill-health grounds (15 persons for the year ended 31 March 2009); There were no additional accrued pension liabilities in the year ended 31 March 2010 (£3,731 for the year ended 31 March 2009).

Average number of persons employed

The average number of whole-time equivalent persons employed during the period was as follows.

	Police Officers	Police Community Service Officers	Police Staff	Period ending 2009-10 Total	2008-09 Total	31 March 2008 Total
Directly Employed	2,901	340	1,340	4,581	4,420	4,203
Other - Agency Staff	0	0	91	91	80	81
Staff engaged on capital projects						
	2,901	340	1,431	4,672	4,500	4,284

5 Other Expenditure

The operating surplus/(deficit) before interest and capital charges is stated after charging the following:

	Note	2009-10 £000	2008-09 £000 (Restated)
Supplies and services: other staff costs		5,862	6,479
Supplies and services: communications and computers		11,225	10,578
Supplies and services: other		16,183	14,359
Rentals under operating leases		6,760	6,795
Premises (excluding rentals under operating leases)		8,092	7,522
Transport costs		4,768	5,697
Non-cash items			
Depreciation of Property, plant and equipment		8,315	6,359
Amortisation of Intangible assets		1,121	745
Loss on disposal of property, plant and equipment		236	1,524
Cost of Capital charges		(11,921)	(7,362)
Provision provided for in year		675	680
Bad Debt Write Offs		5,423	1
Total		**56,739**	**53,377**

During the year the British Transport Police Authority did not purchase any non-audit services from its auditor, The National Audit Office. Included in Supplies and Services: other is a charge of £130,000 for auditors remuneration for audit work.

6 Operating Income

Income is shown gross of value added tax and comprises income from train operating companies for policing and security services provided. It represents the value of services provided from the ordinary activities of the business during the year.

	2009-10 £000	2008-09 £000
Police Service Agreements income	199,046	189,541
Other income	69,358	66,179
Release from Grant Reserve	932	772
Total	**269,336**	**256,492**

7 Property, plant and equipment

	Leasehold Improvements	Plant and Machinery	Vehicles	Assets Under Construction - Motor Vehicles	Assets Under Construction - Leasehold Improvements	Fixtures & Fittings	IT Equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2009	18,546	12,071	8,923	1,971	2,115	1,906	21,181	66,713
Additions	4,840	2,313	2,932	(611)	990	447	3,406	14,317
Transfer	(10)	0	0	0	0	0	10	0
Write off	(69)	0	0	0	0	0	0	(69)
Disposals	(108)	(430)	(1,552)	0	0	(128)	(373)	(2,591)
Revaluations	1,730	1,031	111	0	0	236	1,469	4,577
At 31 March 2010	24,929	14,985	10,414	1,360	3,105	2,461	25,693	82,947
Depreciation								
At 1 April 2009	3,974	7,772	4,517	0	0	940	13,897	31,100
Charge for the Period	1,628	1,479	1,758	0	0	363	3,087	8,315
Transfer	0	0	0	0	0	0	0	0
Write off	0	0	0	0	0	0	0	0
Disposals	(91)	(398)	(1,243)	0	0	(111)	(282)	(2,125)
Revaluations	(175)	684	67	0	0	156	410	1,142
At 31 March 2010	5,336	9,537	5,099	0	0	1,348	17,112	38,432
NBV at 31 March 2010	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
Asset Financing:								
Owned	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515
NBV at 31 March 2010	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515

	Leasehold Improvements	Plant and Machinery	Vehicles	Assets Under Construction	Assets Under Construction - Leasehold Improvements	Fixtures & Fittings	IT Equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2008	15,926	10,737	8,440	1,029	709	1,434	19,811	58,086
Additions	3,342	1,467	1,366	942	1,406	418	2,767	11,708
Transfer	0	0	0	0	0	0	0	0
Write off	(26)	0	104	0	0	0	0	78
Disposals	(1,475)	(578)	(1,098)	0	0	(27)	(525)	(3,703)
Revaluations	779	445	111	0	0	81	(872)	544
At 31 March 2009	18,546	12,071	8,923	1,971	2,115	1,906	21,181	66,713
Depreciation								
At 1 April 2008	3,446	6,582	3,962	0	0	635	12,304	26,929
Charge for the Period	647	1,340	1,415	0	0	270	2,687	6,359
Transfer	0	0	0	0	0	0	0	0
Write off	0	0	21	0	0	0	0	21
Disposals	(226)	(444)	(950)	0	0	(15)	(459)	(2,094)
Revaluations	107	294	69	0	0	50	(635)	(115)
At 31 March 2009	3,974	7,772	4,517	0	0	940	13,897	31,100
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
NBV at 31 March 2008	12,480	4,155	4,478	1,029	709	799	7,507	31,157
Asset Financing:								
Owned	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613
NBV at 31 March 2009	14,572	4,299	4,406	1,971	2,115	966	7,284	35,613

Property, plant and equipment have been stated at current cost using the modified historic costing indices from the Office for National Statistics(MM17) for the category of fixed asset.

