Statement of Accounts presented to Parliament pursuant to Schedule 4 of the Railways and Transport Safety Act 2003

British Transport Police Fund

Statement of Accounts for the year ended 31 March 2012

Ordered by the House of Commons to be printed on

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Statement of Comprehensive Income

for the year ending 31 March 2012

	Note	2011-12 £000	Restated 2010-11 £000
Income			
Police Service Agreement income	3	193,582	201,410
Other Income	3	71,146	75,604
		264,728	277,014
Expenditure			
Staff costs	4	(222,721)	(233,311)
Depreciation	5	(11,246)	(10,254)
Other Expenditure	5	(49,531)	(50,367)
		(283,498)	(293,932)
Net Income		(18,770)	(16,918)
Net Interest Receivable		177	134
Net Interest Payable for pension schemes	26	(420)	(20,100)
Net Income after interest before exceptional items		(19,013)	(36,884)
Credit to past service costs	25	0	135,700
Net Income for the financial year		(19,013)	98,816
Other Comprehensive Income			
Net gain on revaluation of Property, Plant and Equipment		681	1,666
Actuarial gains/(losses) on defined benefit pension schemes	26	(91,400)	172,580
Cash Received from debtors and creditors previously written off	24	0	43
		(90,719)	174,289
Total Comprehensive Income for the year ended 31 March 2012		**(109,732)**	**273,105**

The surplus/(deficit) for the financial year is transferred to the Income and Expenditure Reserve. Movements in the Income and Expenditure Reserve are set out in Note 24.

Further details explaining the operational surplus can be found in the Management Commentary.

All operations are classed as continuing; there were no material acquisitions or disposals during the year.

Accounting policies and notes forming part of these accounts are on pages xx to xx.

Statement of Financial Position

as at 31 March 2012

	Note	2012 £000	£000	Restated 2011 £000	£000	Restated 01 April 2010 £000	£000
Non-Current Assets:							
Property, Plant and Equipment	6	50,116		49,101		44,515	
Intangible assets	7	7,453		5,723		4,178	
Trade and other receivables	10	153		172		281	
Total Non-Current assets:			57,722		54,996		48,974
Current Assets							
Inventories	9	685		445		384	
Trade and other receivables	10	23,905		21,525		22,288	
Cash and cash equivalents	11	23,592		18,643		35,657	
Total Current assets:			48,182		40,613		58,329
Total Assets			105,904		95,609		107,303
Current Liabilities							
Trade and other payables	12	(31,047)		(27,892)		(46,984)	
Provisions for liabilities and charges	13	(629)		(1,703)		(2,512)	
Total current liabilities			(31,676)		(29,595)		(49,496)
Non-current assets plus/less net current assets/liabilities			74,228		66,014		57,807
Non-Current Liabilities							
Pension Liabilities	25	(306,270)		(203,260)		(469,000)	
Other payables	12	(1,134)		(1,191)		(18,528)	
Total non-current liabilities			(307,404)		(204,451)		(487,528)
Assets less liabilities			**(233,176)**		**(138,437)**		**(429,721)**
Taxpayers' Equity							
Income and Expenditure Reserve	24	68,824		60,465		35,854	
Revaluation Reserve		4,270		4,358		3,425	
Pension Reserve	25	(306,270)		(203,260)		(469,000)	
			(233,176)		(138,437)		(429,721)
			(233,176)		**(138,437)**		**(429,721)**
			0		0		0

The financial statements on pages xx to yy were approved by the Authority on xx/xx/xx and were signed on its behalf by:

Signed A.C. Figgures

Accounting Officer

Date ……

Accounting policies and notes forming part of these accounts are on pages xx to xx.

Statement of Cashflows

for the year ending 31 March 2012

	Note	£000	2011-12 £000	£000	Restated 2010-11 £000
Cash flows from operating activities					
Net Income for the financial year		(19,013)		98,816	
(Profit)/Loss on disposal of non-current assets	5	37		331	
(Increase)/Decrease in trade and other receivables	10	(2,361)		872	
Increase in inventories	9	(240)		(61)	
Increase/(Decrease) in trade payables	12	3,098		(36,429)	
less movements in payables relating to items not passing through the Statement of Comprehensive Income		0		36	
Use of provisions	13	(1,074)		(809)	
Depreciation charges	6	9,435		8,944	
Amortisation charges	7	1,811		1,310	
MHCA Revaluation Adjustment		726		1,100	
Pension charges	26	11,190		22,440	
Net Interest Payable for pension schemes	26	420		20,100	
Credit to past service costs	25	0		(135,700)	
Decrease in tangible asset accruals - non cash additions	6	(1,292)		573	
Decrease in intangible asset accruals - non cash additions	7	360		(418)	
Net cash flow from operating activities			3,097		(18,895)
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(9,410)		(14,062)	
Purchase of intangible non-current assets	7	(3,905)		(2,481)	
Proceeds of disposal of property, plant and equipment		174		245	
Net cash flow from investing activities			(13,141)		(16,298)
Cash flows from financing activities					
Grants from parent department		14,993		18,147	
Amounts repayable (to)/from the DfT		0		32	
Net financing			14,993		18,179
Net increase/(decrease) in cash and cash equivalents in the period			**4,949**		**(17,014)**
Cash and cash equivalents at the beginning of the period	11		18,643		35,657
Cash and cash equivalents at the end of the period	11		23,592		18,643
	11		**(4,949)**		**17,014**
			(0)		**0**

Accounting policies and notes forming part of these accounts are on pages xx to xx.

Statement of Changes in Taxpayers' Equity

for the year ending 31 March 2012

	Note	Restated Income and Expenditure Reserve £000	Revaluation Reserve £000	Pension Reserve £000	Restated Total Reserve £000
Balance at 31 March 2010		32,928	3,425	(469,000)	(432,647)
Changes in accounting policy		2,926	0	0	2,926
Restated balance at 01 April 2010		**35,854**	**3,425**	**(469,000)**	**(429,721)**
Changes in Taxpayers' Equity 2010-11					
Net gain on revaluation of property, plant and equipment and motor vehicles		0	1,666	0	1,666
Pension movement		0	0	172,580	172,580
Cash Received from debtors and creditors previously written off		43	0	0	43
Transfer between reserves		(92,427)	(733)	93,160	0
Comprehensive Income for the year		98,816	0	0	98,816
Total recognised income and expense for 2010-11		6,432	933	265,740	273,105
Grants Received					
Revenue Grant Received		17,694	0	0	17,694
Capital Grant in Aid Received		0	0	0	0
Amounts Repayable from the DfT		32	0	0	32
Total Grants Received		17,726	0	0	17,726
Balance at 31 March 2011		60,012	4,358	(203,260)	(138,890)
Changes in accounting policy		453	0	0	453
Restated balance at 01 April 2010		**60,465**	**4,358**	**(203,260)**	**(138,437)**
Changes in Taxpayers' Equity 2011-12					
Net gain on revaluation of property, plant and equipment and motor vehicles		0	681	0	681
Pension movement		0	0	(91,400)	(91,400)
Cash Received from debtors and creditors previously written off		0	0	0	0
Transfer between reserves		12,379	(769)	(11,610)	0
Comprehensive Income for the year		(19,013)	0	0	(19,013)
Total recognised income and expense for 2011-12		(6,634)	(88)	(103,010)	(109,732)
Grants Received					
Revenue Grant in Aid Received		14,577	0	0	14,577
Capital Grant in Aid Received		416	0	0	416
Amounts repayable to the DfT		0	0	0	0
Amortisation of specific capital grants		0	0	0	0
Total Grants Received		14,993	0	0	14,993
Balance at 31 March 2012		**68,824**	**4,270**	**(306,270)**	**(233,176)**

Accounting policies and notes forming part of these accounts are on pages xx to xx.

