North York Moors National Park Authority

Statement of Accounts

2010/2011

Statement of Accounts

EXPLANATORY FOREWORD

INTRODUCTION

(i) The North York Moors National Park Authority was constituted on 1 April 1997 under the Environment Act 1995, and took over the responsibilities previously undertaken by North Yorkshire County Council through its North York Moors National Park Committee.

The Authority's accounts for the year ended 31 March 2011 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom: issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by the code (*The Code*). The Code is based upon International Financial Reporting Standards (IFRS) which are new accounting policies for the year 2010/11; further commentary on this change is given under the note below "changes in accounting policies".

The Statements included in the accounts are as follows:

a) Explanatory Foreword – the purpose of this is to indicate the most significant matters impacting on the Authority's financial position. In particular it shows the Authority's performance against budget for the financial year and the resources used.

b) Movement in Reserves Statement – this shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' and other reserves. The Surplus on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

c) Comprehensive Income and Expenditure Statement - which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. It shows income receivable and expenditure incurred in the year by the Authority in order to undertake its activities and services. It includes gains or losses which do not arise out of the operation of the Authority's activities and includes adjustments relating to the revaluation of assets or actuarial valuation of the pension fund assets and liabilities.

d) Balance Sheet – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, the first being useable reserves that may be used to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This includes reserves that hold unrealised gains and losses (such as the Revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

e) **Cash Flow Statement –** this shows the change in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authorities future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Authority.

ii) These accounts are supported by a Statement of Accounting Policies detailing the basis upon which the accounts have been prepared, estimation techniques used and supplementary notes which provide further information on the figures stated in the accounting statements.

iii) Annual Governance Statement – the statement sets out the framework for financial control and corporate governance which the Authority has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded. It is provided at the end of this document but does not form part of the Statement of Accounts.

iv) The Authority is an admitted body to the North Yorkshire Pension Fund.

Change in net position on the Local Government Pension Scheme (LGPS)

Members' attention is drawn to Note 25, which discloses the status of the Authority's overall liability in relation to its participation in the LGPS. As at 31 March 2011, the net liability (assets minus liabilities) stood at **£4.624m,** an improvement of **£1.922m** on the previous year's value (£6.546m).

The causes of the change are complex, but include:

- a change linking future benefits to the Consumer Price Index rather than the more expensive Retail Price Index;
- the annual pay award being less than had been assumed in earlier actuarial projections;
- some improvements in Bond Yields (against which the value of pension payments to members of the scheme are measured)
  each of which have reduced the value of the scheme obligations; and
- an improvement in the value of the scheme's investment profile, reflecting the performance of the fund managers and general investment market improvement.

v) Current Economic Climate: The Authority is mainly funded by a DEFRA Core Grant, which has been reduced by 5% in 2010/11 due to the Government spending cuts, and is due to be reduced further over the next four years. The Sustainable Development Fund is no longer ring fenced from 2011/12. The following table shows the impact of this reduction.

	2010/11 Original	2010/11 Revised June 2010	2011/12	2012/13	2013/14	2014/15
National Park Grant (including SDF)	**£5,503,438 £200,000**	**£5,228,266 £200,000**	**£5,136,475**	**£4,844,687**	**£4,552,897**	**£4,261,106**
%age annual change		-5% In year (excluding SDF)	-5.4%	-5.7%	-6.0%	-6.4%
£ Annual Change		-£275,172	-£291,791	-£291,788	-£291,790	-£291,791
%age Total Reduction		-5%	-21.5%			
£ Reduction		-£275,172	-£1,167,160			

SUMMARY OF REVENUE SPENDING

(vi) The main components of the Revised Budget for 2010/11 and a comparison with the actual position are set out below. These figures are prior to charges for the use of assets, and as a result reconcile to the annual outturn as reported to the North York Moors National Park Committee in June 2011, but not the adjusted Comprehensive Income and Expenditure Account on page 25.

2009/10 Outturn £000s		Budget £000s	Outturn £000s	Variance £000s
	Expenditure			
1,199	Conservation of the Natural Environment	1,143	1,147	4
462	Conservation of Cultural Heritage	532	521	(11)
1,560	Recreation Management and Transport	1,573	1,569	(4)
1,549	Promoting Understanding	1,397	1,330	(67)
992	Rangers, Estates and Volunteers	1,036	1,022	(14)
969	Development Control	793	769	(24)
825	Forward Planning and Communities	662	611	(51)
397	Corporate and Democratic Core	348	315	(33)
7,953		**7,484**	**7,284**	**(200)**
	Income			
232	Conservation of the Natural Environment	265	251	(14)
149	Conservation of Cultural Heritage	217	215	(2)
696	Recreation Management and Transport	666	668	2
450	Promoting Understanding	435	353	(82)
5	Rangers, Estates and Volunteers	11	4	(7)
707	Development Control	167	185	18
510	Forward Planning and Communities	386	343	(43)
34	Corporate and Democratic Core	44	52	8
2,783		**2,191**	**2,071**	**(120)**
5,170	**Net Expenditure**	**5,293**	**5,213**	**(80)**

	Financed By	Budget £000s	Outturn £000s	Variance £000s
5,376	National Park Grant	5,228	5,228	0
(206)	Transfer (to)/from Revenue Balance	65	(15)	(80)
5,170		**5,293**	**5,213**	**(80)**

vii) Major expenditure variances against budget have their origin as follows:

(Note that favourable expenditure variances mean that less was spent than planned and favourable income variances mean that more income was received than planned at the start of the year)

Heading	Variance	Explanation
Promoting Understanding	(£67k) Underspend (£82K) less income	Bulk of underspend due to the underspend on the Lime and Ice project, with a corresponding effect on income.
Forward Planning & Communities	(£51k) Underspend (£43K) less income	Not all SDF Fund allocated which is reflected in reduced income Intelligent Energy project expenditure reduced and this corresponds to lower grant expected.
Corporate & Democratic Core	(£33k) Underspend	Savings on Committee agenda printing, training and advertising. New economical pool vehicle reduce cost and general reduction in office expenditure. In addition staff savings on unfilled vacancy for the last quarter.
Development Control	(£24k) Underspend £18K extra income	Savings created by advertising planning notices fortnightly instead of weekly and less specialist advice. Planning fee income increased in the final period.

viii) The most significant items of expenditure incurred by the Authority are employees at £3.778m. During the year the Authority employed 126.9 full time equivalent staff.

ix) In 2010/11 the Authority spent £132k on capital expenditure, which is 1.8% of expenditure. This was for the purchase of five ranger and volunteer vehicles £85K, and car park fee collecting machines £47K.

x) Revenue Working Balance
The Authority seeks to maintain a permanent balance sheet reserve as a contingency against unexpected events. At present, the Authority has set a target objective for the level of this contingency reserve at £220k.

xi) The policies are set out formally in the Statement of Accounting Policies on page 14. The policies adopted in 2010/11 are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11.

xii) The Authority has never borrowed any money, and with no intention to do so in the foreseeable future, does not have in place any arrangement for borrowing facilities.

CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS

(xiii) The introduction of new accounting standards, International Financial Reporting Standards (IFRS) have been adopted for the financial year 2010/11. This is in accordance with Central Government regulations to apply these new standards; these standards originally developed within the private sector are now applied across all UK public sector bodies.

A phased approach to these new accounting standards has been applied over preceding years with the adoption of standards on Financial Instruments and for 2009/10 the revised treatment of PFI type arrangements. Full transition to the new standards is applied for 2010/11.
IFRS requires financial statements to give a true and fair view of the financial position, financial performance and cash flows of an Authority. Emphasis is placed upon the substance of transactions rather than the legal form and the qualitative aspects of financial statements. These revised accounting standards have impacted upon the Authority's accounts in a number of areas the most significant of which are as identified below.

Accounting for short term compensated absences such as holiday pay is now required. An accrual is now raised at the financial year end to recognise this liability for future short term employee benefits that have been accrued but not taken at the financial year end. Any variation in the accrual from year to year is then charged through the Comprehensive Income and Expenditure Account. However, under statutory provision this charge does not impact upon the General Fund balance, and a short term compensated absences reserve is created to balance this accrued value.

The determination of whether assets are held under finance lease is more subjective under IFRS, and tests are applied to determine if substantially all the risks and rewards incidental to ownership of the property, plant or equipment are transferred from the lessor to the lessee. If they are, then it is treated as a finance lease. This has led to one leased asset, the Moors Visitor Centre at Danby, coming on to the balance sheet together with a matching financing lease obligation.

