

(vi) Segmental reporting

| Year to 31 March 2017 | | | | | | |
|------------------------------------------|-------------------------|--------------------|-------------------|------------------------|--------------------|------------------|
| | Resource Expenditure | Resource Income | Resource Total | Capital Expenditure | Capital Income* | Capital Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Total by Segment | | | | | | |
| Asset Renewals | - | - | - | 619,917 | - | 619,917 |
| Asset Improvements | - | - | - | 1,333,354 | (54,260) | 1,279,094 |
| Traffic Management | - | - | - | 6,236 | - | 6,236 |
| Other | - | - | - | 115,483 | - | 115,483 |
| Maintenance (B3) | 266,163 | (6,538) | 259,625 | - | - | - |
| Renewals (B4) | 10,130 | - | 10,130 | - | - | - |
| Operate: Roads PFI (B5) | 412,123 | - | 412,123 | - | - | - |
| Operate: General (B1) | 79,397 | (11,679) | 67,718 | (415) | - | (415) |
| Operate: Cust Ops /Traffic Man (B2) | 112,144 | (3,363) | 108,781 | - | - | - |
| Support General (C1) | 150,365 | (5,935) | 144,430 | - | - | - |
| Protocols (D) | 49,181 | (438) | 48,743 | - | - | - |
| | 1,079,503 | (27,953) | 1,051,550 | 2,074,575 | (54,260) | 2,020,315 |
| Unallocated Costs: | | | | | | |
| Depreciation and impairment | 1,188,887 | - | 1,188,887 | - | - | - |
| New Provisions (Resource AME) | 3,562 | - | 3,562 | - | - | - |
| New Provisions (Capital AME) | - | - | - | 30,495 | - | 30,495 |
| Other | 10,706 | - | 10,706 | - | - | - |
| Total Budget | 2,282,658 | (27,953) | 2,254,705 | 2,105,070 | (54,260) | 2,050,810 |
| Budget to accounts reconciliation | | | | | | |
| Resource Utilisation | - | (3,396) | (3,396) | - | - | - |
| Capital income in resource transfer | - | (46,069) | (46,069) | - | 46,069 | 46,069 |
| Segmental total per accounts | 2,282,658 | (77,418) | 2,205,240 | 2,105,070 | (8,191) | 2,096,879 |

*Income which relates to capital projects is classified as capital for budgetary purposes; however under IFRS this is treated as operating income in the SoCNE.

Segmental expenditure

- The operating segments are business activities that are regularly reviewed by the Company's Board and senior management for decision making purposes.
- Expenditure in the financial statements is split between capital and resource expenditure.
- Assets renewals are a programme of SRN renewals expenditure to ensure the infrastructure continues to deliver according to the service potential, including a significant resurfacing programme.

b) Special payments

| 2015 - 2016 | |
|-----------------------------------------|----------|
| Total number of special payments | |
| Ex-gratia compensation | 6 |
| Total | 6 |
| 2015 - 2016 £000 | |
| Total value of special payments | |
| Ex-gratia compensation | 9 |
| Total | 9 |

