

STATEMENT OF COMPREHENSIVE INCOME			
	Notes	2016-17 £000	2015-16 £000
Income			
Police Service Agreement	7	214,597	209,285
Other Income	7	76,082	80,799
		290,679	290,084
Expenditure			
Staff costs	8	(263,360)	(269,214)
Depreciation and amortisation	10,11	(13,376)	(11,261)
Other expenditure	9	(48,604)	(52,800)
		(325,340)	(333,275)
Operating deficit		(34,661)	(43,191)
Net interest receivable		25	89
Net interest payable for pension schemes	25	(17,300)	(20,300)
Net deficit for the financial year		(51,936)	(63,402)
Other comprehensive income			
Items that will not be reclassified to net operating costs:			
Net gain/(loss) on revaluation of property, plant and equipment	24	1,082	(626)
Actuarial gains/(losses) on defined benefit pension schemes	25	(235,030)	194,870
		(233,948)	194,244
Total comprehensive (deficit)/surplus for the year ended 31 March 2017		(285,884)	130,842

The net deficit for the financial year is transferred to reserves. Movements in reserves are set out in Note 24.

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	31 March 2017 £000	£000	31 March 2016 £000	£000
Non-current assets					
Property, plant and equipment	10	43,681		50,944	
Intangible assets	11	11,008		9,515	
Total non-current assets			54,689		60,459
Current assets					
Inventories	13	1,001		1,628	
Trade and other receivables	14	26,721		18,509	
Cash and cash equivalents	15	15,740		26,142	
Total current assets			43,462		46,279
Total assets			98,151		106,738
Current liabilities					
Trade and other payables	16	(30,082)		(38,454)	
Provisions for liabilities and charges	17	(4,806)		(3,577)	
Total current liabilities			(34,888)		(42,031)
Non-current assets plus net current assets			63,263		64,707
Non-current liabilities					
Pension liabilities	25	(775,690)		(491,380)	
Other payables	16	(1,034)		(904)	
Total non-current liabilities			(776,724)		(492,284)
Assets less liabilities			(713,461)		(427,577)
Taxpayers' net deficit for the year					
Income and expenditure reserve	24	59,806		62,462	
Revaluation reserve	24	2,423		1,341	
Pension reserve	24, 25	(775,690)		(491,380)	
			(713,461)		(427,577)
			(713,461)		(427,577)

The financial statements on pages xx to xx were approved by the Authority on xx/06/17 and were signed on its behalf by:

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Signed C. Vitty

Accounting Officer

Date xx June 2017

STATEMENT OF CASH FLOWS

For the period ended

31 March 2017

	Notes	2016-17		2015-16	
		£000	£000	£000	£000
Cash flows from operating activities					
Net deficit for the financial year		(51,936)		(63,402)	
Less non-cash adjustments					
(Profit)/Loss on disposal of non-current assets	9	(135)		(44)	
(Increase)/Decrease in trade and other receivables	14	(8,212)		(14)	
(Increase)/Decrease in inventories	13	627		108	
Increase/(Decrease) in trade payables	16	(8,242)		8,056	
Increase/(Decrease) in provisions	17	1,229		2,278	
Depreciation of property, plant and equipment	10	10,838		8,890	
Amortisation of intangible assets	11	2,538		2,371	
IAS 19 Pension adjustment	25	31,980		35,700	
Net interest payable for pension schemes	25	17,300		20,300	
Less cash item classified elsewhere within statement of cash flows		(25)		(89)	
Net cash flow from operating activities		(4,038)		14,154	
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(3,307)		(10,890)	
Purchase of intangible assets	11	(3,265)		(5,825)	
Proceeds from disposal of assets		183		173	
Interest paid/(received)		-		-	
Net cash flow from investing activities		(6,389)		(16,542)	
Cash flows from financing activities					
Interest received		25		89	
Net cash flows from financing activities		25		89	
Net decrease in cash and cash equivalents in the period		(10,402)		(2,299)	
Cash and cash equivalents at the beginning of the period		26,142		28,441	
Cash and cash equivalents at the end of the period		15,740		26,142	

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(10,402)

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the period ended
31 March 2017

	Notes	Income and expenditure reserve £000	Revaluation reserve £000	Pension reserve £000	Total reserves £000
Balance at 01 April 2015		69,829	2,002	(630,250)	(558,419)
Changes in taxpayers' equity 2015-16					
Net gain/(loss) on revaluation of property, plant and equipment	10,11	-	(626)	-	(626)
Actuarial Gains/(Losses)	24	-	-	194,870	194,870
Net deficit for the year	24	(63,402)	-	-	(63,402)
Transfer to/from Reserves	24	56,035	(35)	(56,000)	0
Excess of pension expense charged in year over employer pension contributions	25	-	-	-	-
Balance at 31 March 2016		62,462	1,341	(491,380)	(427,577)
Changes in taxpayers' equity 2016-17					
Net gain/(loss) on revaluation of property, plant and equipment	10,11	-	1,082	-	1,082
Actuarial Gains/(Losses)	24	-	-	(235,030)	(235,030)
Net deficit for the year	24	(51,936)	-	-	(51,936)
Transfer to/from Reserves	24	49,280	-	(49,280)	-
Excess of pension expense charged in year over employer pension contributions	25	-	-	-	-
Balance at period end		59,806	2,423	(775,690)	(713,461)

Notes to the accounts

1 General

The accounts represent single entity accounts for the British Transport Police Fund. No entities over which the British Transport Police Authority exercises control have been identified and therefore no consolidated accounts have been prepared.

The presentational currency for the accounts is the pound sterling. Except where otherwise stated amounts are rounded to the nearest £1,000.

2 Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 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 2016-17 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

2.1 Accounting convention

These accounts have been prepared under the historic cost convention modified to account for the revaluation of non-current assets.

2.2 Going concern

These accounts have been prepared on a going concern basis, notwithstanding the substantial negative taxpayers' equity.

The negative equity arises because of the Authority's substantial net liabilities relating to defined benefit pension schemes. As disclosed in Note 25 and the Directors' Report, contributions to the schemes are based on periodic actuarial valuations, including contributions for any past service deficit. The income receivable under Public Service Agreements and from Transport for London (TfL) is calculated to include such contributions. The Authority has therefore determined that it can continue to meet its liabilities as they fall due and it is appropriate to prepare its accounts on a going concern basis.

