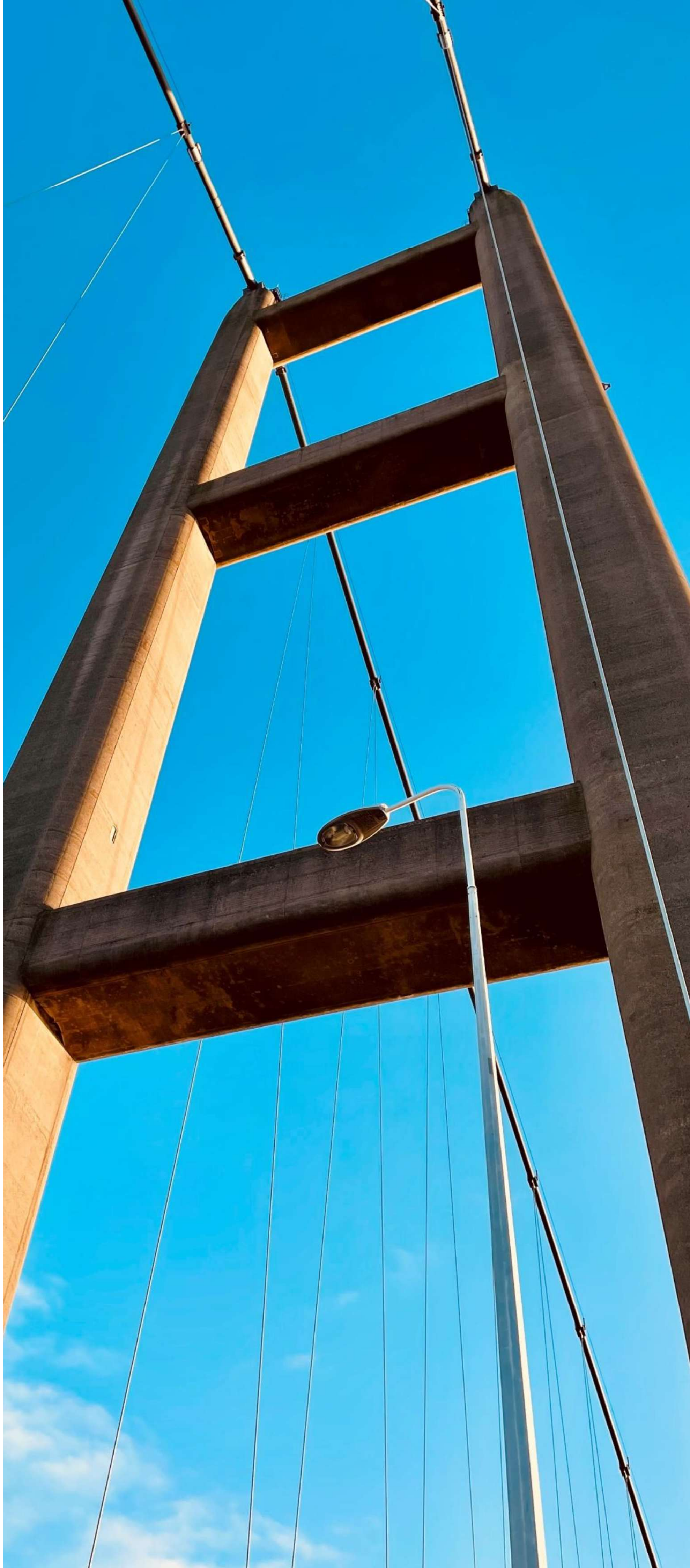
Humber Bridge

Statement of Accounts 2023-24



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1. About

1.1 Narrative Statement

Organisational overview and external environment

The Humber Bridge opened to traffic in 1981 and since that date has provided a vital connection between the north and south banks of the Humber Estuary, benefitting the region in terms of both social connectivity and economic development.

The Humber Bridge Board (the Board) operates as a self-contained organisation and has in place a structure to ensure it can carry out its primary function:

- Maintain the assets in a safe and serviceable condition;
- Ensure traffic passes freely between the north and south banks;
- Collect the toll income (which is the only revenue the Board receives).

The Board also has to comply with various duties and legislative requirements in carrying out its functions. These include but are not limited to; Humber Bridge Acts, Highway and Traffic Authority, and financial reporting to CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK (The Code).

The Board is a statutory body created pursuant to the Humber Bridge Act 1959 and amended by subsequent Acts, the most recent being the 2013 Act. The various Acts give the Board a number of powers, including:

- to construct and afterwards operate and maintain the bridge and approach roads; to acquire the necessary land and to borrow such sums as necessary to build the bridge and take tolls from vehicle users;
- to promote the economic development of the Humber area;
- to provide economic, social, cultural and environmental benefits to the residents of and visitors to the area;
- to carry over any net deficit for up to two years which, if it cannot be made good, is recoverable from the four constituent local authorities in equal proportion;
- to exercise a new general borrowing power for any relevant purpose; and
- to amend tolls but requires consultation with the Secretary of State, users and the local population if a proposed increase is more than inflation as measured by the retail prices index.

The Board's primary assets are:

- 2.4 miles of A15 dual carriageway;
- 1.4 miles of suspension bridge (3 span);
- 4no highway bridges;
- Offices, buildings and workshops;
- c. 20 acres of estate (hardstanding car parks and landscaped) areas.

Governance

The Board's governance is set out in the Constitution and Standing Orders of the Humber Bridge Board. This is discussed in more detail in the Annual Governance Statement which accompanies these Annual Accounts.

There are six Board Directors; four from the local authorities and two from the Local Enterprise Partnership:

Councillor Richard Hannigan, Chair, North Lincolnshire Council
Councillor Paul West, Deputy Chair, East Riding of Yorkshire Council
Councillor Stephen Harness, North East Lincolnshire Council
Councillor Mark Ieronimo, Hull City Council
Tony Kirby, Hull & East Yorkshire LEP
Peter Drenon, Greater Lincolnshire LEP

The Board's senior management is:

Chief Operating Officer
Deputy Chief Operating Officer

The role of Clerk to the Board was undertaken by North Lincolnshire Council and the role of Treasurer undertaken by East Riding of Yorkshire Council.

