Presented pursuant to paragraph 15(1) of Schedule 1 to the Coal Industry Act 1994

The Coal Authority Account 2004-2005

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Foreword

The Authority presents its audited financial statements for the year from 1 April 2004 to 31 March 2005.

The Accounts have been prepared in a form directed by the Secretary of State for Trade and Industry with the consent of the Treasury in accordance with Paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994.

A brief history of the Authority and statutory background

The Authority was established by the Coal Industry Act 1994 (the Act), which received Royal Assent on 5 July 1994. The Authority became a legal entity on 19 September 1994 and assumed its functions on 31 October 1994. It is a Non-Departmental Public Body responsible to the Secretary of State for Trade and Industry.

Principal activities

The principal activities of the Authority are

- licensing coal mining operations and making available rights in relation to unworked coal;
- settling subsidence damage claims not falling on coal mining operators;
- managing property, and the historic liabilities, arising from ownership of the coal reserves and underground workings, including responsibility for dealing with minewater pollution issues in areas of former coal mining; and
- providing access to geological data and coal mining plans.

Performance against targets

The Authority is commissioned to fulfil its four primary functions in an efficient and cost effective manner, within the limits of the resourcing it has at its disposal. This objective was met during the year as its activities were financed from within the budget.

Review of results for the year

The Authority has a deficit for the year of £6.8 million. The deficit is a direct result of government accounting where cash grant in aid is allocated as income in the income and expenditure account. In this financial year provisions for expenditure significantly exceeded actual expenditure incurred, resulting in this large deficit. This deficit was added to the income and expenditure account, thus increasing the deficit which had accumulated up to 31 March 2005.

Details of changes in fixed assets are provided in Notes 11 and 12 to these Accounts.

Future plans for the Authority

The Authority will continue to develop its policies and procedures to ensure it performs its duties under the Act in a cost effective and efficient manner. It will ensure that its staff are appropriately trained and supported. The Authority will

- provide licensing arrangements for the coal industry which are open and consistent to enable operators to access and work coal reserves, by the use of existing mining techniques and to facilitate extraction of coal mine methane, coal bed methane and underground coal gasification;
- settle subsidence damage claims falling on the Authority speedily and efficiently, within the framework of its duties under the Coal Mining Subsidence Act 1991;

- provide a speedy and efficient emergency call out procedure for surface hazard incidents, and will manage its property in a cost effective manner. It will continue to work closely with environmental bodies on areas of mutual interest, and will continue to work in partnership on issues associated with the minewater treatment programme;
- provide improved access to information on past, present and future coal mining operations it holds, particularly through its Mining Reports Department which issues reports to solicitors and other customers in respect of property transactions.

Supplier payment policy

The Authority observes the principles of the Better Payment Practice Code and aims to pay valid invoices within 30 days of receipt or as agreed with suppliers. In 2004-05, this was achieved for 99% of invoices.

Board members and their interests

Mr J C Harris
Mr J R Hawksley
Dr B Jones
Mr D J Lumley
Dr H Mounsey
Dr I S Roxburgh to 9 September 2004
Mr A Schofield
Mr I Wilson

No member of the Authority had any financial interest in the Authority. Related party transactions are provided in Note 24 to these Accounts.

Authority's Executive Directors' Committee

Mrs S A Brook Shanahan	Solicitor and Secretary
Mr D J Lumley	Director of Finance
Mr S Pennell	Director of Mining Information and Services from 17 January 2005
Mr A Schofield	Chief Executive
Mr I Wilson	Director of Mining Projects and Property

Donations

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

Employee involvement

The Authority is committed to involving its employees in matters which concern them. The Authority has a Joint Staff Consultative Committee with staff representation for consultation meetings with management.

Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular abilities and aptitudes. Appropriate training will be arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Auditors

The Comptroller and Auditor General was appointed under the Coal Industry Act 1994 and reports to Parliament on the audit examination. No other services were provided and the audit fee was £32,250.

Corporate governance

The Authority complies with all of the provisions of HM Treasury's Code of Best Practice for Board Members of Public Bodies and the Responsibilities of a NDPB Accounting Officer. The Authority also complies with all of the provisions of its Management Statement, a document agreed with the Secretary of State for Trade and Industry which sets out certain of the Authority's powers, duties, functions and various policies.

Going concern

The balance sheet at 31 March 2005 shows net liabilities of £8.3M. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not met from the Authority's other sources of income, may only be met by future grants or grants-in-aid from the Authority's sponsoring department, the Department of Trade and Industry. 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 the Authority will continue to be put in funds so as to be able to meet its liabilities. The Authority has therefore prepared its accounts on a going concern basis.

By order of the Authority

A Schofield OBE 28 June 2005
Member, Chief Executive and Accounting Officer

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 Coal Authority is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Authority is required 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 have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department of Trade and Industry has designated the Chief Executive of the Authority as the Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in Non-Departmental Public Bodies' Accounting Officers' Memorandum, issued by the Treasury and published in 'Government Accounting'.