(vi) Segmental reporting

| | Resource Expenditure £000 | Resource Income £000 | Resource Total £000 | Capital Expenditure £000 | Capital Income* £000 | Capital Total £000 |
|------------------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------------|----------------------------|--------------------------|
| Total by segment | | | | | | |
| Asset Renewals | - | - | - | 663,313 | - | 663,313 |
| Asset Improvements | - | - | - | 1,112,459 | (5,000) | 1,107,459 |
| Traffic Management | - | - | - | 6,918 | - | 6,918 |
| Other | - | - | - | 111,954 | - | 111,954 |
| Maintenance | 277,531 | (11,372) | 266,159 | - | - | - |
| Renewals | 25,031 | - | 25,031 | - | - | - |
| Operate: Roads PFI | 393,512 | - | 393,512 | - | - | - |
| Operate: General | 82,059 | (8,278) | 73,780 | - | - | - |
| Operate: Cust Ops /Traffic Man | 183,955 | (5,088) | 178,866 | - | - | - |
| Support General | 134,425 | (6,088) | 128,336 | - | - | - |
| | 1,096,513 | (30,826) | 1,065,684 | 1,894,644 | (5,000) | 1,889,644 |
| Unallocated costs | | | | | | |
| Depreciation & impairment | 928,852 | - | 928,852 | - | - | - |
| Other | 6,985 | - | 6,985 | 22,984 | - | 22,984 |
| | 2,032,350 | (30,826) | 2,001,521 | 1,917,628 | (5,000) | 1,912,628 |
| Budget to accounts reconciliation | | | | | | |
| Capital income in resource accounts* | - | (5,000) | (5,000) | - | 5,000 | 5,000 |
| Segmental total per accounts | 2,032,350 | (35,826) | 1,996,521 | 1,917,628 | - | 1,917,628 |

*Income which relates to capital projects is classified as capital for budgetary purposes; however under IFRS this is treated as operating income in the SoCNE.

2. Segmental reporting

| | 2014-15 | | | | | |
|------------------------------------------|------------------------------|-------------------------|------------------------|-----------------------------|------------------------|-----------------------|
| | Resource expenditure £000 | Resource income £000 | Resource total £000 | Capital expenditure £000 | Capital income £000 | Capital total £000 |
| Total by segment | | | | | | |
| Major improvements | 397,643 | (10,046) | 387,597 | 778,618 | (22,128) | 756,490 |
| Maintaining the network | 288,596 | (13,196) | 275,400 | 705,503 | - | 705,503 |
| Technology improvements | 73,216 | - | 73,216 | 92,053 | - | 92,053 |
| Traffic management | 48,009 | (4,035) | 43,974 | 7,107 | - | 7,107 |
| Smaller schemes and R&D | 50,599 | (1,102) | 49,497 | 277,087 | (5,500) | 271,587 |
| Running costs - programme | 114,656 | - | 114,656 | - | - | - |
| Running costs - admin | 69,249 | (2,030) | 67,219 | 42,226 | - | 42,226 |
| Other | 42 | (19,649) | (19,607) | - | - | - |
| | 1,042,010 | (50,058) | 991,952 | 1,902,594 | (27,628) | 1,874,966 |
| Unallocated costs | | | | | | |
| Depreciation & write downs | 1,612,777 | - | 1,612,777 | - | - | - |
| Other | 7,030 | - | 7,030 | - | - | - |
| | 2,661,817 | (50,058) | 2,611,759 | 1,902,594 | (27,628) | 1,874,966 |
| Budget to accounts reconciliation | | | | | | |
| *Capital income in resource accounts | - | (13,818) | (13,818) | - | 13,818 | 13,818 |
| **M25 Gain share not in budgets | (6,162) | - | (6,162) | (6,162) | - | (6,162) |
| Segmental total per accounts | 2,655,655 | (63,876) | 2,591,779 | 1,896,432 | (13,810) | 1,882,622 |

* Income which relates to capital projects is classified as capital for budgetary purposes; however under government accounting rules this is treated as operating income in the SoCNE.

**The M25 gain share is included as a credit against expenditure in the financial statements; however it is excluded for budgetary purposes.