Risks and opportunities

Following the 2013 Act and the subsequent reduction in tolls and refinancing of the loan in April 2015 (£166.6m), the Board has been producing and operating an annual budget based on annual growth in traffic with other cost increases in line with inflation.

In recent years traffic has returned to near pre-covid levels and has exceeded the budget forecast, which together with good financial cost controls ensured the targeted surplus in year was met as part of the long-term loan repayment plan.

This strategy, however, relies on continued growth of traffic and that operating and overhead costs do not rise significantly on an annual basis. If traffic growth starts to slow or plateaus and costs increase, this will put budget pressure on the maintenance fund that is needed to ensure the assets are maintained in a safe and serviceable condition.

The Board continues to produce and maintain a 25-year maintenance programme to ensure the main bridge and assets are maintained in a safe and sustainable manner as set out in the Strategic Plan. This also includes several high value capital projects in the near future, which the Board has discussed and agreed a plan to fund these projects when they need to be delivered.

The Board has monitored traffic growth in recent years (and observed a return to near pre-covid levels), which has allowed it to set robust and prudent budgets each year. These budgets have been based on a realistic increase in traffic each year since 2020/21 and have also taken account of other factors that could affect traffic growth, the cost of living rises (fuel, energy and inflation) and home working.

In 2023/24 the Board were able to prepare and approve a budget based on class 2 traffic at 98%, class 3 at 100% and class 4 at 111% of 2019/20 traffic. This proved to be a prudent forecast, with the year-end traffic figures exceeding the budget, mainly due to class 2 and 3 performing better which resulted in an improved income for the year of £1.91m above forecast.

At the time of setting and approving the budget in February 2023, inflation was 10.4% having peaked in October 2022 at 11.1%. And although this was a slight reduction, the outlook was difficult to predict and consequently the Board decided to set a prudent budget taking account of this high inflation and the potential impact on driver behaviour. This budget also made a reasonable judgement on running and overhead (including salary rises) costs.

All of these were monitored and reported to the Board as part of the Finance update. As discussed above, the better than forecast traffic resulted in an improved income, which mitigated these issues in year. However, inflationary pressures still remain a very real issue, and the rate continues to remain above the Bank of England target of 2%. This will be monitored, and future budgets will take account of this.

In last year's narrative and as discussed above, the Board was concerned about Brexit and the longer-term impact of 'home working' on income. However, both of these have been monitored and are now deemed to have not had a significant impact on the Board's current and expected income, and consequently have now been downgraded as major risks on the Strategic Risk Register.

As reported in previous year's narrative, the creation of the Humber Freeport was an opportunity for traffic growth, in particular Class 4. However, to date this has not been observed and the plans to fully develop the Freeport potential are taking longer than expected.

The Humber Bridge is across the Humber Estuary in what can be described as a marine environment and therefore is often subject to strong winds. Whilst these strong winds can and do result in restrictions to traffic, which affects mainly Class 4 vehicles, this is an annual occurrence and is built into the traffic forecasts and therefore Budgets. In recent years, we have seen two significant weather events, in 2020 and 2022, which have resulted in a short impact on income as a result of having to close the bridge. We also saw an extreme heatwave in July 2022, which again resulted in a short-term reduction in income as drivers were advised not to travel. Whilst these events are not occurring with any obvious pattern or regularity, the Board is monitoring this type of event, and this may result in a new risk on the Strategic Risk register in due course.

In addition to a significant weather event, there are other unplanned events outside of the Board's control which can affect income. This includes road traffic accidents and also drivers ignoring advice about crossing during strong winds. Although both events do not normally have a significant impact on income, an example of the latter resulted in a full northbound closure for most of the day, which did affect income.

In summary, traffic is returning to near pre-covid levels, which is helping to provide better than forecast income, however, class 2 traffic could be affected by the cost of living and home working, which would impact on the Board's income. If class 2 traffic does not continue to show a year- on -year sustained growth, it will make forecasting the Board's budget difficult and will have a significant impact on the longer-term financial planning and ability to carry out maintenance.

It is also noted that inflation and energy prices are still high and could place a financial pressure on the current budget, which may result in a reduced maintenance fund in year and future years if income is not as forecast.

Strategy and resource allocation

The Board produces a short-term cash flow forecast to show a range of scenarios in terms of traffic growth and inflation as part of the Budget setting and approval on an annual basis. This is also revised in year to reflect changes and as part of financial planning. The Board also produces a medium-term financial plan as part of the budget approval process.

The 2023/24 forecast showed that with assumed continued growth and a reasonable inflation increase, the Board can continue with all operations and activity.

The Board's forecast and budget strategy ensures the Board can deliver its core functions and also maintain its loan repayments to the PWLB.

The Board monitors and reviews the use of resources to ensure they are prudent and demonstrate value for money.

Performance

The total traffic volume in 2023/24 was 10,452,671 which was more than the original forecasted budget, this has led to increased performance in this financial year.

The table below shows this in comparison to the two previous years.

Year	Total Traffic	Compared to traffic in 2023/24 - 10,452,671	% Variance
2022/23	10,137,109	An increase of 315,562	3%
2021/22	9,722,653	An increase of 730,018	7%

A detailed breakdown of the traffic figures by Class is shown below.

Traffic Class	Vehicle description	Traffic (Transits)
Class 2	2 axles up to 3.5t (incl trailers/caravans)	9,708,609
Class 3	2 axles 3.5t to 7.5t (incl minibus/coach/agricultural)	203,133
Class 4	3 axles or more and over 7.5t	540,929

*NB: the above figures include exempt and concession traffic as per the Humber Bridge Act

Class 1 vehicles (motorcycles) have been removed from the above as do not have any impact on income

The above increase in traffic resulted in a final year revenue of £22.7m compared to the forecast Budget of £20.8m.

