

# North York Moors National Park Authority

22 September 2014

## Statement of Final Accounts 2013/2014

### 1. Purpose of the Report

- 1.1 To present to Members the Statement of Final Accounts for the year 2013/2014 for approval.

### 2. Statement of Accounts 2013/2014

- 2.1 As a result of the Environment Act 1995 the North York Moors National Park Authority is recognised as a separate corporate body which is required to produce its own Statement of Final Accounts (SoFA).
- 2.2 The Statement of Final Accounts for the North York Moors National Park Authority is attached as a separate document at **Appendix A**. This document was signed by the s151 Officer prior to the deadline of 30 June 2014. The format and content of this document must comply with the CIPFA IFRS Code of Practice on Local Authority Accounting (The Code). The Code sets out the proper accounting practice required for the SoFA, within the statutory framework of the Accounts and Audit Regulations 2011.
- 2.3 The SoFA attached at **Appendix A** is prepared in line with International Financial Reporting Standards (IFRS) which have been interpreted for Local Government in the Code.
- 2.4 A draft of the SoFA was presented for discussion at the Finance, Risk, Audit and Standards Committee on 1 September 2014. The version attached has been amended since to take into account minor adjustments following the conclusion of the audit.
- 2.5 This Authority has adopted the practice of including the Annual Governance Statement within the SoFA and this has been discussed and approved by the Finance, Risk, Audit and Standards Committee on the 19 May 2014 and again on 1 September 2014. There are no changes which require adjustment since that time.
- 2.6 There have been no significant changes to accounting policies in 2012/13.
- 2.7 The Audit Fieldwork has taken place in the weeks commencing 24 June and 8 July. The report of the auditors is included as Item 7 on this agenda.

### 3. Revenue Outturn 2013/2014

- 3.1 The outturn figures reported to the Finance, Risk, Audit and Standards Committee on 19 May have been adjusted to take into account a number of minor errors that were identified during the audit fieldwork. These adjustments represent a £5k decrease to the overall Authority under-spend in 2013/14 from £178k to £173k.

3.2 As a result of preparing the SoFA based on the Code, numerous accounting adjustments, many of which are notional and do not impact on National Park Grant funding in 2013/14, need to be made from the final Budgeted under-spend of £173k, to a Deficit reported in the Comprehensive Income and Expenditure Account of £936k, reported on page 22 of **Appendix A**.

3.3 A reconciliation from the £173k final Under-spend in the Actual Outturn to a deficit reported in the Comprehensive Income and Expenditure Account of £936k is attached as a separate document at **Appendix B**, with the columns on this reconciliation statement being as follows:

Column 1 - Draft Outturn Figures reported to FRASC on 19 May 2014 reporting a provisional under-spend of £178k.

Column 2 - Adjustments to Year-end Outturn figures as detailed in paragraph 3.1.

Column 3 - Final Outturn Position of £173k under-spend.

Column 4 - Adjustments to and from the Accumulated Absences Account. These adjustments reflect the year-to-year movement in the notional value of untaken holiday at 31 March each year, by staff within the Authority. This adjustment is purely notional and does not impact on the cash and budgetary position at year-end.

Column 5 - Add depreciation and other Capital charges, to conform to CIPFA Capital Accounting Regulations, which require that Non-Current Assets (buildings, plant and machinery and intangible non-current assets) are depreciated or amortised. This adjustment does not affect the "bottom line" net cost to be funded by National Park Grant and working balances.

Column 6 - Adjustments made to reclassify the revenue funding of items defined as capital expenditure for the purposes of the Final Accounts. This type of Revenue Expenditure is funded by National Park Grant, but does not impact on the Surplus reported in the Comprehensive Income and Expenditure Account.

Column 7 - Due to Financial Reporting Standards (IAS 19), the actual pension payments made by the employer are removed and replaced by the actual current service operating cost of providing retirement benefits. These adjustments do not affect the overall amount to be met from National Park Grant, but the disclosures more accurately reflect the liabilities of the position of the pension fund.

Column 8 - Interest received is included under the heading of Corporate Management in the outturn position. In order to comply with the Code, interest received is shown on a separate line.

Column 9 - Adjustment to change the Moors Centre Lease arrangements to be compliant with International Financial Reporting Standards. An amount of £16k which is included in Promoting Understanding in the Outturn position but in the SOFA is classified as interest payable and is shown as a separate line similar to the treatment of interest received.

Column 10 - Net Expenditure totals reported in the SOFA as the Net Surplus on the Provision of Services in the Comprehensive Income and Expenditure Account.

**4. Balance Sheet**

4.1 The Authority is an admitted body to the North Yorkshire Pension Fund (NYPF) and the Balance Sheet includes a pension reserve liability of £2.392m as at 31 March 2014 (was £6.445m as at 31 March 2013). This liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them.

4.2 The net pension liabilities decrease the overall level of reserves on the Balance Sheet. However, this does not impact on the level of the Authority's cash reserves or on the available value of National Park Grant. In addition, whilst the liability suggests a significant shortfall between the forecast cost of future pension and the current level of assets in the pension fund, these figures are a snapshot in time and the value of the assets fluctuates in line with market conditions.

The North Yorkshire Pension Fund has a long term investment strategy in place for addressing this issue, based on the level of employer contributions paid into the fund.

**5. Audit of Accounts**

5.1 The audit of the accounts by Deloitte has been concluded and the report is at Item 9.

**6. Financial and Staffing Implications**

6.1 The financial and staffing implications are described in the report.

**7. Sustainability Appraisal**

7.1 There are no sustainability issues.

**8. Legal Implications**

8.1 There are no legal implications arising from this report.

**9. Recommendation**

9.1 That Members approve the Statement of Final Accounts for the financial year ended 31 March 2014.

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North Yorkshire County Council  
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**Background documents to this report****File Ref**

1. Service Reporting Code of Practice (SeRCOP).
2. CIPFA Code of Practice on Local Authority Accounting (the Code).
3. Financial Grant Memorandum (Revision dated April 2008).
4. Report to Special National Park Authority 20 January 2011 Pension Fund Triennial Valuation 2010.

**North York Moors National Park Authority**

**Statement of Accounts**

**2013/14**



**Statement of Accounts**

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# 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.
- (ii) The Authority's accounts for the year ended 31 March 2014 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom 2013/14" - 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).

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 Reserve before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
- c) **Comprehensive Income & 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, are those that the Authority are 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 Authority's 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.

- (iii) 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.
- (iv) **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.
- (v) 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 2014, the net liability (assets minus liabilities) stood at **£2.392m**, a change of **£4.053m** on the previous year's value (£6.445m).

This significant reduction in the net liability is due to a number of factors. Changes in actuarial assumptions, particularly on wage inflation and the discount rate, used to value liabilities reduced values by £0.8m. Assets outperformance improved the position further by £1.4m. In addition there were adjustments resulting from the 2013 Triennial Valuation which reduced liability values by an additional £1.9m. Such adjustments follow the detailed analysis undertaken by the Actuary every three years, as the assessment of liability values between Valuation dates is on an approximate basis only.

#### **SUMMARY OF REVENUE SPENDING**

- (vi) The main components of the Revised Budget for 2013/14 and a comparison with the actual position are set out below. These figures are based on the annual outturn as reported to the North York Moors National Park Finance, Risk, Audit and Standards Committee in May 2014, but also reflect some minor subsequent year end adjustments. They do however exclude statutory accounting adjustments such as the use of assets which are reflected in the Comprehensive Income and Expenditure Statement on page 22. A reconciliation of the two sets of figures is proved in note 16 to the Financial Statements.