The Capital Grant Deferred Account is no longer applicable under IFRS. Previously under UK GAAP the capital grant deferred account was used to amortise a capital grant over the useful life of the asset to which it related, in so doing the grant income would match the profile of depreciation charged to the income and expenditure account. The accounting treatment under IFRS is to release the capital grant in full to the Comprehensive Income and Expenditure account when the conditions of the grant are met. Where capital expenditure is still to be incurred in relation to the grant the balance of the unspent grant is held within the Capital Grant Unapplied reserve.

The Authority has changed the accounting treatment for the treatment of software and to the extent that it is not an integral part of a particular IT system and the cost exceeds £5,000 this is treated as an intangible assets as the benefits are received over a number of financial years.

Further detail on the restatement of the accounts is provided under note 1.
IFRS applies retrospectively so opening balances have been adjusted including those for the financial year 2008/09 to ensure comparatives between years are valid.

CHANGES TO THE STATEMENT OF ACCOUNTS

(xiv) A number of changes have been made to the format and presentation of the 2010/11 Statement of Accounts

The adoption of IFRS gives rise to an alternative presentation and format of the Authority's accounts. A new financial statement 'Movement in Reserves Statement' is introduced and combines the prior statement on the Movement on the General Fund Balance together with other reserve movements; the new Comprehensive Income and Expenditure account now incorporates the former Statement of Total Recognised Gains and Losses. Presentational changes have also been applied to the Balance Sheet and Cash Flow Statements.
The notes to the accounts have been amended to reflect the requirements of IFRS.
An additional note, Segmental Reporting, is introduced to disclose information in a structure that is based upon internal management reporting.

J S MOORE
TREASURER TO THE NORTH YORK MOORS NATIONAL PARK AUTHORITY

Finance and Central Services
County Hall
Northallerton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORK MOORS NATIONAL PARK AUTHORITY

Opinion on the Authority accounting statements

We have audited the accounting statements of North York Moors National Park Authority for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the *Movements in Reserves Statement, the Comprehensive Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement* and the related notes numbered 1 to 25. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of North York Moors National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditors

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Our responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. We read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the state of North York Moors National Park Authority's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which we report by exception

We have nothing to report in respect of the governance statement on which we report to you if, in our opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditors' responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, we are satisfied that, in all significant respects, *North York Moors National Park Authority* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

We certify that we have completed the audit of the accounts of North York Moors National Park Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Chris Powell (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
Leeds, UK
26 September 2011

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority is required:

a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Authority, that officer is the Treasurer.

b) To manage its affairs to secure the economic, efficient and effective use of resources and to safeguard its assets.

The Treasurer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom is The Code of Practice of Local Authority Accounting ("the Code"). The Code is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

In preparing the statement of accounts, the Treasurer has:

a) Selected suitable accounting policies and applied them consistently;
b) Made judgements and estimates that were reasonable and prudent; and
c) Complied with the Code.

The Treasurer has also:

a) Kept proper accounting records that were up to date; and
b) Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE TREASURER

I certify that the accounts set out on pages 24 to 58 present a true and fair view of the financial position of the North York Moors National Park Authority as at 31 March 2011.

J S Moore
Treasurer to the North York Moors National Park Authority
Finance and Central Services
County Hall
Northallerton

Statement of Accounting Policies

1. General

The Statement of Accounts summarises the Authority's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2010 (The Code):* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced from 2010/11. The financial statements for prior periods have also been restated to comply with these new standards to ensure valid comparatives. The accounting policies adopted have been used consistently throughout the current and prior period. Any significant non-compliance with The Code is disclosed as part of the relevant financial statement.

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

2. Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not simply when the cash payments are made or received. In particular:

- Revenue from sales of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when the payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on short notice without penalty. Cash equivalents are investments that require more than a days' notice to withdraw.
In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior Period Adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

5. Charges to Revenue for Non-Current Assets

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

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

Depreciation, revaluation and impairment losses are replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

6. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as salaries, paid annual leave and paid sick leave, for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of any type of leave entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement, when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end.

7. Post Employment Benefits

Employees, subject to certain qualifying criteria, are eligible to join the North Yorkshire Local Government Pension Scheme, administered by North Yorkshire County Council, which provides Members with defined benefits earned as employees working for the Authority.

The local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees;
- The assets are included in the Balance Sheet at fair value;
    - quoted securities at current bid price;
    - unquoted securities at professional estimate;
    - unitised securities at current bid price;
    - property at market value;
- The change in the net pensions liability is analysed into seven components:
    - current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
    - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
    - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
    - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return, credited to the Financing & Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
    - gains or losses on settlements and curtailments – the results of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, debited to the Pensions Reserve; and
    - contributions paid to the North Yorkshire County Council pension fund – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits:

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

8. Financial Instruments

Financial Instruments are formally defined within the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and covers the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Accounting policies in line with the Code for Financial Instruments have been applied.

9. Grants

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

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Non Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied

Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

10. Inventories

Inventories have been included in the accounts at cost price. In general, obsolete and slow moving items are written-off during the year. It is considered that this difference in treatment does not have a material effect on the accounts.

11. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

The Authority as a Lessee

The Authority, as lessee, has entered into leasing arrangements of both an Operating and Finance Lease nature. Where under IAS 17 Leases it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred, then the lease is classified as a Finance Lease. A Finance Lease gives rise to the recognition of the Fixed Asset on the Balance Sheet together with a corresponding liability for future payments. Rental payments made under a Finance Lease are apportioned between a charge to write down the lease liability within the Balance Sheet and an element for finance charges, this is based upon the original rent payable on the lease agreement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority as a Lessor

The Authority acts as the lessor on a number of properties under operating lease arrangements. Rental income is credited to the provision of services on a straight-line basis over the period of the lease.

12. Overheads and Support Services

The cost of Support Services such as Finance, Information Technology, Personnel, and Customer Services are recharged to the appropriate functional headings. This is on the basis of various recharge calculations related to the support expenditure being allocated.

This reallocation of costs is in line with the CIPFA Best Value Accounting Code of Practice (BVACOP).

13. Property Plant & Equipment

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

Recognition

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

Measurement
Assets are initially measured at cost, comprising

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

The cost of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have a commercial substance, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

Assets are then carried in the balance sheet at depreciated historical costs or existing use value.

Property Plant & Equipment is valued on the basis required by CIPFA in accordance with the Statements of Asset Valuation Principles and Guidance notes issued by The Royal Institution of Chartered Surveyors (RICS). Mr GJ Tyerman MRICS, from Mouchel valued the land and buildings as at 31 March 2008, revaluation is required at least every five years.

Assets are classified into the groupings required by the 2010/11 Code of Practice on Local Authority Accounting in the United Kingdom.

- Land, operational properties and other operational assets are included in the balance sheet at the lower of the net current replacement cost or existing use value, net of depreciation.

Assets included in the Balance Sheet at fair value are re-valued where there have been any material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the revenue account.

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

On an annual basis all assets are reviewed for evidence of impairment (a decline in their realisable value due to specific events) by the suitably qualified property professionals in line with the guidance in FRS11 Impairments of Non Current Assets and Goodwill. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

- Where attributable to the clear consumption of economic benefits – the loss is charged to the Comprehensive Income and Expenditure Statement
- Otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement

Where an impairment loss is charged to the Comprehensive Income and Expenditure statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

De-minimus
Singular assets below the value of £5k will not be recorded in the asset register and will be expensed in the Comprehensive Income and Expenditure Statement in the appropriate service line unless the terms of a grant require it to be applied to capital expenditure.

Depreciation
Depreciation is provided for on all assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Buildings (but not the land on which they stand) are depreciated over their remaining useful lives. Estimates of useful life are determined for each property and where material for components of those properties as part of the valuation process. The office premises and Sutton Bank Visitor Centre buildings are depreciated over forty years, as advised by Mouchel, Danby Visitor Centre buildings by fifty years as advised by Burton Knowles. All other buildings are depreciated over twenty years; and
- Vehicles, plant, furniture and equipment are depreciated over a number of years depending on the nature of the asset.

Remaining useful lives are periodically reviewed and the charge to revenue adjusted if appropriate.

Depreciation is calculated using the straight line method with no residual value at disposal. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components
Where an asset has components whose cost is significant in relation to the total cost of the item (30% or more), or with a difference in economic life of 10 years or more, the components are depreciated separately. Items will be assessed under the above criteria when new assets are acquired, or existing assets are revalued.

Disposal of Property Plant & Equipment
When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are also credited to the same line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received in excess of £5,000 are categorised as capital receipts and the balance credited to the Useable Capital Receipts Reserve, and will only be used to finance new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the General Fund Balance in the Movement in Reserves Statement.

Revaluation Reserve
The Revaluation Reserve was established with a balance of zero as at 1 April 2007. This reserve has been used solely to account for changes in asset values (either upwards or downwards) following revaluation after the 1 April 2007.

The Capital Adjustment Account represents amounts set aside from revenue resources to finance expenditure on fixed assets and certain other capital transactions.

