The Coal Authority

THE COAL AUTHORITY
ANNUAL REPORT AND ACCOUNTS 2014 –15

Resolving the impacts of mining

The Coal Authority

Annual Report and Accounts 2014–15

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 30 June 2015

HC 183

Any enquiries related to 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 http://www.gov.uk/government/publications.

This document is also available from our website at www.gov.uk/coalauthority.

Print ISBN: 9781474118170
Web ISBN: 9781474118187

ID P002725288 06/15

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office.

VISION and MISSION

THE COAL AUTHORITY is working towards becoming a world leader in resolving the impacts of mining.

We currently:

- Use our knowledge and expertise to manage safety issues from legacy mining to deliver peace of mind to the public;
- Provide creative, sustainable and responsive solutions so that the environment is protected from the effects of water pollution caused by mining;
- Evaluate the impacts of mining using all our experience and communicate risk to citizens and stakeholders for informed decision-making; and
- Derive commercial value from our unique information, in depth knowledge and expertise.

We are already world leading in a number of practices with:

- Over 70 low cost water treatment schemes protecting the environment;
- Effective risk based public protection and treatment of subsidence and hazards;
- Automated mining reports system based on geographic information; and
- Development of innovative pilot treatment schemes to remove heavy metals from water.

We will know when we have realised our vision because we will:

- Be able to deliver zero whole life-cost mine water treatment schemes;
- Have more diversified sources of funding and customers of our products and services; and
- Be recognised as a regulator of choice internationally.

Metal mine water pollution.

Blenkinsopp mine water treatment scheme.

CONTENTS

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Who are We?

Our Story

The coal industry was privatised in 1994 and we were established to undertake a range of statutory duties previously dealt with by British Coal Corporation. These include dealing with coal mining subsidence claims, delivering a mine water treatment programme to improve the environment, providing access to coal mining information to enable informed decisions to be made and as owner of the coal, licensing coal mining operations.

We were granted additional powers in the Energy Act 2011 to enable us to deliver a metal mine water programme and deal with associated subsidence legacy issues when the necessary funding is made available.

We provide assistance to other organisations that can benefit from the expertise that we have developed since being established.

Our Funding

We are a Non Departmental Public Body (NDPB) and are principally funded by the Department of Energy and Climate Change (DECC), our sponsoring department. Our metal mine water programme in England is funded by the Department for Environment, Food and Rural Affairs (Defra). Some of our costs are also recovered through the paid for services we provide, for instance the provision of mining reports, although many of our services remain free at the point of use.

Our Values

EXPERT: We deliver peace of mind underpinned by our expertise and in-depth knowledge of our subject.

ALL ANGLES: We bring all our experience from public safety, environmental, and information viewpoints to deliver more sustainable solutions.

INVENTIVE: We always look for creative and intelligent ways to meet our customers' needs.

AGILE: We are agile, responsive and committed to delivering the best value solutions for customers.

Our 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 Chair and Members provide a wealth of experience in the areas in which we are working. Appointments to the Board are made by the Secretary of State for Energy and Climate Change.

CHAIR'S FOREWORD

I AM DELIGHTED TO REPORT on another successful year for the Coal Authority. We provide a high quality service to members of the public affected by subsidence from historic coal mining activities and we treat discharges of contaminated mine water to protect the environment. We are continually reviewing our policies, procedures and operating practices to be as efficient and cost effective as possible whilst retaining safe health and safety working practices and being responsible stewards of the environment.

In December 2014 we welcomed the very positive findings of the Triennial Review carried out under the auspices of the Cabinet Office, which recommended that we continue to carry out our current functions in our present form. Many individuals and organisations giving evidence said that the work undertaken by our team of experts to protect the safety of the public and the environment is vital. The second stage of the Review confirmed that we operate with strong controls and governance arrangements.

I am pleased that we have received such strong endorsement of our role and duties as we follow our transformational strategy to become a world leader in resolving the impacts of mining. We will not rest on our laurels but rather use this report as a springboard to even better performance.

Our people have made good progress in delivering the second year of our five year plan and I am pleased to report that we scored a 94% achievement rate against our objectives for 2014 –15. We deliver peace of mind to the public by using our experts to communicate and manage legacy safety issues, deliver creative solutions to mine water pollution issues and derive value from our unique information and knowledge.

2014 –15 was an important year for the Authority in a number of ways:

- October 2014 marked our 20th anniversary and the values we have developed over this period can be seen in our people and in the manner in which we deliver our services to the public.
- We established our regulatory team which became operational in September 2014. The team includes our Independent Compliance Unit which provides expert advice on the assessment of restoration bonds for surface mine sites to local authorities. Our work in this area has been recognised by the Welsh Government. During a debate in the Welsh Assembly, the Minister for Natural Resources announced in April 2015 that we would continue this work and provide further advice on active surface mine sites in Wales.
- We secured funding from the Department for Environment, Food and Rural Affairs (Defra) for a further year to continue the development of the metal mine water treatment programme in England and for the continued operation of the Wheal Jane tin mine water treatment scheme in Cornwall.

Five Year Plan

As well as carrying out our statutory duties we have pursued a transformational strategy throughout the second year of our five year plan through realising the value in our people and information. We place great importance on innovation as we seek to minimise the demand on public finance for the legacy liability of mining, estimated to be £1 billion for coal mining alone.

We are striving to continuously improve across all aspects of our work including the levels of service that we provide to all our stakeholders in the challenging environment in which we operate. In particular we are building our capability to develop new business to harness our expert knowledge and information through the provision of consultancy services to customers, along with expert advice and services to public bodies.

We have recruited additional staff during the year, including those on trainee development and apprenticeship programmes, to enable us to develop and deliver more sustainable and innovative solutions to the legacy issues, such as how best to use the iron ochre recovered from mine water treatment to offset the associated financial costs.

Our data business has facilitated greater access for use and re-use of our value added data. Government policy around data is a matter of constant discussion and we are working with the Public Data Group to keep our strategy aligned.

We have made significant progress with the provision of coal mining property search reports to enable third party organisations to incorporate our authoritative information into their own products, so providing the conveyancing market with more choice.

We place strong focus on consistency in how we do things and especially how we interact with the public and stakeholders. These values and behaviours are necessary to align with our branding in order to be a world leader in resolving the impacts of mining. These are being embedded in all our activities.

We are making good progress towards meeting the strategy set out in our plan but there is more to do in order to meet the five year outcomes set out in the plan. We have the people, processes and skills necessary to meet this challenge.

Stakeholders

Our stakeholders are vital as we seek to develop further collaborative partnerships. Following on from a successful event in Edinburgh last year, we held a similarly useful event in Cardiff City Hall in March 2015 to build on the established relationships we have with our local stakeholders, including Assembly Members, Welsh Government, local authorities, public sector partners and the industry. A visit to the Houses of Parliament is planned later this year.

Industry

The indigenous coal industry continued its decline during the year and this will be further compounded by the planned closures of Kellingley and Thoresby collieries by UK Coal Production Limited later in 2015. Surface mining is also challenged by the low international price of coal but licences are still being issued for energy from hydrocarbons.

We are working with the coal industry, national governments and local authorities with our team of experts providing the specialist skills needed to manage in a sustainable manner the risks presented by the decline of the industry.

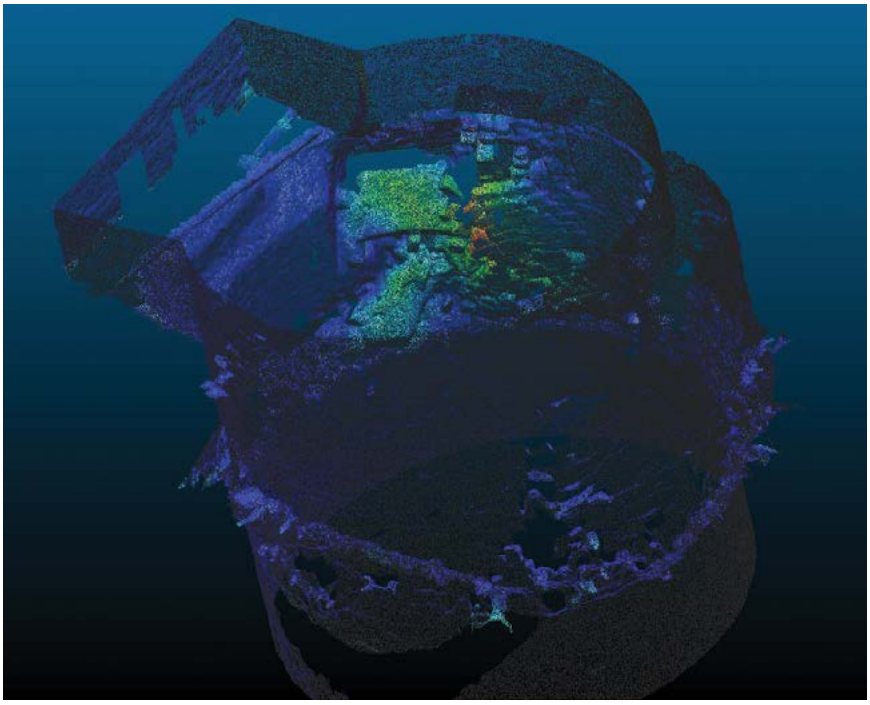
Electricity generation from coal still presents a market for the indigenous coal industry which continues to have an important role in meeting this demand as part of a balanced and secure energy portfolio.

Board and Staff

The continued success we achieve is down to our people. I am immensely proud of the Board and staff at the Coal Authority. As we travel along our path to be ever more commercial and responsive, we place different demands on our people. Their response has been tremendous as they embrace new ways of working with an increasing focus on accountability and flexibility. I thank them all for their efforts.

Our Board has had another year of stability which has played a large part in our clarity and continuity of purpose. Whilst the membership has remained stable, all members of the Board are developing their own personal skills and I am privileged to chair such an innovative and committed team.

Stephen Dingle
Chair



3D laser scan of a mine shaft.

Strategic Report

CHIEF EXECUTIVE'S REPORT

WE HAVE MADE GOOD PROGRESS during the year, achieving 94% of our challenging objectives whilst continuing to deliver the second year of our transformational programme as set out in our corporate plan.

Our Organisation

Our unique organisation has been in operation for over 20 years resolving the impact of mining. It has a strong heritage with the expertise and in-depth knowledge to deliver innovative and responsive solutions for our stakeholders.

We have an established set of strong values as a result of protecting the public and the environment in the mining communities of Britain. These are:

EXPERT	We deliver peace of mind underpinned by our expertise and in-depth knowledge of our subject
ALL ANGLES	We bring all our experience from public safety, environmental and information viewpoints to deliver more sustainable solutions
INVENTIVE	We always look for creative and intelligent ways to meet our customers' needs
AGILE	We are agile, responsive and committed to delivering the best value solutions for customers

We are now realising value from our experienced people and have successfully delivered new business to new customers on commercial terms.

For example, local authorities have begun to use the expertise within our recently established Independent Compliance Unit on surface mining activities and proposals. Working collaboratively with mineral planning authorities our experts ensure that sites can be safely and fully restored.

Our focus also remains on the digital delivery of our services. We prepared in the year our Business to Business XML delivery channel for our mining search reports which we launched in April 2015. We also launched our digital permissions application process in June 2015 to speed up and simplify this process for our stakeholders.

We continue to make certain data available free of charge, and are preparing more of our data sets to make these available under licence for use and re-use. This will enable more companies to compete in the mining information and wider property information markets. Our team of mining information specialists can also provide authoritative advice to those seeking this information.

We have recognised the need for appropriate confidentiality measures to be adopted to manage third party and regulatory work and these have been introduced. Similar measures have also been undertaken in respect of the provision of our information to third parties. This will ensure that a fair market is maintained for all providers.

Tyre bales for use at Craig yr Aber.

Photograph on previous page: Pumping shaft ground collapse engineering works, County Durham.

Our People

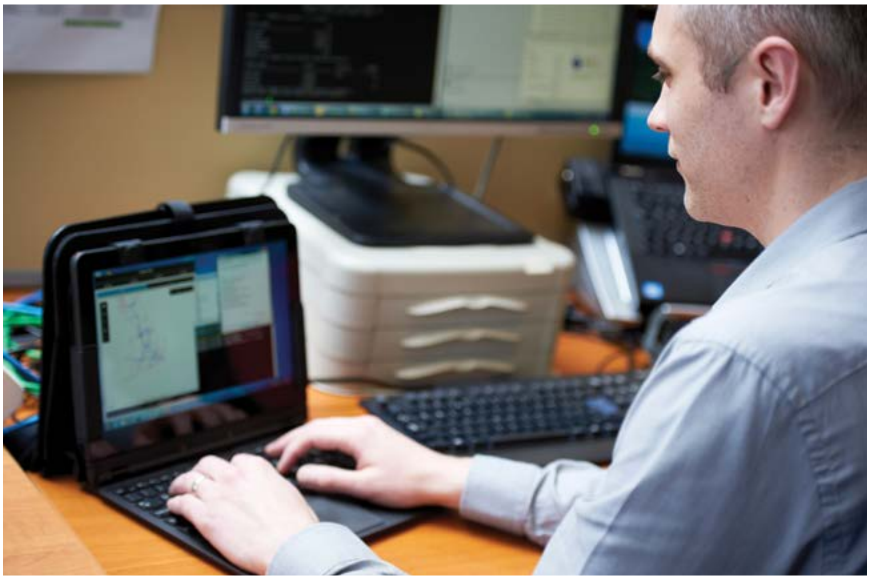
Our people are helping us to transform our organisation. Their knowledge and expertise, built up over the existence of the Authority and before, is key to achieving our ambitions. They are extremely proactive, hardworking and passionate about resolving the impacts of mining. Since 1994 our team has delivered high levels of public service in the face of some difficult issues resulting from the legacy and these will continue to be delivered going forward.

We continue to improve and introduce new technology and systems, which assist our people to deliver innovative and responsive solutions to meet our customers' needs. Our business and operational support systems project will make sure that our systems are fit for purpose for the provision of our products and services.

The risk to the successful delivery of our corporate plan reduces as our capability increases, new skills are developed or recruited, resilience builds and our culture adapts. Through development and recruitment we have the core skills required to deliver the plan.

We introduced our apprentice and graduate trainee programmes during the year and those appointed have already made a positive impact on our business. We will be undertaking similar programmes for apprentices and trainees in the coming year.

Our recruitment and trainee programmes, supported by our knowledge transfer management and organisation design activities are continuing to feed into our succession plan. This will ensure we remain experts in resolving the impacts of mining.



We have introduced a new competencies framework and we will continue to aim to be an even higher performing organisation. We support our people, and by providing education, coaching and development, we aim to retain our experts. We also plan to attract new people with the skills we need to help deliver our corporate plan.

On behalf of myself and my directors I would like to thank all our staff for their hard work and dedicated service throughout the year. This has enabled us to continue delivering a high level of service and achieve our corporate objectives for 2014–15.

2015–16

Our objectives are set out on page 20. In the coming year our focus is on:

- Delivery of our essential statutory business for the good of the public.
- Continuous improvement of our capabilities through our people, systems and through innovation.
- Business development as we evolve our marketing plans using latest intelligence to deliver against targets.

Philip Lawrence
Chief Executive

BUSINESS MODEL and RISK

THE AUTHORITY is primarily funded by grant in aid by DECC, its sponsor department. We also receive funding from Defra and earn income from the provision of mining reports and other services (see Notes 2 and 6 to the Accounts). We currently deliver our services through our Information, Environment, Public Safety and Subsidence, and Regulation operational units.

At the beginning of April 2013 we embarked on a five year plan to become more financially self-sufficient by realising the economic value in our people and information for the good of the public. Our longer term goal is to build on our existing leading practices and become a world leader in resolving the impacts of mining. Towards the end of our five year plan we will be in a better position to assess whether our current delivery model is still fit for purpose.

Strategy

We continue to build on and strengthen our values in order to develop our business in commercial information products and services. We will also continually improve by growing expertise, innovation, organisational capability and efficiency.

Our strategy to deliver our plan has five priority areas:

BUSINESS DEVELOPMENT	Realise economic value in our people and information		
CONTINUOUS IMPROVEMENT	Innovation	Organisational capability	Efficiency and quality
DELIVER OUR BUSINESS	Continue to deliver our business and do so safely while conserving the environment		

Business Development

Our business development team is now established and has successfully implemented the support and control environment suitable for a commercial business. Together with our operations teams new contracts have been tendered and won and income has been earned in public safety, environmental and mining services. Our visibility in the market is growing and we are on course to realise the economic value in our people. The organisational design has been reviewed and amended to reflect our mixed economy of commercial, regulatory and public duties and safeguards have been implemented to manage conflicts of interest.

Continuous Improvement

Our aim is to deliver our operations more efficiently and increase our expertise. We are operating a portfolio of medium term projects, each at different stages, the outputs of which are being evaluated in conjunction with our partners.

We are seeking to deliver innovative solutions that will lower the costs of mine water treatment and generate income streams under our “zero cost” programme. New technology will help us address projects where currently no feasible solution exists. Our research work will have worldwide application to both coal and metal mine waters.

To succeed in our plans we will need to continue to develop our organisational capability, evolve our culture and reskill our people and managers.