By order of the Authority

A Schofield OBE 28 June 2005
Member, Chief Executive and Accounting Officer

Statement on Internal Control

Scope of responsibility

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

A process of accountability has been agreed with the Department of Trade and Industry through the Management Statement that involves

- establishment and agreement of corporate and business plans with appropriate objectives and performance targets with the identification of risks that may prevent delivery of the plan including contingent liabilities;
- regular progress reports and monitoring information on performance and finance which are reviewed at quarterly accountability meetings together with any other issues or significant problems, whether financial or otherwise;
- half yearly reports to the Board on progress against the high level objectives are provided to the Department; and
- copies of all internal audit reports, the corporate risk register and risk action programmes also provided to the Department.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Authority's risk management strategy was determined and endorsed by the Chief Executive, Audit Committee and Board, all of whom are actively involved in the risk management processes. The Authority's risk management philosophy and policy document, including procedures for risk reporting, are held on the Authority's intranet which is accessible by all staff. The policy sets out the Authority's attitude to risk and defines responsibilities and roles throughout the organisation. The Personnel Performance Management System links individuals' objectives to the Authority's business objectives and the risks of not achieving them.

There is a programme of meetings within each department to identify and keep up to date the record of risks facing the organisation.

The risk and control framework

A risk strategy has been endorsed by the Audit Committee and the Board and communicated to all staff and includes

the risk management process for risk identification and controls assurance encompassing

i the establishment of an organisation-wide risk register setting out the risks with a ranking based on the probability of those risks occurring and their potential impact. The control strategies are recorded against each risk with an action plan of any necessary improvements to controls;

ii to ensure ownership, the risks are allocated to permit clear responsibility for controls and action plans. Each activity's senior management are the risk managers responsible for identifying, evaluating and managing the risks within their area of responsibility on a day to day basis;

iii all new projects/business activities are subject to risk assessment at the business planning stage and, where appropriate, are managed through the Authority's project management methodology (PRINCE 2). Each project has its own risk log recording both project risks and the wider business risks that may be affected by the projects. During the year this risk management process has been applied to all new ICT developments and other significant business change projects;

iv all matters referred to the Board for approval must include a risk assessment and mitigating actions; and

v the establishment of a Risk Management Committee, chaired by a Board Member, which reviews and validates the risk assessments and the extent to which the risks are controlled.

Review of effectiveness

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

The following review and assurance mechanisms are in place

- the Authority has adopted a set of eight high level objectives which are cascaded to departmental and individual objectives through the Performance Management System ensuring that performance against objectives and the risk of non-achievement are monitored and reviewed at an individual level;
- quarterly departmental review by Risk Managers of the risk register and progress with the risk action plan;
- quarterly review and validation by the Risk Management Committee of the report from the Risk Managers on risk issues and progress with the action plan;
- twice yearly reports from the Risk Management Committee to the Audit Committee which reviews the significant risks and any major issues or changes in risks;
- annual report via the Audit Committee to the full Board on risk management procedures including the significant risks, details of any control failures together with corrective actions planned or executed. Additionally the Board asks each Executive to complete a Statement of Assurance confirming compliance with the Authority's policies, procedures and risk management processes;
- reports from the Environment Group and Health and Safety Committee; and
- the Authority outsources the internal audit function to KPMG LLP who operate to Government Internal Audit Standards. They submit regular reports to the Audit Committee which include their independent opinion on the adequacy and effectiveness of the system of risk management control and governance arrangements, together with recommendations for improvement as appropriate. The internal audit work assesses the adequacy of internal controls in addressing the risks and confirms that the controls are operating as intended.

There were no material internal control issues identified during the year.

A Schofield OBE 28 June 2005
Member, Chief Executive and Accounting Officer

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

I certify that I have audited the financial statements on pages 11 to 29 under the Coal Industry Act 1994. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 15 to 17.

Respective Responsibilities of the Coal Authority, the Chief Executive and Auditor

As described on page 6 the Authority and Chief Executive are responsible for the preparation of financial statements in accordance with the Coal Industry Act 1994 and Secretary of State for the Department of Trade and Industry directions made thereunder and for ensuring the regularity of financial transactions. The Authority and Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Coal Industry Act 1994 and Secretary of State for the Department of Trade and Industry directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 7 reflects the Authority's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the Coal Authority at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Coal Industry Act 1994 and directions made thereunder by the Secretary of State for the Department of Trade and Industry; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

4 July 2005

National Audit Office
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London
SW1W 9SP

Income and Expenditure Account year ended 31 March 2005

	Notes	**Year to 31 March 2005 £000**	Year to 31 March 2004 £000
Gross income			
Grant-in-aid	2,3	**18,064**	23,548
Operating income	2	**12,790**	11,391
Total gross income		**30,854**	34,939
Administration expenses	2	**(43,653)**	(43,944)
Operating deficit	5	**(12,799)**	(9,005)
Profit on disposal of fixed assets	4	**11,046**	13,697
Interest receivable	7	**222**	329
Interest payable	8	**(201)**	(226)
Capital charge	25	**337**	297
Write back of capital charge		**(337)**	(297)
(Deficit)/surplus on ordinary activities before taxation		**(1,732)**	4,795
Taxation on (deficit)/surplus on ordinary activities	9	**(4,686)**	(4,862)
Deficit on ordinary activities after taxation		**(6,418)**	(67)
Appropriations by government	10	**(410)**	(410)
Retained deficit for the year	17	**(6,828)**	(477)

In both the current and preceding years, the Authority had no discontinued operations.

Notes on pages 15 to 29 form part of these accounts.