2012/13 Outturn £000s		2013/14		
		Budget £000s	Outturn £000s	Variance £000s
	<b>Expenditure</b>			
792	Conservation of the Natural Environment	1,027	1,004	(23)
490	Conservation of Cultural Heritage	432	533	101
1,673	Recreation Management & Transport	1,377	1,429	52
1,432	Promoting Understanding	1,273	1,354	81
897	Ranger, Estates & Volunteers	833	836	3
788	Development Control	915	971	56
253	Forward Planning & Communities	477	329	(148)
334	Corporate & Democratic Core	350	345	(5)
<b>6,659</b>	<b>Total Expenditure</b>	<b>6,684</b>	<b>6,801</b>	<b>117</b>
	<b>Income</b>			
147	Conservation of the Natural Environment	155	150	(5)
235	Conservation of Cultural Heritage	171	241	70
685	Recreation Management & Transport	599	648	49
385	Promoting Understanding	286	334	48
7	Ranger, Estates & Volunteers	3	4	1
359	Development Control	212	252	40
25	Forward Planning & Communities	0	27	27
86	Corporate & Democratic Core	47	107	60
<b>1,929</b>	<b>Total Income</b>	<b>1,473</b>	<b>1,763</b>	<b>290</b>
<b>4,730</b>	<b>Net Expenditure</b>	<b>5,211</b>	<b>5,038</b>	<b>(173)</b>
	<b>Financed By:</b>			
4,845	National Park Grant	4,553	4,553	0
(115)	Transfer (to) and from Reserves	658	485	(173)
<b>4,730</b>	<b>Total</b>	<b>5,211</b>	<b>5,038</b>	<b>(173)</b>

- vii) Major expenditure variances against budget have their origin as follows:  
*(Note that favourable variances mean that less was spent than planned at the start of the year)*

Heading	Variance	Explanation
Enhancement Schemes	£68k Adverse	Additional expenditure funded by grant for the Community Access Project.
Access to Open Land	£70k Favourable	Underspend on projects offset by reduced partner income.
Public Rights Of Way	£67k Adverse	Additional expenditure funded by grant for the Local Sustainable Transport Project.
Visitors Centre	£56k Adverse	Additional expenditure incurred on refurbishment projects at both centres and other property related costs. The 2014/15 budget has been adjusted as appropriate.
Information & Interpretation Services	£52k Adverse	Additional expenditure funded by grant for the Local Distinctiveness and Lime and Ice Projects.
Development Control	£50k Adverse	Additional expenditure on staff and legal and minerals advice.
Sustainable Development Fund	£82k Favourable	Expenditure offset by a review of provisions on the balance sheet relating to commitments from previous years
Other Variations (net)	£24k Favourable	
<b>Total Expenditure Variance</b>	<b>£117k Adverse</b>	

- viii) The most significant items of expenditure incurred by the Authority are employees at £3.5m (£3.5m in 2012/13). During the year the Authority employed 121.9 full time equivalent staff (122.5 in 2012/13).
- ix) In 2013/14 the Authority spent £188k on capital expenditure, of which £181k was funded from Revenue Expenditure which represent 2.7% of the Authority's total gross expenditure. The equivalent figures for 2012/13 are £340k spent on capital expenditure, of which £317k was funded from revenue expenditure which represented 4.8% of the Authority's total gross expenditure.
- 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 and the actual position at 31 March 2014 is £220k (not apparent from Balance Sheet).
- xi) The accounting policies are set out formally in the Statement of Accounting Policies on page 11. The policies adopted in 2013/14 are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.
- xii) The Authority has never borrowed any money for Capital purposes, and with no intention to do so in the foreseeable future, does not have in place any arrangement for borrowing facilities. The Authority does have a facility arrangement with North Yorkshire County Council whereby any

daily over-draft balances are consolidated into the County Council's Bank Accounts on a daily basis. However this facility does not represent an over-draft facility, is used to manage day-to-day cash-flow balances (not to fund Capital Expenditure) and represents an on-going investment of surplus cash balances at year-end for investment purposes.

## **CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS**

Three changes in Accounting Policy are reflected in the 2013/14 Accounts. These changes are reflected in the 2013/14 Statement of Accounting Policies.

### **Pensions: IAS 19 Employee Benefits**

The accounting policy has been updated to incorporate changes to the definition and terminology of various Employee Pension Benefits defined under IAS 19. These changes do not impact on the value of assets and liabilities recorded in the Balance Sheet.

### **Presentation of Financial Statements**

Following changes to IAS 19 presentational changes have been made to the grouping and classification of items presented in the "Other Comprehensive Income" section of the Comprehensive Income and Expenditure Statement.

### **Property, Plant and Equipment**

The wording of the existing Property, Plant and Equipment accounting policy has also been updated to more accurately reflect the Authority's approach regarding componentisation and the rolling programme of revaluation. The policy remains in line with the Code's requirements.

### **P Yates**

**Section 151 Officer and Treasurer to the North York Moors National Park Authority**

Central Services  
North Yorkshire County Council  
County Hall  
Northallerton  
25 June 2014

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

## **Opinion on the Authority financial statements**

We have audited the financial statements of North York Moors National Park Authority for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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.

## **Respective responsibilities of the Director of Corporate Services and auditor**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial 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 financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of North York Moors National Park Authority as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

## **Opinion on other matters**

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

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

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

### **Respective responsibilities of the Authority and the auditor**

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.

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.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

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 2011, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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 2011, 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 ended 31 March 2014.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Chris Powell (Engagement Lead)  
For an on behalf of Deloitte LLP  
Appointed Auditor  
Leeds, United Kingdom  
22 September 2014

## **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.
- c) Approve the Statement of Accounts

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code of Practice)."

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 Statement of Accounts 2013/14 presents a true and fair view of the financial position of the North York Moors National Park Authority as at 31 March 2014.

**P Yates**

**Section 151 Officer and Treasurer to the North York Moors National Park Authority**

Central Services  
North Yorkshire County Council  
County Hall  
Northallerton

22 September 2014

## STATEMENT OF ACCOUNTING POLICIES

### 1. General

The Statement of Accounts summarises the Authority's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). 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.

The Statement of Accounts is prepared on a Going Concern basis, as per the requirements of The Code. This means that the accounts are based on the assumption that the Authority will continue in operational existence for the foreseeable future.

### 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 that supplies are received and their consumption, the value of un-used supplies are carried as inventories on the Balance Sheet at year-end;
- 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 Equivalents are short term investments that are of a highly liquid nature. Cash is represented by cash in hand and deposits with financial institutions repayable on short notice without penalty. The Authority has determined that Cash equivalents are investments that require more than 3 months' 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 (unless otherwise stated) 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 real 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 between the Capital Adjustment Account (which is shown as a Reserve within the Unusable Reserves within the Balance Sheet) and 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 ultimately 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 Reserve 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 Local Government Pension Scheme (LGPS), which provides members with defined benefits earned as employees working for the Authority. For the North Yorkshire area this is administered by North Yorkshire County Council.

The LGPS 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; and
  - property at market value.
- The change in the net pensions liability is analysed into ten 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;
  - remeasurement assets – the improvement in the value of assets held at the start of the year and includes an adjustment following each triennial valuation;
  - remeasurement liabilities - reflects adjustments made following each triennial valuation, and adjustments due to changes to financial assumptions and to demographic assumptions determined at the start and end of the financial year;
  - 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;
  - contributions paid to the North Yorkshire Pension Fund – cash paid by scheme participants and the authority as determined by the regulations;

- benefits paid reflects transfers to or from the authority with the associated adjustment to attributable assets and liabilities; and
- administrative expenses is the cost of investment and is treated as a reduction in the return on investments.

In relation to retirement benefits, statutory provisions require the General Fund Reserve 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 Reserve 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 LGPS.

## **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.

The Authority's accounting policies that are relevant to Financial Instruments comply with the requirements of The CIPFA Code of Practice on Treasury Management which sets out a framework of operating procedures in relation to Treasury Management.

## **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 (Income in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line or 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 Reserve 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.

The accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grant.

**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 lessee, has entered into leasing arrangements of both an Operating and Finance Lease nature. Where it is judged that substantially all of the risks and rewards incidental to the ownership of an asset have been transferred to the National Park Authority, 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. These charges are based upon the original rent payable on the lease agreement.

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 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 services expenditure being allocated.

All recharges of support services costs are consistent with the principles outlined in the CIPFA Service Reporting Code of Practice (SeRCOP).

**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***

All 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 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 Reserve 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 Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Asset Valuations are carried out on an agreed on-going basis by Bruton Knowles, an external land and property consultancy organisation.

Assets are classified into the groupings required by the 2013/14 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.

A full Revaluation of Property is undertaken every five years. A desktop review of property is also undertaken annually to ensure valuations reflect a true and fair view of the carrying value of assets at the Balance Sheet date.

A Revaluation Reserve for those Assets recorded at fair value is held in the Balance Sheet made up of unrealised revaluation gains relating to individual Assets, with movements in valuations being managed at an individual asset level. Any decreases in value of an asset are recorded against the revaluation reserve to the extent that a balance of accumulated gains is recorded against the individual asset. Where the decrease in value is in excess of any balance held within the Revaluation Reserve the reduction is then charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

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 (Bruton Knowles). 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-minimis***

Individual assets below the value of £5k will not be recorded in the asset register and will be charged 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 Bruton Knowles, Danby Visitor Centre buildings by fifty years as advised by Bruton 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 (e.g. vehicles 5 years, equipment 3 to 5 years).

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 a non-current 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 £5k 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. Receipts are appropriated to the General Fund Reserve 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 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. Heritage Assets**

Heritage assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

The Authority has agreed criteria for the acquisition of land in order to achieve statutory purposes. The Authority develops plans for the specific actions in relation to the preservation and management of Heritage assets. It is anticipated that any acquisition of heritage assets will be made by donation or acquisition for statutory purposes. Where an item is acquired and it is deemed appropriate, valuations will be sought from an independent external valuer.

Heritage assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency (as indicated in note 2(b)) to ensure measurement remains current.

