THE COAL AUTHORITY

Annual Report & Accounts 2010–2011

The Coal Authority

Annual Report and Accounts 2010–2011

Annual Report presented to Parliament pursuant to section 60(6) of the Coal Industry Act 1994 and Accounts presented to Parliament pursuant to paragraph 15(4) of Schedule 1 to the Coal Industry Act 1994.

Ordered by the House of Commons to be printed on 18 July 2011

HC 1377 London: The Stationery Office £20.50

Any enquiries regarding this publication should be sent to us at: The Coal Authority, 200 Lichfield Lane, Mansfield, Nottinghamshire NG18 4RG.

This publication is available for download at www.official-documents.gov.uk.

This document is also available from our website at www.coal.decc.gov.uk.

ISBN: 9780102974614

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office.

ID: 2442135 07/11

Printed on paper containing 75% recycled fibre content minimum.

Contents

Officers and Professional Advisers

Director of Corporate Services

Paul Frammingham
200 Lichfield Lane
Berry Hill
Mansfield
Nottinghamshire
NG18 4RG

Auditors

The Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Bankers: Government Banking Service, Southern House, 7th Floor, Wellesley Grove, Croydon, CR9 1WW

Vision

The public body proudly delivering innovative services.

Mission

Working together to protect the public and the environment in mining areas, now and for future generations.

Culture Statement

We are one dynamic team, focused on outcomes and empowered to deliver. We support, respect and trust each other as we work towards our common goals and then celebrate success together. Moving at pace with passion, professionalism and pride, we are continually learning, sharing our knowledge and challenging anything that inhibits our performance. We understand our different roles, are customer-focused and take responsibility for delivery to all our stakeholders.

Who We Are and What We Do

Who are we?

The Coal Authority ("the Authority") works to protect the public and the environment in mining areas, now and for future generations. We:

- manage our coal legacy responsibly and cost-effectively to ensure public safety, good value for money and provide a proportionate response to the risks posed by coal legacy;
- deliver a mine water management programme in Britain to both meet our own water quality obligations and, as a delivery partner, assist others to meet theirs;
- ambitiously realise the potential in our people and value in our information and property and will develop our people, complete our information technology system implementation and will innovate our business; and
- assist in ensuring where possible that indigenous coal continues to play an important role as a fuel source for the nation's energy requirements.

Our story

The coal industry was privatised in 1994 and the Authority was established at that time to undertake a range of statutory duties previously dealt with by British Coal Corporation including, as the owner of the coal, the licensing of coal mining operations.

The Authority provides assistance to other organisations that can benefit from the expertise that it has developed since the organisation was established.

How are we funded?

We are a Non Departmental Public Body (NDPB) and are principally funded by the Department of Energy and Climate Change (DECC), our sponsoring department. Some of our costs are also recovered through the paid for services we provide, although many of our services remain free at the point of use.

Governance and strategy

We have an independent Board responsible for setting our strategic direction, policies and priorities. It ensures our statutory duties are carried out effectively. Its Chairman and Members provide a wealth of experience in the areas in which the Authority is working. Appointments to the Board are made by the Secretary of State for Energy and Climate Change.

Chairman's Foreword

2010-11 has seen the Authority continue to deliver its value for money products and services during a time of major change.

We set ourselves six objectives for the year with 23 associated milestones to measure our performance. I am pleased to report that we made good progress against each of these objectives.

In the final quarter of the year we undertook a major reorganisation to enable the Authority to continue to meet its current statutory duties, widening remit, and the challenge of making every pound of public money deliver more real value over the next few years. This new organisation is now in place and became operational on 1 April 2011. Building on the existing passion, professionalism and pride it will enable us to move at greater pace in delivering services to our stakeholders.

We will build on the expertise we have retained in our organisation to increase the efficiency and effectiveness of our services. Further efficiency savings will be made through research and development. Innovative solutions for mine water, surface hazards, subsidence and information provision will ensure that we continue to provide value added services in the mining areas of Britain. I am pleased that this expertise has been recognised by the Government, which has included significant new clauses in the Energy Bill 2010-11. These will widen our powers to enable us to deal with mine water and subsidence issues associated with non-coal mining, when the necessary funding is available.

In delivering our business we continue to operate to high standards of corporate behaviour. We take our responsibilities for safety, health and the environment seriously, ensuring that as we deliver our services, we do so committed to the safety of our staff, contractors and the public. We seek to use methods consistent with best environmental practice in all our activities.

During the year we have seen changes in the membership of our Board. I would like to thank Barrie Jones, whose term of appointment ended on 30 September 2010. Both I and my fellow Board members greatly appreciated his expertise. We welcome Tricia Henton as his replacement, and will much value her wide ranging experience in environmental protection and management. I would also like to thank Sally Brook Shanahan, Solicitor and Secretary, and Ian Wilson, Director of Environment, Mining and Property who left the Authority in April 2011. I am pleased to report that both Paul Frammingham, Director of Corporate Services and Simon Reed, Director of Operations have been appointed Board members from 1 April 2011.

Coal Mine Methane Plant

This report shows what we have achieved in the past year. I would like to thank the Board, Executive and all our staff for the their dedicated work, especially in such a challenging period. In particular I thank all members of staff who have either recently left or are in the process of leaving the Authority, for their professionalism and commitment in undertaking their duties.

Looking forward, there is more to be done. As we face the challenges of the next few years we will continue to protect the public and environment in mining areas, now and for future generations.

Helen Mounsey
Chairman

Chief Executive's Report

This year has seen the most radical reorganisation of the Authority since it was established in 1994. It has also seen a very good performance in which the Authority has substantially met its corporate objectives and delivered under its strategies for public safety, information dissemination and environmental management.

The reorganisation will go some way to enable the Authority to live within its tight financial settlement. It was, however, principally driven by the need to consolidate the effects of ongoing change programmes, such as the information system implementation and risk reviews, and it will drive further improvements in productivity, performance and succession, with cultural change being a focus of the coming period.

The year's performance against objectives is summarised below. Significant progress has been made by our experts and SciSys, our delivery partner, on the design of our geographic reporting and information system known as Inferis. We are currently in the build phase of the project with the phase one delivery of the mining reports service due to become operational at the end of December 2011. This system will replace our soon to be unsupported MRSDS system. Its complexity has led to a revised 'go live' date with delivery of its functionality now planned between December 2011 and June 2012. I am delighted to report that SciSys, in partnership with the Authority, has been recognised by IBM for developing Inferis and has won an IBM Beacon Award for 2010-11.

The major achievement has been to change the Authority from purely managing coal issues to dealing with water remediation on all mining. This change, supported by new powers in the Energy Bill, allows Government to get the best value from the expertise of the Authority. Our mission for 2011-12 is to protect the public and environment in the mining areas and to meet our statutory responsibilities. Specific objectives for the year are to:

- manage our coal legacy responsibly and cost-effectively;
- deliver a mine water management programme in England, Scotland and Wales; and
- ambitiously realise the potential in our people and value in our information and property.

It is pleasing that our financial settlement reflects our sponsor Department's confidence in the value of the work we do and the efficient way in which it is managed.

Resources

Our outline settlement from DECC is:

	2011-12	2012-13	2013-14	2014-15
Resource	£32.6m	£31.8m	£31.6m	£33.2m
Capital	£7.2m	£7.6m	£7.7m	£8.6m
Headcount	134	134	134	134

Our settlement for 2011-12 and the indicative settlement for later years will require a continued focus on costs and efficiency in all areas of the business. Living within the administration settlement is very challenging and I am very pleased that we are close to agreeing a five year shared service agreement with the Environment Agency to provide our information technology services.

A Review of the Year

This review details the main activities that we have undertaken during the year and sets out our plans for the coming year.

Coal continues to play a major role in meeting the nation's energy demands and the recent events in Japan and the Middle East highlight the need for the UK to have a balanced and secure energy portfolio. The indigenous coal industry can continue to provide a significant amount of the demand for coal but must remain competitive and meet environmental concerns in order to retain this market. We are continuing to receive licence applications to enable energy from coal to be extracted by means of underground coal gasification, coal bed methane, abandoned mine methane and mine water heat recovery.

The award of the carbon capture and storage plant fitted to a coal fired power station sponsored by the Government is expected by the end of 2011 and its success will be fundamental to the long term future for coal.

Philip Lawrence
Chief Executive

Thoresby Colliery coal face

Performance Against Objectives

1. Deliver the programme to understand and manage the impact of climate change on our activities.	Achieved. Tangible progress has been made towards understanding climate change risk and opportunities. Due diligence of our land holdings for suitability of wind turbines and preparations for planning submissions are progressing on three sites. A geothermal pilot scheme has been built at our Dawdon mine water treatment scheme to demonstrate the energy potential in warm mine water.
2. Become a Defra delivery partner for water treatment.	Achieved. The Wheal Jane scheme in Cornwall transferred to the Authority on 1 April 2011 and £9.3 million has been awarded to us from the Department for Environment, Food and Rural Affairs (Defra) to deliver a programme of non-coal mine water remediation projects in England over the next four years.
3. Successfully implement the plan to support business transition to wholesale and retail data management.	Achieved. The Authority continued to operate a successful mining reports service and has introduced further products providing information and assurance to the public.
4. Deliver the information dissemination and mine entry inspection programme.	Achieved. Information has been successfully disseminated to local authorities and major landowners with risk maps launched on our website. Following successful trials, we commenced our residential mine entry inspection programme and by the end of March 2011 we had inspected 4,128 mine entries. We have now inspected in excess of 40,000 of 170,000 mine entries for which we have records. This work will continue in the coming year.
5. Agree and deliver a corporate procurement strategy.	This long term objective is ongoing but in excess of £1 million of savings have been delivered through effective procurement in the year. The Authority is close to joining a shared service contract with the Environment Agency for IT systems.
6. Demonstrate significant development of the skills, capabilities and partnerships to deliver business change.	This long term objective is in progress. The information system is designed to deliver our strategic ambitions and is on budget with an extended delivery timetable. The organisation has been redesigned and put in place with effect from 1 April 2011.

Our Operations

We carry out our activities to protect the public and the environment, provide information and manage our property portfolio. A summary of the financial results for each of our functions is given in Note 2 and Note 17 to the Financial Statements.

Public Safety and Subsidence

We provide through Mines Rescue Service Limited a 24 hour, 365 day emergency response service to reports of hazards associated with former coal mines in order to protect the public.

During the year we undertook a strategic review of the way in which we respond to these reports as part of our proactive approach to managing risk. We looked at best practice worldwide before developing an emergency call out matrix based upon the potential degree of risk to the public.

This will enable us to provide a more effective and efficient service for the public. We continue to respond immediately to reports of hazards where there is a serious risk to public safety or property.

We received notification of 289 (2009-10: 328) surface hazards associated with former coal mine workings during the year. We also received a further 289 (2009-10: 287) notifications relating to potential coal liabilities which did not require emergency action. The acceptance rate for all projects was 39.53% (2009-10: 33.61%). The increase in the acceptance rate is partly due to work being undertaken as a result of our mine entry inspection programme.

We also deal with claims for damage to property and land in respect of coal mining subsidence under the Coal Mining Subsidence Act 1991.

The number of claims received during the year for alleged coal mining subsidence damage totalled 401 (2009-10: 421).

245 claims were received from owners of domestic residential properties (2009-10: 212), the remainder being associated with public bodies and commercial and agricultural operations. Acceptance rates for domestic properties for the year was 10% (2009-10: 14%) and for non-domestic claims 48% (2009-10: 51%).

We resolved 509 claims (2009-10: 605) leaving a balance of 226 claims.

Expenditure on public safety and subsidence amounted to £7.1 million (2009-10: £10 million).

Major projects completed during the year included:

Pharmaceutical Plant

A major pharmaceutical plant in the North East had been badly damaged as a result of coal mining subsidence. Ground stabilisation works were completed in 2009, following which the plant was monitored to ensure that no further significant movement occurred. Remediation works commenced in September 2010 to repair the damage caused. This work included repairing and levelling floors, rebuilding and repairing walls, rebuilding a plant room and relaying sections of surface drainage. This work was successfully completed in January 2011.

Seven Terraced Properties

The occupants of seven terraced properties in the North East were evacuated due to the collapse of shallow mine workings below the properties. The scope of the project increased as work progressed due to the fragile nature of the ground which required additional piling and refurbishment work to be undertaken. The structural repairs were completed in June 2010 and internal repairs completed in February 2011 when the residents returned to their properties.

Mine Shaft Collapse

A shaft collapsed in a road at Tirphil, New Tredegar, South Wales in November 2010. The collapse which measured 10 metres in diameter and 15 metres deep, led to the road being closed to enable restoration work to be undertaken. The collapse was also 20 metres from the Cardiff and Rhymney railway line and affected services for a period of time. The hole was filled with stone to stabilise the ground. Repair works commenced in February 2011 and the shaft cap was fitted and repair works completed with the road reopening in April 2011.

We spent £0.5 million (2009-10: £0.9 million) on the management and maintenance of 41 tips and associated structures in our ownership during the year. Significant works continue to be undertaken in South Wales to upgrade and refurbish tip drainage due to the effects of adverse weather.

All of our tips, associated structures and lands continue to be subject to a rigorous inspection and monitoring programme to protect the public and the environment. Telemetry is used to remotely monitor a number of our sites and we continue to investigate new techniques that will assist us in providing more efficient and cost effective methods of monitoring.

Mining Information

Mine Entry Inspections

As part of our proactive risk approach we have continued with our mine entry inspection programme. This work assists us in managing risks associated with mine entries and reacting at an early stage should public safety or subsidence issues be identified. We have records of 170,000 coal mine entries and by the end of the year we have inspected over 40,000.

Focus this year has been placed on inspecting mine entries in residential areas with 4,128 inspections being undertaken and very few (20) requiring additional investigation.

We believe that we will be better able to reduce and manage risks if homeowners, residents and landowners are informed of the presence of past coal mining and mine entries. By the end of the coming year we will have inspected a further 9,000 mine entries in residential and urban areas.

Planning

We continue to provide consultation responses to Local Development Frameworks/Plans and to policy making processes. During the year we responded to 765 consultations (2009-10: 877) to ensure that the legacy of coal mining activities is taken into account, or where relevant that coal resources are safeguarded.

Our “coal mining development referral maps” have been published and supplied to local planning authorities. These have been produced to focus the attention of developers and authorities to specific areas where the legacy of coal mining is an issue that will require full consideration of the risks before developments are carried out.

We have introduced a risk based approach to development management which has been well received by all 156 English and Welsh coalfield local planning authorities, many of which have implemented the process, with the remainder to do so during 2011. A similar process is being piloted in Scotland with implementation due to be completed at the end of 2011.

Our risk based approach to development management has been recognised by the East Midlands Region of the Royal Town Planning Institute. We won the Institute’s 2010 award for innovation in statutory consultation.

We are also sharing coal mining information with major organisations and local authorities as the owners and managers of property to ensure that they are aware of the potential risk to their property. This work also assists us in identifying any features and hazards that may require attention.