Notes To The Accounts

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2011-12 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 (the Authority) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for 2011-12 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and follow the requirements of the 2011-12 Government Financial Reporting Manual.

The opening financial position as at 1 April 2011 shows net pension liabilities of £203.3m. This is owing to full implementation of IAS 19 Employee Benefits, requiring the costs and benefits of pension schemes relevant to the Authority to be reflected in the statement of accounts. The net liability of the scheme on 31 March 2012 was £306.3m, an increase of £103.0m in the year. This increase was caused by losses on the schemes investments and increased liabilities. This liability is accounted for as a negative pension reserve. The Department for Transport, as the Authority's sponsoring department, has agreed to underwrite any pension shortfalls.

BTPA is confident that sufficient resources are available (from Police Service Agreements, from service income and from Grant-In-Aid from the DfT) to meet its approved expenditure needs because of the agreement with the DfT. Accordingly it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.2 Recent Accounting Developments

Standards

A number of new standards, amendments and interpretations of standards, effective in 2011 and 2012 were issued. These had no material impact on the Authority's financial statements.. These include:

IFRS 7 - Financial Instruments - Disclosures: effective for annual period beginning on or after 01 January 2011. This amends the disclosure requirements of the nature and extent of risks arising from Financial Instruments.

IAS 24 - Related Party Disclosures: effective for annual period beginning on or after 01 January 2011. This clarifies the definition of a related party and simplifies some of the disclosure requirements in relation to Government relater parties.

As at 31 March 2012, the following Standards and Interpretations have been issued but are not yet effective (and in some cases not yet adopted by the EU):

IAS 19 - Post Employment Benefits: effective for annual period beginning on or after 1 January 2013. This is an amendment to the existing standard in relation to Recognition, Presentation and Disclosure

IFRS 9 Financial Instruments: effective for annual period beginning on or after 1 January 2015. However, this can be adopted in phases. Phase 1 is on or after 1 January 2009. This is a new standard on classification and measurement of financial assets that will replace IAS39.

The adoption of the above standard and interpretations in future periods will have no material effect on the Authority's financial statements.

FReM

The Government Financial and Reporting Manual (FReM) includes the following accounting change that was issued and was effective in 2011-12:

IAS20 Accounting for Government Grants and Disclosure of Government Assistance. This relates to capital financing from Government departments, which has resulted in a change in treatment that has affected all the primary statements, as well as any related notes. For further details see note 1.11.

1.3 Prior Year Adjustments

Material adjustments applicable to prior periods arising from either changes in accounting policy or the correction of material errors are accounted for as prior year adjustments. Opening balances are adjusted for the cumulative effect of the prior year adjustment and comparative figures for the preceding period are restated.

The prior year adjustments in 2009-10 and 2010-11 are in relation to the re-classification of the Government Grant Reserve as set out in IAS 20.

1.4 Property, Plant and Equipment

Property, Plant and Equipment 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(MM22) for the category of asset. All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised, subject to a minimum monetary limit of £1,000, on an accruals basis in accordance with IAS16 Property, Plant and Equipment.

The Authority operates a grouping policy on the purchase of Property, Plant and Equipment. This means that when several items of a capital nature are purchased together and the combined cost is greater than £1,000, they are capitalised even if the individual items have a cost of less than £1,000.

1.5 Intangible Assets

Computer software and licences, the Wide Area Network project and expenditure on website development are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred.

The Authority operates a grouping policy on the purchase of Intangible Assets. This means that when several items of a capital nature are purchased together and the combined cost is greater than £1,000, they are capitalised even if the individual items have a cost of less than £1,000.

Internally developed intangible assets, such as software or databases, are recognised as intangible assets if there is an identifiable asset that will produce future benefits and if the cost can be determined reliably.

All intangible assets are valued at cost. Except where reliable evidence of current value cannot be readily ascertained, these are restated to current value each year. Intangible assets are amortised over their useful lives, on a straight-line basis, over the shorter of the term of the licence or the life of the software package, which is usually between three and five years.

1.6 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 the Authority has yet to occupy.

1.7 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 – between 5 and 20 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.

1.8 Disposals

Depreciation is charged on assets in accordance with the Authority's depreciation policy. Depreciation is charged up to the date on which the asset is disposed. Any surplus or deficit is taken to the Statement of Comprehensive Income.

1.9 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.

1.10 Leases

The Authority has a number of operating leases in respect of property. Rentals under operating leases are charged to the Statement of Comprehensive Income in the period in which they are incurred. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the term of the lease. The Authority currently holds no finance leases.

1.11 Grants and Capital Financing

Capital grant in aid received from the DfT is recognised in the Income and Expenditure Reserve. Subject to the conditions of IAS 20 - Accounting for Government Grants capital funding from other Government sources is recognised in the Statement of Comprehensive Income on a systematic basis, over the periods in which the entity recognises as expenditure the related costs for which the grants are intended to compensate (i.e. the funding is released in line with the depreciation charged on the assets purchased). Funding related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position as deferred income.

Funding for capital purchase from non-government sources is recognised in the Statement of Comprehensive Income on a systematic basis, over the periods in which the entity recognises as expenditure the related costs for which the grants are intended to compensate (i.e. the funding is released in line with the depreciation charged on the assets purchased). Funding related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position as deferred income.

1.12 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 2012.

Provisions are charged to the Statement of Comprehensive Income 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 claims against the Authority, employment tribunals and dilapidations.

1.13 Contingent Liabilities

In accordance with IAS 37, the Authority discloses as contingent liabilities potential future obligations arising from part obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Authority's control, unless their likelihood is considered to be remote.

1.14 VAT

Most of the activities of the Authority are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Input VAT on non-statutory services is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.15 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 for in the period in which it is due.

1.16 Inventories

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

1.17 Research and Development

Expenditure on research is not capitalised. Expenditure on development is capitalised and written off over the useful life of the asset if it meets the criteria specified in the FReM. Expenditure that does not meet the criteria for capitalisation is treated as an expense and shown in the Statement of Comprehensive Income in the year in which it is incurred.

Non-current assets acquired for use in research and development are depreciated over the life of the associated project.

1.18 Insurance

The Authority 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 and claims for damages, are charged to the Statement of Comprehensive Income as they occur. In the event of a material loss occurring the Authority will consult with the Secretary of State about the action to be taken.

1.19 Financial Instruments

The Authority has adopted IFRS 7 which requires disclosures in the financial statements to enable 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 March 2012 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 are shown in Note 8.

1.20 Provision for Bad and Doubtful Debts

All bad and doubtful debts are reviewed on a case by case basis to assess the likelihood of recovery actions being successful. Where appropriate, taking into account 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.

1.21 Cash and Cash Equivalents

For the purposes of the Statement of Cashflows, cash includes cash in hand and deposits on call at financial institutions. The Authority does not currently hold any items that meet the definition of cash equivalents such as short term highly liquid investments.

1.22 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 set up 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.

On 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) .

Further details of the Authority's pension schemes can be found in notes 25 and 26.

1.23 Estimation Techniques

Estimation techniques are the methods adopted to arrive at estimated monetary amounts for income and expenditure during the reported period and the valuation of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. There may be several alternative estimation techniques, which could produce a range of results. The significant estimation techniques for the Authority include the valuation of property, plant and equipment using the modified historic costing indices from the Office for National Statistics(MM22) for each category of non-current asset.