Where the Authority considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the Balance Sheet, but included in the accounts as a disclosure.

Where heritage assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any impairment is recognised in accordance with the Authority's general policies on impairment.

If it is agreed to dispose of any heritage assets the proceeds are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

## **15. Provisions and 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.

The Authority has not identified any such contingent liabilities as at 31 March 2014.

## **16. 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 Reserve 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 Reserve in the Movement in Reserves Statement.

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. These reserves are 'non-cash' reserves, and do not impact on utilisation of the National Park Grant.

## **17. Presentation of Accounting Statements**

The accounts are presented in the format required by the Service Reporting Code of Practice (SeRCOP), in accordance with the Service Expenditure Analysis developed specifically for National Park Authorities.

## **18. 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.

## **19. 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 as an overall Investment Pool and interest is paid to the Authority based on the actual overall average rate of interest achieved.

## **20. 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 involving the following areas:

- Lease classifications between Operating and Finance Leases



- Income recognition
- Classification and Valuation of Heritage Assets

## 21. 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.

Uncertainties	Effect if Actual Results Differ from Assumptions
Building Repairs and impairments to Buildings	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 £3k per year that useful lives be reduced.
Pensions Liability	<p>Estimation of the net liability to pay future pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. Sensitivity analysis around certain assumptions has identified that the following changes to the current estimated pension deficit of £2.392m would occur if alternative assumptions were to be applied:</p> <ul style="list-style-type: none"> <li>- a +0.1%pa change in the discount rate to be applied would reduce the pension deficit by £360k</li> <li>- a +0.1%pa change in inflation would increase the deficit by £367k</li> <li>- a +0.1%pa change in pay growth would increase the deficit by £105k</li> <li>- an additional 1 year increase in life expectancy would increase the deficit by £306k</li> </ul>

## 22. Events after the Balance Sheet Date

Under IAS 10 Events after the Reporting Period, the Authority is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

The Statement of Accounts for 2013/14 was authorised on 25 June 2014 by the Treasurer.

## 23. Future Changes to International Financial Reporting Standards (IFRS)

The 2014/15 Code of Practice on Local Authority Accounting adopts the following amendment to International Accounting Standards and International Financial Reporting Standards:

There is an amendment to IAS 32 Financial Instruments: Presentation. Full details of the amendment have not yet been published but the effect on this Authority's Statement of Accounts is expected to be a change in the presentation of the disclosure note only.

Other amendments to the 2014/15 Code of Practice on Local Authority Accounting have been reviewed and are considered not be relevant to the Authority or are immaterial."

# CORE FINANCIAL STATEMENTS

## Movement in Reserves Statement

	General Fund Reserve	Unusable Reserves	Total Reserves
	£000	£000	£000
<b>Balance as at 1 April 2012</b>	<b>1,507</b>	<b>928</b>	<b>2,435</b>
<b>Movements in Reserves during 2012/13</b>			
Deficit on the provision of services (Page 22)	(40)	0	(40)
Other Comprehensive Income and Expenditure (Page 22)	0	(911)	(911)
<b>Total Comprehensive Income and Expenditure</b>	<b>(40)</b>	<b>(911)</b>	<b>(951)</b>
Adjustments between accounting basis & funding basis under regulations (Note 1)	156	(156)	0
Increase in 2012/13	116	(1,067)	(951)
<b>Balance as at 31 March 2013 carried forward</b>	<b>1,623</b>	<b>(139)</b>	<b>1,484</b>
<b>Movements in Reserves during 2013/14</b>			
Deficit on the provision of services (Page 22)	(936)	0	(936)
Other Comprehensive Income and Expenditure (Page 22)	0	4,882	4,882
<b>Total Comprehensive Income and Expenditure</b>	<b>(936)</b>	<b>4,882</b>	<b>3,946</b>
Adjustments between accounting basis & funding basis under regulations (Note 1)	450	(450)	0
Increase in 2013/14	(486)	4,432	3,946
<b>Balance as at 31 March 2014 carried forward</b>	<b>1,137</b>	<b>4,293</b>	<b>5,430</b>

## Comprehensive Income & Expenditure Statement for Year Ended 31 March 2014

2012/13 Restated			2013/14			
<u>Gross</u> <u>Expenditure</u> £000	<u>Income</u> £000	<u>Net</u> <u>Expenditure</u> £000	<u>Heading</u>	<u>Gross</u> <u>Expenditure</u> £000	<u>Income</u> £000	<u>Net</u> <u>Expenditure</u> £000
815	(148)	667	Conservation of the Natural Environment	1,031	(150)	881
493	(235)	258	Conservation of Cultural Heritage	540	(241)	299
1,644	(695)	949	Recreation Management and Transport	1,507	(648)	859
1,352	(384)	968	Promoting Understanding	1,352	(334)	1,018
908	(7)	901	Rangers, Estates and Volunteers	919	(4)	915
797	(359)	438	Development Control	993	(252)	741
235	(25)	210	Forward Planning and Communities	334	(26)	308
316	(53)	263	Corporate and Democratic Core	279	(81)	198
0	0	0	Non Distributed Costs	0	0	0
<b>6,560</b>	<b>(1,906)</b>	<b>4,654</b>	<b>Cost of Services</b>	<b>6,955</b>	<b>(1,736)</b>	<b>5,219</b>
			<b>Other operating Income &amp; Expenditure</b>			
		<b>(9)</b>	Profit on disposal of fixed assets (Notes 1 and 2(g))			<b>0</b>
			<b>Financing and Investment Income &amp; Expenditure</b>			
		<b>16</b>	Interest payable and similar charges (Note 24)			<b>16</b>
		<b>(33)</b>	Interest receivable and investment income (note 16)			<b>(20)</b>
		<b>256</b>	Pensions interest cost and expected return on assets (Note 25)			<b>274</b>
			<b>Grant Income</b>			
		<b>(4,845)</b>	National Park Grant			<b>(4,553)</b>
		<b>39</b>	<b>Deficit on Provision of Services</b>			<b>936</b>
		<b>0</b>	(Surplus)/Deficit on the revaluation of Long-term Assets (Note 12)			<b>(502)</b>
		<b>911</b>	Actuarial losses / (gains) on pension assets/liabilities (Note 25)			<b>(4,380)</b>
		<b>911</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(4,882)</b>
		<b>950</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(3,946)</b>

## Balance Sheet as at 31 March 2014

31 March 2013 £000		Notes	31 March 2014 £000
3,673	Property, Plant & Equipment	2	3,831
2,651	Heritage Assets	2	2,889
26	Intangible Assets	3	18
177	Long Term Debtors	8	170
<b>6,527</b>	<b>Non Current Assets</b>		<b>6,908</b>
92	Inventories	6	108
632	Short Term Debtors	7	460
1,914	Cash and Cash Equivalents	9	1,174
<b>2,638</b>	<b>Current Assets</b>		<b>1,742</b>
(797)	Short Term Creditors	10	(548)
(151)	Short Term Provisions	11	(50)
<b>(948)</b>	<b>Current Liabilities</b>		<b>(598)</b>
(179)	Finance Lease	24	(179)
(109)	Provisions	11	(51)
(6,445)	Pension Liability	25	(2,392)
<b>(6,733)</b>	<b>Long Term Liabilities</b>		<b>(2,622)</b>
<b>1,484</b>	<b>NET ASSETS</b>		<b>5,430</b>
	<b>Usable Reserves</b>		
<b>1,623</b>	General Fund Reserve		<b>1,137</b>
	<b>Unusable Reserves</b>		
3,037	Revaluation Reserve	12	3,503
3,304	Capital Adjustment Account	13	3,217
0	Financial Instruments Adjustment Account	5	0
(6,445)	Pension Reserve	14	(2,392)
(35)	Accumulated Absences Account	15	(35)
<b>(139)</b>			<b>(4,293)</b>
<b>1,484</b>	<b>TOTAL RESERVES</b>		<b>5,430</b>

I confirm that these accounts were approved by the North York Moors National Park Authority on 22 September 2014.