A summary of outturn performance against the Budget is shown below:

	Actual	Budget	Variance
	£000	£000	£000
Total Income	**22,738**	**20,823**	**1,915**
Expenditure			
Operations	2,464	2,399	65
Maintenance	1,038	1,092	(54)
Overheads	3,870	3,999	(129)
Depreciation	4,598	4,896	(298)
Major & Minor Works	917	900	17
Total Expenditure	**12,887**	**13,286**	**(399)**
Net Operating Income	**9,851**	**7,537**	**2,314**
Financing (Income) and Expenditure	2,715	2,714	1
Total CIES	**7,136**	**4,823**	**2,313**

The Board made both loan and interest payments to the PWLB and at the end of the 2023-24 financial year the outstanding loan amount is £101.4m

Outlook

The outlook for the Board and continuing to deliver on its core functions can still be considered to be good and sustainable.

In recent years, a prudent and robust budget has resulted in a better than forecast year end helping to restore the maintenance fund and put the Board in a good position to deliver the 25-year maintenance plan over the period of the current medium term financial plan.

The Board will continue to prepare prudent and robust budgets based on reasonable traffic growth to ensure it continues to deliver the strategic plan objectives. The budget performance is monitored and reviewed and reported to the Board, which enables decisions and any revisions to be made without impacting on the Board's objectives.

The Humber Bridge continues to provide a vital connection to the region and its use for both social and economic needs. These needs are long term and will continue to deliver income.

The Board is in a financially strong position with a positive Balance sheet and c. £41m in usable reserves.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code). The purpose of this narrative statement is to explain, in an easy to understand way, the financial facts in relation to the Humber Bridge Board.

This Statement of Accounts explains the financial performance during the year 2023/24 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Narrative Statement is not part of the financial statements but is prepared on the basis that it is consistent with the financial statements. Its purpose is to comment on the financial performance of the Board and demonstrate how income generated is used to operate and maintain the bridge over the financial year.

1.2 Auditor's Report

To follow on next page.

Independent auditor’s report to the Members of Humber Bridge Board

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of the Humber Bridge Board for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income & Expenditure, the Balance Sheet, the Statement of Cash Flows, the Statement of Movement in Reserves and notes to the accounts, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of Humber Bridge Board as at 31st March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Treasurer for the financial statements

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Board will continue in operational existence for the foreseeable future. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Board to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Board, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Board, as to whether the entity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the entity which were contrary to applicable laws and regulations, including fraud.

We evaluated the Treasurer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Board on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Board. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Members of Humber Bridge Board, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Members of Humber Bridge Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of Humber Bridge Board, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Humber Bridge Board in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Mark Kirkham (Jan 30, 2025 12:33 GMT)

Mark Kirkham, Partner
For and on behalf of Forvis Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

30th January 2025

1.3 Statement of Responsibilities

The Board's Responsibilities

The Board is required to:

• Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Treasurer (constitution section 6,1.2);

• Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets;

• Approve the Statement of Accounts.

Chief Financial Officer's Responsibilities

The Treasurer fulfils the functions of the Chief Financial Officer and is responsible for ensuring the preparation of the Board's Statement of Accounts are in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom Code of Practice on Local Authority Accounting in the United Kingdom based on International Financial Reporting Standards (The Code).

In preparing this Statement of Accounts, the Treasurer (section 6, 4.2) has:

• ensured suitable accounting policies have been applied consistently;

• made judgements and estimates that were reasonable and prudent;

• ensured they complied with the local authority Code;

• used the going concern basis of accounting on the assumption that the functions of the Board will continue in operational existence for the foreseeable future;

• kept proper accounting records which were up to date;

• taken reasonable steps for the prevention and detection of fraud and other irregularities; and

• maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Operating Officer's Responsibilities

The Chief Operating Officer:

• is responsible for providing the Treasurer with all necessary information and access to all documents and records under his/her control, as the Treasurer requires to enable him/her to fulfil his/her obligations set out above. (Section 6 1.3).

• shall ensure that those systems are observed and that those accounts and supporting records for which he is responsible are kept up to date (Section 6 4.2).

• is required to provide the Treasurer with all information he requires to produce a timely and accurate Statement of Accounts. (Section 6 15.1).

1.4 Certificate of the Chief Financial Officer

I certify that:

(a) The Statement of Accounts for the year ended 31 st March 2024 has been prepared in the form directed by the Code and under the accounting policies set out in note 3.1.

(b) In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

J Neilson

Julian Neilson

Treasurer to the Humber Bridge Board

24 January 2025

1.5 Certificate of the Chair of the Board

On behalf of the Humber Bridge Board I certify that these accounts were approved by the Board at the meeting held on 20th December 2024.

Cllr. R Hannigan

Councillor Richard Hannigan

Chair of the Humber Bridge Board

27 January 2025

2. Core Financial Statements

2.1 Statement of Comprehensive Income & Expenditure

This statement details income and expenditure for the period 1 April 2023 to 31 March 2024 in accordance with generally accepted accounting practices.

2022/23		Note	2023/24
£000			£000
	Income		
(21,759)	General Income		(22,091)
(3)	Sundry Income		(1)
(21,762)	**Total Income**		**(22,092)**
	Expenditure		
4,895	Employees		4,579
308	Structures		463
908	Premises		1,222
949	Service		1,073
271	Supplies		332
99	Transport		157
440	Miscellaneous		578
3,964	Depreciation		4,602
11,834	**Total Expenditure**		**13,006**
(9,928)	**Net Income**		**(9,086)**
2,790	Financing (Income) and Expenditure	3.2.4	1,948
(7,138)	**Total Surplus (-) / Deficit on Operations**		**(7,138)**
0	Surplus (-)/Deficit on Revaluation of Non-Current Assets	3.5.2	(11,503)
(7,774)	Remeasurement of net defined benefit liability	3.2.5	2,675
(14,912)	**Total Comprehensive Income and Expenditure**		**(15,966)**