Balance Sheet 31 March 2005

	Note		**2005**		2004
		£000	**£000**	£000	£000
Fixed assets					
Investment properties	11	**1,542**		10,583	
Other tangible fixed assets	12	**11,981**		10,012	
			13,523		20,595
Current assets					
Debtors: amounts falling due after more than one year	13	**1,764**		3,762	
Debtors: amounts falling due within one year	13	**3,918**		3,561	
Cash at bank and in hand		**4,696**		4,536	
		10,378		11,859	
Creditors					
Amounts falling due within one year	14	**(8,433)**		(7,821)	
Net current assets			**1,945**		4,038
Total assets less current liabilities			**15,468**		24,633
Creditors					
Amounts falling due after more than one year	15		**(1,764)**		(3,762)
Provisions for liabilities and charges	16		**(21,991)**		(23,234)
Net liabilities			**(8,287)**		(2,363)
Capital and reserves	17				
Corporation liability fund			**149**		149
Investment property revaluation reserve			**1,399**		10,531
Revaluation reserve			**810**		1,412
Income and expenditure account			**(10,645)**		(14,455)
			(8,287)		(2,363)

These financial statements were approved by the Authority on 28 June 2005

Signed on behalf of the Authority

Notes on pages 15 to 29 form part of these accounts.

J C Harris
Chair

A Schofield OBE
Member, Chief Executive and Accounting Officer

Cash Flow Statement year ended 31 March 2005

	Notes	**Year to 31 March 2005** **£000**	**£000**	Year to 31 March 2004 £000	£000
Net cash outflow from operating activities	18		**(12,015)**		(11,322)
Returns on investment and servicing of finance					
Interest received		**21**		106	
Interest paid		**0**	**21**	(2)	104
Taxation			**(4,675)**		(3,454)
Capital expenditure					
Payments to acquire tangible fixed assets	11,12	**(3,834)**		(4,841)	
Receipts from sales of tangible fixed assets	4	**21,083**	**17,249**	23,630	18,789
			580		4,117
Appropriations by government	10		**(420)**		(876)
Increase in cash	19		**160**		3,241

Statement of Total Recognised Gains and Losses

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Deficit on ordinary activities for the financial year	**(6,418)**	(67)
Surplus arising on revaluation of fixed assets	**904**	7,546
Total recognised (deficit)/gains relating to the year	**(5,514)**	7,479

Reconciliation of movements in The Authority's deficit

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Deficit on ordinary activities for the financial year	**(6,418)**	(67)
Appropriations by Government	**(410)**	(410)
	(6,828)	(477)
Other recognised gains relating to the year	**904**	7,546
Net (increase)/reduction in deficit	**(5,924)**	7,069
Opening deficit	**(2,363)**	(9,432)
Closing deficit	**(8,287)**	(2,363)

Notes to the Accounts

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of fixed assets, and in accordance with the accounts direction, given by the Secretary of State for Trade and Industry pursuant to Paragraph 15(1)(b) of Schedule 1 of the Coal Industry Act 1994 on 23 May 1996. The accounts direction requires compliance with accounting standards as issued or adopted by the Accounting Standards Board, and with all applicable Companies Act provisions. The Authority is not required to include a note showing historical cost profits and losses as described in FRS3. A departure from the provisions of the Companies Act is described under Investment Properties below.

Tangible fixed assets

Fixed assets, other than fixtures and fittings, computer equipment and the mining records database, are revalued regularly at open market value on an existing use basis. The difference between the revalued amounts and net book value of the assets is taken to a revaluation reserve. The mining records database was revalued upon transfer from British Coal Corporation and is held at depreciated replacement cost.

The Authority owns a number of shafts that access abandoned mines which are of use in monitoring underground movements in water and gasses. The Authority derives no economic benefit from the assets and accordingly they are held at nil value.

The Authority also holds some land and buildings, such as minewater pumping, treatment and monitoring stations, which by their nature have no intrinsic value and therefore no value is attributed to them in these financial statements.

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

Freehold land	not depreciated
Freehold buildings	50 years
Fixtures and fittings	10 years
Minewater plant and machinery	10 years
Other equipment and IT	3-10 years
Vehicles	3 years

Assets under construction are not depreciated until brought into use.

Investment properties

All land and buildings (including houses) that become surplus to operational requirements are re-classified from tangible fixed assets to investment properties. The Authority also holds freehold land at sites with potential coal reserves below the surface. No value is attributed to these unworked coal reserves.

The accounts direction requires the Authority to follow the Companies Act 1985 in preparing its accounts, which requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The Authority considers that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adapt SSAP 19 in order to give a true and fair view.

Disposals of land and buildings are accounted for on the date of legal completion.

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 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 are stated at their net book values, as previously stated in the financial statements of British Coal, under the accounting policies adopted by the Authority, except for the mining records database, mining assets and other fixed assets which were revalued by the Authority at the transfer dates, the revaluation being credited to a revaluation reserve.

The opening liability to pay notified subsidence claims was charged to the opening income and expenditure account. Liabilities that transferred subsequent to 1994 were charged to the income and expenditure account in the year of the transfer.

Historic liabilities

The Authority is responsible for dealing with historic liabilities relating to its ownership of abandoned coal mines. This includes making safe ground collapses and the monitoring of ground water levels and mine gas emissions. Ongoing costs relating to abandoned mines are expensed as they are incurred, no provision being made for future expenditure.