11. Financial Statements

| | 2012-13 | | | | | |
|-------------------------------------|------------------------------|-------------------------|------------------------|-----------------------------|------------------------|-----------------------|
| | Resource expenditure £000 | Resource income £000 | Resource total £000 | Capital expenditure £000 | Capital income £000 | Capital total £000 |
| Total by segment | | | | | | |
| Major Improvements | 458,908 | (34,419) | 424,489 | 369,889 | (5,170) | 364,719 |
| Maintaining the Network | 298,164 | (11,773) | 286,391 | 421,504 | - | 421,504 |
| Technology Improvements | 57,778 | (19,391) | 38,387 | 3,801 | - | 3,801 |
| Traffic Management | 48,447 | (3,473) | 44,974 | 5,257 | - | 5,257 |
| Smaller schemes and R&D | 36,318 | (557) | 35,761 | 35,508 | - | 35,508 |
| Running costs - Programme | 98,537 | - | 98,537 | - | - | - |
| Running costs - Admin | 62,314 | (2,163) | 60,151 | 19,321 | - | 19,321 |
| Other | 129 | (20,704) | (20,575) | 2,315 | - | 2,315 |
| | 1,060,595 | (92,480) | 968,115 | 857,595 | (5,170) | 852,425 |
| Unallocated costs: | | | | | | |
| Depreciation & write downs | 1,165,225 | - | 1,165,225 | - | - | - |
| Other | 5,146 | - | 5,146 | (2,510) | - | (2,510) |
| Segmental total per accounts | 2,230,966 | (92,480) | 2,138,486 | 855,085 | (5,170) | 849,915 |

- The operating segments above are business activities that are regularly reviewed by the Highways Agency's Board and senior management.
- Consolidated expenditure in the financial statements is split between capital and resource expenditure.
- Unallocated costs cannot be reasonably apportioned across segments.

Segmental income

- Major Improvements income includes contributions from private developers who make contributions to highways works by entering into an agreement with the Secretary of State under section 278 (s278) of the Highways Act 1980 and also contributions from local authorities
- Maintaining the Network income is mostly attributable to where the Highways Agency claims compensation from users of the network who damage the network
- Traffic Management income is generated from the national vehicle recovery programme
- Running costs – Admin income is mostly attributable to rent recoveries where the Highways Agency sub lease parts of their office space
- Other income is primarily interest received from Severn River Crossing Ltd and Midland Expressway Ltd (MEL).

2. Segmental reporting

| | 2012-13 | | | | | |
|------------------------------|------------------------------|-------------------------|------------------------|-----------------------------|------------------------|-----------------------|
| | Resource expenditure £000 | Resource income £000 | Resource total £000 | Capital expenditure £000 | Capital income £000 | Capital total £000 |
| Total by segment | | | | | | |
| Major Improvements | 458,908 | (34,419) | 424,489 | 369,889 | (5,170) | 364,719 |
| Maintaining the Network | 298,164 | (11,773) | 286,391 | 421,504 | - | 421,504 |
| Technology Improvements | 57,778 | (19,391) | 38,387 | 3,801 | - | 3,801 |
| Traffic Management | 48,447 | (3,473) | 44,974 | 5,257 | - | 5,257 |
| Smaller schemes and R&D | 36,318 | (557) | 35,761 | 35,508 | - | 35,508 |
| Running costs - Programme | 98,537 | - | 98,537 | - | - | - |
| Running costs - Admin | 62,314 | (2,163) | 60,151 | 19,321 | - | 19,321 |
| Other | 129 | (20,704) | (20,575) | 2,315 | - | 2,315 |
| | 1,060,595 | (92,480) | 968,115 | 857,595 | (5,170) | 852,425 |
| Unallocated costs | | | | | | |
| Depreciation & write downs | 1,165,225 | - | 1,165,225 | - | - | - |
| Other | 5,146 | - | 5,146 | (2,510) | - | (2,510) |
| Highways Agency total | 2,230,966 | (92,480) | 2,138,486 | 855,085 | (5,170) | 849,915 |