8 Intangible Non-Current Assets

Intangible assets comprise of software & software licences.

	Purchased Software Licences	Purchased Software	Total
	£000	£000	£000
Cost			
At 1 April 2009	2,740	2,537	5,277
Additions	950	790	1,740
Transfer	0	0	0
Write off	0	0	0
Disposals	(226)	(46)	(272)
At 31 March 2010	3,464	3,281	6,745
Depreciation			
At 1 April 2009	1,063	618	1,681
Charge for the Period	607	514	1,121
Transfer	0	0	0
Write off	0	0	0
Disposals	(192)	(43)	(235)
At 31 March 2010	1,478	1,089	2,567
NBV at 31 March 2010	1,986	2,192	4,178
NBV at 31 March 2009	1,677	1,919	3,596

	Purchased Software Licences	Purchased Software	Total
	£000	£000	£000
Cost			
At 1 April 2008	1,943	941	2,884
Additions	797	1,612	2,409
Transfer	0	0	0
Write off	0	0	0
Disposals	0	(16)	(16)
At 31 March 2009	2,740	2,537	5,277
Depreciation			
At 1 April 2008	613	328	941
Charge for the Period	450	295	745
Transfer	0	0	0
Write off	0	0	0
Disposals	0	(5)	(5)
At 31 March 2009	1,063	618	1,681
NBV at 31 March 2009	**1,677**	**1,919**	**3,596**
NBV at 31 March 2008	**1,330**	**613**	**1,943**

9 Financial Instruments

Because of the largely non-trading nature of its activities and the way in which BTPA is financed, the Authority is not exposed to the degree of financial risk faced by business entities. The Authority has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Authority in undertaking their activities.

Liquidity Risk
The Authority's net revenue resource requirements are financed by resources from the Train Operating Companies, and other Government bodies. Capital expenditure is funded from Government bodies. The Authority is not exposed to significant liquidity risks.

Interest Rate Risk
One hundred per cent of the Authority's financial assets and one hundred per cent of its financial liabilities carries nil or fixed rates of interest, and the Authority is not therefore exposed to significant interest-rate risk.

Foreign Currency Risk
The Authority's exposure to foreign currency risk is not significant. Foreign currency income and expenditure is negligible.

Fair Values
Set out below is a comparison by category of book values and fair values of the Authority's financial assets and liabilities as at 31 March 2010.

Primary Financial Instruments:	**Book Value £000**	**Fair Value £000**
Financial Assets:		
Cash at Bank	35,657	35,657
Financial Liabilities:		
Provisions	2,512	2,512

10 Inventories

Uniforms	**2009-10 £000**	**2008-09 £000**	**01 April 2008 £000**
Opening Balance	310	0	0
Additions	671	310	0
Utilisations	(597)	0	0
Returns	0	0	0
Write Offs	0	0	0
Closing Balance	384	310	0
		(74)	

11 Trade Receivables and other current assets

	2009-10	2008-09	01 April 2008				
	£000	£000	£000				
Amounts falling due within one year:							
Trade Receivables	25,767	58,253	30,883				
PSA Receivable*	1,800	1,700	1,500				
VAT Receivable	0	0	0				
Other Receivables	1,347	868	450				
Prepayments and accrued income	5,109	4,658	3,985				
Less: Provision for Doubtful Debts	(229)	(229)	(230)				
Provision for Bad and Doubtful Debts arising from the Judicial Review	(10,530)	(10,782)	(10,782)				
Total	**23,264**	**54,468**	**25,806**	(31,204)			
			0				

The Debtors reflect the results of the Judicial Review

	2009-10	2008-09	01 April 2008				
	£000	£000	£000				
Amounts falling due after more than one year:							
PSA Receivable*	0	1,800	3,500				
Other Receivables	0	0	0				
Prepayments and accrued income	281	338	133				
	281	**2,138**	**3,633**	(1,857)	**23,545**	**56,606**	**29,439**
				(33,061)	**(33,061)**	**27,167**	

*Reclaim of £10m deferred PSA charges for 2005-06 from the Train Operating Companies, repayable over four years starting in 2007-08.