Subsidence damage liabilities

The Authority provides for the expected cost of settlement of subsidence claims which have been notified to them by the end of the relevant financial year. Amounts are transferred from the provision when the remedial work is undertaken. The cost of claims is expected to be covered by grant-in-aid received in the year in which the liability is settled. Claims notified in future years are expected to be covered by grant-in-aid paid in the year in which the future liability is settled.

Due to the costs and complexities involved in assessing a value for in perpetuity liabilities, the Authority only assess a value for such liabilities where there are sound business reasons for doing so. For example to help to assess whether the liability may be bought out by the Authority. In all other cases liabilities will be recognised at the point a claim is made.

Where liabilities may not be settled until some time into the future, the Authority considers whether the time value of money has a material effect. If so, appropriate adjustments will be made so that the provision will reflect the present value of the expenditures expected to be incurred.

Gross income

Gross income represents the amount, exclusive of VAT, arising from rents, royalties, invoiced sales of goods and services and receipts of grant-in-aid from Government.

Grant-in-Aid

Grant-in-aid is paid to the Authority on an annual basis to cover the net cash requirement in the year. Grant-in-aid utilised in the settlement of subsidence liabilities and historic liabilities is credited to the income and expenditure account in the year in which the grant-in-aid is received. The grant-in-aid utilised to settle the amounts due to security fund holders and payments from the Corporation Liability Fund are credited to the amount due from Government. Capital expenditure is also funded by grant-in-aid. Grant-in-aid received as a contribution towards fixed assets is credited to the Balance Sheet and released to the income and expenditure account over the expected useful economic lives of the related assets.

Royalties and mining income

Other than the element retained to finance licensing activities, royalties and mining income are surrendered to the Department of Trade & Industry when received. The element retained is credited to the income and expenditure account in the year to which it relates.

Security fund

Cash deposits may be required from licensees to cover the future costs of settling subsidence liabilities, securing abandoned coal mines and to cover debts and any other liability arising under a lease or licence that could revert to the Authority. If the licensees fulfil their obligations, the deposits are returned, together with interest accrued under the terms of the lease/licence. Deposits received are retained by the Authority and credited to the Security Fund (which is included in the balance sheet under creditors). Repayments of deposits and the costs of making mining properties secure are provided from the cash received during the year with any shortfalls drawn from grant-in-aid. Interest payable on deposits is charged to the income and expenditure account as it accrues with a corresponding interest receivable from Government. The Security Fund recognises the Authority's resulting liability to the licensees. The Fund is debited with the repayments and security costs incurred each year as charged to the income and expenditure account.

Corporation liability fund

Small mine operators licensed under Section 36 of the 1946 Act were required to make non-refundable deposits to the British Coal Corporation to cover the future costs of making mining sites secure where the operators did not fulfil their obligations. Cash required each year for this purpose is provided from grant-in-aid. The Corporation Liability Fund recognises the Authority's resulting liability for these costs. The Fund is debited with the security costs incurred each year as charged to the income and expenditure account, and amounts no longer required are credited to the income and expenditure account.

Operating leases

Rentals are charged to the income and expenditure account in equal annual amounts over the lease term.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension and other Post Retirement Benefits

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

2 Analyses of income, operating deficit and net assets

Analyses by class of activity of operating income, operating surplus/(deficit) and net assets/(liabilities) are stated below in order to meet the requirements of HM Treasury's Fees and Charges Guide and SSAP 25.

Class of business	Operating income year to 31 March 2005 £000	Administrative expenses year to 31 March 2005 £000	Operating surplus/(deficit) year to 31 March 2005 £000	Net assets/ (liabilities) 2005 £000
Continuing operations				
Subsidence	**230**	**6,084**	**(5,854)**	**(13,371)**
Historic liabilities	**2,164**	**24,875**	**(22,711)**	**(3,669)**
Mining information services	**9,304**	**9,382**	**(78)**	**7,715**
Licensing	**677**	**812**	**(135)**	**254**
Mining assets	**415**	**0**	**415**	**784**
Mines rescue service *	**0**	**2,500**	**(2,500)**	**0**
	12,790	**43,653**	**(30,863)**	**(8,287)**
Grant-in-aid			**18,064**	
			(12,799)	

Class of business	Operating income year to 31 March 2004 £000	Administrative expenses year to 31 March 2004 £000	Operating surplus/(deficit) year to 31 March 2004 £000	Net assets/ (liabilities) 2004 £000
Continuing operations				
Subsidence	12	4,594	(4,582)	(11,847)
Historic liabilities	1,011	27,105	(26,094)	1,712
Mining information services	9,388	8,979	409	6,704
Licensing	690	766	(76)	259
Mining assets	290	0	290	809
Mines rescue service	0	2,500	(2,500)	0
	11,391	43,944	(32,553)	(2,363)
Grant-in-aid			23,548	
			(9,005)	

Operating surplus/(deficit) for each class of business excludes grant-in-aid which is disclosed separately. Administrative expenses includes all operating costs.

* A grant of £2.5M was paid to Mines Rescue Services Ltd under a direction from the Secretary of State.

