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 Period ended 31 March 2015

Ordered by the House of Commons to be printed on

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Statement of comprehensive income

for the Period ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Income			
Police Service Agreement income	3	206,899	202,362
Other income	3	79,936	78,362
		286,836	280,724
Expenditure			
Staff costs	4	(236,341)	(245,254)
Depreciation and amortisation	5	(11,815)	(11,659)
Other expenditure	5	(48,131)	(47,734)
		(296,287)	(304,647)
Operating Income / (deficit)		(9,452)	(23,923)
Net interest receivable		49	142
Net interest payable for pension schemes	22	(15,350)	(19,890)
Net deficit for the financial year		(24,753)	(43,671)

Other comprehensive income

	Note	2014-15 £000	2013-14 £000
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment			(14)
Actuarial gains/(losses) on defined benefit pension schemes	23	(244,830)	161,780
		(244,830)	161,766
Total comprehensive surplus / (deficit) for the year ended 31 March 2015		**(269,583)**	**118,095**

The 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 movement from the operational surplus to the operating deficit (above) 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 2015

	Note	2015 £000	2015 £000	2014 £000	2014 £000
Non-current assets					
Property, plant and equipment	6	54,463		52,187	
Intangible assets	7	5,787		4,370	
Other receivables	10	0		89	
Total non-current assets:			60,250		56,646
Current assets					
Inventories	9	1,736		1,209	
Trade and other receivables	10	18,495		14,770	
Cash and cash equivalents	11	28,441		37,259	
Total current assets			48,673		53,238
Total assets			108,923		109,884
Current liabilities					
Trade and other payables	12	(29,894)		(33,143)	
Provisions for liabilities and charges	13	(1,299)		(1,120)	
Total current liabilities			(31,193)		(34,263)
Non-current assets plus net current assets			77,730		75,621
Non-current liabilities					
Pension liabilities	22	(630,250)		(356,470)	
Other payables	12	(817)		(923)	
Finance lease liability		0			
Total non-current liabilities			(631,067)		(357,393)
Assets less liabilities			**(553,337)**		**(281,772)**
Taxpayers' equity					
Income and expenditure reserve	22	74,726		69,696	
Revaluation reserve		2,187		5,003	
Pension reserve	23	(630,250)		(356,470)	
			(553,338)		(281,772)
			(553,337)		**(281,772)**

The financial statements on pages xxto xx were approved by the Authority on xx/06/15 and were signed on its behalf by:

Signed A.C. Figgures

Accounting Officer

Date xx June 2015

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

Statement of cashflows

for the Period ended 31 March 2015

	Note	£000	2014-15 £000	£000	2013-14 £000
Cash flows from operating activities					
Net deficit for the financial year		(24,753)		(43,671)	
(Profit)/Loss on disposal of non-current assets	5	9		681	
(Increase)/Decrease in trade and other receivables	10	(3,636)		5,842	
Increase/(Decrease) in inventories	9	(527)		(423)	
Inrcrease/(Decrease) in trade payables	12	(3,356)		605	
Use of provisions	13	(179)		(146)	
Depreciation charges	6	9,825		9,530	
Amortisation charges	7	2,004		2,129	
MHCA revaluation adjustment	6	(14)		560	
Pension charges	22	13,600		24,180	
Net interest payable for pension schemes	22	15,350		19,890	
Net cash flow from operating activities			8,323		19,177
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(13,979)		(12,968)	
Increase/(decrease) in property, plant and equipment accruals - non cash additions	6			1,841	
Purchase of intangible non-current assets	7	(3,419)		(795)	
Decrease in intangible asset accruals - non cash additions	7	0		(8)	
Proceeds of disposal of property, plant and equipment		208		393	
Interest paid/Received		49		0	
Net cash flow from investing activities			(17,141)		(11,537)
Cash flows from financing activities					
Amounts repayable to the DfT		0		(31)	
Net financing			0		(31)
Net increase/ (Decrease) in cash and cash equivalents in the period			**(8,818)**		**7,609**
Cash and cash equivalents at the beginning of the period			37,259		29,650
Cash and cash equivalents at the end of the period			28,441		37,259
	11		**8,818**		**(7,609)**

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

Statement of changes in taxpayers' equity

for the Period ended 31 March 2015

	Note	Income and expenditure reserve £000	Revaluation reserve £000	Pension reserve £000	Total reserves £000
Balance at 31 March 2013		68,839	5,505	(474,180)	(399,836)
Changes in accounting policy		0	0	0	0
Judicial Review Adjustment		0	0	0	0
Adjustment to Prior Year					0
Restated balance at 01 April 2012		**68,839**	**5,505**	**(474,180)**	**(399,836)**
Changes in taxpayers' equity 2013-14					
Net gain/(loss) on revaluation of property, plant and equipment and motor vehicles		0	(14)	0	(14)
Pension movement		0	0	161,780	161,780
Cash Received from Debtors and Creditors previously written off		0	0	0	0
Transfer between reserves		44,558	(488)	(44,070)	0
Comprehensive income for the year		(43,671)	0	0	(43,671)
Total recognised income and expense for 2013-14		887	(502)	117,710	118,094
Grants from sponsoring entity					
Amounts repaid to the DfT		(31)	0	0	(31)
Total grants received / (repaid)		(31)	0	0	(31)
Balance at 31 March 2014		69,695	5,003	(356,470)	(281,772)
Restated balance at 01 April 2014		**69,695**	**5,003**	**(356,470)**	**(281,772)**
Changes in taxpayers' equity 2014-15					
Net gain/(loss) on revaluation of property, plant and equipment and motor vehicles		0	(1,836)	0	(1,836)
Pension movement		0	0	(244,830)	(244,830)
Cash Received from Debtors and Creditors previously written off		0	0	0	0
Transfer between reserves		29,928	(978)	(28,950)	(0)
Comprehensive income for the year		(24,753)	0	0	(24,753)
Changes in Reserves not in SoCI -		(143)	0	0	(143)
Total recognised income and expense for 2014-15		5,032	(2,814)	(273,780)	(271,562)
Grants from sponsoring entity					
Total grants (received)/repaid		0	0	0	0
Balance at 31 March 2015		**74,726**	**2,189**	**(630,250)**	**(553,334)**

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 2014-15 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 2014-15 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 2014-15 Government Financial Reporting Manual.