Deliver our Business

We will not be distracted from delivering our statutory duties whilst commercialising and continuing to improve our business and day to day activities. Our operational activities are outlined within this report.

Measuring Success

We will know when our strategy is working if at the end of the five year plan (in 2018) we have:

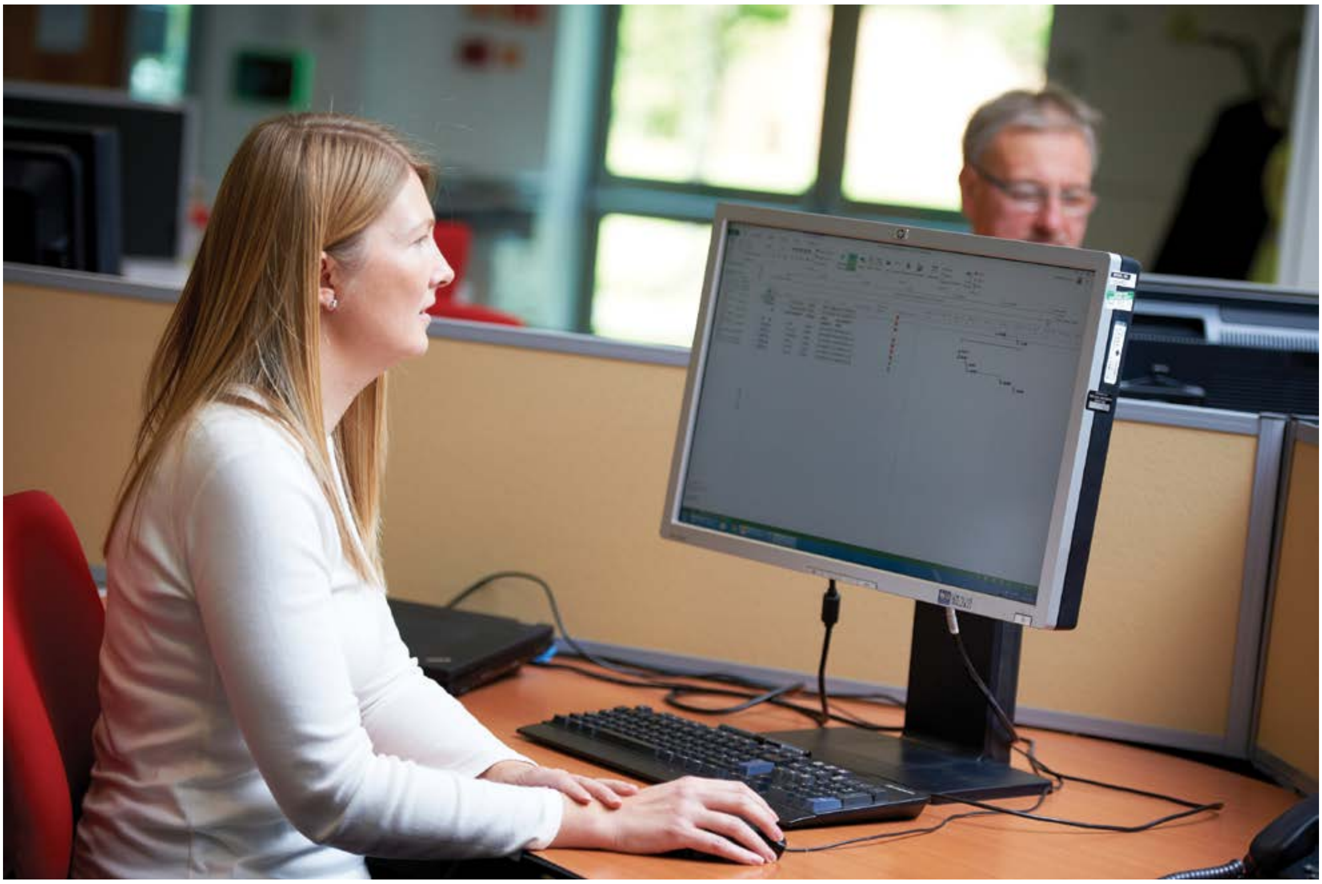
BUSINESS DEVELOPMENT	CONTINUOUS IMPROVEMENT	DELIVER OUR BUSINESS
INFORMATION: Diversified products and services and grown contribution by 15%	**INNOVATION:** Built the first zero whole life cost mine water treatment scheme	**OPERATIONS:** Continued to meet our KPIs
PUBLIC SAFETY AND SUBSIDENCE: Diversified and grown non DECC projects to 15% of total effort	**PEOPLE:** A commercial culture and have managed succession	**REGULATION:** Established ourselves as advisor of choice in the UK
ENVIRONMENT: Diversified and grown non DECC funded projects to 25% of total effort	**PROCESSES:** Services, systems and controls that support our business	

Risk

The key risks that we will need to manage to deliver the plan are:

- An over ambitious business plan or lack of effective prioritisation leads to inconsistency of delivery;
- The business transformation that is required to achieve the five year plan and assure the future of the Authority fails to materialise due to a lack of capacity or competence or resistant culture;
- Government restrictions inhibit implementation of the medium/long term strategy.

We continue to manage these risks closely. Further explanation of the risks and control measures is given in the Governance Statement (page 37).



A REVIEW of 2014 –15

Performance against 2014 –15 Corporate Objectives

The Coal Authority achieved **94%** against its 2014 –15 objectives. This strong performance illustrates that good progress continues to be made against our ambitious five year plan:

BUSINESS DEVELOPMENT: 94%	Achievements include:
Develop and sell new information products and services Strengthen organisational culture around the brand Understand the best opportunities for commercial success and develop the approach Develop new commercial services and deliver to market Embed commercially aware culture Deliver a step change in the public understanding of our role and visibility of the brand	Development of a new Business to Business channel for answers and reports and preparation of data-sets for release has been completed; Marketing plans have been prepared and kept live; A brand alignment plan is in place and operating; The Authority has been successful in winning new work and further progress is anticipated; Commercial roles have been recruited and a Customer Relationship Management (CRM) system implemented, and; There has been a measurable increase in the Authority's social media presence. Government approvals are awaited at year end in respect of pricing policy and a new commercial website.
CONTINUOUS IMPROVEMENT: 90%	**Achievements include:**
Develop new mine water methods and processes and raise our public profile Improve operational system capability Introduce best practice project management methodology, tools and capability Harvest, share and manage significant knowledge Ensure consistent high performance with increased manager capability and effectiveness Launch a trainee programme Further improve health and safety behaviours Achieve our high level environmental objectives Conclude process review of regulation activities	Technical expertise and knowledge has been furthered and our zero cost programme set up; Improvements to our systems have been made. The Business and Operational Support Systems (BOSS) programme is well placed to deliver its 2015 –16 objective and the Project Management Office is delivering improvement initiatives as well as real time project management services; The impact of staff retirements is being managed and knowledge transfer is ongoing with excellent recruitments made into trainee roles to facilitate succession planning. Further improvement in the capability at the manager level is expected as the organisation continues to develop and a new competencies framework has been introduced to reflect this; A tangible change in attitudes and behaviours is being exhibited across the organisation in respect of safety culture. Progress has been made on sustainable procurement initiatives despite some delays in embedding sustainability metrics into some key contracts; and The process review of regulation activities is ongoing and will be concluded during 2015 –16.

BUSINESS DELIVERY: 97%	Achievements include:
Meet Public Safety and Subsidence, Regulatory and Property search KPIs Deliver the English metal mine water programme Invest £5.7 million in coal mine water schemes Procure good value for money Design, Build and Operate contracts for minewater schemes	Performance against business delivery KPIs and performance targets has been strong (see page 14); The metal mine water programme continues to be delivered for Defra on plan; The Environment team's capital expenditure of £4.2 million was in line with mid-year expectation following consent issues outside of the Authority's control, and; The "Confluence" procurement contract was completed and is expected to deliver significant operational and financial benefits to the Authority.

Mine water treatment lagoons at Force Crag.

OUR ACHIEVEMENTS

Information Services

DELIVERED
315,686
mining reports

as against **276,878**
reports in 2013–14

96.6%
of reports…
…delivered in **1 day**
against the key performance indicator of
90%

99.6%
of reports…
…delivered in **5 days**
against the key performance indicator of
98%

99%
of requests…
…received and despatched electronically against the key performance indicator of
95%

Environment

OPERATE
72
COAL MINE WATER TREATMENT SCHEMES

PREVENT
4,000
tonnes
per annum of iron solids entering nation's water courses

CONSTRUCTION OF
NEW 2
COAL MINE WATER TREATMENT SCHEMES
Craig yr Aber in South Wales and Ellington in Northumberland

Took on the ownership of the **PELENNA MINE WATER TREATMENT SCHEMES** in **SOUTH WALES**

COMPLETED
the construction of the first full scale passive metal mine water treatment scheme at FORCE CRAG in the LAKE DISTRICT

Carried out
20
FEASIBILITY STUDIES
ON METAL MINE SITES IN ENGLAND

DRILLED
030
ADDITIONAL BOREHOLES
to extend our monitoring network

Regulation

Responded to
545
PLANNING CONSULTATIONS compared with **413** consultations in 2013–14

Responded to
6,818
SITE SPECIFIC PLANNING APPLICATIONS compared with **6,045** applications in 2013–14

Estates

Income from clawback and variation of covenants
TOTALLED
£528,000
£1.7 million
in 2013–14

Receipts from the disposal of property
TOTALLED
£180,000
£269,000
in 2013–14

Permissions

WE RECEIVED
1,486
APPLICATIONS TO ENTER OUR PROPERTY
1,305 applications in 2013–14

Public Safety & Subsidence

WE RECEIVED
265
subsidence claims
466 claims in 2013–14

WE DETERMINED
376
SUBSIDENCE CLAIMS
563 claims in 2013–14
...and accepted liability for
35%
33% accepted in 2013–14

WE RECEIVED REPORTS OF
839
SURFACE HAZARDS
566 in 2013–14
...and accepted
47%
48% accepted in 2013–14

WE UNDERTOOK
22,722
proactive mine entry inspections
21,855 inspections in 2013–14...
...and COMPLETED THE INSPECTION of **57,000** mine entries located in the URBAN ENVIRONMENT during the year

Case Studies

Set out below are details of a number of major activities we have undertaken during the year:

Failure of pumping shaft, County Durham

We have completed engineering works at a former pumping shaft following a ground collapse which threatened the mine water drain and adjacent private dwelling. The shaft forms part of our monitoring and control network to strategically manage mine water recovery across the North East coalfields and provides a gravity control drain to prevent flooding of the surrounding land and area by mine water.

To repair the damage, remedial works have included sinking a 10.5 metre diameter concrete watertight retaining structure to a depth of 7.5 metres around the failed mine shaft. This allowed the construction of a reinforced concrete shaft cap at rock head and reinstatement of the mine water drain.

We are delighted that HM Inspectorate of Mines complimented our expert approach on this important project during a recent inspection.

Mine shaft collapse, Scotland

A mine shaft collapse under a barn at a farm in Scotland required an agile response and solution to ensure remedial works were completed in a short time period before the onset of winter. Without this the farm, which specialises in breeding rare pigs, would have struggled to provide winter storage and shelter.

The collapse associated with an unrecorded mine shaft required over 400 tonnes of stone to fill the substantial void beneath the barn.

To permanently treat the three metre by two metre rectangular shaft, part of the barn had to be removed to accommodate the 18 metre long safety drilling platform. The top section of the shaft was drilled and grouted and a reinforced concrete shaft cap constructed at rockhead. The barn was then rebuilt and the floor reinstated allowing the pigs to be rehoused.

After being notified of the collapse in August, all the design and site works were completed on schedule within two months.

Spoil heap management

To monitor how climate change could impact on our spoil heaps we have installed weather and telemetry flow monitoring at strategic locations in South Wales. Analysis of this data will inform us of changing weather patterns and how we manage significant rainfall events. This will ensure water is effectively drained from our spoil heaps without causing downstream problems or flooding. The data also allows us to review our risks and the way we respond to weather related incidents.

We have initiated and led a tip management forum with local authorities in South Wales with a view to sharing best practice and developing a standard risk approach. This forum will be utilised to provide local authorities and Natural Resources Wales with information on our weather monitoring data.

During the year we have also undertaken an underground laser survey of the Marine Tip drainage tunnel. The work involved using a mobile laser scanner for the full 800 metre length of the tunnel. It was carried out by a specialist contractor, enabling us to obtain a 3D model of the tunnel, along with the facility to accurately record dimensions and locations of areas requiring future maintenance works. Further use of this system will enable the comparison of locations in order to determine areas of deterioration or tunnel profile deformation.

Craig yr Aber mine water treatment scheme, South Wales

Construction of this new mine water scheme, which will treat the contaminated discharge from a coal mine near Bridgend, began in August 2014.

The scheme is designed to divert water from its natural course through a number of settlement lagoons and wetlands. It will remove iron contaminants from the water before it is returned to the local watercourse.

Excavations could not take place due to high groundwater pressures which if released would cause instability issues making the area unsuitable for development. Combining this with the extremely wet nature of the site would have led to costly soil modification and importation being undertaken for the settlement pond embankments. Our experts therefore had to investigate the use of alternative methods to create the embankments.

The method identified needed to overcome the challenges of the site, work in wet weather and provide comparable costs to conventional materials. Following research it was decided to use tyre bales, which are lightweight, manoeuvrable and provide the structural core of our embankments.

The tyre bales include up to 100 tyres each, and meet with approved standards and comply with permitting legislation. They have been wrapped in a geo-textile, covered in a layer of earth and will not damage the environment in which they have been used.

This is the first time we have used tyre bales to build constructed wetlands. It is a sustainable way to use a waste material to build the embankments of mine water treatment schemes where using the existing excavated material is not possible.

Force Crag metal mine water treatment scheme, Cumbria

Our engineers and environmental experts have constructed the Authority's first full scale passive metal mine water treatment scheme at Force Crag, near Keswick in the Lake District. The scheme utilises an innovative vertical flow pond, which has worked well throughout its first year of operation. Developed in partnership with Defra, the Environment Agency, National Trust and Newcastle University, the technology produced for this scheme has received international interest.

The compost-based system uses bacteria, which require sulphate, instead of oxygen, to live. It is this natural process which helps to remove metals from the mine water.

The vertical flow pond has exceeded all expectations in removing 98% of the zinc and 94% of the lead and cadmium from the mine water in its first year.

The scheme is part of our wider programme to develop low-energy sustainable solutions for mine water treatment, working in collaboration with researchers and other partners.

Ellington mine water treatment scheme, Northumberland

We have completed the first phase of construction works at our new mine water treatment scheme at Ellington on the Northumberland coast.

The scheme is adjacent to the former Lynemouth Colliery site, which worked coal reserves under the North Sea. Following the closure of the collieries in this area, rising mine water had the potential to pollute the Morpeth aquifer, which is used for both drinking water and industrial supplies.

Our hydrogeologists have been monitoring the projected mine water recovery at Lynemouth for some time. Their research products have shown that the mine water level would reach and pollute the aquifer in 2017. Our experts therefore recommended building a mine water treatment scheme to protect this important local source of drinking water.

The scheme is being built in two phases. The first phase, which was completed this year, is pumping mine water from the existing shaft on site over a cascade and into two newly constructed settlement lagoons. These help to remove the iron from the mine water.

The pump test will last for around 12 to 18 months to gather sufficient data on the pumping rate required to slow or halt the rising water. The pump test will also provide additional data on the water quality.

From this information a permanent solution can be designed and implemented.

Saltburn Gill metal mine water treatment scheme, Cleveland

Our team has completed the first phase of works, including the construction of two lagoons with cascades and a drying bed for ochre sludge. The scheme is currently controlling the majority of the pollution coming from the old ironstone mine workings.

Before construction, over 100 tonnes of iron discharged into the North Sea at Saltburn each year. The iron polluted the local water courses, the beach and the North Sea which had a negative impact on tourism in the area.

The phase one works have reduced the iron concentration from untreated mine water to the treated discharge by 94%. This has recently led to fish being spotted swimming in the Saltburn Gill and is good biological evidence of improvement in water quality.

Phase two design and construction works are currently underway to build two more lagoons and a reedbed. The reedbed will filter even more iron out of the water before it is discharged into Saltburn Gill.

The final scheme will further enhance biodiversity in the local area.

Saltburn Gill mine water treatment scheme has been commended at the Civil Engineering Contractors Association North East awards 2014, in the project of the year category.

Further work in Wales and Scotland

We have continued our work with Natural Resources Wales to finalise remediation of Frongoch metal mine. We are looking to further develop our mine water treatment work in Wales and have submitted a joint business case to the Welsh Government. The aim is to secure funding for a metal mine water remediation programme.

In Scotland we are working with the Scottish Environment Protection Agency (SEPA) to secure funding to undertake metal mine feasibility studies at Wanlockhead and Leadhills.