| | 2011-12 | | | | | |
|------------------------------|------------------------------|-------------------------|------------------------|-----------------------------|------------------------|-----------------------|
| | Resource expenditure £000 | Resource income £000 | Resource total £000 | Capital expenditure £000 | Capital income £000 | Capital total £000 |
| Total by segment | | | | | | |
| Major Improvements | 390,667 | (28,322) | 362,345 | 830,529 | (8,624) | 821,905 |
| Maintaining the Network | 444,728 | (9,345) | 435,383 | 373,367 | - | 373,367 |
| Technology Improvements | 70,388 | (1,855) | 68,533 | 11,270 | - | 11,270 |
| Traffic Management | 57,442 | (3,046) | 54,396 | 15,174 | - | 15,174 |
| Smaller schemes and R&D | 30,636 | (1,078) | 29,558 | 34,854 | - | 34,854 |
| Running costs - Programme | 100,964 | - | 100,964 | - | - | - |
| Running costs - Admin | 60,651 | (1,742) | 58,909 | 16,763 | - | 16,763 |
| Other | 152 | (19,681) | (19,529) | 1,505 | - | 1,505 |
| | 1,155,628 | (65,069) | 1,090,559 | 1,283,462 | (8,624) | 1,274,838 |
| Unallocated costs: | | | | | | |
| Depreciation & write downs | 1,294,796 | - | 1,294,796 | - | - | - |
| Other | (9,729) | - | (9,729) | 6,681 | - | 6,681 |
| Highways Agency total | 2,440,695 | (65,069) | 2,375,626 | 1,290,143 | (8,624) | 1,281,519 |

- The operating segments above are business activities that are regularly reviewed by the Highways Agency's Board and senior management.
- Consolidated expenditure in the financial statements is split between capital and resource expenditure.
- Unallocated costs cannot be reasonably apportioned across segments.

2 Segmental Reporting

| | 2011-12 | | | | | |
|------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------------|---------------------------|--------------------------|
| | Resource Expenditure £000 | Resource Income £000 | Resource Total £000 | Capital Expenditure £000 | Capital Income £000 | Capital Total £000 |
| Total by Segment | | | | | | |
| Major Improvements | 390,667 | (28,322) | 362,345 | 830,529 | (8,624) | 821,905 |
| Maintaining the Network | 444,728 | (9,345) | 435,383 | 373,367 | - | 373,367 |
| Technology Improvements | 70,388 | (1,855) | 68,533 | 11,270 | - | 11,270 |
| Traffic Management | 57,442 | (3,046) | 54,396 | 15,174 | - | 15,174 |
| Smaller Schemes and R&D | 30,636 | (1,078) | 29,558 | 34,854 | - | 34,854 |
| Running Costs - Programme | 100,964 | - | 100,964 | - | - | - |
| Running Costs - Admin | 60,651 | (1,742) | 58,909 | 16,763 | - | 16,763 |
| Other | 152 | (19,681) | (19,529) | 1,505 | - | 1,505 |
| | 1,155,628 | (65,069) | 1,090,559 | 1,283,462 | (8,624) | 1,274,838 |
| Unallocated Costs | | | | | | |
| Depreciation and write downs | 1,294,796 | - | 1,294,796 | - | - | - |
| Other | (9,729) | - | (9,729) | 6,681 | - | 6,681 |
| Agency total | 2,440,695 | (65,069) | 2,375,626 | 1,290,143 | (8,624) | 1,281,519 |

| | 2010-11 | | | | | |
|------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------------|---------------------------|--------------------------|
| | Resource Expenditure £000 | Resource Income £000 | Resource Total £000 | Capital Expenditure £000 | Capital Income £000 | Capital Total £000 |
| Total by Segment | | | | | | |
| Major Improvements | 364,999 | (48,751) | 316,248 | 987,745 | (6,519) | 981,226 |
| Maintaining the Network | 417,895 | (20,096) | 397,799 | 374,259 | - | 374,259 |
| Technology Improvements | 76,673 | (1,031) | 75,642 | 128,212 | - | 128,212 |
| Traffic Management | 51,892 | (2,143) | 49,749 | 12,554 | - | 12,554 |
| Smaller Schemes and R&D | 81,440 | (928) | 80,512 | 72,761 | - | 72,761 |
| Running Costs - Programme | 74,648 | - | 74,648 | - | - | - |
| Running Costs - Admin | 74,505 | (1,368) | 73,137 | 24,007 | - | 24,007 |
| Other | 204 | (21,327) | (21,123) | 8,836 | - | 8,836 |
| | 1,142,256 | (95,644) | 1,046,612 | 1,608,374 | (6,519) | 1,601,855 |
| Unallocated Costs | | | | | | |
| Depreciation and write downs | 1,212,336 | - | 1,212,336 | - | - | - |
| Other | - | - | - | - | - | - |
| Agency total | 2,354,592 | (95,644) | 2,258,948 | 1,608,374 | (6,519) | 1,601,855 |