1.24 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Authority's accounting policies, which are described in note 1, senior management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.25 Critical Judgements in Applying the Accounting Policies

Provisions have been put in place for Employment Tribunals and other Claims against the Authority, based on management decisions and on evidence from the Authority's solicitors.

There are no other significant critical judgements made in applying the accounting policies.

1.26 Key Sources of Estimation Uncertainty

There are no significant sources of estimation uncertainty.

1.27 Exceptional Items

Exceptional items are those items that in the Authority's view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Authority's financia performance.

1.28 Revaluation Reserve

The Revaluation Reserve represents the cumulative restatements of Property, Plant and Equipment using the relevant modified historic costing indices from the Office for National Statistics(MM22) for the category of asset.

1.29 Pension Reserve

The Pension Reserve represents the Authority's cumulative liability as determined by Mercers Limited as a result of the full implementation of IAS19 - Employee Benefits .

Further details of the Authority's pension schemes can be found in notes 25 and 26.

2 Segmental Analysis

The Authority 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.

3 Income

Under the Railways and Transport Safety Act 2003 the Authority has the power to charge Police Service Agreement (PSA) holders with the cost of providing policing services on the railway. The charge to individual PSA holders is calculated from the Authority's budgeted annual cost using a pre-determined charging mechanism. PSA holders consist of Network Rail, Train Operating Companies, Open Access Operators,, Freight Companies, Transport for London and other smaller licence holders. Further information about charges to specific PSA holders is contained in notes 18 and 19.

PSA holders can request for enhanced policing services in addition to that provided under the Police Service Agreement mechanism. These are charged at full cost.

Other income includes, amongst other things, grant funding from Government departments, the funding of capital projects from external bodies, and income under the Home Office Asset Recovery Scheme.

	2011-12	Restated 2010-11
	£000	£000
Police Service Agreement income	193,582	201,410
Other income		
London Underground income	50,888	48,779
Enhanced Police Service Agreement income	16,136	16,035
Recoveries in respect of outward secondments	1,010	1,492
Other income	3,112	9,298
	71,146	75,604
Total	**264,728**	**277,014**

For further details of the Authority's funding please see note 21.

4 Staff Numbers and Related Costs

Staff costs comprise:	2011-12 Total £000	Permanently Employed Staff Total £000	Temporary Employed Staff Total £000	2010-11 Total £000
Salaries and Wages	171,516	169,301	2,215	173,821
Social Security Costs	13,705	13,705	0	13,222
Other Pension Costs	37,500	37,500	0	46,268
Sub-total	222,721	220,506	2,215	233,311
Less recoveries in respect of outward secondments	(1,010)	(1,010)	0	(1,492)
Total net costs	221,711	219,496	2,215	231,819

Between 01 April 2011 and 31 March 2012, contributions of £26.0 million (£23.1million for the year ended 31 March 2011) 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) .

In 2011-12 it was agreed that the Authority would make additional contributions towards the British Transport Police Force Superannuation Fund. The contributions for 2011-12 were £2,925,000, of which £500,000 was funded by London Underground Limited. This is included within London Underground income.

Between 01 April 2011 and 31 March 2012 7 employees retired early on ill-health grounds (6 persons for the year ended 31 March 2011); There were no additional accrued pension liabilities in the year ended 31 March 2012 (Nil for the year ended 31 March 2011).

Further details of the Authority's pension schemes can be found in notes 25 and 26.

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 2011-12 Total	2010-11 Total
Directly Employed	2,846	311	1,356	4,513	4,541
Other - Agency Staff	0	0	20	20	88
	2,846	311	1,376	4,533	4,629

4.1 Reporting of Civil Service and other compensation schemes - exit packages

1	Exit package cost band	Number of Compulsory Redundancies	Number of other departures agreed	Total number of exit packages by cost band	2010-11 Total number of exit packages by cost band
2	< £10,000	-	11	11	3
3	£10,000 - £25,000	-	2	2	6
4	£25,000 - £50,000	-	2	2	2
5	£50,000 - £100,000	1	14	15	9
6	£100,000 - £150,000	-	-	-	2
7	£150,000 - £200,000	-	-	-	-
8	Total number of exit packages	1	29	30	22
9	Total resource cost / £	£55,530	£1,266,696	£1,322,226	£1,065,694

There was 1 compulsory redundancy in the period (nil in 2010-11). 13 officers left under the terms of a Voluntary Severance Scheme in 2011-12 (11 in 2010-11). They received compensation payments totalling £1,036,023 in 2011-12 (£902,751 in 2010-11)

The 13 senior officer departures (11 in 2010-11) were been made in accordance with BTP's Voluntary Severance Scheme agreed on 23 December 2010. The scheme was a one-off voluntary selective severance scheme for Police Officers at the rank of Chief Inspector, Superintendent, and Chief Superintendent employed by BTP of a permanent basis. The Authority has obtained Treasury approval for any severance payments over and above the statutory minimum.

Redundancy and other departure costs have been paid in accordance with the contractual obligations of the employee contracts. Exit costs are accounted for in full in the year of departure. Ill health retirement costs are met by the pension scheme and are not included in the table.

5 Other Expenditure

The deficit on ordinary activities before interest is stated after charging the following:

	Note	2011-12 £000	Restated 2010-11 £000
Supplies and services: other staff costs		5,001	5,674
Supplies and services: communications and computers		13,687	11,892
Supplies and services: other		8,712	10,961
Rentals under operating leases		7,945	7,140
Premises (excluding rentals under operating leases)		8,817	7,715
Transport costs		4,641	4,522
Non-cash items			
Depreciation of property, plant and equipment	6	9,435	8,944
Amortisation of intangible assets	7	1,811	1,310
MHCA Revaluation		726	1,100
(Gain)/Loss on disposal of property, plant and equipment		37	331
Provision provided for in year	13	(35)	(682)
Bad Debt Write Offs		0	1,714
Total		**60,777**	**60,621**

During the year the 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 £110,000 for auditors remuneration for audit work related to 2011-12.

6 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 2011	27,615	14,708	11,370	1,311	8,641	2,774	19,268	85,687
Additions	12,525	2,096	2,283	(299)	(8,125)	130	2,092	10,702
Reclassifications	0	71	(71)	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Disposals	0	(618)	(1,471)	0	0	0	(915)	(3,004)
Revaluations	400	127	79	0	0	26	(28)	604
At 31 March 2012	40,540	16,384	12,190	1,012	516	2,930	20,417	93,989
Depreciation								
At 1 April 2011	7,172	9,575	6,272	0	0	1,801	11,766	36,586
Charge for the Period	2,605	1,543	2,290	0	0	277	2,720	9,435
Reclassifications	0	28	(28)	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0
Disposals	0	(616)	(1,282)	0	0	0	(899)	(2,797)
Revaluations	325	212	60	0	0	60	(8)	649
At 31 March 2012	10,102	10,742	7,312	0	0	2,138	13,579	43,873
Carrying amount at 31 March 2012	30,438	5,642	4,878	1,012	516	792	6,838	50,116
Carrying amount at 31 March 2011	20,443	5,133	5,098	1,311	8,641	973	7,502	49,101
Asset Financing:								
Owned	30,438	5,642	4,878	1,012	516	792	6,838	50,116
Carrying amount at 31 March 2012	30,438	5,642	4,878	1,012	516	792	6,838	50,116