Amounts in the above figures due to other entities included in the Whole of Government Account

	£000	£000
Other central government bodies	3,497	3,678
Local authorities	138	86
NHS bodies	0	0
Public corporations and trading funds	0	0
Intra-government debtors	3,635	3,764
Bodies external to government	19,910	52,842
	23,545	**56,606**
	(0)	**0**

12 Cash and cash equivalents

	2009-10	2008-09	01 April 2008	
	£000	£000	£000	
Balance at 01 April	15,037	25,303	11,144	
Net change in cash and cash equivalent balances	20,620	(10,266)	14,159	
Balance at 31 March	**35,657**	**15,037**	**25,303**	
The following balances at 31 March were held at:				
Office of HM Paymaster General	8,920	15,028	25,294	
Commercial banks and cash in hand	26,737	9	9	
Balance at 31 March	**35,657**	**15,037**	**25,303**	**20,620**

13 Trade Payables and other current liabilities

	2009-10	2008-09	01 April 2008				
	£000	£000	£000				
Amounts falling due within one year:							
Department for Transport Loan	1,798	1,700	1,500				
Trade payables	71	594	1,201				
Vat payable	242	384	508				
Other Taxation & Social Security	3,981	4,047	4,216				
London Underground Ltd	0	0	1,272				
Other payables	5,640	46,660	31,556				
Accruals & Deferred Income	19,853	19,330	16,518				
Total	**31,585**	**72,715**	**56,771**	(41,130)	**61,546**	**74,515**	**60,271**
			(0)		**(12,969)**	**14,244**	

	2009-10	2008-09	01 April 2008	
	£000	£000	£000	
Amounts falling due after more than one year				
Department for Transport Loan	29,961	1,800	3,500	
Other payables, accruals and deferred income				
	29,961	**1,800**	**3,500**	28,161
				(12,969)

Amounts in the above figures due to other entities included in the Whole of Government Account

	£000	£000
Other central government bodies	36,437	8,443
Local authorities	2	9
Public corporations and trading funds	0	1
Intra-government creditors	**36,439**	**8,453**
Bodies external to government	25,108	66,062
	61,546	**74,515**
	(0)	**(0)**

14 Provisions for liabilities and charges

Provisions have been recognised within the accounts where:

(i) The Fund has a present obligation (legal or constructive) as a result of a past event;
(ii) it is probable that a transfer of economic benefits will be required to settle the obligation;
(iii) a reliable estimate can be made of the amount of the obligation;
(iv) subject to a case threshold of £50,000 (from 31 March 2009).

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at 31 March 2010.

	Claims Against the Authority £'000	Employment Tribunals £'000	Dilapidations £'000	Other Provisions	Total £'000		
Balance at 1 April 2008	503	685	850	0	2,038		
Provided in the year	279	396	0	0	675		
Provisions not required written back	(377)	(331)	(600)	0	(1,308)		
Provisions utilised during the year	(121)	(354)	0	0	(475)		
Balance at 1 April 2009	284	396	250	0	930		
Provided in the year	367	947	0	563	1,877		
Provisions not required written back	(214)	(58)	0	0	(272)		
Provisions utilised during the year	(11)	(12)	0	0	(23)		
Balance at 31 March 2010	426	1,273	250	563	2,512	(2,512) 0	(1,582)

The provisions for BTPA are all expected to be utilised by 31 March 2011.

Claims Against the Authority

This provision applies to claims made by employees of the Authority / Force, members of the public and third parties (for incidents arising from motor vehicle accidents), which are allegedly caused by the Authority's / Force's negligence and result in physical or mental injury, loss, damage or death .The provision is created based on information provided on a regular basis by professional in-house staff, claims advisers and solicitors and is the estimated cost of settlement including legal costs. This provision also applies to loss of or damage to property and equipment belonging to or occupied by the Authority, or for which they are responsible.

Employment Tribunals

This provision is established on an individual case basis in conjunction with external legal advisers, relating to employment, such as unfair dismissal, discrimination, etc. The provision covers estimated costs of any settlement and any legal expenses.

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other Provisions

This provision has been established based on the estimate of the Authority's share of the costs of the inquests into the 10 May 2002 train crash at Potters Bar and the 07 July 2005 London bombings.

15 Capital Commitments

Contracted capital commitments at 31 March 2010 for which no provision has been made:

	2009-10	2008-09	01 April 2008
	£000	£000	£000
Property, plant and equipment	1,790	1,010	143
Intangible assets	0	0	0
	1,790	1,010	143

As at 31 March 2010 there were four Capital Commitments totalling £1,790,000 relating to work yet to be started on properties at Brewery Road, Leeds, York and Newport.