2.3 Accounting standards issued but not adopted

A number of new standards, amendments to existing standards and interpretations have been issued but have not adopted in preparing these financial statements. Those standards may be adopted in subsequent periods.

A finalised version of IFRS 9 Financial Instruments is due for implementation for periods commencing on or after 1 January 2018 but has yet to be adopted by the European Union (EU). Adoption is not expected to have a significant impact on the accounts as the existing approach to measurement remains unchanged.

IFRS 14 - Regulatory Deferral Accounts, issued in January 2014 but has not been adopted by the EU and is not relevant to the activities of the Authority.

IFRS 15 - Revenue from Contracts with Customers, issued in May 2014 and is due for implementation for accounting periods commencing on or after 1 January 2018. Adoption is not expected to have a significant impact on the point or measurement of revenue/income and therefore is unlikely to have a significant impact on the accounts.

IFRS 16 - Leases, issued in January 2016 and is due for implementation for accounting periods commencing on or after 1 January 2019. The standard requires lessors to account for all leased assets as finance leases. As the Authority has significant operating lease expenditure, adoption of the standard is likely to have a significant impact on the accounts, increasing both assets and liabilities and advancing the recognition of expenditure.

2.4 Property, plant and equipment

Property, plant and equipment includes improvements and capital works to leasehold buildings, plant and machinery, Information Technology (IT) equipment, fixtures and fittings, and road vehicles required for the on-going 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 Value Added Tax (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 (ONS).

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 specifically 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 (SoCI).

The Authority derecognises assets with nil net book value when they are withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in SoCI.

2.5 Assets under construction

Assets under construction reflects capital projects still in progress and not yet available for use.

2.6 Depreciation

Depreciation is provided on a straight-line basis over periods representing the estimated useful lives of assets. Assets start to be depreciated the month after they are deemed to be available for use.

The lives used for the major categories of assets are:

-	Leasehold improvements	Number of years remaining on the lease at time of purchase
-	Plant and machinery	5 years
-	Fixtures and fittings	5 years
-	Information technology	5 years
-	Road vehicles	5 years

No depreciation is provided on assets under construction.

2.7 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 and restated annually, where appropriate, using indices from the ONS. Intangible assets are amortised on a straight-line basis over a five year useful economic life.

The Authority derecognises assets with no remaining net book value when they are withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in SoCI.

2.8 Disposals

Depreciation is charged up to the date on which the asset is disposed. Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the SoCI when the asset is derecognised.

2.9 Impairment of assets

For the purpose of impairment testing property, plant and equipment and finite lived intangible assets are looked at on an individual basis. Where this is not possible assets are 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 SoCI.

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 SoCI.

2.10 Income

Income is recognised in the period in which the income is earned on the accruals basis. Operating Income relates directly to the operating activities of The British Transport Police and is therefore recognised in the SoCI. It includes any income due under the terms of the Public Service Agreements under the Railways and Transport Safety Act 2003. It comprises mainly of contributions for services provided to customers and recovery of costs from other government departments. Income receivable under Police Service Agreement (PSA), Enhanced Police Service Agreements (EPSA) and the London Underground Agreement is recognised in the year to which the provision of service relates.

2.11 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.

Rentals under operating leases are charged to the SoCI on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the lease term. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to the SoCI over the period of the lease at a constant periodic rate in relation to the balance outstanding.

The Authority has a number of operating leases in respect of property. Rentals under operating leases are charged to the SoCI 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.

Finance leases, which transfer to the Authority substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included on the fixed asset register and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the SoCI in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful economic life of the equivalent owned asset.

2.12 Provisions

The Authority makes provision for liabilities and charges in accordance with IAS 37 - Provisions, 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 for liabilities are based on reliable estimates of the expenditure required to settle future legal or constructive obligations that exist. Provisions are charged to the SoCI and released when the transfer of economic benefit to settle the obligation is made. The key provisions outstanding for periods were claims against the Authority, dilapidations and rent reviews.

2.13 Contingent liabilities

In accordance with IAS 37, 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.

2.14 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.

2.15 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.

2.16 Inventories

Inventories are made up of uniforms and other inventory items. Inventory is stated at the lower of cost or net realisable value.

2.17 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. Each assessment takes into account the nature of the debt, payment record of the debtor, whether they have been or are in dispute with the Authority and any other appropriate information.

2.18 Cash and cash equivalents

For the purposes of the statement of cashflows (SoCF), 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.

2.19 Staff costs

Benefits payable during employment

An accrual is made to represent the cost of holiday entitlement and time off in lieu earned but not taken at each year end.

Benefits payable after employment

Police officers and civilian staff are members of defined benefit pension schemes as disclosed in Note 25.

For each scheme the Authority recognises a net pension liability for the difference between the present value of the defined obligation and the fair value of the scheme's assets as at that date. The defined benefit obligation is calculated separately for each scheme on an annual basis by independent actuaries using the projected unit credit method.

Actuarial gains and losses are recognised in full in the period in which they occur, and are taken to Other comprehensive income (OCI). Current and past service costs, along with the impact of any settlements or curtailments, are charged to income and expenditure. Interest on pension plans' liabilities are recognised as finance expense in the SoCI.

2.20 Reserves

The Authority operates:

- A Revaluation reserve that represents the cumulative impact of upward/downward revaluations of property, plant and equipment prior to their disposal; and
- A pension reserve that is equal to the net pension liability recognised in the financial statements.

The Income and Expenditure Reserve reported within the Statement of Financial Position (SoFP) comprises a number of separate reserves:

A Retained Earnings Reserve representing cumulative past operating surpluses and deficits;

A Capital Financing Reserve representing funds that are earmarked for investing in capital assets;

A Working Capital Reserve representing financing received from the Department of Transport (DfT) to ensure the liquidity of the Authority; and

A Contingency Reserve representing amounts set aside for unexpected events, such as major incidents and crimes.

Further details of the movements on these reserves are given in Note 24.

3 Critical accounting judgements

In applying the accounting policies set out above, the Authority has identified one critical accounting judgement, namely the applicability of the going concern basis for the preparation of its accounts as discussed in Note 2.2 above.