2.2 Balance Sheet (Statement of Financial Position)

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held. Reserves are reported in two categories: usable reserves and unusable reserves. Usable reserves are those reserves that the Board may use for expenditure, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the Board is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to fund future capital expenditure if the assets are sold and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023		Note	Movement in year	31 March 2024
£000			£000	£000
	Non-Current Assets			
522,279	Property, Plant & Equipment	3.3.1	12,115	534,394
276	Long-term Debtors	3.3.3	25	301
2,603	Pension Asset	4.1	(2,603)	0
525,158	**Total Non-Current Assets**		**9,537**	**534,695**
	Current Assets			
247	Inventory	3.3.2	(115)	132
308	Short-term Debtors	3.3.3	470	778
11,000	Investments	3.3.4	(2,000)	9,000
567	Cash	3.3.5	6,153	6,720
12,122	**Total Current Assets**		**4,508**	**16,630**
537,280	**Total Assets**		**14,045**	**551,325**
	Current Liabilities			
(11,070)	Short-term Liabilities	3.3.6	(5,283)	(16,353)
(11,070)	**Total Current Liabilities**		**(5,283)**	**(16,353)**
526,210	**Total Assets less Current Liabilities**		***8,762***	***534,972***
	Non-Current Liabilities			
(101,506)	Long-term Creditors	3.3.7	7,243	(94,263)
0	Pension Liability	4.1	(40)	(40)
(101,506)	**Total Non-Current Liabilities**		**7,203**	**(94,303)**
424,704	**Net Assets**		**15,966**	**440,669**
	Usable Reserves			
28,463	Revenue Reserve		1,509	29,972
515	Usable Capital Receipts Reserve	3.5.1	0	515
5,578	Maintenance Reserve	3.5.6	0	5,578
34,556	**Total Usable Reserves**		**1,509**	**36,065**
	Unusable Reserves			
231,507	Revaluation Reserve	3.5.2	9,619	241,125
155,798	Capital Adjustment Account	3.5.3	7,481	163,279
2,603	Pension Reserve	3.5.4	(2,643)	(40)
240	Deferred Capital Receipts Reserve	3.5.5	0	240
390,148	**Total Unusable Reserves**		**14,457**	**404,604**
424,704	**Total Reserves**		**15,966**	**440,669**

2.3 Statement of Cash Flows

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

2022/23			2023/24
£000		Note	£000
7,138	**Net surplus**		**7,138**
5,714	Adjustments for non-cash movements 3.4.1		9,473
12,852	**Net cash flows from operating activities**		**16,611**
(4,540)	Investing Activities	3.3.4	2,000
(621)	Capital Activities	3.5.3	(5,215)
(7,243)	Financing Activities	3.3.7	(7,243)
448	**Net increase/decrease in cash equivalents**		**6,153**
120	Cash and cash equivalents at 1 April	3.3.5	567
567	**Cash and cash equivalents at 31 March**		**6,720**

2.4 Statement of Movement in Reserves

This statement shows the movement from the start of the year to the end on the different reserves held by the Board, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure) and other ‘unusable’ reserves.

	Revenue Reserve £'000	Usable Capital Receipts £'000	Maintenance Reserve £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Deferred Capital Receipts £'000	Pension Reserve £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance Sheet as at 31 March 2022	**22,042**	**96**	**5,578**	**27,716**	**173,212**	**152,772**	**735**	**(4,345)**	**322,374**	**350,090**
Movement in Reserves during 2022/23										
Total Comprehensive Income and Expenditure	14,912	0	0	14,912	0	0	0	0	0	14,912
Adjustments from income and expenditure charged underthe accounting basis to the funding basis	(8,491)	419	0	(8,072)	58,295	3,026	(495)	6,948	67,774	59,702
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**6,421**	**419**	**0**	**6,840**	**58,295**	**3,026**	**(495)**	**6,948**	**67,774**	**74,614**
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2022/23	6,421	419	0	6,840	58,295	3,026	(495)	6,948	67,774	74,614
Balance Sheet as at 31 March 2023	**28,463**	**515**	**5,578**	**34,556**	**231,507**	**155,798**	**240**	**2,603**	**390,148**	**424,704**
Movement in Reserves during 2023/24										
Total Comprehensive Income and Expenditure	7,138	0	0	7,138	11,503	0	0	(2,675)	8,828	15,966
Adjustments from income and expenditure charged under the accounting basis to the funding basis	(5,628)	0	0	(5,628)	(1,884)	7,480	0	32	5,628	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	1,509	0	0	1,509	9,619	7,480	0	(2,643)	14,456	15,966
Transfers to/from Earmarked Reserves	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in 2023/24	1,509	0	0	1,509	9,619	7,480	0	(2,643)	14,456	15,965
Balance Sheet as at 31 March 2024	29,972	515	5,578	36,065	241,125	163,279	240	- 40	404,604	440,669

3. Notes to the Financial Statements

3.1 Accounting Policies

i. GENERAL

The Statement of Accounts summarises the Board's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Board is required to prepare an annual statement of accounts by the Accounts and Audit Regulations (Amendment) 2022, which require that they be prepared in accordance with proper accounting practices. The accounts of the Humber Bridge Board have been compiled in accordance with the Code of Practice on Local Authority Accounting in the UK 2023-24, supported by International Financial Reporting Standards.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Within this context, the accounts have been prepared on a going concern basis. This means that the accounts are based on the assumption that the Humber Bridge Board will be able to meet its obligations and continue in operational existence for the foreseeable future.

ii. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such event; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

iii. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a material change in accounting policies or to correct a material error. The nature and impact of any prior period adjustments required will be explained in a separate note to the accounts.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the board's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied i.e. a prior period adjustment is made unless stated otherwise.

A change in accounting policy generally requires the disclosure of three balance sheets to reflect the impact on the current period, the end of the preceding period and the impact on the opening balance sheet of the previous period.

The nature and impact of any prior period adjustments required will be explained in a separate note to the accounts.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period i.e. as prior period adjustments.