14. Provisions, Contingent Liabilities

Provisions
Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

Where payments are then made, they are charged to the provision carried in the Balance Sheet. The provisions are reviewed on an annual basis.

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

15. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement. These reserves are 'non-cash' reserves, and do not impact on the utilisation of the National Park Grant.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority; these reserves are explained in the relevant policies.

16. Presentation of Accounting Statements

The accounts are presented in the format required by the Best Value Accounting Code of Practice, in accordance with the Service Expenditure Analysis developed specifically for National Park Authorities.

17. VAT

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

18. Treasury Management

The Authority has an arrangement with North Yorkshire County Council whereby the balance of the Authority's bank account is merged each day with the balances of the County Council and several other organisations. These balances are then invested by North Yorkshire County Council and interest is paid to the Authority based on the actual overall rate achieved.

19. Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority had determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

20. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statements of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which the salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets	The effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% change in the discount rate assumption would result in a net change of £300k plus or minus. A 0.1% change in salary inflation would result in a net change of £128k plus or minus. A 1 year addition to members life expectancy would increase the net liability by £316K.
Buildings	Repairs and maintenance are provided by the Authority to buildings, with the cut back in Government funding there is a potential that buildings will not be maintained to the same standard and the value could be impaired.	If the useful life of the asset is reduced, depreciation charges will increase and the carrying amount of the asset will fall. It is estimated that the annual depreciation charge will increase by approximately £2.3k per year that useful lives to be reduced.

21. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 26 September 2011, an earlier draft of the Statement of Accounts, prior to External Audit was authorised for issue by the 30th June 2011. Events taking place after the 26 September are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.

The decision to uprate public service pensions using the Consumer Prices Index rather than the Retail Prices Index has been recognised in these accounts. This decision is currently before the courts in judicial review proceedings. The Government is robustly defending the case and therefore no adjustment has been made to the accounts for this matter. The financial implications consequent on the review finding against the government have not been assessed.

There are no significant events after the balance sheet date.

CORE FINANCIAL STATEMENTS

Movements in Reserves Statement

As restated in Note 1	General Fund Balance £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves £000**
Balance as at 31 March 2009	1,080	**1,080**	(512)	**568**
Movements in Reserves during 2009/10				
Surplus on the provision of services	51	**51**	0	**51**
Other Comprehensive Income and Expenditure (Note 25)	0	**0**	(1,798)	**(1,798)**
Total Comprehensive Income and Expenditure	**51**	**51**	(1,798)	**(1,747)**
Adjustments between accounting basis & funding under regulations (note 2)	155	**155**	(155)	**0**
Increase/(Decrease) in 2009/10	206	206	(1,953)	**(1,747)**
Balance as at 31 March 2010 carried forward	**1,286**	**1,286**	**(2,465)**	**(1,179)**
Movements in Reserves during 2010/11				
Surplus on the provision of services	578	**578**	0	**578**
Other Comprehensive Income and Expenditure (Note 25)	0	**0**	1,366	**1,366**
Total Comprehensive Income and Expenditure	578	**578**	1,366	**1,944**
Adjustments between accounting basis & funding under regulations (note 2)	(575)	**(575)**	575	**0**
Increase/(Decrease) in 2010/11	3	**3**	1,941	**1,944**
Balance as at 31March 2011 carried forward	**1,289**	**1,289**	**(524)**	**765**

Comprehensive Income and Expenditure Account for the year ended 31st March 2011

As restated in Note 1

Gross Expenditure £000	Income £000	Net Expenditure £000	Heading	Gross Expenditure £000	Income £000	Net Expenditure £000
1,162	(232)	930	Conservation of the Natural Environment	1,155	(251)	904
458	(148)	310	Conservation of Cultural Heritage	524	(215)	309
1,559	(682)	877	Recreation Management and Transport	1,577	(668)	909
1,536	(450)	1,086	Promoting Understanding	1,334	(353)	981
919	(5)	914	Rangers, Estates and Volunteers	983	(4)	979
970	(707)	263	Development Control	783	(185)	598
820	(511)	309	Forward Planning and Communities	611	(343)	268
290	(2)	288	Corporate and Democratic Core	300	(9)	291
30	0	30	Non Distributed Cost	(876)	0	(876)
7,744	**(2,737)**	**5,007**	**Net Cost of Service**	**6,391**	**(2,028)**	**4,363**
			Other operating Expenditure			
		0	Loss/(Profit) on disposal of fixed assets			(9)
			Financing and Investment Income			
		8	Interest payable and similar charges			16
		(32)	Interest receivable and investment income			(33)
		355	Pensions interest cost and expected return on assets			313
			Non Specific Grant Income			
		(5,376)	National Park Grant			(5,228)
		(13)	Capital Grants			0
		(51)	**(Surplus) or Deficit on Provision of Services**			**(578)**
		1,798	Actuarial (gains)/losses on pension assets/liabilities			(1,366)
		1,798	**Other Comprehensive Income and Expenditure**			**(1,366)**
		1,747	**Total Comprehensive Income and Expenditure**			**(1,944)**

As restated in Note 1

BALANCE SHEET AS AT 31ST MARCH 2011

31 March 2009 £000	31 March 2010 £000		Notes	31 March 2011 £000
4,284	4,285	Property, Plant & Equipment	3	4,294
7	14	Intangibles	4	29
4,291	**4,299**	**Long Term Assets**		**4,323**
131	127	Inventories	7	128
387	547	Short Term Debtors	8	403
1,563	2,112	Cash and Cash Equivalents	9	1,911
2,081	**2,786**	**Current Assets**		**2,442**
(706)	(1,133)	Short Term Creditors	10	(738)
(128)	(196)	Short Term Provisions	11	(218)
(834)	(1,329)	**Current Liabilities**		(956)
(179)	(179)	Finance Lease	1&23	(179)
(223)	(210)	Provisions	11	(241)
(4,568)	(6,546)	Pension Liability	25	(4,624)
(4,970)	(6,935)	**Long Term Liabilities**		(5,044)
568	**(1,179)**	**NET ASSETS**		**765**
1,080	1,286	General Fund Reserve		1,289
1,089	1,063	Revaluation Reserve	12	1,049
3,016	3,050	Capital Adjustment Account	13	3,088
(4,568)	(6,546)	Pension Reserve	14	(4,624)
(49)	(32)	Accumulated Absences Account	15	(37)
(512)	(2,465)	**Unusable Reserves**		(524)
568	**(1,179)**	**TOTAL RESERVES**		**765**

I confirm that these accounts were approved by the North York Moors National Park Authority Committee on 26th September 2011

Signed on behalf of North York Moors National Park Authority

Chairperson of the North York Moors National Park Authority

Cash Flow Statement
Year Ended 31 March 2011

As restated in Note 1

CASH FLOW STATEMENT

Year Ended 31 March 2011

2009/10 £000		2010/11 £000
51	**Net Surplus or Deficit on the provision of services**	578
	Adjustment to net surplus or deficit on the provision of services for non cash movements	
112	Depreciation	134
47	Impairment and Revaluations charged to the provision of services	0
427	Movement in Creditors	(395)
(160)	Movement in Debtors	144
4	Movement in Inventory	(1)
55	Movement in Provisions	53
180	Pension Liability (Note 25)	(556)
665		(621)
(13)	**Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities**	(9)
(13)		(9)
703	**Net cash flows from Operating Activities**	**(52)**
	Investing Activities	
(167)	Purchase of property, plant and equipment	(158)
	Proceeds from the sale of property, plant & equipment	9
13	Other receipts for investing activities	
(154)	**Net cash flows from investing activities**	**(149)**
0	Financing Activities	0
549	**Net increase or decrease in cash and cash equivalents**	**(201)**
1,563	Cash and cash equivalents at the beginning of the reporting period	2,112
2,112	**Cash and cash equivalents at the end of the reporting period (Note 9)**	**1,911**

Notes to the Core Financial Statements

1. Transition to IFRS

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

Short-Term accumulating compensated absences

Short –term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay.
Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render service that increases their entitlement to future compensated absences. As a result the Authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangement, no such accrual was required.
The Government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.
Accruing for short term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

	2009/10 Statements	Adjustments Made	2009/10 Revised
Opening 1 April 2009 Balance Sheet	**£000**	**£000**	**£000**
Provisions	(302)	(49)	(351)
Accumulated Absences Account	0	49	49
31 March 2010 Balance Sheet			
Provisions	(374)	(32)	(406)
Accumulated Absences Account	0	32	32
2009/10 Comprehensive Income and Expenditure Statement			
Cost of Services (Net):			
Conservation of the Natural Environment	927	(3)	924
Conservation of Cultural Heritage	307	(2)	305
Recreation Management and Transport	872	(5)	867
Promoting Understanding	1,083	(3)	1,080
Rangers, Estates and Volunteers	911	(3)	908
Development Control	251	(1)	250
Forward Planning and Communities	301	5	306
Corporate and Democratic Core	300	(5)	295
Non Distributed Cost	30	0	30

Leases

Under the Code, leases are classified as either operating or financing leases using the substance over form tests to assess if the asset is essentially ‘owned’, if a lease is classified as a finance lease the asset is transferred to the Balance Sheet and a corresponding Finance Lease Liability is created.