The opening financial position as at 1 April 2014 shows **net pension liabilities of £356.5m** 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 2015 was £630.3m, an increase of £273.8m in the year. The reason for this change is the lower discount rate assumption which has increased the benefit obligation. This has only been partially offset by asset returns in excess of those assumed at the beginning of the year.**

The Authority is confident that sufficient resources are available (from Police Service Agreements and from service income) 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 to standards and interpretations are not yet effective for the year ended 31 March 2015, and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may need to be adopted in subsequent periods:

IFRS 9 Financial Instruments, which will replace parts of IAS 39, deals with the classification and measurement of financial assets and financial liabilities, hedge accounting and (following the July 2014 amendment), the impairment of financial assets. IFRS 9 is intended to improve and simplify the treatment of financial instruments in financial statements. According to the International Accounting Standards Board (IASB), application of this standard is required for reporting periods beginning on or after 1 January 2018, though earlier application is permitted. However, it is yet to receive EU endorsement so it is not possible to predict the actual application date. The impact of initial application of IFRS 9 is not expected to be significant. This is because, while the classification of financial assets and liabilities will change, it seems that existing measurement approaches will continue to be appropriate. It is also considered that there will be no significant change to the recognition of impairment on the Department's financial assets, because the expected credit losses on those assets are currently thought to be immaterial.

IFRS 13 should be adopted by 1 April 2015. It provides guidance on establishing fair values of assets and liabilities and sets out disclosure requirements, where other standards require the fair value to be used or disclosed. It defines fair value as an exit value, reflecting the assets' highest and best use rather than its actual use. This approach is problematic for many central government assets, which may be of a specialised nature (meaning that exit values are difficult to identify) and which may need to be retained for the provision of services (meaning that the assets may need to be retained in their current use). HM Treasury have issued an Exposure Draft proposing modifications to the FReM, to adapt IASs 16 and 38. These adaptations would require assets held for the provision of services should be valued on an existing use basis, using methods including depreciated replacement cost. Other assets and liabilities, such as surplus properties, would be valued in accordance with IFRS 13 where applicable. The consolidated accounts include assets, such as the strategic road network, that are currently valued using depreciated replacement cost. It seems likely that the Exposure Draft would permit this approach to continue. It therefore seems likely that the implementation of IFRS 13 as adapted by the FReM will not have a material impact on the assets and liabilities recognised in these accounts.

IFRS 15 Revenue from Contracts with Customers is expected to come into effect from 1 January 2017, though it has not yet received EU endorsement. It requires the recognition of revenue as the performance obligations under the contracts are satisfied. Its implementation is expected to have no material impact on the Department.

The IASB has recently issued an exposure draft of a replacement to the existing leasing standard, which is expected to eliminate off-balance sheet leasing arrangements, and require recognition of a single right-of-use asset, measured at the present value of lease payments, with a matching liability. The pattern for recognition of the expenditure will depend on the type of leases: for most leases of property, the lessee will recognise expenditure on a straight-line basis; for most leases of other types of asset, the lessee's expenditure will reduce over the term of the lease. As the Department and its consolidated bodies currently occupy administrative properties under operating leases, this is likely to have an effect on the statement of financial position, but a more limited effect on the recognition of expenditure.

Other changes due to come into effect after 2014–15 are considered to have no impact on the Authority.

1.3 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. 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 IAS 16 Property, plant and equipment. These non-current assets are recognised initially at cost, which comprises purchase price (including non-recoverable VAT) and any costs of bringing assets to the location and condition necessary for them to be capable of operating in the manner intended and 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.

Internal staff costs that can be attributed directly to the construction of an asset, including capital renewal schemes, are capitalised. This includes staff on the Authority's payroll who have been bought in with the specific intention of working on capital projects.

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.

Expenditure falling below these values is charged as an expense in the statement of comprehensive income.

1.4 Assets under construction

Assets under construction includes vehicles and capital projects 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.

1.5 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Depreciation begins at the date the asset is deemed to be 'in use'.

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 3 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.

1.6 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are capitalised if it is probable that the expected future benefits attributable to them will flow to the Authority and if their cost can be measured reliably. 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 application software or databases, expenditure on development in connection with a product or service, which is to be supplied on a full cost recovery basis, and other development expenditure is capitalised if it meets the criteria specified in IAS 38 Intangible Assets. These criteria include that there is an identifiable asset that will produce future benefits and if the cost can be determined reliably.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets this criterion, and they are therefore carried at amortised cost. 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.

1.7 Disposals

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.

Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the statement of comprehensive income when the asset is derecognised. Gains are not classed as revenue.

1.8 Impairment of assets

For the purpose of impairment testing property, plant and equipment and finite lived intangible assets should be looked at on an individual basis. Where this is not possible assets should be grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units.

At the end of each reporting period, the Authority reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in 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 as described in Note 3.

Core PSA and Enhanced PSA income is statutory and therefore exempt from value added tax.

1.10 Leases

A lease is an agreement whereby the lessor conveys the right to use an asset for an agreed period in return for payments. At their inception, leases are classified as operating or finance leases. If a lease conveys substantially all the risks and rewards of ownership to the lessee (such as transfer of title, the lease term covering the major part of the asset's life, or the lease payments are substantially all of the fair value of the leased asset), it is classified as a finance lease. Otherwise, it is classified as an operating lease. Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is assumed to be held under an operating lease unless the title transfers to the Authority at the end of the lease. The assessment is made at the inception of the lease, except in the case of leases pre-existing the transition to IFRS, when the assessment is made as at that date.

Arrangements whose fulfilment is dependent on the use of a specific asset or which convey a right to use an asset, are assessed at their inception to determine if they contain a lease. If an arrangement is found to contain a lease, that lease is then classified as an operating or finance lease. Transactions involving the legal form of a lease, such as sale and leaseback arrangements, are accounted for according to their economic substance.

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

Subject to the conditions of IAS 20 Accounting for Government Grants capital funding from other Government and non-government sources is recognised either in full in the statement of comprehensive income in the period in which it is received or classified as deferred income within the statement of financial position and then released 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.

1.12 Provisions

The Authority makes provision for liabilities and charges in accordance with IAS 37 where, at the end of the current reporting period, a legal or constructive liability (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable, and a reasonable estimate can be made.

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 and dilapidations.

1.13 Contingent liabilities

In accordance with IAS 37 Provisions, contingent liabilities and contingent assets, the Authority discloses as contingent liabilities potential future obligations arising from past 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, if appropriate capitalised with additions to 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 other inventory items. The inventory items 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 Financial Instruments: Disclosure, 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 2015 and how the Authority manages these risks.

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 IAS 19 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 1 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 1 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) .

These defined benefit schemes are accounted for in accordance with IAS19. Current service costs and a single interest cost on the schemes' net liabilities are recognised in the statement of comprehensive income, and remeasurements are recognised in equity, as required by the Financial Reporting Manual (FReM).