3 Grant-in-aid

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Total grant-in-aid received directly from the Department of Trade and Industry	**20,280**	25,800
Security fund receipts recoverable from Government through grant-in-aid	**133**	170
Amounts treated as release of security fund	**(2,349)**	(2,422)
	18,064	23,548

Amounts treated as release of security fund represents a reduction in the government debtor account for future grant-in-aid due to releases from

		£000	£000
a	Security Fund	**2,349**	2,356
b	Corporation Liability Fund	**0**	66
		2,349	2,422

4 Profit on disposal of fixed assets

During the year, the Authority disposed of fixed assets generating the following profit

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Sale of investment properties	**16,665**	19,255
Clawback relating to previous disposals	**4,415**	4,375
Sale of other assets	**3**	0
Total proceeds	**21,083**	23,630
Book values	**(10,037)**	(9,933)
Profit	**11,046**	13,697

Clawback income relates to the Authority's share of added value secured by purchasers of properties sold by British Coal Corporation or the Authority where the sale agreements included restrictive covenants or clawback provisions. The other significant item included in the profit relates to the sale of Littleton Colliery.

5 Operating deficit

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Operating deficit is after charging		
Depreciation and other amounts written off tangible fixed assets		
Owned assets	**1,740**	1,361
Permanent diminution in value	**34**	26
Rentals under operating leases		
Hire of plant and machinery	**221**	220
Other operating leases	**477**	501
Travel and subsistence	**315**	217
Auditors' remuneration		
Audit fees	**32**	31
Other services	**0**	0

6 Information regarding the authority's members and employees

a Members remuneration

	Fees 2005 £	**Salaries 2005 £**	**Year to 31 March 2005 Total £**	Year to 31 March 2004 Total £
Non-Executive Members				
Mr J C Harris, Chair	39,383	0	39,383	38,950
Mr J R Hawksley	10,362	0	10,362	10,150
Dr B Jones	10,362	0	10,362	10,150
Dr H Mounsey	10,362	0	10,362	10,150
Executive Members				
Dr I S Roxburgh, Chief Executive to 9 September 2004	0	56,851	56,851	114,090
Mr A Schofield *	0	106,433	106,433	93,865
Mr D J Lumley	0	83,587	83,587	76,637
Mr I Wilson	0	81,260	81,260	74,373
Total	70,469	328,131	398,600	428,365

* Mr A Schofield became acting Chief Executive 10 September 2004 and was appointed Chief Executive from 13 December 2004.

Salary Executive members salaries include performance pay or bonuses and any allowances subject to UK taxation. There are no benefits in kind.

Executive members pensions

	Real increase in pension and related lump sum at age 60 £000	**Total accrued pension at age 60 as at 31 March 2005 and related lump sum £000**	CETV at 31 March 2004 £000	**CETV at 31 March 2005 £000**	Real increase in CETV after adjustment for inflation and changes in market investment factors £000
Dr I S Roxburgh to 9 September 2004	0-2.5	**50-55**	735	**768**	9
Mr A Schofield	2.5-5 plus 7.5-10 lump sum	**10-15 plus 35-40 lump sum**	172	**225**	44
Mr D J Lumley	0-2.5 plus 2.5-5 lump sum	**5-10 plus 15-20 lump sum**	86	**111**	19
Mr I Wilson	0-2.5 plus 2.5-5 lump sum	**5-10 plus 25-30 lump sum**	126	**155**	20

The Executive directors' pension benefits are provided through the Civil Service pension arrangements. Dr Roxburgh had opted to join the premium scheme and the other directors had joined the classic scheme. The employer's contribution to the schemes amounts to 18.5% of salary. The pension entitlement shown above for the serving members is that which would be paid annually on retirement based on services to 31 March 2005. Columns 3 and 4 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 5 reflects the increase in CETV effectively funded by the employer. It takes account of 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.

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2004-2005 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Further information as to the terms of the schemes are given in the Employees note below.

b Employees

	Year to 31 March 2005 No.	Year to 31 March 2004 No.
Average number of persons employed by the Authority including agency staff and Executive Directors		
Licensing	**5**	5
Mining records and reports	**66**	71
Subsidence and historic liabilities	**54**	40
Administration and support services	**46**	45
	171	161
	£000	£000
Staff costs incurred during the year in respect of employees were		
Wages and salaries	**4,637**	3,973
Social security costs	**344**	290
Other pension costs	**603**	501
	5,584	4,764

Pensions

All employees of the Authority are members of one of the Principal Civil Service Pension Schemes (PCSPS) for the year ending 31 March 2005. The PCSPS are unfunded multi-employer defined benefit schemes but the Coal Authority is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2004. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation. For 2004-2005 normal employers' contributions of £603,024 were payable to the PCSPS (2003-2004: £501,491) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2005-2006, the salary bands will be revised and the rates will be in a range between 16.2% and 24.6%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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).

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

The Coal Authority also operates an Early Retirement Scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the PCSPS. The Coal Authority bears the costs of those benefits until normal retiring age of the employees retired under the Early Retirement Scheme. The total pensions liability up to normal retiring age in respect of each employee is charged to the income and expenditure account in the year in which the employee takes early retirement and a provision for future pension payments is created. Pensions and related benefits payments to the retired employee until normal retiring age are then charged annually against the provision.

7 Interest receivable

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Interest on amount due from government	**201**	224
Other interest receivable	**21**	105
	222	329

8 Interest payable

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Interest on security fund deposits	**201**	224
Other interest payable	**0**	2
	201	226

9 Tax on surplus on ordinary activities

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Current taxation		
UK corporation tax charge for the year	**4,686**	4,826
Adjustments in respect of prior periods	**0**	36
Tax on surplus on ordinary activities	**4,686**	4,862

The standard rate of tax for the year based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current tax year is higher than the standard rate for reasons set out in the following reconciliation.