	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 2010	24,929	14,985	10,414	1,360	3,105	2,461	25,693	82,947
Additions	1,255	1,169	2,202	0	5,536	187	3,140	13,489
Reclassifications	0	0	49	(49)	0	0	0	0
Impairments	(98)	(2,199)	(54)	0	0	(15)	(7,839)	(10,205)
Disposals	0	0	(1,249)	0	0	0	(6)	(1,255)
Revaluations	1,529	753	8	0	0	141	(1,720)	711
At 31 March 2011	27,615	14,708	11,370	1,311	8,641	2,774	19,268	85,687
Depreciation								
At 1 April 2010	5,336	9,537	5,099	0	0	1,348	17,112	38,432
Charge for the Period	1,859	1,667	2,083	0	0	351	2,984	8,944
Reclassifications	0	0	0	0	0	0	0	0
Impairments	(56)	(2,209)	95	0	0	(13)	(7,725)	(9,908)
Disposals	0	0	(1,022)	0	0	0	(2)	(1,024)
Revaluations	33	580	17	0	0	115	(603)	142
At 31 March 2011	7,172	9,575	6,272	0	0	1,801	11,766	36,586
Carrying amount at 31 March 2011	20,443	5,133	5,098	1,311	8,641	973	7,502	49,101
Carrying amount at 31 March 2010	19,593	5,448	5,315	1,360	3,105	1,113	8,581	44,515
Asset Financing:								
Owned	20,443	5,133	5,098	1,311	8,641	973	7,502	49,101
Carrying amount at 31 March 2011	20,443	5,133	5,098	1,311	8,641	973	7,502	49,101

Property, plant and equipment have been stated at current cost using the modified historic costing indices from the Office for National Statistics(MM22) for each category of asset.

7 Intangible Assets

Intangible assets comprise of purchases of software, software licences, the Wide Area Network project and expenditure on website development.

	Licences	Software	Wide Area Network	Websites	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2011	3,901	3,405	2,063	0	0	9,369
Additions	562	559	2,076	39	309	3,545
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	(41)	(39)	0	0	0	(80)
At 31 March 2012	4,422	3,925	4,139	39	309	12,834
Amortisation						
At 1 April 2011	1,965	1,681	0	0	0	3,646
Charge for the Period	662	615	532	2	0	1,811
Reclassifications	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Disposals	(37)	(39)	0	0	0	(76)
At 31 March 2012	2,590	2,257	532	2	0	5,381
Carrying amount at 31 March 2012	1,832	1,668	3,607	37	309	7,453
Carrying amount at 31 March 2011	1,936	1,724	2,063	0	0	5,723
Asset Financing:						
Owned	1,832	1,668	3,607	37	309	7,453
Carrying amount at 31 March 2012	1,832	1,668	3,607	37	309	7,453

	Licences	Software	Wide Area Network	Websites	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2010	3,464	3,281	0	0	0	6,745
Additions	662	174	2,063	0	0	2,899
Reclassifications	0	0	0	0	0	0
Impairments	(225)	(50)	0	0	0	(275)
Disposals	0	0	0	0	0	0
At 31 March 2011	3,901	3,405	2,063	0	0	9,369
Amortisation						
At 1 April 2010	1,478	1,089	0	0	0	2,567
Charge for the Period	679	631	0	0	0	1,310
Reclassifications	0	0	0	0	0	0
Impairments	(192)	(39)	0	0	0	(231)
Disposals	0	0	0	0	0	0
At 31 March 2011	1,965	1,681	0	0	0	3,646
Carrying amount at 31 March 2011	**1,936**	**1,724**	**2,063**	**0**	**0**	**5,723**
Carrying amount at 31 March 2010	**1,986**	**2,192**	**0**	**0**	**0**	**4,178**
Asset Financing:						
Owned	1,936	1,724	2,063	0	0	5,723
Carrying Amount at 31 March 2011	1,936	1,724	2,063	0	0	5,723

8 Financial Instruments

Owing to the largely non-trading nature of its activities and the way in which the Authority 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 its activities.

Liquidity Risk
The Authority's net revenue and capital resource requirements are financed by resources from the PSA holders, and other Government bodies. There is an agreement with the Department for Transport to provide a loan facility based on cashflow requirement. Therefore the Authority is not exposed to significant liquidity risks.

Interest Rate Risk
All of the Authority's financial assets and all of its financial liabilities carry 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 2012.

Primary Financial Instruments:	**Book Value £000**	**Fair Value £000**
Financial Assets:		
Cash at Bank	23,592	23,592
Financial Liabilities:		
Provisions	629	629

9 Inventories

	31 March 2012	**31 March 2011**	**01 April 2010**		
Uniforms	**£000**	**£000**	**£000**		
Opening Balance	445	384	310		
Additions	1,095	518	671		
Utilisations	(929)	(457)	(597)		
Closing Balance	611	445	384	166	61
Ammunition	**£000**	**£000**	**£000**		
Opening Balance	0	0	0		
Additions	86	0	0		
Utilisations	(12)	0	0		
Closing Balance	74	0	0	74	0
Total Inventories	685	445	384	240	61

10 Trade Receivables and other current assets

	31 March 2012	Restated 31 March 2011	Restated 01 April 2010				
	£000	£000	£000				
Amounts falling due within one year:							
Trade Receivables	16,620	16,121	25,112				
PSA Receivable*	0	0	1,800				
Other Receivables	1,890	1,150	1,347				
Prepayments and accrued income	5,395	4,483	4,788				
Less: Provision for Doubtful Debts	0	(229)	(229)				
Provision for Bad and Doubtful Debts	0	0	(10,530)				
Total	**23,905**	**21,525**	**22,288**	2,380			

	31 March 2012	31 March 2011	01 April 2010				
	£000	£000	£000				
Amounts falling due after more than one year:							
Prepayments and accrued income	153	172	281				
	153	**172**	**281**	(19)	24,058	21,697	22,569
				2,361	2,361	(872)	

* The PSA receivable was the result of DfT agreeing a loan of £10m to cover deferred PSA charges for 2005-06. The repayment of this loan has been met by a deferred PSA charge to the PSA holders over four years starting in 2007-08 and the final payments were made in 2010-11.

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

	31 March 2012	Restated 31 March 2011	Restated 01 April 2010
	£000	£000	£000
Other central government bodies	823	785	2,646
Local authorities	5,948	4,134	2,317
Intra-government debtors	6,771	4,919	4,963
Bodies external to government	17,287	16,778	17,606
	24,058	**21,697**	**22,569**
	(0)	(0)	0

11 Cash and cash equivalents

	31 March 2012	31 March 2011	01 April 2010	
	£000	£000	£000	
Balance at 01 April	18,643	35,657	15,037	
Net change in cash and cash equivalent balances	4,949	(17,014)	20,620	
Balance at 31 March	**23,592**	**18,643**	**35,657**	
The following balances at 31 March were held at:				
Government Banking Service	111	419	8,920	
Commercial banks and cash in hand	23,481	18,224	26,737	
Balance at 31 March	**23,592**	**18,643**	**35,657**	4,949

12 Trade Payables and other current liabilities

	31 March 2012	Restated 31 March 2011	Restated 01 April 2010				
	£000	£000	£000				
Amounts falling due within one year:							
VAT payable	254	348	242				
Other Taxation & Social Security	3,956	3,981	3,981				
Trade payables	652	2,771	71				
Other payables	3,584	317	21,039				
Accruals & Deferred Income	22,601	20,475	19,853				
Department for Transport Loan	0	0	1,798				
Total	**31,047**	**27,892**	**46,984**	3,155	32,181	29,083	65,512
					3,098	(36,429)	