In accordance with IAS19, the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions was used in preparing the sensitivity analyses.

To help people save more for their retirement the Government has introduced the requirement for employers to enrol their workers into a workplace pension scheme. This new legislation is called Automatic Enrolment. It is a legal requirement which began for BTP on the 1 May 2013. At BTP's discretion, most employees are automatically enrolled through their contract of employment into one of two occupational pension schemes. As a result most BTP employees will be unaffected.

Under the new law all current employees who are not members of the BTPFSF or RPS were enrolled into the RPS under an automatic enrolment entitlement. This took effect from 7 July 2013 and included those who have, in the past, opted out of the BTPFSF or the RPS, who have already drawn their pension or who have previously been barred from pension scheme membership, particularly of the BTPFSF.

On 7 July 2013 all Officers and Staff who are not already in a pension scheme with annual earnings above £9,440 and who are aged between 22 and State Pension Age were auto enrolled into the RPS pension scheme. All other employees can also request to join the pension scheme. All Officers or Staff who wished to join the scheme prior to 7 July 2013 could do so by using the Opt In Notice Form from the 1 May 2013.

New and existing BTP employees will continue to have a contractual entitlement to membership of the scheme appropriate to their Police Officer or Police Staff status, subject to their eligibility and compliance with their Fund's rules. Eligible employees can apply to join at any time.

Further details of the Authority's pension schemes can be found in notes 22 and 23.

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, as well as the use of actuarial estimates regarding the longevity of current and deferred pensioners and long-term rates of inflation to determine the value of the liabilities for pension scheme to which IAS19 applies.

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.

The Authority occasionally faces legal claims and challenges, which may result in the possible outflow of economic benefits. Provisions have been put in place for claims against the Authority, based on management decisions and on evidence from the Authority's solicitors.

The Authority are required to undertake an annual test for impairment of finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets. Where items of plant and equipment are installed within properties, their useful lives may be curtailed by the useful life of the property. In determining their useful lives, the Authority reflects its intention to remain in its leasehold properties until the end of the lease.

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

1.25 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 financial performance.

1.26 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.

1.27 Pension reserve

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

In valuing the liabilities of the pension schemes the Authority consults Punter Southall Limited, who act as the actuaries for the pension schemes. The actuaries provide annual valuations based on estimates of demographic factors, such as life expectancy. The actuaries also provide advice on assumptions underlying the investment assets, such as future rates of return. Note 23 contains sensitivity analysis, for each scheme, which indicates the approximate effects on the actuarial liability of changes to the main actuarial assumptions.

Further details of the Authority's pension schemes can be found in **notes 22 & 23.**

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.

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 consistent with the Railways and Transport Safety Act 2003. PSA holders consist of Network Rail, Train Operating Companies, Open Access Operators, Freight Companies, Transport for London (TfL) and other smaller licence holders.

PSA holders can request enhanced policing services in addition to that provided under the Police Service Agreement charging 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 received under the Home Office Asset Recovery Scheme.

	2014-15	2013-14
	£000	£000
Police Service Agreement income	206.899	202.362
Other income		
London Underground income	52.852	53.313
Enhanced Police Service Agreement income	17,967	17,035
Recoveries in respect of outward secondments	834	945
Other	8.284	7.069
	79.936	78.362
Total	**286,836**	**280,724**

4 Staff numbers and related costs

Total staff costs consist of:

	2014-15 Total £000	Permanently Employed Staff Total £000	Other Total £000	2013-14 Total £000
Salaries and Wages	179,356	177,558	1,798	177,769
Social Security Costs	13.678	13.678	0	13.672
Other Pension Costs	43.307	43.307	0	53.813
Sub-total	236.341	234.544	1.798	245.254
Less recoveries in respect of outward secondments	(834)	(834)	0	(945)
Total net costs	235,508	233,710	1,798	244,309

Between 01 April 2014 and 31 March 2015, contributions of **£31.68m (£30.9m for the year ended 31 March 2014)** 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 (these contributions are included within the **£31.68m** mentioned above (£30.9m on 2013-14)). The contributions for **2014-15 were £5.5m (£5.3m in 2013-14), of which £1.1m was funded by London Underground Limited (£1.1m in 2013-14) . This is included within London Underground income.**

Further details of the Authority's pension schemes can be found in notes 22 and 23.

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 2014-15 Total	2013-14 Total
Permanently Employed Staff	3.152	320	1.453	4.925	4.738
Other	0	0	44	44	20
Staff engaged on capital projects	0	0	11	11	3
	3,152	320	1,508	4,980	4,761

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

	Exit package cost band	Number of Compulsory Redundancies		Number of other departures agreed		Total number of exit packages by cost band	
1		2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
2	< £10.000	6	14	27	7	33	21
3	£10.000 - £25.000	10	12	31	5	41	17
4	£25.000 - £50.000	0	8	17	5	17	13
5	£50.000 - £100.000	1	1	0	1	1	2
6	£100.000 - £150.000	-	-	2	2	2	2
7	£150,000 - £200,000	-	-	-	-	-	-
8	Total number of exit packages	17	35	77	20	94	55
9	Total resource cost	£235.629	£619.531	£1.429.959	£636.910	£1.665.588	£1.256.441

There were 17 compulsory redundancies amounting to £235,629 in the period (35 in 2013-14 amounting £619,531). 2 officers and 75 staff left under the terms of a Voluntary Severance Scheme in 2014-15 (20 in 2013-14). Compensation payments totalling £1,429,959 were received in 2014-15 in relation to the Voluntary Severance Scheme (£636,910 in 2013-14).

Redundancy and other departure costs have been paid in accordance with the contractual obligations of the employee contracts.

5 Other expenditure

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

	Note	2014-15 £000	2013-14 £000
Other staff costs		4.883	6.398
Communications and computers		12.051	11.177
Other		9.796	9.264
Rentals under operating leases		8,059	7,589
Premises (excluding rentals under operating leases)		8,039	7,692
Transport costs		4,431	4,382
Non-cash items			
Depreciation of property, plant and equipment	6	9,825	9,530
Amortisation of intangible assets	7	2,004	2,129
MHCA Revaluation		(14)	560
Loss on disposal of property, plant and equipment		(9)	681
Provision provided for in year	13	881	205
Bad debt write offs / (write backs)		0	(214)
Total		**59,946**	**59,393**

During the year the Authority did not purchase any non-audit services from its auditor, The National Audit Office. Included in "Other" is a charge of £106,000 for auditors remuneration for audit work related to 2014-15.