	2005 £000	2004 £000
(Deficit)/Surplus on ordinary activities before tax	**(1,732)**	4,795
Tax at standard rate	**(520)**	1,438
Factors affecting charge		
Capital allowances in excess of depreciation	**(472)**	(624)
Expenses not deductible for tax purposes	**204**	197
Movement in short term timing differences	**(364)**	(2,028)
Increase in loss not provided	**4,971**	5,267
Capital gains adjustments	**2,269**	1,612
Non taxable income	**(1,402)**	(1,036)
Prior period adjustments	**0**	36
Current tax charge for period	**4,686**	4,862

Deferred tax assets have not been recognised in respect of timing differences relating to accelerated capital allowances, provisions and tax losses, as there is insufficient evidence that the assets will be recovered. The amount of the assets not recognised is £19,617,008 (2003-2004 - £16,801,558). The assets would be recovered if it was considered to be more likely than not that there would be suitable taxable profits from which any future reversal of the underlying timing differences could be deducted.

10 Appropriations by Government

	Year to 31 March 2005 £000	Year to 31 March 2004 £000
Total cash appropriated in year	**420**	876
Amounts received this year by the Coal Authority that were accrued in the previous year	**(105)**	(571)
Amounts accrued this year	**95**	105
	410	410

The appropriations by Government represent the total income earned on mining assets, less an agreed amount retained to finance the work undertaken in relation to leasing.

11 Investment properties

	Freehold land and buildings £000
Cost or valuation	
At beginning of year	**10,583**
Additions	**125**
Disposals	**(10,036)**
Adjustment arising on revaluation	**904**
Permanent diminution in value	**(34)**
At 31 March 2005	**1,542**

All properties have been valued at open market value by external Chartered Surveyors in accordance with RICS guidelines during the past five years. The directors of the Authority have reviewed the valuations at 31 March 2005 and, where appropriate, adjustments have been made to reflect current market values.

12 Other tangible fixed assets

	Freehold land and buildings £000	Minewater schemes £000	Fixtures and fittings £000	Equipment and IT £000	Assets under construction £000	Totals £000
Cost of valuation						
At beginning of year	2,984	0	497	12,835	4,007	20,323
Additions	844	1,139	22	127	1,577	3,709
Transfers	0	611	0	2,916	(3,527)	0
Disposals	0	0	(5)	(203)	0	(208)
At 31 March 2005	**3,828**	**1,750**	**514**	**15,675**	**2,057**	**23,824**
Accumulated depreciation						
At beginning of year	159	0	53	10,099	0	10,311
Charge for the year	58	114	51	1,517	0	1740
Disposals	0	0	(5)	(203)	0	(208)
At 31 March 2005	**217**	**114**	**99**	**11,413**	**0**	**11,843**
Net book value at 31 March 2005	**3,611**	**1,636**	**415**	**4,262**	**2,057**	**11,981**
At 31 March 2004	2,825	0	444	2,736	4,007	10,012

Freehold land and buildings have been valued by external Chartered Surveyors in accordance with RICS guidelines during the past five years.

The directors of the Authority have reviewed the valuations at 31 March 2005 and considered there were no material changes and therefore no adjustments have been made to reflect existing use values.

Assets under construction consist of the Main Office block refurbishment work, Ground Stability Report software developments and the development and installation of the Large Format Camera Scanning Facility not yet brought into use and work in progress with the construction of the Blenkinsopp Minewater Treatment Scheme. A transfer from Assets under construction to Equipment and IT represents completion of both MRSDS II project and the digitisation of the National Archive photograph library.

13 Debtors

	2005 £000	2004 £000
Amounts falling due after more than one year		
Amounts recoverable from government	**1,764**	3,762
Amounts falling due within one year		
Trade debtors	**394**	408
Other debtors	**1,102**	854
Amounts recoverable from government	**998**	1,015
Prepayments and accrued income	**1,424**	1,284
	3,918	3,561

The amount recoverable from Government represents the balance of the amounts which have been collected from licensees as contributions to the Corporation Liability Fund and returnable security funds plus the related interest which accrues on the returnable funds. The asset is expected to be recovered from future tranches of grant-in-aid at the time such returnable funds are repaid to licensees.

14 Creditors: Amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	**134**	104
Corporation Tax	**2,336**	2,326
Other creditors	**851**	866
Amounts repayable to government	**95**	105
Accruals and deferred income	**5,017**	4,420
	8,433	7,821

The amount repayable to Government represents the amount which will be due to the Government, when all of the income generated in the year as a result of mining activity is collected, under the Act which requires the cash received relating to mining activity be returned to the Government except to the extent that the Authority is directed to the contrary.

15 Creditors: Amounts falling due after more than one year

	2005 £000	2004 £000
Other creditors payable		
In more than one year, but not more than two years	**518**	601
In more than two years, but not more than five years	**922**	879
In more than five years	**324**	2,282
	1,764	3,762

Other creditors represent the liability of the Authority to return the cash security funds plus interest to the licensees. These funds are held by the Authority to ensure debts and future liabilities are settled where a licensee fails to meet their obligations under a lease or licence. The Authority is not permitted to hold the deposits as funds so the asset is reflected in amounts recoverable from Government within debtors.