The YEAR AHEAD: 2015–16

Our 2015–16 corporate objectives are designed to build on the good work done over the first two years of our five year plan and are outlined below:

BUSINESS STRATEGY	2015–16 Corporate Objective
BUSINESS DEVELOPMENT	Deliver the targets in our sector marketing plans
	With Government, open up the CON29M market to competition
	Implement safeguards to manage conflicts of interest that reflect our mixed economy of commercial, regulatory and public duties
CONTINUOUS IMPROVEMENT	Develop new mine water methods and processes
	Ensure consistent high performance with increased manager capability and effectiveness
	Improve business and operational system capability
	Harvest, share and manage significant knowledge
	Embed best practice project management methodology, tools and capability
	Embed best practice enterprise information management
BUSINESS DELIVERY	Meet public safety and subsidence (PSS) KPIs: – 95% of projects to have liability determined within 90 days – 98% of projects to be closed within 90 days of work being completed or rejected – Open projects to be maintained below a target of 650 – Complete 20,000 mine entry inspections
	Invest £4.46 million of capital spend in the development and construction of coal mine water treatment schemes
	Deliver the English metal mine water programme to the standards and expectations of Defra and the Environment Agency, whilst achieving best value for money
	Meet regulatory, planning & property KPIs: – 95% of complete licensing applications determined within five weeks – 98% of permissions applications determined within four weeks or two weeks if expedited – Prepare and submit bespoke response to statutory consultations on Development Plans and planning policy completing 100% by external legal deadlines – Delivery of £1 million income from property sales, clawback and the variation of covenants
	Further improve Health & Safety behaviours
	Achieve the environmental and sustainability objectives

FINANCIAL REVIEW

Introduction

We continue to respond positively to the budgetary challenges we face due to the financial constraints being managed across Government. Actions we have taken since the previous 2010 spending review (SR2010) have reduced annual operating costs by in excess of £5 million per annum on a like for like basis. Good progress against our Corporate Plan, as previously outlined, illustrates our ongoing progress to become increasingly self-sufficient and less reliant on DECC grant in aid over the medium term.

Financial Performance 2014 –15

We have delivered our 2014 –15 programmes within the revised total Departmental Expenditure Limit (DEL) agreed with DECC at February 2014:

2014 –15 DEL (£m)	SR2010 indicative settlement	Feb 14 settlement	Outturn
Resource – Programme	26.0	20.2	17.4
Resource – Administration	3.9	3.9	4.3
Capital	8.5	7.5	4.8
Total DECC funding	**38.4**	**31.6**	**26.5**

(Note: Our costs relating to DEL, as provided under HM Treasury's Budgeting Guidance, differ to those presented under IFRS as a result of inconsistent treatment in the movements in provisions and treatment of capital proceeds. Settlements have been adjusted downwards by £3.0 million to reflect the reduced depreciation charge arising from a change in accounting policy, explained in Note 1 to the Accounts.)

“ACTIONS WE HAVE TAKEN SINCE THE PREVIOUS 2010 SPENDING REVIEW (SR2010) HAVE REDUCED ANNUAL OPERATING COSTS BY IN EXCESS OF £5 MILLION PER ANNUM ON A LIKE FOR LIKE BASIS”.

We have undertaken action to reduce administration expenditure by £1.5 million (over 30%) from the SR2010 baseline, to £4.1 million (excluding a one-off charge of £0.2 million in respect of the devaluation of Head Office Property). We have been unable to achieve the £3.9 million target set by DECC at SR2010 without impacting the delivery of our business and Corporate Plan. DECC has been regularly appraised of our achievements in managing administration expenditure and agreed in year a revised target of £4.1 million.

Expenditure for 2014 –15 was £11.9 million less than our original spending review settlement.

Operational efficiency programmes through programme expenditure were in excess of £2.0 million ahead of target over the period. Other significant variances relate to increased mining reports income, reduced claims volumes through Public Safety and Subsidence and a reprogramming of mine water treatment scheme build.

Cash Flow

The Statement of Cash Flows provides the best indicator from the primary financial statements as to the level of activity undertaken by the Authority.

The net cash outflow (before financing activities) during the year was £25.8 million, an increase of 7.1% on the previous year (2013 –14: £24.1 million). This was financed by £23.5 million grant in aid (2013 –14: £27.0 million) resulting in a decrease in cash balances held of £2.3 million (Restated 2013 –14: increase of £2.9 million).

Net cash outflow from operating activities amounted to £20.1 million (Restated 2013 –14: £20.2 million). The constituents of operating cash flow are:

- Cash expenditure managing legacy liabilities included within our provision balance of £16.7 million (Restated 2013 –14: £17.4 million). The provision balance is an estimate of the future expenditure relating to legacy liabilities that we manage;

- Income from activities of £14.3 million (Restated 2013 –14: £14.3 million), driven mainly by mining report sales of £10.0 million (Restated 2013 –14: £9.8 million) and environmental technical services of £2.8 million (Restated 2013 –14: £2.9 million);
- Cash based programme and administration costs at £16.8 million have decreased by £1.9 million compared to the previous year (Restated 2013 –14: £18.7 million). The decrease is primarily as a result of a reduction in one-off costs compared to 2013 –14 for public safety works associated with the closure of Daw Mill Colliery, this expenditure falling outside of the legacy liabilities that we manage through provisions; and
- An outflow of working capital of £1.5 million (Restated 2013 –14: £1.9 million inflow).

"PROGRESS AGAINST OUR CORPORATE PLAN, ILLUSTRATES OUR ONGOING PROGRESS TO BECOME INCREASINGLY SELF-SUFFICIENT AND LESS RELIANT ON DECC GRANT-IN AID OVER THE MEDIUM TERM.".

Net cash outflow from investing activities at £5.7 million is higher than that of prior year (Restated 2013 –14: £3.8 million) driven by a reduction in capital proceeds. The constituents of cash flow relating to investments are:

- Cash purchases of property, plant and equipment at £5.5 million (Restated 2013 –14: £5.1 million) is driven by our ongoing programme to develop and build mine water treatment schemes;
- Expenditure on intangible assets of £0.9 million (Restated 2013 –14: £0.8 million) relates to the ongoing development of our information system; and
- Proceeds from the sale of property at £0.7 million (Restated 2013 –14: £2.1 million) were driven mainly by clawback income.

Net Expenditure

Net expenditure for the year to 31 March 2015 was (£44.2) million (Restated 2013 –14: £24.1 million). This significant movement primarily reflects the impact of the annual review of provisions on the Authority's accounts (see below). Net expenditure is analysed as follows:

- Staff costs at £8.5 million have increased by £0.9 million compared to the previous year (Restated 2013 –14: £7.6 million). This is due to an increase in headcount Note 3 driven by our commercialisation strategy, and to support succession planning and the commencement of the Apprenticeship and Graduate Training Programmes;
- Other expenditure of £7.8 million (Restated 2013 –14: £11.4 million) is expenditure that has not been provided for in previous years and relates primarily to the provision of mining reports, environment operational costs and public safety works;
- Adjustments to provisions of (£55.3) million (Restated 2013 –14: £13.4 million), as further explained below and in Note 15 to the Accounts, have arisen following a detailed review of the assumptions and trends that feed into the provision calculation;
- Depreciation, amortisation and revaluation of non-current assets of £9.7 million (Restated 2013 –14: £8.1 million);
- Income from activities at £14.3 million (Restated 2013 –14: £14.3 million), driven primarily by mining reports income and environmental technical services income for the feasibility, build and operation of metal mine water treatment schemes; and
- Profit on disposal of assets of £0.6 million (Restated 2013 –14: £2.0 million) arising from restrictive covenants and clawback as outlined above.

"EXPENDITURE FOR 2014 –15 WAS £11.9 MILLION LESS THAN OUR ORIGINAL SPENDING REVIEW SETTLEMENT".

Grant in aid received from DECC is credited directly to tax payers equity and not recognised as income.

Statement of Financial Position

At 31 March 2015 net liabilities were £908.7 million (Restated 2014: £976.5 million).

Total non-current assets decreased by £4.4 million to £12.1 million. The main movements within this balance are outlined below:

- Property, plant and equipment (PPE) decreased by £3.0 million to £8.1 million (Restated 2014: £11.1 million). Capital expenditure on PPE amounted to £4.7 million relating predominantly to the construction of mine water treatment schemes. This expenditure is offset by disposals, depreciation, revaluation adjustments and impairments amounting to £7.7 million;

- Intangible assets decreased by £1.3 million to £3.5 million (Restated 2014: £4.8 million). Capital expenditure on intangible assets of £0.8 million relating predominantly to the investment in the Authority's information system was offset by disposals, amortisation and revaluation adjustments amounting to £2.0 million.

Total current assets decreased by £2.6 million to £9.3 million. This decrease is primarily due to a reduction in cash balances of £2.3 million to £5.3 million held by Government Banking Services, and a reduced receivables balance.

Total liabilities decreased by £74.8 million to £930.1 million (Restated 2014: £1,004.9 million) as outlined below:

- Payables decreased in the period to £12.1 million (Restated 2014: £14.9 million). This is due to a reduction in liabilities in relation to called-in security of £1.4 million, an increase in trade payables of £0.6 million due to the timing of mine water and system development expenditure and decreased accruals of £2.5 million following the settlement of a number of subsidence claims;
- Provisions decreased from £990.0 million to £918.0 million.

Provisions reflect an estimate of future expenditure relating to the legacy liabilities that we will manage over certain time periods. Note 15 to the Accounts illustrate the high level of sensitivity of the provisions balance to trends, assumptions and changes to the discount rate.

A detailed annual review has been completed and movements in provisions accordingly transacted in the period. In calculating the provisions a decrease of £3.3 million was made during the year due to changes in the discount rates used, in line with HMT guidance.

Going Concern

The Statement of Financial Position shows net liabilities of £908.7 million at 31 March 2015. This reflects the inclusion of future expenditure for liabilities falling due in future years which, as explained above, cover periods of 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. We have therefore, prepared our accounts on a going concern basis.

Ffos-y-Fran land reclamation scheme.

CORPORATE SOCIAL RESPONSIBILITY

Our People

2014 –15 was the second year of our transformational journey. We have continued to support our staff to focus on some of the challenges which are ahead.

Our people are our brand. They use their expertise to create inventive solutions to meet our customers' expectations. We have listened closely to what staff value about the Authority. Their feedback has helped us to identify and embed our organisational values.

We are continuing to change the way we work across the Authority. Our organisational design has evolved to ensure it is fit for the future. Our internal communications have helped us to engage staff in these changes. We have ensured staff are provided with regular updates on our activities and encouraged them to share updates about the work they are undertaking, including commercial successes.

We have continued to extend our knowledge and skills base to ensure that we remain the experts in our field. Our knowledge transfer work has been supported by a recruitment programme and tailored succession planning strategy. This has increased our resilience and will ensure business continuity.

We have implemented the Authority's first trainee programme, which has proved to be very successful. Plans are underway for our second cohort in summer 2015.

Our challenging transformational plan requires strong, focussed leadership. We have continued to help our managers to develop and grow. A new competencies framework aligned to our brand values has been implemented. This forms the basis of our robust approach to performance management.

We recognise that as the Authority continues to change the wellbeing of our staff is as important as ever. Our wellbeing initiatives enhance our employee engagement, develop cross functional relationships and provide support for our staff.

Following the introduction of our new competencies framework, aimed at being an even higher performing organisation, personal development plans have also been introduced. The plans will help our staff work towards meeting their personal development objectives.

At the end of the year we employed 178 staff plus four Non-Executive Directors:

	Non-Executive Director	Executive Director	Senior Manager	Staff	Total
Male	3	3	9	89	104
Female	1	0	5	68	74
Total	**4**	**3**	**14**	**157**	**178**

Social, Community and Human Rights Policies

Although we do not have social, community or human rights policies we work to the highest principles in these areas as demonstrated in this report.

Safety, Health and Environment (SHE)

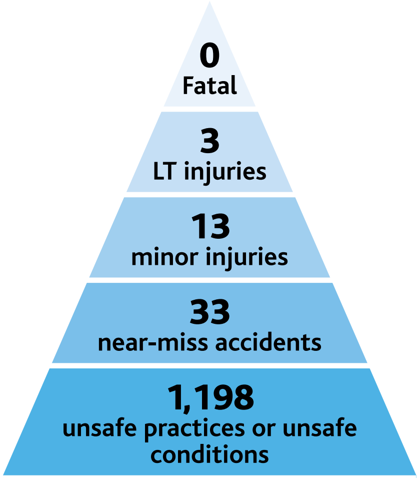
We prioritise the safety, health and welfare of our people, contractors and public and continue to work to improve the environment.

We have made good progress during the year with the integration of our health, safety and environment management systems – developing common elements, whilst maintaining clear processes. This work ensures legal compliance and continuous improvement.

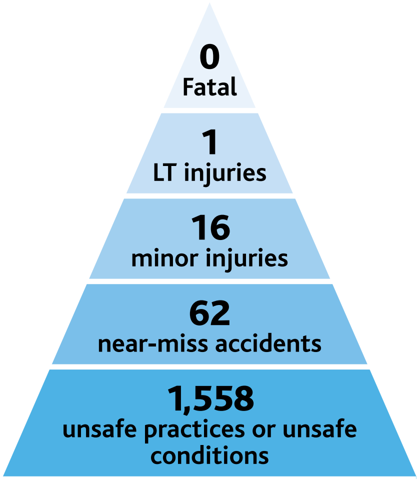
We develop a strong SHE culture within our people and have introduced personal safety responsibilities (PSRs). These outline the standards of behaviour expected and set targets for reporting unsafe conditions and working practices.

The introduction of PSRs has led to a tenfold increase in the reporting of SHE observations. These have enabled us to take positive action to address the issues raised.

Incident Ratio Triangles for 2013 –14 and 2014 –15



2013–14



2014–15

In 2015 –16, we intend to build on this good work by:

- fully integrating and embedding our SHE management system
- extending our PSR programme
- introducing a behavioural safety programme, to assist in eliminating workplace hazards and unsafe behaviours.

Public safety and subsidence work in the North West.

Environmental Targets

Our environmental targets are aligned with the five year plan period. They are aimed at improving our performance in those activities which have the most significant environmental impacts.

Greenhouse Gas Emissions

Reduce the carbon intensity (the ratio of carbon dioxide emissions per unit of output) of our main activities.

The results for these main areas at the year end are:

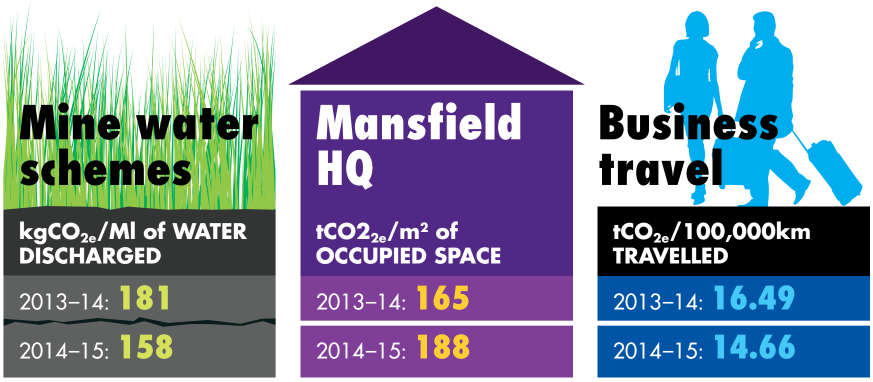
Mine water schemes per /Ml of water discharged

- Mansfield headquarters per /m2 of occupied space
- Business travel per 100,000 km travelled

We have made progress towards setting reduction targets to be achieved by 2017–18 and these will be published in 2015 –16.

Greenhouse Gas Emissions

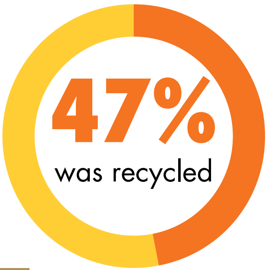
We have established the baseline carbon intensity for the year 2013–14 for each of these activities and measured it for 2014–15.



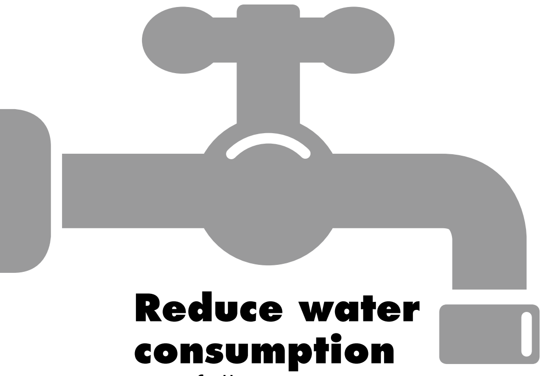
Waste

Reduce waste produced at Mansfield headquarters

Total **35.6 tonnes** of which...

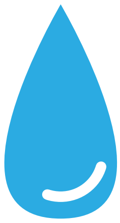


Water



Reduce water consumption per full time employee (FTE) to

6 m³



WATER CONSUMPTION IS **6.6 m³/FTE** WHICH IS A **REDUCTION OF 5%** FROM THE PREVIOUS YEAR.

Sustainable Procurement

- Improve the sustainability of our supply chain

We have adopted the Defra sustainable procurement flexible framework in order to benchmark ourselves against other organisations. We are pleased to have achieved level one in our first year.

Sustainability has been embedded into our newly awarded mine water design, build and operate contracts.

Access to Information and Complaints

We comply with the requirements set out in the Freedom of Information Act 2000 (FOI) and the Environmental Information Regulations 2004 (EIR). We respond positively to all requests for information except where this is constrained by confidentiality or where such requests become vexatious. We received 51 requests under FOI and EIR with all responses issued within 20 working days.