The Authority has one property lease for the Moors Centre Visitor Centre, where the accounting treatment has changed following the introduction of the Code. The Lease term is 63 years and was previously classified as an operating lease, but under the code, the building element of the lease has been classified as a finance lease while the land element continues to be treated as an operating lease.

As a consequence of this the financial statements have been amended as follows:

The Authority has recognised an asset (the building) and a finance lease liability.
The operating lease charge within Promoting Understanding has been reduced by the amount that relates to the building element of the lease payment.
A depreciation charge has been included within Promoting Understanding.
The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account. The transfer has been reflected in the Balance Sheet as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2008/9 and are reported in the Movement in Reserves Statement for the year.
The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment Income and Expenditure line in the Surplus or Deficit on the Provision of Services.

This has resulted in the following changes to the 2009/10 financial statements:

	2009/10 Statements	Adjustments Made	2009/10 Revised
Opening 1 April 2009 Balance Sheet	**£000**	**£000**	**£000**
Property, Plant and Equipment (leased assets)	0	179	179
Other Long Term Liabilities (finance lease)	0	(179)	(179)
Capital Adjustment Account	2,960	0	2,960
31 March 2010 Balance Sheet			
Property, Plant and Equipment (leased assets)	175	(4)	171
Other Long Term Liabilities (finance lease)	(179)	0	(179)
Capital Adjustment Account	3,031	(4)	*3,027*
2009/10 Comprehensive Income and Expenditure Statement			
Cost of Services (Net): After Absences adjustment			
Promoting Understanding	1,080	(4)	1,076
Financing and Investment Income and Expenditure	(32)	8	(24)

The net change to Promoting Awareness consist of the removal of the operating lease charge for the building element of the Moors Centre Visitor Centre's lease
(Reduction of 8k) and the inclusion of the depreciation charge (increase of £4k).

The net increase in the Surplus or Deficit on the Provision of Services is removed by the transfer of the depreciation charge to the Capital Adjustment Account. This transfer is shown in the Movement in Reserves Statement.

Government Grants
Under the Code, grants and contributions for capital schemes are recognised as income when the grant conditions are met and therefore become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 balance sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

This has resulted in the following changes to the 2009/10 financial statements:

	2009/10 Statements	Adjustments Made	2009/10 Revised
Opening 1 April 2009 Balance Sheet	**£000**	**£000**	**£000**
Government Grants Deferred Account	(56)	56	0
Capital Adjustment Account	2,960	56	3,016
31 March 2010 Balance Sheet			
Government Grants Deferred Account	(16)	16	0
Capital Adjustment Account (after lease adjustment)	*3,027*	16	3,043
2009/10 Comprehensive Income and Expenditure Statement			
Cost of Services (Net): After Absences & Lease adjustment			**Revised**
Conservation of the Natural Environment	924	6	930
Conservation of Cultural Heritage	305	5	310
Recreation Management and Transport	867	10	877
Promoting Understanding	1,076	10	1,086
Rangers, Estates and Volunteers	908	6	914
Development Control	250	13	263
Forward Planning and Communities	306	3	309
Corporate and Democratic Core	295	0	295
Non Distributed Cost	30	0	30
Non Specific Grant Income (Capital grant)	0	(13)	(13)

Intangible Assets
The Authority is required to treat certain software purchases as intangible assets under IFRS where certain criteria are met.

This has resulted in the following changes to the 2009/10 financial statements:

	2009/10 Statements	Adjustments Made	2009/10 Revised
Opening 1 April 2009 Balance Sheet	**£000**	**£000**	**£000**
Intangible Assets	7	7	14
Capital Adjustment Account	3,043	7	3,050
31 March 2010 Balance Sheet			
Intangible Assets	14	15	29
Capital Adjustment Account	3,043	15	3,058

2009/10 Comprehensive Income and Expenditure Statement			**Final Revised**
Cost of Services (Net): After Absences, Lease & Grant adjustment	**£000**	**£000**	**£000**
Conservation of the Natural Environment	930		930
Conservation of Cultural Heritage	310		310
Recreation Management and Transport	877		877
Promoting Understanding	1,086		1,086
Rangers, Estates and Volunteers	914		914
Development Control	263		263
Forward Planning and Communities	309		309
Corporate and Democratic Core	295	(7)	288
Non Distributed Cost	30		30

2. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure

2010/11	**Usable Reserves**		
	General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
	£000	£000	£000
Adjustments involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation and impairment of non current assets	134		(134)
Revaluation losses on Property Plant and Equipment			
Capital Grants and contributions applied			
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(149)		149
Adjustments involving the Capital Receipts Reserve			
Transfer of Sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(9)	9	
		(9)	9
Adjustments involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 27)	(65)		65
Employer's pensions contribution payable in the year	(491)		491
Adjustment involving the Accumulating Compensated Absences Adjustment Account			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5		(5)
Total Adjustments	(575)	0	575

2009/10 comparable figures

	Usable Reserves		
	General Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
	£000	£000	£000
Adjustments involving the Capital Adjustment Account			
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>			
Charges for depreciation and impairment of non current assets	159		(159)
Revaluation losses on Property Plant and Equipment			
Capital Grants and contributions applied	(13)	13	
		(13)	13
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>			
Capital expenditure charged against the General Fund	(154)		154
Adjustments involving the Capital Receipts Reserve			
Transfer of Sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement			
Adjustments involving the Pensions Reserve			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 27)	670		(670)
Employer's pensions contribution payable in the year	(490)		490
Adjustment involving the Accumulating Compensated Absences Adjustment Account			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(17)		17
Total Adjustments	155	0	(155)

3. Capital Expenditure and Disposal of Fixed Assets

(a) **Movements in Property, Plant and Equipment during the year were as follows:-**

Movements in 2010/11	**Land and Buildings £000**	**Vehicles, Plant & Equipment £000**	**Total £000**
Historical or Revalued Gross Cost	**4,463**	**417**	**4,880**
Additions in Year (note 3(c))	0	137	137
Cost of Disposals in Year	0	(43)	(43)
Revaluations as at 31st March 2011	0	0	0
Gross Value at 31st March 2011	**4,463**	**511**	**4,974**
Depreciation b/f	(315)	(280)	(595)
Accumulated Depreciation of Disposals in Year	0	43	43
Depreciation for 2010/11	(59)	(69)	(128)
Net value as at 31 March 2011	**4,089**	**205**	**4,294**

Movements in 2009/10	**Land and Buildings £000**	**Vehicles, Plant & Equipment £000**	**Total £000**
Historical or Revalued Gross Cost	**4,463**	**894**	**5,357**
Additions in Year (note 3(c))	0	158	158
Cost of Asset review in Year	0	(635)	(635)
Revaluations as at 31st March 2010	0	0	0
Gross Value at 31st March 2010	**4,463**	**417**	**4,880**
Depreciation b/f	(256)	(817)	(1,073)
Accumulated Depreciation of Review in Year	0	588	588
Depreciation for 2009/10	(59)	(51)	(110)
Net value as at 31 March 2010	**4,148**	**137**	**4,285**

Movements in 2008/09	Land and Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Historical or Revalued Gross Cost	**4,234**	**886**	**5,120**
Additions in Year (note 3(c) and note 1)	229	8	237
Cost of Asset review in Year	0	0	0
Revaluations as at 31st March 2010	0	0	0
Gross Value at 31st March 2009	**4,463**	**894**	**5,357**
Depreciation b/f	(200)	(719)	(919)
Accumulated Depreciation of Review in Year	0	0	0
Depreciation for 2008/09	(56)	(98)	(154)
Net value as at 31 March 2009	**4,207**	**77**	**4,284**

Depreciation
The following useful lives and depreciation rates have been used in the calculation of depreciation:

Buildings (but not the land they stand on) HQ and Sutton Bank Visitor Centre- 40 years
Moors Centre - 50 years
All other buildings- 20 years
Vehicles- 5 years

Revaluations
The Authority carries out a programme at least every 5 years that ensures all Property, Plant and Equipment that is required to be measured at fair value is revalued.
Land and Buildings were revalued as at 31 March 2008 by GJ Tyerman of Mouchel.
The basis of valuation is disclosed in note 13 Statement of Accounting Policies.
The Authority is not aware of any material change in the value of its assets.