6 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Vehicles	Assets under construction - motor vehicles	Assets under construction - other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2014	45,021	17,035	12,598	1,684	1,843	3,434	21,639	103,254
Additions	2,482	3,920	3,405	47	1,321	164	2,640	13,979
Disposals			-1,411				-42	-1,453
Impairments								0
Reclassifications			1,684	-1,684	-1,843		1,843	0
Revaluations	-280	16	-127			46	-144	-489
At 31 March 2015	47,223	20,971	16,149	47	1,321	3,644	25,936	115,291
Depreciation								
At 1 April 2014	15,107	10,917	7,267	0	0	2,631	15,146	51,068
Charged in year	3,678	2,306	2,073			97	1,672	9,825
Disposals			-1,347				-42	-1,389
Impairments								0
Reclassifications								0
Revaluations	1,381	10	-8			35	-93	1,325
At 31 March 2015	20,165	13,233	7,985	0	0	2,763	16,682	60,829
Carrying amount at 31 March 2015	27,058	7,738	8,164	47	1,321	881	9,254	54,463
Carrying amount at 31 March 2014	29,914	6,118	5,331	1,684	1,843	803	6,494	52,186
Asset Financing:								
Owned	27,058	7,738	8,164	47	1,321	881	9,254	54,463
Carrying amount at 31 March 2015	27,058	7,738	8,164	47	1,321	881	9,254	54,463

	Leasehold improvements	Plant and machinery	Vehicles	Assets under construction - motor vehicles	Assets under construction - other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
At 1 April 2013	40,239	17,749	12,988	2,149	2,994	3,034	22,841	101,994
Additions	4,831	1,046	2,598	(465)	(1,151)	495	3,773	11,127
Disposals	(208)	(1,804)	(3,024)	0	0	(101)	(4,580)	(9,717)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	159	44	36	0	0	6	(395)	(150)
At 31 March 2014	45,021	17,035	12,598	1,684	1,843	3,434	21,639	103,254
Depreciation								
At 1 April 2013	12,824	10,186	8,026	0	0	2,428	16,756	50,220
Charged in year	2,350	2,155	2,111	0	0	266	2,648	9,530
Disposals	(125)	(1,639)	(2,936)	0	0	(101)	(4,308)	(9,109)
Impairments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
Revaluations	58	215	66	0	0	38	50	427
At 31 March 2014	15,107	10,917	7,267	0	0	2,631	15,146	51,068
Carrying amount at 31 March 2014	29,914	6,118	5,331	1,684	1,843	803	6,493	52,186
Carrying amount at 31 March 2013	27,415	7,563	4,962	2,149	2,994	606	6,085	51,774
Asset Financing:								
Owned	29,914	6,118	5,331	1,684	1,843	803	6,493	52,186
Carrying amount at 31 March 2014	29,914	6,118	5,331	1,684	1,843	803	6,493	52,186

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.

During the financial year (2014-15) BTP has automated its Fixed Asset Register (FAR).As a result some anomalies were found in the in-year depreciation calculations.
This was corrected as a part of the implementation of the FAR.

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 2014	4,641	2,286	4,680	137	0	11,744
Additions	1,055	2,264	0	100	0	3,419
Disposals	0	(10)	0	0	0	(10)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2015	5,696	4,540	4,680	237	0	15,153
Amortisation						
At 1 April 2014	3,384	1,594	2,357	35	0	7,370
Charged in year	586	326	1,060	31		2,004
Disposals		-10				-10
Impairments						0
Reclassifications						0
At 31 March 2015	3,970	1,910	3,417	67	0	9,364
Carrying amount at 31 March 2015	1,726	2,628	1,264	170	0	5,787
Carrying amount at 31 March 2014	1,257	693	2,323	102	0	7,370
Asset Financing:						
Owned	1,726	2,628	1,264	170	0	5,787
Carrying amount at 31 March 2015	1,726	2,628	1,264	170	0	5,787

	Licences	Software	Wide area network	Websites	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2013	4,685	4,228	4,675	58	1	13,647
Additions	475	247	5	79	(1)	805
Disposals	(519)	(2,189)	0	0	0	(2,708)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2014	4,641	2,287	4,680	137	0	11,744
Amortisation						
At 1 April 2013	3,231	2,820	1,421	12	0	7,484
Charged in year	641	529	936	23	0	2,129
Disposals	(488)	(1,755)	0	0	0	(2,243)
Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
At 31 March 2014	3,384	1,594	2,357	35	0	7,370
Carrying amount at 31 March 2014	**1,257**	**693**	**2,323**	**102**	**0**	**4,374**
Carrying amount at 31 March 2013	**1,454**	**1,408**	**3,254**	**46**	**0**	**6,163**
Asset Financing:						
Owned	1,257	693	2,323	102	0	4,375
Carrying amount at 31 March 2014	1,257	693	2,323	102	0	4,375

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 2015.

Primary financial instruments:	Book Value £000	Fair Value £000
Financial assets:		
Cash at bank	28,441	28,441
Trade receivables	9,735	9,735
	38,176	38,176
Financial liabilities:		
VAT payable	933	933
Other taxation & social security payables	3,970	3,970
Trade payables	483	483
	5,386	5,386

9 Inventories

	31 March 2015	31 March 2014
Uniforms	**£000**	**£000**
Opening balance	1,087	499
Additions	527	944
Utilisations	0	(356)
Closing balance	1,614	1,087
Other	**£000**	**£000**
Opening balance	122	287
Additions	0	122
Utilisations	0	(287)
Closing balance	122	122
Total inventories	**1,736**	**1,209**

10 Trade receivables and other current assets

	31 March 2015	31 March 2014
	£000	**£000**
Amounts falling due within one year:		
Trade receivables	9,735	7,676
VAT receivable	0	0
Other receivables	2,222	1,039
Prepayments and accrued income	6,660	6,177
Less: Provision for bad and doubtful debts	(122)	(122)
Total	**18,495**	**14,770**

	31 March 2015	31 March 2014
	£000	**£000**
Amounts falling due after more than one year:		
Prepayments and accrued income	0	89
	0	**89**

Amounts in the above figures due to other entities included in the whole of government account

	31 March 2015	31 March 2014
	£000	**£000**
Other central government bodies	2,482	16
Local authorities	11,148	6,239
NHS bodies	0	0
Public corporations and trading funds	0	0
Intra-government debtors	13,630	6,255
Bodies external to government	4,865	8,604
	18,495	**14,859**

11 Cash and cash equivalents

	31 March 2015	31 March 2014
	£000	**£000**
Balance at 01 April	37,259	29,650
Net change in cash and cash equivalent balances	(8,818)	7,609
Balance at 31 March	**28,441**	**37,259**
The following balances at 31 March were held at:		
Government banking service	108	109
Commercial banks and cash in hand	28,333	37,150
Balance at 31 March	**28,441**	**37,259**

12 Trade payables and other current liabilities

	31 March 2015	31 March 2014
	£000	£000
Amounts falling due within one year:		
VAT payable	933	505
Other taxation & social security payables	3,970	3,951
Trade payables	483	3,109
Other payables	154	399
Accruals & deferred income	24,353	25,179
Total	**29,894**	**33,143**

	31 March 2015	31 March 2014
	£000	£000
Amounts falling due after more than one year		
Other payables, accruals and deferred income	817	923
	817	**923**

Amounts in the above figures due to other entities included in the whole of government account

	31 March 2015	31 March 2014
	£000	£000
Other central government bodies	5,116	4,770
Local authorities	46	2,418
Intra-government payables and liabilities	5,162	7,188
Bodies external to government	25,548	26,878
	30,710	34,066

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 2015.