Property Search Service

We provide information on past, present and future coal mining activity for any individual property or site in Britain. Our highly computerised service, which draws on a unique database of coal mining information, is operated in line with the Authority’s published quality assurance and compliance standards.

There was a modest 2.5% increase in the demand for property searches with 236,774 searches sold during the year. 92.6% of searches were returned within one working day of receipt (target 90%) and 98.8% within five working days (target 98%). By the end of the year 95.5% of searches were being ordered and returned electronically (target 90%).

We launched our “Commercial Enviro All-in-One” product in March 2011 which is a combined coal mining ground stability, flood and contaminated land risk screening report for developers and their professional advisers.

Our 2010 customer survey returned a 100% satisfaction rating for the overall property search service provided.

Environment

We operate 57 mine water treatment schemes throughout Britain of which 44 remediate existing discharges and 13 prevent new discharges from coal mine workings. These schemes prevent over 3,200 tonnes per annum of iron discharging into water courses thereby improving and protecting the nation’s rivers and streams. Some also serve to protect important sources of drinking water.

Cost benefit studies have been undertaken during the year on the schemes in our future mine water programme to identify those schemes that return value for money in terms of improvements to the nation's watercourses. Where schemes do not demonstrate good value benefits on investment it is proposed to carry out research and development into lower cost treatments that may enable them to be remediated at some point in the future.

Our people have continued to play an important role in the development by the Environment Agency of the recently published River Basin Management Plans required under the EU Water Framework Directive. Our coal mine water programme is now directed by the requirements of the three, six yearly cycles of the River Basin Plans in former coal mining areas.

We commenced construction of two further schemes during the year namely Horden 2 at Peterlee in County Durham and Chell Heath Road near Stoke on Trent. Works on both schemes will continue into the summer of 2011. The Clough Foot scheme in Lancashire and Blindwells in East Lothian, Scotland are now fully operational.

Refurbishment projects at two of our pumping stations at Mid Cannock in Staffordshire and South Chester Moor in County Durham were completed this year. The refurbished stations have significantly reduced our operational costs at a time of increased pressures on funding.

A pump test at the former Whitburn Colliery in the North East was carried out during the latter part of the year. The test was to assess the quantity and quality of mine water required to be pumped within this part of the coalfield. An exhaustive series of measurements and tests will now be used to determine the most appropriate treatment strategy for the area.

Diversification into Non-Coal

A clause has been included in the Energy Bill 2011 which if enacted will see our powers widened to enable us to deal with non-coal mine water projects when the necessary funding is made available.

We have already taken significant steps towards utilising our coal mine water experience and knowledge in other forms of mining related water pollution. Responsibility for the Wheal Jane tin mine water treatment plant in Cornwall has transferred to the Authority from the Environment Agency.

Having collaborated with the Environment Agency in carrying out desktop studies and a three month pump test at the former ironstone mines at Saltburn in North Yorkshire, a full feasibility study and business case was completed in the summer of 2010.

A successful application for funds to undertake a scoping study on the former Leadhills mine in South Lanarkshire, Scotland was made to the Scottish Environment Protection Agency (SEPA) in the early part of the year. The study has now being finalised and the findings will be presented to SEPA.

We are also working with the Environment Agency in Wales on a solution for discharges from three metal mines. An approach to the Welsh European Funding Office for finance to progress the three sites has been made and work to finalise the submission is ongoing.

Our progress made in renewable energy is discussed on page 26.

Property Management

Licensing

We continue to see demand for coal mining licences and agreements for underground and surface mining and our licensing team inspect sites on the basis of risk. Industry statistics are set out on page 76.

Tata Steel UK has made further progress over the last year on their feasibility study for a new coking coal mine at Margam in South Wales. A 3D seismic survey was undertaken to complete the initial technical evaluation and work continues to assess the other factors needed to develop a new mine.

UK Coal's Welbeck Colliery in Nottinghamshire brought its last coal to the surface in May 2010, bringing to an end almost 100 years of mining at the colliery.

We have seen continued interest in underground coal gasification (UCG) with a further seven conditional UCG licences being granted during the year, bringing the total to 18 conditional licences. Potentially three billion tonnes of recoverable reserves are contained in these licences, but this can be more accurately measured if any of these projects come to fruition.

Permissions

Our written permission must be obtained before any form of activity is undertaken which may disturb our coal interests to ensure that the necessary risk assessment of water, gas and ground stability is carried out. We seek indemnification against any liability arising out of such activities by the permit holder.

We received 770 applications during the year (2009-10: 892). Although there was a reduction on the previous year we expect that our work in providing local authorities, major land owners and other bodies with coal mining information will increase the understanding of the risks and therefore the demand for permission to enter our property.

Property

We hold 1,570 hectares of operational and non-operational land across Britain. We disposed of seven sites during the year which provided capital receipts of £57,300 (2009-10: £18,000).

Income from clawback and the release of restrictive covenants totalled £1,142,400 (2009-10: £517,000).

We have continued to negotiate for the acquisition of land for mine water treatment schemes and monitoring sites, as well as negotiating a lease for the Wheal Jane project with approval from Defra. We have also continued to work closely with our partner, Partnerships for Renewables (PfR), on potential renewable energy generation with two further option agreements being completed during the year.

Future Activities

We are committed to providing effective and efficient services and will continue to seek new innovative value for money solutions to further enhance the level of service provided to stakeholders.

In the coming year we will seek to evolve the culture of the Authority so that all staff can add to our innovation and echo the statement "We are one dynamic team, focused on outcomes and empowered to deliver".

Our Business Plan 2011-15, which is available on our website at www.coal.decc.gov.uk, sets out our objectives which are summarised below.

1.	Manage our coal legacy responsibly and cost-effectively.
1.1	Deliver the mine entry inspection programme and ensure our data is published and transparent.
1.2	Deliver efficiencies and business change through reorganising the business.
1.3	Deliver ⅓ savings in administration expenditure over the spending review period.
1.4	Generate efficiencies in our operational budgets while delivering our objectives.
2.	Deliver a mine water management programme in England, Scotland and Wales.
2.1	Continue to meet the good value capital expenditure programme.
2.2	Become a delivery shared service for metal mine schemes.
2.3	Align pumping station strategy with EA flood risk strategy.
3.	Ambitiously realise the potential in our people and value in our information and property.
3.1	Develop the technical and management skills in our people.
3.2	Successfully implement our new geographic information and reporting system.
3.3	Retain the financial contribution from information report sales.
3.4	Facilitate the generation of renewable energy from our property.

Innovation

We are continually seeking innovative solutions to the problems associated with our coal estate and the associated coal mining legacy issues in order to provide more effective and efficient products and services.

Projects include:

- Working with the Health and Safety Executive, the British Drilling Association and the Association of Geotechnical and Geoenvironmental Specialists to produce guidance on managing risks of hazardous gases when drilling near coal.
- The Food and Environment Research Agency (FERA) undertaking on our behalf a statistical analysis of hazards and subsidence events in the North East and relating them to geological and mining information to see whether there were identifiable factors which control the degree of risk. This could have a positive impact on our knowledge which we will share with local authorities and developers via our maps. Initial results appear promising and further analysis will take place in the coming year to validate the findings.
- We are working with Fugro NPA Limited on a European Space Agency funded project that will provide time series data on subsidence movements across the North East calculated from satellite data. This work will interface with the FERA project above.
- Monitoring of the technology and development work associated with the geophysical identification of mineshaft positions being undertaken by other organisations.

Smithy Brook minewater treatment scheme, Lancashire

- The development of a coal mining risk map accessible by post code that will be available to access via our website.
- Considering the use of alternative materials for ground stabilisation to deliver environmental and economic benefits. We are already using recycled materials when suitable for ground stabilisation work.
- The continuing sponsorship of the production of Ciria publication RP940 – Abandoned Mine Workings Manual – which will replace the Ciria Special Publication SP32 Construction over abandoned mine workings. It is hoped that the final document will be published before the end of December 2011.
- Research work on the effectiveness of vertical flow reactors which filter out the pollutants from coal mine water as a low cost alternative treatment to conventional schemes. The reactors reduce the iron concentrations at the start of the process and therefore reduces the stress on the wetland plants, prolonging the life of the wetland and leads to more effective sludge management.
- Research work being undertaken as part of a PhD sponsorship at Cardiff University into developing new technologies for treating non-coal mine water.

Financial Review

Cash Flow

The net cash outflow (before financing activities) during the year was £30.1 million, a decrease of 16% on the previous year (£35.7 million). This was financed by £33.0 million grant in aid (2009-10: £36.5 million) offset by £0.7 million income earned from mining assets surrendered to Government (2009-10: £0.6 million) resulting in an increase in cash balances of £2.2 million (2009-10 increase of £0.2 million).

Net cash outflow from operating activities amounted to £23.1 million (2009-10: £27.7 million). The constituents of operating cashflow are:

- Cash expenditure managing legacy liabilities included within the Authority's provision balance of £16.3 million (2009-10: £21.8 million);
- Income received, mainly from mining report sales, of £10.3 million (2009-10: £10.1 million);
- Cash based administration costs, including salaries, of £16.3 million (2009-10: £15.3 million);
- An outflow from working capital of £0.8 million (2009-10: £0.7 million outflow).

The provision balance is an estimate of the legacy liabilities that we will need to manage going forward. The reduction in spend against provisions as against the previous year is primarily due to lower expenditure through Public Safety (£3.3 million reduction), because of lower numbers of high value claims experienced and an increasingly risk based approach to treating hazards, and reduced mine water development and pumping costs (£1.9 million reduction).

Net cash outflow from investing activities at £7.0 million was lower than the previous year (2009-10: £8.0 million). The lower level of cash outflow relating to the purchase of property, plant and equipment at £6.2 million (2009-10: £6.8 million) due to phasing of mine water scheme build was offset in part by increased cash outflow relating to intangible assets of £2.1 million (2009-10: £1.7 million) due to the ongoing development of the replacement information system. Proceeds from the sale of property at £1.2 million were up on the previous year (2009-10: £0.5 million).

Net Expenditure

Net expenditure for the year to 31 March 2011 was £49.2 million (2009-10: £9.9 million). This is analysed as follows:

- Staff costs at £9.4 million (2009-10: £7.6 million), increased from last year because of £1.9 million accrued during 2010-11 in respect of the ongoing reorganisation of the Authority;
- Other expenditure of £6.9 million (2009-10: £7.7 million) reflecting savings made across the business;

- Adjustment to provisions of £41.0 million (2009-10: £2.5 million). As further explained below and in Note 17 to the Accounts this non-cash charge arose from a detailed review of the assumptions and trends that feed into the provision calculation;
- Revaluation of investment properties during the year of £0.1 million (2009-10: £0.1 million) and depreciation, amortisation and revaluation of other non-current assets at £3.5 million (2009-10: £2.7 million);
- Income for the year was £11.4 million (2009-10: £10.6 million). Income from activities at £10.3 million was slightly up from 2009-10 levels (£10.1 million) with a 3% increase in mining reports sold (2010-11: 237,000, 2009-10: 230,000).
- Profit on disposal of fixed assets of £1.1 million (2009-10: £0.5 million) arose mainly from restrictive covenants and clawback.
- Grant in aid received from DECC is credited directly to tax payers equity and not recognised as income.

The retained deficit for the year amounted to £67.8 million (2009-10: £28.2 million), and is after charging the Statement of Comprehensive Net Expenditure with income surrendered to Government of £0.8 million (2009-10: £0.6 million), and £17.8 million for the unwinding of the discount on the provisions (2009-10: £17.9 million). The provision is discounted to reflect the time value of money. This discount is unwound every year increasing the provision and is a non-cash item.

Statement of Financial Position

At 31 March 2011 net liabilities were £837.3 million (2010: £803.0 million).

Total non-current assets increased by £8.2 million to £80.2 million. The main movements within this balance are outlined below:

- Property, plant and equipment increased by £4.0 million to £71.8 million (2010: £67.8 million). Capital expenditure on PPE (including accruals) amounted to £6.5 million relating predominantly to the construction of mine water treatment schemes offset by depreciation and revaluation adjustments amounting to £2.5 million.
- Intangible assets increased by £2.8 million to £5.9 million with expenditure on intangible assets of £3.3 million relating to the development of the replacement information system, offset by amortisation and impairment charges during the year of £0.5 million.
- Other receivables of £1.2 million (2010: nil) relate to operating lease costs included within provisions that will be reimbursed.

Total current assets increased by £2.7 million to £7.3 million. This was mainly due to an increase in cash balance to £3.4 million (2010: £1.2 million) held by Government Banking Services. Other receivables within current assets include £0.8 million relating to legal costs and operating lease costs held included within provisions that will be reimbursed.

Total liabilities increased by £45.2 million to £924.8 million (2010: £879.6 million). This movement is driven by the increase in provisions from £870.6 million to £915.0 million. Of the £915.0 million provisions balance, £27.2 million is classified as a current liability.

Provisions reflect the size of the legacy liabilities we estimate we will have to manage over certain time periods. For tip management, subsidence and surface hazards this period is 50 years and for subsidence pumping stations and mine water treatment schemes it is 100 years. Detailed assumptions based on experience and trends support the estimates, however they remain estimates and contain significant uncertainties. Note 17 to the Accounts illustrates the high level of sensitivity of the provisions balance to trends, assumptions and discount rate.

The increase in provisions during the year arose from a detailed review of the assumptions and trends that feed into the provision calculation. Under the Authority's previous accounting policy this was the first such review for five years. The Authority has changed its Accounting Policy, and going forward, will post the movements from such reviews annually.

Going Concern

The balance sheet shows net liabilities of £837.3 million at 31 March 2011. This reflects the inclusion of liabilities falling due in future years which, as explained above, cover 50 and 100 years into the future. To the extent that they are not met from our other sources of income, they may only be met by future grants or grants in aid from our sponsoring department, DECC. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Paragraph 14(1) of Schedule 1 to the Coal Industry Act 1994 states:

"The Secretary of State shall, in respect of each accounting year, pay to the Authority such amount as he may determine to be the amount required by the Authority for the carrying out during that year of its functions under this Act".

On that basis, the Members have a reasonable expectation that we will continue to receive funding so as to be able to meet our liabilities. The Authority has therefore, prepared its accounts on a going concern basis.

Outlook

As outlined in the Chief Executive's Report, the Authority has received its four year spending review settlement. This settlement, although challenging, will allow the Authority to continue to meet its mission of protecting the public and environment in mining areas. The Authority will continue to review its risk appetite and seek efficiency savings to provide its services in the most cost effective manner.

Accounting Officer's Report

The Authority presents its report and audited financial statements for the year ended 31 March 2011. The Accounts have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994 ("the Act"). The Accounting Officer authorised these financial statements for issue on the date of certification.

Functions, Duties and Powers of the Coal Authority

The Authority was established by the Act and became a legal entity on 19 September 1994: it assumed its functions on 31 October 1994. These functions are set out at www.coal.decc.gov.uk but are essentially with respect to the coal industry and the management of interests inherited from British Coal Corporation, licensing of coal mining operations and dealing with coal mining subsidence and providing information.