Signed on behalf of the North York Moors National Park Authority:

Chairperson for the North York Moors National Park Authority:

J Bailey

**Cash Flow Statement**  
**Year Ended 31 March 2014**

2012/13 Restated £000		2013/14  £000
	<b>Operating Activities</b>	
(39)	<b>Net Deficit on the provision of services</b> (Page 22)	(936)
	<b>Adjustment to net surplus on the provision of services for non-cash movements</b>	
221	Depreciation (Note 1)	241
0	Impairment & Revaluations (Note 1)	63
4	Carrying Value of non-Current Assets written out on Disposal	0
243	Movement in Creditors (Note 10)	(250)
37	Movement in Debtors (Note 7)	172
11	Movement in Inventories (Note 6)	(17)
(115)	Movement in Provisions (Note 11)	(159)
270	Pension Liability (Note 25)	327
671		377
(13)	<b>Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	0
<b>620</b>	<b>Net cash flows from Operating Activities</b>	<b>559</b>
	<b>Investing Activities</b>	
(340)	Purchase of property, plant and equipment (Note 2)	(188)
13	Proceeds from the sale of property, plant & equipment	0
0	Other receipts for investing activities	7
<b>(326)</b>	<b>Net cash flows from investing activities</b>	<b>(181)</b>
0	Financing Activities	0
<b>(293)</b>	<b>Net decrease in cash and cash equivalents</b>	<b>(740)</b>
1,621	Cash and cash equivalents at the beginning of the reporting period	1,914
<b>1,914</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,174</b>

## Notes to the Core Financial Statements

### 1. 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.

2013/14	Usable Reserves		
	General Fund Reserve	Capital Receipts Reserve	Movement in Unusable Reserves
	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, Amortisation and impairment of non-current assets	304	-	(304)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>			
Capital expenditure charged against the General Fund	(181)	-	181
<b>Adjustments involving the Capital Receipts Reserve</b>			
Transfer of Sales proceeds credited as part of the gain/loss On disposal to the Comprehensive Income and Expenditure Statement	-	7 (7)	- -
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 25)	809	-	(809)
Employer's pensions contribution payable in the year (Note 25)	(482)	-	482
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>			
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	-	-	-
<b>Total Adjustments</b>	<b>450</b>	<b>-</b>	<b>(450)</b>

**2012/13 Comparable figures**

	<u>Usable Reserves</u>		
	General Fund Reserve	Capital Receipts Reserve	Movement in Unusable Reserves
	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account</b>			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation, Amortisation and impairment of non- current assets	221	-	(221)
Capital Grants and Contributions Applied	(10)	-	10
Carrying Value of Non-current Assets written out on Disposal	4	-	(4)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement			
Capital expenditure charged against the General Fund	(317)	-	317
<b>Adjustments involving the Capital Receipts Reserve</b>	(13)	13	-
Transfer of Sales proceeds credited as part of the gain/loss		(13)	13
<b>Adjustments involving the Pensions Reserve</b>			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 25)	736	-	(736)
Employer's pensions contribution payable in the year	(465)	-	465
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>			
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	(1)	-	1
<b>Total Adjustments</b>	<b>156</b>	<b>-</b>	<b>(156)</b>

## 2. Property, Plant and Equipment and Heritage Assets

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

### Movements in 2013/14

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Total £000
<b>Historical or Revalued Gross Cost</b>	<b>3,562</b>	<b>778</b>	<b>4,340</b>
Additions in Year	107	81	188
Cost of Disposals in Year	0	0	0
Revaluations as at 31 March 2014			
Recognised in the Revaluation Reserve	141	0	141
Recognised in the Provision of Services	(96)	0	(96)
	<hr/>	<hr/>	<hr/>
<b>Gross Value at 31 March 2014</b>	<b>3,714</b>	<b>859</b>	<b>4,573</b>
Depreciation B/f	(157)	(510)	(667)
Depreciation for 2013/14	(83)	(149)	(232)
Revaluations	157	0	157
	<hr/>	<hr/>	<hr/>
<b>Net value as at 31 March 2014</b>	<b>3,631</b>	<b>200</b>	<b>3,831</b>

### Movements in 2012/13

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Total £000
<b>Historical or Re-valued Gross Cost</b>	<b>3,437</b>	<b>606</b>	<b>4,043</b>
Additions in Year	125	190	315
Cost of Disposals in Year	0	(18)	(18)
Revaluations as at 31 March 2013			
Recognised in the Revaluation Reserve	0	0	0
Recognised in the Provision of Services	0	0	0
	<hr/>	<hr/>	<hr/>
<b>Gross Value at 31 March 2013</b>	<b>3,562</b>	<b>778</b>	<b>4,340</b>
Depreciation B/f	(77)	(394)	(471)
Depreciation for 2012/13	(80)	(130)	(210)
Revaluations	0	14	14
	<hr/>	<hr/>	<hr/>
<b>Net value as at 31 March 2013</b>	<b>3,405</b>	<b>268</b>	<b>3,673</b>



### (b) Heritage Assets:

Heritage Assets are non-current assets which are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained by the Authority principally for their contribution to knowledge and culture.

The following Heritage Assets are held in the Balance Sheet at valuations:

<b>Heritage Assets Held at Valuation -</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Land and Buildings</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1st April 2013	1,362	1,362	1,362	2,651	2,651
Revaluation	0	0	1,289	0	238
<b>As at 31st March 2014</b>	<b>1,362</b>	<b>1,362</b>	<b>2,651</b>	<b>2,651</b>	<b>2,889</b>

Heritage Assets held by the Authority consist of:

- The Levisham Estate (approximately 1,347 Hectares of moorland, woodland and grassland)
- Spout House, Bilsdale (Single Storey Grade 1 Listed building)
- Cawthorne Moor (approximately 42 Hectares of woodland with Roman camp and Bronze Age barrow).

Heritage Assets are included within the Balance Sheet at valuation. A full valuation of the Authority's Land and Buildings (including those classified as Heritage Assets) was undertaken in 2011/12, as part of the 5 year rolling programme of revaluation by RICS registered external valuers, Bruton Knowles as at 1 April 2011. In addition, Bruton Knowles also undertook a desktop valuation of the Authority's land and buildings (including Heritage Assets) in 2013/14.

### (c) 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
- Heritage Assets – Infinite lives with no depreciation charge applied

### (d) 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 re-valued. Furthermore, in order to ensure the carrying amounts of the Authority's Land & Buildings are kept up to date, a desktop valuation of Land & Buildings is also undertaken annually. Land and Buildings were last fully re-valued as at 1 April 2011 by Bruton Knowles with a desktop valuation undertaken in 2013/14. The basis of valuation is disclosed in Note 13 Statement of Accounting Policies.

### (e) Financing of Property, Plant and Equipment

The capital expenditure on Fixed Assets of £188k, (£316k in 2012/13) was financed as follows;

	<b>31</b>	<b>31</b>
	<b>March</b>	<b>March</b>
	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Revenue	181	297
Capital Receipts	7	13
Capital Grant	0	10
	<u>188</u>	<u>320</u>

### (f) Capital Schemes

There were 4 major capital schemes including the replacement of vehicles, replacement of computer hardware and improvements to the Sutton Bank Visitor Centre and Danby Moors Centre.

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Sutton Bank Visitor Centre	71	90
Esk Energy Loan	0	20
Intangible Assets (Note 3)	0	4
Vehicles, Plant & Machinery	11	148
IT & Other Equipment	69	78
Danby Moors Centre	37	0
	<u>188</u>	<u>340</u>

### (g) Disposals of Property, Plant and Equipment

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Pool Vehicles	<u>0</u>	<u>12</u>

### (h) Analysis of Property

The list below gives an indication of the significant fixed assets of the Authority as at 31 March 2014:

<b>Land</b>	<b>Acres</b>
Land related to operational use	3,500
<b>Buildings</b>	<b>Number</b>
National Park Centres	2
Other Operational Buildings	1
Public Conveniences	7
Administrative Buildings	2

### 3. 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. An amortisation charge of £8k in 2013/14 (£11k in 2012/13) was charged to the following service headings:-

- Conservation of the Natural Environment
- Conservation of Cultural Heritage
- Recreation Management & Transport
- Promoting Understanding
- Development Control
- Forward Planning & Communities

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

	2013/14 £000	2012/13 £000
<b>Balance at 1 April</b>		
Gross Carrying Amount	57	53
Accumulated Amortisation	(31)	(20)
<b>Net Carrying Amount at 1 April</b>	<b>26</b>	<b>33</b>
<b>Additions</b>		
Purchases	0	4
<b>Amortisation for the Year</b>	<b>(8)</b>	<b>(11)</b>
<b>Net Carrying Amount at 31 March</b>	<b>18</b>	<b>26</b>
<b>Comprising</b>		
Gross Carrying Amount	57	57
Accumulated Amortisation	(39)	(31)
	<b>18</b>	<b>26</b>

The Authority has financed the purchase of software through revenue.

#### 4. 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 as follows:

	2013/14 £000	2012/13 £000
<b>Opening Capital Financing Requirement</b>	<b>179</b>	<b>179</b>
<b>Capital Investment</b>		
Property Plant and Equipment	188	315
Intangible Assets	0	4
Loan to Esk Energy	0	20
<b>Sources of Finance</b>		
Capital Receipts	(7)	(12)
Government Grants	0	(10)
<u>Sums Set Aside from Revenue</u>		
Direct Revenue Contributions	(181)	(317)
Minimum Revenue Provision Finance Lease	0	0
<b>Closing Capital Financing Requirement</b>	<b>179</b>	<b>179</b>

The Capital Financing 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.