The Information Commissioner's Office (ICO) investigation into two complaints about the release of our datasets was completed and we have complied with the ICO ruling to release the datasets.

The Parliamentary and Health Service Ombudsman has completed an investigation into a complaint made by a Member of Parliament on behalf of a constituent and found partly in favour of the constituent. We have complied with the remedial actions identified by the Ombudsman.

During our discussions with the Ombudsman we agreed to review our complaints procedure, which led to a more robust procedure being adopted in November 2014. Complaints are now reported on a monthly basis. In January to the end of March 2015 we received 23 written complaints and resolved 20.

A further investigation was carried out by the Ombudsman into a complaint made by a Member of Parliament on behalf of constituents who had not been informed about mine shafts on their properties when they purchased them. The Authority partly agrees with the findings of the Ombudsman but is in ongoing discussion on the remaining recommendations that it does not agree with.

The Authority reports that no incidents occurred during the year relating to the release of personal data.

We operate a public information telephone service which has worked well throughout the year. Most conversations have been complimentary about the services provided, however during the year we resolved four complaints received via this service.

Four environmental complaints were received during the year. Three were associated with mine water treatment schemes where remedial work was undertaken to resolve the problems. The fourth was associated with fly tipping following a gate being left open by a member of the public.

During the year we received 33 letters from Members of Parliament, Members of the Scottish Parliament and Welsh Assembly Members. The average time taken to respond was 10 days.

Transparency

We publish on our website at www.gov.uk/coalauthority our structure and organograms, salaries of staff earning £58,000 and above, senior staff expenses, details of all our expenditure and details of contract awards and current requirement over £10,000. These are updated regularly in line with the Government timetable.

Local Community and Charity

Our staff organised fundraising events during the year for local and national charities which raised a total of £2,950.

P J Lawrence
Member, Chief Executive and Accounting Officer
16 June 2015

Strategic Report, pages 7 to 27

Saltburn Gill before treatment.

Saltburn Gill after treatment.

Tip restoration works in South Wales.

Governance

DIRECTOR'S REPORT

The Authority presents its report and audited financial statements for the year ended 31 March 2015. 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 by the Comptroller and Auditor General.

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.gov.uk/coalauthority 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 8 and 9 gives a summary of the Authority's activities during the year and the future outlook.

Finance Risk Management

The Governance Statement sets out the governance structures that the Authority has used to monitor and control risk and the Board's approach to risk management. It also identifies and discusses the significant risks and the mitigation in place. The Authority has a strong system of financial control and active financial risk management.

The Authority has no borrowings and relies on grant in aid and other income to fund its cash requirements; it therefore has minimal exposure to liquidity, credit and cash flow risk. All assets and liabilities are denominated in sterling and so there is no exposure to currency risk. The Authority does not hold any assets that are directly impacted by interest rate movements nor does it engage in any hedge accounting. The Authority does hold some items on the Statement of Financial Position that are discounted using rates specified by HM Treasury, specifically provisions. HM Treasury vary these discount rates from time to time, which will affect both the Statement of Financial Position and the Statement of Comprehensive Net Expenditure.

Future Developments

The future developments and objectives of the Authority have been discussed in the strategic report.

Research and Development Activities

The Authority undertakes a range of research and development activities to improve efficiency and deliver world class solutions that provide best value for money. Our research and development activities includes mineshaft and mine entry monitoring, coal and metal mine water treatment methodologies, and technologies that will allow the design and build of our first zero whole life cost mine water treatment scheme.

Post Balance Sheet Events

The Authority has no post balance sheet events requiring disclosure.

Branches Outside the UK

The Authority has no branches outside the UK.

Board Members and their Interests

The Board Members who served during the period were:

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
Appointed as Chair 1 April 2013 – 31 March 2017

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
Re-appointed as Board Member to 31 March 2017

Patricia (Tricia) Henton, BSc (Hons), FGS, CGeol, FCIWEM, FCIWM, FRSE (Non-Executive Member)
Appointed as Board Member from 1 October 2010 – 30 September 2013
Re-appointed as Board Member to 31 March 2017

Philip Lawrence, 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
Re-appointed as Board Member to 31 March 2017
Appointed as Chief Executive 1 January 2007

Stephen Redmond, MCIPD (Non-Executive Member)
Appointed as Board Member from 1 March 2010 – 30 September 2013
Re-appointed as Board Member to 31 March 2016

Simon Reed, BSc (Hons), MBA, PhD, CEng, MIMMM
Attended the Board from 1 January 2010 – 31 March 2011
Appointed as Board Member from 1 April 2011 – 31 March 2014
Re-appointed as Board Member to 31 March 2017

Robert (Bob) Spedding, LLB, FCA (Non-Executive Member)
Appointed as Board Member from 1 April 2013 to 31 March 2016

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.gov.uk/coalauthority**. Any related party transactions are provided in Note 20 to the Accounts.

Authority's Executive Leadership Team

The Executive Leadership Team comprised:

Mr P J Frammingham
Chief Finance and Information Officer

Mr R Hughes
Director of Business Development

Mr P J Lawrence
Chief Executive

Mrs L Lax
Director of Human Resources and Organisational Development

Dr S M Reed
Chief Operating Officer

Donations

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

Employee Involvement

The Authority is committed to engaging with staff throughout the business. The Authority has a Staff Liaison Group (SLG) which deals with non-contractual staff matters. The Cultural Development Group completed its work in February 2015.

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.

The absence rate for the year was 1.92% as against 1.27% for 2013 –14.

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 an unfunded multi-employer defined benefit scheme. 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.

Personal Data

No personal data related incidents occurred during the year, see page 26.

Fees and Charges

We have complied with HM Treasury's Managing Public Money guidance in relation to fees and charges and keep them under constant review in line with the strategy outlined in the Strategic

Report and Note 2 to the financial accounts.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. No remuneration was paid to our auditors for non audit work and no other services were provided. The audit fee was £42,000.

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

16 June 2015

Left to right: Paul Frammingham, Stephen Redmond, Philip Lawrence, Tricia Henton, Stephen Dingle, Simon Reed and Bob Spedding.

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 pay and reward strategy for all staff of the Authority and approves the principles of 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: Stephen Redmond (Committee Chair), Stephen Dingle, Patricia Henton, Robert Spedding 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 follows Senior Civil Service Guidelines and awarded a 1% increase in the Chief Executive's salary from 1 April 2014 and has also awarded a 1% increase from 1 April 2015.

Performance Management System

The Executive Directors participate in the Authority's Performance Management System (PMS). Individual assessments are made by the Chief Executive and Chair and reviewed by the HR & Remuneration Committee. Appraisal of individual performance is based on the achievement of defined objectives and behaviours which are assessed against four performance scores.

Performance Related Pay

Non-consolidated performance related pay (PRP) is subject to obtaining annual approval via the Pay Remit process from DECC and the Pay Remit for 2014 –15 was approved by DECC in June 2014.

Non-contractual, non-pensionable PRP is earned based on a corporate award, reflecting corporate and individual performance against objectives, as well as recognising exceptional individual contribution in the delivery of corporate objectives.

Corporate performance for 2014 –15 has been assessed by the Board at 94% and payment of PRP for the year has been adjusted accordingly.

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
Mr P J Frammingham	6 May 2008	6 months
Mr P J Lawrence	2 May 2006	6 months
Dr S M Reed	1 January 2010	6 months

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

The following paragraphs of the Remuneration Report have been audited.

Fees Paid	Contract End Date	2014 –15 £	2013 –14 £
Mr S Dingle	31 March 2017	27,050	27,050
Ms M P Henton	31 March 2017	11,666	11,666
Mr S Redmond	31 March 2016	11,666	11,666
Mr R W Spedding	31 March 2016	11,666	11,666

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 do not participate in the pension schemes or receive PRP.

Executive Directors' Remuneration

	Salary £		Car Allowance £		PRP £		Pension Benefits £		Total £	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Mr P J Lawrence	122,733	121,578	9,906	9,906	14,188	14,583	47,403	35,359	194,230	181,426
Mr P J Frammingham	82,085	81,273	8,806	8,806	9,395	8,964	30,495	30,675[2]	130,781	129,718[2]
Mr S Pennell[1]	–	7,176	–	734	–	–	–	716	–	8,626
Dr S M Reed	82,086	81,273	8,806	8,806	11,119	8,964	17,071	11,045	119,082	110,088

1 Mr S Pennell left under Voluntary Redundancy terms on 30 April 2013. A compensation payment of £207,143 was accrued in 2010 –11, in accordance with the provisions of the Civil Service Compensation Scheme, and paid in 2013 –14. The compensation payment includes amounts for payments in lieu of notice and pension compensation.

2 The comparative balance has been restated due to inflation adjustments within 2013 –14 which should not have been included.

Executive Directors' remuneration includes; salary; non-consolidated performance related pay earned in the year under the PMS, which is non-contractual; benefits-in-kind, including any allowances treated by HMRC as a taxable emolument; and, the value of pension benefits accrued during the year. No directors received any benefits in kind during 2014 –15 or 2013 –14.

The Authority offer subsidised gym membership to all staff. In 2013 –14 Mr P Lawrence participated in this scheme at a cost of £60. There have been no payments in 2014 –15. This is included in the salary shown in the table above.

The Authority also participates in a HMRC approved cycle to work scheme. Mr P Frammingham, Mr P Lawrence and Dr S Reed have participated in this scheme during 2014 –15 and 2013 –14.

PRP for 2014 –15 relates to the amount accrued during the year. PRP for 2013 –14 was paid in-line with amounts accrued during the year.

Executive Directors' Pension Entitlements

	Accrued pension at pension age as at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase in CETV
	£000	£000	£000	£000	£000
Mr P J Frammingham	11 –15 plus 0 lump sum	0 –2.5 plus 0 lump sum	133	109	11
Mr P J Lawrence	25 –30 plus 0 lump sum	2.5 –5.0 plus 0 lump sum	367	307	23
Dr S M Reed	20 –25 plus 60 –65 lump sum	0 –2.5 plus 2.5 –5.0 lump sum	395	361	13

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 the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. 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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% 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 initial 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 the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of **classic**, **premium**, **classic plus** and **nuvos** members will join the new scheme.

Further details of this new scheme are available at: http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/.

Further information is given in Note 3 to the Accounts.

Pay Multiples

The remuneration of the highest paid director in the Authority in the financial year 2014 –15 was £146,827 (2013 –14: £146,067). This was 3.9 times (2013 –14: 3.9 times) the median remuneration of the workforce, which was £37,108 (Restated 2013 –14: £37,093).

In 2014 –15 and 2013 –14, no employee received remuneration in excess of the highest paid director. Remuneration ranged from £16,659 to £146,827 (2013 –14: £16,359 to £146,067).

Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

P J Lawrence
Member, Chief Executive and Accounting Officer

16 June 2015

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 Secretary of State, with the consent of HM Treasury, has directed the Coal Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Coal Authority and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer 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; and
- prepare the financial statements on the going concern basis.
- The Accounting Officer for the Department of Energy and Climate Change has designated the Chief Executive as Accounting Officer of the Coal Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Coal Authority's assets, are set out in Managing Public Money published by HM Treasury.

P J Lawrence
Chief Executive and Accounting Officer

16 June 2015

GOVERNANCE STATEMENT

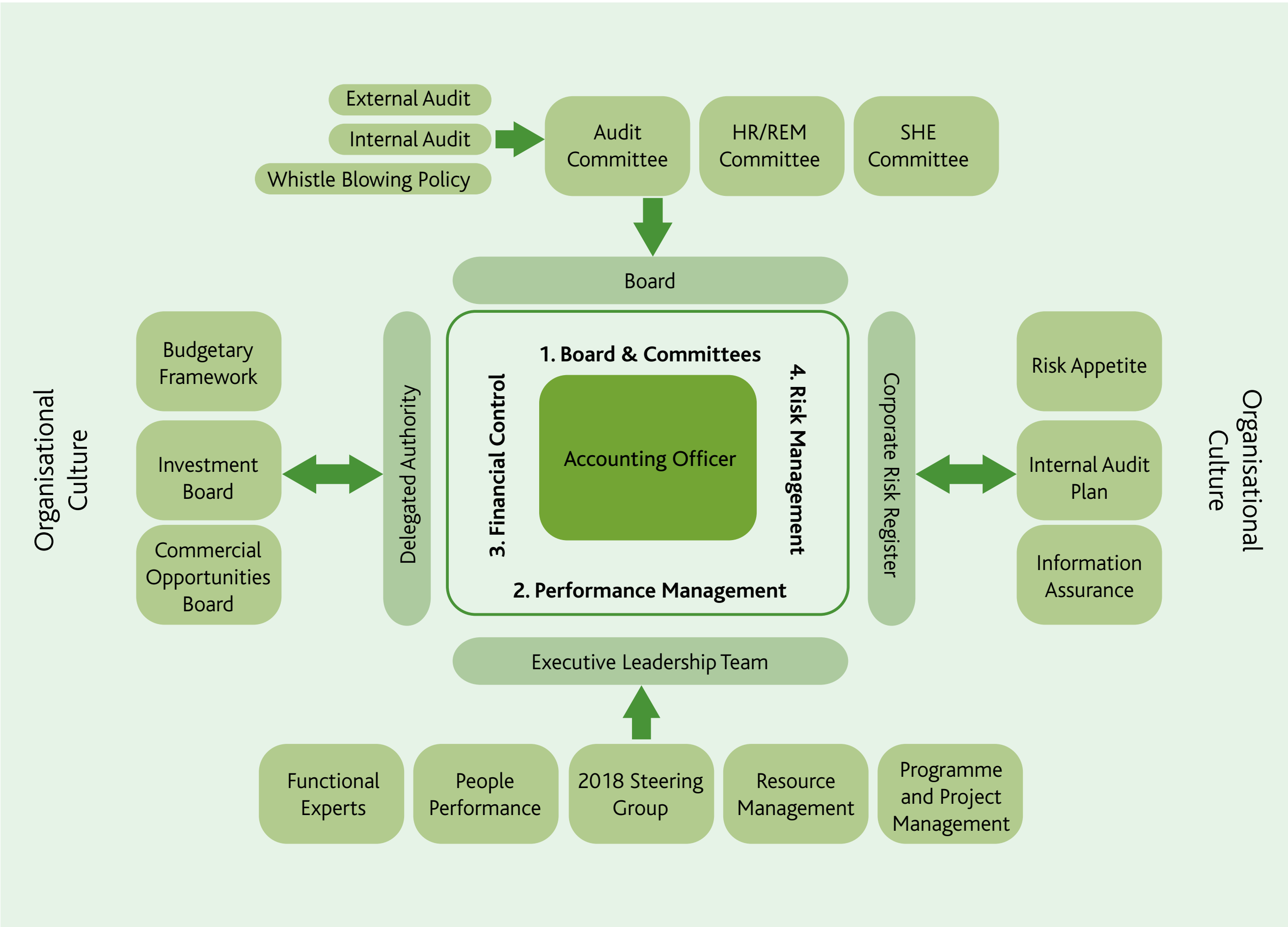
This Governance Statement outlines the governance, risk management and internal control arrangements in place to ensure achievement of the Authority's objectives. It explains the challenges and risks we manage in becoming a world leader in resolving the impacts of mining.

The Coal Authority's Governance Framework

We are committed to high standards of Corporate Governance. We work within a Framework Document that is reviewed and agreed annually with the Department of Energy and Climate Change (DECC). This sets out the purpose of the Authority, the core elements of the relationship with DECC, and the framework within which we will operate.

The Authority has an established governance framework supported by an appropriate organisational culture. This is illustrated below at Figure 1 and explained further through this statement.

Figure 1: Coal Authority Governance Framework



1. The Board and its Committees

1.1 Board of Directors

As at 31 March 2015 we had seven Members (three Executive plus four Non-Executive appointed by the Secretary of State of DECC).

The Board sets and communicates strategic intent and direction, makes strategic decisions that cannot be delegated and monitors and challenges corporate business performance.

The Director of Human Resources and Organisational Development attends the Board by invitation. Other senior managers attend the Board in order to present papers and join strategy discussion.

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.

1.2 Board Performance

Compliance with the Corporate Governance Code

We comply with the Corporate Governance Code and Government guidance in respect of its application in so far as is relevant and practical for an Arm's Length Body of our size and complexity.

The Board monitors its performance against objectives and supports the Authority in directing its business in an effective manner including playing an active role in managing stakeholder relationships. The Chair is responsible for leading the Board and Non-Executive Directors to constructively challenge and help develop strategy.

It is considered that the quality of information received by the Board is of a satisfactory standard. Papers and reports are normally concise, relevant and timely. The Board receives frequent updates on the Authority's financial position, forecasts and sensitivities.

The Board has an appropriate balance of skills and experience to enable it to discharge its responsibilities. As outlined below, the Board undertakes regular evaluation of its own performance and that of its directors.

The Board ensures that a balanced and reasonable assessment of performance is reported to DECC and regularly debates the main risks facing the Authority and, through the Audit Committee, maintains sound risk management and internal control systems.

Executive Remuneration is determined by the HR & Remuneration Committee within the guidelines set by HM Treasury and DECC. Non-Executive Remuneration is set by DECC and reviewed annually.