16 Commitments under leases

16.1 Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires

A) Rentals under Operating Leases

	2009-10	2008-09	01 April 2008
	£000	£000	£000
Land and buildings	6,392	6,240	6,297
Plant and machinery	152	150	139
Total	**6,544**	**6,390**	**6,436**

B) Obligations under Operating Leases comprise:

	2009-10	2008-09	01 April 2008
Obligations under operating leases comprise:	£000	£000	£000
Buildings:			
Expiry within 1 year	62	317	240
Expiry after 1 year but not more than 5 years	1,142	1,609	190
Expiry thereafter	75,783	65,476	64,602
	76,987	**67,402**	**65,032**
Other:			
Expiry within 1 year	0	0	0
Expiry after 1 year but not more than 5 years	0	0	0
Expiry thereafter	0	0	0
	0	**0**	**0**
Total Operating Lease obligations			
Expiry within 1 year	62	317	240
Expiry after 1 year but not more than 5 years	1,142	1,609	190
Expiry thereafter	75,783	65,476	64,602
	76,987	**67,402**	**65,032**

16.2 Finance Leases

BTPA has no leases that meet the definition of finance leases under IAS17.

17 Other Financial Commitments

BTPA did not enter into any non-cancellable contracts (which are not leases) during 2008-09 or 2009-10.

18 Contingent Liabilities disclosed under IAS 37

The BTPA has not entered into any unquantifiable contingent liabilities (i.e. something that is not a contingent liability within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is too remote).

19 Related Party Transactions

The Department for Transport as the Authority's sponsor is a related party, as is Network Rail with whom the Authority have a Police Service Agreement. Network Rail paid BTPA £82,925,199 in 2009-10 (£65,555,000 in 2008-09) and as at 31 March 2010 £304,684 was outstanding (£5,463,000 at 31 March 2009).

Due to its status as a national Police Force BTPA has received grants from the Home Office totalling £154,560 (£155,710 at 31 March 2009), and so is regarded as a related party.

Due to the national nature of its work BTPA has dealings with many Police Forces working together on training and joint operations.

Six members of the Authority are drawn from organisations providing railway services. Therefore it follows that these members are employed by organisations that have contracts with the Authority. The corporate governance arrangements of the Authority require members to register financial and other interests and also to disclose personal or prejudicial interest where matters are discussed at meetings of the Authority.

Also, five members are drawn from a background which requires them to have an interest with people travelling on the railway.

20 London Underground Area

BTPA employs police officers who work in the London Underground Area ("L Area") of the Force. This arrangement is embodied within a formal written agreement between the SRA (the predecessor organisation for BTP) and London Underground Limited (LUL) entitled "For the Provision of Police Services by the British Transport Police for the London Underground", dated 27 May 2002. It remains in force until terminated at any time by either party requiring two years notice of the intention to do so.

Although the agreement was with both LUL and BTPA predecessor organisations, the agreement remains in form and substance and the obligations it contains are assigned to BTPA and TfL/LUL as successor organisations. It stipulates that LUL will indemnify BTPA for all reasonable costs associated with the delivery of police services.

The Chief Constable has legal authority for the Force, but the substance of this agreement is that LUL has operational control over the level of police services. Under the agreement BTPA recharges all payroll and other direct costs of providing the police service to LUL on a periodic basis. In addition the agreement provides for the recovery through the "Police Service Agreement "

In 2009-10 staff costs relating to LUL were £44.0m (£43.6m for the year ended 31 March 2009). The average number of police officers and police staff employed on London Underground during 2009-10 was 956 (927 for the year ended 31 March 2009).

21 Third Party Assets

The Authority administers funds on behalf of third parties. Money held by the funds is not owned by the Authority and is not included in the Statement of Financial Position. Authority staff administer the British Transport Police Authority Property Act Fund Account and the British Transport Police Cash Seizures Account on behalf of the Authority and the remaining funds on behalf of their respective governing bodies. Details of these are below:

British Transport Police Authority Property Act Fund Account

Regulations under the Police (Property) Act 1897 and its subsequent amending legislation permit police to retain the proceeds from the disposal of property that comes into police possession in connection with a criminal charge (or suspicion of a criminal offence being committed) where the owner has not been ascertained or no court order has been made. The legislation stipulates that the income is to be used to meet the cost of the storage and the sale of property with any residual funds being used for charitable purposes in accordance with directions of the force's police authority. The British Transport Police Authority Property Act Fund Account is used for this purpose.

The year end position of this account is as follows:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Opening Balance	78	98	73
Seizures Deposited	1	3	34
Monies paid Out	(10)	(24)	(12)
Interest Earned	0	1	3
Bank Charges Paid	(0)	(0)	(0)
Closing Balance	69	78	98

There were no uncleared cheques at 31 March 2010. There were no known outstanding lodgements.