Changes to accounting standards adopted by CIPFA's Code of Practice for 2023-24 include the following:

- Changes to the Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- Changes to the Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021
- Changes to deferred tax relating to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020

The above changes have been considered and there is no impact to the Board's Statement of Accounts.

iv. EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

Termination Benefits

When the Board is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the Comprehensive Income and Expenditure Statement.

Post-employment Benefits

Employees of the Board are members of the Local Government Pension Scheme, administered by East Riding of Yorkshire Council.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Board.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the East Riding Pension Fund (ERPF) attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees;
- The assets of ERPF attributable to the Board are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the board – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- contributions paid to ERPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Board to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. A negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Board has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

v. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours and includes all bank credit balances and overdrafts held by the Board as part of its normal cash management.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents include investments with a fixed maturity of three months or less from the date of acquisition and fair value through profit or loss financial assets such as cash placed in money market funds.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board’s cash management.

vi. ACCRUALS OF INCOME AND EXPENDITURE (DEBTORS AND CREDITORS)

The Board’s accounts are prepared on an accruals basis. This means that the sums due to or from the Board during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question.

In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet where individual inventory categories are above £100,000.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge

made to revenue for the income that might not be collected. In respect of both capital and revenue transactions, the board operates on the normal accruals concept of income and expenditure above the board's de minimis threshold of £10,000.

vii. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

a) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Board and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

b) Recognition and valuation

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The board does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the board). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the board.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Revenue reserve to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- assets under construction and community assets (without a determinable finite useful life) – historical cost;
- infrastructure – depreciated replacement cost;
- all other assets are measured at current value.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. This is the approach that the Board has taken with the valuation of the Humber Bridge identified under Infrastructure at Note 3.3.1 of the financial statements. The valuation has been carried out by the Board's Chief Operating Officer, taking into account the condition of the bridge and its components and the estimated replacement costs based upon industry indices.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

c) Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

d) Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is normally charged in the first full year of operational use, except where stated, and calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Depreciation is charged on vehicles from the point of initial use;
- infrastructure – straight-line allocation over its technically assessed life.

The useful economic lives for the different asset categories are:

Land and buildings	20 – 50 years
Vehicles, plant, furniture and equipment	3 – 10 years
Infrastructure	120 years

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

e) Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The receipts are transferred to the Capital Receipts Reserve from the Revenue reserve in the Movement in Reserves Statement. The reserves can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement).

The written-off value of disposals is not a charge against the Board's revenue reserve, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Revenue reserve in the Movement in Reserves Statement.

viii. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Board is not required to raise bridge tolls to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. MRP is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Board. The Board adopted a new MRP strategy from April 2022, scrapping the previous annuity system and replacing it with a straight line system as stated in the Board's policy. The effect of this is to accelerate the rate at which MRP is charged to cover the shortfall from previous years where the previously adopted 60-year annuity calculation is no longer appropriate. This avoids the requirement to charge MRP far beyond the term of the current loan and is deemed a more prudent approach.

ix. INTANGIBLE ASSETS

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Board will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

Intangible assets are measured initially at cost and then carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Revenue reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

x. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The Board has set a de minimis value of £100,000, below which inventories are not held on Balance Sheet.

xi. LEASES

Leases are classified as finance leases where the terms transfer substantially all the risks and rewards of ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately.

The Board as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The Board is not required to meet the costs of depreciation or revaluation and impairment losses arising on leased assets from its income. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the Revenue Reserve, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Board as Lessor

Finance Leases

Where the Board grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Board's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the Revenue Reserve and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the Revenue Reserve to the Capital Receipts Reserve in the Movement in Reserves Statement.

Deferred Capital Receipts Reserve in the Movement in Reserves Statement

When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against the Board's Revenue Reserve as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the Revenue Reserve in the Movement in Reserves Statement.

Operating Leases

Where the Board grants an operating lease over an asset, this is retained on the Balance Sheet. Rental income is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xii. FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Board becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the majority of the Board's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the Revenue reserve to be spread over future years. The Board has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the Revenue reserve is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

xiii. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments, or in arrears, government grants and third-party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

- the Board will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Revenue reserve in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale (in the ordinary course of operations).

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Revenue Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xv. OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to service segments in accordance with the Board’s arrangements for accountability and financial performance.

xvi. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Board has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Board settles the obligation.

Contingent Liabilities

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

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

Contingent Assets

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

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

xvii. RESERVES

The Board sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the Board's Revenue Reserve. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of

Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into through the movements in reserves so that there is no net charge against the Board's revenue reserve for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Board – these reserves are explained in the relevant policies.

xviii. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Board has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Revenue reserve to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of bridge tolls.

xix. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

xx. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

3.2 Notes to the Statement of Comprehensive Income & Expenditure

3.2.1 Audit Fees

This note discloses, in accordance with the Code, the fees payable to the auditors appointed under the Local Audit and Accountability Act 2014 for work carried out relating to the 2023-24 year of account.

2022/23 £'000		2023/24 £'000
41	Audit of the financial statements	41
12	Internal audit	18
53	**Total**	**59**

3.2.2 Termination Benefits

The number of exit packages with total costs per band and total costs of the compulsory redundancies and other departures are set out in the table below. The total cost includes exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement in the current year. This includes pension strain costs and compensation payments.

2022/23			2023/24	
no of employees	**£'000**		**no of employees**	**£'000**
1	*86*	Over £80k - £100k		
2	*49*	Over £20k - £40k	2	60
2	*13*	Under £20k	3	32
5	***148***	**Total**	**5**	**92**

3.2.3 Senior Officers' Remuneration by Band

Detailed below is the number of employees, in the accounting period to which the accounts relate, whose remuneration, excluding employer's pension contributions fell in each bracket of a scale in multiples of £5,000, starting from £50,000. Remuneration bands with no employees in either 2022/23 or 2023/24 have been removed to keep the note concise.