Review of Operations

The Chief Executive's report on pages 6 and 7 gives a summary of the Authority's activities during the year and the future outlook.

Supplier Payment Policy

The Authority observes the principles of the Better Payment Practice Code and aims to pay valid invoices within 30 days of receipt or as agreed with suppliers. In the year ended 31 March 2011, this was achieved for 99.5% of invoices. During the year the Authority paid 59% of correct invoices within 10 working days.

Board Members and their Interests

The Board Members who served during the period and are currently in place are:

Stephen Dingle, MA (Oxon), ACIB (Non-Executive Member)

Appointed as Board Member from 1 May 2008 – 30 April 2011

Re-appointed as Board Member to 30 September 2014

Paul Frammingham, BA (Hons), ACMA

Attended the Board from 6 May 2008 – 31 March 2011

Appointed as Board Member from 1 April 2011 – 31 March 2014

Patricia Henton, BSc (Hons), FGS, CGeol, FCIWEM, FCIWM, FRSE (Non-Executive Member)

Appointed as Board Member from 1 October 2010 – 30 September 2013

Barrie Jones, CBE, PhD, BSc (Hons), CEng, FIMMM (Non-Executive Member)

Appointed as Board Member from 22 May 2000 – 31 March 2005

Re-appointed as Board Member to 30 September 2009

Re-appointed as Board Member to 30 September 2010

Stood down from the Authority on 30 September 2010

Philip Lawrence, ACA, BSc (Hons)

Appointed as Board Member from 9 November 2006 – 31 March 2008

Re-appointed as Board Member to 31 March 2011

Re-appointed as Board Member to 31 March 2014

Helen Mounsey, PhD, BSc (Hons) (Non-Executive Chairman)

Appointed as Board Member from 7 November 2002 – 31 October 2007

Appointed as Chairman Designate 1 July 2007

Appointed as Chairman 1 October 2007 – 30 September 2010

Re-appointed as Chairman 1 October 2010 – 31 March 2013

Stephen Pennell, FIOD

Appointed as Board Member from 9 November 2006 – 31 March 2008

Re-appointed as Board Member to 31 March 2011

Re-appointed as Board Member to 30 June 2012

Stephen Redmond, MCIPD (Non-Executive Member)

Appointed as Board Member from 1 March 2010 – 30 September 2013

Simon Reed, PhD, BSc (Hons), MBA, CEng, MIMMM

Attended the Board from 1 January 2010 – 31 March 2011

Appointed as Board Member from 1 April 2011 – 31 March 2014

Ian Wilson, FRICS

Appointed as Board Member from 26 November 2002 – 31 March 2005

Re-appointed as Board Member to 31 March 2008

Re-appointed as Board Member to 31 March 2011

Stood down from the Authority on 30 April 2011

In addition to the Board Members who have voting rights, one executive attended the Board with no voting rights.

Sally Brook Shanahan, LLB (Executive – no voting rights)

Attended the Board from 2 December 1997

Stood down from the Authority on 12 April 2011

Details of members' terms of appointment and service contracts are provided in the Remuneration Report.

No Board member of the Authority has any financial interest in the Authority. A Register of Interests is maintained which is open to the public to view at the Authority's Mansfield Office or can be accessed at www.coal.decc.gov.uk. Any related party transactions are provided in Note 23 to the Accounts.

Donations

The Authority made no political or charitable donations during the year.

Authority's Executive Committee (now named Executive Leadership Team)

The Executive Committee comprised:

Mrs S A Brook Shanahan	Solicitor & Secretary (until 12 April 2011)
Mr P J Frammingham	Finance & Commercial Director (now Director of Corporate Services)
Mr P J Lawrence	Chief Executive
Mrs L Lax	Head of Human Resources and Organisational Development
Mr S Pennell	Director of Information & Systems
Dr S M Reed	Director of Public Safety & Communication (now Director of Operations)
Mr I Wilson	Director of Environment, Mining & Property (until 30 April 2011)

Employee Involvement

The Authority is committed to engaging with staff throughout the business. The Authority had a Staff Liaison Group and a Staff Consultation Group. The former dealt with non-contractual staff matters and the latter was the forum for consultation with management on pay and conditions of employment. Future employee involvement is under consideration with staff.

Employment

The Authority is committed to equal opportunities. This commitment means that decisions to appoint, reward, train, develop and promote are taken purely on the basis of skills and abilities, as matched against the requirements of the job.

The Authority seeks to attract and retain high calibre employees. Opportunities for training are given high priority to ensure that all individuals can contribute to their own career development.

Pensions and Other Post Retirement Benefits

Former and current employees who have chosen to join are covered by the provisions of the Principal Civil Service Pension Scheme which is a defined benefit scheme and is both funded and contributory. The accounting policy is given in Note 1 to the Accounts and further information about the Scheme is provided in the Remuneration Report and Note 3 to the Accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. No other services were provided and the audit fee was £45,000. Mazars LLP is contracted to perform the audit on behalf of the National Audit Office.

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

The Accounting Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

P J Lawrence
Member, Chief Executive and Accounting Officer, 23 June 2011

Corporate Governance

We recognise the importance of and are committed to high standards of Corporate Governance. We comply with all the provisions of HM Treasury's Code of Best Practice for Board Members of Public Bodies and the Responsibilities of a NDPB Accounting Officer. We also comply with all of the provisions of our Management Statement, a document agreed with the Secretary of State which sets out certain of our powers, duties, functions and various policies.

Board of Directors

As at 31 March 2011 we have seven Members (four Non-Executive and three Executive) appointed by the Secretary of State of our sponsor Department, two non-voting Executives and a Secretary.

Non-Executive Directors are appointed by the Secretary of State for the Department of Energy and Climate Change in-line with the Code of Practice issued by the Commissioner for Public Appointments.

The Board has nine scheduled meetings a year at which it determines the strategic direction of the Authority. Additional meetings are held in person or by telephone as required. The Board monitors the performance of the Authority; assesses risk; ensures value for money and that resources are utilised effectively; ensures that sound environmental policies and practices are developed and adopted; and ensures that we are accountable to our stakeholders.

A table showing attendance at these meetings and at meetings of the Audit Committee and the HR & Remuneration Committee is set out below.

Name	Board (9)	Audit (6)	HR & Remuneration (3)
Mrs S A Brook Shanahan	6 (out of 9)	5 (out of 6)	2 (out of 3)
Mr S Dingle	8 (out of 9)	6	3
Mr P J Frammingham	9	5 (out of 6)	
Ms P Henton	5 (out of 5)	3 (out of 3)	
Dr B Jones	4 (out of 4)	3 (out of 3)	2 (out of 2)
Mr P J Lawrence	9	6	3
Dr H M Mounsey	9		3
Mr S Pennell	9		
Mr S J Redmond	8 (out of 9)	4 (out of 6)	2 (out of 2)
Dr S M Reed	9		
Mr I Wilson	9		

In accordance with the principles of "Open Government", Board meetings continue to be open to members of the public and media. The agendas, papers and dates of its meetings, together with the minutes of previous meetings, can be found on our website.

Committees

In line with best practice, there are two standing committees of the Non-Executive Directors – Audit and HR & Remuneration. In addition a Non-Executive Director chairs the Environment Committee.

Audit Committee

The Audit Committee comprises three independent Non-Executive Directors under the chairmanship of Mr Stephen Dingle with the other members being Mr Stephen Redmond and Dr Barrie Jones until 30 September 2010, replaced by Ms Patricia Henton from 1 October 2010. Stephen Dingle has recent, relevant financial experience in line with HMT Code of Good Practice on Corporate Governance.

The Committee met six times during the year. The committee's meetings were also attended by the Chief Executive, Director of Finance & Commercial and the internal and external auditors by invitation. The meetings are all minuted.

The Committee has annually reviewed defined terms of reference which outline its objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting policies and procedures. Specific responsibilities include reviewing and recommending for approval the Annual Report and Accounts, reviewing accounting policies, reviewing risk management and reviewing the strategy and results of the external audit.

The Audit Committee also has responsibility for overseeing the internal audit function including approval of the annual risk-based audit plan and monitoring the work and recommendations and effectiveness of the function.

Risk Committee

The Risk Committee which comprises senior Authority staff met twice during the year and its role is discussed in the Statement on Internal Control.

HR & Remuneration Committee

The composition and remuneration work of the HR & Remuneration Committee is described in the Remuneration Report.

Executive Leadership Team

The Authority's day to day activities are overseen by the Executive Leadership Team.

The Team meets at least monthly to review and discuss our work. It determines the day to day policy implementation necessary for us to discharge our duties in the most effective, efficient and economic manner. Membership of the Team is given in the Accounting Officer's Report.

Additionally, the Strategic Management Team, the Health and Safety Committee and the Environment Committee report through the Executive Leadership Team to the Board, with the Risk Committee reporting through the Audit Committee.

Shaft collapse being remediated

Access to Information

During the year 30 requests for information were received under the Freedom of Information (FOI) access provisions as against 33 in 2009-10. All were answered within the statutory 20 day limit. Our updated FOI Publication Scheme, published on our website, continued to be accessed regularly throughout the year.

Our freephone public information service for subsidence damage claims and mining reports enquiries worked well over the year. We also operate a dedicated 24 hour phone number for reporting hazards relating to past coal mining.

We undertake to respond to requests for information within two weeks were possible, and within four weeks, at most. During the year we received 33 letters from Members of Parliament and other public representatives (2009-10: 26 letters). The average time taken to reply to this correspondence was seven days.

Corporate Social Responsibility

Our People

Our people have worked hard in challenging circumstances to deliver the corporate objectives.

Of the 164 people employed at 31 March 2011 (not including Non-Executive Board Members) 100 were put at risk of redundancy in January 2011 and following consultation, 34 people will leave in the coming year due to the reorganisation under terms agreed with the Cabinet Office and DECC. The Board was very conscious of the pressure that this placed on our staff and are grateful for the professionalism shown during this difficult period.

We are proud of our Investors in People (IiP) accreditation and continue to use IiP to improve the performance of the organisation by focussing on learning and development needs to meet our corporate objectives.

As an aid to taking our business forward we have developed a new performance management system which became operational on 1 April 2010.

The focus in the coming year will be placed on cultural change and recognising that this will not be easy and the wellbeing of our staff.

We will continue to encourage our people to take on further responsibility for their own work performance and development.

The sickness absence for the year was 1.41% (3.57 days per person) compared with 1.24% (2.94 days per person) the previous year.

Safety, Health and Environment

Our safety, health and environment team provide advice and assistance to our organisation to ensure that these issues are considered in every aspect of our activities.

The adoption of best practice to ensure legal compliance is our prime objective. Health, safety and environmental management systems have been developed to achieve this objective and these are continually reviewed and updated.

Health and Safety

We have continued with our mine entry inspection and dissemination of information programmes which are driven by our desire to improve the public's understanding of coal risks and to manage public safety. This work will be ongoing in the coming year.

Our Health and Safety Committee continues to be an effective forum for reviewing issues to ensure that we are compliant with health and safety legislation.

We consider our staff as our most valuable asset and during the year a staff survey was undertaken to help improve the management of stress and promote general wellbeing. The results have enabled us to focus on specific areas of our business where issues were identified.

Environment

Our mine water schemes prevent 3,200 tonnes of iron discharging annually into water courses thereby improving the nation's rivers and streams. Some schemes also protect important sources of drinking water.

We have developed a climate change adaptation strategy which has been communicated throughout the organisation and is being incorporated into our risk systems.

Considerable activity is taking place in the field of renewable energy related to our mine water and property activities. The potential for renewables is being considered in all our feasibility work for new mine water schemes. The geothermal resource potential of mine water is central to these considerations. A demonstration project of water sourced heating has been commissioned at our Dawdon plant in the North East. It is hoped that it will demonstrate the potential associated with pumped mine waters.

We have also granted the first access agreement to an operator during the year to develop the concept of extracting heat from water located in abandoned coal mine workings. We are hopeful that this will lead to further agreements being granted in the coming year.

Work is ongoing in collaboration with Partnerships for Renewables on the establishment of wind generation capacity at a number of our sites. If this work proves successful it may allow a beneficial use for some sites currently considered as long term liabilities.

The CRC Energy Efficiency Scheme (CRC) commenced in 2010. We fall within the scope of the scheme and have registered with the Environment Agency. Our work in reducing carbon emissions across our mine water scheme portfolio together with the measures taken in corporate governance and developing systems and monitoring helped us successfully secure the Carbon Trust Standard accreditation in September 2010.

Health, Safety and Environmental Audits

We carried out 67 health, safety and environmental audits during the year (2009-10: 85) to assess contractor performance. These audits confirmed that the level of performance expected of contractors was in the main being delivered but that information on potential environmental impacts and measures to mitigate them required to be better documented. This issue will be addressed during 2011-12 by running a workshop for all our main contractors to ensure that they comply with legal requirements.

Further information is available on our website which also contains a copy of the Annual Health and Safety Report and the Environmental Review for 2010-11.

Local Community and Charity

Our staff organised four fundraising events during the year for charities which raised a total of £965 (2009-10: £1,278).

Remuneration Report

Introduction

This report has been prepared in accordance with the Government Financial Reporting Manual. The report is made by the Accounting Officer on behalf of the Board on the recommendations of the HR & Remuneration Committee.

The HR & Remuneration Committee

The Authority has an established HR & Remuneration Committee whose membership comprises all of the Non-Executive Directors and the Chief Executive. The HR & Remuneration Committee has terms of reference approved by the Board and is responsible for determining and keeping under review the performance related pay structure for all staff of the Authority and approves the Pay Remit for submission to the Secretary of State for DECC. The Committee's Terms of Reference prescribe that the Chief Executive shall not be present when his remuneration and conditions of employment are being considered. They also annex an Annual Cycle of Business and require a minimum of two meetings per year. During the year the Committee's members were: Dr Barrie Jones (Committee Chairman) until 30 September 2010, Stephen Redmond from 1 March 2010 (Committee Chairman from 1 October 2011), Dr Helen Mounsey, Stephen Dingle, Patricia Henton from 1 October 2010 and Philip Lawrence.

Remuneration Policy for the Executive Directors

With the exception of the Chief Executive, the Executive Directors' remuneration is determined via the Pay Remit process approved by the Secretary of State. The HR & Remuneration Committee review and make recommendations about the remuneration of the Chief Executive which is formally determined by DECC. The Committee has followed Senior Civil Service Guidelines and proposed no increase in the Chief Executive's salary from 1 April 2011.

Performance Management System

The Executive Directors participate in the Authority's Performance Management System. Individual assessments are made by the Chief Executive and Chairman and reviewed by the HR & Remuneration Committee. Appraisal of individual performance is based on the achievement of defined objectives which are assessed against four performance scores. Non-contractual, non-pensionable performance related pay (PRP) is earned based both on corporate and individual performance against objectives.