The movements on cash security funds during the year were

	£000	£000
Opening balances (Note 15)	**3,762**	5,461
(Note 14)	**866**	1,129
	4,628	6,590
Unpaid at the beginning of year	**0**	0
Receipts during the year (Note 3)	**133**	170
Interest during the year (Note 8)	**201**	224
Repayments during the year (Note 3)	**(2,349)**	(2,356)
Unpaid at the end of year	**2**	0
Closing balance	**2,615**	4,628
Note 15	**1,764**	3,762
Note 14	**851**	866
	2,615	4,628

16 Provisions for liabilities and charges

	At 31 March 2004 £000	Created in year £000	Released in year £000	Utilised in year £000	**At 31 March 2005 £000**
Subsidence	13,215	6,161	1,759	4,177	**13,440**
Opencast site rehabilitation	1,197	39	15	97	**1,124**
Closed colliery sites	4,611	269	0	330	**4,550**
Spoil heaps	3,009	802	197	1,072	**2,542**
Other property liabilities	1,121	0	840	11	**270**
Early departure costs	81	0	0	16	**65**
Total	23,234	7,271	2,811	5,703	**21,991**

Subsidence provisions relate to the expected cost of settlement of subsidence claims which have been notified by 31 March 2005 in respect of damage arising outside designated Areas of Responsibility associated with licences granted to coal mining operators. Claims can be made by affected parties up to six years after the damage becomes observable or ascertainable. Costs are estimated by external agents based on historical claims experience following inspection of the damage. The Authority has a discounted provision on one significant long term liability estimated to arise over the next 50 years of £6.0 million.

Opencast site rehabilitation relates to the aftercare liabilities required under the planning consents which usually extend up to six years after surface mining has ceased. The provisions also include compensation payments due under agreements to occupy third party land during the rehabilitation period.

Closed colliery sites provisions relate to outstanding liabilities to complete the filling and capping of mine shafts and return colliery site areas to a condition that is safe and secure and consistent with any required planning permission or lease obligations.

Spoil heaps provisions relate to the costs to bring spoil heaps to a condition consistent with planning conditions and restoration schemes approved by Mineral Planning Authorities.

Other property liabilities relate to obligations associated with property interests transferred from British Coal under various Restructuring Schemes that do not result from past mining activity.

Early departure costs – The Authority meets the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. Provision is made in full when the employee's retirement becomes binding on the Authority.

With the exception of the above long term liability it is expected that the expenditure on the liabilities will be incurred over the next three years.

17 Movements on reserves

	Corporation liability fund	Investment property revaluation reserve	Revaluation reserve	Income and expenditure account	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2004	149	10,531	1,412	(14,455)	(2,363)
Retained deficit for the year	0	0	0	(6,828)	(6,828)
Surplus on revaluation	0	904	0	0	904
Downward revaluation	0	0	0	0	0
Transfer of amount equivalent to the net book value of disposed fixed assets	0	(10,036)	0	10,036	0
Transfer of amount equivalent to additional depreciation on revalued assets	0	0	(602)	602	0
Transfer between reserves	0	0	0	0	0
Release to income and expenditure account	0	0	0	0	0
Balance at 31 March 2005	**149**	**1,399**	**810**	**(10,645)**	**(8,287)**

18 Reconciliation of operating deficit to net cash flow from operating activities

	2005 £000	2004 £000
Operating deficit	**(12,799)**	(9,005)
Depreciation and revaluation charges	**1,774**	1,387
Decrease in debtors	**1,641**	5,846
Decrease in creditors	**(1,388)**	(2,774)
Decrease in provisions	**(1,243)**	(6,776)
Net cash outflow from operating activities	**(12,015)**	(11,322)

19 Reconciliation of net cash flow to movement in net funds

	2005 £000	2004 £000
Increase in cash in the year	**160**	3,241
Net funds at 1 April	**4,536**	1,295
Net funds at 31 March	**4,696**	4,536

The change to net funds is due entirely to cash flows of cash in hand and at bank.

20 Capital commitments

There were capital commitments authorised and contracted for but not provided at 31 March 2005 of £676,373 (2003-2004: £976,010).

21 Contingent liabilities

The Authority has a liability to settle claims outside designated Areas of Responsibility associated with licences granted in accordance with the provisions of the 1994 Act. Claims can be made by affected parties up to six years after they become aware of the subsidence damage. Full recognition has been made in the Financial Statements for claims which had been notified up to 31 March 2005 and for which the Authority has accepted liability. The Authority has not made an estimate of any future unnotified liability. All subsidence liabilities are expected to be funded by grant-in-aid voted by Parliament in future years.

The Authority has received representations which could require a material increase to an existing subsidence claim. The Directors intend to resist this increase and consider that amounts currently provided in the Financial Statements properly reflects the Authority's liability.

Licensees of mining operations are required to provide security to the Authority to cover the future costs of settling subsidence liabilities within their Areas of Responsibility. Outside the Areas of Responsibility of the holders of licences under Part II of the Act, the Authority is responsible for making good subsidence damage. Where an Area of Responsibility is extinguished the Authority would become responsible for the discharge of outstanding subsidence liabilities.

The Authority has an ongoing liability to secure and keep secured some operating and most abandoned coal mines. The cost of this activity is charged to the income and expenditure account in the year that it arises. The future cost of this activity is not provided in these Financial Statements as it is not possible to estimate the timing of colliery closures and the Authority's contribution to the cost. In the majority of cases the liability for operating collieries is the responsibility of the licensees/lessees and security is held to limit the Authority's exposure. It is expected that any deficit will be covered by future allocations of grant-in-aid.