British Transport Police Cash Seizures Account - Barclays

In accordance with the Proceeds of Crime Act 2002 BTPA Police Officers have the power to seize cash from suspects and hold the money until court proceedings have completed. The cash, with interest, is then either paid back to the defendant or paid over to the Home Office or other relevant authorities. As the cash is not the property of BTP it does not form part of the Force's normal banking arrangements with the Paymaster General. As a result BTPA has set up a separate interest earning account with Barclays Bank Plc to manage cash seizures.

The year end position of this account is as follows:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Opening Balance	851	676	260
Seizures Deposited	505	499	682
Monies paid Out	(679)	(337)	(277)
Interest Earned	1	15	14
Bank Charges Paid	(2)	(2)	(3)
Monies Transferred to new bank account	(597)	0	0
Closing Balance	79	851	676

There were also uncleared cheques to the value of £34,488 at 31 March 2010. There were no known outstanding lodgements.

During the financial year BTPA transferred its banking operations to Royal Bank of Scotland (RBS) due to the impending closure of the Office of HM Paymaster General banking facility. BTP took this opportunity to bring all its bank accounts under one bank. This led to BTP opening a new cash seizure account. BTP are now in the process of winding up the old Barclays account and have already transferred a large portion of the deposits to the new RBS cash seizures account.

British Transport Police Cash Seizures Account - RBS

In accordance with the Proceeds of Crime Act 2002 BTPA Police Officers have the power to seize cash from suspects and hold the money until court proceedings have completed. The cash, with interest is then either paid back to the defendant or paid over to the Home Office or other relevant authorities. As the cash is not the property of BTP it does not form part of the Force's normal banking arrangements. As a result BTPA operates a separate interest earning account with Royal Bank of Scotland to manage cash seizures.

The year end position of this account is as follows:

	2009-10 £000	2008-09 £000	01 April 2008 £000
Opening Balance	0	0	0
Transfer from Barclays Seizure Account	597	0	0
Seizures Deposited	5	0	0
Monies paid Out	(47)	0	0
Interest Earned	0	0	0
Bank Charges Paid	0	0	0
Closing Balance	555	0	0

There were also uncleared cheques to the value of £24,420 at 31 March 2010. There were no known outstanding lodgements.

Also, as part of ongoing investigations BTPA, on occasion, holds sealed bags of seized cash. Monies are held in a safe, but the amounts involved are not always known.

22 Charges to Police Service Users

As a result of the Judicial Review the core PSA charges are based on two models which do not recover 100% of the Authority's net expenditure. However there is a formal agreement with the DfT to fund this gap.

23 Losses and Special Payments

Total losses were below £250,000.

24 Post Statement of Financial Position Events

BTPA has no post Statement of Financial Position events.

25 General Reserve

This comprises the Distributable Reserve, the Capital Financing Reserve, the Working Capital Reserve and Reserves for both the impact of the Judicial Review PSA Charges and the Implementation of the International Financial Reporting Standards.

	Distributable Reserve	Revenue Financing Reserve	Capital Financing Reserve	Working Capital Reserve	General Reserve - PSA Charges	Total
	£000	£000	£000	£000	£000	
Opening balance	(10,833)	0	46,405	6,500	(13,410)	28,662
Retained profit/(loss) for the period	(35,229)	0	0	0	0	(35,229)
Cash Received from Debtor/Creditor previously written	8	0	0	0	0	8
Transfer to / (from)	27,465	0	0	0	0	27,465
Indexation	627	0	0	0	0	627
Revenue Grant Received	0	3,539	0	0	0	3,539
Capital Grant in Aid Received	0	0	6,955	0	0	6,955
PSA Holder's Disputes Movement	(13,410)	0	0	0	13,410	0
Release of Prior Year Bad Debts	2,642	0	0	0	0	2,642
Closing balance	(28,730)	3,539	53,360	6,500	0	34,669

26 Disclosure of Retirement Benefits

The pension costs associated with staff employed by the Authority during the year are £27.0m. This cost is partially offset by employer contributions of £24.5m and a net return on the pension fund of (£24.0m), leaving a net debit of pensions for the year of £26.5m. The total pension liabilities for all staff, past and present, is shown in the Statement of Financial Position. This amounts to £469.0m. HM Treasury have confirmed that the charge or credit to the Income and Expenditure Account arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with Police Service Agreement with BTPA.

The fund participates in two pensions schemes both of which schemes are the direct responsibility of BTPA: the British Transport Police Force Superannuation Fund (BTPFSF) for police officers and the British Transport Police Section of the Railways Pension Scheme for other staff. Both schemes cover present and past employees, and aim to be fully funded.