Executive Directors' Contracts

It is the Authority's policy that Executive Directors should have contracts with an indefinite term providing for six months notice.

The details of the Directors' contracts are summarised in the table below:

Directors Contracts	Date appointed as Director	Notice Period
Mrs S A Brook Shanahan	1 January 1998	6 months
Mr P J Frammingham	6 May 2008	6 months
Mr P J Lawrence	2 May 2006[1]	6 months
Mr S Pennell	17 January 2005[2]	6 months
Dr S M Reed	1 January 2010[3]	6 months
Mr I Wilson	5 October 2001[4]	6 months

1 appointed Chief Executive with effect from 1 January 2007
2 commenced employment with the Authority on 31 October 1994
3 commenced employment with the Authority on 31 October 1994
4 commenced employment with the Authority on 1 October 1994

The notice period to be given by the Chief Executive is six months and by the remaining Executive Directors, is three months.

Mrs S A Brook Shanahan and Mr I Wilson left the Authority in April 2011.

The following paragraphs of the Remuneration Report have been audited.

Non-Executive Directors

To date all Non-Executive Directors have been appointed by the Department for Business, Innovation and Skills (BIS) or Department of Energy and Climate Change (DECC) (from 3 October 2008) in line with the Code of Practice issued by the Commissioner for Public Appointments. Their terms of engagement and remuneration are now determined by DECC. They are not eligible to participate in the pension schemes or receive performance related pay.

Fees Paid	Contract End Date	2011 £	2010 £
Mr S Dingle	30 September 2014	11,666	11,608
Dr B Jones[1]	30 September 2010	5,833	11,608
Dr P A Lane[2]	28 February 2010	-	10,636
Dr H M Mounsey[3]	31 March 2013	27,050	26,917
Mr S Redmond[4]	30 September 2013	11,666	972
Ms M P Henton[5]	30 September 2013	4,861	-

1 Figure quoted for 2011 is for the period 1 April 2010 to 30 September 2010.
2 Figure quoted for 2010 is for the period 1 April 2009 to 28 February 2010.
3 The figure quoted encompasses Dr Mounsey's role as Chairman.
4 Figure quoted for 2010 is for the period 1 March 2010 to 31 March 2010.
5 Figure quoted for 2011 is for the period 1 November 2010 to 31 March 2011.

Executive Directors' Remuneration

	2011					2010			
	Salary	Car Allowance	PRP 2011	PRP 2010 adjustment	Total	Salary	Car Allowance	PRP	Total
	£	£	£	£	£	£	£	£	£
Mrs S A Brook Shanahan	90,616	8,806	-	(1,418)	98,004	91,060	8,806	5,437	105,303
Mr P J Frammingham	78,890	8,806	2,998	(2,470)	88,224	79,274	8,806	9,467	97,547
Mr P J Lawrence	120,315	9,906	10,000	(1,883)	138,338	120,915	9,906	7,219	138,040
Mr S Pennell	86,234	8,806	3,220	(2,653)	95,607	86,597	8,806	10,170	105,573
Dr S M Reed[1]	78,919	8,806	7,731	-	95,456	19,905	2,201	-	22,106
Mr I Wilson	90,616	8,806	-	(1,418)	98,004	91,060	8,806	5,437	105,303

1 Dr S M Reed was appointed as an Executive Director 1 January 2010. The full year equivalent remuneration in respect of this position is £88,366 (excluding PRP).

Executive Directors' remuneration includes non-contractual performance related pay earned in the year and any allowances subject to UK taxation. Other than car allowance, there are no benefits in kind.

Performance Related Pay for 2010-11 relates to the amount accrued during the year under the Performance Management System (PMS). This is subject to DECC approval.

Performance Related Pay for 2009-10 relates to the amount accrued under the PMS as at 31 March 2010. The amount paid was 74% of that accrued and the adjustment posted during 2010-11.

Minewater following treatment at Aspull Sough

Executive Directors' Pension Entitlements

	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 as at 31 March 2011 and related lump sum	CETV at 31 March 2010	CETV at 31 March 2011	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£000	£000	£000	£000	£000
Mrs S A Brook Shanahan	0 – 2.5 plus 0 – 2.5 lump sum	15 – 20 plus 45 – 50 lump sum	227	258	11
Mr P J Frammingham	0 – 2.5 plus 0 lump sum	5 – 10 plus 0 lump sum	23	36	9
Mr P J Lawrence	2.5 – 5.0 plus 0 lump sum	10 – 15 plus 0 lump sum	97	131	8
Mr S Pennell	0 – 2.5 plus 0.0 – 2.5 lump sum	15 – 20 plus 50 – 55 lump sum	287	320	9
Dr S M Reed	2.5 – 5.0 plus 7.5 – 10.0 lump sum	15 – 20 plus 45 – 50 lump sum	197	257	42
Mr I Wilson	0 – 2.5 plus 0 – 2.5 lump sum	15 – 20 plus 55 – 60 lump sum	372	413	12

The actuarial factors that are used in the CETV calculation were changed during 2010, due to the changes in demographic assumptions and the move from the Retail Price Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report for 31 March 2010 will not be the same as the corresponding figure shown in last year's report.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Further information as to the terms of the schemes is given in Note 3 to the Accounts.

Compensation for Loss of Office

Mrs S A Brook Shanahan left under Voluntary Redundancy terms on 12 April 2011. A cost of £183,355 has been accrued in 2010-11 which includes the cost of buying out the actuarial reduction on her pension.

Mr S Pennell will leave under Voluntary Redundancy terms on 30 September 2012. A compensation payment of £203,942 has been accrued in 2010-11.

Mr I Wilson left under Voluntary Redundancy terms on 30 April 2011. A compensation payment of £175,505 has been accrued in 2010-11.

P J Lawrence
Member, Chief Executive and Accounting Officer, 23 June 2011

Left to right: Simon Reed, Stephen Pennell, Stephen Dingle, Helen Mounsey, Philip Lawrence, Patricia Henton, Paul Frammingham, Stephen Redmond

Financial Statements Year Ended 31 March 2011

Statement of the Authority's and Chief Executive's Responsibilities

Under paragraph 15(1)(b) of Schedule 1 to the Coal Industry Act 1994 the Authority is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure, recognised gains and losses, and cash flows for the financial year.

In preparing the accounts the Authority is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department of Energy and Climate Change has designated the Chief Executive as the Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, for the keeping of proper records and for safeguarding the Authority's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in "Managing Public Money".

P J Lawrence
Chief Executive and Accounting Officer,
23 June 2011

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control and risk management that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Authority's Board establishes the risk appetite and tolerance and I manage risk within these tolerance levels. Appetite and tolerance is continually discussed at the Board and varies across the business.

The Purpose of the System on Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Similarly our risk system is not intended to remove risk but to enable the Authority to manage it within agreed tolerance levels.

Capacity to Handle Risk

The Authority aims to conduct effective risk management, with the Board setting risk appetite, so as to provide increased assurance that business objectives will be achieved and the Authority's good name will be protected. Risk management is delegated to Directors and managers with all employees expected to identify and manage risks on a daily basis.

The Risk Committee has met twice in the year and is the key vehicle for educating managers in risk. Topics have been considered and debated on risk appetite, key risk indicators and risk arising from the tightening of Government budgets. Helpful thought leadership has been received from our internal auditors. Going forward, the Risk Committee has been disbanded and risk discussions taken into the monthly Strategic Team Meetings with Department Heads.

Our capacity to handle risk is therefore growing and our management maturing.

The Risk and Control Framework

The risk and control framework has been stable for several years and roles are fully understood.

Risks are identified at all levels of the Authority and being a small organisation risks are discussed with Directors on a regular basis. A risk register, currently populated with 71 risks, is maintained and describes not just the risk but the key controls, the sources of assurance, gaps in assurance and mitigating actions. Managers sign quarterly assurance statements and with some encouragement keep the system live and up to date.

The Board discusses risk every time it meets and it is considered within every Board paper. The Audit Committee reviews risk reports at every meeting and considers our evolving risk maturity. Most importantly the risk appetite, both on individual specific risks and across the business, is debated at the Board and fed back through Directors to the operational teams.

Only five of our risks have a residual high risk rating as defined by our risk matrix, which considers the areas of financial exposure, operations, reputation, compliance and safety.

These risks have actions to treat them and reduce them further. The risks touch on the core areas of the Authority's activities and arise from:

- Potential changes of Government policy on public sector information. This is currently managed through our Information Fair Trader Status accreditation.
- Our property can cause a surface hazard which leads to an injury. We are continuing to inspect our property and communicate issues to landowners.
- Organisational resilience following the reorganisation. Our people will take time to adjust to the new structure.
- Two large and business critical ICT projects are being managed by our internal team. Project management disciplines are in place but workloads are at team capacity and delivery dates do not have much contingency.
- The Government funding settlement requires significant efficiencies to be delivered. Many actions have been identified and require to be executed, with dependencies on external parties. In addition, further savings need to be identified.

The Authority has effectively managed a number of high risks in the period and reduced their potential impact. These include:

- Contingent liabilities passing from National Coal Board and British Coal Corporation which are not recorded. This risk is effectively tolerated and disclosed in our contingent liability note. A recent issue has been effectively managed.
- Planning processes not adequately consulting with the Authority which could lead to unsafe development and future liabilities. The Authority is continuing to share its information and local authorities, planners and developers are being effectively informed.
- Lack of Government support of our strategies. Close and ongoing conversations are held with the Department of Energy and Climate Change, Defra and other Government stakeholders.
- Reductions in Government funding. The recent settlement has not resulted in the discontinuance of statutory services.
- A reorganisation and redundancy programme. A new structure is now in place and knowledge transfers are being managed in the transition period.

The Authority does not hold top secret, secret or confidential information and therefore the information risk posed to Government through the Authority is low. The Authority has continued to operate under its Information Risk Management Policy. All information assets have been documented in a register, risks assessed, controls recorded and staff trained using the National School of Government course. I am not aware of any material breaches of security or policy or any loss of personal protected information during the year.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

No significant control issues have arisen in the year. Actions are ongoing to manage our risks, including high level risks. Occasional weaknesses do come to light and internal audit raise useful recommendations in their report to continuously improve the internal system. These are regularly reviewed at the Audit Committee to ensure progress is being made.

Philip Lawrence
Chief Executive & Accounting Officer,
23 June 2011

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Coal Authority for the year ended 31 March 2011 under the Coal Industry Act 1994. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Coal Authority, Chief Executive and Auditor

As explained more fully in the Statement of the Authority's and Chief Executive's Responsibilities, the Coal Authority and the Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Coal Industry Act 1994. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Coal Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Coal Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Coal Authority's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State for Energy and Climate Change directions issued thereunder.

Emphasis of Matter

Without qualifying my opinion I draw your attention to the disclosures made in Note 17 concerning the uncertainties in the likely costs in respect of the Coal Authority's liabilities for Mine Water Treatment, Public Safety and Subsidence Claims, Subsidence Pumping Stations and Tip Management totalling £899 million. It is not possible to quantify with certainty the settlement of these liabilities or the impact on the Coal Authority's future financial results.

Opinion on other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Coal Industry Act 1994; and
- the information given in the Financial Review, Accounting Officer's Report, Corporate Governance and Corporate Social Responsibility sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date 27 June 2011

Statement of Comprehensive Net Expenditure

Year Ended 31 March 2011

	Note	2010-11 £000	2009–10 Restated £000
Expenditure			
Staff costs	3	7,581	7,621
Staff costs – Re-organisation costs	3	1,852	–
Other expenditure	4	6,859	7,694
Adjustment to provisions	4,14,17	40,999	2,516
Revaluation of investment properties	4,10	(127)	(66)
Depreciation, amortisation and devaluation/ (revaluation) of fixed assets	4	3,466	2,722
		60,630	20,487
Income			
Income from activities	5	(10,283)	(10,065)
Other income – Profit on disposal of fixed assets	5,6	(1,109)	(531)
		(11,392)	(10,596)
Net Expenditure/(Income)		49,238	9,891
Unwinding of discount on provisions	4,17	17,753	17,874
Interest payable	4	10	14
Interest receivable	5	(7)	(98)
Net Expenditure/(Income) after interest		66,994	27,681
Income surrendered to Government	4,7	809	567
Taxation	8		–
Net Expenditure/(Income) after income surrendered and tax		**67,803**	**28,248**
Other Comprehensive Expenditure			
Net (loss)/gain on revaluation of property, plant and equipment	12,22	(533)	1,142
Net gain/(loss) on revaluation of intangibles	12,22	9	(20)
Total Comprehensive Expenditure/ (Income)		**67,279**	**29,370**

An additional £16,306,000 of operating expenditure has been incurred during the year (2009-10: £21,810,000). This is not included within the Statement of Comprehensive Net Expenditure as it is fully off-set by the provisions utilised, illustrating that the majority of the Authority's activity undertaken within the period has been provided for in prior years. Further analysis is provided in Note 2.

Treasury guidance has removed the requirement for a cost of capital charge/(credit) for 2010-11 onwards. To reflect the change in accounting policy figures for 2009-10 have been restated to provide meaningful comparatives. A restated Statement of Financial Position as at 1 April 2009 is not presented as Treasury have agreed it is not required where the cost of capital credit is released out of the Statement of Comprehensive Net Expenditure.

Statement of Financial Position

31 March 2011

	Note	2011 £000	2010 £000
Non-current assets:			
Property, plant and equipment	9	71,806	67,809
Investment property	10	1,226	1,037
Intangible assets	11	5,938	3,122
Other receivables	14	1,183	–
Total non-current assets		80,153	71,968
Current assets:			
Assets classified as held for sale	10	147	286
Trade and other receivables	14	3,773	3,097
Cash and cash equivalents	15	3,423	1,226
Total current assets		7,343	4,609
Total assets		87,496	76,577
Current liabilities:			
Trade and other payables	16	(7,402)	(7,712)
Provisions	17	(27,221)	(30,893)
Total current liabilities		(34,623)	(38,605)
Non-current assets less net current liabilities		52,873	37,972
Non-current liabilities:			
Provisions	17	(887,779)	(839,661)
Other payables	16	(2,401)	(1,339)
Total non-current liabilities		(890,180)	(841,000)
Assets less liabilities		**(837,307)**	**(803,028)**
Taxpayers' Equity			
Revaluation Reserve	22	2,101	1,635
General Reserve		(839,408)	(804,663)
		(837,307)	**(803,028)**

The financial statements were approved and authorised by the Board and signed on its behalf by

Philip Lawrence	Helen Mounsey
Chief Executive and Accounting Officer	Chairman
23 June 2011	23 June 2011

Notes on pages 42 to 74 form part of these accounts.