4 Sources of estimation uncertainty

Key sources of estimation uncertainty

The accounts contain estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the accounts for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, plant and equipment - as a result of changes in assumptions about useful economic lives. Any reduction in useful economic lives would reduce the assets and increase expenditure;

Pension liabilities - as a result of assumptions on discount rates, pay increases and mortality. See further detail at Note 25; and,

Staff costs - as a result of changes in estimates for holiday pay and time off in lieu. Any increase in the estimates for these items would increase liabilities and expenditure.

5 Correction of a prior period adjustment

Last years annual report and accounts identified a prior period restatement of property, plant and equipment for the years up to and including 31 March 2014. There were no restatements identified relating to this year or prior year. As per IAS 8 requirements, financial statements of subsequent periods need not repeat these disclosures.

6 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. The Authority has therefore determined that it is not required to provide a segmental analysis of its financial performance or position.

7 Income

	2016-17 £000	2015-16 £000
Police Service Agreement income	214,597	209,285
Other income		
London Underground Agreement income	55,456	56,182
Enhanced Police Service Agreement income	17,823	16,994
Recoveries in respect of outward secondments	-	-
Smaller funding agreements	2,130	2,091
Capital funding	-	3,828
Other income	673	1,704
	76,082	80,799
Total	290,679	290,084

The British Transport Authority operates a number of Operating income streams and these can be categorised as follows:

1. Police Service Agreement

Under the Railways and Transport Safety Act 2003, the Authority enters into a PSA with its customers in order to provide a policing service as specified in the agreement. In determining the customers' contribution, the Authority aims to ensure that its full annual costs are covered and uses a predetermined charging mechanism that is consistent with the Act and is in accordance with the customer's PSA. The customer is normally referred to as the PSA holder.

2. Enhanced Police Service Agreements

Any services outwith a PSA holders agreement are referred to an EPSA. The enhanced service is charged at full cost in accordance with the specific customer agreement.

3. London Underground Agreement

London Underground Agreement income is calculated separately from the PSA Charging Model. BTP negotiates policing requirements with London Underground charged at full cost.

4. Other income

There are a number of smaller contract agreements with other government departments and external bodies. The income received from such customers fund specific initiatives that broadly relate to the prevention of crime and the protection of the wider society on the railway infrastructure. Of these smaller type contract agreements, contributors include Network Rail, TfL, the Home Office, the Home Office Asset Recovery Scheme (ARIS) and other smaller 3rd party contributors.

8 Staff numbers and related costs

For staff numbers and related costs please see the Remuneration report.

9 Other expenditure

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

	Note	2016-17 £000	2015-16 £000
Other staff costs		4,306	4,909
Communications and computers		12,265	13,005
Other		4,057	4,904 *
Professional services		1,170	1,540
Legal and Insurance		1,391	1,492
Equipment purchases		2,280	3,052
Rentals under operating leases		9,027	9,073
Premises (excluding rentals under operating leases)		8,696	7,723
Transport costs		4,106	4,432
Non-cash items			
Depreciation of property, plant and equipment	10	10,838	8,890
Amortisation of intangible assets	11	2,538	2,371
(Profit)/Loss on disposal of non-current assets		(135)	(44)
Increase/(decrease) in provisions	17	1,229	2,278
Inventory write down to net realisable value	13	207	418
Bad debt provision		5	18
Total		61,980	64,061

* Other expenditure for 2015-16 includes £1.3 million of asset write-offs relating to 2014-2015 which have been expensed to the SoCI.

During the year the Authority did not purchase any non-audit services from its auditor the Comptroller and Auditor General. Included in "Other" is a charge of £106 thousand for auditor's remuneration for audit work related to 2016-17 (2015-16: £106 thousand).

10 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Motor Vehicles	Assets under construction - Motor vehicles	Assets under construction - Other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
As at 1 April 2016	41,580	19,585	13,876	2,389	213	4,219	30,443	112,305
Additions	650	249	784	-	-	6	1,618	3,307
Disposals	-	-	(1,807)	-	-	-	-	(1,807)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	496	113	116	-	-	19	161	905
Reclassifications	-	-	1,802	(2,389)	(213)	-	210	(590)
At 31 March 2017	41,434	17,460	14,771	-	-	3,347	26,877	103,889
Depreciation								
As at 1 April 2016	16,988	12,852	8,493	-	-	3,031	19,997	61,361
Charged in year	2,821	1,795	2,079	-	-	365	3,568	10,628
Disposals	-	-	(1,760)	-	-	-	-	(1,760)
Derecognition	(1,292)	(2,487)	-	-	-	(897)	(5,555)	(10,231)
Revaluations	48	47	41	-	-	9	65	210
Reclassifications	-	-	-	-	-	-	-	-
At 31 March 2017	18,565	12,207	8,853	-	-	2,508	18,075	60,208
Carrying amount at 31 March 2017	22,869	5,253	5,918	-	-	839	8,802	43,681
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Asset Financing:								
Owned	22,869	5,253	5,918	-	-	839	8,802	43,681
Carrying amount at 31 March 2017	22,869	5,253	5,918	-	-	839	8,802	43,681
	Leasehold improvements	Plant and machinery	Motor Vehicles	Assets under construction - Motor vehicles	Assets under construction - Other	Fixtures & fittings	IT equipment	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost								
As at 1 April 2015	40,299	18,244	16,091	47	351	3,600	25,054	103,686
Additions	2,580	2,038	-	2,389	213	368	3,894	11,482
Disposals	-	(46)	(1,852)	-	-	-	(97)	(1,995)
Derecognition	-	-	-	-	-	-	-	-
Revaluations	(1,299)	(651)	(410)	-	-	(100)	1,592	(868)
Reclassifications	-	-	47	(47)	(351)	351	-	-
At 31 March 2016	41,580	19,585	13,876	2,389	213	4,219	30,443	112,305
Depreciation								
As at 1 April 2015	15,707	11,668	7,988	-	-	2,754	16,462	54,579
Charged in year	1,812	1,657	2,488	-	-	355	2,578	8,890
Disposals	-	(46)	(1,723)	-	-	-	(97)	(1,866)
Derecognition	-	-	-	-	-	-	-	-
Revaluations	(531)	(427)	(260)	-	-	(78)	1,054	(242)
Reclassifications	-	-	-	-	-	-	-	-
At 31 March 2016	16,988	12,852	8,493	-	-	3,031	19,997	61,361
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2015	24,592	6,576	8,103	47	351	846	8,592	49,107
Asset Financing:								
Owned	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944
Carrying amount at 31 March 2016	24,592	6,733	5,383	2,389	213	1,188	10,446	50,944

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11 Intangible assets

Intangible assets comprise of software, software licences, the wide area network project and expenditure on website development.