- The operating segments above are business activities that are regularly reviewed by the Agency's Board and senior management.
- Consolidated expenditure in the financial statements is split between capital and resource expenditure.
- Unallocated costs cannot be reasonably apportioned across segments.

1.22 Trunkings/Detrunkings

The detrunking of roads as part of the Government's policy announced in the 1998 White Paper to transfer responsibility for non-core network routes to local authorities is treated as a transfer of function. This process is now completed. However, the Agency will continue the more routine detrunking that will occur after construction of a bypass or new road.

Merger accounting principles are applied with opening balances adjusted for the cumulative effect of the detrunking/trunking and comparative figures for the preceding period restated.

2(a) Segmental Reporting 2010-11

| | 2010-11 | | | | | |
|--------------------------------------------------|-------------------------|--------------------|-------------------|------------------------|-------------------|------------------|
| | Resource Expenditure | Resource Income | Resource Total | Capital Expenditure | Capital Income | Capital Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Total by Segment | | | | | | |
| Major Improvements | 364,999 | (48,751) | 316,248 | 987,745 | (6,519) | 981,226 |
| Maintaining the Network | 417,895 | (20,096) | 397,799 | 374,259 | - | 374,259 |
| Technology Improvements | 76,673 | (1,031) | 75,642 | 128,212 | - | 128,212 |
| Traffic Management | 51,892 | (2,143) | 49,749 | 12,554 | - | 12,554 |
| Smaller Schemes, Research and Development, IT | 81,440 | (928) | 80,512 | 72,761 | - | 72,761 |
| Running Costs - Programme | 74,648 | - | 74,648 | - | - | - |
| Running Costs - Admin | 74,505 | (1,368) | 73,137 | 24,007 | - | 24,007 |
| Other | 204 | (21,327) | (21,123) | 8,836 | - | 8,836 |
| | 1,142,256 | (95,644) | 1,046,612 | 1,608,374 | (6,519) | 1,601,855 |
| Unallocated Costs | | | | | | |
| Depreciation and write downs | 1,212,336 | - | 1,212,336 | - | - | - |
| Agency total | 2,354,592 | (95,644) | 2,258,948 | 1,608,374 | (6,519) | 1,601,855 |

2(b) Segmental Reporting 2009-10

| Restated | 2009-10 | | | | | |
|--------------------------------------------------|-------------------------|--------------------|-------------------|------------------------|-------------------|------------------|
| | Resource Expenditure | Resource Income | Resource Total | Capital Expenditure | Capital Income | Capital Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Total by Segment | | | | | | |
| Major Improvements | 242,786 | (32,794) | 209,992 | 719,836 | (4,719) | 715,117 |
| Maintaining the Network | 531,129 | (17,282) | 513,847 | 793,411 | - | 793,411 |
| Technology Improvements | 69,535 | (630) | 68,905 | 241,560 | - | 241,560 |
| Traffic Management | 83,558 | (2,452) | 81,106 | 37,882 | - | 37,882 |
| Smaller Schemes, Research and Development, IT | 123,545 | (812) | 122,733 | 105,634 | - | 105,634 |
| Running Costs - Programme | 77,755 | - | 77,755 | - | - | - |
| Running Costs - Admin | 81,517 | (1,674) | 79,843 | 24,228 | - | 24,228 |
| Other | (9,615) | (19,542) | (29,157) | 9,167 | - | 9,167 |
| | 1,200,210 | (75,186) | 1,125,024 | 1,931,718 | (4,719) | 1,926,999 |
| Unallocated Costs | | | | | | |
| Depreciation and write downs | 1,465,917 | - | 1,465,917 | - | - | - |
| Agency total | 2,666,127 | (75,186) | 2,590,941 | 1,931,718 | (4,719) | 1,926,999 |