27 British Transport Police Force Superannuation Fund (BTPFSF)

The British Transport Police Force Superannuation Fund was established by a Trust Deed made on 30th December 1974 which amalgamated the British Transport Police Force Superannuation and Retirement Benefit Funds, which itself was established by a Trust Deed made on 1 September 1968, (the 1968 Section), and the British Transport Police Force Superannuation Fund 1970 Section, established by a Trust Deed on 5 April 1972 (the 1970 Section).

From 1 April 2007 the BTPFSF established a new category where all new joiners will be enrolled - hereafter known as BTPFSF (new). The existing category was closed to all new members at this time. The new category is a defined benefit scheme.

The employer contribution includes the benefit support contributions received by the Government.

The BTPFSF provides benefits on a "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-forty-fifth of pensionable for each year of service. In addition, a lump sum equivalent to one thirtieth of final average salary for every year of total membership is payable on retirement.

Members pay contributions of 16.0% of pensionable earnings and the employer pays one and a half times the employee contribution, being 24.0%. In addition the employer paid a deficit payment of 1.7% of the benefit outgoings for the 1970 contributory section of the BTPFSF for 3 years until April 2008.

The BTPFSF (new) provides benefits on a "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-seventieth of final average pensionable salary for each year (and number of days) of membership of the fund (to a maximum of thirty-five years). In addition, a tax-free lump sum equivalent to four seventieths of final average salary for every year (and number of days) of membership to the fund is payable on retirement.

Members pay contributions of 10.0% of pensionable earnings and the employer pays twice the employee contribution, being 20.0%.

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the employer' s contribution figure) less actual employee contributions. BRASS are additional voluntary contributions made by the employee.

Under the Trust Deed Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. An independent actuarial valuation was carried out at 31 December 2009 by Watson Wyatt. The results are due to be finalised in September 2010: it is anticipated that contributions will need to change. The Authority uses Mercer Limited to provide the IAS19 valuation.

The employer's pension contributions for the previous four years were:

2006-07 19.3% of salaries.
2007-08 12.6% of salaries
2008-09 13.0% of salaries
2009-10 9.7% of salaries

The amounts recognised in the statement of financial position are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Present value if funded obligations	1,214,200	862,900	999,000
Fair value of plan assets	(788,300)	(592,400)	(829,800)
	425,900	270,500	169,200
Present value of unfunded obligations	-	-	-
Unrecognised actuarial gains (losses)	-	-	-
Unrecognised past service cost	-	-	-
Net liability	425,900	270,500	169,200
Amounts in the statement of financial position:			
liabilities	425,900	270,500	169,200
assets	-	-	-
Net liability	425,900	270,500	169,200

The amounts recognised in the net expenditure account are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Current service cost	22,200	29,600	27,000
Interest on obligation	58,600	59,100	48,700
Expected return on plan assets	(36,300)	(60,000)	(63,100)
Net actuarial losses (gains) recognised in year			
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
	-	-	-
Total pension cost recognised in the P&L account	44,500	28,700	12,600
Actual return on plan assets	196,500	(233,400)	(38,000)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Benefit obligation at beginning of year	862,900	999,000	898,100
Current service cost	22,200	29,600	27,000
Interest cost	58,600	59,100	48,700
Plan participants' contributions	12,000	11,300	10,900
Past service costs	-	-	-
Actuarial (gains)/losses	291,900	(201,400)	45,900
Losses (gains) on curtailments	-	-	-
Liabilities extinguished on settlements	-	-	-
Benefits paid (including expenses)	(33,400)	(34,700)	(31,600)
Effect of exchange rate changes	-	-	-
Benefit obligation at end of year	1,214,200	862,900	999,000
Analysis of defined benefit obligation			
Plans that are wholly or partly funded	1,214,200	862,900	999,000
Plans that are wholly unfunded	-	-	-
Total	1,214,200	862,900	999,000

Changes in the fair value of plan assets are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Fair value of plan assets at beginning of year	592,400	829,800	869,600
Expected return on plan assets	36,300	60,000	63,100
Actuarial gains / (losses)	160,200	(293,400)	(101,100)
Business combinations	-	-	-
Assets distributed on settlements	-	-	-
Employer contribution	18,800	17,400	16,900
Member contributions	12,000	11,300	10,900
Government support payments	2,000	2,000	2,000
Benefits paid (including expenses)	(33,400)	(34,700)	(31,600)
Effect of exchange rate changes	-	-	-
Fair value of plan assets at end of year	788,300	592,400	829,800

The company expects to contribute around £19.4 million to this pension scheme in the year ending 31 March 2011.

To develop the expected long-term rate of return on assets assumption, Mercers considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 7.26% assumption for the year ended 31 March 2008, 6.16% for the year ended 31 March 2009 and 6.60% for the year ended 31 March 2010..