	31 March 2012	Restated 31 March 2011	01 April 2010	
	£000	£000	£000	
Amounts falling due after more than one year				
Department for Transport Loan	0	0	17,694	
Other payables, accruals and deferred income	1,134	1,191	834	
	1,134	**1,191**	**18,528**	(57)
				3,098

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

	31 March 2012	Restated 31 March 2011	Restated 01 April 2010
	£000	£000	£000
Other central government bodies	4,711	4,876	39,228
Local authorities	0	1	2
Intra-government payables and liabilities	**4,711**	**4,877**	**39,230**
Bodies external to government	27,470	24,206	26,282
	32,181	**29,083**	**65,512**
	0	0	0

13 Provisions for liabilities and charges

Provisions have been recognised within the accounts where:

(i) The Authority 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) it is subject to a case threshold of £50,000.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at 31 March 2012

	Claims Against the Authority £'000	Employment Tribunals £'000	Dilapidations £'000	Other Provisions £'000	Total £'000		
Balance at 1 April 2010	426	1,273	250	563	2,512		
Provided in the year	287	200	0	792	1,279		
Provisions not required written back	(326)	(843)	0	0	(1,169)		
Provisions utilised during the year	0	(356)	0	(563)	(919)		
Balance at 1 April 2011	387	274	250	792	1,703		809
Provided in the year	144	76	0	0	220		
Provisions not required written back	(152)	(103)	0	0	(255)		
Provisions utilised during the year	(76)	(171)	0	(792)	(1,039)		
Balance at 31 March 2012	303	76	250	0	629	(629)	1,074
						0	

The provisions for the Authority are all expected to be utilised by 31 March 2013.

Claims Against the Authority

This provision applies to claims made by employees of the Authority / Force and members of the public, which were allegedly caused by the Authority's / Force's negligence and result in injury, loss or damage. The provision is created based on information provided on a regular basis by professional in-house staff and solicitors and is the estimated cost of settlement including legal costs for outstanding liabilities valued in excess of £50,000.

Employment Tribunals

This provision is established on an individual case basis in conjunction with external legal advisers, relating to employment disputes, 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

The provision at 2010-11 was established based on the estimate of the costs for the Voluntary Severance Scheme for senior officers. All costs relating to this scheme were incurred during 2011 12.

14 Capital Commitments

Contracted capital commitments at 31 March 2012 for which no provision has been made:

	31 March 2012	31 March 2011	01 April 2010
	£000	£000	£000
Property, plant and equipment	0	0	1,790
Intangible assets	0	0	0
	0	0	1,790

As at 31 March 2012 there were no Capital Commitments relating to work yet to be started on properties (£nil at 31 March 2011).

15 Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2012	31 March 2011	01 April 2010
Obligations under operating leases for the following periods comprise:	£000	£000	£000
Buildings:			
Not later than 1 year	374	121	62
Later than 1 year but not later than 5 years	1,167	963	1,142
Later than 5 years	71,175	79,003	75,783
Total Operating Lease obligations	**72,716**	**80,087**	**76,987**

15.1 Finance Leases

The Authority have no leases that meet the definition of finance leases under IAS17.

16 Other Financial Commitments

The Authority did not enter into any non-cancellable contracts (which are not leases) during 2011-12 (Nil in 2010-11 and previous years).

17 Contingent Liabilities disclosed under IAS 37

During 2011-12 it was identified that 18 Police Officers had retired and been re-employed. As a result of a change in tax legislation a break in service of one calendar month or six calendar months depending on the new role and the age on retirement is required if the employee was aged less than 55. If these conditions were not met the pension payable could be deemed to be taxable. BTPA are working with HMRC and the Pensions trustee to reach a satisfactory outcome. These discussions were ongoing as at 31 March 2012 but no conclusions had been reached. An assessment of the future contingent liability of approximately £1m has been made but this is not provided in these financial statements as no conclusive agreements by HMRC, the Treasury or the Authority have yet been reached.

18 Related Party Transactions - London Underground Area

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

The Chief Constable has legal authority for the Force and, subject to approval by the Authority, and in agreement LUL determines the level of resources required annually. Under the agreement the Authority recharges all payroll and other agreed costs of providing the police service to LUL on a periodic basis. In addition the agreement provides for the recovery of an appropriate share of the Authority's centrally organised services.

In 2011-12 staff costs relating to LUL were £45.0m (£43.7m for the year ended 31 March 2011). The average number of police officers and police staff employed on London Underground during 2011-12 was 944 (932 for the year ended 31 March 2011).

LUL was invoiced by the Authority £11,101,720 in 2011-12 for non staff related costs (£10,475,577 in 2010-11) and as at 31 March 2012 £2,688,541 was outstanding (£1,363,477 at 31 March 2011).

19 Related Party Transactions - Other

The Department for Transport as the Authority's sponsor is a related party. The DfT was invoiced by the Authority £5,610 in 2011-12 (£226,000 in 2010-11) and as at 31 March 2012 there was nothing outstanding (£nil at 31 March 2011). The Authority received grant-in-aid totalling £14,993,000 in 2011-12 (£18,146,190 in 2010-11).

Network Rail with whom the Authority has a Police Service Agreement is also a related party. Network Rail was invoiced by the Authority £74,344,700 in 2011-12 (£81,528,457 in 2010-11) and as at 31 March 2012 £5,700,852 was outstanding (£5,789,218 at 31 March 2011).

Six members of the Authority are drawn from organisations providing railway services. Some of 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, three members are drawn from a background which requires them to have an interest with people travelling on the railway. Further details of Authority members and their interests can be found in the Management Commentary.

20 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 Accounts on behalf of the Authority and the remaining funds on behalf of their respective governing bodies. Details of these funds are below:

	31 March 2011 £000	Gross Inflows £000	Gross Outflows £000	31 March 2012 £000
British Transport Police Authority Property Act Fund Account	61	0	(9)	52
British Transport Police Cash Seizures Account	464	701	(524)	641
Total Third Party Assets	525	701	(533)	693

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.

British Transport Police Cash Seizures Accounts

In accordance with the Proceeds of Crime Act 2002 the Authority's 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 the Authority it does not form part of the Force's normal banking arrangements. As a result the Authority has set up a separate interest earning account Royal Bank of Scotland (RBS).

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

21 Charges to Police Service Users

As a result of the Judicial Review in 2009, the core PSA charges are calculated by using two different models for different PSA holders, depending on the contract that the PSA holder has in place. When the charges are calculated using the two different models, the charges do not recover 100% of the Authority's net expenditure. A formal agreement is in place with the DfT which funds this gap. In 2011-12 the gap was £5,268,000 (£2,528,095 in 2010-11).

22 Losses and Special Payments

There were no losses incurred during the year. In 2010-11 there were losses of £12,228,411.This were in relation to the Judicial Review and the subsequent failure to make adequate charges. These losses have been met in full by the DfT through Grant in Aid .

There were no payments that met the definition of a special payment in 2011-12 (£98,000 in 2010-11)

23 Events After the Reporting Period

The date the accounts are authorised for issue is the date that they are certified by the Comptroller and Auditor General.

24 Income and Expenditure Reserve

This comprises the Distributable Reserve, the Revenue Financing Reserve, the Capital Financing Reserve, the Working Capital Reserve and the Contingency Reserve.