	Claims against the Authority £'000	Employment tribunals £'000	Dilapidations £'000	Other provisions £'000	Total £'000
Balance at 1 April 2013	340	0	250	676	1,266
Provided in the year	357	0	0	12	369
Provisions not required written back	(152)	0	0	0	(152)
Provisions utilised during the year	(188)	0	0	(176)	(364)
Balance at 1 April 2014	357	0	250	513	1,120
Provided in the year	62	0	0	528	590
Provisions not required written back	0	0	0	0	0
Provisions utilised during the year	(357)	0	0	(54)	(411)
Balance at 31 March 2015	62	0	250	987	1,299

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.

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other provisions

This provision includes an estimate of costs in relation to redundancies and the re-employment of retired police officers that were in breach of tax legislation as well as a provision in relation to costs for the force restructure voluntary severance scheme.

14 Capital commitments

As at 31 March 2015 there were no Capital Commitments relating to work yet to be started on properties (nil at 31 March 2014).

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 2015	31 March 2014
Obligations under operating leases for the following periods comprise:	**£000**	**£000**
Buildings:		
Not later than one year	7,424	7,630
Later than one year and not later than five years	23,452	25,671
Later than 5 years	33,616	37,109
Total operating lease obligations	**64,491**	**70,410**

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 2014-15 (Nil in 2013-14 and previous years).

17 Related party transactions - London Underground area

The Authority employs police officers and police staff who work in the London Underground Area of the Force. This arrangement is embodied within a formal written agreement between the British Transport Police Authority and Transport for London (TfL) entitled Pan-London Police Services Agreement, dated 27 January 2014. It remains in force until terminated at any time by either party requiring three years notice of the intention to do so.

The agreement stipulates that TfL 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 with TfL 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 TfL on a periodic basis. In addition the agreement provides for the recovery of an appropriate share of the Authority's centrally organised services.

In 2014-15 staff costs relating to London Underground Ltd (LUL) were £44.9m (£45.6m for the year ended 31 March 2014). The average number of police officers and police staff employed on London Underground during 2014-15 **were 953** (1,010 for the year ended 31 March 2014).

LUL was invoiced by the Authority £14,711,509 in 2014-15 for non-staff related costs (£13,788,035 in 2013-14) and as at 31 March 2015 £4,198,230 was outstanding (£2,380,208 at 31

18 Related party transactions - other

The Department for Transport as the Authority's sponsor is a related party. The Department for Transport was invoiced by the Authority £49,972 in 2014-15 (Nil in 2013-14) and as 31 March 2015 there was nothing outstanding (£Nil at 31 March 2014).

Network Rail with whom the Authority has a Police Service Agreement is also a related party. Network Rail was invoiced by the Authority £85,046,441 in 2014-15 (£83,010,128 in 2013-14) and as at 31 March 2015 £2,334,500 was outstanding (£2,823.710 at 31 March 2014).

5 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, 3 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 Chief Executive's Report.

19 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 2014 £000	Gross Inflows £000	Gross Outflows £000	31 March 2015 £000
British Transport Police Authority Property Act fund account	43	2	(10)	35
British Transport Police cash seizures account	635	323	(430)	528
Total third party assets	678	324	(439)	563

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.

20 Losses and special payments

There were no special payments or losses in the financial year.

21 Reserves

These comprise the distributable reserve, the revenue financing reserve, the capital financing reserve, the working capital reserve and the contingency reserve.

	Retained Earnings	Revenue financing reserve	Capital financing reserve	Working capital reserve	Contingency reserve	Total
	£000	£000	£000	£000	£000	£000
Opening balance at 01 April 2013	(34,528)	54,764	38,508	6,500	3,595	68,839
Prior year adjustment - changes in accounting policy	0	0	0	0	0	0
Restated balance at 01 April 2013	(34,528)	54,764	38,508	6,500	3,595	68,839
Comprehensive income for the year	(43,671)	0	0	0	0	(43,671)
Cash Received from Debtors and Creditors previously written off	0	0	0	0	0	0
Transfer between reserves	99,241	(54,733)	0	0	50	44,558
Revenue grant received	0	0	0	0	0	0
Capital grant in aid received	0	0	0	0	0	0
Amounts repaid to the DfT	0	(31)	0	0	0	(31)
Balance at 31 March 2014	21,042	(0)	38,508	6,500	3,645	69,695
Prior year adjustment - changes in accounting policy	0	0	0	0	0	0
Prior year as restated	**21,042**	**(0)**	**38,508**	**6,500**	**3,645**	**69,695**
Comprehensive income for the year	(24,753)	0	0	0	0	(24,753)
Cash Received from Debtors and Creditors previously written off	0	0	0	0	0	0
Transfer between reserves	29,778	0	0	0	150	29,928
Revenue grant received	0	0	0	0	0	0
Capital grant in aid received	0	0		0	0	0
Amounts repaid to the DfT	0	0	0	0	0	0
Changes in Reserves not in SoCI -	(143)	0	0	0	0	(143)
Roundings - to remove at year end	0	0	0	0	0	0
Closing balance at 31 March 2015	25,923	(0)	38,508	6,500	3,795	74,726

Retained Earnings

The Retained Earnings reserves represents the Authority's cumulative past operating surpluses/deficits.

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 did not recover 100% of the Authority's net expenditure. There was a formal agreement with the DfT to fund this gap. The Authority 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 and the metal theft taskforce. All revenue financing has now been released to the distributable reserve to offset against expenditure incurred.

Capital financing reserve

The capital financing reserve represents the funding received from the DfT for the general acquisition of capital goods.

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.