	Licences £000	Software £000	Wide area network £000	Websites £000	Assets under construction £000	Total £000
Cost						
As at 1 April 2016	5,526	6,348	4,404	335	3,276	19,889
Additions	1,354	1,886	-	(5)	30	3,265
Derecognition	(867)	(470)	-	(1)	-	(1,338)
Revaluations	26	151	-	-	-	177
Reclassifications	-	3,866	-	-	(3,276)	590
At 31 March 2017	6,039	11,781	4,404	329	30	22,583
Amortisation						
As at 1 April 2016	3,775	2,459	4,025	115	-	10,374
Charged in year	830	1,316	329	63	-	2,538
Derecognition	(867)	(470)	-	-	-	(1,337)
Revaluations	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
At 31 March 2017	3,738	3,305	4,354	178	-	11,575
At 31 March 2017	2,301	8,476	50	151	30	11,008
Asset financing:						
Owned	2,301	8,476	50	151	30	11,008
At 31 March 2017	2,301	8,476	50	151	30	11,008
	Licences £000	Software £000	Wide area network £000	Websites £000	Assets under construction £000	Total £000
Cost						
As at 1 April 2015	5,138	4,285	4,404	237	-	14,064
Additions	388	2,063	-	98	3,276	5,825
At 31 March 2016	5,526	6,348	4,404	335	3,276	19,889
Amortisation						
As as 1 April 2015	3,065	1,644	3,227	67	-	8,003
Charged in year	710	815	798	48	-	2,371
At 31 March 2016	3,775	2,459	4,025	115	-	10,374
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515
Asset financing:						
Owned	1,751	3,889	379	220	3,276	9,515
Carrying amount at 31 March 2016	1,751	3,889	379	220	3,276	9,515

12 Financial instruments

BTP has contractual provisions to receive cash payments in return for providing a Policing service and for full cost recovery of BTP expenditure. The various BTP income streams relate to agreements covered by the PSA, EPSA, TFL (funding from London Underground), Network Rail, funding from other Transport Operating Contractors, specific income funding from the Home Office and ARIS.

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 other entities. The Authority has limited powers to borrow or invest surplus funds. 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 income and capital resource requirements are financed by resources from the BTP PSA holders, and other Government bodies. 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. 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.

	2016-17		2015-16	
	Book value £000	Fair value £000	Book value £000	Fair value £000
Primary financial instruments:				
Financial assets:				
Cash at bank	15,740	15,740	26,142	26,142
Trade receivables	13,143	13,143	10,123	10,123
	28,883	28,883	36,265	36,265
Financial liabilities:				
VAT payable	1,098	1,098	766	766
Other taxation & social security payables	3,491	3,491	4,048	4,048
Trade payables	286	286	262	262
	4,875	4,875	5,076	5,076

13 Inventories

Uniforms

	2016-17 £000	2015-16 £000
Opening balance	1,628	1,615
Additions	786	1,145
Utilisations	(1,232)	(836)
Write down	(200)	(123)
Closing balance	982	1,801

Other

	2016-17 £000	2015-16 £000
Opening balance	-	122
Returns	26	-
Write-down	(7)	(295)
Closing balance	19	(173)

Total inventories

	2016-17 £000	2015-16 £000
	1,001	1,628

During the year the write-down of inventories to net realisable value amounted to £207 thousand (2015-16: nil)

14 Trade receivables and other assets**Amounts falling due within one year:**

Trade receivables
Other receivables
Prepayments and accrued income
Less: Provision for bad and doubtful debts

Total**Amounts in the above figures due from other entities included in the whole of government account:**

Other central government bodies
Local authorities
Public corporations and trading funds
Intra-government debtors

Bodies external to government

Total

2016-17 £000	2015-16 £000
13,143	10,123
1,176	1,137
12,402	7,388
-	(139)
26,721	18,509

2016-17 £000	2015-16 £000
19	125
10,373	9,298
1,261	657
11,653	10,080
15,068	8,429
26,721	18,509

15 Cash and cash equivalents

Balance at 01 April
Net change in cash and cash equivalent balances
Balance at 31 March

The following balances at 31 March were held at:
Government banking service
Commercial banks and cash in hand
Balance at 31 March

2016-17 £000	2015-16 £000
26,142	28,441
(10,402)	(2,299)
15,740	26,142
109	108
15,631	26,034
15,740	26,142

16 Trade payables and other liabilities**Amounts falling due within one year:**

VAT payable
Other taxation & social security payables
Trade payables
Other payables
Accruals & deferred income

Total**Amounts falling due after more than one year:**

Other payables, accruals and deferred income
--

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

Other central government bodies
Local authorities
Public corporations and trading funds
Intra-government payables and liabilities

Bodies external to government

Total

2016-17 £000	2015-16 £000
1,098	766
3,491	4,065
286	246
704	3,534
24,503	29,843
30,082	38,454
1,034	904
31,116	39,358

2016-17 £000	2015-16 £000
5,739	4,830
2,707	2,807
	13
8,446	7,650
22,670	31,708
31,116	39,358

17 Provisions for liabilities and charges

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at year end.

	Claims against the Authority £000	Employment tribunals £000	Dilapidations £000	Other provisions £000	Total £000
Balance at 1 April 2015	62	-	250	987	1,299
Provided in the year	913	90	1,740	584	3,327
Provisions utilised during the year	(62)	-	-	(987)	(1,049)
Balance at 31 March 2016	913	90	1,990	584	3,577
Provided in the year	611	150	51	894	1,706
Provisions utilised during the year	(330)	-	(40)	(107)	(477)
Balance at 31 March 2017	1,194	240	2,001	1,371	4,806

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.