	Distributable Reserve	Revenue Financing Reserve	Capital Financing Reserve	Working Capital Reserve	Contingency Reserve	Total
	£000	£000	£000	£000	£000	£000
Opening balance at 01 April 2010	(28,730)	15,806	37,128	6,500	2,224	32,928
Prior Year Adjustment - Change in Accounting Policy	2,105		821			2,926
Prior Year as restated	(26,625)	15,806	37,949	6,500	2,224	35,854
Comprehensive Income for the year	98,816	0	0	0	0	98,816
Cash Received from debtors and creditors previously written off	43	0	0	0	0	43
Transfer between reserves	(92,927)	0	0	0	500	(92,427)
Revenue Grant Received	0	17,694	0	0	0	17,694
Capital Grant in Aid Received	0	0	0	0	0	0
Amounts repayable from the DfT	0	0	32	0	0	32
Balance at 31 March 2011	(20,693)	33,500	37,981	6,500	2,724	60,012
Changes in accounting policy	0	342	111			453
Prior Year as restated	**(20,693)**	**33,842**	**38,092**	**6,500**	**2,724**	**60,465**
Comprehensive Income for the year	(19,013)	0	0	0	0	(19,013)
Cash Received from debtors and creditors previously written off	0	0	0	0	0	0
Transfer between reserves	11,818	0	0	0	561	12,379
Revenue Grant Received	0	14,577	0	0	0	14,577
Capital Grant in Aid Received	0	0	416	0	0	416
Amounts repayable to the DfT	0	0	0	0	0	0
Closing balance at 31 March 2012	(27,888)	48,419	38,508	6,500	3,285	68,824

Distributable Reserve

The Distributable Reserve represents the Authority's cumulative past operating surpluses/deficits. The prior year adjustment relates to the impact of IAS20 Accounting for Government Grants.

Revenue Financing Reserve

The Revenue Financing Reserve represents funding received from the DfT. This has primarily been to cover the impact of the Judicial Review, which resulted in the core PSA charges being based on two models which do not recover 100% of the Authority's net expenditure. There is a formal agreement with the DfT to fund this gap. The Authority have received formal permission from the DfT to convert these funds from loan to financing. In addition the Authority have also received funding to cover the cost of the Olympics, the Metal Theft Taskforce and the additional overtime incurred as a result of the London Riots. The prior year adjustment relates to the impact of IAS20 Accounting for Government Grants.

Capital Financing Reserve

The Capital Financing Reserve represents the funding received from the DfT for the general acquisition of capital goods. The prior year adjustment relates to the impact of IAS20 Accounting for Government Grants.

Working Capital Reserve

The Working Capital Reserve represents Grant in Aid from the DfT to ensure the liquidity of the Authority.

Contingency Reserve

The Contingency Reserve was created with the agreement of HM Treasury and the DfT to provide for unexpected events, such as major incidents and crimes, and to reduce the impact of these events on a single years budget. The reserve ceiling is being increased by the Retail Price Index each year.

25 Disclosure of Retirement Benefits

The pension costs associated with staff employed by the Authority during the year are £39.1m (£47.4m in 2010-11). In addition there was a net return on the pension fund of £0.4m (£20.1m in 2010-11), leaving a net debit in relation of pensions for the year of £39.5m (£67.5m in 2010-11). In 2010-11 there was an exceptional item of £135.7m relating to the credit to past service costs as a result of the change from the Retail Prices Index to the Consumer Prices Index for Pensions Uprating. There were no further exceptional item adjustments required in relation to this in 2011-12. The total pension liabilities for all staff, past and present, are shown in the Statement of Financial Position. These amount to £306.3m (£203.3m in 2010-11). HM Treasury have confirmed that the charge or credit to the Statement of Comprehensive Income arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with Police Service Agreements with the Authority.

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

The position of the schemes at 31 March 2012 were as follows:

Pension Liabilities	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
British Transport Police Force Superannuation Fund (BTPFSF)	279,060	181,090	425,900
British Transport Police Section of the Railways Pension Scheme (RPS)	27,210	22,170	43,100
	306,270	203,260	469,000

The amounts recognised in the Statement of Comprehensive Income are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
British Transport Police Force Superannuation Fund (BTPFSF)	33,270	56,800	44,500
British Transport Police Section of the Railways Pension Scheme (RPS)	6,210	10,700	6,500
	39,480	67,500	51,000
Exceptional Items			
British Transport Police Force Superannuation Fund (BTPFSF)	0	(124,600)	0
British Transport Police Section of the Railways Pension Scheme (RPS)	0	(11,100)	0
	0	(135,700)	0
Total amount recognised in the Statement of Comprehensive Income	39,480	(68,200)	51,000

Accounting for the Change from the Retail Prices Index to the Consumer Prices Index for Pensions Uprating

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The British Transport Police Force Superannuation Fund (BTPFSF) and the Railways Pension Scheme (RPS) are private sector schemes, however, according to the rules of both arrangements, pensions in payment and benefits in deferment are increased in the same proportion as official pensions are increased under the Pensions (Increase) Act 1971. The Pensions Increase (Review) Order 2011 provided for official pensions which began before 12 April 2010 to be increased by 3.1% on or after 11 April 2011; this was in line with CPI in September 2010. As a result of this Order an increase of 3.1% was made to benefits in the BTPFSF and the British Transport Police Section of the RPS. The effect of this is shown as an exceptional item in 2010-11.

Further details can be found in Note 26.

26 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 a pension age of 55. Pension benefits accrue at the rate of one-forty-fifth of final average salary less one-thirtieth of final average State flat-rate pension for each year of beneficial membership. In addition a lump sum is payable on retirement. This value of this is dependent on the rules applicable to the individual concerned..

Members pay contributions of 16.0% of scheme salary 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 from 1 April 2005 until 31 March 2008.

The BTPFSF (new) provides benefits on a "final salary" basis at a pension age of 55. Pension benefits accrue at the rate of one-seventieth of final average salary for each year of beneficial membership of the fund (subject 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 of beneficial membership in the fund is payable on retirement.

Members pay contributions of 10.0% of pensionable salary 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 and AVC Extra are additional voluntary contribution arrangements which accept additional employee contributions.

It is the policy of the Authority to recognise actuarial gains and losses in the year they occur through Other Comprehensive Income.

Under the Trust Deed and Rules the pension fund is subject to an independent triennial actuarial valuation to monitor the funding level and determine the employer's and employees' contribution rates. An independent actuarial valuation was carried out as at 31 December 2009 by Towers Watson. The results, which showed a deficit, have now been finalised, and a recovery plan has been agreed with the Trustee. The Authority uses Mercer Limited to provide the IAS19 valuation.