22 Disclosure of retirement benefits

The pension costs associated with staff employed by the Authority during the year are **£52.09m (£53.8m in 2013-14)**. In addition there was a net interest on the pension fund of **£15.4m (£19.9m in 2013-14)**, leaving a net debit in relation of pensions for the year of **£67.49m (£73.7m in 2013-14)**. The total pension liabilities for all staff, past and present, are shown in the statement of financial position. These amount to **£630.3m (£356.5m in 2013-14)**. 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. In addition, Railways Pension Investments Limited (RPMI) have a role in relation to the management and administration of the scheme. 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 past and present employees, and aim to be fully funded.

The position of the schemes at 31 March 2015 were as follows:

	31 March 2015 £000	31 March 2014 £000
Pension liabilities		
British Transport Police Force Superannuation Fund (BTPFSF)	(555,870)	(321,210)
British Transport Police Section of the Railways Pension Scheme (RPS)	(74,380)	(35,260)
	(630,250)	(356,470)

The amounts recognised in the statement of comprehensive income are as follows:

	31 March 2015 £000	31 March 2014 £000
Pension costs reflected in the statement of comprehensive income		
Current Service Cost - BTPFSF	34,850	43,370
Current Service Cost - RPS	7,950	9,690
Less: Government Support Payments*	0	(1,610)
	42,800	51,450
Timing Differences**	507	2,363
	43,307	53,813
IAS19 interest reflected in the statement of comprehensive income		
Net Interest - BTPFSF	13,870	17,900
Net Interest - RPS	1,480	1,990
	15,350	19,890
Total amount recognised in the statement of comprehensive income	58,657	73,703

* Government support payments have been excluded from the statement of comprehensive income as they are eliminated from the IAS19 calculation of the overall cost of the pensions, and it is appropriate to include an assumption of Government support in the actuarial valuation of the pensions liability..

** The timing differences are due to the pension schemes and the Authority having different financial years. This results in transactions being included within the Authority's accounts but not within the pensions scheme's figures.

Further details can be found in **note 23.**

23 British Transport Police Force Superannuation Fund (BTPFSF)

The British Transport Police Force Superannuation Fund was established by a Trust Deed made on 30 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.

With effect from 1 April 2015, new entrants to the Fund have joined the new CARE section which aims to provide benefits which are broadly equivalent to those provided by the Home Office for new officers. On this basis members earn benefits each year based on their salary in that year revalued to retirement in line with CPI plus 1.25% per annum. Whilst all existing members continue to earn final salary benefits, members who joined on or after 1 April 2007 now pay increased contributions equal to 40% of the total cost of benefits from time to time, in line with all other members of the Fund. This means that all such members pay a contribution of 12% per annum of Pensionable Salary from 1 April 2015.

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, whereby it has been agreed that the employer repays £5.0m per annum, commencing 01 October 2011 and ending 31 March 2019. The repayment schedule incorporates an allowance for inflation each year.

Punter Southall have been appointed by the Trustee of the BTPFSF to conduct the triennial actuarial valuation as at 31 December 2012. The results were finalised on 27 February 2014 and indicate that no changes are required, at present, to the current level of contributions or the deficit recovery plan. The Authority also uses Punter Southall to provide the annual IAS19 valuation.

As this pension scheme is a defined benefit scheme there is a risk that changes in discount rate, price inflation or life expectancy assumptions could lead to a materially higher IAS 19 deficit. Given the long term time horizon of the pension plan cashflows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions.

A higher pension deficit may lead to additional funding requirements when these are next reviewed by the Trustee in 2016. Any further deficit relative to the funding target agreed with the Trustees, which may differ from the funding position under IAS 19, will be financed over a period that ensures the contributions are reasonably affordable to the BTP.

There is also a risk that the change in the asset value of each plan from one year to the next can be volatile. The plans invest primarily in equity, debt instruments and property and hence are exposed to a crash in any one of those markets. Such instances could lead to a materially higher IAS 19 deficit.

	31 March 2015	31 March 2014
The employer's pension contributions as a percentage of salaries	24.00%	17.86%

A Change in defined benefit obligation

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation at end of the prior year	1,285,710	1,356,170
Current service cost	34,850	43,370
Interest expense	57,040	58,720
Cash flows		
- Benefits payments from plan	(48,880)	(43,050)
- Participant contributions	11,570	11,670
Remeasurements		
- Effect on changes in demographic assumptions	(11,410)	10,000
- Effect of changes in financial assumptions	278,500	(105,000)
- Effect of experience adjustments	40,050	(46,170)
Defined benefit obligation at end of year	1,647,430	1,285,710

B Changes in fair value of plan assets

	31 March 2015 £000	31 March 2014 £000
Fair value of plan assets at end of the prior year	964,500	931,200
Interest Income	43,170	40,820
Cash flows		
- Employer contributions	26,730	24,490
- Government support payments	0	1,610
- Participant contributions	11,570	11,670
- Benefits payments from plan	(48,880)	(43,050)
- Administrative expenses paid from plan assets	(2,010)	(1,670)
Return on plan assets (excluding interest income)	96,480	(570)
Fair value of plan assets at end of year	1,091,560	964,500

C Amounts recognised in the statement of financial position

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation	1,647,430	1,285,710
Fair value of plan assets	1,091,560	964,500
Net liability	555,870	321,210
Amounts in the statement of financial position:		
Net liability	555,870	321,210
assets	0	0
Net liability	555,870	321,210

D Components of defined benefit cost

	31 March 2015 £000	31 March 2014 £000
Service Cost		
- Current service cost	34,850	43,370
Total service cost	34,850	43,370
Net interest cost		
- interest expense on defined benefit obligation	57,040	58,720
- interest (income) on plan assets	(43,170)	(40,820)
Total net interest cost	13,870	17,900
Administrative expenses and taxes	2,010	1,670
Defined benefit cost included in the statement of comprehensive income	50,730	62,940
Remeasurements (recognised in other comprehensive income)		
- Effect on changes in demographic assumptions	(11,410)	10,000
- Effect of changes in financial assumptions	278,500	(105,000)
- Effect of experience adjustments	40,050	(46,170)
- (Return) on plan assets (excluding interest income) *	(96,480)	570
Total remeasurements included in other comprehensive income	210,660	(140,600)
Total defined benefit cost recognised in statement of comprehensive income and other comprehens	261,390	(77,660)

The Authority expects to contribute around **£24.7m to this pension** scheme in the year ending 31 March 2016 (£26.8m in the year ended 31 March 2015).