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 and discrimination. The provision covers estimated costs of any settlement and any legal expenses.

Dilapidations

This provision applies to dilapidations of leasehold properties.

Other provisions

This relates to all other provisions and primarily includes costs relating to rental reviews and onerous leases. In the prior year this also included costs relating to force restructure and redundancies.

18 Capital commitments

As at 31 March 2017 the Authority had the following capital commitments:

	2016-17 £000	2015-16 £000
Estates	54	547
Technology	4,875	539
Fleet	2,005	313
Other	-	259
Total BTP capital commitments	6,934	1,658

19 Commitments under leases

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

Obligations under operating leases for the following periods comprise:

	2016-17 £000	2015-16 £000
Buildings:		
Not later than one year	9,245	8,954
Later than one year and not later than five years	28,886	28,852
Later than 5 years	27,408	33,926
Total operating lease obligations	65,539	71,732

20 Other financial commitments

Other financial commitments and non-cancellable contracts that have been entered into by the Authority are detailed below:

Non-cancellable contracts for the following periods comprise:

	2016-17 £000	2015-16 £000
Not later than one year	20,261	21,266
Later than one year and not later than five years	8,062	20,700
Later than 5 years	-	72
Total financial commitments	28,323	42,038

21 Related party transactions

The Authority is a non-departmental public body of the DfT. The DfT is regarded as a related party. During the year, the Authority has had the following material transactions with the Department and with other entities for which the Department is regarded as the parent Department:

The Authority had no transactions or outstanding balances with the DfT in 2016-17.

In addition, The Authority has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with Network Rail. The Authority was invoiced for £1,586,839 (£1,564,375 in 2015-16) by Network rail in 2016-17 and as at 31 March 2017 there was £14,605 outstanding (Nil at 31 March 2016). Network Rail was invoiced by the Authority for £86,379,103 in 2016-17 (£84,221,540 in 2015-16) and as at 31 March 2017 £1,260,223 was outstanding (£405,407 at 31 March 2016).

Paul Crowther is a member of the Board of the National Police Chief's Council. The Authority was invoiced £29,918 in 2016-17 (£29,918 in 2015-16) and there were no outstanding balances at year end (Nil in 2015-16).

Due to its status as a national Police Force the Authority often receives grants from the Home Office. These totalled £nil in 2016-17 (£nil in 2015-16). The Home Office is regarded as a related party.

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 Directors' Report.

The corporate governance arrangements of the Authority require members to register financial and other interests and also to disclose personal or prejudicial interests where matters are discussed at meetings of the Authority. Three members of the Authority are drawn from organisations providing railway services as detailed below:

Andrew Pollins is Finance Director at London Underground Limited. In the course of the year the Authority received payments from London Underground Limited of £73,943k (£73,550k in 2015-16) and made payments to London Underground Limited of £405k (£548k in 2015-16). As at 31 March 2017, £7,487k (£6,491k at 31 March 2016) was due from London Underground Limited. All these amounts are payable and receivable within 30 days and not subject to interest.

Dominic Booth is the Managing Director at Abellio Group UK. In the course of the year the Authority received payments from Abellio Group UK of £15,661k (£18,191k in 2015-16) and made payments to Abellio Group UK of £111k (£48k in 2015-16). As at 31 March 2017, £12k (£6k in 2015-16) was due from Abellio Group UK. All these amounts are payable and receivable within 30 days and not subject to interest.

Dyan Crowther is the Chief Executive Officer at High Speed 1 (HS1). In the course of the year the Authority received payments from HS1 of £4,574k (£4,472k in 2015-16). All these amounts are payable and receivable within 30 days and not subject to interest.

22 Third party assets

The Authority administers funds on behalf of third parties. Money held in the funds is not owned by the Authority and is not included in the SoFP. Authority staff administer the British Transport Police Authority Property Act fund account and the British Transport Police cash seizures account on behalf of the Authority and the remaining funds on behalf of their respective governing bodies. Details of these funds are below:

	2015-16 £000	Gross inflows £000	Gross outflows £000	2016-17 £000
British Transport Police Authority Property Act fund account	29	11	(13)	27
British Transport Police cash seizures account	786	301	(499)	588
Total third party assets	815	312	(512)	615

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.

23 Losses and special payments

The total number of Authority losses and special payments is outlined in the Parliamentary Accountability and Audit Report.

24 Reserves

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

	Retained earnings/ Distributable reserves	Capital financing reserve	Working capital reserve	Contingency reserve	Total Income and expenditure reserves	Revaluation reserve	Pension reserves	Total
	£000	£000	£000	£000		£000	£000	£000
Opening balance at 01 April 2015	21,026	38,508	6,500	3,795	69,829	2,002	(630,250)	(558,419)
Net gains/(losses) on revaluation of assets	-	-	-	-	-	(626)	-	(626)
Actuarial gain/(loss)	-	-	-	-	-	-	194,870	194,870
Comprehensive income for the year	(63,402)	-	-	-	(63,402)	-	-	(63,402)
Transfer between reserves	56,035	-	-	-	56,035	(35)	(56,000)	-
Balance at 31 March 2016	13,659	38,508	6,500	3,795	62,462	1,341	(491,380)	(427,577)
Opening balance at 01 April 2016	13,659	38,508	6,500	3,795	62,462	1,341	(491,380)	(427,577)
Net gains/(losses) on revaluation of assets	-	-	-	-	-	1,082	-	1,082
Actuarial gain/(loss)	-	-	-	-	-	-	(235,030)	235,030
Comprehensive income for the year	(51,936)	-	-	-	(51,936)	-	-	51,936
Transfer between reserves	49,280	-	-	-	49,280	-	(49,280)	-
Closing balance at 31 March 2017	11,003	38,508	6,500	3,795	59,806	2,423	(775,690)	(713,461)

Retained earnings/Distributable reserves

The Retained earnings reserves represent the BTP's cumulative past operating surpluses/deficits from the PSA charges levied to the PSA Holders. Operating losses are carried forward and surpluses are retained and reinvested in the core business and agreed specific initiatives.

Capital financing reserve

The capital financing reserve consists of grant funding from PSA holders, specifically for the purchase of capital assets.