2. First-time adoption of IFRS

| | General Fund £000 | Revaluation Reserve £000 |
|--------------------------------------------------|----------------------|-----------------------------|
| Taxpayers equity at 1 April 2008 under UK GAAP | 38,639,016 | 43,649,067 |
| Adjustments for: | | |
| IAS 19: Employee benefits | (4,373) | - |
| Taxpayers' equity at 1 April 2008 under IFRS | 36,634,643 | 43,649,067 |
| Taxpayers' equity at 31 March 2009 under UK GAAP | 38,832,316 | 47,389,778 |
| Adjustments for: | | |
| IAS 16: Property, plant and equipment | (282,243) | - |
| IAS 19: Employee benefits | (4,524) | - |
| Taxpayers' equity at 31 March 2009 under IFRS | 38,545,549 | 47,389,778 |
| | | £000 |
| Net operating costs for 2008-09 under GAAP | | 5,361,397 |
| Adjustments for: | | |
| IAS 16: Property, plant and equipment | | 282,243 |
| IAS 19: Employee benefits | | 151 |
| Cost of capital recalculation | | (5,055) |
| Net operating costs for 2008-09 under IFRS | | 5,638,736 |

Adjustments:

- The above adjustments had no effect on the Statement of Cash Flows.
- The employee benefits relate to pay costs for annual leave not taken at year end.
- Property, plant and equipment adjustment reflects the additional depreciation costs for renewal maintenance and the outcome of the annual road surveys that measure the deterioration of the road surface.

3. Segmental Reporting

| | Resource Expenditure £000 | Resource Income £000 | Resource Total £000 | Capital Expenditure £000 | Capital Income £000 | Capital Total £000 |
|--------------------------------------------------|---------------------------------|----------------------------|---------------------------|--------------------------------|---------------------------|--------------------------|
| Total by Segment | | | | | | |
| Major Improvements | 242,786 | 32,794 | 209,992 | 719,836 | 4,719 | 715,117 |
| Maintaining the Network | 531,129 | 17,282 | 513,847 | 793,411 | - | 793,411 |
| Technology Improvements | 69,535 | 630 | 68,905 | 241,560 | - | 241,560 |
| Traffic Management | 83,558 | 2,452 | 81,106 | 37,882 | - | 37,882 |
| Smaller Schemes, Research and Development, IT | 123,545 | 812 | 122,733 | 105,634 | - | 105,634 |
| Running Costs - Programme | 77,755 | - | 77,755 | - | - | - |
| Running Costs - Admin | 81,517 | 1,674 | 79,843 | 24,228 | - | 24,228 |
| Other | (9,615) | 19,542 | (29,157) | 9,167 | - | 9,167 |
| | 1,200,210 | 75,186 | 1,125,024 | 1,931,718 | 4,719 | 1,926,999 |
| Unallocated Costs | | | | | | |
| Depreciation and write downs | 1,465,917 | - | 1,465,917 | - | - | - |
| Cost of capital charge | 2,995,413 | - | 2,995,413 | - | - | - |
| Agency total | 5,661,540 | 75,186 | 5,586,354 | 1,931,718 | 4,719 | 1,926,999 |

- The operating segments above are business activities that are regularly reviewed by the Agency's Board and senior management.
- Consolidated expenditure in the financial statements is split between capital and resource expenditure.
- Unallocated costs cannot be reasonably apportioned across segments.