(b) **Financing of Property, Plant and Equipment**
The capital expenditure on Fixed Assets of £137k, (£158k in 2009/10 and £58k in 2008/09), intangibles (see note 4) of £21k (£9k in 2009/10 and £8k in 2008/09), and £179k in 2008/09 for the capitalisation of the Finance Lease which is included in the Additions at Note 3 a) above, was financed as follows

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Revenue	149	154	66
Finance Lease	0	0	179
Capital Grants	0	13	0
Capital Receipt	9	0	0
	158	167	245

(c) **Capital Schemes**

There were two major capital schemes for the purchase of five Ranger vehicles £85k, and the provision of car parking ticket machines £47k.

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Intangible Assets (Note 4)	21	9	8
Finance Lease (Note 23)	0	0	179
Pool Vehicles	0	53	0
Purchase Cliff Plantation	0	0	50
Ranger and Volunteer Vehicles	85	100	8
IT	5	5	0
Car Park Ticket Machines	47	0	0
	158	167	245

(d) **Disposals of Property, Plant and Equipment**

Disposals

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Pool Vehicles	9	0	0
Volunteer Minibus- Scrapped	0	0	0
	9	0	0

(e) **Analysis of Property**

The list below gives an indication of the significant fixed assets of the Authority:

LAND	Acres
Land related to operational use	3500
BUILDINGS	Number
National Park Centres	2
Other Operational Buildings	1
Public Conveniences	7
Administrative Buildings	2

4. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Vehicles, Plant and Equipment. The intangible assets included relate to purchased software as the Authority has no internally generated software.

All software is given a finite useful life, based on the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

3 years – Microsoft Upgrade
5 Years – Microsoft Licences

5 Years – Northgate Planning System.

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £6k in 2010/11 was charged to Corporate Services and then absorbed as an overhead across all the service headings, however, it is not possible to quantify the amortisation attributable to each service heading.

The movement on Intangible Asset Balances during the year is as follows:

	2010/11 £000	2009/10 £000	2008/09 £000
Balance at the Start of the year			
Gross Carrying Amount	17	8	0
Accumulated Amortisation	(3)	(1)	0
Net Carrying Amount at start of year	**14**	**7**	**0**
Additions			
Purchases	21	9	8
Amortisation for the Year	(6)	(2)	(1)
Net Carrying Amount at end of Year	**29**	**14**	**7**
Comprising			
Gross Carrying Amount	38	17	8
Accumulated Amortisation	(9)	(3)	(1)
	29	**14**	**7**

The Authority has financed the purchase of software through revenue.

5. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases, together with the resources that have been used to finance it. When capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/11 £000	2009/10 £000	2008/09 £000
Opening Capital Financing Requirement	179	179	0
Capital Investment			
Property Plant and Equipment	137	158	237
Intangible Assets	21	9	8
Sources of Finance			
Capital Receipts	(9)	0	0
Government Grants	0	(13)	0
Sums Set Aside from Revenue			
Direct Revenue Contributions	(149)	(154)	(66)
Closing Capital Financing Requirement	179	179	179
Explanation of Movement in Year			
Assets Acquired under Finance Leases			179
Increase/(Decrease) in Capital Financing Requirement	**0**	**0**	**179**

The Capital Finance Requirement arises as a result of the classification of the buildings element of Moors Centre Lease as a Finance Lease under IFRS. The Prudential Framework for Capital Finance establishes a statutory basis for the Minimum Revenue Provision to be charged in relation to Finance Leases. This states that charges should be made to revenue equal to the element of the rental payable for any year to write down the balance sheet liability.

6. Financial Instruments

a) Financial Assets: Cash, loans and receivables

The Authority cash balance includes cash held with North Yorkshire County Council (NYCC), as well as cash held in a bank account in the name of the Authority. Cash held by the Authority is swept over to the account held by NYCC each evening and money in this account is available to the Authority within one day.

Financial Instruments are formerly defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For the Authority, this definition covers the instruments used in Treasury Management activity, in the lending of money for investment purposes.

The Authority's Treasury Management is provided under a Service Level Agreement by NYCC under the CIPFA Code of Practice on Treasury Management. The code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority.

The CIPFA Code of Practice on Treasury Management requires:

- A Treasury Management Policy Statement (TMPS) stating the County Council's policies and objectives for its treasury management activities; and
- A framework of Treasury Management Practices (TMPs) setting out the manner in which the County Council will seek to achieve the policies and objectives set out above and prescribing how it will manage and control those activities.

The twelve recommended Treasury Management Practices are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:-

- Risk management;
- Performance measurement;
- Decision making and analysis;
- Approved instruments, methods and techniques;
- Organisation, clarity and segregation of responsibilities and dealing arrangements;
- Reporting requirements and management information arrangements;
- Budgeting, accounting and audit arrangements;
- Cash and cash flow management;
- Money laundering;
- Training and qualifications;
- Use of external service providers;
- Corporate governance;

(b) Financial Instrument Balances

31 March 2009 £000	31 March 2010 £000		31 March 2011 £000
(44)	(235)	Bank Current Accounts	(141)
1,607	2,347	Short Term Deposit with NYCC Treasury	2,052
1,563	2,112		1,911

The figures shown above consist of the nominal value of loans plus accrued interest at that date. This complies with the requirements for financial instruments in accordance with the Code.

(c) Fair Value of Assets and Liabilities carried at Amortised Cost
The fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans receivable, the prevailing benchmark market rates have been used to provide fair value
- Where an instrument, (loan/investment), will mature in the next 12 months, the carrying amount is assumed to approximate fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount
- A review of bad debts was performed at the balance sheet date and no impairments have been applied

(d) Disclosure of nature and extent of risk arising from Financial Instruments
The Authority's activities expose it to a variety of financial risks, the key risks being:

- Credit Risk – the possibility that other parties may fail to pay amounts due to the Authority
- Liquidity Risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rate movements

(e) Procedures for Managing Risk
Through the Service Level Agreement (SLA) with NYCC, the Authority complies with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Investment Guide issued through the Local Government Act 2003. Risk is managed in the following ways:

- By NYCC adopting the requirements of the code of practice
- The approved prudential indicator limits set out for the following three years:
    - The Authority's overall borrowing limits
    - Its maximum and minimum exposures to fixed and variable interest rates
    - Its maximum annual exposures to investments maturing beyond a year

Credit Risk
Credit risk arises from deposits with banks and financial institutions as well as exposures to the Authority's customers. Deposits are managed through the SLA with NYCC. Sales of goods are predominantly on a cash basis, and services are not completed unless there is a signed legal grant agreements in place. The Authority receives income predominantly from other Government Bodies reducing commercial risk.

The Authority does not generally allow credit for its trade debtors. Analysis of invoices raised as at 31 March 2011, which are included within the £403k debtors, can be analysed by age as follows:

	31 March 2011 £000	**31 March 2010 £000**	**31 March 2009 £000**
Less than 3 months	23.8	35.5	23.2
3 to 6 months	5.7	3.9	0.1
6 to 1 Year	0.9	1.2	0.0
More than 1 Year	0.0	2.4	0.1
	30.4	43.0	23.4

Liquidity Risk
The Authority has next day access to investments and is funded centrally by DEFRA, grant funding is known in advance so working balances can be managed. The Authority does not have any loans.

Market Risk
The Authority is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. As the Authority has no borrowings the risk is a loss of earnings on interest income.

7. Inventories

The movement in stock recorded on the balance sheet can be analysed as follows:

	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Type of Stock :	Stock for Resale			Footpath Maintenance Stock			Total		
Balance At 1 April	103	115	106	24	16	19	127	131	125
Purchases	117	112	120	116	129	153	233	241	273
Purchases as an expense in year	(114)	(124)	(111)	(114)	(121)	(156)	(228)	(245)	(267)
Written off balances	(4)	0	0	0	0	0	(4)	0	0
Balance At 31 March	102	103	115	26	24	16	128	127	131

8. Debtors

The debtors recorded on the balance sheet can be analysed as follows:

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Central government bodies	204	362	195
Other local authorities	27	71	22
Other entities and individuals	148	86	94
Payments in Advance	24	28	76
	403	547	387

Provision for Doubtful Debt

No provision has been provided for doubtful debts although there are two customers where the debt is past due and there is a small probability that the debt will remain unpaid (£0.8k). These are being pursued via our legal SLA with North Yorkshire County Council.

The Authority has no long term debtors or borrowings that would be classified as Financial Instruments and require separate disclosure.

9. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2009 £000	31 March 2010 £000		31 March 2011 £000
(44)	(235)	Bank Current Accounts	(141)
1,607	2,347	Short Term Deposit with NYCC Treasury	2,052
1,563	2,112		1,911

10. Creditors

The creditors recorded on the balance sheet can be analysed as follows:

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Central government bodies	17	72	4
Other local authorities	73	124	75
Other entities and individuals	429	633	304
Income in Advance	219	304	323
	738	**1,133**	**706**

11. Provisions

A provision of £422k (£368k 2009/10) has been made for Sustainable Development Grants offered in 2010/11, and represents the balance to be spent by the Authority on previous years allocated grants.

	31st March 2011 £000	31st March 2010 £000	31st March 2009 £000
Sustainable Development Fund	422	368	280
Ebenezer Listed Chapel repairs	0	6	22
Accumulated Absences	37	32	49
	459	406	351

	Ebenezer Listed Chapel repairs £000	Sustainable Development Fund £000	Accumulated Absences £000	**Total** £000
Balance at 1 April 2009	**22**	**280**	**49**	**351**
Additional Provisions Made in 2009/10	0	151	32	**183**
Amounts used in 2009/10	(16)	(63)	(49)	**(128)**
Balance at 31 March 2010	**6**	**368**	**32**	**406**

	Ebenezer Listed Chapel repairs	Sustainable Development Fund	Accumulated Absences	**Total**
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2010	**6**	**368**	**32**	**406**
Additional Provisions Made in 2010/11	0	212	37	**249**
Amounts used in 2010/11	(6)	(158)	(32)	**(196)**
Balance at 31 March 2011	**0**	**422**	**37**	**459**
Short term provision-within one year	0	181	37	**218**
Longer than a year	0	241	0	**241**

	Ebenezer Listed Chapel repairs	Sustainable Development Fund	Accumulated Absences	**Total**
2009/10	**£000**	**£000**	**£000**	**£000**
Short term provision-within one year	6	158	32	**196**
Longer than a year		210		**210**
				406
2008/09				
Short term provision-within one year	16	63	49	**128**
Longer than a year	6	217		**223**
				351

<u>Assumptions made about the future and other major sources of estimation uncertainty</u>

The Sustainable Development Fund is financed by DEFRA (£200k per year) and is ring fenced (to 31/3/11) outside of the National Park Grant. Grants are paid out for projects which meet the Sustainable Development Fund criteria. £422k is the balance of the unspent funding at year end which the Authority will be obliged to finance £181K in 2011/2012 and £241K after 1 April 2012.

12. Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are;

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains realised.

The Reserve contains only revaluated gains accumulated since 1 April 2007, the date that the Reserve was created.

2009/10 £000	Revaluation Reserve	2010/11 £000
1,089	**Balance at 1 April**	1,063
	Upward revaluation of assets	
0	Downward revaluation of assets and impairment losses not charged to the surplus/Deficit on the Provision of Services	0
(26)	Difference between fair value depreciation and historical cost depreciation	(14)
0	Accumulated gains on assets sold or scrapped	0
(26)	Amount written off to the Capital Adjustment Account	(14)
1,063	**Balance at 31 March**	**1,049**

13. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The Account is debited with the cost of acquisition or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation Reserve to convert fair value figures to a historical cost basis).

2009/10 £000		2010/11 £000	
3,016	**Balance at 1 April**		3,050
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement		
(112)	Charges for depreciation & impairment of non current assets	(134)	
	Revaluation losses on Property, Plant & Equipment		
(47)	Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		
(159)			(134)
26	Adjusting Amount written out of the Revaluation Reserve	14	
(133)	Net Written out amounts of the cost of non-current assets consumed in year		(120)
	Capital financing applied in year:		
	Use of Capital Receipts to finance new capital expenditure	9	
13	Capital grants credited to the Comprehensive Income and Expenditure Statement that have been applied to capital		
154	Capital Expenditure charged against the General Fund	149	
167			158
3,050	**Balance at 31 March**		**3,088**

14. Pension Reserve

The Pension reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in its Comprehensive Income and Expenditure Statements as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Authority participates in the North Yorkshire Pension Fund.

2009/10 £000		2010/11 £000
(4,568)	**Balance at 1 April**	(6,546)
(1,798)	Actuarial gains or losses on pensions assets and liabilities	1,366
(670)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	65
490	Employers' pension contributions and direct payments to pensioners payable in the year	491
(6,546)	**Balance at 31 March**	**(4,624)**

15. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

2009/10 £000		2010/11 £000
49	**Balance at 1 April**	32
(49)	Settlement of accrual made at the end of the preceding year	(32)
32	Amounts accrued at the end of the current year	37
(17)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that actually charged in accordance with statutory requirements	5
32	**Balance at 31 March**	**37**

16. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. This is the same basis used to make decisions about resource allocation, which are taken by the Authority's Performance and Monitoring Committee. However these reports are prepared on a different basis from the accounting policies used in the financial statements.

In particular:
No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the revaluation Reserve and amortisations are charged in the Comprehensive Income and Expenditure Statement).
Actual capital expenditure and income is included in the committee reports but taken out of the Comprehensive Income and Expenditure Statement, which just show revenue.

The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

Basically the outturn position reported to committee is summarised in the Forward on page 6, and therefore the detailed report is not included here. A reconciliation to show the differences is shown

Headings	**Outturn figures reported to PMM Appendix A**	**Accumulated Absences Account**	**Add Capital Charges to conform with CIPFA Cap Accounting**	**Add Pension Adjust with IAS19**	**Interest Received**	**Moor Centre now financial Lease asset**	**Changes to outturn**	**Net Expenditure in Final Accounts**
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Conservation of the Natural Environment	**896**	2	5	1				**904**
Conservation of Cultural Heritage	**307**	1	1					**309**
Recreation Management and Transport	**901**	2	(7)	1			**12**	**909**
Promoting Understanding	**977**	(1)	20	1		(16)		**981**
Rangers, Estate and Volunteers	**1,018**	1	(41)	1				**979**
Development Control	**584**		13	1				**598**
Forward Planning and Communities	**268**	(2)	1	1				**268**
Corporate and Democratic Core	**262**	2	(7)	1	33			**291**
Non Distributed Cost				(876)				**(876)**
Net Cost of Service	**5,213**	5	(15)	(869)	33	(16)	**12**	**4,363**
Profit on Disposal			(9)					**(9)**
Interest Payable						16		**16**
Interest Received					(33)			**(33)**
Pension Interest Cost and expected return on net assets								**313**
National Park Grant								**(5,228)**
(Surplus) or Deficit on Provision of Service								**(578)**
Actuarial gains/losses on pension assets/liabilities								**(1,366)**
Total Comprehensive Income and Expenditure								**(1,944)**

below.

The income and expenditure of the Authority's principal services recorded in the budget for the year are as follows

Service Heading Income and Expenditure 2010/11	Conservation of the Natural Environment	Conservation of the Cultural Heritage	Recreation Management and Transport	Promoting Understanding	Rangers Estates and Volunteers	Development Control	Forward Planning and Communities	Corporate and Democratic Core
Fees Charges and Service Income	(165)	(5)	(360)	(351)	(4)	(185)	(4)	(52)
Government Grants	(86)	(210)	(308)	(2)	0	0	(339)	0
Total Income	**(251)**	**(215)**	**(668)**	**(353)**	**(4)**	**(185)**	**(343)**	**(52)**
Employee Expenses	385	191	522	642	503	414	252	926
Other Service Expenses	618	263	772	427	280	77	270	741
Support Service Recharges	144	68	275	261	239	278	89	(1,353)
Total Expenditure	**1,147**	**522**	**1,569**	**1,330**	**1,022**	**769**	**611**	**314**
Net Expenditure	**896**	**307**	**901**	**977**	**1,018**	**584**	**268**	**262**

2009/10 Comparators	Conservation of the Natural Environment	Conservation of the Cultural Heritage	Recreation Management and Transport	Promoting Understanding	Rangers Estates and Volunteers	Development Control	Forward Planning and Communities	Corporate and Democratic Core
Fees Charges and Service Income	(49)	(3)	(391)	(434)	(3)	(173)	(1)	(34)
Government Grants	(183)	(145)	(305)	(17)	(2)	(534)	(509)	0
Total Income	**(232)**	**(148)**	**(696)**	**(451)**	**(5)**	**(707)**	**(510)**	**(34)**
Employee Expenses	415	177	477	760	492	451	273	847
Other Service Expenses	618	216	854	531	321	213	463	845
Support Service Recharges	165	69	229	258	179	305	90	(1,295)
Total Expenditure	**1,198**	**462**	**1,560**	**1,549**	**992**	**969**	**826**	**397**
Net Expenditure	**966**	**314**	**864**	**1,098**	**987**	**262**	**316**	**363**

Reconciliation of Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of service heading income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £000	2011/12 £000
Net Expenditure in the Directorate Analysis	5,213	5,170
Net Expenditure of Services not included in the Analysis		
Non Distributed Cost	(876)	30
Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the Analysis		
Accumulated Absences Account	5	(17)
Capital Charges	(24)	(48)
Pension Adjustment	7	(205)
Finance Lease	(16)	(8)
Additional Accrual	12	0
Amounts Included in the Analysis not included in the Comprehensive income and Expenditure Statement		
Capital Income	9	53
Interest received	33	32
Cost of Services in the Comprehensive Income and Expenditure Statement	**4,363**	**5,007**

17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges for 2010/11 and 2009/10 are shown.

