



YORKSHIRE DALES
National Park Authority

YORKSHIRE DALES NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS

2011/2012

INDEX

| | |
|--|-----------|
| STATEMENT OF ACCOUNTS | 3 |
| Explanatory Foreword | 3 |
| Independent Auditor's Report To The Members Of Yorkshire Dales National Park Authority | 9 |
| Statement of Responsibilities for the Statement of Accounts | 12 |
| Statement of Accounting Policies..... | 13 |
| CORE FINANCIAL STATEMENTS | 25 |
| Movement in Reserves Statement..... | 25 |
| Comprehensive Income and Expenditure Statement..... | 26 |
| Balance Sheet..... | 27 |
| Cash Flow Statement | 28 |
| Notes to the Core Financial Statements | 29 |
| ANNUAL GOVERNANCE STATEMENT | 55 |

STATEMENT OF ACCOUNTS

Explanatory Foreword

INTRODUCTION

1. The Yorkshire Dales 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 Yorkshire Dales National Park Committee.
2. The Authority's accounts for the year ended 31 March 2012 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom: 2011/12 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and approved by the Accounting Standards Board.

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 'usable reserves' and other reserves. The Surplus on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The net increase/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
- c) **Comprehensive Income and Expenditure Statement** - which shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. It shows income receivable and expenditure incurred in the year by the Authority in order to undertake its activities and services. It includes gains or losses which do not arise out of the operation of the Authority's activities and includes adjustments relating to the revaluation of assets or actuarial valuation of the pension fund assets and liabilities.
- d) **Balance Sheet** – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, the first being usable 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 being reserves that cannot be used 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.

3. 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.
4. **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.
5. 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 17, which discloses the status of the Authority's overall liability in relation to its participation in the LGPS. As at 31 March 2012, the net liability (assets minus liabilities) stood at **£5.513m**, a deterioration of **£1.414m** on the previous year's value (£4.099m).

There are a number of reasons why the deficit has increased but two key factors dominate:

- Although assets increased in real terms, this increase fell short of the Actuary's expected return by £604k due to difficult trading conditions in global financial markets, i.e. where the Authority's assets are invested.
- Liabilities increased by £710k more than expected essentially due to falling yields on corporate bonds, which are used to discount future pension payments. Lower yields result in higher liability values and vice versa. Other factors such as increasing life expectancy and changes in inflation expectations increased liabilities by a further £100k. Bond yields will increase in the future, significantly lowering liability values, but it is hard to predict when this will be.

Other components include:

- The annual pay award being less than had been assumed in earlier actuarial projections;
- Payments made for early retirements and redundancies as a result of the reorganisation; and
- A decrease in the rate of CPI from 2.9% to 2.5%.

SUMMARY OF REVENUE SPENDING

6. The main components of the budget for 2011/12 and a comparison with the actual position are set out below. These figures are prior to the reallocation of corporate costs as required by the Service Reporting Code of Practice for Local Authorities (SERCOP) and charges for the use of assets. The figures reconcile to the annual outturn, adjusted for items identified after year end. A segmental analysis is included in Note 19 reconciling the Outturn to the Comprehensive Income and Expenditure Statement.

| Outturn Summary of Revenue Spending | 2011/12 Budget £000 | 2011/12 Outturn £000 | 2011/12 Variance £000 |
|---|---------------------------|----------------------------|-----------------------------|
| Expenditure | | | |
| Conservation of the Natural Environment | 670.7 | 695.3 | (24.6) |
| Conservation of Cultural Heritage | 292.0 | 192.6 | 99.4 |
| Recreation Management and Transport | 1,409.3 | 1,207.6 | 201.7 |
| Promoting Understanding | 1,196.1 | 1,088.4 | 107.7 |
| Rangers, Estate Services and Volunteers | 367.0 | 369.1 | (2.1) |
| Development Control | 600.4 | 496.7 | 103.7 |
| Forward Planning | 438.0 | 432.9 | 5.1 |
| Corporate and Democratic Core | 1,748.3 | 1,337.4 | 410.9 |
| Training | 25.0 | 21.1 | 3.9 |
| Opportunity Fund | 1,093.7 | 0.0 | 1,093.7 |
| Total Expenditure | 7,840.5 | 5,841.1 | 1,999.4 |
| Income | | | |
| Conservation of the Natural Environment | 99.5 | 107.9 | 8.4 |
| Conservation of Cultural Heritage | 58.6 | 13.0 | (45.6) |
| Recreation Management and Transport | 863.2 | 733.4 | (129.8) |
| Promoting Understanding | 362.7 | 342.3 | (20.4) |
| Rangers, Estate Services and Volunteers | 4.4 | 4.6 | 0.2 |
| Development Control | 160.0 | 129.6 | (30.4) |
| Forward Planning | 1.2 | 1.1 | (0.1) |
| Corporate and Democratic Core | 88.4 | 50.8 | (37.6) |
| Training | 0.0 | 0.7 | 0.7 |
| Total Income | 1,638.0 | 1,383.4 | (254.6) |
| Net Expenditure | 6,202.5 | 4,457.7 | 1,744.8 |
| Financed By | | | |
| National Park Grant | 5,108.4 | 5,108.4 | 0.0 |
| Contribution from/(to) Reserve Balances | 1,094.1 | (650.7) | 1,744.8 |
| Total | 6,202.5 | 4,457.7 | 1,744.8 |

The table above differs by £5.6k to the Outturn due to an additional pension redundancy provision of £8.1k, a reduction in a creditor of -£4.4k, a release of a redundancy provision of -£5.3k, and £7.2k additional income in advance which were identified after the Outturn was issued. The Authority has reported an apparent net favourable variance against budget of £650.7k in 2011/12. However, this is in part a product of accounting treatment, the most notable points being:

- A number of projects, totalling **£213.6k**, will be carried forward for completion in 2012/13
- A capital receipt of **£80.0k** for disposal of an Authority property does not relate to the performance in year and will be transferred to reserves
- **£128.0k** redundancy costs were recovered from DEFRA which had not been anticipated when the budgets were set
- **£52.4k** was the anticipated under spend to be moved to reserves within year in 2011/12

Taking the above into account, the residual net positive variance is **£176.7k**. The total positive variance amount has been transferred to general working balances.

The reserves balance of £1,744.8k consists of **£200.0k** Opportunities Fund 2012/13, **£200.0k** Operational Contingency Reserve to 2014/15, **£80.0k** Capital Reserve, and **£213.6k** Carried Forward Budgets. The remaining **£1,051.2k** is retained reserves.

7. Revenue Working Balance: The Authority seeks to maintain a permanent balance sheet reserve as a contingency against unexpected events, in line with advice from the Audit Commission. At present, the Authority has a target objective for the level of this contingency reserve to be no lower than 5% of the DEFRA Core Grant, which is met by the current level of the contingency reserve (**£274.0k**).
8. The Authority transfers any unallocated surpluses on its projects or programmes during the year to reserves; out of these reserves £200.0k is allocated to the Opportunities Fund which is used to fund additional project or programme costs, or to provide a source of matched funding for new externally funded projects.
9. Current Economic Climate: The Authority is funded mainly by a DEFRA Core Grant. Following the in year 5% cut to this grant in 2011/12 the grant was reduced by a further 4.9%, as part of the Government spending cuts. The indicative grant settlement for the next 3 years to 2014/15 further reduces the grant year on year. The following table shows the impact of this reduction to future funding.

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|------------------------------|---------|---------|---------|-----------|-----------|
| | £000 | £000 | £000 | £000 | £000 |
| DEFRA Core Grant Allocation | 5,472.2 | 5,108.4 | 4,818.2 | 4,528.0 | 4,237.8 |
| Sustainable Development Fund | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cumulative Reduction £ | (273.6) | (563.8) | (854.0) | (1,144.2) | (1,434.4) |
| Cumulative Reduction % | 5.0% | 9.9% | 15.1% | 20.2% | 25.3% |

The Authority is meeting the reduced funding by:

- paring back on project spending
- 15 voluntary staff redundancies (11.4 Full Time Equivalent Staff 'FTE')
- 4 compulsory staff redundancies
- 4 staff compulsory retired
- 7 staff reduced hours
- 10 fixed term contracts terminated over a four year period (10 FTE)
- 2 staff vacancies deleted
- the net proceeds on the sale of an Authority building (£77.5K)

10. Provisions and Contingent Liabilities: A provision of £11.7k for further redundancy payments is included in the 2011/12 accounts.

11. The Treasurer of the Authority changed on 1st April 2012 from John Moore, Finance, North Yorkshire County Council, Northallerton, to Richard Burnett,

Director of Corporate Services, Yorkshire Dales National Park Authority,
Bainbridge.

CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS

12. The policies are set out formally in the Statement of Accounting Policies. The policies adopted in 2011/12 are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom: 2011/12.
13. Heritage Assets are presented separately to Non Current Assets in 2011/12, there is a new requirement to present data on exit packages, and a requirement to present data on soft loans. These have all been incorporated into the 2011/12 accounts.

RICHARD BURNETT
TREASURER TO THE YORKSHIRE DALES NATIONAL PARK AUTHORITY

Finance Department, Yorkshire Dales National Park Authority, Yoredale, Bainbridge,
Leyburn, North Yorkshire, DL8 3EL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKSHIRE DALES NATIONAL PARK AUTHORITY

Opinion on the Authority financial statements

We have audited the financial statements of Yorkshire Dales National Park Authority for the year ended 31 March 2012 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 1 to 30. 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 2011/12.

This report is made solely to the members of Yorkshire Dales 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 Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer 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 Chief Financial Officer; 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 Yorkshire Dales National Park Authority as at 31 March 2012 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 2011/12.

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 accounting 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

Other matters on which I am required to conclude

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. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2011, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work as necessary.

As a result, we have concluded that there are no matters to report.

Certificate

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

A handwritten signature in black ink, appearing to read "Chris Powell". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

28 September 2012

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 ensure that one of its officers has the responsibility for the administration of those affairs. For the Authority, that officer is the Head of Corporate Services.
- b) to manage its affairs to secure the economic, efficient and effective use of resources and to safeguard its assets; and
- c) to approve the Statement of Accounts.

The Head of Corporate Services is responsible for the preparation of the Authority's Statement of Accounts which, 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 Head of Corporate Services has:

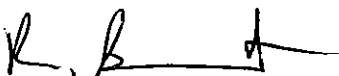
- a) selected suitable accounting policies and applied them consistently;
- b) made judgements and estimates that were reasonable and prudent;
- c) complied with the Code

The Head of Corporate Services 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 HEAD OF CORPORATE SERVICES

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Yorkshire Dales National Park Authority at the accounting date and the income and expenditure for the year ended 31 March 2012.



R Burnett
Head of Corporate Services
Yorkshire Dales National Park Authority

25 September 2012

Statement of Accounting Policies

1. General

The Statement of Accounts summarises the Authority's transactions for the 2011/12 financial year and its position at the year end of 31 March 2012. It has been prepared in accordance with the statutory framework established for England by the 'Accounts and Audit (England) Regulations 2011', which require accounts to be prepared with proper accounting practices. These practices comprise the "Code of Practice on Local Authority Accounting in the United Kingdom 2011/12" and "Service Reporting Code of Practice 2011/12" supported by International Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2011 Act.

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

2. Accruals of Income and Expenditure

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

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

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of

acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

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 Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the policy had always been applied.

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

5. Charges to Revenue for Non-Current Assets

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

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

Depreciation, revaluation and impairment losses are replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement. This is the minimum Revenue Provision.

6. Employee Benefits

Benefits Payable during Employment

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

Statement so that the holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

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

7. Post Employment Benefits

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

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.
- The assets are included in the Balance Sheet at fair value;
 - quoted securities at current bid price;
 - unquoted securities at professional estimate;
 - unitised securities at current bid price;
 - property at market value;
- The change in the net pensions liability is analysed into seven components;
 - current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of

Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return, credited to the Financing & Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- gains or losses on settlements and curtailments – the results of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the surplus to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, debited to the Pensions Reserve; and
- contributions paid to the North Yorkshire Local Government Pension Scheme – cash paid as employers contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

8. Financial Instruments

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

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

Treasury Management

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

9. Grants

Grants are assistance in the form of transfers of resources to the Authority in return for past or future compliance with certain conditions relating to the operation of activities. 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 has complied 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 contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

10. Inventories

Inventories are included in the Balance Sheet at the lower of cost price and net realisable value.

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 leases are assessed on the length and value of the lease, the responsibilities for maintenance and insurance, the ability to purchase the asset at a reduced value at the end of the lease. All Authority leases have been classed as operating leases under the rules in IFRS standards on Leasing –IAS 17.

The Authority as a Lessee

The Authority has entered into leasing arrangements that are defined by The Code as operating leases. In these cases the rentals payable are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease.

The Authority as a Lessor

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease.

12. Overheads and Support Services

The costs of overheads and support services are charged to those service lines that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2011/12 (SERCOP). The total absorption costing principle is used, the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – past employment retirements costs and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in the SERCOP and accounted for as separate headings in the Comprehensive Income & Expenditure Statement, as part of Net Expenditure on Continuing Services.

13. Property Plant & Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential, i.e. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising;

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

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

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

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

Property Plant and Equipment is valued on the basis required by CIPFA in accordance with the Statements of Asset Valuation Principles and Guidance notes issued by The Royal Institution of Chartered Surveyors (RICS). Bruton Knowles valued the Authority's land and buildings as at 31 March 2008; revaluation is required at least every five years.

Assets are classified into the groupings required by the 2011/12 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.

On an annual basis all assets are reviewed for evidence of impairment (a decline in their realisable value due to specific events) by suitably qualified property professionals in line with the guidance in The Code. 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: or
- 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

Impairments on revalued assets are recognised in the Revaluation Reserve to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset and thereafter in the Comprehensive Income and Expenditure Statement.

De-Minimus

Singular assets below the value of £1k will not be recorded in the asset register and will be expensed in the Comprehensive Income and Expenditure Statement in the appropriate service line unless the terms of a grant require it to be applied to capital expenditure. A separate asset directory is maintained recording all assets over £100 or of a portable nature, excluding stationery, retail inventory, and consumables.

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. Buildings are therefore depreciated over 50 years.
- Vehicles, plant, furniture and equipment are depreciated over their remaining useful lives depending on the nature of the asset. Assets which will not become impaired are not depreciated.

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

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

Components

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

Disposal of Property Plant & Equipment

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

Amounts received on disposals in excess of £10k are categorised as capital receipts and the balance credited to the Usable Capital Receipts Reserve, and will only be used to finance new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the General Fund Balance in the Movement in Reserves Statement.

Revaluation Reserve

This reserve is used solely to account for changes in asset values (either upwards or downwards) following revaluation.

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 now to be carried on Balance Sheet. 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 conducted a full review to identify any relevant Heritage Assets. The Authority holds Heritage Assets in the Dales Countryside Museum.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

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

Heritage Assets below the Authority's normal de-minimus value of £1k are not capitalised.

The assets are viewed on a daily basis by visitors, items of value are held in specially designed glass security cabinets, and the building is alarmed.

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 2012.

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 Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

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.

17. Presentation of Accounting Statements

The accounts are presented in the format required by the Service Reporting Code of Practice, 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. Critical Judgements in Applying Accounting Policy

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

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority had determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision further to that already planned in the comprehensive annual budget review.
- Items in the Dales Countryside Museum were deemed to be individually under the de-minimus level for capitalisation, and as such are not shown as Heritage Assets in the balance sheet.

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

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

The items in the Authority's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|--------------------|--|--|
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which the salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets | The effects on the net pensions liability of changes in individual assumptions can be measured. A 0.1% p.a. change in the discount rate assumption would result in a net change of £358k plus or minus. A 0.1% p.a. change in salary inflation would result in a net change of £366k plus or minus. A 1 year addition to members' life expectancy would increase the net liability by £336k. |
| Buildings | Repairs and maintenance are provided by the Authority to buildings, with the cut back in Government funding there is a potential that buildings will not be maintained to the same standard and the value could be impaired | If the useful life of the asset is reduced, depreciation charges will increase and the carrying amount of the asset will fall. It is estimated that for every year that the useful life of the asset is reduced, the effect on the accounts is that the annual depreciation charge will increase by £2.6k in year one, increasing by £0.2k for each subsequent year of life reduced. |
| Provisions | Restructuring the Authority may lead to unexpected redundancy costs, outside those planned and expected | There is potential that there could be additional costs which are currently unquantifiable. |

21. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Financial Officer on 25 September 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.

There are no significant events after the balance sheet date.

22. Going Concern

These accounts are prepared on a going concern basis, although there has been a reduction in grant funding from Central Government, a comprehensive plan of measures are in place to deal with the shortfall including staff reductions, and a reduction of facilities and services, and a comprehensive budget has been approved to 2014/15.