Board Performance and Effectiveness Review

The Board meets to review its performance annually. The Board assessed its performance during

Membership and attendance of the Board and its Committees is summarised in the table below:

	Name	Position	Board/Committee: no of meetings (held) and attended			
			Board (9)	Audit (4)	HR/Rem (2)	SHE (3)
Non-Executive Directors (NEDS)	Stephen Dingle	Chair	9	1	2	n/a
	Patricia Henton	Senior NED	8	3	2	3
	Stephen Redmond	NED	9	4	2	n/a
	Robert Spedding	NED	9	4	2	n/a
Executive Directors	Philip Lawrence	Chief Excutive	9	4	2	3
	Paul Frammingham	Chief Finance and Information Officer	9	4	n/a	n/a
	Simon Reed	Chief Operating Officer	9	n/a	n/a	2

(dark green)	Chair
(light green)	Members

March 2015 by way of considering its progress against its annual objectives. These focussed on how the Board behaves to support the Executive Leadership Team (ELT) in achieving the objectives of the Authority and were concerned with:

- Further improving stakeholder relationships;
- Providing challenge;
- Providing support;
- Achieving great people development; and
- Achieving high class communication.

The Board considers that it has effectively exhibited these important behaviours.

The previous Board effectiveness review was undertaken during March 2014 and was conducted in a similar manner. It is intended that a further externally facilitated review be undertaken during 2015.

Overall the Board considers that it operates effectively and continues to make significant progress. During Board meetings an appropriate level of constructive challenge is undertaken, all members contribute, and appropriate conclusions are drawn from dialogue.

In order to further improve performance the Board has set out its key objectives in 2015 –16. These are:

- Support and challenge the business to deliver the agreed income targets;
- Create the conditions necessary for an effective and well managed consultancy business to exist alongside the regulatory operation;
- Continue to communicate clearly and openly with DECC particularly around our funding plan and the associated risks;
- Consider all relevant structural options for the future in a dynamic way that reflects any issues that may arise as we take forward our strategy;
- Achieve strong performance management within the Authority by supporting and guiding senior management through any necessary difficult conversations;
- Communicate frequently and informally with each other to get the best from all members of the Board.

1.3 Board Committees

The Board is supported by its committees as outlined below:

Audit Committee

The Audit Committee is chaired by Robert Spedding, who has recent, relevant financial experience in line with HMT Code of Good Practice on Corporate Governance.

The Committee has annually reviewed defined terms of reference which outline its objectives and responsibilities. These include ensuring that the Authority: operates effective and integrated risk management and internal control systems; reviews and recommends the approval of the Annual Report and Accounts ensuring appropriate accounting policies and procedures are applied; and reviews the strategy and results of external audit. In addition, the Audit Committee, as part of its standing agenda, continues to keep key policies under review, including those that are important to the Authority in ensuring compliance with the Bribery Act 2010.

The Audit Committee keeps its own performance under review. Its last self-assessment was facilitated by our internal auditors and presented at the September 2014 meeting. The assessment was based on the results of a questionnaire distributed to members and attendees of the Audit Committee and other stakeholders. Feedback was positive indicating that the Audit Committee operates effectively and improvement actions were identified. The Audit Committee is currently satisfied that it is performing in line with its Terms of Reference.

The Audit Committee has responsibility for overseeing the internal audit function, provided by the Government Internal Audit Agency through subcontract to PriceWaterhouseCoopers (PWC). This work includes approval of the annual risk-based audit plan and monitoring the work, recommendations and effectiveness of the function. During the year our Internal Auditors have undertaken a number of reviews. Reports reviewed by the Audit Committee include those on Financial Systems, Regulatory Functions, Property and Performance Management. As well as covering these routine business delivery areas, reviews have also focussed on risks emerging from our increased emphasis on pursuing commercial opportunities in line with our five year plan.

The Audit Committee has reviewed, challenged and approved the change in accounting policies in relation to non-current assets and provisions outlined in Notes 1, 8, 15 and 21 to the Accounts.

Based on the work that Internal Audit has completed, its opinion on mitigating controls over the risk to the delivery of objectives is that "The framework of governance, risk management and control is adequate and effective". This opinion is consistent with that of previous years.

More widely, Internal Audit recognises that the Authority has to manage the risks of growing its commercial business and that this is a developing area.

The HR & Remuneration Committee

Membership of the HR & Remuneration Committee comprises the Non-Executive Directors and the Chief Executive under the chairmanship of Stephen Redmond. The Director of HR and Organisational Development attends by invitation along with the Head of HR and Organisational Development.

The HR & Remuneration Committee has continued to support the Authority in improving organisational capability in line with its five year plan. It has continued to spend time reviewing the Authority's succession planning strategy ensuring that skills and knowledge through the organisation are fit for purpose both now and in the future, and overseen improvements to the Performance Management System including implementation of a new competency framework. The Committee has approved changes to the Authority's standard Contracts of Employment to incorporate terms appropriate to an organisation moving towards commercialisation.

During the year, the Committee has reviewed the Equality and Diversity profile of the organisation against recruitment monitoring data and continues to champion good practice in this area.

Safety, Health and Environment Committee

The Safety, Health and Environment (SHE) Committee is chaired by Patricia Henton and attended by the Chief Executive, Chief Operating Officer, Head of SHE and Facilities Management and relevant departmental heads. Its purpose is to set strategic direction, undertake an annual management review of SHE performance, recommend improvements and ensure an annual report is approved by the Board and published so that our stakeholders have visibility of our performance.

It met three times during the year. Corporate SHE objectives and targets were reviewed, and progress against these is reported in the annual SHE report, which is published on the Authority's website **www.gov.uk/coalauthority**. During the year, decisions were taken to develop new procedures for travelling abroad on business, sign up to the Welsh Sustainable Development Charter and provide refresher training to the Board on their health and safety responsibilities. Strategic updates were provided on our sustainable procurement objectives and the classification of ochre, which is critical to our future sustainability aspirations for its beneficial re-use.

2. Performance Management

In addition to the Board and its Committees I am supported by the following teams:

Executive Leadership Team

The Authority's Executive Leadership Team (ELT) consists of the Authority's Executive Directors listed above with Lisa Lax, Director of Human Resources and Organisational Development and Richard Hughes, Director of Business Development.

The Team normally meets weekly with focus on People, Pace and Direction.

2018 Steering Group

The 2018 Challenge Group currently consists of the ELT and certain Heads of Department and is charged with ensuring that the Authority identifies and manages risks and issues relating to the five year plan (which runs to 2018), and achieves its planned milestones.

Project Management Office

The Project Management Office continues to facilitate improved programme and project management capability across the organisation. This is important in managing the Authority's strategic risks as outlined in section 4.

Over 2014 significant improvements have been made in this area including the implementation of standardised processes, a project management IT system and introduction of organisation wide resource management and capacity planning. Further work is required to embed these practices and better integrate business, project and financial planning processes.

3. Financial Control

The Authority has a strong system of financial control based on well-defined levels of delegated authority and a clear budgetary framework. This system remains effective with no control issues of note identified by Internal or External Audit during the year.

Investment Board

The Coal Authority's Investment Board, set up at the end of 2013, has been embedded into our operation during 2014. It provides a single forum for approval of expenditure defined by the Authority's delegated authority levels and is chaired by the Head of Finance joined by two members of the ELT. The Investment

Board has reinforced risk management concepts including that of risk appetite, helped to clarify sponsorship and ownership of projects, and facilitates a culture of financial awareness. Quality of submission to the Investment Board continues to improve by means of clear, timely feedback and coaching.

Commercial Opportunities Board

A Commercial Opportunities Board has been formed during 2014. This is chaired by the Chief Finance and Information Officer. Its purpose is to ensure that the Authority operates with the parameters outlined by the Board, and to ensure that the risk and reward of commercial opportunities are properly evaluated and managed before tendering or accepting commercial work.

The implementation of a Customer Relationship Management (CRM) system and associated quality processes are other examples of process improvements made over the last year to improve our Governance framework in line with our changing organisation, and during 2015 – 16 this progress will be built on through our Business and Operational Support Systems and Quality Management Systems projects.

4. Risk

4.1 Embedded Risk Management and Culture

Risks are discussed and managed through the organisation on a real time basis. Examples of this include:

- Regular and ongoing Board discussion on key business issues promoted by good visibility of opportunities and key risks against achievement of objectives;
- Ongoing interaction between our managers and Board members that promotes an understanding of risk appetite including NED representation on key Project Boards;
- A risk register that is current, subject to quarterly management sign off, and subject to periodic Audit Committee and ELT review, challenge and update;
- ELT continued focus on strategic issues and key risks around the culture, capacity and competence of our organisation;
- The 2018 Steering group (formerly SMT) considers strategy and risks together with debate including periodic sessions supported by Internal Audit;
- Ad-hoc exercises facilitated by Internal Audit. During the year these included an assurance mapping exercise across the Public Safety side of the business and a Fraud Risk Workshop where a cross section of our staff were asked to "think the unthinkable" in order to test our controls; and
- The Investment Board and Commercial Opportunities Board, as outlined above.

4.2 Changing Control Environment and Risk Appetite

As the Authority continues to transform, it is important that we ensure the control environment remains current and effective. There is a risk that a lag may develop between organisational change and appropriate updates to the control environment.

As we innovate to become increasingly efficient and realise the economic value in our people and information we will need to continue to evolve our control framework. We neither attempt to eliminate risk, nor pursue opportunities without ensuring risk is considered and managed.

Explicit reference to risk appetite allows us to adopt a common language across the Authority and develop a framework under which managers can confidently make risk based decisions. During the year the Board reviewed and confirmed its risk appetite. Risk appetite is required to be referenced in Board, Investment Board and Commercial Opportunities Board papers. During the year improvements made to the risk register include the addition of "target risk", a new field that can only be completed through consideration of risk appetite. Understanding of the concept of risk appetite continues to improve through the organisation and is promoted through coaching and live, real time conversations with managers.

4.3 Information Assurance

The Authority has continued to operate under its risk management policy during the year and I am not aware of any material breaches of security or policy or any loss of personal protected information during the year.

The Authority does not hold top secret or secret information and the inherent information risk posed to government through the Authority is relatively low.

The Authority has an appropriate Information Risk Management Policy. Staff continue to be trained annually in information handling to ensure all have appropriate levels of knowledge. Information assets are recorded on a register and a risk assessment against each asset is periodically undertaken. The Senior Information Risk Owner (the Chief Finance and Information Officer) is a Board member and works with the Departmental Security Officer (the Head of ICT) and others to ensure that proportionate controls are implemented to manage these risks in line with the Board's risk appetite.

During July 2014, the Authority undertook an Information Assurance Maturity Model (IAMM) self-assessment assisted by CESG. This assessment rates information assurance maturity across six areas scoring them from zero to five. The Authority achieved a level two rating across all areas, in line with expectation and representing a proportionate response to the Authority's gross information risk.

During the year a new position of Information Assurance and Business Continuity Manager has been recruited, recognising the importance of continual improvement in this area to match the organisation's wider development.

4.4 Risk Assessment

The Authority's ambitious five year plan will continue to drive significant organisational change and increased focus on commercial activity. The key risks that we will need to manage to deliver the plan together with mitigation strategies are outlined below:

Strategic Risk	Movement in Year	Mitigation
An over ambitious business plan or lack of effective prioritisation leads to inconsistency of delivery	↔	Our 2018 Steering Group have carefully evaluated our priorities and ensured alignment with our five year plan. Our Board continues to set direction and challenge business performance against our objectives. We have continued to embed proportionate project management disciplines and systems. Our key strategic projects, for instance our Zero Cost and Business and Operational Support Systems projects, have dedicated teams held accountable for delivery. We have shown agility in dealing with resource pressures by adjusting organisational design as necessary. Through taking these actions we continue to achieve our corporate objectives (94% achievement 2014 –15).
The business transformation that is required to achieve the five year plan and assure the future of the Authority fails to materialise due to a lack of capacity or competence or resistant culture	↔	We continue to place strong emphasis on strong performance management and the training, coaching and empowerment of our managers. Changes in Organisational Design have been made with key positions successfully recruited to strengthen our skills base. This will continue through 2015 –16 to further improve our commercial focus. Projects to improve knowledge transfer and succession planning will ensure current skills are not lost. Our culture continues to evolve and our capability is increasing in line with our aspirations. This will need to continue in order for us to successfully deliver our plans.
Government restrictions inhibit implementation of the medium/long term strategy	↑	We continue to actively and proactively engage with our key stakeholders to explain our aspirations and achieve buy-in. The successful outcome from our Triennial Review confirmed that Cabinet Office support our commercial aspirations, and DECC have also demonstrated support towards our plans. Various HMG policies and restrictions continue to present operational challenges but this is mitigated by early engagement and seeking early approvals from Government wherever possible.

Effectiveness of Control Environment

The system of governance, risk management and 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 has been in place in the Authority for the year ended 31 March 2015 and, as illustrated, up to the date of approval of the annual report and accounts, accords with HMT guidance.

No significant control issues have arisen in the year. Actions are ongoing to manage our risks, including high level and emerging risks. Based on all of the elements of the Coal Authority Assurance Framework illustrated at Figure 1, I am satisfied that the Authority's governance, risk management and internal control arrangements are proportionate, fit for purpose and working as intended.

P J Lawrence
Member, Chief Executive and Accounting Officer

16 June 2015


Glyncastle mine water treatment scheme cascade, South Wales.

Financial Statements

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 2015 under the Coal Industry Act 1994. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Board, Accounting Officer 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 2015 and of the net income 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 directions issued thereunder.

Emphasis of matter

Without qualifying my opinion I draw your attention to the disclosures made in Note 15 to the financial statements concerning the uncertainties in the likely costs in respect of the Coal Authority's liabilities for Mine Water, Public Safety and Subsidence, Subsidence Pumping Stations and Tip Management totalling £905.0 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 made under the Coal Industry Act 1994; and
- the information given in the Strategic Report on Activities Undertaken and Director's 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General **Date: 23 June 2015**

National Audit Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure Year Ended 31 March 2015

	Note	2014–15 £000	Restated 2013–14 £000
Programme expenditure			
Staff costs	3	6,372	5,287
Programme costs	4	15,059	17,062
Income	6	(14,740)	(15,982)
		6,691	6,367
Adjustment to provisions	4	(55,288)	13,378
Net programme expenditure		**(48,597)**	**19,745**
Administration expenditure			
Staff costs	3	2,138	2,269
Administration costs	5	2,485	2,399
Income	6	(295)	(316)
Net administration expenditure		**4,328**	**4,352**
Net expenditure		**(44,269)**	**24,097**
Taxation	7	–	–
Net expenditure after tax		**(44,269)**	**24,097**
Other comprehensive expenditure			
Net loss on revaluation of property, plant and equipment	8	51	–
Total comprehensive expenditure		**(44,218)**	**24,097**

The Statement of Comprehensive Net Expenditure and supporting Notes 2 to 6 have been prepared and presented in accordance with the guidelines provided by HM Treasury's Financial Reporting Manual (FReM). Prior year comparatives have been restated due to a voluntary change in accounting policy. Further information is provided in Note 21.

Notes on pages 51 to 88 form part of these accounts.

Statement of Financial Position
31 March 2015

	Note	2015 £000	Restated 2014 £000	Restated 1st April 2013 £000
Non-current assets:				
Property, plant and equipment	8	8,064	11,130	12,533
Investment property	9	582	580	626
Intangible assets	10	3,497	4,778	5,972
Total non-current assets		12,143	16,488	19,131
Current assets:				
Assets classified as held for sale	9	42	71	50
Trade and other receivables	12	3,928	4,243	3,131
Cash and cash equivalents	13	5,283	7,615	4,692
Total current assets		9,253	11,929	7,873
Total assets		21,396	28,417	27,004
Current liabilities:				
Trade and other payables	14	(6,838)	(8,548)	(10,040)
Provisions	15	(21,582)	(24,226)	(23,658)
Total current liabilities		(28,420)	(32,774)	(33,698)
Non-current assets less net current liabilities		(7,024)	(4,357)	(6,694)
Non-current liabilities:				
Provisions	15	(896,418)	(965,774)	(970,342)
Other payables	14	(5,290)	(6,319)	(2,317)
Total non-current liabilities		(901,708)	(972,093)	(972,659)
Net liabilities		**(908,732)**	**(976,450)**	**(979,353)**
Taxpayers' equity				
General fund		(908,808)	(976,579)	(979,491)
Revaluation reserve		76	129	138
		(908,732)	**(976,450)**	**(979,353)**

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

Philip Lawrence
Chief Executive and Accounting Officer
16 June 2015

Stephen Dingle
Chair
16 June 2015

Notes on pages 51 to 88 form part of these accounts.