Statement of Cash Flows

Year Ended 31 March 2011

	Note	2010-11 £000	2009–10 Restated £000
Cash flows from operating activities			
Net (expenditure)/income after interest		(66,994)	(27,681)
Depreciation, amortisation and devaluation/ (revaluation) of fixed assets	4	3,466	2,722
Profit on disposal of fixed assets	6	(1,109)	(531)
Revaluation of investment properties	10	(127)	(66)
Increase in trade and other receivables		(1,859)	(718)
Decrease in trade and other payables		(889)	(26)
Increase/(Decrease) in provisions		44,446	(1,420)
Net cash outflow from operating activities		(23,066)	(27,720)
Cash flow from investing activities			
Purchase of property, plant and equipment		(6,151)	(6,788)
Purchase of intangible assets		(2,059)	(1,703)
Proceeds from sale of property, plant and equipment	6	1,200	538
Net cash outflow from investing activities		(7,010)	(7,953)
Cash flows from financing activities			
Grant in aid		33,000	36,468
Income surrendered to Government	7	(727)	(569)
Net financing		32,273	35,899
Net increase in cash and cash equivalents		**2,197**	**226**
Cash and cash equivalents at the beginning of the period		1,226	1,000
Cash and cash equivalents at the end of the period		3,423	1,226

Treasury guidance has removed the requirement for a cost of capital charge/(credit) for 2010-11 onwards. To reflect the change in accounting policy figures for 2009-10 have been restated to provide meaningful comparatives.

Statement of Changes in Taxpayers' Equity

Year Ended 31 March 2011

	Note	Revaluation Reserve	General Reserve	Total
		£000	£000	£000
Balance as at 31 March 2009		2,785	(812,911)	(810,126)
Changes in Accounting Policy		–	–	–
Balance as at 1 April 2009		**2,785**	**(812,911)**	**(810,126)**
Changes in taxpayers' equity for 2009-10				
Grant in aid funding – Capital		–	8,997	8,997
Grant in aid funding – Revenue		–	27,471	27,471
Transfers between reserves	22	(28)	28	–
Comprehensive Expenditure for the year		(1,122)	(28,248)	(29,370)
Balance at 31 March 2010		**1,635**	**(804,663)**	**(803,028)**
Changes in taxpayers' equity for 2010-11				
Grant in aid funding – Capital		–	9,769	9,769
Grant in aid funding – Revenue		–	23,231	23,231
Transfers between reserves	22	(58)	58	–
Comprehensive Expenditure for the year		524	(67,803)	(67,279)
Balance at 31 March 2011		**2,101**	**(839,408)**	**(837,307)**

Notes to the Accounts

Year Ended 31 March 2011

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2010-11 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of investments, property, plant and equipment and intangible assets.

1.2 Grant in aid

Grant in aid is paid to the Authority on an annual basis to cover the net cash revenue and capital requirements in the year. Grant in aid utilised in the settlement of its statutory and other obligations is credited to the general reserve in the year in which the grant in aid is received because it is regarded as a contribution from a controlling party which gives rise to a financial interest in the Authority.

1.3 Capital charge

Treasury guidance has removed the requirement for a cost of capital charge/(credit) for 2010-11 onwards. As the Authority had negative capital employed, the cost of capital was a credit. This was not recoverable and was therefore written back.

To reflect the change in accounting policy figures for 2009-10 have been restated to provide meaningful comparatives.

1.4 Property, plant and equipment

Expenditure on property, plant and equipment of £2,000 or more is capitalised. On initial recognition and whilst in construction, assets are measured at cost. Cost incurred in designing and building mine water schemes and subsidence pumping stations and bringing them into working condition for their intended use are capitalised following completion of a feasibility study and gateway review.

Except for Head Office freehold land and buildings, property, plant and equipment are carried at modified historical cost as an estimate of fair value. Modified Historical Cost Accounting (MHCA) is a basis of accounting in which fixed assets are recorded at their value to the business, usually current replacement cost. The Statement of Comprehensive Net Expenditure is charged with the proportion of the current cost of fixed assets consumed in the year. The revaluing of the assets to reflect their current value is performed by using price indices. These are obtained from the Office for National Statistics, which produce various monthly price indices for different types of assets. Any surplus arising on revaluation is recognised directly in a revaluation reserve within taxpayers' equity, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the Statement of Comprehensive Net Expenditure, in which case the credit is to the Statement of Comprehensive Net Expenditure.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. Assets that are subject to depreciation are reviewed at each reporting date to assess whether there is any indication that an asset may be impaired. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The Authority's property, plant and equipment are non-cash-generating and 'value in use' is deemed to be the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Freehold land and buildings at the Authority's Head Office at Berry Hill, Mansfield are currently carried at depreciated historic cost as an approximation of fair value. An external professional valuation is undertaken every two years and should a material difference occur the carrying value will be adjusted to this valuation. The latest valuation was undertaken at the end of 2010-11.

The Authority owns a number of shafts that access abandoned mines which are of use in monitoring underground movements in water and gasses. These are held at nil value.

1.5 Depreciation

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold land	not depreciated
Long leasehold land	not depreciated
Freehold buildings	50 years
Furniture and fittings	10 years
IT	3 to 25 years
Plant and machinery	3 to 10 years
Subsidence pumping stations:	
Pumps	25 years
Electrical switch gear	15 years
Building structures	50 years
Weedscreen cleaner	20 years
Mine water schemes:	
Detail design and supervision	25 years
Civils	50 years
Pumps and chemical dosing	10 years
Control systems	15 years
Power supply	50 years

Assets under construction are not depreciated until they are brought into use.

1.6 Assets and liabilities inherited from British Coal

Various assets and liabilities were transferred from British Coal under a number of restructuring schemes made by the then Secretary of State for Trade and Industry pursuant to Section 12 of the Coal Industry Act 1994. The assets and liabilities included in these restructuring schemes were originally transferred into the Authority's accounts at their net book values, as previously stated in the financial statements of British Coal, under the accounting policies adopted by the Authority.

1.7 Investment properties

The Authority holds a number of properties and is undertaking a rolling disposal programme, the timing of which is dependent on property market conditions. These have been classified as investment properties and are not depreciated in accordance with IAS40, but may be impaired or revalued to provide a carrying value at their estimated fair value. Full valuations are undertaken every three years with desk top review carried out in the intervening periods. As these properties do not represent a substantial proportion of the Authority's total assets, valuations are undertaken by in-house chartered surveyors rather than by external valuers. Gains and losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Net Expenditure.

1.8 Intangible assets

Expenditure on intangible assets consists of bespoke software and other software licences and is capitalised where the cost is £2,000 or more. Intangible assets are reviewed annually for impairment and are carried at modified historic cost as a proxy for fair value.

Low value software licences are amortised on a straight line basis over the shorter of useful economic life (five years) or the term of the licence. Higher value bespoke software is amortised on a straight line basis over five years.

The mining records database was revalued upon transfer from British Coal Corporation and is held at a nil value, being fully depreciated replacement cost.

1.9 Gross income

Gross income represents the amount, exclusive of VAT, arising from rents, royalties, invoiced sales of goods and services. Income from goods and services is credited to the Statement of Comprehensive Net Expenditure in the year in which they are provided by the Authority.

Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the Government when received. The element retained is credited to the Statement of Comprehensive Net Expenditure in the year to which it relates.

1.10 Operating leases

Rentals are charged to the Statement of Comprehensive Net Expenditure in equal annual amounts over the lease term.

1.11 Staff costs

Under IAS19, Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of the untaken leave has been determined using data from electronic leave records.

1.12 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. The Authority recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and is not the responsibility of the Authority. The costs of all employer pension contributions are charged to the Statement of Comprehensive Net Expenditure when incurred.

1.13 VAT

The Authority is involved in a number of statutory obligations and these are outside the scope of output VAT. The Authority also makes exempt supplies relating to property lettings. Output VAT is charged on all other fee paying services. Where output VAT is charged, income is stated net of VAT.

No input VAT is recoverable where this can be directly attributable to a statutory function. A partial exemption calculation is performed on the recovery of input VAT for overhead departmental costs which carry out duties for both statutory and exempt functions. Irrecoverable input VAT is charged to the relevant expenditure category.

1.14 Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Statement of Comprehensive Net Expenditure, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.15 Financial instruments

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (Notes 14 and 16).

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due.

1.16 Security fund creditors

Payables include security fund creditors. Licensees of mining operations are required to provide security to the Authority to cover the potential future costs of settling subsidence damage liabilities within their areas of responsibility. One mechanism for providing security is by means of cash deposit. If the licensees fulfil their obligations, the deposits are returned, together with interest accrued under the terms of the lease/licence.

Deposits received are credited to a security fund creditor in order to recognise the Authority's liability to the licensees. Repayments of deposits or the costs of making mining properties secure on default of the licensee are provided from the grant in aid received. Interest payable on deposits is charged to the income and expenditure account as it accrues. The security fund creditor is reduced by security costs incurred each year or when repayments are made to the licensee.

Other forms of security include guarantee bonds in favour of the Authority and escrow accounts. These arrangements do not give rise to any entries in the Authority's financial statements.

1.17 Provisions for liabilities and charges

The Authority is responsible for dealing with liabilities relating to its ownership of abandoned coal mines. This includes preventing and remediating mine water pollution, settling subsidence claims, making safe surface hazards, managing tips, rehabilitating opencast sites and dealing with closed colliery sites and spoil heaps.

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

Provisions are made for the external costs of managing the Authority's obligations. Internal costs are not provided for.

Where the time value of money is material, the Authority discounts the provision to its present value using a discount rate of 2.2%, as specified by HM Treasury. Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to unwind one year's discount so that liabilities are shown at current price levels.

Provisions are utilised as cash expenditure is incurred against the Statement of Comprehensive Net Expenditure.

Where cash expenditure is capitalised under the Fixed Asset policy, a matching provision is maintained so as to offset the carrying value of the asset. As the provision is utilised the effect on the Statement of Comprehensive Net Expenditure is matched by depreciating the related asset. MHCA adjustments are not matched with a provision.

Specific provision periods have been established as follows:

Mine Water Schemes	100 years
Subsidence Pumping Stations	100 years
Subsidence Damage Liabilities	50 years
Surface Hazard Treatment	50 years
Tip Maintenance	50 years

Obligations under Other Liabilities are provided for on a specific basis where timeframes are certain and known.

Where provisions remain calculated over a period of 50 or 100 years, as the Authority moves into the next financial year it is necessary to add another year onto the provisions to maintain that timeframe.

Provisions are reviewed annually at the year end to ensure all obligations and work programmes have been provided. Previously the provision would remain unchanged for a period of five years unless the annual review indicated the need for further adjustment due to a significant change in the liability of the Authority arising from new activities or a cessation of activities. Estimates relating to activities and costs already accounted for within the provision have been adjusted for the first time in five years based on a review of trends. Provisions will be reviewed and adjusted on an annual basis hereafter.

1.18 Accounting estimates

Other than the review and calculation of the Provisions for Liabilities and Charges, no material accounting estimates or judgements were made by the Authority in preparing these accounts.

1.19 New standards, amendments and interpretations not yet effective

(a) The following Standards have been adopted early by the Authority:

IAS1 "Presentation of Financial Statements" – Amendment. The amendment requires the presentation of a single Statement of Comprehensive Income that recognises all items of income and expenditure for the period. FReM Chapter 5 "Form and Content of the Annual Report and Accounts" has interpreted this as the Statement of Comprehensive Net Expenditure, therefore in addition to net (income)/expenditure the statement also incorporates net gains/(losses) on revaluation of non-current assets taken to reserves. The amendment is effective for periods commencing on or after 1 January 2011.

(b) The following standards were in issue but not yet effective and have not been adopted in these financial statements:

IFRS7 "Financial Instruments: Disclosures" – Amendments. The two amendments aim to; provide clarification of disclosures and; enhance disclosures about transfers of financial assets. The effective dates are for periods commencing on or after 1 January 2011 and

1 July 2011 respectively The Authority does not hold any complex financial instruments (refer to Note 1.15), therefore the Directors do not believe there will be any significant impact on the Authority.

IFRS9 "Financial Instruments" will eventually replace IAS39 "Financial Instruments: Recognition and Measurement" in its entirety. IFRS9 introduces new requirements for classifying and measuring financial assets that must be applied. The effective date is for periods commencing on or after 1 January 2013. The Authority does not hold any complex financial instruments, therefore the Directors do not believe there will be any significant impact.

IFRS13 "Fair Value Measurement" defines fair value, provides a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. The effective date is for periods commencing on or after 1 January 2013. The Directors do not believe there will be any significant impact on the Authority.

IAS12 "Income Taxes" – Limited Scope Amendment. The standard requires measurement of deferred tax relating to an asset dependant upon recovery of the carrying amount of the asset through use or sale. The amendment relating to Deferred Tax: Recovery of Underlying Assets provides the presumption that the recovery of the carrying amount will normally be through sale. The amendment is effective for periods commencing on or after 1 January 2012. The Directors do not believe there will be any significant impact on the Authority.

IAS24 "Related Party Disclosures" – Revision. This revision simplifies and clarifies the definition of a related party, and provides Government-related entities with partial exemption. The revision is effective for periods commencing on or after 1 January 2011. The Directors do not believe this revision will have a significant impact on the Authority.

The Directors are aware of other new standards and will not be adopting these as they will not have an expected material impact on the financial statements of the Authority.

2. Analysis of Net Expenditure by Activity

The following analysis by class of activity of gross expenditure, income, net expenditure and total assets are stated below in order to meet the requirements of HM Treasury's Fees and Charges Guide as well as IFRS8.

2010-11	**Information**	**Public Safety**	**Environment**	**Property**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Expenditure incurred during the year	7,203	12,623	12,751	3,360	35,937
Less provision utilised	–	(7,760)	(8,270)	(276)	(16,306)
Adjustment to provisions	–	34,810	9,576	(3,387)	40,999
Gross Expenditure	7,203	39,673	14,057	(303)	60,630
Income	(8,245)	(7)	(3)	(3,137)	(11,392)
Net (Income) / Expenditure	**(1,042)**	**39,666**	**14,054**	**(3,440)**	**49,238**
Total Assets	**10,892**	**1,453**	**69,822**	**5,329**	**87,496**

2009-10	**Information**	**Public Safety**	**Environment**	**Property**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Expenditure incurred during the year	6,517	13,058	14,922	5,284	39,781
Less provision utilised	–	(11,090)	(10,235)	(485)	(21,810)
Adjustment to provisions	–	5,631	(3,610)	495	2,516
Gross Expenditure	6,517	7,599	1,077	5,294	20,487
Income	(7,882)	(22)	(395)	(2,297)	(10,596)
Net (Income) / Expenditure	**(1,365)**	**7,577**	**682**	**2,997**	**9,891**
Total Assets	**6,733**	**1,150**	**64,957**	**3,737**	**76,577**

Information covers the maintenance of mining records and the provision of mining reports. During 2010-11 better than expected mining report volumes led to an over-recovery of £1.0 million (2009-10: over-recovery of £1.4 million).

The most significant customer within Information is NLIS generating income of £1.1 million for 2010-11 (2009-10: £1.3 million) which accounts for 10.4% of income from activities and 9.4% of total income (2009-10: 13.1% of income from activities and 12.4% total income).

Public Safety covers subsidence, surface hazards and tip management operations.