E Net defined benefit liability (asset) reconciliation

	31 March 2015 £000	31 March 2014 £000
Net defined benefit liability (asset)	321,210	424,970
Defined benefit cost included in the statement of comprehensive income	50,730	62,940
Total remeasurements included in other comprehensive income	210,660	(140,600)
Employer contributions	(26,730)	(26,100)
Net defined benefit liability (asset) as of end of year	555,870	321,210

F Defined benefit obligation

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation by participant status		
- Actives	913,880	619,700
- Vested deferreds	73,000	68,610
- Retirees	660,550	597,400
Total	1,647,430	1,285,710

G Plan assets

	31 March 2015 £000	31 March 2014 £000
Fair value of plan assets		
- Cash and cash equivalents	0	94,240
- Equity instruments	1,078,660	488,220
- Debt instruments	0	236,810
- real estate	0	79,110
- Investment funds	0	23,680
- Other	12,090	42,440
Total	1,090,750	964,500
Fair value of plan assets with a quoted market price		
- Cash and cash equivalents	0	94,240
- Equity instruments	1,078,660	488,220
- Debt instruments	0	236,810
- real estate	0	79,110
- Investment funds	0	23,680
- Other	0	28,330
Total	1,078,660	950,390

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	31 March 2015	31 March 2014
Discount rate	3.30%	4.50%
Rate of salary increase	3.10%*	3.40%**
Rate of price inflation	3.10%	3.40%
Rate of pension increases	2.10%	2.40%

*allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.10% pa thereafter.
**allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.4% pa thereafter.

<u>Assumed life expectations on retirement at age 65</u>

	31 March 2015	31 March 2014
Retiring today (male member age 65)	22.3	23.3
Retiring today (female member age 65)	24.0	25.8
Retiring in 20 years (male member age 45 today)	24.8	25.1
Retiring in 20 years (female member age 45 today)	26.7	27.7

The expected future lifetime of a male pensioner aged 65 is 22.3 years. For a future pensioner retiring in 20 years, this increases to 24.8 years.

I Sensitivity analysis

	31 March 2015 £m	31 March 2014 £m
Discount rate		
- Discount rate - 25 basis points	1,091.56	1,351.94
- Assumption	3.05%	4.25%
- Weighted average duration of defined benefit obligation (in years)	0	20
- Discount rate + 25 basis points	1,091.56	1,224.10
- Assumption	3.55%	4.75%
- Weighted average duration of defined benefit obligation (in years)	0	20
Inflation rate		
- Inflation rate - 25 basis points	1,091.56	1,226.91
- Assumption	3.30%	3.15%
- Inflation rate + 25 basis points	1,091.56	1,347.94
- Assumption	3.30%	3.65%
Mortality		
- Mortality	1,685.67	1,309.84
- Assumption	minus one year age rating	s one year age rating

Further details on sensitivity can be found in the table below:

		GBP £m	Sensitivities from Base FY 2014 (one item changed with all other things held constant)				
Analysis of net statement of financial position	FY 2014	Base FY 2015	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Fair value of plan assets	964.50	1,091.56	1,091.56	1,091.56	1,091.56	1,091.56	1,091.56
Present value of benefit obligation	1,285.71	1,647.43	1,740.31	1,561.25	1,562.74	1,737.98	1,685.67
Net liability (asset), excluding any affect of asset limit	**321.21**	**555.87**	**648.75**	**469.69**	**471.18**	**646.42**	**594.11**

		GBP £m	Sensitivities from Base FY 2015 (one item changed with all other things held constant)				
Analysis of projected pension cost	Actual FY 2015	Base FY 2016	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Current service cost	34.85	47.73	52.18	43.65	43.56	52.26	48.85
Interest cost	57.04	53.77	52.53	54.78	50.97	56.76	55.03
Expected return on plan assets	(43.17)	(35.83)	(33.12)	(38.54)	(35.83)	(35.83)	(35.83)
Administrative expenses and taxes	2.01	2.01	2.01	2.01	2.01	2.01	2.01
Total pension cost before asset limits	**50.73**	**67.68**	**73.60**	**61.90**	**60.71**	**75.20**	**70.06**

Actuarial assumptions	FY 2014	Base FY 2015	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	4.50%	3.30%	3.05%	3.55%	3.30%	3.30%	3.30%
Rate of RPI assumption	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Rate of CPI assumption	2.40%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Rate of salary increase*	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Mortality Table	In line with the actuarial valuation as at 31 December 2012	In line with the actuarial valuation as at 31 December 2012 but using the 2014 CMI model	In line with the actuarial valuation as at 31 December 2014 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2014 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2014 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2014 CMI model	In line with the actuarial valuation as at 31 December 2012 but using the 2014 CMI model less one year age adjustment

* For the FY 2014, allowance has been made for increase of 1%, 1%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter. For the FY 2015, allowance has been made for increase of 1%, 2%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter.

Notes:
All figures in £m
Theses initial pension expense forecasts are highly sensitive to changes in market conditions and should not be relied upon without further advice.

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.

An acturial valuation of the police staff pensions section of the RPS fund was agreed as at 31st December 2013. The valuation presented a funding level of 105.5% on an asset base of £86.3m.The Authority also uses Punter Southall Limited to provide annual IAS19 Valuation.

As this pension scheme is a defined benefit scheme there is a risk that changes in discount rate, price inflation or life expectancy assumptions could lead to a materially higher IAS 19 deficit. Given the long term time horizon of the pension plan cashflows, the assumptions used are uncertain. The assumptions can also be volatile from year to year due to changes in investment market conditions.

A higher pension deficit may lead to additional funding requirements when the current review is completed by the Trustee in early 2015. Any deficit relative to the funding target agreed with the Trustees, which may differ from the funding position under IAS 19, will be financed over a period that ensures the contributions are reasonably affordable to the BTP.

There is also a risk that the change in the asset value of each plan from one year to the next can be volatile. The plans invest primarily in equity, debt instruments and property and hence are exposed to a crash in any one of those markets. Such instances could lead to a materially higher IAS 19 deficit.