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

2007-08 12.6% of salaries
2008-09 13.0% of salaries
2009-10 9.7% of salaries
2010-11 16.0% of salaries
2011-12 14.3% of salaries

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

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Benefit obligation at beginning of year	1,034,100	1,214,200	862,900
Current service cost	33,310	38,700	22,200
Interest cost	57,070	70,000	58,600
Plan participants' contributions	12,140	12,250	12,000
Past service costs	0	(124,600)	-
Actuarial (gains)/losses	41,330	(137,550)	291,900
Losses (gains) on curtailments	0	-	-
Liabilities extinguished on settlements	0	-	-
Benefits paid (including expenses)	(37,230)	(38,900)	(33,400)
Effect of exchange rate changes	-	-	-
Benefit obligation at end of year	1,140,720	1,034,100	1,214,200
Analysis of defined benefit obligation			
Plans that are wholly or partly funded	1,140,720	1,034,100	1,214,200
Plans that are wholly unfunded	-	-	-
Total	1,140,720	1,034,100	1,214,200

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

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Fair value of plan assets at beginning of year	853,010	788,300	592,400
Expected return on plan assets	57,110	51,900	36,300
Actuarial gains / (losses)	(47,150)	18,200	160,200
Business combinations	0	-	-
Assets distributed on settlements	0	-	-
Employer contribution	21,920	19,420	18,800
Member contributions	12,140	12,250	12,000
Government support payments	1,860	1,840	2,000
Benefits paid (including expenses)	(37,230)	(38,900)	(33,400)
Effect of exchange rate changes	-	-	-
Fair value of plan assets at end of year	861,660	853,010	788,300

The amounts recognised in the Statement of Financial Position are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Present value of funded obligations	1,140,720	1,034,100	1,214,200
Fair value of plan assets	(861,660)	(853,010)	(788,300)
	279,060	181,090	425,900
Present value of unfunded obligations	-	-	-
Unrecognised actuarial gains (losses)	-	-	-
Unrecognised past service cost	-	-	-
Net liability	279,060	181,090	425,900
Amounts in the statement of financial position:			
liabilities	279,060	181,090	425,900
assets	-	-	-
Net liability	279,060	181,090	425,900

The amounts recognised in the Statement of Comprehensive Income are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Current service cost	33,310	38,700	22,200
Interest on obligation	57,070	70,000	58,600
Expected return on plan assets	(57,110)	(51,900)	(36,300)
Net actuarial losses (gains) recognised in year	0	-	-
Past service cost	0	(124,600)	-
Losses (gains) on curtailments and settlements	0	-	-
Total pension cost recognised in the income statement	33,270	(67,800)	44,500
Actual return on plan assets	9,950	70,100	196,500

The amounts recognised in the Statement of Other Comprehensive Income are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Actuarial (gains)/losses immediately recognised	88,480	(155,750)	131,700
Effect of asset limitation and IAS minimum funding requirement	0	0	0
Total pension cost recognised in the Other Comprehensive Income	88,480	(155,750)	131,700
Cumulative amount of actuarial (gains)/losses recognised	64,430	(24,050)	131,700

The Authority expects to contribute around £27.0m to this pension scheme in the year ending 31 March 2013 (£22.5m in the year ended 31 March 2012)

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

Weighted average assumptions used to determine benefit obligations at:	31 March 2012	31 March 2011	01 April 2010
Discount rate	5.10%	5.50%	5.70%
Rate of compensation increase *	4.40% *	4.50% **	5.20%
Rate of RPI price inflation	3.40%	3.50%	3.70%
Rate of CPI price inflation	2.40%	2.75%	n/a
Rate of pensions increases	2.40%	2.75%	3.70%

* allowance has been made for a pay freeze until 2013 and then increases of 4.4% pa thereafter.
** allowance has been made for a pay freeze until 2013 and then increases of 4.5% pa thereafter.

Weighted average assumptions used to determine net pension cost for the year ended:	31 March 2012	31 March 2011	01 April 2010
Discount rate	5.50%	5.70%	6.80%
Expected long-term return on plan assets	6.70%	6.71%	6.16%
Rate of compensation increase	4.50% **	5.20%	4.80%
Rate of RPI price inflation	3.50%	3.70%	3.30%
Rate of CPI price inflation	2.75%	n/a	n/a
Rate of pensions increases	2.75%	3.70%	3.30%

** allowance has been made for a pay freeze until 2013 and then increases of 4.5% pa thereafter.

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	31 March 2012	31 March 2011	01 April 2010
Male member age 65 (current life expectancy)	21.7	21.7	19.4
Female member age 65 (current life expectancy)	24.5	24.5	21.7
Male member age 45 (life expectancy at age 65)	24.0	24.0	22.3
Female member age 45 (life expectancy at age 65)	26.9	26.9	24.4

Plan assets at the year end (expressed as weighted averages)

Percentage of plan assets by asset allocation	31 March 2012	31 March 2011	01 April 2010
Equities	60.00%	68.70%	68.90%
Bonds	19.90%	17.10%	11.50%
Real Estate	9.60%	8.00%	8.60%
Allowance for Government Support Payments	1.70%	2.00%	2.00%
Other	8.80%	4.20%	9.00%
	100.00%	100.00%	100.00%

Expected return on assets by asset allocation	31 March 2012	31 March 2011	01 April 2010
Equities	6.60%	7.60%	7.70%
Bonds	4.30%	4.95%	5.10%
Real Estate	5.10%	6.30%	6.40%
Government Support Payments	5.10%	5.50%	5.70%
Other	1.94%	0.50%	0.50%
	5.47%	6.70%	6.80%

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 of future returns for each asset class. The expected return for each asset class was then weighted based on the actual 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, 6.60% for the year ended 31 March 2010, 6.70% for the year ended 31 March 2011 and 5.47% for the year ended 31 March 2012.

Amounts for the current year and previous four years are as follows:	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Benefit obligation at the end of year	1,140,720	1,034,100	1,214,200	862,900	999,000
Fair value of plan assets at end of year	861,660	853,010	788,300	592,400	829,800
Surplus / (deficit)	(279,060)	(181,090)	(425,900)	(270,500)	(169,200)
Difference between expected and actual return on scheme assets:					
amount (£ '000)	47,150	(18,200)	(160,200)	(293,400)	(101,100)
percentage of scheme assets	5%	(2%)	(20%)	(50%)	(12%)
Experience gains and losses on scheme liabilities:					
amount (£ '000)	0	(31,600)	(13,800)	(200)	(35,800)
percentage of scheme liabilities	0%	(3%)	(1%)	0%	(4%)

The actuarial update as at 31 March 2012 showed a increase in the shortfall from £181,090,000 to £279,060,000

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

The Railways Pension Scheme (RPS) 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 section is open to new members.

The RPS provides benefits on a defined benefit "final salary" basis at a pension age of 60. Pension benefits accrue at the rate of one-sixtieth of final average pay less one-fortieth of the final average basic State pension for each year of pensionable service. In addition, a lump sum equivalent to one fortieth of final average pay for every year of pensionable service is payable on retirement.

Members pay contributions of 10.06 % of section pay (this was 9.2% up to 30 June 2009). The employer contribution is one and a half times the members', being 15.09% + plus BRASS matching of up to 5% of eligible members' pensionable pay (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 contributions 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 1 July 2009 this was being met from the sections assets. Since 1 July 2009 the employer now pays BRASS matching contributions directly. Increases to BRASS matching contributions were frozen with effect from 2 July 2004.

It is the policy of the Authority to recognise actuarial gains and losses in the year they occur through Other Comprehensive Income.

Under the Pension Trust and Regulations the RPS is subject to an independent triennial actuarial valuation to monitor the funding level and determine the employer's and employees' contribution rates. An independent actuarial valuation was carried out as at 31 December 2010 by Towers Watson. The results have not yet been finalised but are not likely to result in any changes to either employee or employer contributions. The Authority uses Mercer Limited to provide the IAS19 valuation.