Statement of Cash Flows
Year Ended 31 March 2015

	Note	2014 –15 £000	Restated 1st April 2013 £000
Cash flows from operating activities			
Net expenditure		44,269	(24,097)
Depreciation, amortisation and devaluation of fixed assets	4,5	9,722	8,029
Profit on disposal of fixed assets	4,5,6	(625)	(2,047)
Devaluation of investment properties	4	(38)	25
Decrease/(Increase) in trade and other receivables		315	(1,111)
(Decrease)/Increase in trade and other payables		(1,767)	2,966
Decrease in provisions		(72,000)	(4,000)
Net cash outflow from operating activities		(20,124)	(20,235)
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,477)	(5,077)
Purchase of intangible assets		(940)	(815)
Proceeds from sale of property, plant and equipment	4,6	709	2,050
Net cash outflow from investing activities		(5,708)	(3,842)
Cash flows from financing activities			
Grant in aid		23,500	27,000
Net financing		23,500	27,000
Net (decrease)/increase in cash and cash equivalents		**(2,332)**	**2,923**
Cash and cash equivalents at the beginning of the period		7,615	4,692
Cash and cash equivalents at the end of the period		5,283	7,615

Notes on pages 51 to 88 form part of these accounts.

Statement of Changes in Taxpayers' Equity Year Ended 31 March 2015

	General Fund	Revaluation Reserve	Total Reserves
	£000	£000	£000
Balance as at 1 April 2013 – Restated	**(979,491)**	**138**	**(979,353)**
Changes in taxpayers' equity for 2013–14			
Grant in aid funding – Capital	6,711	–	6,711
Grant in aid funding – Revenue	20,289	–	20,289
Transfers between reserves	9	(9)	–
Comprehensive expenditure for the year	(24,097)	–	(24,097)
Balance at 31 March 2014 – Restated	**(976,579)**	**129**	**(976,450)**
Changes in taxpayers' equity for 2014–15			
Grant in aid funding – Capital	5,444	–	5,444
Grant in aid funding – Revenue	18,056	–	18,056
Transfers between reserves	2	(2)	–
Movement on revaluation of fixed assets	–	(51)	(51)
Comprehensive expenditure for the year	44,269	–	44,269
Balance at 31 March 2015	**(908,808)**	**76**	**(908,732)**

Notes on pages 51 to 88 form part of these accounts.

Notes to the Accounts
Year Ended 31 March 2015

1. Statement of Accounting Policies

1.1 Basis of preparation

The Authority is an executive non departmental public body (NDPB) established under the Coal Industry Act 1994 and is sponsored by the Department of Energy and Climate Change (DECC). Under paragraph 15(1)(b) of Schedule 1 of the Act the Authority is required to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction, as determined by the Secretary of State, with the consent of HM Treasury.

These financial statements have been prepared in accordance with the 2014 –15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be 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.

1.2 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.

1.3 Changes in accounting policies and restatement of comparatives

Operational coal mine water schemes and subsidence pumping stations will be held at nil value on the Statement of Financial Position. This is because by building and operating mine water treatment schemes the Authority is addressing the pollution caused by past mining activities where the economic benefits have been received, and addressing an obligation that these past operations created.

In accordance with IAS 16 Property Plant and Equipment (PPE), as there are no future economic benefits that flow to the Authority the assets are impaired to nil value once they become operational. Further information is provided in Note 1.14.

Provisions in respect of mine water treatment schemes and subsidence pumping stations that relate to coal mining will be calculated only by reference to discounted future cash flows associated with discharging associated liabilities, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Further information is provided in Note 1.20.

The voluntary adoption of the changes of accounting policy has given rise to a prior period adjustment. The effect of this prior period adjustment on each line of the Primary Statements is set out in Note 21.

The application of this policy will enable simplification of the financial statements as well as enabling the harmonisation of policies across the DECC group of organisations in line with HMG's Clear Line of Sight Project and consolidation under Whole of Government Accounts.

For schemes that relate to metal mining activity these will be reviewed on an individual basis in accordance with the guidance provided under IAS 16 Property Plant and Equipment (PPE) and other relevant standards. This review will be completed in conjunction with reference to the underlying contractual agreement in place with third parties.

1.4 Going concern

The Statement of Financial Position at 31 March 2015 shows net liabilities of £908.7 million. This reflects the inclusion of future expenditure for liabilities falling due in future years which cover periods of 50 and 100 years into the future. To the extent that they are not met from 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.

1.5 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.

1.6 Programme and administration expenditure and income

The Statement of Comprehensive Net Expenditure is analysed between programme and administration income and expenditure. The classification of expenditure and income as programme or as administration follows the definition of administration costs set out in the Consolidated Budgeting Guidance issued by HM Treasury.

1.7 Income and revenue recognition

Income

Income represents the amounts, exclusive of VAT, arising from leases/licences and invoiced sales of goods and services.

Income is measured at the fair value of the consideration received or receivable and is recognised in the Statement of Comprehensive Net Expenditure, following performance of contractual obligations by the Authority, where amounts can be reliably measured and it is probable that the economic benefits will flow to the Authority. Where this applies to services income, the amount recognised will be dependent upon the stage of completion.

Income received in advance of discharging contractual obligations is held on the Statement of Financial Position and released to the Statement of Comprehensive Net Expenditure as contractual obligations are fulfilled.

Previously, the contribution received towards the construction of metal mining schemes was recognised in the Statement of Comprehensive Net Expenditure as programme income. Following the change in accounting policy (as detailed in Note 1.3), these contributions have been offset against the cost of capital purchases. This will be completed in conjunction with reference to the underlying contractual agreement in place with third parties.

Operating lease income

Lease income from Head Office freehold property is accounted for in equal annual amounts and recognised either over the term of the lease or to a date where a break clause may be applied, whichever is the earliest.

Consolidated fund income

Income collected under statute in relation to licensing activities is surrendered to the Government as consolidated fund income when received, other than the element retained to finance licensing activities as a cost of collection.

The Authority is deemed to be acting in the capacity of an agent and these income streams therefore fall outside of normal operating activities and are not reported through the Statement of Comprehensive Net Expenditure, but disclosed separately within the Notes to the Accounts.

Royalties and mining income are recognised on an accruals basis, relating to the period in which the income is earned, and following receipt of amounts owed cash payments are made to the consolidated fund.

1.8 Staff costs

Under IAS 19 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.

1.9 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme. 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.

1.10 Operating lease expenditure

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

1.11 Research and development

Research

Expenditure is recognised as an expense in the period in which it is incurred.

Development

Expenditure is capitalised as an internally generated intangible asset only if the criteria of IAS 38 is met.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

1.12 Taxation

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.

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.

1.13 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.

1.14 Property, plant and equipment

Assets are capitalised as property, plant and equipment if they are intended for use on a continuing basis and their original purchase cost, on an individual or group basis, is £2,000 or more.

Property

Freehold land and buildings relate to the Authority's Head Office and are carried at fair value based on existing use, with external professional valuations undertaken biennially.

The latest valuation was undertaken at the end of 2014 –15 and the carrying value adjusted accordingly, with the next valuation scheduled to be undertaken at the end of 2016 –17.

In addition, the Authority owns a number of shafts that access abandoned mines. These are used in the monitoring of underground movements in water and gases, as there is no open market on which to base a valuation, these are held at nil value.

Non-property

Information Technology, Plant and Machinery and Furniture and Fittings

In accordance with the FReM, the option has been taken to value these assets on a depreciated historical cost basis over the assets remaining service potential as a proxy to fair value, where assets have short useful economic lives or are of low value, or both.

At each reporting date the Authority reviews asset carrying amounts, for both residual values and useful economic lives, to determine whether there is any indication that an impairment loss has been suffered.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, where the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Assets under construction are valued at cost.

Mine Water Treatment Schemes and Subsidence Pumping Stations

The Authority has voluntarily adopted changes of accounting policies in line with the guidance provided under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Previously operational mine water treatment schemes and subsidence pumping stations relating to coal mining were capitalised and depreciated over their useful economic lives.

Following the change in Accounting Policy in respect of Accounting for Non-Current Assets (see notes 1.3, 8 and 21), operational schemes are held at nil value on the Statement of Financial Position, on the basis that the assets are commissioned to resolve legacy mining issues for which the benefits have previously been received.

Costs incurred in the design, build, refurbishment and bringing the assets into working condition for their intended operational use are capitalised following completion of a feasibility study and gateway review. When the assets are brought into operational use, the carrying values will be subject to an impairment review and will be impaired to nil value, with the loss being recognised through the Statement of Comprehensive Net Expenditure.

For schemes that relate to metal mining activity these will be reviewed on an individual basis in accordance with the guidance provided under IAS 16 Property Plant and Equipment (PPE) and other relevant standards. This review will be completed in conjunction with reference to the underlying contractual agreement in place with third parties.

Decommissioning costs are not provided for on the basis that the mine water schemes and subsidence pumping stations will continue to operate in perpetuity.

Assets under construction are valued at cost.

1.15 Depreciation

Property, plant and equipment assets are depreciated at rates calculated to write them down to their estimated residual value on a straight line basis over the estimated useful economic lives. The rates of depreciation are as follows:

Freehold land	not depreciated
Long leasehold land	not depreciated
Freehold buildings	50 years
Information technology	3 to 5 years
Plant and machinery	3 to 10 years
Furniture and fittings	5 to 10 years

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

1.16 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 IAS 40, but may be impaired or revalued to provide a carrying value at their estimated fair value. Full valuations by external chartered surveyors are undertaken by means of a rolling programme over five years. A desk top review is undertaken by in-house chartered surveyors on those properties that have not been subject to a full external valuation during the year.

Gains and losses arising from changes in fair value of investment property are recognised in the Statement of Comprehensive Net Expenditure.

Investment properties identified as held for sale are disclosed where conditions established under IFRS 5 have been met.

1.17 Intangible assets

Expenditure on intangible assets consists of bespoke software development 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.

1.18 Financial instruments

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables, as disclosed within Note 12 and 14 to the Accounts.

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.

1.19 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 Statement of Comprehensive Net Expenditure 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, escrow accounts, or charges over land. These arrangements do not give rise to any entries in the Authority's financial statements.

1.20 Provisions

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.

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. There is a requirement to purchase and surrender allowances, currently retrospectively, on the basis of carbon dioxide emissions as energy is used. The liability is measured on best estimates of expenditure required to meet these obligations and is factored into the provisions.

Where the time value of money is material, the Authority discounts each provision to its present value using the real discount rates as specified annually by HM Treasury. These rates are disclosed within the relevant Note to the Accounts.

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.

Specific provision periods have been established as follows;

Mine water treatment 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 for.

The Authority has voluntarily adopted changes of accounting policies in line with the guidance provided under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Previously as cash expenditure was capitalised under the Fixed Asset policy, a matching provision was maintained so as to offset the carrying value of the asset. As the asset was utilised and depreciated, a matching entry was made to provisions to reflect the revised carrying value of the asset, crediting the Statement of Comprehensive Net Expenditure.

Following the change in Accounting Policy in respect of Accounting for Non-Current Assets (see note 1.14), operational mine water treatment schemes and subsidence pumping stations that relate to coal mining activity are held at nil value and so no matching provision is required.

1.21 Contingent assets and liabilities

In addition to contingent liabilities or assets disclosed in accordance with IAS 37, the Authority discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of HM Treasury's Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.22 Accounting judgements, estimates and assumptions

In relation to provisions, to the extent that it is sometimes impracticable to disclose the full extent of the possible effects of assumptions or management estimate at the end of a reporting period, based on the best existing knowledge at the time, it is reasonably possible that outcomes for the next accounting period could require material adjustments to the provisions balances of £918.0 million as at 31 March 2015.

Other than in the review and calculation of provisions, no material accounting judgements, estimates or assumptions were made by the Authority in preparing these accounts.

1.23 New standards, amendments and interpretations not yet effective

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

IFRS 13 "Fair Value Measurement" defines fair value, provides a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. It will be adopted prospectively for periods beginning on or after 1 April 2015. Early adoption is not permitted. The Directors do not believe there will be any significant impact on the Authority.

2. Statement of Operating Costs by Operating Segments

The following analysis by operating segment of gross expenditure, income, net (income)/expenditure and total assets are stated below in accordance with IFRS 8.

2014 –15	Regulation £000	Information £000	Public Safety £000	Environment £000	Total £000
Expenditure incurred during the year	2,697	5,837	11,724	15,650	35,908
Impairments	181	–	–	6,677	6,858
Less provision utilised	(226)	–	(6,577)	(9,909)	(16,712)
Adjustment to provisions	464	–	(35,660)	(20,092)	(55,288)
Gross expenditure	3,116	5,837	(30,513)	(7,674)	(29,234)
Income	(1,727)	(10,239)	(237)	(2,832)	(15,035)
Net (income) / expenditure	**1,389**	**(4,402)**	**(30,750)**	**(10,506)**	**(44,269)**
Total assets	**5,858**	**4,997**	**4,397**	**6,144**	**21,396**
Memo: Net (income) / expenditure excluding provisions movements	1,151	(4,402)	11,487	19,495	27,731

Restated 2013 –14	Regulation £000	Information £000	Public Safety £000	Environment £000	Total £000
Expenditure incurred during the year	3,246	5,226	15,140	15,195	38,807
Impairments	–	–	–	5,588	5,588
Less provision utilised	(635)	–	(6,840)	(9,903)	(17,378)
Adjustment to provisions	(403)	–	6,878	6,903	13,378
Gross expenditure	2,208	5,226	15,178	17,783	40,395
Income	(3,157)	(10,041)	(174)	(2,926)	(16,298)
Net (income) / expenditure	(949)	(4,815)	15,004	14,857	24,097
Total assets	6,268	5,959	6,865	9,325	28,417
Memo: Net (income) / expenditure excluding provisions movements	89	(4,815)	14,966	17,857	28,097

Segmental Analysis

The reported segments 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. During 2014 –15 a new Regulation department has been created. Prior year comparatives have been re-presented to ensure consistency with the current year.

Regulation includes legal, estate management and the planning, licensing and permissions activities. Previously these activities had been managed as part of Public Safety and Environment. Within Regulation total assets, investment properties valued at £42,000 have been identified as being held for sale (2014: £71,000). Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the HM Treasury consolidated fund when received.

Information covers the maintenance of mining records and the provision of mining and environmental reports. The most significant customer within Information is TM Property Searches Ltd generating income of £1,243,000 for 2014 –15 (2013 –14: TM Property Searches Ltd £1,070,000), which accounts for 8.7% (2013 –14: 7.5%) of income from activities.

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

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

The most significant customer within Environment is Defra. Income of £2,758,000 for 2014 –15 (Restated 2013 –14: £2,869,000) was earned for the provision of environmental technical services in respect of the treatment of metal mine water. Work undertaken for Defra is done so at cost plus an allowance for overhead recovery. This accounts for 19.23% (Restated 2013 –14: 20.4 %) of income from activities.

Managing Public Money – Fees and Charges

The Authority complies with the cost allocation and charging requirements set out in HM Treasury's Managing Public Money and Office of Public Sector Information guidance. Disclosure is provided when the fees and charges raised under legislation exceeds £1,000,000.

Information includes the provision of mining reports which generated income of £9,995,000 (Restated 2013 –14: £9,798,000), costs of £7,554,000 (Restated 2013 –2014: £7,243,000) and a surplus of £2,441,000 (Restated 2013 –14: £2,555,000). Expenditure associated with specific programmes and activities is managed and reported under the Public Safety and Regulation segments, but relates to the enhancement of data and information and has been included within the figures presented above. The financial objective in respect of the provision of Public Task products and services by Information is full cost recovery. Information also undertakes commercial services, including the provision of environmental information products, which are charged at a commercial rate

Environmental technical services generated income of £2,738,000 (Restated 2013 –14: £2,858,000), costs of £2,723,000 (Restated 2013 –2014: £2,880,000) and a surplus of £15,000 (Restated 2013 –14: Deficit £22,000). The financial objective in response of the environmental technical services is full cost recovery.

This information is provided for Fees and Charges purposes, not for IFRS purposes.

3. Staff Numbers and Related Costs

Staff costs comprise:

	2014–15 Staff £000	2014–15 Other £000	2014–15 Total £000	2013–14 Staff £000	2013–14 Other £000	2013–14 Total £000
Wages and salaries	6,091	–	6,091	5,193	–	5,193
Social security costs	517	–	517	451	–	451
Other pension costs	1,085	–	1,085	920	–	920
Agency staff costs	–	817	817	–	992	992
Staff costs	**7,693**	**817**	**8,510**	**6,564**	**992**	**7,556**

£9,000 of staff costs were charged to capital projects during 2014–15 (2013–14: £4,000).

Analysis of staff costs by programme and administration:

	2014–15 Staff £000	2014–15 Other £000	2014–15 Total £000	2013–14 Staff £000	2013–14 Other £000	2013–14 Total £000
Programme	5,839	533	6,372	4,526	761	5,287
Administration	1,854	284	2,138	2,038	231	2,269
Staff costs	**7,693**	**817**	**8,510**	**6,564**	**992**	**7,556**

Average number of persons employed:

	2014–15 Staff No.	2014–15 Other No.	2014–15 Total No.	Restated 2013–14 Staff No.	Restated 2013–14 Other No.	Restated 2013–14 Total No.
Information	25	3	28	20	–	20
Public Safety	49	2	51	44	2	46
Regulation	21	1	22	16	1	17
Environment	20	5	25	16	8	24
Programme	115	11	126	96	11	107
Administration	53	2	55	47	5	52
Staff numbers	**168**	**13**	**181**	**143**	**16**	**159**

Average number of persons employed as analysed above are consistent with the Authority's organisational structure for both years. The prior year comparatives have been restated to ensure consistency with the current year.