## 5. Financial Instruments

### (a) Financial Assets: Cash, loans and receivables

The Authority's 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 North Yorkshire 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 North Yorkshire 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 TMPs 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**

	<b>31 March 2013 £000</b>	<b>31 March 2014 £000</b>
Bank Current Accounts	(120)	(169)
Short Term Deposit with NYCC Treasury	<u>2,034</u>	<u>1,343</u>
	<b><u>1,914</u></b>	<b><u>1,174</u></b>

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 Department for Communities & Local Government Investment Guidance 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 agreement in place. The Authority receives income predominantly from other Government Bodies reducing commercial risk.

The Authority does not generally allow credit for its debtors. Analysis of invoices outstanding as at 31 March 2014, which are included within the £490k short term debtors, can be analysed by age as follows:

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Less than 3 Months	136	29
3 to 6 Months	1	15
6 to 12 Months	7	13
More than 12 Months	53	7
	<u><b>197</b></u>	<u><b>64</b></u>

### ***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 external borrowing.

### ***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.

## 6. Inventories

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

Type of Stock:	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£000	£000	£000	£000	£000	£000
	<b>Stock for Resale</b>		<b>Footpath Maintenance Stock</b>		<b>Total</b>	
<b>Balance At 1 April 2013</b>	68	81	24	22	92	103
Purchases	122	101	96	89	218	190
Inventory Utilised Within Year	(104)	(114)	(98)	(87)	(202)	(201)
Written off balances	0	0	0	0	0	0
<b>Balance At 31 March 2014</b>	<b>86</b>	<b>68</b>	<b>22</b>	<b>24</b>	<b>108</b>	<b>92</b>

## 7. Short-term Debtors

The Short-term Debtors recorded on the balance sheet can be analysed as follows:

	31 March 2014	31 March 2013
	£000	£000
Central government bodies	231	286
Other Local Authorities	56	116
Other entities and individuals	143	205
Payments in Advance	30	25
	<b>460</b>	<b>632</b>

### ***Provision for Doubtful Debt***

No provision has been provided for doubtful debts.

## 8. Long Term Debtors

A £177k loan over 12 years to Esk Energy (Yorkshire) Limited was advanced in 2012/13 (£20k) and 2011/12 (£157k). This loan arrangement is subject to a formal signed legal agreement. The first repayment was made in 2013/14 (£7k), thus the balance of this loan is £170k as at 31 March 2014 (£177k as at 31 March 2013).

## 9. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the Authority's bank current bank accounts and a short term deposit with North Yorkshire County Council (See Note 5(b)).

## 10. Short-term Creditors

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

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Central government bodies	119	53
Other local authorities	21	56
Other entities and individuals	396	688
Income in Advance	12	0
	<u><b>548</b></u>	<u><b>797</b></u>

## 11. Provisions

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Sustainable Development Fund	66	200
Restructuring Provision	0	26
Accumulated Absences (Note 15)	35	34
	<u><b>101</b></u>	<u><b>260</b></u>

	<b>Sustainable Development Fund £000</b>	<b>Accumulated Absences £000</b>	<b>Restructuring £000</b>	<b>Total £000</b>
<b>Balance as at 1 April 2012</b>	<b>339</b>	<b>36</b>	<b>0</b>	<b>375</b>
Additional Provisions made in 2012/13	0	34	26	60
Amounts Used in 2012/13	(139)	(36)	0	(175)
<b>Balance as at 31 March 2013</b>	<u><b>200</b></u>	<u><b>34</b></u>	<u><b>26</b></u>	<u><b>260</b></u>
<b>Balance as at 1 April 2013</b>	<b>200</b>	<b>34</b>	<b>26</b>	<b>260</b>
Additional Provisions made in 2013/14	0	35	0	35
Amounts used in 2013/14	(134)	(34)	(26)	(194)
<b>Balance as at 31 March 2014</b>	<u><b>66</b></u>	<u><b>35</b></u>	<u><b>0</b></u>	<u><b>101</b></u>
<b>Provisions as at 31 March 2014</b>				
Short term provisions within one year	15	35	0	50
Long Term provisions over one year	51	0	0	51
<b>Total</b>	<u><b>66</b></u>	<u><b>35</b></u>	<u><b>0</b></u>	<u><b>101</b></u>
<b>Provisions as at 31 March 2013</b>				
Short term provisions within one year	91	34	26	151
Long Term provisions over one year	109	0	0	109
<b>Total</b>	<u><b>200</b></u>	<u><b>34</b></u>	<u><b>26</b></u>	<u><b>260</b></u>



The Sustainable Development Fund is financed by DEFRA and was ring fenced up to 31 March 2011, outside of the National Park Grant. Grants up to this point were paid out for projects which met the Sustainable Development Fund criteria. £66k is the balance of the unspent funding at year end and the Authority will be obliged to finance £15k in 2014/15 and £51k after 1 April 2015.

The Accumulated Absences Provision represents the value of untaken holiday pay still owing to staff as at 31 March 2014. (Note 15)

## 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;

- Re-valued 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 revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

	2013/14 £000	2012/13 £000
<b>Balance at 1 April</b>	<b>3,037</b>	<b>3,070</b>
Upward revaluation of assets	502	0
Difference between fair value depreciation and historical cost depreciation	(36)	(33)
	<hr/>	<hr/>
<b>Balance as at 31 March</b>	<b>3,503</b>	<b>3,037</b>

## 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).

	2013/14 £000	2012/13 £000
<b>Balance as at 1 April</b>	<u>3,304</u>	<u>3,156</u>
Reversal of items relating to capital expenditure debited or credited to the I&E		
Charges for depreciation & impairment of non current assets	(241)	(221)
Revaluation losses on Property, Plant & Equipment	(63)	0
Amounts of non-current Assets written off on disposal to I&E	0	(4)
Write down long term debtor	(7)	0
	<u>(311)</u>	<u>(225)</u>
Adjusting amount written out of the Revaluation Reserve	36	33
Net written out amounts of the cost of non current assets consumed in year	<u>(275)</u>	<u>(192)</u>
Capital Financing Applied in Year:		
Use of Capital Receipts	7	13
Capital Grants credited to the I&E	0	10
Capital Expenditure charged against the General Fund	181	317
	<u>188</u>	<u>340</u>
<b>Balance at 31 March</b>	<u>3,217</u>	<u>3,304</u>

#### 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.

	2013/14	2012/13 Restated
	£000	£000
<b>Balance at 1 April</b>	(6,445)	(5,262)
Remeasurement of the net defined benefit liability	4,380	(911)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services	(809)	(736)
in the Comprehensive Income and Expenditure Statement		
Employers' pension contributions and direct payments to pensioners payable in the year	482	464
<b>Balance at 31 March</b>	<b>(2,392)</b>	<b>(6,445)</b>

### 15. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Reserve 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 Reserve is neutralised by transfers to or from the account.

	2013/14	2012/13
	£000	£000
<b>Balance at 1 April</b>	35	36
Release of Provision in-year	(35)	(36)
Recognition of 2013/14 Provision	35	35
<b>Balance at 31 March</b>	<b>35</b>	<b>35</b>

### 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 CIPFA Service Expenditure Reporting Code of Practice (SeRCOP). This is the same basis used to make decisions about resource allocation, which are taken by the Authority's Finance, Risk, Audit and Standards 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.

The outturn position reported to committee is summarised in the Explanatory Foreword on page 5, and therefore the detailed report is not included here. A reconciliation to show the differences is shown below:

Headings	Outturn figures £000s	Accumulated Absences Account £000s	Add Capital Charges to conform with CIPFA Cap Accounting £000s	Less Capital Expenditure Funded from Revenue £000s	Add Pension Adjust with IAS19 £000s	Interest Received £000s	Moors Centre now Finance Lease asset £000s	Net Expenditure in Final Accounts £000s
Conservation of the Natural Environment	854	1	15	0	11	0	0	881
Conservation of Cultural Heritage	292	0	5	0	2	0	0	299
Recreation Management and Transport	781	1	68	0	9	0	0	859
Promoting Understanding	1,020	(1)	112	(108)	11	0	(16)	1,018
Rangers, Estate and Volunteers	832	0	74	0	9	0	0	915
Development Control	719	0	14	0	8	0	0	741
Forward Planning and Communities	302	(1)	3	0	4	0	0	308
Corporate and Democratic Core	238	0	13	(73)	0	20	0	198
Non Distributed Cost	0	0	0	0	0	0	0	0
<b>Net Cost of Services</b>	<b>5,038</b>	<b>0</b>	<b>304</b>	<b>(181)</b>	<b>54</b>	<b>20</b>	<b>(16)</b>	<b>5,219</b>
Profit on Disposal								0
Interest Payable								16
Interest Received								(20)
Net Interest Cost								274
National Park Grant								(4,553)
<b>Deficit on Provision of Services</b>								<b>936</b>
<b>Surplus on revaluation of fixed assets</b>								<b>(502)</b>
<b>Actuarial (Gains)/losses on pension assets/liabilities</b>								<b>(4,380)</b>
<b>Total Comprehensive Income and Expenditure</b>								<b>(3,946)</b>