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

2007-08 2.7% of salaries

2008-09 3.1% of salaries

2009-10 2.3% of salaries

2010-11 3.8% of salaries

2011-12 2.5% of salaries

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

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Benefit obligation at beginning of year	80,300	92,400	53,600
Current service cost	5,750	8,700	4,800
Interest cost	4,620	5,500	3,800
Plan participants' contributions	2,670	2,430	2,400
Past service costs	0	(11,100)	0
Actuarial (gains)/losses	(70)	(16,330)	28,800
Losses (gains) on curtailments	0	-	-
Liabilities extinguished on settlements	0	-	-
Benefits paid (including expenses)	(670)	(1,300)	(1,000)
Effect of exchange rate changes	0	-	-
Benefit obligation at end of year	92,600	80,300	92,400
Analysis of defined benefit obligation			
Plans that are wholly or partly funded	92,600	80,300	92,400
Plans that are wholly unfunded	-	-	-
Total	92,600	80,300	92,400

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

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Fair value of plan assets at beginning of year	58,130	49,300	32,000
Expected return on plan assets	4,160	3,500	2,100
Actuarial gains / (losses)	(2,990)	500	10,100
Business combinations	0	-	-
Assets distributed on settlements	0	-	-
Employer contribution (including BRASS matching)	4,090	3,700	3,700
Member contributions	2,670	2,430	2,400
Benefits paid (including expenses)	(670)	(1,300)	(1,000)
Effect of exchange rate changes	-	-	-
Fair value of plan assets at end of year	65,390	58,130	49,300

The amounts recognised in the Statement of Financial Position are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Present value of funded obligations	92,600	80,300	92,400
Fair value of plan assets	(65,390)	(58,130)	(49,300)
	27,210	22,170	43,100
Present value of unfunded obligations	-	-	-
Unrecognised actuarial gains (losses)	-	-	-
Unrecognised past service cost	-	-	-
Net liability	27,210	22,170	43,100
Amounts in the statement of financial position:			
liabilities	27,210	22,170	43,100
assets	-	-	-
Net liability	27,210	22,170	43,100

The amounts recognised in the Statement of Comprehensive Income are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Current service cost	5,750	8,700	4,800
Interest on obligation	4,620	5,500	3,800
Expected return on plan assets	(4,160)	(3,500)	(2,100)
Net actuarial losses (gains) recognised in year	0		
Past service cost	0	(11,100)	-
Losses (gains) on curtailments and settlements	0	-	-
	-	-	-
Total pension cost recognised in the income statement	6,210	(400)	6,500
Actual return on plan assets	1,170	4,000	12,200

The amounts recognised in the Statement of Other Comprehensive Income are as follows:

	31 March 2012 £000	31 March 2011 £000	01 April 2010 £000
Actuarial (gains)/losses immediately recognised	2,920	(16,830)	18,700
Effect of asset limitation and IAS minimum funding requirement	0	0	0
Total pension cost recognised in the Other Comprehensive Income	2,920	(16,830)	18,700
Cumulative amount of actuarial (gains)/losses recognised	4,790	1,870	18,700

The Authority expects to contribute around £4.3m to this pension scheme in the year ending 31 March 2013 (£3.7m in the year ended 31 March 2012)

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

Weighted average assumptions used to determine benefit obligations at:	31 March 2012	31 March 2011	01 April 2010
Discount rate	5.10%	5.50%	5.70%
Rate of compensation increase *	4.40% *	4.50% **	5.20%
Rate of RPI price inflation	3.40%	3.50%	3.70%
Rate of CPI price inflation	2.40%	2.75%	n/a
Rate of pensions increases	2.40%	2.75%	3.70%

* allowance has been made for a pay freeze until 2013 and then increases of 4.4% pa thereafter.
** allowance has been made for a pay freeze until 2013 and then increases of 4.5% pa thereafter.

Weighted average assumptions used to determine net pension cost for the year ended:	31 March 2012	31 March 2011	01 April 2010
Discount rate	5.50%	5.70%	6.80%
Expected long-term return on plan assets	6.80%	6.71%	6.22%
Rate of compensation increase	4.50% **	5.20%	4.80%
Rate of RPI price inflation	3.50%	3.70%	3.30%
Rate of CPI price inflation	2.75%	n/a	n/a
Rate of pensions increases	2.75%	3.70%	3.30%

** allowance has been made for a pay freeze until 2013 and then increases of 4.5% pa thereafter.

Weighted average life expectancy for mortality used to determine benefit obligations:

Due to a change in the way in which the weighted average life expectancy for mortality is calculated this information is no longer supplied in the same format as previous years

The assumptions for mortality adopted as at 31 March 2011 are described in the report on the last formal actuarial valuation of the Scheme as at 31 December 2007 dated 31 March 2009, while the assumptions for mortality adopted as at 31 March 2012 are described in the draft valuation results paper on the actuarial valuation as at 31 December 2010 dated 23 August 2011.

Plan assets at the year end (expressed as weighted averages)

Percentage of plan assets by asset allocation	31 March 2012	31 March 2011	01 April 2010
Equities	59.30%	75.40%	75.60%
Bonds	16.30%	10.70%	5.70%
Real Estate	9.20%	8.20%	8.60%
Other	15.20%	5.70%	10.10%
	100.00%	100.00%	100.00%

Expected return on assets by asset allocation	31 March 2012	31 March 2011	01 April 2010
Equities	6.60%	7.60%	7.70%
Bonds	4.78%	4.95%	5.10%
Real Estate	5.10%	6.30%	6.40%
Other	1.81%	0.50%	0.50%
	5.44%	6.80%	6.71%

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 actual asset allocation at the accounting date 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, 6.71% for the year ended 31 March 2010, 6.80% for the year ended 31 March 2011 and 5.44% for the year ended 31 March 2012.

Amounts for the current year and previous four years are as follows:	31 March 2012 £000	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000	31 March 2008 £000
Benefit obligation at the end of year	92,600	80,300	92,400	53,600	60,100
Fair value of plan assets at end of year	65,390	58,130	49,300	32,000	39,470
Surplus / (deficit)	27,210	22,170	43,100	21,600	20,630
Difference between expected and actual return on scheme assets:					
amount (£ '000)	2,990	(500)	(10,100)	14,470	4,400
percentage of scheme assets	5%	(1%)	(20%)	45%	11%
Experience gains and losses on scheme liabilities:					
amount (£ '000)	(6,520)	0	100	(800)	8,570
percentage of scheme liabilities	(7%)	0%	0%	(1%)	14%

The actuarial update as at 31 March 2012 showed a increase in the shortfall from £22,170,000 to £27,210,000.

27 Prior Year Adjustment - Government Grant Reserve

As a result of IAS20 - Accounting for Government Grants adjustments to the prior year comparatives were required. These changes related to both the removal of the Government Grant Reserve and the re-classification of financing received from the Department for Transport to support both revenue and capital expenditure. These were as follows:

	Note		31 March 2010	31 March 2010
Adjustment to the Statement of Comprehensive Income - Income	3	(Increase) / Decrease	(3,361,161)	876,482
Adjustment to the Statement of Financial Position - Trade Receivables	10	Increase / (Decrease)	(654,801)	(654,801)
Adjustment to the Statement of Financial Position - Prepayments and accrued income	10	Increase / (Decrease)	(2,253,194)	(320,833)
Adjustment to the Statement of Financial Position - Accruals and deferred income - greater than 1 year	12	(Increase) / Decrease	5,527,908	0
Adjustment to the Statement of Financial Position - Accruals and deferred income - within 1 year	12	(Increase) / Decrease	457,092	0
Adjustment to the Statement of Financial Position - Other payables - within 1 year	12	(Increase) / Decrease	445,448	0
Adjustment to the Statement of Changes in Taxpayers' Equity - Government Grant Reserve		(Increase) / Decrease	3,663,656	3,902,590
Adjustment to the Statement of Changes in Taxpayers' Equity - Income & Expenditure Reserve		(Increase) / Decrease	(3,824,947)	(3,803,438)