Working capital reserve

The working capital reserve was established as a cashflow advance from the DFT to ensure the liquidity of the Authority and remains in the reserves to meet potential future cashflow requirements for funding expenditure prior to the receipt of income.

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 year's budget.

Revaluation reserve

The Revaluation reserve represents the cumulative restatements of property, plant and equipment using the relevant modified historic costing indices from the ONS for the category of asset.

Pensions reserve

The pension reserve represents the reverse side of the pension liability reported within the SoFP.

25 Disclosure of retirement benefits

The pension costs (excluding administrative expenses, taxes and net interest) associated with staff employed by the Authority during the year totalled £54.71 million (2015-16: £62.78 million). In addition there was a net interest on the pension fund of £17.30 million (2015-16: £20.30 million), leaving a net debit in relation of pensions for the year of £72.01 million (2015-16: £83.07 million). The total net pension liabilities for all staff, past and present, are shown in the SoFP. These amount to £775.69 million (2015-16: £491.38 million) net of the fair value of plan assets. HM Treasury have confirmed that the charge or credit to the SoCI arising from IAS19 should be excluded from the calculation of the amount to be reclaimed from parties with PSA's 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 net position of the schemes at 31 March 2017 were as follows:

Net pension liabilities

British Transport Police Force Superannuation Fund
British Transport Police Section of the Railways Pension Scheme

2016-17 £000	2015-16 £000
(639,770)	(430,180)
(135,920)	(61,200)
(775,690)	(491,380)

The amounts recognised in the SoCI are as follows:

Pension costs reflected in the SoCI

Current Service Cost - BTPFSF
Current Service Cost - RPS
Administrative expenses and taxes - BTPFSF
Administrative expenses and taxes - RPS

2016-17 £000	2015-16 £000
42,140	49,960
12,570	12,810
2,000	2,160
610	480
57,320	65,410

IAS19 interest reflected in the SoCI

Net Interest - BTPFSF
Net Interest - RPS

2016-17 £000	2015-16 £000
15,180	17,930
2,120	2,370
17,300	20,300
74,620	85,710

Total amount recognised in the SoCI

* Government support payments have been excluded from the SoCI 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.

IAS 19 pension adjustment reported in the SoCF

Non cash elements related to the pension scheme are deducted from net expenditure as per the SoCF to show BTPA's overall cash position. The IAS 19 interest cost is removed in full. The other adjustment for pension charges removes the difference between the pension costs other than interest reflected in the SoCI (as per the table below) and the employer contributions paid to the schemes in each year.

	Note	2016-17 £000	2015-16 £000
BTPFSF			
Current service cost	25D	42,140	49,960
Administrative expenses and taxes	25D	2,000	2,160
		<u>44,140</u>	<u>52,120</u>
RPS			
Current service cost	25D	12,570	12,810
Administrative expenses and taxes	25D	610	480
		<u>13,180</u>	<u>13,290</u>
Total I&E expenses		<u>57,320</u>	<u>65,410</u>
Less employer contributions			
- Employer contributions BTPFSF	25B	19,560	24,330
- Employer contributions RPS (including BRASS* matching)	25B	5,780	5,380
Total employer contributions		<u>25,340</u>	<u>29,710</u>
Total IAS 19 pension adjustment reported in the SoCF		31,980	35,700

(*): British rail additional superannuation scheme (BRASS).

25 British Transport Police Force Superannuation Fund

A Change in defined benefit obligation

	2016-17 £000	2015-16 £000
Defined benefit obligation at end of the prior year	1,555,470	1,647,430
Current service cost	42,140	49,960
Interest expense	55,250	53,710
Cash flows		
- Benefits payments from plan	(54,360)	(52,070)
- Participant contributions	12,180	12,400
Remeasurements		
- Effect of changes in financial assumptions	410,270	(144,240)
- Effect on changes in demographic assumptions	-	(11,720)
- Effect of experience adjustments	(121,750)	-
Defined benefit obligation at end of year	1,899,200	1,555,470

B Changes in fair value of plan assets

	2016-17 £000	2015-16 £000
Fair value of plan assets at end of the prior year	1,125,290	1,091,560
Interest Income	40,070	35,780
Cash flows		
- Employer contributions	19,560	24,330
- Government support payments	-	-
- Participant contributions	12,180	12,400
- Benefits payments from plan	(54,360)	(52,070)
- Administrative expenses paid from plan assets	(2,000)	(2,160)
Return on plan assets (excluding interest income)	118,690	15,450
Fair value of plan assets at end of year	1,259,430	1,125,290

C Amounts recognised in the SoFP

	2016-17 £000	2015-16 £000
Defined benefit obligation	1,899,200	1,555,470
Fair value of plan assets	(1,259,430)	(1,125,290)
Net liability	639,770	430,180

D Components of defined benefit cost

Service Cost
- Current service cost
Total service cost

Net interest cost
- interest expense on defined benefit obligation
- interest (income) on plan assets
Total net interest cost

Administrative expenses and taxes

Defined benefit cost included in the SoCI

Remeasurements (recognised in OCI)
- Effect on changes in demographic assumptions
- Effect of changes in financial assumptions
- Effect of experience adjustments
- (Return) on plan assets (excluding interest income)
Total remeasurements included in OCI

Total defined benefit cost recognised in SoCI and OCI

The Authority expects the service cost for the year ending 31 March 2018 be £56.52 million (31 March 2017: £42.14 million).

	2016-17 £000	2015-16 £000
	42,140	49,960
	42,140	49,960
	55,250	53,710
	(40,070)	(35,780)
	15,180	17,930
	2,000	2,160
	59,320	70,050
	-	(11,720)
	410,270	(144,240)
	(121,750)	-
	(118,690)	(15,450)
	169,830	(171,410)
	229,150	(101,360)

E Net defined benefit liability (asset) reconciliation

Net defined benefit liability (asset)
Defined benefit cost included in the SoCI
Total remeasurements included in OCI
Employer contributions

Net defined benefit liability (asset) as of end of year

	2016-17 £000	2015-16 £000
	430,180	555,870
	59,320	70,050
	169,830	(171,410)
	(19,560)	(24,330)
	639,770	430,180

F Defined benefit obligation

Defined benefit obligation by participant status
- Actives
- Vested deferreds
- Retirees

Total

	2016-17 £000	2015-16 £000
	883,390	875,660
	96,330	68,800
	919,480	611,010
	1,899,200	1,555,470

G Plan assets

The Scheme invests in a number of multi-asset pooled funds, including a growth pooled fund and a defensive pooled fund. The breakdown of the funds is outlined below:
The 'other' category includes infrastructure, hedge funds, investments in long term income pooled funds, and investments in illiquid growth funds.