The weighted average asset allocation at the year-end were as follows:

Asset Category	Plan assets at 31 March 2010	Plan assets at 31 March 2009	Plan assets at 31 March 2008
Equities	68.9%	64.1%	75.5%
Bonds	11.5%	13.1%	11.9%
Real Estate	8.6%	9.7%	6.8%
Other	9.0%	10.5%	3.6%
Allowance for Government Support Payments	2.0%	2.6%	2.2%
	100.0%	100.0%	100.0%

Principal actuarial assumptions as the end of the reporting period (expressed as weighted averages)

Weighted average assumptions used to determine benefit obligations at:	31 March 2010	31 March 2009	31 March 2008
Discount rate	5.70%	6.80%	5.90%
Rate of compensation increase	5.20%	4.80%	5.00%

Weighted average assumptions used to determine net pension cost for the year ended:	31 March 2010	31 March 2009	31 March 2008
Discount rate	6.80%	5.90%	5.40%
Expected long-term return on plan assets	6.16%	7.26%	7.30%
Rate of compensation increase	4.80%	5.00%	4.60%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:	31 March 2010	
	Male	Female
Member age 65 (current life expectancy)	19.4	21.7
Member age 45 (life expectancy at age 65)	22.3	24.4

Amounts for the current period and previous four periods are as follows:	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000	31 March 2007 £000	31 March 2006 £000
Benefit obligation at the end of year	1,214,200	862,900	999,000	898,100	897,200
Fair value of plan assets at end of year	788,300	592,400	829,800	869,600	791,100
Surplus / (deficit)	(425,900)	(270,500)	(169,200)	(28,500)	(106,100)
Difference between expected and actual return on scheme assets:					
amount (£ '000)	160,200	(293,400)	(101,100)	20,300	110,600
percentage of scheme assets	20%	-50%	-12%	2%	14%
Experience gains and losses on scheme liabilities:					
amount (£ '000)	13,800	(2,000)	(35,800)	17,800	7,900
percentage of scheme liabilities	1%	0%	-4%	2%	1%

The actuarial update as at 31 March 2010 showed an increase in the shortfall from £270,500,000 to £425,900,000.

British Transport Police Section of the Railways Pension Scheme(BTPS)

The Railways Pension Scheme was established by the Railways Pension Scheme Order 1994 (SI No 1433). The British Transport Police Shared Cost Section of the Scheme was established on 1 July 2004 by a Deed of Establishment and Participation between the British Transport Police Authority (the "Participating Employer") and Railways Pension Trustee Company Limited as Trustee of the Scheme (the Trustee).

This fund is open to new members.

The BTPS provides benefits of a defined benefit "final salary" basis at the normal retirement age of 60. Benefits accrue at the rate of one-sixtieth of pensionable salary for each year of service. In addition, a lump sum equivalent to one fortieth of final pay for every year of total membership is payable on retirement.

Members pay contributions of 10.06 % of pensionable earnings (This was 9.2% up to 30 June 2009). The employer contribution is 15.09% + plus BRASS matching (This was 14.46% with no BRASS matching up to 30 June 2009) .

The service cost has been calculated as the total cost (including BRASS contributions which are also included in the current employer' s contribution figure) less actual employee contributions. BRASS are additional voluntary contributions made by the employee. Members are entitled to receive employer contributions matching their own contribution up to a set level. Prior to 01 July 2009 this was being met from the sections assets. Since 01 July 2009 the employer now contributes to BRASS matching for relevant schemes.

Under the Rules and Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The Authority uses Mercer Limited to provided all the FRS17 valuation.

The employer's pension contributions for the previous four years were:

The employer's pension contributions for the two years from 2005-06 are nil, as the employer had a contribution holiday until 31 March 2007.

2007-08 2.7% of salaries

2008-09 3.1% of salaries

2009-10 2.3% of salaries

The amounts recognised in the statement of financial position are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Present value if funded obligations	92,400	53,600	60,100
Fair value of plan assets	(49,300)	(32,000)	(39,470)
	43,100	21,600	20,630
Present value of unfunded obligations	-	-	-
Unrecognised actuarial gains (losses)	-	-	-
Unrecognised past service cost	-	-	-
Net liability	43,100	21,600	20,630
Amounts in the statement of financial position:			
liabilities	43,100	21,600	20,630
assets	-	-	-
Net liability	43,100	21,600	20,630