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement

| | Notes | General Fund Balance £000 | Earmarked General Fund Reserve £000 | Capital Grants Applied £000 | Total Usable Reserves £000 | Unusable Reserves £000 | Total Authority Reserves £000 |
|---|------------|---------------------------------|--|-----------------------------------|----------------------------------|------------------------------|--|
| Balance in Reserves 1 April 2010 | | (1,272.0) | (266.0) | 0.0 | (1,538.0) | (711.9) | (2,249.9) |
| Surplus on the provision of services | Page 26 | (486.3) | 0.0 | 0.0 | (486.3) | 0.0 | (486.3) |
| Other Comprehensive Income and Expenditure | 17 | 0.0 | 0.0 | 0.0 | 0.0 | (1,760.0) | (1,760.0) |
| Total Comprehensive Income and Expenditure | | (486.3) | 0.0 | 0.0 | (486.3) | (1,760.0) | (2,246.3) |
| Adjustment between accounting basis and funding basis under regulations | 2 | 656.0 | 0.0 | 0.0 | 656.0 | (656.0) | 0.0 |
| Net increase before transfers to Earmarked Reserves | | 169.7 | 0.0 | 0.0 | 169.7 | (2,416.0) | (2,246.3) |
| Transfers to/from Earmarked Reserves | 3 | 8.0 | (8.0) | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase in 2010/11 | | 177.7 | (8.0) | 0.0 | 169.7 | (2,416.0) | (2,246.3) |
| Balance at 31 March 2011 | | (1,094.3) | (274.0) | 0.0 | (1,368.3) | (3,127.9) | (4,496.2) |
| Surplus on the provision of services | Page 26 | (379.9) | 0.0 | 0.0 | (379.9) | 0.0 | (379.9) |
| Other Comprehensive Income and Expenditure | 17 | 0.0 | 0.0 | 0.0 | 0.0 | 1,314.0 | 1,314.0 |
| Total Comprehensive Income and Expenditure | | (379.9) | 0.0 | 0.0 | (379.9) | 1,314.0 | 934.1 |
| Adjustment between accounting basis and funding basis under regulations | 2 | (270.9) | 0.0 | 0.0 | (270.9) | 270.9 | 0.0 |
| Net increase before transfers to Earmarked Reserves | | (650.8) | 0.0 | 0.0 | (650.8) | 1,584.9 | 934.1 |
| Transfers to/from Earmarked Reserves | 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transfers to/from Revaluation Reserve | 15 | 0.0 | 0.0 | 0.0 | 0.0 | (11.7) | (11.7) |
| Increase in 2011/12 | | (650.8) | 0.0 | 0.0 | (650.8) | 1,573.2 | 922.4 |
| Balance at 31 March 2012 | | (1,745.1) | (274.0) | 0.0 | (2,019.1) | (1,554.7) | (3,573.8) |

Comprehensive Income and Expenditure Statement

For the year ending 31 March 2012

| 2010/11 | | | 2011/12 | | | | |
|---------------------------|------------------|-------------------------|---|-------|---------------------------|------------------|-------------------------|
| Gross Expenditure £000 | Income £000 | Net Expenditure £000 | Heading | Notes | Gross Expenditure £000 | Income £000 | Net Expenditure £000 |
| 892.1 | (95.7) | 796.4 | Conservation of the Natural Environment | 19 | 802.5 | (107.9) | 694.6 |
| 297.2 | (28.7) | 268.5 | Conservation of Cultural Heritage | 19 | 231.7 | (13.0) | 218.7 |
| 2,427.2 | (1,237.4) | 1,189.8 | Recreation Management and Transport | 19 | 1,614.3 | (733.4) | 880.9 |
| 1,790.7 | (345.4) | 1,445.3 | Promoting Understanding | 19 | 1,377.9 | (342.8) | 1,035.1 |
| 451.2 | (3.5) | 447.7 | Rangers, Estate Services and Volunteers | 19 | 440.4 | (4.6) | 435.8 |
| 1,047.0 | (230.1) | 816.9 | Development Control | 19 | 660.7 | (129.6) | 531.1 |
| 483.8 | (29.8) | 454.0 | Forward Planning | 19 | 476.5 | (1.9) | 474.6 |
| 303.8 | (38.8) | 265.0 | Corporate and Democratic Core | 19 | 249.2 | (51.5) | 197.7 |
| <u>(1,040.0)</u> | <u>0.0</u> | <u>(1,040.0)</u> | Non Distributed Costs | 27 | <u>172.0</u> | <u>0.0</u> | <u>172.0</u> |
| 6,653.0 | (2,009.4) | 4,643.6 | Cost of Services | | 6,025.1 | (1,384.6) | 4,640.5 |
| | | 0.0 | Net Loss on disposals of Fixed Assets | | | | 19.7 |
| | | (33.3) | Interest and Investment Income | 10 | | | (37.7) |
| | | 302.0 | Pension Interest Cost and Expected Return on Pension Assets | 27 | | | 106.0 |
| | | <u>268.7</u> | Financing and Investing Income and Expenditure | | | | <u>88.0</u> |
| | | 4,912.3 | Net Operating Expenditure | | | | 4,728.5 |
| | | (5,398.6) | National Park Grant | | | | (5,108.4) |
| | | <u>(486.3)</u> | Net (Surplus)/Deficit on Provision of Services | | | | <u>(379.9)</u> |
| | | (1,760.0) | Actuarial losses/(gains) on pension assets and liabilities | 17 | | | 1,314.0 |
| | | <u>(1,760.0)</u> | Other Comprehensive Income and Expenditure | | | | <u>1,314.0</u> |
| | | <u>(2,246.3)</u> | Total Comprehensive Income and Expenditure | | | | <u>934.1</u> |

Balance Sheet As at 31 March 2012

| 31 March 2011 £000 | | Notes | 31 March 2012 £000 |
|-----------------------|---------------------------------|---------|-----------------------|
| 7,263.2 | Property Plant and Equipment | 5 | 7,103.8 |
| 6.5 | Heritage Assets | 6 | 6.5 |
| 7,269.7 | Long Term Assets | | 7,110.3 |
| 130.2 | Inventories | 8 | 112.5 |
| 227.7 | Short term Debtors | 9 | 473.0 |
| 2,055.9 | Cash and Cash Equivalents | 10 | 1,990.7 |
| 2,413.8 | Current Assets | | 2,576.2 |
| (507.5) | Short Term Provisions | 12 | (184.7) |
| (440.3) | Short Term Creditors | 11 | (303.0) |
| (947.8) | Current Liabilities | | (487.7) |
| (140.5) | Long Term Provisions | 12 | (112.0) |
| (4,099.0) | Pension Liability | 27 | (5,513.0) |
| (4,239.5) | Long Term Liabilities | | (5,625.0) |
| 4,496.2 | NET ASSETS | | 3,573.8 |
| 274.0 | Earmarked General Fund Reserves | 3 | 274.0 |
| 1,094.3 | General Fund Balance | Page 25 | 1,745.1 |
| 1,368.3 | Usable Reserves | | 2,019.1 |
| 301.5 | Revaluation Reserve | 15 | 295.3 |
| 6,967.1 | Capital Adjustment Account | 16 | 6,814.0 |
| (4,099.0) | Pension Reserve | 17 | (5,513.0) |
| (41.7) | Accumulated Absences Account | 18 | (41.6) |
| 3,127.9 | Unusable Reserves | | 1,554.7 |
| 4,496.2 | TOTAL RESERVES | | 3,573.8 |

I confirm that these accounts were approved by the Yorkshire Dales National Park Authority on 25 September 2012.

Signed on behalf of the Yorkshire Dales National Park Authority



Chair of the Authority

Cash Flow Statement

Year Ended 31 March 2012

| 31 March 2011 £000 | | 31 March 2012 £000 |
|-----------------------|--|-----------------------|
| | Operating Activities | |
| 486.3 | Net Surplus on provision of services | 379.9 |
| 209.6 | Depreciation | 191.3 |
| (186.9) | Decrease in creditors | (137.3) |
| 46.1 | Decrease/(Increase) in debtors | (245.3) |
| 5.9 | Decrease in inventories | 17.7 |
| (819.0) | Pension Liability (Note 27) | 100.0 |
| 0.0 | Carrying amount of non current asset disposal | 97.2 |
| 0.0 | Grants applied | 0.0 |
| <u> </u> | | <u> </u> |
| (396.0) | Adjustment to net surplus on the provision of services for non-cash movements | (327.6) |
| <u> </u> | | <u> </u> |
| 0.0 | Proceeds from sale property, plant and equipment | (77.5) |
| 90.3 | Net Cashflows from Operating Activities | (25.2) |
| | Investing Activities | |
| 0.0 | Proceeds from sale property, plant and equipment | 77.5 |
| (36.0) | Purchase of property, plant and equipment (Note 6) | (117.5) |
| <u> </u> | | <u> </u> |
| (36.0) | Net Cashflows from Investing Activities | (40.0) |
| <u> </u> | | <u> </u> |
| 54.3 | Net Increase/(Decrease) in cash and cash equivalent | (65.2) |
| 2,001.6 | Cash or cash equivalents at the beginning of the reporting period | 2,055.9 |
| <u> </u> | | <u> </u> |
| <u>2,055.9</u> | Cash or cash equivalents at the end of the reporting period | <u>1,990.7</u> |

Notes to the Core Financial Statements

1. IAS8, Accounting Policies, Changes in Accounting Estimates and Errors

Heritage Assets

Heritage Assets are valued at £6.5k, the accounting adjustment reduces non current assets by £6.5k, and increases Heritage Assets by £6.5k. There is no depreciation and the asset is valued at market value (being open market cost in 2010/11).

2. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

| | Usable Reserves | | | Movement in Unusable Reserves £000 |
|---|------------------------------------|--|--|---|
| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | |
| 2011/12 | | | | |
| Adjustments involving the Capital Adjustment Account | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:</u> | | | | |
| Charges for depreciation | (191.3) | 0.0 | 0.0 | 191.3 |
| Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (97.2) | 0.0 | 0.0 | 97.2 |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Costs of Disposal | (2.5) | 0.0 | 0.0 | 2.5 |
| Capital Expenditure charged against the General Fund | 40.0 | 0.0 | 0.0 | (40.0) |
| <u>Adjustments primarily involving the Capital Grants Unapplied Account:</u> | | | | |
| <u>Adjustments primarily involving the Capital Receipts Reserve:</u> | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 80.0 | (80.0) | 0.0 | 0.0 |
| Use of Capital Receipts Reserve to finance new capital expenditure | 0.0 | 80.0 | 0.0 | (80.0) |
| <u>Adjustments primarily involving the Pensions Reserve:</u> | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 27) | (708.0) | 0.0 | 0.0 | 708.0 |
| Employers Pension Contributions and direct payments to pensioners payable in the year | 608.0 | 0.0 | 0.0 | (608.0) |
| <u>Adjustments primarily involving the Accumulated Absences Account:</u> | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements | 0.1 | 0.0 | 0.0 | (0.1) |
| Total Adjustments | (270.9) | 0.0 | 0.0 | 270.9 |

There is a £0.1k rounding adjustment in remuneration chargeable in the year.

| 2010/11 | Usable Reserves | | | Movement in Unusable Reserves £000 |
|---|------------------------------------|--|--|---|
| | General Fund Balance £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | |
| Adjustments involving the Capital Adjustment Account | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:</u> | | | | |
| Charges for depreciation | (209.6) | 0.0 | 0.0 | 209.6 |
| <u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u> | | | | |
| Capital Expenditure charged against the General Fund | 36.1 | 0.0 | 0.0 | (36.1) |
| <u>Adjustments primarily involving the Pensions Reserve:</u> | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 27) | | | | |
| Employers' Pension Contributions and direct payments to pensioners payable in the year | 181.0 | 0.0 | 0.0 | (181.0) |
| <u>Adjustments primarily involving the Accumulated Absences Account:</u> | | | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from the remuneration chargeable in the year in accordance with statutory requirements | | | | |
| | 10.5 | 0.0 | 0.0 | (10.5) |
| Total Adjustments | 656.0 | 0.0 | 0.0 | (656.0) |

3. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to meet General Fund expenditure in 2011/12.

| | 2010/11 £000 | 2011/12 £000 |
|----------------------------|-----------------|-----------------|
| Contingency Reserve | | |
| Opening Balance | 266.0 | 274.0 |
| Movement | 8.0 | 0.0 |
| Total | 274.0 | 274.0 |

4. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12; the Sustainable Development Grant was no longer ring fenced in 2011/12, although there was still a contribution of £190k set aside from the DEFRA National Park Grant:

| Grant Income | 2010/11 | 2011/12 |
|--|----------------|----------------|
| | £000 | £000 |
| Credited to Non Specific Grant Income | | |
| National Park Grant | 5,198.6 | 5,108.4 |
| National Park Grant (Sustainable Development Fund) | 200.0 | 0.0 |
| | <u>5,398.6</u> | <u>5,108.4</u> |
| Credited to Services | | |
| Department for Communities and Local Government | 39.0 | 0.0 |
| Natural England | 593.5 | 157.2 |
| Other | 201.0 | 88.6 |
| Total | <u>833.5</u> | <u>245.8</u> |

5. Property, Plant and Equipment

Movements in 2011/12:

| Cost or Valuation | Land and Buildings | Vehicles Plant Furniture and Equipment | Total Property, Plant and Equipment |
|--|---------------------------|---|--|
| | £000 | £000 | £000 |
| At 1 April 2011 | 7,486.2 | 492.2 | 7,978.4 |
| Additions | 0.0 | 117.5 | 117.5 |
| Revaluations | 0.0 | 11.6 | 11.6 |
| Disposals | (102.0) | (196.8) | (298.8) |
| At 31 March 2012 | <u>7,384.2</u> | <u>424.5</u> | <u>7,808.7</u> |
| Accumulated Depreciation and Impairment | | | |
| At 1 April 2011 | 397.0 | 318.2 | 715.2 |
| Depreciation Charge | 131.1 | 60.2 | 191.3 |
| Disposals | (4.8) | (196.8) | (201.6) |
| At 31 March 2012 | <u>523.3</u> | <u>181.6</u> | <u>704.9</u> |
| Net Book Value | | | |
| At 1 April 2011 | <u>7,089.2</u> | <u>174.0</u> | <u>7,263.2</u> |
| At 31 March 2012 | <u>6,860.9</u> | <u>242.9</u> | <u>7,103.8</u> |

Property, Plant and Equipment

Comparative Movements in 2010/11:

| Cost or Valuation | Land and Buildings £000 | Vehicles Plant Furniture and Equipment £000 | Restated Vehicles Plant Furniture and Equipment £000 | Total Property, Plant and Equipment £000 |
|--|----------------------------|--|--|---|
| At 1 April 2010 | 7,483.2 | 557.7 | 551.2 | 8,034.4 |
| Additions | 3.0 | 33.0 | 33.0 | 36.0 |
| Disposals | 0.0 | (92.0) | (92.0) | (92.0) |
| At 31 March 2011 | <u>7,486.2</u> | <u>498.7</u> | <u>492.2</u> | <u>7,978.4</u> |
| Accumulated Depreciation and Impairment | | | | |
| At 1 April 2010 | 264.3 | 333.3 | 333.3 | 597.6 |
| Depreciation Charge | 132.7 | 76.9 | 76.9 | 209.6 |
| Disposals | 0.0 | (92.0) | (92.0) | (92.0) |
| At 31 March 2011 | <u>397.0</u> | <u>318.2</u> | <u>318.2</u> | <u>715.2</u> |
| Net Book Value | | | | |
| At 1 April 2010 | <u>7,218.9</u> | <u>224.4</u> | <u>217.9</u> | <u>7,436.8</u> |
| At 31 March 2011 | <u>7,089.2</u> | <u>180.5</u> | <u>174.0</u> | <u>7,263.2</u> |

The 2010/11 table reconciliation has been restated to remove the £6.5k Heritage asset which is presented separately in 2011/12 (Note 6).

Depreciation

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

- Buildings (but not the land they stand on) - 50 years.
- IT Equipment - 4 years or relevant estimated useful lives if different.
- Other Plant and Equipment is depreciated over their various estimated useful lives.

Revaluations

The Authority carries out a programme at least every 5 years that ensures all Property, Plant and Equipment that is required to be measured at fair value is revalued.

Land and Buildings were revalued as at 31 March 2008 by external consultants Bruton Knowles (FRICS). This revaluation followed CIPFA requirements and was incorporated into the Statement of Final Accounts in 2008/09, the next

review will be on 31 March 2013. An impairment review was carried out by Paul Drake MRICS of YDNPA as at 31 March 2012 and there was no material change in value since the last valuation.

Equipment written off was revalued £11.7k as it had an extended estimated life.

The capital expenditure on Fixed Assets was financed by an £80k capital receipt from the sale of an Authority building, and the remainder was revenue spending.

Major Capital Schemes

Major Capital Schemes were:

| | £000 |
|---|------|
| IT- Server Virtualisation Project | 52.6 |
| Retail - IPOS Software and Tills | 19.3 |
| Premises - Solar Pannels Yoredale Head Office | 24.7 |
| | 96.6 |

The Authority also spent £20.9k on various minor capital additions not considered major capital schemes.