2022/23 no of Senior Officers		2023/24 no of Senior Officers
	£115,000 - £119,999	1
1	£110,000 - £114,999	
	£90,000 - £94,999	1
1	£85,000 - £89,999	
	£70,000 - £74,999	1
1	£65,000 - £69,999	
1	£50,000 - £54,999	
4	**Total**	**3**

3.2.4 Financing and Investment Income and Expenditure

2022/23 £'000		2023/24 £'000
2,900	Interest Payable on Loans	2,715
(236)	Interest Receivable on Investments	(646)
126	Interest on Pension Obligations	(121)
2,790	**Total**	**1,948**

3.2.5 Other Comprehensive Income and Expenditure

2022/23 £'000		2023/24 £'000
0	Surplus (-)/Deficit on Revaluation of Non-Current Assets	(7,157)
0	Depreciation charge written off on revaluation	(4,346)
(7,757)	Pension-Remeasurement of Defined Benefit	(334)
(416)	Pension Increase Obligation	0
0	Asset Ceiling	3,792
399	Expected Return on Pension Assets	(783)
(7,774)	**Total**	**(8,828)**

The above table contains a £3.792m asset ceiling adjustment to reduce the pension asset. This is calculated by the East Riding Pension Fund actuary. Asset ceiling calculations test the limits of the amounts the net pension asset that can be recognised to the lower of:

- The amount of the net pension asset or;
- The present value of any economic benefits available in the form of refunds or reductions in future contributions to the plan.

This information is further detailed in the Pension Statement, note 4.1.

3.3 Notes to the Balance Sheet

3.3.1 Movement of Non-Current Assets

Movements of property, plant and equipment during the year are shown below. These are the values of assets included in the Balance Sheet.

	Land and Buildings *(restated)* £'000	Infra-structure assets £'000	Surplus assets £'000	Asset under construction £'000	Vehicles, Plant & Equipment £'000	Intangible Assets £'000	Total £'000
Cost or Valuation							
At 1 April 2023	**2,188**	**517,654**	**1,375**	**1,170**	**282**	**0**	**522,669**
Additions	0	0	0	5,076	139	0	5,215
Disposals	0	0	0	0	(59)	0	(59)
Revaluation to Revaluation Reserve	0	7,157	0	0	0	0	7,157
Transfers	0	907	0	(907)	(16)	16	0
At 31 March 2024	**2,188**	**525,718**	**1,375**	**5,339**	**346**	**16**	**534,982**
Accumulated Depreciation							
At 1 April 2023	**86**	**43**	**0**	**0**	**260**	**0**	**389**
Depreciation Charge in Year	21	4,545	0	0	36	0	4,602
Depreciation written off on Revaluatior	0	(4,346)	0	0	0	0	(4,346)
Depreciation eliminated on disposal	0	0	0	0	(59)	0	(59)
Transfers	0	0	0	0	16	(16)	0
At 31 March 2024	**107**	**242**	**0**	**0**	**253**	**(16)**	**586**
Net Book Value							
At 1 April 2023	2,102	517,611	1,375	1,170	21	0	522,279
At 31 March 2024	2,081	525,475	1,375	5,339	124	0	**534,394**

3.3.2 Inventories

2022/23 £'000		2023/24 £'000
54	Operational Stock	48
84	Maintenance Stock	84
109	Tag Stock	0
247	**Total**	**132**

3.3.3 Short-term and Long-term Debtors

2022/23 £'000	Short-term	2023/24 £'000
13	Trade Debtors	9
195	Prepayments	208
80	VAT	494
0	Impairment	0
20	Accrued Income	67
308	**Total**	**778**

2022/23 £'000	Long-term	2023/24 £'000
240	Deferred Capital Receipts	240
0	VAT Debtor	16
36	Tag Debtors	45
276	**Total**	**301**

3.3.4 Short-term Investments

2022/23 £'000		2023/24 £'000
11,000	Short-term investments	9,000
11,000	**Total**	**9,000**

3.3.5 Cash and Cash Equivalents

2022/23 £'000		2023/24 £'000
567	Bank	6,720
567	**Total**	**6,720**

3.3.6 Short-term Creditors

Amounts falling due within 1 year

2022/23 £'000	Short-term	2023/24 £'000
7,243	Public Works Loans Board	7,243
546	Trade Creditors	838
-	Credit Card	4
1,519	TAG Creditors	1,520
1,438	TAG Deposits	1,422
73	VAT	88
32	Accruals and Deferred Income	4,990
17	Retentions held on Sub Contractors	152
202	Payroll	96
11,070	**Total**	**16,353**

3.3.7 Long-term Creditors

Amounts falling due after 1 year

2022/23 £'000	Long-term	2023/24 £'000
101,409	Public Works Loans Board	94,166
97	Wykeland Creditor	97
101,506	**Total**	**94,263**

3.3.8 Long-term Assets & Liabilities

2022/23 £'000	Long-term assets	2023/24 £'000
2,603	Pension Asset	-
2,603	**Total**	**-**

2022/23 £'000	Long-term liabilities	2023/24 £'000
-	Pension Liabilities	40
0	**Total**	**40**

3.3.9 Disclosure of Nature and Extent of Risk Arising from Financial Instruments

The Board's activities expose it to a variety of financial risks, including:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Board.
- Liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments.
- Re-financing and Maturity risk – the possibility that the Board might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates and market pricing of financial instruments.

The Board has due regard for the risk associated with the financial instruments that they hold. The procedures for risk management are set out through the legal framework in the Local Government Act 2003 and the associated regulations. These require the Board to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice. The Board manages risk in the following ways:

- By formally adopting the requirement of the Code of Practice within its Treasury Management practices.
- By approving annually in advance, prudential indicators for the following three years within the Treasury Management Strategy limiting:
    - The Board's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the board's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Strategy. The Treasury Management Strategy was approved by the Board.

Liquidity Risk

The Board's only borrowing was to finance the building of the Bridge and subsequent interest payments. The Board is required by the Humber Bridge Act 1959 to make a balanced budget, which ensures sufficient monies are raised to cover the annual debt repayments and other outgoings.