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**

	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	TOTAL
<b>2013/14</b>									
Fees Charges and Service Income	(137)	(20)	(417)	(333)	(4)	(252)	(12)	(107)	(1,282)
Government Grants	(12)	(221)	(231)	(2)	0	0	(15)	0	(481)
<b>Total Income</b>	<b>(149)</b>	<b>(241)</b>	<b>(648)</b>	<b>(335)</b>	<b>(4)</b>	<b>(252)</b>	<b>(27)</b>	<b>(107)</b>	<b>(1,763)</b>
Employee Expenses	388	189	483	542	467	417	136	873	3,495
Other Service Expenses	451	284	626	578	190	321	142	714	3,306
Support Service Recharges	165	60	320	234	179	233	51	(1,242)	0
<b>Total Expenditure</b>	<b>1,004</b>	<b>533</b>	<b>1,429</b>	<b>1,354</b>	<b>836</b>	<b>971</b>	<b>329</b>	<b>345</b>	<b>6,801</b>
<b>Net Expenditure</b>	<b>855</b>	<b>292</b>	<b>781</b>	<b>1,019</b>	<b>832</b>	<b>719</b>	<b>302</b>	<b>238</b>	<b>5,038</b>

	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	TOTAL
<b>2012/13 Comparators</b>									
Fees Charges and Service Income	(59)	(53)	(332)	(286)	(7)	(359)	0	(57)	(1,153)
Government Grants	(88)	(182)	(353)	(99)	0	0	(25)	(29)	(776)
<b>Total Income</b>	<b>(147)</b>	<b>(235)</b>	<b>(685)</b>	<b>(385)</b>	<b>(7)</b>	<b>(359)</b>	<b>(25)</b>	<b>(86)</b>	<b>(1,929)</b>
Employee Expenses	350	214	505	578	456	399	140	896	3,537
Other Service Expenses	283	208	852	604	277	184	66	648	3,122
Support Service Recharges	159	68	316	250	164	205	47	(1,209)	0
<b>Total Expenditure</b>	<b>792</b>	<b>490</b>	<b>1,673</b>	<b>1,432</b>	<b>897</b>	<b>788</b>	<b>253</b>	<b>335</b>	<b>6,659</b>
<b>Net Expenditure</b>	<b>645</b>	<b>255</b>	<b>987</b>	<b>1,047</b>	<b>891</b>	<b>428</b>	<b>228</b>	<b>249</b>	<b>4,730</b>

### 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.

	2013/14	2012/13
	£000	Restated £000
<b>Net Expenditure in the Directorate Analysis</b>	<b>5,038</b>	<b>4,729</b>
<b>Net Expenditure of Services not included in the Analysis</b>		
Non Distributed Cost	0	0
<b>Amounts in the Comprehensive Income and Expenditure Statement not reported to Management in the Analysis</b>		
Accumulated Absences Account	0	(1)
Capital Charges	304	211
Capital Expenditure Funded from General Working Balances	(181)	(317)
Profit on Disposal of a Fixed Asset	0	(9)
Pension Adjustment	54	15
Finance Lease	(16)	(16)
<b>Amounts Included in the Analysis not included in the Comprehensive income and Expenditure Statement</b>		
Capital Income	0	9
Interest received	20	33
<b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b><u>5,219</u></b>	<b><u>4,654</u></b>

## 17. Agency Services

The Authority has contracts with the following Local Authorities to provide services. The charges for 2013/14 and 2012/13 are as follows:

	2013/14	2012/13
	£000	£000
North Yorkshire County Council	32	32
Scarborough Borough Council	110	88
Ryedale District Council	0	1
	<b><u>142</u></b>	<b><u>121</u></b>

## 18. Member's Allowances

The total amount of member's allowances paid during 2013/14 was £55k (£55k in 2012/13).

## 19. Disclosure of Remuneration

The Public Sector Accounts and Audit Regulations 2011 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	2013/14	2012/13
	No. Employees	No. Employees
£50,000 - £54,999	1	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

The regulations also require that certain senior employees whose salary is £50,000 or more per year, must be listed by way of job title.

	2013/14	2012/13
	£	£
<b>Chief Executive</b>		
Total remuneration excluding pension contribution	71,555	71,555
Pension contribution (Employers)	8,014	8,014
<b>Total remuneration including pension contribution</b>	<b>79,569</b>	<b>79,569</b>

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 2013/14 the Chief Executive claimed no expenses for reimbursement of expenditure incurred whilst on Authority business and did not receive any benefits in kind.

## 20. Exit Packages / Termination Benefits

Details of the Exit Packages / Termination Benefits paid out to employees who were made redundant or took early retirement during the year are set out in the table below.

The table shows the total number of compulsory and other voluntary redundancies / departures and their total cost, broken down into incremental bands.

Exit Package Cost Band	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£000	£000
£0 - £39,999	7	3	0	0	7	3	21	44
	<u>7</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>7</u>	<u>3</u>	<u>21</u>	<u>44</u>



## 21. External Audit Cost

The Authority has incurred the following costs in relation to External Audit:

	2013/14 £000	2012/13 £000
Fees payable to Deloitte LLP for external audit services		
- Financial Statements	9	8
- VFM conclusion	3	3
- Whole of Government Accounts	0	1
	<u>12</u>	<u>12</u>

## 22. Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2013/14:

	2013/14 £000	2012/13 £000
<b>Credited to Grant Income</b>		
Government Grants		
National Park Grant (NPG)	<u>4,553</u>	<u>4,845</u>
<b>Credited to Services</b>		
Natural England	121	102
European Grants	0	40
English Heritage	77	52
Forestry Commission	18	27
Environment Agency	0	66
North Yorkshire County Council	248	295
Scarborough Borough Council	1	0
Redcar & Cleveland Borough Council	14	11
Other Local Authorities	<u>2</u>	<u>2</u>
Total Government Revenue Grants (excluding NPG)	481	595
Lottery Funding	62	87
Other Grants	<u>106</u>	<u>112</u>
Total Revenue Grants (excluding NPG)	<u>649</u>	<u>794</u>

## 23. 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 22.

**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 appointed from the Councillors of the County, Borough 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. All transactions with the appropriate councils in 2013/14 are included within the primary financial statements and relevant Disclosure Notes reported in these accounts.

Officers have day to day control of the running of the Authority's affairs. No material related party transactions have occurred with officers in 2013/14. It should be noted that the Treasurer (Section 151 Officer) of the Authority is also an Assistant Director for North Yorkshire County Council. The Authority's Monitoring Officer is the Director of Legal and Democratic Services at Scarborough Borough Council.

The Chief Executive of the Authority is a Member on the Natural England Board.

## 24. 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.

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Other Land and Buildings	237	202

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.

	<b>2013/14 £000</b>	<b>2012/13 £000</b>
<b>Finance Lease Liabilities</b>		
Non-Current	179	179
Finance Costs Payable in Future Years	760	775
<b>Minimum Lease Payments</b>	<b>939</b>	<b>954</b>

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

	Finance Lease Interest Payments		Finance Lease Liabilities	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Not Later than one year	16	16	0	0
Later than one year and not later than five years	80	80	1	1
Later than five years	664	680	178	178
	<b>760</b>	<b>776</b>	<b>179</b>	<b>179</b>

### ***Operating Lease***

As at the 31 March 2014 the Authority was not committed to making any payments under operating leases in 2013/14.

### **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. For the North Yorkshire area this is administered by North Yorkshire County Council. It is a funded defined benefit final salary scheme, meaning that the Authority and its employees pay contributions into a fund. These contributions are set, which accumulate in a fund, at a level intended to meet pensions liabilities as they fall due.

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 Reserve via the Movement in Reserves Statement.

As at 31 March 2014, the Authority has paid all pension contributions due to the North Yorkshire Pension Fund.

## Comprehensive Income and Expenditure Statement

2012/13 Restated £000		2013/14 £000
	<b>Net Cost of Service</b>	
(436)	Current Service Cost	(496)
(34)	Curtailments	(29)
0	Past Service Cost	0
(10)	Administrative Expenses	(10)
	<b>Financing and Investment Income</b>	
(256)	Net Interest Expense	(274)
<b>(736)</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Service</b>	<b>(809)</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
	<b>Remeasurement of the net defined benefit liability comprising</b>	
(911)	Actuarial gains and (losses)	4,380
<b>(1,647)</b>	<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>3,571</b>
	<b>Movement in Reserves Statement</b>	
(736)	Reversal of net charges made to the Surplus or Deficit for the provision of Services for post-employment benefits in accordance with the code	(809)
464	Actual amount charged against the General Fund	482
<b>(272)</b>	Balance for employer's pension contributions in the year	<b>(327)</b>

The cumulative amount of actuarial gains recognised in the Comprehensive Income and Expenditure Statement to 31 March 2014 is a gain of £4.38m (£911k loss in 2012/13).