0.2 full time equivalent persons were charged to capital projects during 2014 –15 (2013 –14: 0.1).

Pensions

All employees of the Authority are members of one of the Principal Civil Service Pension Schemes (PCSPS) for the year ended 31 March 2015.

The PCSPS is an unfunded multi-employer defined benefit scheme and the Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2014 –15, employers' contributions of £1,085,000 were payable to the PCSPS (2013 –14: £920,000) 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. The contribution rates are set to meet the cost of the benefits accruing during 2014 –15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No Authority employees have opted for a partnership account in the year.

No persons retired early on ill-health grounds during 2014 –15 (2013 –14: No persons), therefore there are no additional accrued pension liabilities in the year (2013 –14: nil).

3.1 Reporting of Civil Service and Other Compensation Schemes – Exit Packages

During 2010 –11 redundancy and other departure costs of £1,852,000 were accrued in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full following a period of consultation and where there was certainty over the amounts to be paid and agreed exit dates. Where the Authority agreed early retirements, the additional costs were met by the Authority and not by the Civil Service Pension Scheme.

Payments of £207,000 were made during 2013 –14, being the final payments to be made under the 2010 –11 compensation scheme.

There have been no further compensation schemes accrued for the year ended 31 March 2015 (2014: nil).

3.2 Reporting of High Paid Off-Payroll Appointments

Off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months:

	No.
Existing engagements as of 31 March 2015	**8**
Of which existed for;	
less than one year	2
between one and two years	3
between two and three years	2
between three and four years	–
four or more years	1

New off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months:

	No.
New engagements, or those that reached six months in duration between 1 April 2014 and 31 March 2015	**2**
Of which include contractual clauses giving the right to request assurance in relation to income tax and national insurance obligations	2
For whom assurance has been requested	2
of which for whom;	
assurance has been received	2
assurance has not been received	–
Terminations as a result of assurance not being received	–

4. Programme Costs

	Note		2014 – 15		Restated 2013 – 14
		£000	£000	£000	£000
Operating leases:					
Equipment		105		119	
Land and buildings		146		171	
			251		290
Supplies and services:					
Expenditure incurred during the year		21,938		26,443	
Less provision utilised	15	(16,712)		(17,378)	
			5,226		9,065
Research and development			645		326
Travel and subsistence			245		197
Loss/(profit) on disposal of assets			10		(82)
Interest payable			14		17
Non-cash items:					
Adjustment to provisions;					
Additional year (50th/100th)	15	4,124		4,657	
Release to offset depreciation	15	–		–	
Utilised against capital expenditure	15	(4,607)		(4,331)	
Created/(released)	15	(66,384)		1,810	
Unwinding of discount	15	11,579		11,242	
			(55,288)		13,378
Depreciation and amortisation;					
Property, plant and equipment	8	68		65	
Intangibles	10	1,779		1,571	
			1,847		1,636
(Revaluation)/Devaluation;					
Property, plant and equipment	8	–		–	
Investment properties	9	(37)		25	
			(37)		25
Impairments					
Property, plant and equipment			6,858		5,588
Programme costs			**(40,229)**		**30,440**

Programme costs are those incurred by the Authority's operational areas for Information, Regulation, Public Safety and Environment.

Loss/(profit) on disposal of property, plant and equipment:

	2014–15	2013–14
	£000	£000
Proceeds from sale of assets	–	(83)
Book values	10	1
Loss/(profit) on disposal	**10**	**(82)**

5. Administration Costs

	Note	2014–15		Restated 2013–14	
		£000	£000	£000	£000
Operating Leases:					
Equipment			–		7
Supplies and services:					
Expenditure incurred during the year			734		925
Head office costs			616		529
Travel and subsistence			66		87
Audit remuneration			42		42
Loss on disposal of assets			10		4
Interest payable			–		–
Non-cash items:					
Depreciation and amortisation;					
Property, plant and equipment	8	700		742	
Intangibles	10	71		63	
			771		805
(Revaluation)/Devaluation;					
Property, plant and equipment and intangibles			246		–
Administration costs			**2,485**		**2,399**

Administration costs consist of the provision of management, support services and office accommodation required to undertake the Authority's programmes.

Devaluation costs of £245,000 relate to the revaluation undertaken of the Head Office land and buildings and £1,000 for intangible assets.

Loss on disposal of property, plant and equipment:

	2014–15 £000	2013–14 £000
Proceeds from sale of assets	–	–
Book values	10	4
Loss on disposal	**10**	**4**

6. Income

6.1 Programme Income

	2014–15 £000	Restated 2013–14 £000
Mining reports	9,995	9,797
Licensing	351	547
Permissions indemnities	470	393
Environmental technical services	2,758	2,868
Other services	475	391
	14,049	**13,996**
Income from activities		
Profit on disposal of property, plant and equipment	645	1,969
Interest receivable	46	17
Programme income	**14,740**	**15,982**

Profit on disposal of property, plant and equipment:

	2014–15 £000	2013–14 £000
Proceeds from sale of investment properties	180	269
Proceeds from clawback	529	1,700
Total proceeds	709	1,969
Book values	(64)	–
Profit on disposal	**645**	**1,969**

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

6.2 Administration Income

	2014–15 £000	2013–14 £000
Head Office rental and other income	270	271
Other services	25	45
Administration income	**295**	**316**

6.3 Consolidated Fund Income

Income shown in Note 6.1 includes a contribution to the cost of collection when the Authority is acting as agent for the consolidated fund rather than as principal. Income shown in Note 6.3 does not include amounts collected as agent for the consolidated fund. The amounts collected as agent for the consolidated fund were:

		2014–15		2013–14
	£000	£000	£000	£000
Production related rent (gross)	944		823	
Cost of collection	(138)		(120)	
Production related rent (net)		806		703
Incidental coal (gross)	8		61	
Cost of collection	–		–	
Incidental coal (net)		8		61
Options for lease		77		33
Property sale proceeds		4		–
Income payable to the consolidated fund		**895**		**797**

	2014–15 £000	2013–14 £000
Balances held at start of year	**197**	**260**
Payments to the consolidated fund	(863)	(860)
Income payable to the consolidated fund	895	797
Balances held at end of year	**229**	**197**

Production related rent relates to coal production rent and is earned on each tonne of coal extracted from existing operating coal mining sites. Incidental coal is royalty income from other sites where coal production is incidental to the main purpose of the activity being carried out.

Options for lease for future coal mining sites are granted in the form of a conditional licence and option for lease for the coal and income is recognised on the granting of the option. The site cannot become operational until certain conditions (for example, planning consent) have been met and payments are made annually based on the area of the option.

Property sale proceeds are recognised within the consolidated fund income where the initial purchase was made from grant in aid in previous periods. Income is recognised following the exchange of contracts and on completion of the sale of property.

Collection costs relate to the element of income retained to finance licensing activities and the cost of any unrecoverable amounts owed.

Balances held at end of year represent amounts still to be remitted to the consolidated fund.

Consolidated fund payments amounted to £863,000 (2013 –14: £860,000), being collections of £197,000 (2013 –14: £251,000) relating to prior year and £666,000 (2013 –14: £609,000) relating to current year.

7. Taxation

	2014 –15 £000	Restated 2013 –14 £000
Current tax	–	–
Deferred tax	–	–

Corporation tax is calculated at 21% (2013 –14: 23%) of the estimated assessable profit for the year.

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

	2014 –15 £000	Restated 2013 –14 £000
Net expenditure after interest	44,269	(24,097)
Tax at the UK corporation tax rate of 21% (23%)	9,296	(5,542)
Tax effect of expenses that are not deductible in determining taxable profit	2,018	1,754
Tax effect of temporary differences on property plant and equipment	(98)	(356)
Tax effect of utilisation of losses not previously recognised	–	–
Tax effect of temporary differences not recognised	(15,108)	(966)
Tax effect of losses arising in period not recognised	100	151
Tax effect of grant in aid finance for revenue purposes	3,792	4,959
Tax expense for the year	–	–

The following are the major deferred tax liabilities and assets:

	Recognised at 31 March		Unrecognised at 31 March	
	2015	Restated 2014	2015	Restated 2014
	£000	£000	£000	£000
Tax losses	(50)	(51)	(6,636)	(6,540)
Temporary differences regarding tax relief for provisions	–	–	(183,600)	(198,000)
Property, plant and equipment	–	–	(6,611)	(6,165)
Revaluation of assets	50	51	–	–
Total	**–**	**–**	**(196,847)**	**(210,705)**

No deferred tax asset has been recognised on excess carried forward tax losses 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 £918.0 million at 31 March 2015 will be deductible when the expenditure is charged against the provision in later periods.

The main rate of Corporation Tax reduced to 21% with effect from 1 April 2014 and will reduce further to 20% from 1 April 2015. These rate reductions were substantively enacted in July 2013 and the 20% rate has therefore been reflected in the Statement of Financial Position in the calculation of deferred tax.

8. 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 2014 – Restated	3,445	3,313	4,982	992	605	76,855	7,249	3,200	100,641
Additions	161	15	159	4	–	3,372	358	607	4,676
Reclassifications	–	–	27	18	–	2,794	–	(2,839)	–
Disposals	–	–	(101)	–	–	–	–	–	(101)
Revaluations	–	(478)	–	–	–	–	–	–	(478)
At 31 March 2015	3,606	2,850	5,067	1,014	605	83,021	7,607	968	104,738
Depreciation									
At 1 April 2014 – Restated	–	89	4,184	561	573	76,855	7,249	–	89,511
Charged in year	–	93	566	101	8	–	–	–	768
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals	–	–	(100)	–	–	–	–	–	(100)
Impairments	–	–	135	18	–	6,166	358	–	6,677
Revaluations	–	(182)	–	–	–	–	–	–	(182)
At 31 March 2015	–	–	4,785	680	581	83,021	7,607	–	96,674
Net Book Value at 31 March 2015	**3,606**	**2,850**	**282**	**334**	**24**	**–**	**–**	**968**	**8,064**
Net Book Value at 31 March 2014 – Restated	3,445	3,224	798	431	32	–	–	3,200	11,130

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 of £2,925,000 as at 31 March 2015 in accordance with RICS guidelines. Valuations are undertaken every two years, with the next to be completed at 31 March 2017.

Assets under construction primarily consist of costs incurred on the development, construction or refurbishment of coal mine water treatment schemes and subsidence pumping stations.

Following the change in accounting policy for schemes relating to coal mining activity (as detailed on Note 1.14), the assets brought into operational use have been subject to an impairment review and impaired to nil. This impairment loss has been recognised through the Statement of Comprehensive Net Expenditure.

Previously, contributions received towards the construction of metal mining schemes were recognised in the Statement of Comprehensive Net Expenditure as programme income. Following the change in accounting policy (as detailed in Note 1.3), these contributions have been offset against the cost of capital purchase.

	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 2013 – Restated	3,435	2,649	5,031	779	585	71,387	7,189	4,913	95,968
Additions	10	566	112	209	37	2,424	60	1,579	4,997
Reclassifications	–	98	126	10	–	3,058	–	(3,292)	–
Disposals	–	–	(287)	(6)	(17)	(14)	–	–	(324)
Impairments	–	–	–	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–	–	–	–
At 31 March 2014 – Restated	3,445	3,313	4,982	992	605	76,855	7,249	3,200	100,641
Depreciation									
At 1 April 2013	–	–	3,825	470	564	71,387	7,189	–	83,435
Charged in year	–	89	595	97	26	–	–	–	807
Reclassifications	–	–	–	–	–	–	–	–	–
Disposals	–	–	(284)	(6)	(17)	(12)	–	–	(319)
Impairments	–	–	48	–	–	5,480	60	–	5,588
At 31 March 2014	–	89	4,184	561	573	76,855	7,249	–	89,511
Net Book Value at 31 March 2014 – Restated	**3,445**	**3,224**	**798**	**431**	**32**	**–**	**–**	**3,200**	**11,130**
Net Book Value at 31 March 2013	3,435	2,649	1,206	309	21	–	–	4,913	12,533

9. Investment Properties

	Land £000	Buildings £000	Total £000
Fair value			
At 1 April 2014	596	55	651
Disposals	(9)	(55)	(64)
Transfers	–	–	–
Revaluations	37	–	37
Net Book Value at 31 March 2015	**624**	**–**	**624**
Net Book Value at 31 March 2014	596	55	651

The Authority owns all of its investment properties.

As part of a rolling programme, to ensure that all investment properties are subject to an external valuation every five years, 21 properties representing approximately 8% of the property portfolio by value, were valued as at 31 March 2015 in accordance with RICS guidelines, by the District Valuation Office. This builds on the valuations undertaken during 2014, when 16 properties (2013: 11 properties), representing approximately 9% (2013: 73%) of the property portfolio by value, were valued by Smiths Gore and Guy Rusling.

All investment properties that have not been subject to an external valuation during the year have been subject to an internal valuation, undertaken by Phil Brandreth FRICS, Coal Authority Property Manager. Internal valuations have been established using appropriate property indices to reflect the movement in the property market over the previous year.

Under the rolling programme there are currently 25 investment properties that will be subject to external valuations over the next two years.

As at 31 March 2015 certain properties valued at £42,000 have been identified as being held for sale (2014: £71,000).

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

	Land £000	Buildings £000	Total £000
Fair value			
At 1 April 2014	666	10	676
Disposals	–	–	–
Transfers	(39)	39	–
Revaluations	(31)	6	(25)
Net Book Value at 31 March 2015	**596**	**55**	**651**
Net Book Value at 31 March 2014	666	10	676

10. Intangible Assets

	Information Technology £000	Software Licences £000	Assets under Construction £000	Total £000
Cost or valuation				
At 1 April 2014	17,779	1,369	273	19,421
Additions	716	43	9	768
Reclassifications	263	10	(273)	–
Disposals	–	(70)	–	(70)
At 31 March 2015	18,758	1,352	9	20,119
Amortisation				
At 1 April 2014	13,616	1,027	–	14,643
Charged in year	1,580	270	–	1,850
Impairment	181	–	–	181
Disposals	–	(52)	–	(52)
At 31 March 2015	15,377	1,245	–	16,622
Net Book Value at 31 March 2015	**3,381**	**107**	**9**	**3,497**
Net Book Value at 31 March 2014	4,163	342	273	4,778

The Authority owns all of its intangible assets.

Information technology includes information systems developed in-house or by third parties and assets under construction consist predominantly of cost incurred in the further development of these information systems.

Amortisation of information technology and software licences is charged to both programme and administration costs.

	Information Technology £000	Software Licences £000	Assets under Construction £000	Total £000
Cost or valuation				
At 1 April 2013	17,331	1,351	318	19,000
Additions	150	22	268	440
Reclassifications	313	–	(313)	–
Disposals	(15)	(4)	–	(19)
At 31 March 2014	17,779	1,369	273	19,421
Amortisation				
At 1 April 2013	12,274	754	–	13,028
Charged in year	1,357	277	–	1,634
Disposals	(15)	(4)	–	(19)
At 31 March 2014	13,616	1,027	–	14,643
Net Book Value at 31 March 2014	**4,163**	**342**	**273**	**4,778**
Net Book Value at 31 March 2013	5,057	597	318	5,972

11. 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 minimum credit, liquidity or market risk.

12. Trade Receivables and Other Current Assets

Amounts falling due within one year:

	2015 £000	2014 £000
VAT	694	764
Trade receivables	501	400
Other receivables	1	5
Prepayments and accrued income	2,732	3,074
Total debtors at 31 March	**3,928**	**4,243**

Intra-Government balances are analysed below:

	2015 £000	2014 £000
Balances with other central Government bodies	756	1,115
Balances with Local Authorities	603	341
Balances with NHS bodies	66	75
Subtotal: Intra Government balances	1,425	1,531
Balances with bodies external to Government	2,503	2,712
Total debtors at 31 March	**3,928**	**4,243**

There are no amounts falling due after more than one year.

13. Cash and Cash Equivalents

	2015 £000	2014 £000
Balance at 1 April	7,615	4,692
Net change in cash and cash equivalent balances	(2,332)	2,923
Balance at 31 March	**5,283**	**7,615**
The following balances were held at:		
Government Banking Services	5,283	7,615
Cash in hand	–	–
Balance at 31 March	**5,283**	**7,615**

Cash balances incorporate £3,731,000 (2014: £4,885,000) of ring fenced funds held in a separate account. These ring fenced funds represent receipts from UK Coal Operations Ltd following disclaiming the lease / licence for Daw Mill Colliery and from bond providers following the termination of operations of ATH Resources PLC, Benhar Developments Ltd and Scottish Coal Company Ltd. The balances have been off-set against the settlement of the operators' liabilities. Balances are to remain ring fenced until such time that all future liabilities are settled.

14. Trade Payables and Other Liabilities

Amounts falling due within one year:

	2015 £000	2014 £000
Other taxation and social security	289	245
Trade payables	961	384
Amounts payable to Government	229	197
Security fund payables	22	196
Liabilities in relation to called-in security	1,327	1,039
Accruals and deferred income	4,010	6,487
Total creditors at 31 March	**6,838**	**8,548**

The amounts payable to government represent amounts still to be remitted to the consolidated fund once trade receivables of £120,000 (2014: £124,000) and accrued income of £109,000 (2014: £73,000) in relation to licensing activities have been collected.