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

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

22 Contingent assets

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

23 Operating lease commitments

At 31 March 2005 the Authority was committed to make the following payments during the next year

	2005 Land and buildings £000	**2005 Other £000**	2004 Land and buildings £000	2004 Other £000
Leases which expire				
Within one year	**34**	**12**	33	14
Between one to five years	**100**	**82**	54	80
After five years	**353**	**220**	396	220

24 Related party transactions

The Coal Authority is a Non-Departmental Public Body of the Department of Trade and Industry. During the year, the Coal Authority has had a number of material transactions with the Department.

Dr B Jones, Non-executive Member, is the Chief Operating Officer of Mines Rescue Service Ltd which has a contract with the Authority to provide surface hazard emergency call out cover, training and rescue services, (mandatory for certain incidents) and provide room hire, the value of which was £431,266 during the year. The Authority also paid Mines Rescue Service Ltd a grant of £2.5 million under a direction from the Secretary of State.

25 Notional cost of capital

Treasury guidance requires that notional charges be made for the cost of capital, calculated at 3.5% (2003-2004 – 3.5%) of average capital employed during the year. Capital employed comprised total assets less all liabilities.

26 Financial instruments

The Coal Authority has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Other creditors payable in more than one year incur interest at floating rates based on LIBOR.

Debtors due in greater than one year are balances due from the Government and incur interest at floating rates based on LIBOR.

There are no material differences between the book and fair value of the long term assets and liabilities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from this disclosure.

27 Disclosure of intra-government balances

	Debtors: Amounts falling due within one year £000	Debtors: Amounts falling due after more than one year £000	Creditors: Amounts falling due within one year £000	Creditors: Amounts falling due after more than one year £000
Balances with other central government bodies	2,100	1,764	(2,433)	0
Balances with local authorities	7	0	(65)	0
Balances with NHS Trusts	0	0	0	0
Balances with public corporations and trading funds	8	0	0	0
Balances with bodies external to government	1,803	0	(5,935)	(1,764)
At 31 March 2005	**3,918**	**1,764**	**(8,433)**	**(1,764)**

Annual Report Direction

The Secretary of State for Trade and Industry (the Secretary of State), pursuant to Section 60(2)(c) of the Coal Industry Act 1994, hereby gives the following Direction to the Coal Authority (the Authority)

The annual report of the Authority for each financial year shall, as a minimum

a set out its functions, duties and powers;

b describe briefly its history and statutory background;

c describe its organisation;

d set out its mission, objectives and principal policies;

e describe its activities and financial performance during that financial year;

f include a statement of the out-turn against the key performance targets and performance measures approved by the Secretary of State for that financial year;

g describe any major announcement or development relating to it during that financial year;

h describe the principal features of its Corporate Plan for the three following financial years; and

i set out the key performance targets and performance measures approved by the Secretary of State for the following financial year.

This Direction replaces the Direction given on 23 May 1996 which is hereby revoked.

M H Atkinson
An official of the Department of
Trade and Industry authorised to act
on behalf of the Secretary of State

23 May 1997

Retention of receipts

The Secretary of State for Trade & Industry, pursuant to paragraph 14(2) of Schedule 1 to the Coal Industry Act 1994 (the Act), with the approval of the Treasury hereby gives the following direction to the Coal Authority (the Authority)

The Authority shall retain all sums received by it in the course of carrying out its functions with the exception of the following

a receipts in respect of licences granted by the British Coal Corporation under Section 36 of the Coal Industry Nationalisation Act 1946 (as amended) and associated receipts of land, plant and machinery (net of 7.2 pence per tonne of the royalty payment for coal and any refundable deposits);

b all other receipts arising from the Authority's interest in coal (net of 1.0 pence per tonne of all coal produced under Part II licences and leases and any refundable deposits);

c all other receipts arising from the Authority's interests in land other than coal where the interests were funded by grant-in-aid (net of any fees, expenses and other disbursements deducted by any agent of the Authority responsible for the management of those interests);

d receipts arising from the disposal of any other assets where the acquisition was funded by grant-in-aid (net of any fees, expenses and other disbursements deducted by any agent of the Authority responsible for the management of those assets) where the receipts in relation to a single asset or any group assets disposed of together exceeds £5,000; and

e payments received

  i at the surrender or expiry of a lease, or

  ii under a licence granted under Part II of the Act at the extinguishment of an area of responsibility.

M H Atkinson
An official of the Department of
Trade and Industry authorised to act
on behalf of the Secretary of State

16 February 2000

Financial duties

The Secretary of State for Trade and Industry, pursuant to paragraph 13(1) of Schedule 1 to the Coal Industry Act 1994 (the Act), with the approval of the Treasury and after consultation with the Coal Authority (the Authority) makes the following Determination as to the financial duties of the Authority:

1 The Authority shall seek to ensure that all its resources are used economically, efficiently and effectively, and that value for money is secured in all its activities.

2 The Authority shall, in accordance with HM Fees and Charges Guide, charge for carrying out the following activities under the Act

a licensing coal mining operations and making available for that purpose interests in land, unworked coal and mines of coal;

b making information available pursuant to Section 57 of the Act; and

c the provision of services referred to in Section 5(5) of the Act.

D Leitch 15 April 2004
An official of the Department of
Trade and Industry authorised to act
on behalf of the Secretary of State

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