In the unlikely event of an unforeseen deficit that cannot be met from the Reserve Fund, the Board has several options at its disposal, including increasing the level of tolls, which it would use to recover the position. Under the Humber Bridge Act 2013 the Board has two years to take action to recover such a deficit. If it was unable to do so, the Board would recover the remaining deficit in equal amounts from levies on the four constituent local authorities.

There is no significant perceived risk that the Board will be unable to raise finance to meet its commitments.

Re-financing and Maturity Risk

The Board maintains an investment portfolio. Whilst the cash flow procedures above are considered against the re-financing risk procedures, longer-term risk to the Board relates to managing the exposure to replacing financial instruments as they mature. This risk relates mainly longer-term financial assets but should further borrowing take place could also relate to the maturing of longer-term financial liabilities.

This risk is mitigated by monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Board's day-to-day cash flow needs, also the use of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

Interest rate risk

The Board is exposed to interest rate movements on its investments which are mostly deposits with financial institutions. Interest income forms part of the Consolidated Income and Expenditure Statement so any reduction in rates means less income is available to fund the Board's ongoing expenditure.

The Board has several Strategies for managing interest rate risk. The Treasury Management Strategy reviews expectations of interest rate movements and the Treasury team monitors interest rates to invest appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

Price risk

This is the possibility that there is a change of value of quoted investments. However, this risk is mitigated because most of the Board's investments are in money deposits with financial institutions which are not subject to changes in value.

3.3.10 Financial Instruments – Liabilities

2022/23 £'000		2023/24 £'000
	Financial Liabilities at Amortised Cost	
115,896	Outstanding loan as at 1 April	108,653
2,898	Interest payment charged to the CIIE	2,715
	Cash Payment	
(2,898)	Interest	(2,715)
(7,243)	Principal Repayment	(7,243)
108,653	**Total outstanding loan as at 31 March**	**101,409**
(7,243)	Short-term element of the loan	(7,243)
101,410	**Long-term borrowing as at 31 March**	**94,166**

3.3.11 Financial Instruments – Assets

Financial Assets can be classified into two types:

- Loans and receivables-assets that have a fixed or determinable payment but are not quoted in an active market.
- Available-for-sale assets-assets that have a quoted market price and/or do not have a fixed or determinable payment.

Loans and receivables shown in the balance sheet-all due within one year.

2022/23 £'000		2023/24 £'000
11,000	Short-term Investments	9,000
253	Debtors and Prepayments	217
567	Bank	6,720
11,820	**Total**	**15,937**

3.3.12 Capital Financing and Expenditure

2022/23 £'000		2023/24 £'000
139,956	**Opening Capital Financing Requirement**	134,974
621	Capital Investment in Year - PPE	5,215
	Sources of Financing	
(96)	Usable Capital Receipts	0
(525)	Revenue Financing	(5,215)
0	Utilisation of Maintenance Reserve	0
(4,982)	Minimum Revenue Provision	(4,982)
134,974	**Closing Capital Financing Requirement**	**129,992**
(4,982)	Movement in Capital Financing Requirement	(4,982)

3.4 Notes to the Statement of Cash Flows

3.4.1 Cash Flow Note

2022/23 £'000		2023/24 £'000
3,964	Depreciation	4,602
826	Pension Adjustment	(32)
543	Capital Receipts	0
(9)	Gain/loss on disposal	0
42	Other Adjustments	0
(3)	(Increase)/Decrease Inventory	115
(2)	(Increase)/Decrease Debtors	(495)
353	Increase/(Decrease) Creditors	5,283
5,714	**Total**	**9,473**

3.5 Notes to the Statement of Movement in Reserves

3.5.1 Usable Capital Receipts Reserve

2022/23 £'000	**Usable Capital Receipts Reserve**	2023/24 £'000
96	Balance as at 1 April	515
515	Receipts in year	0
(96)	Applied to finance capital expenditure	0
515	**Total**	**515**

3.5.2 Revaluation Reserve

2022/23 £'000	**Revaluation Reserve**	2023/24 £'000
173,212	Balance as at 1 April	231,507
59,693	Revaluation	11,503
(1,398)	Difference between fair value and historical cost depreciation	(1,885)
231,507	**Total**	**241,125**

3.5.3 Capital Adjustment Account

2022/23 £'000	Capital Adjustment Account	2023/24 £'000
152,772	Balance as at 1 April	155,798
(3,964)	Depreciation of Non-Current Assets	(4,602)
1,399	Difference between fair value and historical cost depreciation	1,885
(12)	Disposal of vehicles	0
4,982	Minimum Revenue Provision	4,982
525	Financing of Capital	5,215
96	Financing of Capital from Usable Receipts	0
155,798	**Total**	**163,279**

3.5.4 Pension Reserve

2022/23 £'000	Pension Reserve	2023/24 £'000
(4,345)	Balance as at 1 April	2,603
508	Employer Contributions	654
(1,334)	Net Revenue Account Costs	(622)
7,774	Remeasurement	(2,675)
2,603	**Total**	**(40)**

3.5.5 Deferred Capital Receipts Reserve

2022/23 £'000	Deferred Capital Receipts Reserve	2023/24 £'000
735	Balance as at 1 April	240
(495)	Receipts in year	0
240	**Total**	**240**

3.5.6 Maintenance Reserve

2022/23 £'000	Maintenance Reserve	2023/24 £'000
5,578	Balance as at 1 April	5,578
5,578	**Total**	**5,578**

3.6 Assumptions About the Future & Other Sources of Estimation Uncertainty

The items in the Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming financial year, are as follows:

Uncertainties	Effect of Actual Results Differ from Assumptions
Property, Plant and Equipment Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. It is estimated that the annual depreciation charge for buildings would increase by £0.06m if the average useful life of the board's assets fell by one year.
Pensions Liability/Asset Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied.	The assumptions interact in complex ways. During 2023/24, the council's actuary advised that the remeasurement of the net pension asset/liability, as a result of updating the assumptions and actual contributions made, was an actuarial gain of £1.12m. A sensitivity analysis can be seen in the Defined Benefit Pension Schemes note.
Impairment No impairment entries for the year ended 31 March 2024.	