The amounts recognised in the net expenditure account are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Current service cost	4,800	6,600	5,100
Interest on obligation	3,800	3,700	2,300
Expected return on plan assets	(2,100)	(3,000)	(2,900)
Net actuarial losses (gains) recognised in year			
Past service cost	-	-	-
Losses (gains) on curtailments and settlements	-	-	-
	-	-	-
Total pension cost recognised in the P&L account	6,500	7,300	4,500
Actual return on plan assets	12,200	(11,470)	(1,500)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Benefit obligation at beginning of year	53,600	60,100	39,160
Current service cost	4,800	6,600	5,100
Interest cost	3,800	3,700	2,300
Plan participants' contributions	2,400	2,000	1,700
Past service costs	0	-	-
Actuarial (gains)/losses	28,800	(17,700)	12,640
Losses (gains) on curtailments	-	-	-
Liabilities extinguished on settlements	-	-	-
Benefits paid (including expenses)	(1,000)	(1,100)	(800)
Effect of exchange rate changes	-	-	-
Benefit obligation at end of year	92,400	53,600	60,100

Analysis of defined benefit obligation			
Plans that are wholly or partly funded	92,400	53,600	60,100
Plans that are wholly unfunded	-	-	-
Total	92,400	53,600	60,100

Changes in the fair value of plan assets are as follows:

	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Fair value of plan assets at beginning of year	32,000	39,470	37,460
Expected return on plan assets	2,100	3,000	2,900
Actuarial gains / (losses)	10,100	(14,470)	(4,400)
Business combinations	-	-	-
Assets distributed on settlements	-	-	-
Employer contribution	3,600	3,000	2,500
Employer BRASS matching contributions	100	100	110
Member contributions	2,400	2,000	1,700
Benefits paid (including expenses)	(1,000)	(1,100)	(800)
Effect of exchange rate changes	-	-	-
Fair value of plan assets at end of year	49,300	32,000	39,470

The company expects to contribute approximately £3.8 million to this pension scheme in the year ending 31 March 2011.

The weighted average asset allocation at the year-end were as follows:

Asset Category	Plan assets at 31 March 2010	Plan assets at 31 March 2009	Plan assets at 31 March 2008
Equities	75.6%	73.9%	74.1%
Bonds	5.7%	5.1%	5.4%
Real Estate	8.6%	8.9%	9.3%
Other	10.1%	12.1%	11.2%
	100.0%	100.0%	100.0%

Principal actuarial assumptions as the end of the reporting period (expressed as weighted averages)

Weighted average assumptions used to determine benefit obligations at:	31 March 2010	31 March 2009	31 March 2008
Discount rate	5.70%	6.80%	5.90%
Rate of compensation increase	5.20%	4.80%	5.00%

Weighted average assumptions used to determine net pension cost for the year ended:	31 March 2010	31 March 2009	31 March 2008
Discount rate	6.80%	5.90%	5.40%
Expected long-term return on plan assets	6.22%	7.26%	7.30%
Rate of compensation increase	4.80%	5.00%	4.60%

Weighted average life expectancy for mortality tables used to determine benefit obligations at:		31 March 2010	31 March 2009	31 March 2008
Male age 65 (current life expectancy)	Pension under £8,500 pa or pensionable pay under £	19.8	19.8	17.3
	Others	21.5	21.5	17.3
Male age 45 (life expectancy at age 65)	Pension under £8,500 pa or pensionable pay under £	22.2	22.2	17.3
	Others	23.7	23.7	17.3
Female age 65 (current life expectancy)	Pension under £3,000 pa or pensionable pay under £	21.7	21.7	19.5
	Others	22.7	22.7	19.5
Female age 45 (life expectancy at age 65)	Pension under £3,000 pa or pensionable pay under £	23.2	23.2	19.5
	Others	24.2	24.2	19.5

At 31 March 2008, an implicit allowance was made for improvements in mortality by means of 0.25% reduction in the discount rate plus a reserve to reflect the expected revisions to the mortality tables to be adopted following the formal actuarial valuation as at 31 December 2007.

To develop the expected long-term rate of return on assets assumption, Mercers considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 7.23% assumption for the year ended 31 March 2008, 6.22% for the year ended 31 March 2009 and 6.71% for the year ended 31 March 2010.

Amounts for the current period and previous four periods are as follows:	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000	31 March 2007 £000	31 March 2006 £000
Benefit obligation at the end of year	92,400	53,600	60,100	39,160	35,680
Fair value of plan assets at end of year	49,300	32,000	39,470	37,460	32,430
Surplus / (deficit)	(43,100)	(21,600)	(20,630)	(1,700)	(3,250)
Difference between expected and actual return on scheme assets:					
amount (£ '000)	10,100	(14,470)	(4,400)	1,300	5,000
percentage of scheme assets	20%	-45%	-11%	3%	15%
Experience gains and losses on scheme liabilities:					
amount (£ '000)	(100)	800	(8,570)	630	560
percentage of scheme liabilities	0%	1%	-1%	2%	2%

The actuarial update as at 31 March 2010 showed an increase in the shortfall from £21,610,000 to £43,100,000.