Environment covers projects for mine water operations and subsidence pumping schemes.

Property covers management of estates, closure costs, licensing, permissions and mining assets operations. Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the Department of Energy and Climate Change when received.

The Property Assets of £5.3 million (2009-10: £3.7 million) include £147,000 (2009-10: £286,000) of investment properties that have been identified as being held for sale.

The Authority complies with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

The classes of activity as analysed above are consistent with the Authority's organisational structure and the management information used by the Authority's management team for the period reported.

3. Staff Numbers and Related Costs

Staff costs comprise:

	2010–11			2009–10		
	Agency £000	**Direct £000**	**Total £000**	**Agency £000**	**Direct £000**	**Total £000**
Wages and salaries		5,873	5,873	–	5,810	5,810
Re-organisation costs		1,852	1,852	–	–	–
Social security costs		476	476	–	477	477
Other pension costs		1,065	1,065	–	1,051	1,051
Agency staff costs	289		289	360	–	360
	289	**9,266**	**9,555**	**360**	**7,338**	**7,698**

£122,000 of staff cost incurred in 2010-11 was charged to capital projects (2009-10: £77,000).

Re-organisation costs of £1,852,000 relating to Compensation Scheme – Exit Packages have been accrued for 2010-11 (2009-10: nil).

The average number of whole time equivalent persons employed during the year was as follows:

	2010–11			2009–10		
	Agency No.	Direct No.	Total No.	Agency No.	Direct No.	Total No.
Licensing		6	6	2	5	7
Mining records	4	31	35	3	35	38
Subsidence and historic liabilities	2	80	82	4	79	83
Administration and support services	2	50	52	4	48	52
	8	**167**	**175**	**13**	**167**	**180**

3.0 whole time equivalent persons were charged to capital projects during 2010-11 (2009-10: 2.5).

Pensions

All employees of the Authority are members of one of the Principal Civil Service Pension Schemes (PCSPS) for the year ended 31 March 2011. The PCSPS are unfunded multi-employer defined benefit schemes and the Authority is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010-11, employers' contributions of £1,065,000 were payable to the PCSPS (2009-10: £1,051,000) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2011-12, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account). No Coal Authority employees have opted for a partnership pension account.

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of

1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is normally 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

Compensation Schemes – Exit Packages

Redundancy and other departure costs have been accrued in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs have been accounted for in full following a period of consultation and where there is certainty over the amounts to be paid and agreed exit dates. Where the Authority has agreed early retirements, the additional costs are met by the Authority and not by the Civil Service pension scheme.

Exit package cost band	**Total number of exit packages by cost band**
<£10,000	2
£10,000 – £25,000	6
£25,000 – £50,000	15
£50,000 – £100,000	6
£100,000 – £150,000	2
£150,000 – £200,000	2
£200,000 – £250,000	1
Total number of exit packages by type	**34**

Included within the total number of exit packages is one compulsory redundancy.

The total resource cost accrued for exit packages for 2010-11 is £1,852,000, which includes an additional sum of £10,000 which has been subject to separate approval by HM Treasury.

There were no compensation scheme exit packages paid or accrued for the year ended 31 March 2010.

4. Other Expenditure

	Note	2010–11		2009–10	
		£000	£000	£000	£000
Rentals under operating lease					
Equipment		146		412	
Land and buildings		153		204	
			299		616
Running costs					
Supplies and services		5,081		5,355	
Property costs		666		748	
Administrative costs		547		708	
Travel and subsistence		221		210	
Audit remuneration		45		57	
			6,560		7,078
Other expenditure per the Statement of Comprehensive Net Expenditure			**6,859**		**7,694**
Interest payable on security funds	16		**10**		**14**
Income surrendered	7		**809**		**567**
Non-cash items:					
Unwinding of discount on provisions	17		**17,753**		**17,874**
Provision movements:					
– Additional year (50th/100th)	17	4,251		3,694	
– Release to offset depreciation	17	(2,208)		(1,792)	
– Utilised against capital spend	17	(5,710)		(5,836)	
– Created/(Released)	17	46,666		6,450	
– Reimbursement of costs	14	(2,000)		–	
Adjustment to provisions			**40,999**		**2,516**
Revaluation of investment properties	10		**(127)**		**(66)**
Depreciation of property, plant and equipment	9	2,729		3,029	
Amortisation of intangible assets	11	323		111	
Devaluation/(Revaluation) of property, plant and equipment	12	414		(418)	
Depreciation, amortisation and devaluation/(revaluation) of assets			**3,466**		**2,722**
			62,091		**23,046**
Total Non Staff Expenditure			**69,769**		**31,321**

5. Income

	Note	2010–11 £000	2009–10 £000
Income from Activities			
Sale of mining reports		8,230	7,882
Licensing		675	659
Permissions indemnities		254	265
Coal mining royalties		809	567
Environmental technical services			395
Other services		315	297
Income from Activities		**10,283**	**10,065**
Other Income			
Profit on disposal of property, plant and equipment	6	1,109	531
Income		**11,392**	**10,596**
Interest receivable		7	98
Total Income		**11,399**	**10,694**

6. Other Income – Profit on Disposal of Fixed Assets

	2010–11 £000	2009–10 £000
Sale of investment properties	57	18
Clawback relating to previous disposals	1,143	517
Sale of other assets		3
Total income	1,200	538
Book values	(91)	(7)
Profit on disposal	**1,109**	**531**

Clawback income relates to the Authority's share of added value secured by purchasers of properties sold by British Coal Corporation or the Authority where the sale agreements included restrictive covenants or clawback provisions.

7. Income Surrendered

	2010–11 £000	2009–10 £000
Total cash appropriated in year	727	569
Amounts received this year by the Authority that were accrued in the previous year	(149)	(151)
Amounts accrued this year	231	149
Income surrendered to Government	**809**	**567**

Income surrendered to Government represents the total income earned on mining assets, less an agreed amount retained to finance the work undertaken in relation to leasing.

8. Taxation

	2010–11 £000	2009–10 £000
Current tax	–	–
Deferred tax	–	–

Corporation tax is calculated at 28% (2009-10: 28%) of the estimated assessable profit for the year.

The charge can be reconciled to the Statement of Comprehensive Net Expenditure as follows:

	2010–11 £000	2009–10 £000
Net (expenditure)/income after interest	(66,994)	(27,681)
Tax at the UK corporation tax rate of 28%	(18,758)	(7,751)
Tax effect of expenses that are not deductible in determining taxable profit	420	89
Tax effect of temporary differences on property plant and equipment	260	611
Tax effect of utilisation of losses not previously recognised	(450)	(243)
Tax effect of short term temporary differences not recognised	12,023	(398)
Tax effect of losses created in period not recognised	–	–
Tax effect of grant in aid finance for revenue purposes	6,505	7,692
Tax expense for the year	**–**	**–**

The following are the major deferred tax liabilities and assets:

	Recognised at 31 March		Unrecognised at 31 March	
	2011	**2010**	**2011**	**2010**
	£000	**£000**	**£'000**	**£000**
Tax losses	(232)	(209)	(5,970)	(7,350)
Temporary differences regarding tax relief for provisions		–	(237,900)	(243,755)
Property, plant and equipment	37	209		–
Revaluation of assets	195	–		(104)
Total		**–**	**(243,870)**	**(251,209)**

No deferred tax asset has been recognised on carried forward tax losses of £23,852,000 due to the unpredictability of future profit streams against which the unused losses can be offset. The losses may be carried forward indefinitely.

Deferred tax has also not been recognised in respect of temporary differences arising on taxed reserves. Reserves totalling £915,000,000 at 31 March 2011 will be deductible when the expenditure is charged against the provision in later periods.

On 23 March 2011 the Government announced that the main rate of Corporation Tax would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. The rate reduction to 26% has been substantively enacted at the Statement of Financial Position date and therefore has been reflected in the tax accounting workings. The subsequent rate reductions have not been substantively enacted at the Statement of Financial Position date and have therefore not been reflected in the workings.

9. Property, Plant and Equipment

	Land	Buildings	Information Technology	Plant and Machinery	Furniture and Fittings	Mine Water Schemes	Subsidence Pumping Stations	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2010	3,289	4,070	5,272	354	583	55,533	6,603	5,599	81,303
Additions	18	–	737	73	–	2,063	311	3,347	6,549
Reclassifications	–	–	–	–	–	1,784	–	(1,784)	–
Disposals	(60)	–	(39)	–	–	(18)	–	–	(117)
Revaluations	–	–	(458)	(24)	6	761	96	–	381
At 31 March 2011	**3,247**	**4,070**	**5,512**	**403**	**589**	**60,123**	**7,010**	**7,162**	**88,116**
Depreciation									
At 1 April 2010	–	617	3,272	230	395	8,475	505	–	13,494
Charged in year	–	81	329	31	58	1,987	243	–	2,729
Disposals	–	–	(29)	–	–	(15)	–	–	(44)
Revaluations	–	–	(8)	(1)	4	129	7	–	131
At 31 March 2011	**–**	**698**	**3,564**	**260**	**457**	**10,576**	**755**	**–**	**16,310**
Net Book Value at 31 March 2011	**3,247**	**3,372**	**1,948**	**143**	**132**	**49,547**	**6,255**	**7,162**	**71,806**
Net Book Value at 31 March 2010	3,289	3,453	2,000	124	188	47,058	6,098	5,599	67,809

The Authority owns all of its assets and has no finance leases or PFI contracts.

A valuation was undertaken of the Head Office land and buildings by external Chartered Surveyors (Lambert Smith Hampton, a multi disciplinary chartered surveying practice), based on existing use value on 31 March 2011 in accordance with RICS guidelines. The valuation did not differ materially from the carrying value of the asset and therefore no adjustment has been made. The next valuation of the Head Office land and buildings will be undertaken as at 31 March 2013.

Plant and equipment has been revalued using MHCA as outlined within the accounting policies (Note 1.4).

Assets under construction consist of cost incurred on the development and construction of 16 mine water treatment schemes.

	Land	Buildings	Information Technology	Plant and Machinery	Furniture and Fittings	Mine Water Schemes	Subsidence Pumping Stations	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2009	2,321	4,070	4,202	278	584	44,948	4,835	14,431	75,669
Additions	237	–	444	45	–	1,278	424	4,031	6,459
Reclassifications	731	–	(20)	20	–	10,677	1,455	(12,863)	–
Disposals	–	–	(65)	(27)	–	–	–	–	(92)
Revaluations	–	–	711	38	(1)	(1,370)	(111)	–	(733)
At 31 March 2010	**3,289**	**4,070**	**5,272**	**354**	**583**	**55,533**	**6,603**	**5,599**	**81,303**
Depreciation									
At 1 April 2009	–	535	2,387	197	339	6,754	339	–	10,551
Charged in year	–	82	922	58	57	1,744	166	–	3,029
Disposals	–	–	(63)	(27)	–	–	–	–	(90)
Revaluations	–	–	26	2	(1)	(23)	–	–	4
At 31 March 2010	**–**	**617**	**3,272**	**230**	**395**	**8,475**	**505**	**–**	**13,494**
Net Book Value at									
31 March 2010	**3,289**	**3,453**	**2,000**	**124**	**188**	**47,058**	**6,098**	**5,599**	**67,809**
Net Book Value at									
31 March 2009	2,321	3,535	1,815	81	245	38,194	4,496	14,431	65,118

10. Investment Properties

	Land £000	Buildings £000	Total £000
Fair Value			
At 1 April 2010	1,189	134	1,323
Disposals	(77)	–	(77)
Revaluations	127	–	127
At 31 March 2011	**1,239**	**134**	**1,373**
Net Book Value at 31 March 2010	1,189	134	1,323

The Authority owns all of its investment properties.

A review as at March 2011 has been undertaken by Dominic Smith MRICS, Coal Authority Property Manager. Valuations have been amended using appropriate property indices to reflect the movement in the property market over the previous year.

As at March 2011 certain properties valued at £147,000 had been identified as being held for sale.

There are no material operating costs in respect of investment properties.

	Land £000	Buildings £000	Total £000
Fair Value			
At 1 April 2009	1,268	128	1,396
Disposals	(5)	–	(5)
Transfers	(134)	–	(134)
Revaluations	60	6	66
At 31 March 2010	**1,189**	**134**	**1,323**
Net Book Value at 31 March 2009	1,268	128	1,396

The transfer of investment properties in the previous year related to the transfer of land to Property, Plant and Equipment that is now planned to be used for the development of a mine water treatment scheme.

11. Intangible Assets

	Information Technology	Software Licences	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2010	14,937	1,226	16,163
Additions	3,207	72	3,279
Revaluation	(64)	(79)	(143)
At 31 March 2011	**18,080**	**1,219**	**19,299**
Amortisation			
At 1 April 2010	13,013	28	13,041
Charged in year	92	231	323
Revaluation	(2)	(1)	(3)
At 31 March 2011	**13,103**	**258**	**13,361**
Net Book Value at 31 March 2011	**4,977**	**961**	**5,938**
Net Book Value at 31 March 2010	1,924	1,198	3,122

The Authority owns all of its intangible assets. Information Technology comprises software developed in-house or by third parties.

Information Technology contains £4.7 million relating to an information system currently in development.

	Information Technology	Software Licences	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2009	13,411	45	13,456
Additions	1,502	1,170	2,672
Revaluation	24	11	35
At 31 March 2010	**14,937**	**1,226**	**16,163**
Amortisation			
At 1 April 2009	12,923	5	12,928
Charged in year	89	22	111
Revaluation	1	1	2
At 31 March 2010	**13,013**	**28**	**13,041**
Net Book Value at 31 March 2010	**1,924**	**1,198**	**3,122**
Net Book Value at 31 March 2009	488	40	528

12. Revaluations

	2011 £000	2010 £000
Charges to the Statement of Comprehensive Net Expenditure Account		
PPE – Information Technology	408	–
PPE – Mine Water	(82)	155
PPE – Plant and Machinery	19	(633)
PPE – Subsidence Pumping Stations	(62)	73
Intangibles – Information Technology	58	(13)
Intangibles – Software Licences	73	–
	414	(418)
Charges to the Revaluation Reserves		
PPE – Information Furniture & Fittings	(2)	–
PPE – Information Technology	42	(685)
PPE – Mine Water	(550)	1,274
PPE – Plant and Machinery	4	597
PPE – Subsidence Pumping Stations	(27)	(44)
Intangibles – Information Technology	4	(10)
Intangibles – Software Licences	5	(10)
	(524)	1,122
Total	**(110)**	**704**

In line with the accountancy policies outlined in Note 1, certain non-current assets have been revalued using appropriate indices.

In some instances assets are being carried below their historical cost carrying amounts, this has resulted in a charge to the Statement of Comprehensive Net Expenditure where there is no reserve against the assets to charge a devaluation. Negative numbers charged to the Statement of Comprehensive Net Expenditure represent a reversal of a previous devaluation.