Analysis of Fixed Assets

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

| | 31 March 2011 | 31 March 2012 |
|-----------------------------|---------------|---------------|
| <u>Buildings</u> | Number | Number |
| National Park Centres | 4 | 3 |
| Museum/National Park Centre | 1 | 1 |
| Public Conveniences | 11 | 11 |
| Administrative Buildings | 2 | 2 |
| | 18 | 17 |

National Park Centres have been reduced by the sale of Sedbergh.

6. Heritage Assets
Movements in 2011/12:

| Cost or Valuation | 10th Century Gold Viking Ring £000 |
|--|---|
| At 1 April 2011 | 6.5 |
| Additions | 0.0 |
| Disposals | 0.0 |
| At 31 March 2012 | 6.5 |
| Accumulated Depreciation and Impairment | |
| At 1 April 2011 | 0.0 |
| Depreciation Charge | 0.0 |
| Disposals | 0.0 |
| At 31 March 2012 | 0.0 |
| Net Book Value | |
| At 1 April 2011 | 6.5 |
| At 31 March 2012 | 6.5 |

Heritage Assets
Comparative Movements in 2010/11:

| Cost or Valuation | 10th Century Gold Viking Ring £000 |
|--|---|
| At 1 April 2010 | 6.5 |
| Additions | 0.0 |
| Disposals | 0.0 |
| At 31 March 2011 | 6.5 |
| Accumulated Depreciation and Impairment | |
| At 1 April 2010 | 0.0 |
| Depreciation Charge | 0.0 |
| Disposals | 0.0 |
| At 31 March 2011 | 0.0 |
| Net Book Value | |
| At 1 April 2010 | 6.5 |
| At 31 March 2011 | 6.5 |

This item was purchased on the open market in December 2010, it is valued at cost which is considered to be its fair market value.

7. Financial Instruments

(a) Financial Assets: Cash, loans and receivables

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

Financial Instruments are formally 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 defined by the CIPFA Code of Practice on Treasury Management. The code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Authority.

The CIPFA Code of Practice on Treasury Management requires:

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

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

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

(b) Financial Instruments Balances

| | 31 March 2011 | 31 March 2012 |
|---|----------------|----------------|
| Loans and Receivables Less than 1 year | £000 | £000 |
| North Yorkshire County Council Treasury Balance | 2,304.9 | 2,385.8 |
| Yorkshire Wildlife Trust Short Term Loan (Repaid May 2012) | | 203.4 |
| | <u>2,304.9</u> | <u>2,589.2</u> |

The financial instruments balance figures shown consist of the nominal value of loans plus any 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.

The carrying amount and fair value of the loan to NYCC is £2,385.8k (£2,304.9k 2010/11), the carrying amount and fair value of the loan to Yorkshire Wildlife Trust is £203.4k (£0k 2010/11).

(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, including the Authority's cash balances held by NYCC;
- 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

The Authority complies with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and the Investment Guide issued through the Local Government Act 2003. Risk is managed in the following ways:

- By adopting the requirements of the code of practice; and
- By approving in advance, prudential indicator limits 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.
- A legal agreement was signed by the Yorkshire Wildlife Trust in regard to the short term loan and its security and repayment

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 contract 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 so reducing commercial risk.

Payment terms are 30 days from invoice. The debtors past due but not impaired amount to £3.2k:

| Days Past Due | 30 | 60 | 90 | 120 | 121+ |
|----------------------|-----------|-----------|-----------|------------|-------------|
| | £000 | £000 | £000 | £000 | £000 |
| Debtors Due | 3.0 | 0.2 | 0.0 | 0.0 | 0.0 |

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, and funding is received quarterly in advance. The Authority does not have any loans.

Market Risk

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

8. Inventories

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

| | Stock for Resale | Footpath Maintenance Stock | Total | Stock for Resale | Footpath Maintenance Stock | Total |
|-------------------------------------|---------------------|----------------------------------|--------------|---------------------|----------------------------------|--------------|
| | 2010/11 | | | 2011/12 | | |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Opening Balance | <u>120.3</u> | <u>15.8</u> | <u>136.1</u> | <u>113.3</u> | <u>16.9</u> | <u>130.2</u> |
| Purchases | 146.3 | 24.5 | 170.8 | 134.0 | 32.6 | 166.6 |
| Recognised as an expense in year | (152.4) | (23.4) | (175.8) | (147.7) | (34.7) | (182.4) |
| Written off balances | (0.9) | 0.0 | (0.9) | (1.9) | 0.0 | (1.9) |
| Closing Balance | <u>113.3</u> | <u>16.9</u> | <u>130.2</u> | <u>97.7</u> | <u>14.8</u> | <u>112.5</u> |

9. Debtors

The debtors which are under 1 year are recorded as current assets on the balance sheet, and are analysed as follows:

| | 31 March 2011 | 31 March 2012 |
|--------------------------------|---------------|---------------|
| | £000 | £000 |
| Central Government Bodies | 70.7 | 108.6 |
| Other Local Authorities | 14.3 | 43.0 |
| Other entities and individuals | <u>142.7</u> | <u>321.4</u> |
| Total | <u>227.7</u> | <u>473.0</u> |
| Prepayments included in total | 45.7 | 71.02 |

Provision for Doubtful Debt

No provision has been provided for doubtful debts, debtors past due are not considered to be doubtful debts and we are confident these will be paid.

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

10. Cash and Cash Equivalents

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

| | 31 March 2011 | 31 March 2012 |
|--|----------------|----------------|
| | £000 | £000 |
| Cash Held by the Authority | 1.5 | 1.5 |
| Bank Current Account | (249.0) | (396.6) |
| Short Term Deposit with NYCC Treasury | 2,303.4 | 2,385.8 |
| Total Cash and Cash Equivalents | 2,055.9 | 1,990.7 |

Interest received from the deposit with NYCC Treasury in 2011/12 was £37.7k (£33.3k 2010/11).

11. Creditors

The creditors which are due in less than 1 year; and are recorded as current liabilities on the balance sheet, can be analysed as follows:

| | 31 March 2011 | 31 March 2012 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Central Government Bodies | 136.3 | 60.2 |
| Other Local Authorities | 72.0 | 45.1 |
| Other entities and Individuals | 232.0 | 197.7 |
| Capital creditors | 0.0 | 0.0 |
| Total Creditors | 440.3 | 303.0 |
| Income in advance included in total | 109.7 | 81.2 |

12. Provisions

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

| | Limestone Country £000 | Sustainable Development Fund £000 | Section 106 Provisions £000 | Legacies and Miscellaneous Other £000 | Redundancy Provision £000 | Accumulated Absences £000 | Total £000 |
|--|------------------------------|--|-----------------------------------|--|---------------------------------|---------------------------------|---------------|
| Balance At 31 March 2010 | 43.0 | 191.7 | 10.0 | 2.8 | 0.0 | 52.2 | 299.7 |
| Additional Provisions Made in 2010/11 | 0.0 | 200.0 | 20.0 | 106.3 | 399.7 | 41.7 | 767.7 |
| Amounts used in 2010/11 | (43.0) | (307.5) | (13.9) | (2.8) | 0.0 | (52.2) | (419.4) |
| Unused amounts reversed in 2010/11 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Balance At 31 March 2011 | 0.0 | 84.2 | 16.1 | 106.3 | 399.7 | 41.7 | 648.0 |
| Short Term Provision 2010/11 | 0.0 | 84.2 | 6.1 | 0.0 | 375.5 | 41.7 | 507.5 |
| Long term Provision 2010/11 | 0.0 | 0.0 | 10.0 | 106.3 | 24.2 | 0.0 | 140.5 |
| Additional Provisions Made in 2011/12 | 0.0 | 190.0 | 0.0 | 0.0 | 0.0 | 41.5 | 231.5 |
| Amounts used in 2011/12 | 0.0 | (152.7) | 0.0 | (0.4) | (371.4) | (41.7) | (566.2) |
| Unused amounts reversed in 2011/12 | 0.0 | 0.0 | 0.0 | | (16.6) | 0.0 | (16.6) |
| Balance At 31 March 2012 | 0.0 | 121.5 | 16.1 | 105.9 | 11.7 | 41.5 | 296.7 |
| Short Term Provision 2011/12 | 0.0 | 121.5 | 10.0 | 0.0 | 11.7 | 41.5 | 184.7 |
| Long term Provision 2011/12 | 0.0 | 0.0 | 6.1 | 105.9 | 0.0 | 0.0 | 112.0 |

Sustainable Development Fund

The Sustainable Development Fund is managed in conjunction with Yorkshire Dales Millennium Trust (YDMT). Grants are paid out by YDMT for projects which meet the Sustainable Development Fund criteria. £121.5k is the balance of the committed funding for 2011/12 projects at year end which the Authority will be obliged to pay to YDMT in 2012/13.