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

Liabilities in relation to called-in security are in respect of the settlement of future subsidence claims following UK Coal Operations Ltd disclaiming the lease / licence for Daw Mill Colliery.

Intra-Government balances are analysed below:

	2015 £000	2014 £000
Balances with other central Government bodies	736	626
Balances with Local Authorities	27	–
Balances with NHS bodies	–	20
Subtotal: Intra Government balances	763	646
Balances with bodies external to Government	6,075	7,902
Total creditors at 31 March	**6,838**	**8,548**

Amounts falling due after more than one year:

	2015 £000	2014 £000
Security fund payables:		
In more than one year, but not more than two years	1,725	58
In more than two years, but not more than five years	96	284
In more than five years	1,065	2,131
	2,886	2,473
Liabilities in relation to called-in security:		
In more than one year, but not more than two years	746	2,000
In more than two years, but not more than five years	–	261
In more than five years	1,658	1,585
	2,404	3,846
Total creditors at 31 March	**5,290**	**6,319**

There are no Intra-Government balances falling due after more than one year.

Liabilities in relation to called-in security are in respect of the settlement of future subsidence claims following UK Coal Operations Ltd disclaiming the lease / licence for Daw Mill Colliery and in respect of costs expected to be incurred following the termination of operations of ATH Resources PLC, Benhar Developments Ltd and Scottish Coal Company Ltd.

Where cash has been received from bond providers, any amounts not utilised, following the settlement of all future liabilities, will remain payable to the respective bond provider.

Analysis of movements on security fund payables:

	2015 £000	2014 £000
Opening balance – falling due within one year	196	242
Opening balance – falling due after more than one year	2,473	2,317
Opening balance	2,669	2,559
Invoiced and cash receipts	228	124
Interest payable	13	17
Repayments	–	(21)
Utilisation	(2)	(10)
Movements during the year	239	110
Closing balance – falling due within one year	22	196
Closing balance – falling due after more than one year	2,886	2,473
Closing balance	**2,908**	**2,669**

Analysis of movements on liabilities in relation to called-in security:

	2015 £000	2014 £000
Opening balance – falling due within one year	1,039	–
Opening balance – falling due after more than one year	3,846	–
Opening balance	4,885	–
Cash receipts	75	5,745
Repayments	–	(30)
Utilisation	(1,229)	(830)
Movements during the year	(1,154)	4,885
Closing balance – falling due within one year	1,327	1,039
Closing balance – falling due after more than one year	2,404	3,846
Closing balance	**3,731**	**4,885**

15. Provisions for Liabilities and Charges

	At 31 March 2014 – Restated £000	Additional Year (100th, 50th) £000	Utilised against Operating Spend £000	Utilised against Capital Spend £000	Created / (Released) £000	Unwinding of Discount £000	At 31 March 2015 £000
Mine Water	629,000	1,584	(9,399)	(3,961)	(12,958)	7,734	612,000
Public Safety and Subsidence	245,000	2,154	(5,392)	–	(39,295)	2,533	205,000
Subsidence Pumping Stations	86,000	176	(509)	(646)	(13,103)	1,082	73,000
Tip Management	17,000	160	(463)	–	(1,870)	173	15,000
Sub Total	977,000	4,074	(15,763)	(4,607)	(67,226)	11,522	905,000
Other	13,000	50	(949)	–	842	57	13,000
Total	**990,000**	**4,124**	**(16,712)**	**(4,607)**	**(66,384)**	**11,579**	**918,000**

The provision for liabilities and charges at 31 March 2015 is £918.0 million (2014 Restated: £990.0 million). Forecast cash flows included within this provision before discounting amount to £1,936.0 million (2014 Restated: £2,082.0 million).

Movements in provisions are provided for in line with accounting policies stated in Note 1.20.

In calculating each provision at its present value the real discount rates, including negative short and medium term rates for 2014 –15, as specified by HM Treasury have been used:

Discount Rates	**2014 –15**	**2013 –14**
Short Term (0 – 5 years)	(1.50)%	(1.90)%
Medium Term (5 – 10 years)	(1.05)%	(0.65)%
Long Term (exceeding 10 years)	2.20%	2.20%

The movement in the discount rate assumption between 2013 –14 and 2014 –15 has had the effect of decreasing total provisions by £3.3 million when applied to the latest forecast cash flows.

Other key assumptions and sensitivities in establishing the provisions at 31 March 2015 are explained below.

Mine Water

The provision relating to mine water treatment schemes is £612.0 million (Restated 2014: £629.0 million). The effect of the change in discount rates has been to increase the provision by £2.3 million.

In order to comply with the EU Water Framework Directive (EUWFD), a strategy has been developed to design and build a further 46 schemes by 2027 to remediate existing pollution identified by the Environment Agency (EA) and SEPA. A further eight 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 £81.6 million (Restated 2014: £112.2 million), before discounting, against the commissioning and capital maintenance of these schemes. In addition, a refurbishment programme over the life of the provision is included at a cost of £356.4 million before discounting (Restated 2014: £322.4 million).

The EUWFD includes the principle of disproportionate cost, and since 2010 –11 this principle has been applied in assessing the viability of remedial schemes. 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 and are therefore not provided for. Work with the EA and SEPA is ongoing to further understand the cost benefit ratio of the remedial schemes within the existing programme.

Operating costs, net of efficiency measures expected following the letting of a new operational partnership contract, have been modelled to reflect the new, varying types of scheme coming on line. Before discounting, total operating cashflows stand at £971.9 million (Restated 2014: £1,023.4 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 £205.0 million (Restated 2014: £245.0 million). The effect of the change in discount rates has been to increase the provision by £0.7 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. For the first time a provision is included for the liability of subsidence claims inherited from UK Coal for Daw Mill Colliery, reflecting liability in excess of called in security fund.

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 £6.2 million per annum (Restated 2014: £7.4 million per annum) with the movement reflecting a recent reduction in claims experience that is expected to continue at this level. In addition, annual costs before discounting are included for the ongoing mine entry inspection programme through to 2019 at £0.6 million per annum (Restated 2014: £0.6 million) and re-inspection programme thereafter over the life of the provision at a cost of £0.3 million per annum (Restated 2014: £0.3 million).

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 and 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.

Subsidence Pumping Stations

The provision relating to subsidence pumping stations is £73.0 million (Restated 2014: £86.0 million). The effect of the change in discount rates has been to increase the provision by £0.3 million.

Subsidence pumping station provisions relate to the costs of 76 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 2030 at £22.2 million before discounting (Restated 2014: £27.3 million), but also reflects an estimate of the ongoing requirement to continue refurbishment beyond 2030 and into the foreseeable future. This ongoing refurbishment programme has been incorporated at £0.9 million per annum, before discounting (Restated 2014: £1.2 million). In addition estimates include the cost of maintaining and operating these stations for the next 100 years at £0.6 million per annum before discounting (Restated 2014: £0.6 million).

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 £15.0 million (Restated 2014: £17.0 million). The effect of the change in discount rates has been to increase the provision by £0.1 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 runoff and undertake a regular programme of maintenance.

The cost of tip management provided is £0.5 million per annum (Restated 2014: £0.5 million) 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 £13.0 million (Restated 2014: £13.0 million). The effect of the change in discount rates has been to increase other provisions by £0.1 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 £8.0 million remain at 31 March 2015 (Restated 2014: £8.0 million), after discounting.

Provisions relating to opencast site rehabilitation are 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 £0.1 million (Restated 2014: £0.1 million).

Closed colliery site obligations are assessed to be £4.9 million (Restated 2014: £4.9 million), after discounting 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.

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 £1.0 million per annum, the total provision over 50 years in current day prices would increase or decrease by £31.9 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 £42.1 million.

The level of provisions is sensitive to a change in the discount rate. An increase in the discount rates by 0.5% would decrease the total provision held by £112.6 million (12%). A decrease in the discount rates by 0.5% would increase the total provision by £144.7 million (16%).

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 2015	12,577	5,690	1,703	482	1,130	21,582
Between 2016 and 2019	63,450	28,808	7,818	2,003	2,871	104,950
Between 2020 and 2034	207,500	80,526	25,982	5,981	5,848	325,837
Thereafter	328,473	89,976	37,497	6,534	3,151	465,631
Total	**612,000**	**205,000**	**73,000**	**15,000**	**13,000**	**918,000**

16. Capital Commitments

	2015 £000	2014 £000
Property, plant and equipment	586	1,136
Intangible assets	–	62
Total	**586**	**1,198**

There were capital commitments authorised and contracted as at 31 March 2015 of £586,000 (2014: £1,198,000).

Property, plant and equipment capital commitments includes £194,000 (2014: £39,000), relating to subsidence pumping stations and £383,000 (2014: £1,068,000) relating to mine water treatment schemes.

In the prior year, intangible assets of £62,000 were in respect of further development to the Authority's Information System.

17. Commitments under Leases

17.1 Operating Leases (Lessee)

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

	2015 £000	2014 £000
Land:		
Within one year	419	395
Between one to five years	1,610	1,517
After five years	10,936	10,828
	12,965	12,740
Buildings:		
Within one year	–	38
Between one to five years	–	–
After five years	–	–
	–	38
Others:		
Within one year	61	84
Between one to five years	119	140
After five years	–	–
	180	224
Total	**13,145**	**13,002**

17.2 Finance Leases (Lessee)

The Authority has no obligations under finance leases.

17.3 Operating Leases (Lessor)

Total future minimum income receipts under operating leases in relation to Head Office freehold property rental and other income are given in the table below for each of the following periods:

	2015 £000	2014 £000
Head Office – Freehold Property:		
Within one year	242	252
Between one to five years	262	401
After five years	–	–
Total	**504**	**653**

17.4 Finance Leases (Lessor)

The Authority receives no operating income under finance leases.

18. Contingent Liabilities

Licensees of mining operations are required to provide security to the Authority to cover the anticipated 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 this would transfer to the Authority who would become responsible for the discharge of outstanding subsidence liabilities. The Authority also has an ongoing liability to secure and keep secured the majority of 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 15) 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 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. Where appropriate, provisions are made in the accounts on the basis of information available and in accordance with guidance provided under the FReM and IFRS. The Authority does not expect that the outcome of the above issues will materially affect its financial position.

In addition to the contingent liabilities outlined above the following should be noted:

Wentworth Woodhouse

Damage Notices have been submitted to the Authority in respect of subsidence damage "in excess of £100 million" to Wentworth Woodhouse, a Grade 1 listed Country House. The Authority has rejected these notices.

Lands Tribunal Proceedings are ongoing and the Authority will continue to strongly defend its case.

19. 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 land and properties sold by British Coal Corporation. In the event that the purchasers are able to retrospectively 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.

20. Related Party Transactions

The Authority is a Non Departmental Public Body (NDPB) of the Department of Energy and Climate Change (DECC) and received grant in aid during the year, as well as surrendering income due to the consolidated fund in relation to statutory licensing activities.

DECC continue to provide a consolidated Annual Report and Accounts for the core department and incorporating NDPBs, including the Authority, that are classified within its consolidation boundary.

In addition, the Authority had a number of transactions with other government departments and bodies. The most significant of these transactions include the purchase of goods and services from the Department for Communities and Local Government (DCLG) and the provision of environmental technical services to Defra.

There have been no material transactions undertaken between Board or executive members, or other related parties, and the Authority during the year, that require disclosure.

In 2013 –14 and in the normal course of business, the Authority paid Halifax Hall Hotel £1,675.30 in relation to accommodation and conference facilities. This hotel is indirectly owned by Sheffield University where the wife of Mr Stephen Dingle, the Authority's Chair, is the Finance Director. There have been no such transactions during 2014 –15.

21. Prior Period Adjustments

The Authority has voluntarily adopted changes of accounting policies in line with the guidance provided under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IAS 8 requires retrospective application which has resulted in a prior period adjustment. The prior period comparatives have been restated accordingly, details of which are set out below:

Statement of Comprehensive Net Expenditure	2013–14	IAS 8 Restatement	2013–14 Restated
	£000	£000	£000
Programme expenditure			
Staff costs	5,287	–	5,287
Programme costs	30,673	(233)	30,440
Income	(17,256)	1,274	(15,982)
Net programme expenditure	**18,704**	**1,041**	**19,745**
Administration expenditure			
Staff costs	2,269	–	2,269
Administration costs	2,399	–	2,399
Income	(316)	–	(316)
Net administration expenditure	**4,352**	**–**	**4,352**
Net expenditure	**23,056**	**1,041**	**24,097**
Taxation	–	–	–
Net expenditure after tax	**23,056**	**1,041**	**24,097**
Other comprehensive expenditure			
Net movement on revaluation of property, plant and equipment	(691)	691	–
Total comprehensive expenditure	**22,365**	**1,732**	**24,097**

Statement of Financial Position	2014 £000	IAS 8 Restatement £000	2014 Restated £000
Non-current assets:			
Property, plant and equipment	87,879	(76,749)	11,130
Investment property	580	–	580
Intangible assets	4,778	–	4,778
Total non-current assets	93,237	(76,749)	16,488
Current assets:			
Assets classified as held for sale	71	–	71
Trade and other receivables	4,243	–	4,243
Cash and cash equivalents	7,615	–	7,615
Total current assets	11,929	–	11,929
Total assets	105,166	(76,749)	28,417
Current liabilities:			
Trade and other payables	(8,548)	–	(8,548)
Provisions	(24,226)	–	(24,226)
Total current liabilities	(32,774)	–	(32,774)
Non-current assets less net current liabilities	72,392	(76,749)	(4,357)
Non-current liabilities:			
Provisions	(1,041,774)	76,000	(965,774)
Other payables	(6,319)	–	(6,319)
Total non-current liabilities	(1,048,093)	76,000	(972,093)
Net liabilities	**(975,701)**	**(749)**	**(976,450)**
Taxpayers' equity	**(975,701)**	**(749)**	**(976,450)**

Statement of Cash Flows	2013 –14	IAS 8 Restatement	2013 –14 Restated
	£000	£000	£000
Cash flows from operating activities			
Net expenditure	(23,056)	(1,041)	(24,097)
Depreciation, amortisation and devaluation of fixed assets	5,260	2,769	8,029
Profit on disposal of fixed assets	(2,045)	(2)	(2,047)
Devaluation of investment properties	25	–	25
(Increase)/decrease in trade and other receivables	(1,111)	–	(1,111)
Increase/(decrease) in trade and other payables	2,966	–	2,966
(Decrease)/increase in provisions	(1,000)	(3,000)	(4,000)
Net cash outflow from operating activities	(18,961)	(1,274)	(20,235)
Cash flows from investing activities			
Purchase of property, plant and equipment	(6,351)	1,274	(5,077)
Purchase of intangible assets	(815)	–	(815)
Proceeds from sale of property, plant and equipment	2,050	–	2,050
Net cash outflow from investing activities	(5,116)	1,274	(3,842)
Cash flows from financing activities			
Grant in aid	27,000	–	27,000
Net financing	27,000	–	27,000
Net increase in cash and cash equivalents	**2,923**	**–**	**2,923**
Cash and cash equivalents at the beginning of the period	4,692	–	4,692
Cash and cash equivalents at the end of the period	7,615	–	7,615

Statement of Changes in Taxpayers' Equity	2013–14			IAS 8 Restatement			2013–14 Restated		
	General Fund	Revaluation Reserve	Total Reserves	General Fund	Revaluation Reserve	Total Reserves	General Fund	Revaluation Reserve	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1 April 2012	**(832,230)**	**4,760**	**(827,470)**	**(63,861)**	**(4,046)**	**(67,907)**	**(896,091)**	**714**	**(895,377)**
Changes in taxpayers' equity for 2012–13									
Grant in aid funding – Capital	7,218	–	7,218	–	–	–	7,218	–	7,218
Grant in aid funding – Revenue	16,782	–	16,782	–	–	–	16,782	–	16,782
Transfers between reserves	292	(292)	–	(276)	276	–	16	(16)	–
Comprehensive expenditure for the year	(179,484)	2,618	(176,866)	72,068	(3,178)	68,890	(107,416)	(560)	(107,976)
Balance at 31 March 2013	**(987,422)**	**7,086**	**(980,336)**	**7,931**	**(6,948)**	**983**	**(979,491)**	**138**	**(979,353)**
Changes in taxpayers' equity for 2013–14									
Grant in aid funding – Capital	6,711	–	6,711	–	–	–	6,711	–	6,711
Grant in aid funding – Revenue	20,289	–	20,289	–	–	–	20,289	–	20,289
Transfers between reserves	306	(306)	–	(297)	297	–	9	(9)	–
Comprehensive expenditure for the year	(23,056)	691	(22,365)	(1,041)	(691)	(1,732)	(24,097)	–	(24,097)
Balance at 31 March 2014	**(983,172)**	**7,471**	**(975,701)**	**6,593**	**(7,342)**	**(749)**	**(976,579)**	**129**	**(976,450)**

22. Events after the Reporting Period

There were no significant events after the reporting period that require disclosure.

Date accounts authorised for issue

The Chief Executive and Accounting Officer has authorised these accounts to be issued on the date they were certified by the Comptroller and Auditor General.

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

Public Information Services

Public Services: 01623 637000
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:

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ISBN 978-1-4741-1817-0