13. Financial Instruments

As the cash requirements of the Authority are met through grant in aid provided by DECC, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

14. Trade Receivables and Other Current Assets

Amounts falling due within one year:

	2011 £000	2010 £000
Trade receivables	494	399
Other receivables	713	1,003
Prepayments and accrued income	1,749	1,695
Reimbursement of costs	817	–
Total debtors at 31 March	**3,773**	**3,097**

Legal fees of £565,000 and operating lease charges, under indemnity, of £252,000 are due to be reimbursed. A further amount of £1,183,000 falling due after more than one year totals £2,000,000 as disclosed through other expenditure in the Statement of Comprehensive Net Expenditure and in Note 4.

Intra-government balances are analysed below:

	2011 £000	2010 £000
Balances with other central Government bodies	713	1,001
Balances with Local Authorities	398	587
Subtotal: Intra Government balances	1,111	1,588
Balances with bodies external to Government	2,662	1,509
Total debtors at 31 March	3,773	3,097

Amounts falling due after more than one year:

Other Receivables of £1,183,000 (2010: nil) represents reimbursement of costs under indemnity for operating leases charges.

Analysis of ageing of amounts falling due after more than one year:

	2011 £000	2010 £000
Reimbursement of costs:		
In more than one year, but not more than two years	247	–
In more than two years, but not more than five years	936	–
	1,183	–

15. Cash and Cash Equivalents

	2011 £000	2010 £000
Balance at 1 April	1,226	1,000
Net change in cash and cash equivalent balances	2,197	226
Balance at 31 March	**3,423**	**1,226**
The following balances were held at:		
Government Banking Services	3,423	1,175
Other commercial banks and cash in hand	–	51
Balance at 31 March	3,423	1,226

16. Trade Payables and Other Liabilities

Amounts falling due within one year:

	2011 £000	2010 £000
Taxation and social security	259	251
Amounts payable to Government	232	149
Trade payables	88	536
Security fund payables	113	838
Accruals and deferred income	6,710	5,938
Total creditors at 31 March	**7,402**	**7,712**

The amount payable to Government represents the amount which will be due to the Government, when all of the income generated in the year as a result of mining activity is collected.

Security funds are used by the Authority to ensure debts and future liabilities are settled where a licensee fails to meet their obligations under a lease or licence. The Authority does not ring fence these funds. Receipt of security funds cash is an operating cash inflow and a payment of security funds cash is financed by grant in aid.

Compensation scheme exit packages of £1,400,000 have been accrued at the year end. A further amount of £452,000 falling due after more than one year totals £1,852,000 as disclosed through staff costs in the Statement of Comprehensive Net Expenditure and in Note 3.

Intra-Government balances are analysed below:

	2011 £000	2010 £000
Balances with other central Government bodies	232	150
Balances with Local Authorities	112	112
Balances with Public Corporations and trading funds	17	140
Subtotal: Intra Government balances	361	402
Balances with bodies external to Government	7,041	7,310
Total creditors at 31 March	7,402	7,712

Amounts falling due after more than one year:

Other payables of £1,949,000 (2010: £1,339,000) represent the liability of the Authority to return the cash security funds plus interest to the licensees and £452,000 (2010: nil) represents the compensation scheme exit packages that have been accrued at the year end.

Analysis of ageing of amounts falling due after more than one year:

	2011 £000	2010 £000
Compensation Scheme Exit Packages:		
In more than one year, but not more than two years	452	–
	452	–
Security funds payable:		
In more than one year, but not more than two years	255	207
In more than two years, but not more than five years	125	111
In more than five years	1,569	1,021
	1,949	1,339
	2,401	1,339

Analysis of movements on cash security funds:

	2011 £000	2010 £000
Opening balance – falling due within one year	838	604
Opening balance – falling due after more than one year	1,339	1,589
Opening balance	2,177	2,193
Invoiced during the year	95	485
Interest during the year	10	14
Repayments to licensees during the year	(220)	(515)
	2,062	2,177
Closing balance – falling due within one year	113	838
Closing balance – falling due after more than one year	1,949	1,339
Closing Balance	2,062	2,177

17. Provisions for Liabilities and Charges

	At 31 March 2010 £000	Additional Year (100th, 50th) £000	Utilised against Operating Spend £000	Released to offset Depreciation £000	Utilised against Capital Spend £000	Created / (Released) £000	Unwinding £000	At 31 March 2011 £000
Mine Water	609,730	1,220	(7,610)	(1,973)	(5,398)	(48,237)	12,268	560,000
Public Safety and Subsidence	201,095	2,526	(7,054)	–	–	28,009	4,424	229,000
Subsidence Pumping Stations	26,254	237	(660)	(235)	(312)	64,274	442	90,000
Tip Management	15,071	226	(504)	–	–	4,875	332	20,000
Sub Total	852,150	4,209	(15,828)	(2,208)	(5,710)	48,921	17,466	899,000
Other	18,404	42	(478)	–	–	(2,255)	287	16,000
Total	**870,554**	**4,251**	**(16,306)**	**(2,208)**	**(5,710)**	**46,666**	**17,753**	**915,000**

The provision for liabilities and charges at 31 March 2011 is £915.0 million (2010: £871.0 million). Forecast cash flows included within this provision before discounting amount to £1,805.0 million (2010: £1,664.0 million).

The provision opening balances relating to Mine Water, Public Safety and Subsidence, Subsidence Pumping Stations and Tip Management were based on the assumptions made on inception of the provision policy within the 2006-07 annual statements (including restated 2005-06 balances).

Movements in provisions are provided for in-line with accounting policies stated in Note 1.17.

The assumptions and key sensitivities in establishing the provisions at 31 March 2011 are explained below.

Mine Water

The provision relating to Mine Water treatment schemes is £560.0 million (2010: £609.7 million).

In order to comply with the EU Water Framework Directive (EUWFD), a strategy has been developed to design and build 62 schemes by 2027 to remediate existing pollution identified by the Environment Agency and SEPA. A further 13 preventative schemes are programmed to be built to avoid new pollution based on scientific projections of water quality and levels. The provision against Mine Water treatment includes costs of £106.3 million, before discounting, against the commissioning of these schemes.

The EUWFD includes the principle of disproportionate cost, and for the first time the 2010-11 provision incorporates the principle that has been applied in assessing the viability of remedial schemes. Such schemes will be deferred whilst new technologies are sought to build schemes for a cost in line with the benefits generated. Should such technology not become available these schemes may not be built. The Authority continues to work with the EA and SEPA to further understand the cost benefit ratio of the remedial schemes within the existing programme.

Operating costs net of efficiency measures have been modelled to reflect the new, varying types of scheme coming on line taking into account the impact of disproportionate costs on operating new schemes. Operating cost efficiency measures are being put in place to deliver £1.0 million of sustainable savings by 2015. Before discounting, total cashflows decrease by £23.5 million to £1,056.3 million (2010: £1,079.8 million).

The provision for Mine Water treatment is calculated over 100 years as scientists have concluded that the conditions for causing pollution will continue and there is no foreseeable option to dispense with treatment schemes. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 100 years include: new technologies; environmental regulations; price inflation of construction and other costs; positioning of schemes and related land costs and the number of future preventative schemes required.

Public Safety and Subsidence

The provision relating to Public Safety and Subsidence activity is £229.0 million (2010: £201.1 million).

Subsidence provisions relate to the estimated cost of settlement of subsidence claims. The Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and settle claims in respect of coal mining subsidence damage arising outside designated Areas of Responsibility associated with licences granted to coal mining operators.

Surface Hazards provisions relate to the costs of treating ground collapses, shaft collapses and other hazards relating to former coal mining activities. The Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and treat hazards arising from coal and to have regard for public safety.

The estimate of costs included within the provision for investigating and treating claims, before discounting, is £7.5 million per annum and has been based on the historical normalised claims experience with the long term trend indicating that costs have stabilised. The on-going operational costs incorporate £0.8 million per annum of anticipated savings as the Authority continues to seek efficiencies and refines its risk based approach to treating surface hazards. In addition to this £2.4 million over the next four years (to 2015) has been added to the provision relating to the on-going mineshaft inspection programme and associated works which began during 2007-08.

The provision for Public Safety and Subsidence is calculated over 50 years as the Authority expects to settle subsidence claims and surface hazards for a considerable period of time as the conditions for subsidence and surface hazards will always be in existence. Inherent uncertainties for Public Safety & Subsidence are significantly higher than for Mine Water and Subsidence Pumping Stations, therefore beyond 50 years the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 50 years include: new technologies or methods of treatment which may be introduced; price inflation of contractor and material costs; new planning regulations to stabilise land prior to development; regeneration projects or land stabilisation programmes. In addition to new damage, as time passes, shallow workings and shafts which have been treated in the past may need further remediation and monitoring. It is difficult to predict where surface hazards will next occur and the profile and approach towards managing public safety impacts the quantum of issues.

Provisions continue to be monitored for upward pressure on public safety and subsidence contractor costs, particularly driven by any high value subsidence claims, although current levels appear to have stabilised.

Subsidence Pumping Stations

The provision relating to Subsidence Pumping Stations is £90.0 million (2010: £26.3 million).

Subsidence pumping station provisions relate to the costs of 66 pumping stations which control water on land affected by subsidence. This includes obligations under the Doncaster Drainage Act 1929.

Estimates include the costs of a refurbishment programme which will be completed by 2018 (£8.5 million before discounting), but now also reflect the on-going requirement to continue this programme post 2018 and into the foreseeable future. This programme extension has been incorporated at £1.4 million per annum, before discounting. In addition estimates include the cost of maintaining and operating these stations for the next 100 years (£0.7 million per annum before discounting).

The provision for Subsidence Pumping Stations is calculated over 100 years as scientific evidence indicates that due to the effects of subsidence certain pumping stations will be required for a considerable period of time. Beyond 100 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 100 years include: the life of the stations and plant and machinery and the level of renewals required.

Tip Management

The provision relating to Tip Management is £20.0 million (2010: £15.1 million).

Tip Management is required as the Authority has obligations under the 1994 Act, the Mines and Quarries (Tips) Act 1969 and The Mines and Quarries (Tips) Regulations 1971 to have regard to public safety. Tips may become insecure when water or ground conditions make them unstable. The Authority has responsibility for 41 tips and keeps them secure, monitors water drainage, constructs tunnels and ponds to capture the water run off and undertakes a regular programme of maintenance.

The cost of Tip Management provided is £0.7 million per annum over the next 50 years, before discounting.

Beyond 50 years the inherent uncertainties to the future costs and timing of cashflows prevent provisions being made.

Significant uncertainties beyond 50 years include: the future costs of major repair projects following adverse weather conditions.

Other Provisions

The provision relating to other items is £16.0 million (2010: £18.4 million).

The Authority provides for costs to meet its statutory obligations when it is made aware of a site requiring rehabilitation, restoration or expenditure on safety and security, it has assessed the action required and can reliably determine their costs.

These include the following items:

The Authority has obligations under the Bridgewater Canal Act 1907 to maintain elements of the canal which have been affected by coal mining subsidence. A 50 year programme of works has been prepared and costs estimated at £6.0 million remain at 31 March 2011, after discounting (2010: £6.4 million).

A provision relating to opencast site rehabilitation is held arising from obligations under planning consents. The provisions also include compensation payments due under agreements to occupy third party land during the working and rehabilitation period. This provision is held at £1.5 million (2010: £2.9 million).

Closed colliery site obligations are assessed to be £5.7 million, after discounting (2010: £5.9 million) and relate to returning colliery site areas to a condition that is safe and secure and consistent with any required planning permission or lease requirement.

Spoil heaps require expenditure to bring them to a condition consistent with planning conditions and restoration schemes approved by Mineral Planning Authorities. The liability arising from this is estimated at £1.4 million (2010: £1.4 million).

Provisions relating to other property liabilities are held at £1.5 million, after discounting (2010: £1.8 million). These relate to obligations associated with property interests transferred from British Coal under various Restructuring Schemes that do not result from past mining activity.

Sensitivity of Trends and Assumptions

The calculations as explained above necessarily include estimates and assumptions.

The level of provisions is reasonably sensitive to these assumptions. For example, should predicted costs for subsidence, surface hazards or tip management increase or decrease by £1 million per annum, the total provision over 50 years in current day prices would increase or decrease by £30.1 million. Similarly, should predicted costs for mine water or subsidence pumping stations increase or decrease by £1.0 million per annum, the total provision over 100 years in current day prices would increase or decrease by £40.3 million.

The level of provisions is sensitive to a change in the discount rate. An increase in the discount rate of 0.5% to 2.7% would decrease the total provision held by £102.0 million (13%). A decrease in the discount rate by 0.5% to 1.7% would increase the total provision by £130.0 million (14%).

Analysis of timing of discounted flows:

	Mine Water	**Public Safety and Subsidence**	**Subsidence Pumping Stations**	**Tip Management**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Up to 2011	16,229	7,935	1,329	656	1,072	27,221
Between 2012 and 2016	81,606	36,105	9,381	3,072	5,817	135,981
Between 2017 and 2021	71,916	30,845	11,530	2,755	1,608	118,654
Thereafter	390,249	154,115	67,760	13,517	7,503	633,144
Total	560,000	229,000	90,000	20,000	16,000	915,000
Amounts not expected to be called until the period beginning 2061	109,121	–	21,242	–	–	130,363
Amounts not expected to be called until the period beginning 2086	40,075	–	7,801	–	–	47,876

18. Capital Commitments

	2011 £000	2010 £000
Property, plant and equipment	1,780	2,666
Intangible assets	1,404	3,417
	3,184	**6,083**

There were capital commitments authorised, contracted, and provided for at 31 March 2011 of £3,184,000.

Property, plant and equipment capital commitment of £1,780,000 relates to the build of eight mine water treatment schemes.

Intangible assets capital commitment of £1,404,000 is in respect of the replacement of the Authority's Information System.

19. Commitments Under Leases

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

	2011 £000	2010 £000
Land		
Within one year	496	239
Between one to five years	1,690	908
After five years	7,597	6,860
	9,783	8,007
Buildings		
Within one year	50	51
Between one to five years	150	200
After five years	–	–
	200	251
Others		
Within one year	96	113
Between one to five years	30	20
After five years	–	–
	126	133
	10,109	**8,391**

The Authority has no obligations under finance leases.

20. Contingent Liabilities Disclosed

Licensees of mining operations are required to provide security to the Authority to cover the future costs of settling subsidence damage liabilities within their Areas of Responsibility. Outside the Areas of Responsibility of the holders of licences under Part II of the 1994 Act, the Authority is responsible for making good subsidence damage. Where an Area of Responsibility is extinguished the Authority would become responsible for the discharge of outstanding subsidence liabilities. The Authority also has an ongoing liability to secure and keep secured most abandoned coal mines. (In all cases the liability for operating collieries is the responsibility of the licensees/lessees and security is held to address those liabilities.)

Both of the above liabilities have been provided for within the Public Safety and Subsidence provision (Note 17) based on analysis of trends and claims experience. However it is possible that significant, unexpected events outside of this provision may materialise. It is expected that any deficit will be covered by future allocations of grant in aid.