Fair value of plan assets
- Cash and cash equivalents
- Equity instruments
- Debt instruments
- Real estate
- Derivatives
- Investment funds
- Other

Total

	2016-17 £000	2015-16 £000
	127,770	100,990
	569,900	465,550
	296,760	305,970
	98,150	104,390
	43,820	-
	-	20,460
	123,030	127,930
	1,259,430	1,125,290

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations

	2016-17	2015-16
Discount rate	2.50%	3.60%
Rate of price inflation (RPI)^	3.30%	3.10%
Rate of price inflation (CPI)^	2.30%	2.10%
Rate of increase in salaries	3.30%*	3.10%*
Rate of pension increases	2.30%	2.10%

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter. Salaries are also assumed to increase in line with an additional promotional salary scale.

^ The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases.

Assumed life expectations on retirement at age 65

	2016-17	2015-16
Retiring today - Males	22.1	22.1
Retiring today - Females	24.6	24.6
Retiring in 20 years time - Males	23.9	23.8
Retiring in 20 years time - Females	26.6	26.5

For males and females retiring today the expected future lifetime is 22.1 and 24.6 years respectively. For a those retiring in 20 years, this increases to 23.9 and 26.6 years respectively.

I Sensitivity analysis

Net liability (asset), excluding any effect of asset limit

	2016-17 £ million	2015-16 £ million
Base	639.77	430.18
Discount rate		
- Discount rate - 25 basis points	744.10	514.81
- Assumption	2.25%	3.35%
- Discount rate + 25 basis points	543.50	351.43
- Assumption	2.75%	3.85%
Inflation rate		
- Inflation rate - 25 basis points	547.94	350.28
- Assumption	2.05%	1.85%
- Inflation rate + 25 basis points	738.71	515.45
- Assumption	2.55%	2.35%
Mortality		
- Mortality	699.20	466.33
- Assumption	Plus one year age rating	Plus one year age rating

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

Analysis of net SoFP

Fair value of scheme assets
Present value of benefit obligations

Net liability (asset), excluding any effect of asset limit

£ million	Sensitivities from Base Financial Year (FY) 2017 (one item changed with all other things held constant)						
	FY 2016	Base FY 2017	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 scheme assets	1,125.29	1,259.43	1,259.43	1,259.43	1,259.43	1,259.43	1,259.43
Present value of benefit obligations	1,555.47	1,899.20	2,003.53	1,802.93	1,807.37	1,998.14	1,958.63
Net liability (asset), excluding any effect of asset limit	430.18	639.77	744.10	543.50	547.94	738.71	699.20

Analysis of projected pension cost

Current service cost
Interest cost
Interest income on scheme assets
Administrative expenses and taxes
Total pension cost before asset limit

£ million	Sensitivities from Base FY 2018 (one item changed with all other things held constant)						
	Actual FY 2017	Base FY 2018	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	42.14	56.53	62.09	51.50	51.49	62.04	58.35
Interest cost	55.25	47.16	44.79	49.22	44.86	49.63	48.64
Interest income on scheme assets	(40.07)	(31.36)	(28.22)	(34.49)	(31.36)	(31.36)	(31.36)
Administrative expenses and taxes	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total pension cost before asset limit	59.32	74.33	80.66	68.23	66.99	82.31	77.63

Actuarial assumptions

Discount rate
Rate of RPI assumption
Rate of CPI assumption
Rate of salary increase*

	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	3.60%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%
Rate of RPI assumption	3.10%	3.30%	3.30%	3.30%	3.05%	3.55%	3.30%
Rate of CPI assumption	2.10%	2.30%	2.30%	2.30%	2.05%	2.55%	2.30%
Rate of salary increase*	3.10%*	3.30%*	3.30%*	3.30%*	3.05%*	3.55%*	3.30%*

Mortality Table

In line with the actuarial valuation as at 31 December 2012 but using the 2015 Continuous Mortality Investigation (CMI) model

In line with the actuarial valuation as at 31 December 2015 but using the 2015 CMI model with long term improvements of 1.25% p.a.

In line with the actuarial valuation as at 31 December 2015 but using the 2015 CMI model with long term improvements of 1.25% p.a. less a one year age rating

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

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increase in salaries thereafter.

British Transport Police Section of the Railways Pension Scheme

A Change in defined benefit obligation

	2016-17 £000	2015-16 £000
Defined benefit obligation at end of the prior year	175,780	177,940
Current service cost	12,570	12,810
Interest expense	6,340	5,880
Cash flows		
- Benefits payments from plan	(3,320)	(3,010)
- Participant contributions	3,830	3,560
Remeasurements		
- Effect of changes in financial assumptions	86,120	(19,990)
- Effect on changes in demographic assumptions	(6,560)	(1,410)
- Effect of experience adjustments	-	-
Defined benefit obligation at end of year	274,760	175,780

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

	2016-17 £000	2015-16 £000
Fair value of plan assets at end of the prior year	114,580	103,560
Interest Income	4,220	3,510
Cash flows		
- Employer contribution (including BRASS matching)	5,780	5,380
- Participant contributions	3,830	3,560
- Benefits payments from plan	(3,320)	(3,010)
- Administrative expenses paid from plan assets	(610)	(480)
Return on plan assets (excluding interest income)	14,360	2,060
Fair value of plan assets at end of year	138,840	114,580

C Amounts recognised in the SoFP

	2016-17 £000	2015-16 £000
Defined benefit obligation	274,760	175,780
Fair value of plan assets	(138,840)	(114,580)
Net liability	135,920	61,200

D Components of defined benefit cost

Service Cost
 Current service cost
 Total service cost

Net interest cost
 - interest expense on defined benefit obligation
 - interest (income) on plan assets
 Total net interest cost

Administrative expenses and taxes

Defined benefit cost included in the SoCI

Remeasurements (recognised in OCI)
 - Effect of changes in financial assumptions
 - Effect of experience adjustments
 - (Return) on plan assets (excluding interest income)
 - Net measurement regains/(losses) - demographic
 Effect of asset limitation and IAS minimum funding requirement
 Effect of asset limitation and IAS minimum funding requirement

Total remeasurements included in OCI

Total defined benefit cost recognised in SoCI and OCI

The Authority expects the service cost for the year ending 31 March 2018 to be £19.28 million (31 March 2017: £12.57 million).