The line 'Net Interest Expense' under Financing and Investment Income reflects the cost of future pension benefits at the start of the year discounted by one less year, less the assumption for the growth of assets during the year. In 2012/13 these figures were shown separately as "Interest Cost" and "Expected return on Assets in the Scheme" and the change in terminology is a requirement of accounting standards.

The liabilities show the underlying commitments that the Authority has in the long term to pay retirement benefits. The total liability of £2.392m has a substantial impact on the net worth of the Authority as

recorded in the Balance Sheet and the table below summarises the Authority's Share of the assets and liabilities of the scheme:

	<b>31 March 2014 £000</b>	<b>31 March 2013 £000</b>
Estimated share of liabilities in scheme	(16,452)	(18,206)
Estimated share of assets in scheme	<u>14,060</u>	<u>11,761</u>
Authority's net liability (deficit)	<u>(2,392)</u>	<u>(6,445)</u>
	<b>31 March 2014 £000</b>	<b>31 March 2013 Restate £000</b>
Pension Liabilities at beginning of year	(18,206)	(15,168)
<b>Movement in Liabilities in year:</b>		
Current service cost	(496)	(436)
Interest cost	(799)	(767)
Contributions by scheme participants	(173)	(165)
Actuarial (loss)/gain	2,943	(2,041)
Curtailments	(29)	(34)
Benefits paid	308	405
Past service cost	<u>0</u>	<u>0</u>
Pension Liabilities at end of the year	(16,452)	(18,206)
Pension Assets at beginning of year	11,761	9,906
<b>Movement in Assets in year:</b>		
Interest Income	525	511
Remeasurement (loss)/gain	1,427	1,120
Employer contributions	482	464
Contributions by scheme participants	173	165
Benefits paid	<u>(308)</u>	<u>(405)</u>
Pension Assets at end of the year	14,060	11,761
<b>Deficit</b>	<u><b>(2,392)</b></u>	<u><b>(6,445)</b></u>

The key risks for North Yorkshire Pension Fund are described in the Risk Register for the Fund which can be found on North Yorkshire County Council's website. One of these risks is that investment returns will be lower than forecast due to adverse conditions in financial markets. To mitigate this, the Fund invests in a range of asset classes (equities, property, fixed income, alternatives, cash), and in more than one strategy within each asset class, such as global equity, UK equity and Emerging Market equity. Another risk is that solvency will deteriorate either through poor investment returns or adverse changes in the assumptions used to value liabilities. Two options to mitigate this include increasing contribution rates and extending deficit recovery periods. Further details on the investment strategy and the deficit reduction plan are available at [www.nypf.org.yk](http://www.nypf.org.yk).

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:

	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Long-term expected rate of return on assets in the scheme:</b>		
Equity Investments	7.0%	7.0%
Government Bonds	3.4%	2.8%
Bonds	4.3%	3.9%
Property	6.2%	5.7%
Cash/Liquidity	0.5%	0.5%
<b>Financial assumptions:</b>		
Rate of CPI inflation	2.4%	2.4%
Rate of increase in salaries	3.9%	4.15%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	4.6%	4.4%
Rate of employees opting to take a commuted lump sum	50.0%	50.0%
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners: years		
Men	23.0	22.6
Women	25.5	25.3
Longevity at 65 for future pensioners: years		
Men	25.3	24.4
Women	27.8	27.2

Assets in the Pension Fund are valued at fair value, principally market value for investments, totalling £14m at 31 March 2014 (£11.7m at 31 March 2013), and consist of the following categories.

	<b>Fair Value of scheme Assets 2013/14 £000</b>	<b>Fair Value of scheme Assets 2012/13 £000</b>
Equity instruments	9,421	7,526
Government Bonds	1,743	1,624
Bonds	1,054	1,094
Property	661	435
Cash/Liquidity	70	59
Other	1,111	1,023
<b>Total Assets</b>	<b>14,060</b>	<b>11,761</b>

The Actuarial gain identified as movements on the Pensions Reserve in 2013/14 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2014 with comparative data for the previous four financial years:

	2013/14		2012/13		2011/12		2010/11		2009/10	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Difference between the expected and actual return on assets	1,437	10.2	1,130	9.6	(470)	4.7	438	3.0	2,502	31.2
Difference between actuarial assumptions about liabilities and actual experience	1,178	7.2	(2,041)	11.2	(1)	0.0	928	6.6	(4,300)	(29.5)
Changes in the financial assumptions used to estimate liabilities	1,741	10.6	0	0.0	0	0.0	0	0.0	0	0.0
Changes in the demographic assumptions used to estimate liabilities	24	0.1	0	0.0	0	0.0	0	0.0	0	0.0
	<u>4,380</u>		<u>(911)</u>		<u>(471)</u>		<u>1,366</u>		<u>(1,798)</u>	(12.3)

The total contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2015 is £456k.

# Annual Governance Statement

## 1. Scope of Responsibility

- 1.1 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.
- 1.2 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 Authority's Values Statement and 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 the Accounts and Audit Regulations 2011.

## 2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the values, systems and processes for the direction and control of the authority and its activities through 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 in pursuit of National Park purposes.
- 2.2 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 on-going 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.
- 2.3 The governance framework has been in place at the Authority for the year ended 31 March 2014 and up to the date of approval of the annual report and statement of accounts.



### 3. The Governance Framework

#### Accountability

- 3.1 National Park Authorities are independent, special purpose bodies working within the framework of local government. Their unique governance arrangements combine elements of accountability to central government (via Defra and Department for Communities and Local Government) and to local communities reflecting the needs of national and local customers. Local accountability is achieved via the appointment of elected Members by local government and other mechanisms.
- 3.2 The other mechanisms are varied involving the statutory appointment of elected Parish Councillor to the Authority and a wide variety of voluntary mechanisms. The NYMNPA makes great effort to ensure that voluntary mechanisms are as open, inclusive and transparent as possible. They include (omitting statutory requirements):
- Customer Service Excellence success
  - The arrangement of regular Parish Forums which are attended by Members, the Chief Executive and Directors this is supplemented by an annual Joint Parish Forum. Members of the public can ask questions at these events.
  - The Authority has two Forums which Membership is drawn from a wide range of interested parties as well as Authority Members to discuss topical issues in relation to Awareness, Recreation and Business and Conservation and Land Management
  - Representatives of groups of users otherwise under-represented as Members (young people, disabled people, BME groups and volunteers) address the Authority meeting directly.
  - Periodic surveys of satisfaction with Authority Services are undertaken
  - The Scheme of Delegation allows members of the public and representatives of the parish to address the Planning committee
  - Wide and effective consultation mechanisms using a number of different communication channels
  - User forums such as the Primary Land Users Group and Disability Action Group.
  - Publication of full pension, allowance and salary details of all staff earning over £50k
  - Publication of Member allowances
  - Publication and access to documents within the Publication Scheme including but not exclusively details of all invoices over £500.
  - Standards are reviewed in consultation with the Independent Person on an annual basis.
  - Feedback to the Authority can take place by phone, letter, e-mail or using a variety of social media.

- 3.3 In the last year the Authority has taken the following voluntary steps to strengthen these arrangements:
- In December 2013 the Authority undertook a scrutiny review of the work of the Authority in terms of the National Park Management Plan and Business Plan 2012/15. This will be undertaken on an annual basis.
- 3.4 The Authority regularly monitors Complaints and Compliments and reports these to the Finance, Risk, Audit and Standards Committee which also considers any reports from the Local Government Ombudsman (to update at year end on any findings). Processes are also in place to deal with complaints against Members via the Authority's Finance, Risk, Audit and Standards Committee, which has an independent person to advise it.
- 3.5 In 2013/14, as at 31 March 2014 the Authority received 19 complaints of which, one has been withdrawn, 7 were justified or partially justified, details of these are reported quarterly to Members. As at the same date the Local Government Ombudsman had received 1 complaint and in this instance the investigation was stopped as the Ombudsman found no fault on the behalf of the Authority.

#### **Internal**

- 3.6 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.
- 3.7 The Authority's objectives are defined and established by the National Park Management Plan. The Management Plan was approved in June 2012 following widespread engagement with partners and stakeholders. Progress against the overall long term objectives of the Management Plan can be identified via regular reporting against a broad range of targets and strategic indicators.
- 3.8 The Authority has established a group of key stakeholders to form the Management Plan Implementation Group which operates in parallel to the Authority's own scrutiny arrangements.
- 3.9 The Business Plan 2012-2015 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.
- 3.10 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 and assists in identifying any potential financial risks. This is reviewed annually as part of the budget setting process and ensures that resources and objectives are appropriate aligned.
- 3.11 The Authority has an established Committee and Fora Structure with an associated Scheme of Delegation to ensure that decisions are taken in the most appropriate and effective manner. The Committee structure includes the following:

- Authority
- Planning Committee
- Finance, Risk, Audit and Standards Committee
- Urgency Committee
- Personnel Appeals Panel
- Chief Executive (National Park Officer) Review Group
- Conservation and Land Management Forum
- Awareness, Recreation and Business Forum.