Where liabilities transferred under the various Coal Authority Restructuring Schemes (CARS) have crystallised due to planning conditions, agreements, claims etc, provision has been made in these financial statements. It has not, however, been possible to quantify contingent liabilities that may arise out of indemnities or warranties that may materialise in the future. It is expected that any costs will be covered by future allocations of grant in aid.

The Authority is subject to various claims and legal actions in the ordinary course of its activities, for which provision is made in the accounts, where appropriate, on the basis of information available. The Authority does not expect that the outcome of the above issues will materially affect its financial position.

21. Contingent Assets

By virtue of the seventh and ninth Coal Authority Restructuring Schemes (CARS 7 and 9) the Authority is the beneficiary of restrictive covenants and clawback provisions relating to properties sold by British Coal Corporation. In the event that the purchasers of the properties secure added value by obtaining planning consent for alternative uses the Authority will receive a share of the added value. Quantification of this asset is not possible.

22. Revaluation Reserves

The revaluation reserves balances analysed by asset class.

	2011 £000	2010 £000
At 1 April		
Gifted Asset – Head Office Land	(75)	(75)
Gifted Asset – Head Office Buildings	(648)	(665)
PPE – Information Technology	(59)	–
PPE – Plant and Machinery	(8)	–
PPE – Furniture and Fittings	(24)	(32)
PPE – Mine Water	(805)	(1,975)
PPE – Subsidence Pumping Stations	–	(38)
Intangibles – Information Technology	(9)	–
Intangibles – Software Licences	(7)	–
	(1,635)	(2,785)
Revaluation – Net (gain)/loss on revaluation and additional depreciation on revalued assets		
Gifted Asset – Head Office Land	–	–
Gifted Asset – Head Office Buildings	–	–
PPE – Information Technology	42	(685)
PPE – Plant and Machinery	4	597
PPE – Furniture and Fittings	(2)	–
PPE – Mine Water	(550)	1,274
PPE – Subsidence Pumping Stations	(27)	(44)
Intangibles – Information Technology	4	(10)
Intangibles – Software Licences	5	(10)
	(524)	1,122
Revaluation – Realised element and additional depreciation of gifted assets		
Gifted Asset – Head Office Land	–	–
Gifted Asset – Head Office Buildings	17	17
PPE – Information Technology	6	626
PPE – Plant and Machinery	1	(605)
PPE – Furniture and Fittings	8	8
PPE – Mine Water	21	(104)
PPE – Subsidence Pumping Stations	3	82
Intangibles – Information Technology	2	1
Intangibles – Software Licences	–	3
	58	28

	2011 £000	2010 £000
At 31 March		
Gifted Asset – Head Office Land	(75)	(75)
Gifted Asset – Head Office Buildings	(631)	(648)
PPE – Information Technology	(11)	(59)
PPE – Plant and Machinery	(3)	(8)
PPE – Furniture and Fittings	(18)	(24)
PPE – Mine Water	(1,334)	(805)
PPE – Subsidence Pumping Stations	(24)	–
Intangibles – Information Technology	(3)	(9)
Intangibles – Software Licences	(2)	(7)
	(2,101)	**(1,635)**

23. Related Party Transactions

The Authority is a Non-Departmental Public Body of the Department of Energy and Climate Change (DECC) and during the year received grant in aid from and surrendered income in relation to mining assets.

In addition, the Coal Authority had a number of transactions with other government departments and other central government bodies including the purchase of goods and services from the Department for Communities and Local Government.

Dr B Jones, who was a Non-Executive Member during the period, is the Chief Operating Officer of Mines Rescue Service Ltd which has a contract with the Authority to provide surface hazard emergency call out cover, mineshaft inspections, training and rescue safety services (mandatory for certain incidents) and provide room hire. The value of transactions was £407,858 for the six months to 30 September 2010 and £711,662 for the full year to 31 March 2011 (2010: £896,217 for the full year). There was no year end creditor balance in respect of Mines Rescue Service Ltd (2010: £172).

Ms MP Henton, Non-Executive Member, is also a Non-Executive Member of the British Geological Survey which has a contract with the Authority providing non-coal related mineral information that is incorporated into the Ground Stability and Interpretative Reports produced by the Authority. The fees are based on report volumes, the value of which was £49,530 for the six months from 1 October 2010 and £99,568 for the full year (2010: £104,104 for the full year). There was no year end creditor balance in respect of the British Geological Survey (2010: nil).

Accounts Direction given by the Secretary of State for Energy and Climate Change in accordance with the Coal Industry Act 1994

1. This direction applies to The Coal Authority.
2. The Coal Authority shall prepare accounts for the financial year ended 31 March 2009 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the Department.
3. The accounts shall be prepared so as to:

   (a) give a true and fair view of the state of affairs at 31 March 2009 and subsequent financial year-ends, and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and

   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department of Energy and Climate Change (DECC) and HM Treasury.
5. This Direction supersedes the Direction dated 17 June 2008.

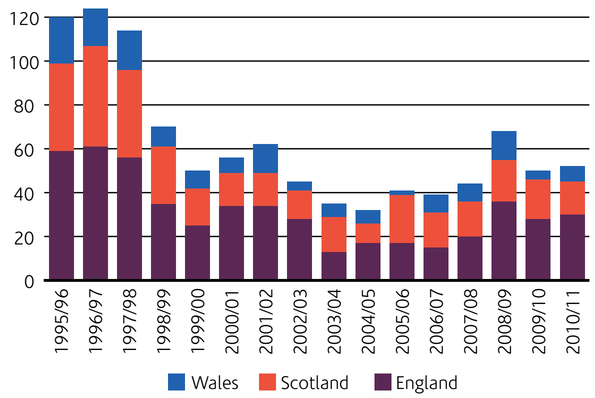
David Leitch
An official of the Department of Energy and Climate Change authorised to act on behalf of the Secretary of State, 3 June 2009

Appendix 1

Coal Industry Statistics

During the year 52 new applications were made to the Authority for licences and agreements, an increase of four from the figures reported in 2009-10. Figure 1 shows the applications received by the Authority since 1 April 1995 sub-divided by country. Applications in England increased by two and in Wales by three, however in Scotland there was one less application.

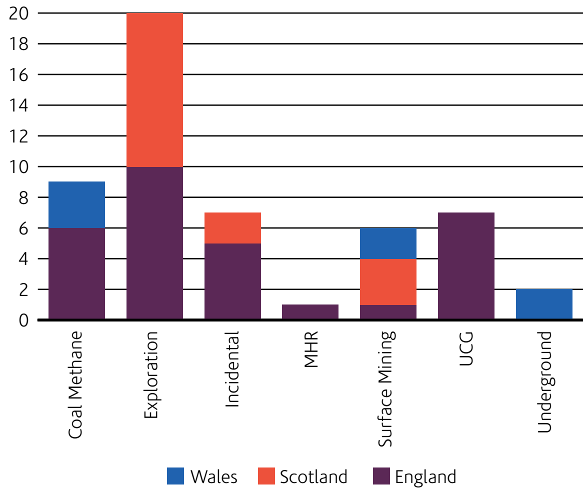
Figure 1



Coal exploration activity remains high with 20 applications received (+2) but applications for surface mining decreased by six relative to the previous year.

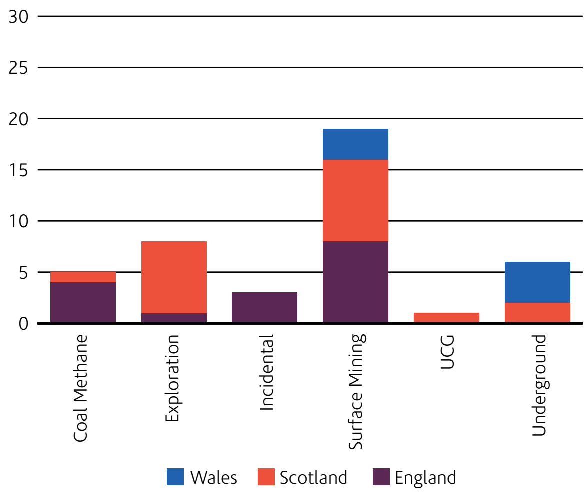
Interest in Underground Coal Gasification remains high with a further seven applications being received during the year. There was also an application to enter the Authority's abandoned mine workings for the extraction of heat from mine water (Mine Water Heat Recovery). Figure 2 shows the breakdown of applications by type in 2010-11.

Figure 2



The Authority also received 42 applications to vary existing agreements during the year which was a decrease of 21 over the previous year. These variations included extensions to licence periods, assignments between operators and changes or additions to licence areas, some of which were quite substantial and equivalent to new licences or agreements. Figure 3 shows the breakdown of these variation applications by country and mining type.

Figure 3

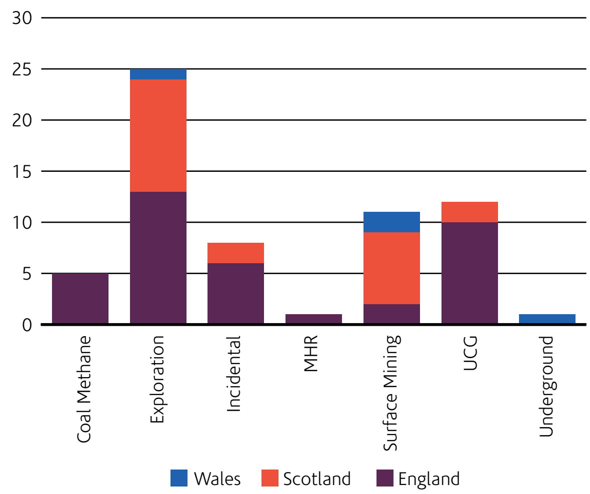


Licences and Agreements Granted

There were 63 licences and agreements granted during the year which was an increase of two from 2009-10.

In addition, 11 leases were granted in conjunction with surface mining and underground operating licences containing potentially 12.8 million tonnes of recoverable coal together with 13 lease options for future underground and underground coal gasification operations. Figure 4 shows a breakdown of these grants.

Figure 4



Coal Production

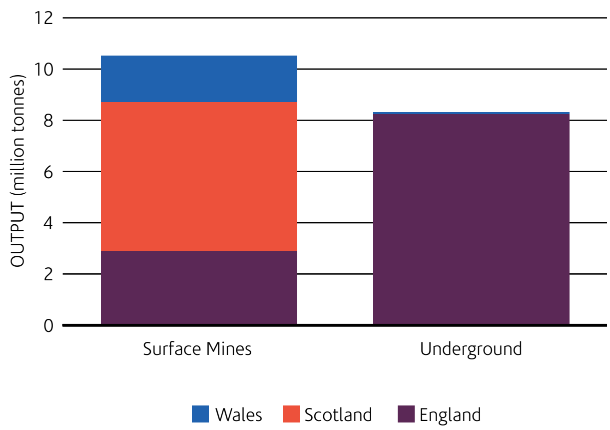
Coal production for the financial year was 18.81 million tonnes, a substantial increase from the previous year of 2.14 million tonnes (12.8%). Underground mined output rose by 1.32 million tonnes (18.9%) and surface mined output by 0.82 million tonnes (8.5%).

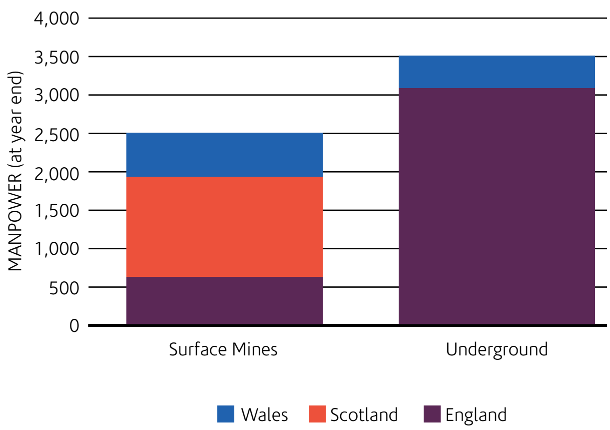
At 31 March 2011, some 6,024 persons were declared by the operators as being employed at 14 producing or developing underground mines, one colliery on care and maintenance together with 32 producing or developing surface mine sites. This was an increase of 107 persons (1.8%) over the previous year.

The production figures do not include coal produced from non-licensable activities such as tip washing and slurry recovery and also exclude coal output from sites with authorisation to dig and carry away coal in the course of non-coal mining activities. These sites, which include quarries, clay pits and development sites, produced some 74,352 tonnes during the year.

The details of coal production and manpower declared to the Authority in 2010-11 are shown at Figure 5 below.

Figure 5





Assessment of Licensed Tonnage

The Authority has updated its assessment on the proportion of coal that is licensed to operating companies within the United Kingdom following activities during the year.

The table below illustrates the approximate tonnage of coal reserves and coal resources in underground and surface mining licences at March 2011. It includes reserves and resources of coal within licence at operating mining sites: the coal within conditional licences and the coal which, although still within licence, is located at closed mines and sites.

ASSESSMENT OF COAL RESERVES & RESOURCES IN LICENCE						
Estimate of Reserves & Resources in Underground and Surface Mining Licences in the UK (million tonnes)						
YEAR ENDING	**UNDERGROUND**			**SURFACE MINES**		
	Operating	**Closed ***	**Conditional**	**Operating**	**Closed ***	**Conditional**
March 2011	**115**	**291**	**130**	**43**	**7**	**5**

* ‘Closed’ underground mines and surface mining sites are those where coaling operations have ceased but the licence remains valid.

Public Information Services

Subsidence and Mining Reports: 0845 7626848
Surface Hazards: 01623 646333

The Authority is responsible for:

- Licensing coal mining operations and granting leases to exploit coal reserves.
- Subsidence damage claims not falling on coal mining companies.
- Management of property and the historic legacy of past coal mining.
- Providing geological and other information on past and future coal mining.

Further Information

For information about the Authority and further copies of this Annual Report please contact:

Corporate Manager
The Coal Authority, 200 Lichfield Lane, Mansfield, Nottinghamshire NG18 4RG
T: 01623 637250
E: johndelaney@coal.gov.uk

TSO
information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online
www.tsoshop.co.uk

Mail, telephone, fax and email
TSO
PO Box 29, Norwich NR3 1GN
Telephone orders/general enquiries: 0870 600 5522
Order through the Parliamentary Hotline Lo-Call 0845 7 023474
Fax orders: 0870 600 5533
Email: customer.services@tso.co.uk
Textphone: 0870 240 3701

The Parliamentary Bookshop
12 Bridge Street, Parliament Square,
London SW1A 2JX
Telephone orders/general enquiries: 020 7219 3890
Fax orders: 020 7219 3866
Email: bookshop@parliament.uk
Internet: http://www.bookshop.parliament.uk

TSO@Blackwell and other accredited agents

Customers can also order publications from:
TSO Ireland
16 Arthur Street, Belfast BT1 4GD
Telephone orders/general enquiries: 028 9023 8451
Fax orders: 028 9023 5401

ISBN 978-0-10-297461-4