3.7 Other Notes to the Financial Statements

3.7.1 Related Party Transactions

2022/23 £'000		2023/24 £'000
44	East Riding Council	57
29	Hull City Council	41
0	North Lincs Council	0
73	**Total**	**98**

4. Pensions

4.1 Pensions Statement

Period ended 31 March 2024	Assets	Obligations	Net (liability)/asset
	£000	£000	£000
Fair value of plan assets	20,990	-	20,990
Present value of funded liabilities	-	18,347	- 18,347
Present value of unfunded liabilities	-	40	- 40
Opening position as at 31 March 2023	**20,990**	**18,387**	**2,603**
Service Cost			
Current service cost	-	652	- 652
Past service cost (including curtailments)	-	94	- 94
Effect of settlements	-		-
Total Service Cost	**-**	**746**	**- 746**
Net Interest			
Interest income on plan assets	999	-	999
Interest cost on defined benefit obligation	-	878	- 878
Total Net Interest	**999**	**878**	**121**
Total defined benefit cost recognised in Surplus or (Deficit)	**999**	**1,624**	**- 625**
Cashflows			
Participants' contributions	205	205	-
Employer contributions	654	-	654
Estimated benefits paid	- 752	- 752	-
Estimated unfunded benefits paid	- 3	- 3	-
Estimated contributions in respect of unfunded benefits paid	3	-	3
Effect of business combinations and disposals	-	-	-
Expected Closing Position	**22,096**	**19,461**	**2,635**
Remeasurements			
Changes in financial assumptions	-	- 856	856
Changes in demographic assumptions	-	- 112	112
Other experience	- 7	634	- 641
Return on assets excluding amounts included in net interest	790	-	790
Total remeasurements recognised in Other Comprehensive Income	**783**	**- 334**	**1,117**
Fair value of plan assets	22,879	-	22,879
Present value of funded liabilities	-	19,087	- 19,087
Present value of unfunded liabilities	-	40	- 40
Closing position as at 31 March 2024	**22,879**	**19,127**	**3,752**
Asset Ceiling Adjustment	-	-	- 3,792
Adjusted closing position as at 31 March 2024	**-**	**-**	**- 40**

A pension asset reflects the assets that have already been set aside to fund future pension liabilities less the fair value of future pension liabilities that have been incurred. The overall gain at 31 March 2024 does not result in a return of funds from the Local Government pension scheme, therefore a further calculation determines an asset ceiling for which the Board can reflect an asset on the balance sheet. This calculation has further reduced the asset by £3.792m.

4.2 Analysis of Pension Fund Assets

Asset Category	Quoted	Unquoted	Total	Percentage of Total Assets
	Period ended 31 March 2024			
	£000	£000	£000	£000
Equity securities				
Consumer	-	-	-	0%
Manufacturing	-	-	-	0%
Energy and Utilities	-	-	-	0%
Financial Institutions	-	-	-	0%
Health and Care	-	-	-	0%
Information Technology	-	-	-	0%
Other	-	-	-	0%
Debt Securities				
Corporate bonds (investment grade)	-		-	0%
Corporate bonds (non-investment grade)	448.7	752.8	1,201.5	5%
UK Government	395.6	-	395.6	2%
Other	185.6	-	185.6	1%
Private Equity				
All	268.3	1,158.6	1,426.9	6%
Real Estate				
UK Property	237.2	1,663.9	1,901.1	8%
Overseas Property	-	-	-	0%
Investment Funds and Unit Trusts				
Equities	11,461.2	-	11,461.2	50%
Bonds	1,780.1	189.7	1,969.8	9%
Hedge Funds	-	-	-	0%
Commodities	-	-	-	0%
Infrastructure	173.7	1,410.4	1,584.1	7%
Other	1,714.7	786.5	2,501.2	11%
Derivatives				
Inflation	-	-	-	0%
Interest Rate	-	-	-	0%
Foreign Exchange	-	-	-	0%
Other	-	-	-	0%
Cash and Cash Equivalents				
All	252.0	-	252.0	1%
Totals	**16,917**	**5,962**	**22,879**	**100%**

4.3 Actuarial Assumptions & Sensitivity Analysis

Life Expectancy	**Males**	**Females**
Current Pensioners	20.6 years	23.5 years
Future Pensioners	21.4 years	25.0 years

The following is a sensitivity analysis of the actuarial assumptions used in the figures above:

Changes in assumptions at 31 March 2024	**Approximate % increase to Defined Benefit**	**Approximate Monetary Amount (£000)**
0.1% decrease in Real Discount Rate	2%	331
1 year increase in member life expectancy	4%	765
0.1% increase in the Salary Increase Rate	0%	10
0.1% increase in the Penson Increase Rate (CPI)	2%	327

4.4 Future Financial Impact on the Board

The following table provides a projection of the financial impact on the Board during the following financial year.

Period ended 31 March 2025	**Assets £'000**	**Obligations £'000**	**Net (liability)/asset £'000**	**Net (liability)/asset % of pay**
Service Cost				
Projected current service cost	-	588	- 588	-18.9%
Past service cost (including curtailments)	-	-	-	0.0%
Effect of settlements	-	-	-	0.0%
Total Service Cost	**-**	**588**	**- 588**	**-18.9%**
Net Interest				
Interest income on plan assets	1,098		1,098	35.4%
Interest cost on defined benefit obligation	-	918	- 918	-29.6%
Total Net Interest Cost	**1,098**	**918**	**180**	**5.8%**
Total included in Surplus and Deficit	**1,098**	**1,506**	**- 408**	**-13.1%**

4.5 Virgin Media Limited VS NTL Pension Trustees II Limited

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

- The actuarial confirmations for all local government pension scheme (LGPS) amendments have not yet been located. The most recent update received from PwC in July 2024 included the following statement from GAD: Relevant certificates have been located in respect of the 2014 reforms.
- We believe a certificate will have been prepared in respect of the 2008 reforms, but the 2008 reforms certificate is yet to be located.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.