	2010/11 £000	2009/10 £000
North Yorkshire County Council	210	249
Scarborough Borough Council	7	15
Ryedale District Council	4	4
Hambleton District Council	4	6
	225	274

18. Members Allowances

The total amount of members allowances paid during the year was £56.6k (£55.81k in 2009/10).

19. Disclosure of Remuneration

The Local Government Accounts and Audit Regulations 2003 require that the Authority discloses the number of employees whose remuneration falls in each bracket of a scale in multiples of £5,000 starting with £50,000. The definition of remuneration includes gross pay and certain expense allowances.

Band	2010/11 Number	2009/10 Number
£50,000 - £54,999	0	0
£55,000 - £59,999	0	0
£60,000 -£64,999	0	0
£65,000 -£69,999	0	0
£70,000 -£74,999	1	1
£75,000 -£79,999	0	0

	2010/11 £	2009/10 £
Chief Executive: A Wilson		
Salary	71,555	71,555
Total Remuneration excluding pension Contribution	71,555	71,555
Pension Contribution (Authority)	11,520	11,520
Total Remuneration including pension Contribution	83,075	83,075

The Local Government pension scheme is a contributory scheme and in addition to the payments made by the Authority, employees are required to contribute a percentage calculated in accordance with salary bandings. Employees also have options to make additional contributions to the scheme to increase their benefits against which the Authority makes no further contribution. The Chief Executive has asked that this note confirms that a contractual contribution was made from his salary of £5,152 in each year, and in addition he made additional contributions to the scheme in each year.
In 2010/11 the Chief Executive claimed no expenses for reimbursement of expenditure incurred whilst on Authority business and did not receive any benefits in kind.

20. External Audit Cost

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, and to non-audit services provided by the Authority's external auditors:

	2010/11 £000	**2009/10 £000**
fees payable to Deloitte LLP for external audit services carried out by appointed auditor.	23.0	22.0
fees payable to the Audit Commission for the certification of NFI in 9/10.	0.0	0.5
	23.0	22.5

21. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11:

Credited to Non Specific Grant Income	2010/11 £000	2009/10 £000
Government Grants		
National Park Grant (NPG)	5,228	5,376
Credited to Services		
National Park Grant (Sustainable Development Fund)	242	215
Department for Communities and Local Government	39	573
Natural England	149	168
European Grants	82	(11)
English Heritage	20	43
Yorkshire Forward	0	251
Forestry Commission	25	26
Environment Agency	20	37
North Yorkshire County Council	312	315
Scarborough Borough Council	3	45
Redcar & Cleveland Borough Council	50	12
Other Local Authority's	3	8
Total Government Revenue Grants (excluding NPG)	945	1,682
Lottery Funding	78	147
Moors Restoration: Natural England via landowners	97	0
Other Grants	39	14
Total Revenue Grants (excluding NPG)	1,159	1,843

22. Related Party Transactions

The Authority is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority; the bodies identified are:

Central Government has effective control over the general operation of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the transactions with other parties. Details of transactions with government departments in terms of grants are set out in note 26.

Members of the Authority have direct control over the Authority's financial and operating policies. The Register of Members' Interests, which authorities are required to maintain, in accordance with the National Park Authority Members Code of Conduct, and any disclosures of direct or indirect pecuniary interests made in accordance with section 94 of the Local Government Act 1972, were examined. The Authority has 22 Members, 12 are Councillors from the County and District Councils that the National Park geographical boundary encompasses. Of these, North Yorkshire County Council has 5 seats, Scarborough BC 2 seats, Redcar & Cleveland and Ryedale DC 2 seats each, and Hambleton DC 1 seat. Material transactions with any member and the appropriate councils are shown here.

	2010/11 Receipts £000	Payments £000	2009/10 Receipts £000	Payments £000
North Yorkshire County Council:	312	183	315	261
Scarborough Borough Council:	3	25	45	44
Redcar & Cleveland Council	50	0	12	5
Ryedale District Council	0	12	2	11
Hambleton District Council	0	14	0	11
Natural England	149	7	183	6
Member: Grant CREP9/10 SDF10/11	0	9	0	17
Member: CREP grant	0	0	0	1
	514	250	557	356

Officers have day to day control of the running of the Authority's affairs. No material related party transactions have occurred with officers in 2010/11. It should be noted that the Treasurer (Section 151 Officer) of the North York Moors National Park Authority is also the Section 151 Officer for North Yorkshire County Council, and various other organisations. This Authority's Monitoring Officer is also the Head of Legal Services for North Yorkshire County Council.
The Chief Executive of the Authority is a Member on the Natural England Board.

23. Leases

Finance Leases

The Authority has one finance lease for the Moors Visitor Centre at Danby.
A revised lease was negotiated from October 2009 for 63 years, and is now carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Other Land and Buildings	171	175	179

The Authority is committed to making minimum payments under these leases comprising settlement of the long term liability; these minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following future rent reviews.

	2010/11 £000	2009/10 £000
Finance Lease Liabilities		
Current	0	0
Non Current	179	179
Finance Costs Payable in Future Years	824	832
Minimum Lease Payments	**1,003**	**1,011**

The minimum lease payments are to be paid over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2010/11	**2009/10**	**2010/11**	**2009/10**
	£000	**£000**	**£000**	**£000**
Not Later than one year	16	8	0	0
Later than one year and not later than five years	80	80	0	0
Later than five years	728	744	179	179
	824	**832**	**179**	**179**

Operating Lease
The Authority uses vehicles, and IT equipment financed under the terms of an operating lease. The amount paid under these arrangements in 2010/11 was £31k (£52k in 2009/10).

As at the 31 March the Authority was not committed to making any payments under operating leases in 2011/12.

24.Termination Benefits

The Authority offered Voluntary redundancy in 2010/11, which was accepted by 13 employees. Statutory redundancy and three months pay enhancement of £81k and early pension for 4 of these employees of £75k was funded within 2010/11.

25. Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme administered locally by North Yorkshire Pension Fund; this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The Following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement.

As at 31 March 2011, the Authority has paid all pension contributions owed to the North Yorkshire Pension Fund.

2009/10 £000	Comprehensive Income and Expenditure Statement	2010/11 £000
	Net Cost of Service	
(285)	Current Service Cost	(498)
(30)	Curtailments	(61)
0	Past Service Cost	937
	Financing and Investment Income	
(673)	Interest Cost	(841)
0	Settlements	0
318	Expected return on Assets in the Scheme	528
(670)	**Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service**	65
	Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
(1,798)	Actuarial gains and losses	1,366
(2,468)	**Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement**	1,431
	Movement in Reserves Statement	
(670)	Reversal of net charges made to the Surplus or Deficit for the provision of Services for post employment benefits in accordance with the code	65
490	Actual amount charged against the General Fund Balance for employer's pension contributions in the year	491
(180)		556

The cumulative amount of actuarial gains and loss recognised in the Comprehensive Income and Expenditure Statement to 31 March 2011 is a gain of £1,366,000.