Legacies and Section 106 Agreements

Section 106 payments are used to fund particular projects linked to planning applications and as such are carried as a provision until the obligations are fully satisfied. Legacy payments with specific work requests are held as provisions until suitable projects meeting the requirements of the legacy are completed.

Redundancy Provision

Known redundancies for future years are provided for in the Redundancy Provision, the amount above is due to be paid in 2012/13.

Accumulated Absences

Staff can carry over 5 days leave and up to 10 hours flexi time from one year to the next, the balance reflects the cost of the carried time valued using the hourly rate for 2012/13 being the year the benefit will be taken.

13. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

14. Unusable Reserves

Movements in the Authority's unusable reserves are detailed on the face of the Balance Sheet.

15. Revaluation Reserve

The Code requires that the Revaluation Reserve reflects only changes that have arisen since the 1 April 2007. In 2008/09 the Fixed Assets were revalued by Bruton Knowles and the increase in assets has been reflected in this account. IT equipment with a carrying amount of zero was revalued upwards in 11/12 by £11.7k as it was still in use and has a new estimated useful life.

16. 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 provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007.

| 31 March 2011 £000 | | 31 March 2012 £000 |
|-----------------------|--|-----------------------|
| 7,134.1 | Balance brought forward | 6,967.1 |
| | <u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u> | |
| (209.6) | Charges for depreciation and impairment of non current assets | (191.3) |
| | Amounts of non-current assets written off on disposal or sale as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (19.7) |
| 0.0 | | (19.7) |
| 6,924.5 | | 6,756.1 |
| 6.5 | Adjusting amounts written out of the Revaluation Reserve | 17.8 |
| | Net written out amount of the cost of non-current assets consumed in year | |
| 6,931.0 | | 6,773.9 |
| | <u>Capital Funding applied in the year:</u> | |
| 36.1 | Capital expenditure charged against the General Fund | 40.0 |
| | Application of grants to capital financing from the Capital Grants Unapplied Account | |
| 6,967.1 | Balance carried forward | 6,813.9 |

17. 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 the pension fund or eventually pays 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.

| 2010/11 £000 | | 2011/12 £000 |
|------------------|--|------------------|
| (6,678.0) | Balance at 1 April | (4,099.0) |
| 1,760.0 | Actuarial gains/(losses) on pensions assets and liabilities | (1,314.0) |
| 181.0 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement | (708.0) |
| 638.0 | Employers pensions contributions and direct payments to pensioners payable in the year | 608.0 |
| <u>(4,099.0)</u> | Balance at 31 March | <u>(5,513.0)</u> |

18. Accumulated Absences Account

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

| 2010/11 | Outturn figures £000 | IFRS Adjustments IAS 19 £000 | Accumulated Absences Account £000 | Capital and Depreciation Adjustments £000 | Recharges £000 | Interest Adjustment £000 | Net Expenditure in Final Accounts £000 |
|---|-------------------------|------------------------------------|---|--|-------------------|-----------------------------|--|
| Conservation of the Natural Environment | 642.4 | (8.1) | (1.1) | | 163.2 | | 796.4 |
| Conservation of Cultural Heritage | 220.5 | (3.1) | 0.2 | | 50.9 | | 268.5 |
| Recreation Management and Transport | 652.7 | (13.7) | (1.4) | 66.0 | 486.2 | | 1,189.8 |
| Promoting Understanding | 961.1 | (16.4) | (2.3) | 42.1 | 460.8 | | 1,445.3 |
| Rangers, Estate Services and Volunteers | 363.2 | (5.9) | (1.7) | | 92.1 | | 447.7 |
| Development Control | 559.3 | (12.0) | (0.4) | (2.5) | 272.5 | | 816.9 |
| Forward Planning | 400.2 | (3.3) | (0.6) | (3.8) | 61.5 | | 454.0 |
| Corporate and Democratic Core | 1,768.9 | (18.5) | (3.2) | 71.7 | (1,587.2) | 33.3 | 265.0 |
| Non Distributed Costs | 0.0 | (1,040.0) | | | | | (1,040.0) |
| Cost of Services | 5,568.3 | (1,121.0) | (10.5) | 173.5 | 0.0 | 33.3 | 4,643.6 |
| Interest Received | | | | | | (33.3) | (33.3) |
| Assets (Note 27) | | 302.0 | | | | | 302.0 |
| National Park Grant | (5,398.6) | | | | | | (5,398.6) |
| Net (Surplus) on Provision of Services | 169.7 | | | | | | (486.3) |
| Actuarial gains on pension assets and liabilities | | (1,760.0) | | | | | (1,760.0) |
| Total Comprehensive Income and Expenditure | | | | | | | (2,246.3) |

| 2010/11 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
|---|---|--|------------------|----------------------|----------------------|----------------------|--------------------|
| Outturn Analysis | | | | | | | |
| | Government Grants & Contributions | Fees Charges and Other Contributions | Total Income | Employee Expenses | Services Expenses | Total Expenditure | Net Expenditure |
| Conservation of the Natural Environment | (23.3) | (72.4) | (95.7) | 433.9 | 304.3 | 738.1 | 642.4 |
| Conservation of Cultural Heritage | (20.8) | (7.9) | (28.7) | 158.7 | 90.4 | 249.2 | 220.5 |
| Recreation Management and Transport | (549.1) | (688.4) | (1,237.4) | 704.3 | 1,185.7 | 1,890.1 | 652.6 |
| Promoting Understanding | 0.0 | (345.4) | (345.4) | 808.8 | 497.8 | 1,306.6 | 961.1 |
| Rangers, Estate Services and Volunteers | 0.0 | (3.5) | (3.5) | 278.9 | 87.8 | 366.7 | 363.2 |
| Development Control | (39.3) | (190.8) | (230.1) | 702.5 | 86.9 | 789.4 | 559.3 |
| Forward Planning | 0.0 | (29.8) | (29.8) | 155.5 | 274.4 | 430.0 | 400.2 |
| Corporate and Democratic Core | 0.0 | (38.8) | (38.8) | 1,258.6 | 549.1 | 1,807.7 | 1,769.0 |
| Total Cost of Service | (632.5) | (1,377.0) | (2,009.5) | 4,501.2 | 3,076.5 | 7,577.8 | 5,568.3 |

20. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year; full details of the Authority's Member Allowance Scheme, and of allowances paid to individual Members, are available on the Authority's website at www.yorkshiredales.org.uk

| | 2010/11 | 2011/12 |
|--------------|-------------|-------------|
| | £000 | £000 |
| Allowances | 71.4 | 69.9 |
| Expenses | 23.7 | 12.6 |
| Total | 95.1 | 82.5 |

21. Agency Services

In 2011/12 the Authority had contracts with North Yorkshire County Council to provide personnel, IT, Treasurer, legal and other services. Charges for those services in 2011/12 amounted to £32.6k (£42.6k in 2010/11).

22. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts:

| | 2010/11 | 2011/12 |
|---|---------|---------|
| | £000 | £000 |
| Fees payable to Deloitte LLP for external audit services services | 23.2 | 20.2 |

23. Officers' Remuneration

Regulations require the County Council to disclose the number of staff receiving payments, including taxable benefits, of more than £50k in the relevant financial year. The number of employees who receive remuneration of over £50k are as follows:

| Remuneration Band | 2010/11 | 2011/12 |
|-------------------|-----------------|-----------------|
| | No of employees | No of employees |
| £50,000 - £54,999 | 0 | 0 |
| £55,000 - £59,999 | 0 | 1 |
| £60,000 - £64,999 | 0 | 0 |
| £65,000 - £69,999 | 0 | 0 |
| £70,000 - £74,999 | 0 | 0 |
| £75,000 - £79,999 | 1 | 0 |
| £80,000 - £84,999 | 0 | 1 |
| £85,000 - £89,999 | 0 | 0 |

The Regulations also require the Authority to disclose the individual remuneration details of senior employees, under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employer's pension contribution;
- any other emoluments.

The regulations also require that persons whose salary is in excess of £150k per annum must be identified by name and that certain senior employees whose salary is £50k or more per year but less than £150k, must be listed individually by way of job title. Unless otherwise stated, none of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2011/12 or 2010/11.

| | 2010/11 | 2011/12 |
|---|---------------|---------------|
| Chief Executive | | |
| Basic Salary | 78,375 | 79,399 |
| Pension | 17,086 | 9,290 |
| Car Allowance | 1,170 | 1,170 |
| Total | <u>96,631</u> | <u>89,859</u> |
| Director of Conservation and Communities | | |
| Basic Salary | 47,036 | 54,092 |
| Pension | 5,503 | 6,329 |
| Car Allowance | 1,170 | 1,170 |
| Total | <u>53,709</u> | <u>61,591</u> |

The reduction in pension contributions from those figures reported in 2010/11 against the Chief Executive post are due to a permanent change in the manner to which the Authority's pension fund deficit is collected. A fixed lump sum amount is now payable by the Authority rather than a percentage charge against each employee salary. The employer contribution attributable to staff service is now 11.7%, with the deficit repayment as a percentage it was 21.8% in 2010/11.