- 3.12 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.
- 3.13 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 internal audits are conducted by external auditors, providing assurance that the procedures are being adhered to. The Authority receive legal advice and Monitoring Officer support as appropriate in all aspects of its work via a contractual arrangement with Scarborough Borough Council with effect from 1 April 2012 following a tendering exercise. This contract is for a four year term with an option to extend for a further 4 years (2 plus 2). Advice includes detailed input into significant Committee papers, particularly the work of the Authority's Planning Committee. The Whistleblowing Officer role is externalised via this contract to increase objectivity and independence.
- 3.14 The management of risk within the business is embedded into the activity of the Authority. A risk register is maintained to identify significant strategic and operational risks and describe the mitigation measures in place to control them. The Members, as the Authority are responsible for ensuring these risks are properly identified and that there is effective management of risk. Responsibility for the internal processes for recording, evaluating and mitigating against risk rests with the Director of Corporate Services. To enable Members to discharge their responsibility the Risk Register is approved on an annual basis in the spring of each year. Quarterly updates are provided to Finance, Risk, Audit and Standards Committee who are in a position to approve, amend or refer to the Authority if appropriate. 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.
- 3.15 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 Directors and Management Team receive reports on expenditure and income against the expected position at their respective bi- monthly meetings and take appropriate action to address any significant deviation from the plan. The quarterly meetings of the Finance, Risk, Audit and Standards Committee (FRASC) 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.

- 3.16 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. This contract is for a four year term with an option to extend for a further 4 years (2 plus 2) and has been in place since 2012. The Authority's Chief Financial Officer (s151 Officer) is the Assistant Director of Finance (Corporate Accountancy) 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 Insurance / risk management etc.
- 3.17 The Chief Financial Officer has direct access as required to the Chief Executive and Members of the National Park Authority, and contributes to the meetings of the Directors as appropriate. 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 the leadership team, and who plays a significant part in the organisational leadership and management of an internal finance function with suitably qualified staff.
- 3.18 The Internal Controls are subject to external scrutiny by audit. The Audit Framework includes the annual audit which is currently undertaken by Deloitte and Internal Audit which is undertaken by Veritau Ltd as part of the contract with North Yorkshire County Council. Both of these regimes include Planning and Reporting to Members on a regular basis. Members have direct access to the Authority's Audit leads and on an annual basis there is an opportunity to discuss issues with the Auditors without Officers being present in line with best practice.
- 3.19 Performance Management is conducted via the Finance, Risk, Audit and Standards Committee which meets every quarter. This committee receives reports on finance, risk management, complaints and compliments and it monitors performance against the Authority's Headline Indicators and Corporate Management performance indicators. The Directors and Management Team receives progress reports on the headline indicators where the data is collected on a monthly cycle. The Authority is subject to an external five yearly performance assessment (National Park Authorities Performance Assessment – NPAPA) which analyses its performance against seven sets of criteria. The most recent Assessment assessed as performing well or excellently in six of the seven categories.

#### **4. Review of Effectiveness**

- 4.1 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 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, Chief Finance Officer, Assistant Director of Corporate Services, Business Performance and Support Officer and the following key Members.

- The Chair of the Authority
- The Chair of the Finance, Risk, Audit and Standards Committee
- The Independent Person.

4.3 The following key areas of work have been conducted in 2013/14

- The Customer Service Excellence Standard was maintained and performance improved. The assessment in May 2013 concluded that the organisation was compliant in all 57 areas and achieved the Compliance plus level of best practice in the following 6 areas
    - We make particular efforts to identify hard to reach and disadvantaged groups and individuals and have developed our services in response to their specific needs;
    - There is a corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers;
    - We use customer insight to inform policy and strategy and to prioritise service;
    - We have improved the range, content and quality of verbal, published and web based information we provide to ensure it is relevant and meets the needs of customers;
    - We interact within wider communities and we can demonstrate the ways in which we support those communities;
    - We set appropriate and measurable standards for the timeliness of response for all forms of customer contact including phone calls, letters, e-communications and personal callers
  - The Authority has established continuing independent systems for obtaining legal advice and advice on Members Code of Contact in relation to a significant planning application relating to the extraction of minerals.
  - The Authority has reviewed the Corporate Risk Register.
  - The Authority's Corporate Health & Safety framework and policies have been reviewed with the assistance of an accredited external expert to doubly ensure appropriate compliance with legislation.
  - The consultation by Defra on the governance arrangements of the Authority has been concluded and the membership of the Authority will be reduced by two with effect from 2014/15.
  - The Monitoring Officer and Independent Person have reviewed the Code of Conduct and procedures relating to complaints against members and will report to the Finance, Risk, Audit and Standards Committee on findings and recommendations.
- 4.4 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Finance, Risk, Audit and

Standards Committee, and a plan to address weaknesses to ensure continuous improvement of the system is in place.

## 5. Significant Governance Issues

5.1 The review of effectiveness has identified the following areas to be addressed in 2014/15

- The Authority needs to review further the Standing Orders, Scheme of Delegation and Financial Regulations. Decisions will be taken about which are a priority to be amended this financial year.
- The Authority will need to review the adopted Code of Conduct for Members, and procedures and protocols for dealing with complaints about Members, and appoint or make arrangements to share Independent Person(s), to ensure that they are consistent with best practice.
- Internal Audit will conduct a review of the revised Health and Safety Framework to ensure that the improvements following the review in 2013/14 have been appropriately implemented.
- The Authority will undertake a review of the Ethical Framework and Officer Code of Conduct.
- The Authority's Whistleblowing Policy will be reviewed and promoted.
- A review and consultation relating to the long term strategic direction of the organisation will be undertaken. This will include consideration of the establishment of a trust.
- Work will commence on the Business Plan for 2015-2018.
- Further activity will be undertaken to embed Volunteers into the Governance Arrangements of the Authority.

5.2 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:

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A. Wilson (Chief Executive)  
Date.....

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J Bailey (Chairman)  
Date.....

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

Headings	Outturn figures reported to FRASC on 19 May 2014 Col 1 £000s	Adjustment to Outturn Position up to June 2014 Col 2 £000s	Final 13/14 Outturn figures Col 3 £000s	Accumulated Absences Account Col 4 £000s	Add Capital Charges to conform with CIPFA Cap Accounting Col 5 £000s	Less Capital Expenditure Funded from Revenue Col 6 £000s	Add Pension Adjust with IAS19 Col 7 £000s	Interest Received Col 8 £000s	Moor Centre now financial Lease asset Col 9 £000s	Net Expenditure in Final Accounts Col 10 £000s
Conservation of the Natural Environment	816	38	854	1	15	0	11	0	0	881
Conservation of Cultural Heritage	298	-6	292	0	5	0	2	0	0	299
Recreation Management	698	83	781	1	68	0	9	0	0	859
Promoting Understanding	1034	-14	1020	-1	112	-108	11	0	-16	1018
Rangers, Estate and Volunteers	842	-10	832	0	74	0	9	0	0	915
Development Control	736	-17	719	0	14	0	8	0	0	741
Forward Planning	347	-45	302	-1	3	0	4	0	0	308
Corporate and Democratic Core	262	-24	238	0	13	-73	0	20	0	198
<b>Net Cost of Service</b>	<b>5033</b>	<b>5</b>	<b>5038</b>	<b>0</b>	<b>304</b>	<b>-181</b>	<b>54</b>	<b>20</b>	<b>-16</b>	<b>5219</b>
Profit on Disposal										0
Interest Payable										16
Interest Received										-20
Pension Interest Cost and expected return on net assets										274
National Park Grant	-4553		-4553							-4553
Budgeted Transfers to & From Reserves	-658		-658							
Total Budget	-5211		-5211							
UNDER-SPEND REPORTING TO FRASC	-178	5	-173							
<b>(Surplus) or Deficit on Provision of Service</b>										<b>936</b>
Surplus on revaluation of fixed assets										-502
Actuarial losses on pension fund assets/liabilities										-4380
<b>Total Comprehensive Income and Expenditure</b>										<b>-3946</b>

This table reconciles the Finance, Risk, Audit and Standards Committee Draft Outturn Report on 19 May 2014 to the Surplus on Provision of Services reported within the Comprehensive Income and Expenditure Account for 2013/14. The Outturn figures reported are summarised as Net Expenditure.