The liabilities show the underlying commitments that the Authority has in the long term to pay retirement benefits. The total liability of £4.624m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheets and the table below summarises the Authorities Share of the assets and liabilities of the scheme:

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Estimated share of liabilities in scheme	(13,991)	(14,564)	(9,384)
Estimated share of assets in scheme	9,367	8,018	4,816
Authority's net liability (deficit)	(4,624)	(6,546)	(4,568)

	31 March 2011 £000	31 March 2010 £000	31 March 2009 £000
Pension Liabilities at beginning of year	(14,564)	(9,384)	(11,137)
Movement in Liabilities in year:			
current service cost	(498)	(285)	(461)
interest cost	(841)	(673)	(696)
contributions by scheme participants	(186)	(191)	(178)
actuarial (loss)/gain	928	(4,300)	3,004
curtailments	(61)	(30)	0
benefits paid	294	299	84
past service cost	937	0	0
Pension Liabilities at end of the year	(13,991)	(14,564)	(9,384)
Pension Assets at beginning of year	8,018	4,816	6,777
Movement in Assets in year:			
expected rate of return	528	318	474
actuarial (loss)/gain	438	2,502	(2,974)
employer contributions	491	490	445
contributions by scheme participants	186	191	178
benefits paid	(294)	(299)	(84)
Pension Assets at end of the year	9,367	8,018	4,816
Deficit	**(4,624)**	**(6,546)**	**(4,568)**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pension that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Mercer's, an independent firm of actuaries, and the main assumptions used in their calculations have been:

	31 March 2011	31 March 2010	31 March 2009
Financial assumptions:			
Rate of RPI inflation	3.5%	3.5%	3.3%
Rate of CPI inflation	3.0%	3.0%	3.0%
Rate of increase in salaries	4.75%	5.25%	5.05%
Rate of increase in pensions	3.0%	3.5%	3.3%
Rate for discounting scheme liabilities	5.5%	5.7%	7.1%
Rate of employees opting to take a commuted lump sum	50.0%	50.0%	50.0%
Mortality assumptions:			
Longevity at 65 for current pensioners: years			
Men	21.1	21.2	21.2
Women	24.7	24.1	24.1
Longevity at 65 for future pensioners: years			
Men	23.5	22.2	22.2
Women	26.3	25.0	25.0

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £9.367m at 31 March 2011 (£8.018m at 31 March 2010), and consist of the following categories, by proportion of the total assets held in the fund.

	long term rate of expected return %	31 March 2011 %	31 March 2010 %	31 March 2009 %
Equity investments	7.5	74.7	76.2	74.8
Government Bonds	4.4	8.9	7.8	8.5
Bonds	5.1	15.9	13.9	11.2
Property	n/a	0.0	0.0	0.0
Cash/Liquidity	0.5	0.5	2.1	4.4
Other	n/a	0.0	0.0	1.1
		100	100	100

The Actuarial loss identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2011: with comparative data for the previous four financial years:

	2010/11		2009/10		2008/09		2007/08		2006/07
	£000	**%**	**£000**	**%**	**£000**	**%**	**£000**	**%**	**£000**
Difference between the expected and actual return on assets	438	3.0	2,502	31.2	(2,974)	(61.8)	(820)	12.1	32
Difference between actuarial assumptions about liabilities and actual experience	928	6.6	(4,300)	(29.5)	3,004	32.0	292	2.6	0
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0	0	0	(390)	3.5	620
	1,366		(1,798)	(12.3)	30	0.3	(918)	8.2	652

The total contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2012 is £445k.

Annual Governance Statement

1. Scope of Responsibility

The North York Moors National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

The Authority has approved and adopted an Ethical Framework, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the overall governance framework in operation by the Authority. A copy of the Ethical Framework is available on our website http://www.northyorkmoors.org.uk in the publications section or can be obtained from; Director of Corporate Services, North York Moors National Park Authority, The Old Vicarage, Bondgate, Helmsley, YO62 5BP. This statement explains how the Authority has complied with the Code and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment)[England] Regulations 2006 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the Authority and its activities thorough which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 governance framework relates to the governance system as it has applied and been in place at the Authority, for the financial year ending 31 March 2011 and continues up to the date of approval of the annual report and statement of accounts by the responsible financial officer. Any significant events or developments relating to the governance system that occur between 31 March and the signing of the accounts will be reported by the 30 September at the latest.

3. The Governance Framework

The Authority's governance framework seeks to ensure that the principles of good governance are embedded into all aspects of its work. This has been achieved by the adoption of the

Ethical Framework which aims to embed the Authority's core values into the day to day operations of the Authority.

The Authority's objectives are defined and established by the National Park Management Plan. The Management Plan was published in April 1998 following widespread consultation with partners and stakeholders. The Plan was reviewed and updated in 2004. A full update of the Plan has commenced in 2009. Progress against the overall long term objectives of the Management Plan can be identified via regular reporting against a set of 'State of the Park' indicators.

The Business Plan 2009-12 confirms the strategic priorities that have been developed from the long term objectives, establishes the Financial Principles that underpin the strategic financial management of the Authority and describes how activities over the medium term will contribute to their achievement. It also includes forecasts of income and expenditure for the three year period allocating indicative resources to the objectives based upon the best available information. This forms the basis of the Medium Term Financial Strategy assists in identifying any potential financial risks. This is reviewed annually when as part of the budget setting process and ensures that resources and objectives are appropriate aligned.

The Authority has an established Committee Structure with an associated Scheme of Delegation to ensure that decisions are taken in the most appropriate and effective manner. The Scheme of Delegation allows swift and effective policy and decision making by Members and managerial and operational decision making by officers within a framework of accountability to Government and local people.

Compliance with the regulations, procedures and statutory requirements is facilitated by a range of controls. Policies are in place to regulate how the Authority's Members and staff use the resources available to them. Regular audits conducted internally and by external auditors provide assurance that the procedures are being adhered to. The Authority receives legal advice and Monitoring Officer support as appropriate in all aspects of its work via a service level agreement with North Yorkshire County Council. This advice includes detailed input into significant Committee papers, particularly the work of the Authority's Planning Committee.

The management of risk within the business is embedded into the activity of the Authority. A risk register is maintained to identify significant operational risks and describe the mitigation measures in place to control them. The risk management process is the responsibility of the Director of Corporate Services and is reported to Members in the spring of each year. Direct responsibility for controlling individual risks is delegated to the officer most closely involved in the operation that would be affected. More strategic risks, and the mitigation measures to control them, are included in the Authority's Business Plan and Annual Performance Plan.

The routine financial management of the Authority is described in detail by the Financial Regulations. The annual budget is approved by the full Authority prior to the commencement of the financial year. The Senior Management Team receive reports on expenditure and income against the expected position at their monthly meeting and take appropriate action to remedy any deviation from the plan. The quarterly meetings of the Performance Monitoring and Management Committee (PM&M) receive a formal report on the financial position, including a description of any significant virements that have been made.
In November of each year, the annual budget is fully reviewed and revised to reflect the anticipated out-turn for the whole year.

The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010) with the exception of two issues which reflect the arrangements in place to provide certain services under contract. The Authority's Chief Financial Officer (s151 Officer) is the Director of Finance at North Yorkshire County Council. His role as one of the three statutory officers and his professional qualifications and experience are consistent with the Statement. The arrangements for the Chief Financial Officer also give the Authority access to services of a specialist nature, such as Treasury Management and the internal audit service. He does not however sit on the Senior Management team, although he has direct access as required to the Chief Executive and Members of the National Park Authority. He does not have line management of the staff working on financial matters within the Authority, but works closely with the Authority's Director of Corporate Services, who is professionally qualified, a member of Senior Management Team, and who plays a significant part in the organisational leadership and management of an internal finance function with suitably qualified staff.

Performance Management is conducted via the PM&M Committee which meets every quarter. This committee receives reports on finance, risk management, complaints and compliments, FSR action plan progress and it monitors performance against the Authority's Headline Indicators and Corporate Management performance indicators. In the spring of each year, Members approve the Annual Performance Plan and PM&M agrees the targets for the Authority's Headline Indicators. Senior Management Team receives progress reports on the headline indicators where the data is collected on a monthly cycle.

4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head if Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

This review is used to inform the contents of the Annual Governance Statement which prepared by the Director of Corporate Services in consultation with the Chief Executive, Monitoring Officer, Treasurer, Assistant Director of Corporate Services, Finance Officer and the following key members.

- The Chair of the Authority.
- The Chair of the Performance Monitoring and Management Committee.

The following key areas of work have been conducted in 2010/11

- The Authority's Ethical Code includes the new Core Values.
- The Authority's Corporate Risk Prioritisation processes has been reviewed.
- The Authority achieved accreditation under the Customer Service Excellence Model.
- The Authority's Information Governance Processes was improved and communicated to staff.
- International Financial Reporting Standards (IFRS) compliance by the Authority's accounting systems and procedures were ensured.
- The ICT Disaster Recovery systems and the Authority's Business Continuity Processes were improved
- Work was undertaken to improve the Authority's communications with external stakeholders including the development of a Communications Strategy and a Consultation Strategy

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Performance Monitoring and Management Committee, and a plan to address weaknesses to ensure continuous improvement of the system is in place.

5. Significant Governance Issues

The review of effectiveness has identified the following areas to be addressed in 2011/12.

- A new updated National Park Management Plan will be produced in 2011/12.
- The Authority will produce a Business Plan for 2012-15.
- This Business Plan will incorporate the finance planning and prioritisation necessitated by the reduced budget.
- A review of governance arrangements will commence taking into account national changes and the results of the Defra reviews on National Park Authority Governance
- Financial Regulations and Standing Orders will be updated, and a review of procurement undertaken.
- An action plan will be developed in relation to the recommendations of the National Park Authority Performance Assessment.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

……………………………………….
Andy Wilson (Chief Executive)

Date…………………………………..

……………………………………….
Jim Bailey (Chairman)

Date…………………………………..

On behalf of the Members and senior officers of the North York Moors NPA.

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