24. Related Parties

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. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members allowances paid in 2011/12 is shown in note 20. The Register of Members' Interests (which the Authority is 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.

Many of the Authority's Members are also Members of parish, district and county councils and other organisations whose activities may or may be seen to affect those of the Authority. A number of Members are trustees of the Yorkshire Dales Millennium Trust and Hudson House Limited with which the Authority has close working relationships.

Officers have day-to-day control of the running of the Authority's affairs. No material related party transactions have occurred with officers in 2011/12.

During the year the following material transactions with related parties arose which are not disclosed elsewhere in the Statement of Accounts:

| 2011/12 | Receipts £000 | Payments £000 | O/S Creditors 31 March 2012 £000 | O/S Debtors 31 March 2012 £000 |
|---|------------------|------------------|--|--------------------------------------|
| Related Parties Other | | | | |
| Hudson House Ltd | | 8.2 | | |
| Yorkshire Dales Millennium Trust (Operating and Other Grants) | (13.3) | 138.4 | | |
| Yorkshire Dales Millennium Trust (SDF) | | 171.5 | (21.9) | 6.1 |
| Local Government | | | | |
| Craven District Council | (4.4) | 59.3 | | 0.5 |
| Dent Parish Council | (3.0) | 2.0 | | 3.0 |
| Ingleton Parish Council | | 3.8 | | |
| North York Moors National Park Authority | (1.5) | 1.6 | | 1.6 |
| North Yorkshire County Council | (40.2) | 63.0 | (13.8) | 23.0 |
| Richmondshire District Council | (2.8) | 74.4 | (0.1) | 0.3 |
| Sedbergh Parish Council | | 4.0 | | |
| South Lakeland District Council | (1.3) | | | 0.2 |
| Central Government | | | | |
| *Natural England | (157.2) | 7.3 | | 56.3 |
| The Environment Agency | | 10.0 | | 10.0 |
| The Planning Inspectorate | | 44.8 | | |
| | <u>(223.7)</u> | <u>588.3</u> | <u>(35.8)</u> | <u>101.0</u> |

* Also detailed in Grants Note 4

Comparative Data 2010/11:

| 2010/11 | Receipts £000 | Payments £000 | O/S Creditors 31 March 2011 £000 | O/S Debtors 31 March 2011 £000 |
|---|------------------|------------------|--|--------------------------------------|
| Related Parties Other | | | | |
| Yorkshire Dales Millennium Trust (Operating and Other Grants) | (30.5) | 175.7 | | |
| Yorkshire Dales Millennium Trust (SDF) | | 307.5 | (23.5) | |
| Local Government | | | | |
| Craven District Council | (146.1) | 53.1 | (0.1) | 10.1 |
| North Yorkshire County Council | (102.4) | 85.4 | (2.6) | 0.5 |
| Richmondshire District Council | (2.5) | 69.0 | | 0.3 |
| Central Government | | | | |
| Sustainable Development Fund (DEFRA) | (200.0) | | | |
| Regional Aggregates Working Party (DCLG) | (28.6) | | | 10.9 |
| Planning Delivery & Related Grants (DCLG) | (39.3) | | | |
| | <u>(549.4)</u> | <u>690.7</u> | <u>(26.2)</u> | <u>21.8</u> |

The Regulations also require the Authority to disclose the individual remuneration details of senior employees, under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employer's pension contribution;
- any other emoluments.

The regulations also require that persons whose salary is in excess of £150k per annum must be identified by name and that certain senior employees whose salary is £50k or more per year but less than £150k, must be listed individually by way of job title. Unless otherwise stated, none of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2011/12 or 2010/11.

| | 2010/11 | 2011/12 |
|---|---------------|---------------|
| Chief Executive | | |
| Basic Salary | 78,375 | 79,399 |
| Pension | 17,086 | 9,290 |
| Car Allowance | 1,170 | 1,170 |
| Total | <u>96,631</u> | <u>89,859</u> |
| Director of Conservation and Communities | | |
| Basic Salary | 47,036 | 54,092 |
| Pension | 5,503 | 6,329 |
| Car Allowance | 1,170 | 1,170 |
| Total | <u>53,709</u> | <u>61,591</u> |

The reduction in pension contributions from those figures reported in 2010/11 against the Chief Executive post are due to a permanent change in the manner to which the Authority's pension fund deficit is collected. A fixed lump sum amount is now payable by the Authority rather than a percentage charge against each employee salary. The employer contribution attributable to staff service is now 11.7%, with the deficit repayment as a percentage it was 21.8% in 2010/11.

24. Related Parties

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. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members allowances paid in 2011/12 is shown in note 20. The Register of Members' Interests (which the Authority is 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.

Many of the Authority's Members are also Members of parish, district and county councils and other organisations whose activities may or may be seen to affect those of the Authority. A number of Members are trustees of the Yorkshire Dales Millennium Trust and Hudson House Limited with which the Authority has close working relationships.

Officers have day-to-day control of the running of the Authority's affairs. No material related party transactions have occurred with officers in 2011/12.

During the year the following material transactions with related parties arose which are not disclosed elsewhere in the Statement of Accounts:

| 2011/12 | Receipts £000 | Payments £000 | O/S Creditors 31 March 2012 £000 | O/S Debtors 31 March 2012 £000 |
|---|------------------|------------------|--|--------------------------------------|
| Related Parties Other | | | | |
| Hudson House Ltd | | 8.2 | | |
| Yorkshire Dales Millennium Trust (Operating and Other Grants) | (13.3) | 138.4 | | |
| Yorkshire Dales Millennium Trust (SDF) | | 171.5 | (21.9) | 6.1 |
| Local Government | | | | |
| Craven District Council | (4.4) | 59.3 | | 0.5 |
| Dent Parish Council | (3.0) | 2.0 | | 3.0 |
| Ingleton Parish Council | | 3.8 | | |
| North York Moors National Park Authority | (1.5) | 1.6 | | 1.6 |
| North Yorkshire County Council | (40.2) | 63.0 | (13.8) | 23.0 |
| Richmondshire District Council | (2.8) | 74.4 | (0.1) | 0.3 |
| Sedbergh Parish Council | | 4.0 | | |
| South Lakeland District Council | (1.3) | | | 0.2 |
| Central Government | | | | |
| *Natural England | (157.2) | 7.3 | | 56.3 |
| The Environment Agency | | 10.0 | | 10.0 |
| The Planning Inspectorate | | 44.8 | | |
| | <u>(223.7)</u> | <u>588.3</u> | <u>(35.8)</u> | <u>101.0</u> |

* Also detailed in Grants Note 4

Comparative Data 2010/11:

| 2010/11 | Receipts £000 | Payments £000 | O/S Creditors 31 March 2011 £000 | O/S Debtors 31 March 2011 £000 |
|---|------------------|------------------|--|--------------------------------------|
| Related Parties Other | | | | |
| Yorkshire Dales Millennium Trust (Operating and Other Grants) | (30.5) | 175.7 | | |
| Yorkshire Dales Millennium Trust (SDF) | | 307.5 | (23.5) | |
| Local Government | | | | |
| Craven District Council | (146.1) | 53.1 | (0.1) | 10.1 |
| North Yorkshire County Council | (102.4) | 85.4 | (2.6) | 0.5 |
| Richmondshire District Council | (2.5) | 69.0 | | 0.3 |
| Central Government | | | | |
| Sustainable Development Fund (DEFRA) | (200.0) | | | |
| Regional Aggregates Working Party (DCLG) | (28.6) | | | 10.9 |
| Planning Delivery & Related Grants (DCLG) | (39.3) | | | |
| | <u>(549.4)</u> | <u>690.7</u> | <u>(26.2)</u> | <u>21.8</u> |

25. Leases

Under the Code, leases are classified as either operating or financing leases using the substance over form tests to assess if the asset is essentially 'owned'; if a lease is classified as a finance lease the asset is transferred to the Balance Sheet and a corresponding Finance Lease Liability is created. All current leases have been tested, and have been found to be correctly classified as operating leases, therefore there is no change to the accounting treatment or changes to the 2011/12 financial statements.