E Net defined benefit liability (asset) reconciliation

Net defined benefit liability (asset)
 Effect of changes in demographic assumptions
 Total defined benefit cost recognised in the SoCI and OCI
 Employer contributions

Net defined benefit liability (asset) as of end of year**F Defined benefit obligation**

Defined benefit obligation by participant status
 - Actives
 - Vested deferreds
 - Retirees

Total

	2016-17 £000	2015-16 £000
	12,570	12,810
	12,570	12,810
	6,340	5,880
	(4,220)	(3,510)
	2,120	2,370
	610	480
	15,300	15,660
	86,120	(19,990)
	-	-
	(14,360)	(2,060)
	(6,560)	(1,410)
	-	-
	-	-
	65,200	(23,460)
	80,500	(7,800)

	2016-17 £000	2015-16 £000
	22,080	35,260
	15,300	15,660
	65,200	(23,460)
	(5,780)	(5,380)
	96,800	22,080

	2016-17 £000	2015-16 £000
	196,400	118,370
	54,640	36,610
	23,720	20,800
	274,760	175,780

G Plan assets

The Scheme invests in a number of multi-asset pooled funds, including a growth pooled fund and a defensive pooled fund. The breakdown of the funds is outlined below:
The 'other' category includes infrastructure, hedge funds, investments in long term income pooled funds, and investments in illiquid growth funds.

	2016-17 £000	2015-16 £000
Fair value of plan assets		
- Cash and cash equivalents	14,260	11,800
- Equity instruments	70,280	53,990
- Debt instruments	25,370	21,690
- Real estate	12,100	12,080
- Derivatives	5,400	-
- Investment funds	-	2,370
- Other	11,430	12,650
Total	138,840	114,580

H Significant actuarial assumptions

Weighted average assumptions to determine benefit obligations

	2016-17	2015-16
Discount rate	2.50%	3.60%
Rate of price inflation (RPI)^	3.30%	3.10%
Rate of price inflation (CPI)^	2.30%	2.10%
Rate of increase in salaries	3.30%*	3.10%*
Rate of pension increases	2.30%	2.10%

* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increases in salaries thereafter. Salaries are also assumed to increase in line with an additional promotional salary scale.

^ The actuarial model uses both RPI and CPI. RPI is used to estimate price increases whilst CPI is used to estimate benefit increases.

Assumed Life expectancies on retirement at age 65 are:

	2016-17	2015-16
Retiring today - Males	21.4	21.6
Retiring today - Females	23.0	23.2
Retiring in 20 years time - Males	23.2	23.8
Retiring in 20 years time - Females	25.0	25.6

For males and females retiring today the expected future lifetime is 21.4 and 23.0 years respectively. For a those retiring in 20 years, this increases to 23.2 and 25.0 years respectively.

I Sensitivity analysis

Net liability (asset), excluding any effect of asset limit Base

Discount rate

- Discount rate - 25 basis points
- Assumption

- Discount rate + 25 basis points
- Assumption

Inflation rate

- Inflation rate - 25 basis points
- Assumption

- Inflation rate + 25 basis points
- Assumption

Mortality

- Mortality

- Assumption

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

	2016-17 £ million	2015-16 £ million
	135.92	61.20
	158.06	74.72
	2.25%	3.35%
	115.67	48.80
	2.75%	3.85%
	116.55	48.85
	3.05%	2.85%
	156.92	74.59
	3.55%	3.35%
	145.16	66.33
	Plus one year age rating	Plus one year age rating

Analysis of net SoFP	£ million		Sensitivities from Base Financial Year (FY) 2017 (one item changed with all other things held constant)				
	FY 2016	Base FY 2017	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 scheme assets	114.58	138.84	138.84	138.84	138.84	138.84	138.84
Present value of benefit obligations	175.78	274.76	296.90	254.51	255.39	295.76	284.00
Net liability (asset), excluding any effect of asset limit	61.20	135.92	158.06	115.67	116.55	156.92	145.16

Analysis of projected pension cost	£ million		Sensitivities from Base FY 2018 (one item changed with all other things held constant)				
	Actual FY 2017	Base FY 2018	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	12.57	19.28	21.29	17.46	17.64	21.07	20.00
Interest cost	6.34	6.88	6.69	7.01	6.39	7.40	7.11
Interest income on scheme assets	(4.22)	(3.55)	(3.19)	(3.90)	(3.55)	(3.55)	(3.55)
Administrative expenses and taxes	0.61	0.61	0.61	0.61	0.61	0.61	0.61
Total pension cost before asset limit	15.30	23.22	25.40	21.18	21.09	25.53	24.17

Actuarial assumptions	FY 2016	Base FY 2017	Minus 0.25% discount rate	Plus 0.25% discount rate	Minus 0.25% inflation rate	Plus 0.25% inflation rate	Mortality sensitivity
Discount rate	3.60%	2.50%	2.25%	2.75%	2.50%	2.50%	2.50%
Rate of RPI assumption	3.10%	3.30%	3.30%	3.30%	3.05%	3.55%	3.30%
Rate of CPI assumption	2.10%	2.30%	2.30%	2.30%	2.05%	2.55%	2.30%
Rate of salary increase*	3.10%*	3.30%*	3.30%*	3.30%*	3.05%*	3.55%*	3.30%*

Mortality Table	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model	In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model with long term improvements of 1.25% p.a.					In line with the actuarial valuation as at 31 December 2013 but using the 2015 CMI model with long term improvements of 1.25% p.a. less a one year age rating
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Notes: All figures are in millions. These initial pension expense forecasts are highly sensitive to changes in market conditions and should not be relied upon without further advice.
* Allowance has been made for short term pay increases of 1% each year for the 4 years following the measurement date. Then increases at the assumed rate of increases in salaries thereafter.