	31 March 2015	31 March 2014
The employer's pension contributions as a percentage of salaries	15.09%	4.09%

A Change in defined benefit obligation

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation at end of the prior year	120,370	125,490
Current service cost	7,950	9,690
Interest expense	5,420	5,460
Cash flows		
- Benefits payments from plan	(3,430)	(2,600)
- Participant contributions	3,290	3,140
Remeasurements		
- Effect on changes in demographic assumptions	970	0
- Effect of changes in financial assumptions	40,660	(20,850)
- Effect of experience adjustments	2,710	40
Defined benefit obligation at end of year	177,940	120,370

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

	31 March 2015 £000	31 March 2014 £000
Fair value of plan assets at end of the prior year	85,110	76,280
Interest Income	3,940	3,470
Cash flows		
- Employer contribution (including BRASS matching)	4,950	4,830
- Participant contributions	3,290	3,140
- Benefits payments from plan	(3,430)	(2,600)
- Administrative expenses paid from plan assets	(470)	(380)
Return on plan assets (excluding interest income)	10,170	370
Fair value of plan assets at end of year	103,560	85,110

C Amounts recognised in the statement of financial position

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation	177,940	120,370
Fair value of plan assets	(103,560)	(85,110)
Net liability	74,380	35,260

D Components of defined benefit cost

	31 March 2015 £000	31 March 2014 £000
Service Cost		
Current service cost	7,950	9,690
Total service cost	7,950	9,690
Net interest cost		
- interest expense on defined benefit obligation	5,420	5,460
- interest (income) on plan assets	(3,940)	(3,470)
Total net interest cost	1,480	1,990
Administrative expenses and taxes	470	380
Defined benefit cost included in the statement of comprehensive income	9,900	12,060
Remeasurements (recognised in other comprehensive income)		
- Effect of changes in financial assumptions	40,660	(20,850)
- Effect of experience adjustments	2,710	40
- (Return) on plan assets (excluding interest income) *	(10,170)	(370)
-Net measurement regains/losses- demographic	970	
Effect of asset limitation and IAS minimum funding requirement	0	0
Effect of asset limitation and IAS minimum funding requirement	0	0
Total remeasurements included in other comprehensive income	34,170	(21,180)
Total defined benefit cost recognised in statement of comprehensive income and other comprehens	44,070	(9,120)

The Authority expects to contribute around **£4.7m to this pension scheme** in the year ending 31 March 2016 (£5.5m in the year ended 31 March 2015).

E Net defined benefit liability (asset) reconciliation

	31 March 2015 £000	31 March 2014 £000
Net defined benefit liability (asset)	35,260	49,210
Effect of changes in demographic assumptions	9,900	12,060
Total defined benefit cost recognised in the SoCI and OCI	34,170	(21,180)
Employer contributions	(4,950)	(4,830)
Net defined benefit liability (asset) as of end of year	74,380	35,260

F Defined benefit obligation

	31 March 2015 £000	31 March 2014 £000
Defined benefit obligation by participant status		
- Actives	115,870	83,500
- Vested deferreds	39,370	26,380
- Retirees	22,700	10,490
Total	177,940	120,370

G Plan assets

	31 March 2015 £000	31 March 2014 £000
Fair value of plan assets		
- Cash and cash equivalents	0	7,730
- Equity instruments	103,560	50,200
- Debt instruments	0	13,940
- real estate	0	8,210
- Investment funds	0	2,460
- Other	0	2,570
Total	103,560	85,110

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations	31 March 2015	31 March 2014
Discount rate	3.30%	4.50%
Rate of price inflation (RPI)	3.10%	3.40%**
Rate of price inflation (CPI)	2.10%	2.40%
Rate of increase in salaries	3.10%*	3.40%
Rate of pension increases	2.10%	2.40%

* allowance has been made for short term pay increases of 1%, 2%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.1% pa thereafter.
** allowance has been made for short term pay increases of 1%, 1%, 2% and 2% in years 1, 2, 3 and 4 after the measurement date respectively. Then increases of 3.4% pa thereafter.

Assumed Life expectancies on retirement at age 65 are:	31 March 2015	31 March 2014
Retiring today - Males	21.8	n/k
Retiring today - Females	23.4	n/k
Retiring in 20 years time - Males	24.0	n/k
Retiring in 20 years time - Females	25.8	n/k

Assumed life expectations on retirement at age 65

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 actuarial update as at 31 March 2015 showed an increase in the shortfall from £35,260,000 to £74,380,000.

I Sensitivity analysis

	31 March 2015 £m	31 March 2014 £m
Discount rate		
- Discount rate - 25 basis points	103.56	129.83
- Assumption	3.05%	4.25%
- Weighted average duration of defined benefit obligation (in years)	0	30
- Discount rate + 25 basis points	103.56	111.71
- Assumption	3.55%	4.75%
- Weighted average duration of defined benefit obligation (in years)	0	30
Inflation rate		
- Inflation rate - 25 basis points	103.56	112.25
- Assumption	3.30%	3.15%
- Inflation rate + 25 basis points	103.56	129.03
- Assumption	3.30%	3.65%
Mortality		
- Mortality	181.80	122.60
- Assumption	minus one year age rating	s one year age rating

Further details on sensitivity can be found in the table below:

Analysis of net statement of financial position	FY 2014	GBP £m Base FY 2015	Sensitivities from Base FY 2014 (one item changed with all other things held constant) Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Fair value of plan assets	85.11	103.56	103.56	103.56	103.56	103.56	103.56
Present value of benefit obligation	120.37	177.94	192.01	165.08	165.57	191.37	181.80
Net liability (asset), excluding any affect of asset limit	**35.26**	**74.38**	**88.45**	**61.52**	**62.01**	**87.81**	**78.24**

Analysis of projected pension cost	Actual FY 2015	GBP £m Base FY 2016	Sensitivities from Base FY 2015 (one item changed with all other things held constant) Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Current service cost	7.95	12.06	13.34	10.90	10.88	13.36	12.37
Interest cost	5.42	5.87	5.85	5.85	5.46	6.31	5.99
Expected return on plan assets	(3.94)	(3.49)	(3.22)	(3.75)	(3.49)	(3.49)	(3.49)
Administrative expenses and taxes	0.47	0.47	0.47	0.47	0.47	0.47	0.47
Total pension cost before asset limits	**9.90**	**14.91**	**16.44**	**13.47**	**13.32**	**16.65**	**15.34**

Actuarial assumptions	FY 2014	Base FY 2015	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	4.50%	3.30%	3.05%	3.55%	3.30%	3.30%	3.30%
Rate of RPI assumption	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Rate of CPI assumption	2.40%	2.10%	2.10%	2.10%	1.85%	2.35%	2.10%
Rate of salary increase*	3.40%	3.10%	3.10%	3.10%	2.85%	3.35%	3.10%
Mortality Table	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010	In line with the actuarial valuation as at 31 December 2010 less one year age adjustment

* For the FY 2014, allowance has been made for increases of 1%, 1%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter.
For the FY 2015, allowance has been made for increases of 1%, 1%, 2%, 2% in the four years after the measurement date followed by annual increases as shown above thereafter.

Notes:
All figures in £m
Theses initial pension expense forecasts are highly sensitive to changes in market conditions and should not be relied upon without further advice.