The Authority as a Lessee

The Authority has several operating leases for the following:

| Assets | Section Charged to in the Comprehensive Income and Expenditure Statement | Paid in 2011/12 £000 |
|-----------------------------|---|---------------------------------|
| Vehicles and Parking Metres | Recreational Management | 54 |
| Photocopiers | Apportioned in each department | 4.2 |
| Warehouse and Centres | Promoting Understanding | 15 |
| Ranger Field Accomodation | Recreational Management | 10.1 |
| | | <u>83.3</u> |

The future minimum lease payments due under non-cancellable leases in future years are:

| | 2010/11 £000 | 2011/12 £000 |
|--|-------------------------|-------------------------|
| Leases expiring within next 12 months | 38.5 | 15.9 |
| Leases expiring between one and five years | 48.8 | 8.5 |
| Leases expiring later than 5 years | 0.0 | 0.0 |
| | <u>87.3</u> | <u>24.4</u> |

Car park machines are being purchased and upgraded in 2012/13. The vehicles are all out of lease term and are being hired on a month by month basis until new lease vehicles replace them.

The Authority as Lessor

The Authority has several operating leases for the following:

| Assets | Section Revenue taken in the Comprehensive Income and Expenditure Statement | Received in 2011/12 £000 |
|---------------------------|--|-------------------------------------|
| Land | Park management | 3.4 |
| Car Park and Toilets | Park management | 3.0 |
| Bowling Green | Park management | 0.4 |
| National Park Centre Café | Promoting Understanding | 7.2 |
| Office Accomodation | Promoting Understanding | 0.6 |
| | | <u>14.6</u> |

The future minimum lease payments due under non-cancellable leases in future years are:

| | 2010/11 | Restated 2010/11 | 2011/12 |
|--|-------------|---------------------|--------------|
| | £000 | £000 | £000 |
| Leases expiring within next 12 months | 6.0 | 6.0 | 0.0 |
| Leases expiring between one and five years | 31.7 | 31.7 | 22.2 |
| Leases expiring later than 5 years | 10.9 | 325.9 | 379.5 |
| | <u>48.6</u> | <u>363.6</u> | <u>401.7</u> |

All the above leases are operated by a signed agreement where the rental income is fixed for a period of time and payable in instalments. No leases give the option to buy at a reduced rate and the Authority retains ownership and responsibility for the assets. Tenant leases include terms for responsibilities to upkeep the assets.

Leases expiring later than 5 years has been restated as a lease for £3k running to 2118 was mis-stated as being between one and five years in 2010/11.

26. Termination Benefits

As part of the measures to meet the reduction in the National Park Grant, a number of redundancies were made in 2010/11 and 2011/12, and further planned redundancies will continue over the next two years. Of the provision of £399.7k which was set aside in a provision to cover the liabilities recognised at 31 March 2011, £371.6k has now been used to cover redundancies; £16.4k was unused and released back into the Comprehensive Income and Expenditure Statement, and £11.7k remains as a provision for future redundancy costs.

| Exit package cost band £000 | No of compulsory redundancies | | No of other agreed departures | | Total No of exit packages by cost band | | Total Cost of exit packages by cost band | |
|--------------------------------|-------------------------------|----------|-------------------------------|-----------|--|-----------|--|--------------|
| | 2010/11 | 2011/12 | 2010/11 | 2011/12 | 2010/11 | 2011/12 | 2010/11 | 2011/12 |
| 1-20 | | | 5 | 7 | 5 | 7 | 31.8 | 63.9 |
| 20-40 | | | 1 | 3 | 1 | 3 | 21.9 | 64 |
| 40-60 | | | | 3 | 0 | 3 | | 143.8 |
| 60-80 | | | | | 0 | 0 | | |
| 80-100 | | 1 | | | 0 | 1 | | 99.9 |
| Total | <u>0</u> | <u>1</u> | <u>6</u> | <u>13</u> | <u>6</u> | <u>14</u> | <u>53.7</u> | <u>371.6</u> |

27. Defined Benefit Pension Scheme

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

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

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

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £1,414k.

| 2010/11 £000 | Comprehensive Income and Expenditure Statement | 2011/12 £000 |
|------------------|--|-----------------|
| | Cost of Service | |
| 557.0 | Current Service Cost | 430.0 |
| (1,040.0) | Past Service Costs | |
| <u>(483.0)</u> | | <u>430.0</u> |
| | Financing and Investment Income and Expenditure | |
| 974.0 | Interest Cost | 893.0 |
| (672.0) | Expected return on Assets in the Scheme | (787.0) |
| | Effect of curtailments and settlements | 172.0 |
| <u>302.0</u> | | <u>278.0</u> |
| <u>(181.0)</u> | Total Post Employment Benefit Charged to the surplus or deficit on the provision of service | <u>708.0</u> |
| | Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | |
| (1,760.0) | Actuarial (gains) and losses | 1,314.0 |
| <u>(1,941.0)</u> | Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | <u>2,022.0</u> |
| | Movement in Reserves Statement | |
| (181.0) | Reversal of net charges made for retirement benefits in accordance with IAS 19 | 708.0 |
| (638.0) | Actual amount charged against the General Fund Balance for pensions in the year | (608.0) |
| <u>(819.0)</u> | | <u>100.0</u> |

Assets and Liabilities in Relation to Post-employment Benefits

| 31 March 2011 | <u>North Yorkshire Pension Fund</u> | 31 March 2012 |
|-----------------|--|-----------------|
| £000 | | £000 |
| 16,826.0 | Benefit Obligation at beginning of period | 16,252.0 |
| 557.0 | Current Service Cost | 430.0 |
| 974.0 | Interest on Pension Liabilities | 893.0 |
| 195.0 | Member Contributions | 173.0 |
| (1,040.0) | Past Service Cost | 0.0 |
| (1,027.0) | Actuarial (Gains)/Losses on Liabilities | 710.0 |
| 0.0 | Curtailments | 172.0 |
| (233.0) | Benefits/transfers paid | (627.0) |
| <u>16,252.0</u> | | <u>18,003.0</u> |

| 31 March 2011 | <u>North Yorkshire Pension Fund</u> | 31 March 2012 |
|-----------------|---|-----------------|
| £000 | | £000 |
| | Change in Plan Assets during period to 31 Mar 11 | |
| 10,148.0 | Fair Value of plan assets at beginning of the period | 12,153.0 |
| 672.0 | Expected return on plan assets | 787.0 |
| 733.0 | Actuarial (Losses)/Gains on assets | (604.0) |
| 638.0 | Employer Contributions | 608.0 |
| 195.0 | Member Contributions | 173.0 |
| (233.0) | Benefits/transfers paid | (627.0) |
| <u>12,153.0</u> | Fair Value of the plan assets at the end of period | <u>12,490.0</u> |
| <u>4,099.0</u> | Deficit | <u>5,513.0</u> |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £184k (2010/11: £827k).

Scheme History

| | IFRS 2011/12 £000 | IFRS 2010/11 £000 | UK GAAP 2009/10 £000 | UK GAAP 2008/09 £000 | UK GAAP 2007/08 £000 |
|---|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| Present value of liabilities: | | | | | |
| Fair value of assets in the Local Government Pension Scheme | 12,490.0 | 12,153.0 | 10,148.0 | 5,972.0 | 8,634.0 |
| (Surplus)/Deficit in the scheme: | 5,513.0 | 4,099.0 | 6,678.0 | 4,817.0 | 4,452.0 |
| Total | 18,003.0 | 16,252.0 | 16,826.0 | 10,789.0 | 13,086.0 |

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment benefits. The total liability of £5,513k has a substantial impact on the net worth of the Authority as recorded in the Balance

Sheet; however statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- The deficit on the local governments scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2013 is £458.8k.

Basis for Estimating Assets and Liabilities

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

| | 31 March 2011 % | 31 March 2012 % |
|---|---|---|
| Financial Assumptions | | |
| Rate of RPI Inflation | 3.40 | |
| Rate of CPI Inflation | 2.90 | 2.50 |
| Rate of Increase in salaries | 4.65 | 4.25 |
| Rate of increase in pensions | 2.90 | 2.50 |
| Rate for discounting scheme liabilities | 5.50 | 4.90 |
| Take-up option to convert annual pension into retirement lump sum | 50% take max cash 50% take 3/80th cash | 50% take max cash 50% take 3/80th cash |
| Mortality Assumptions | | |
| Life expectancy of male (female) | | |
| -future pensioner aged 65 in 20 years time | 23.5 (26.3) years | 23.6 (26.4) years |
| -current pensioner aged 65 | 22.1 (24.7) years | 22.2 (24.8) years |

| | Long term expected rate of return 31/03/2011 % | Proportion 31 March 2011 % | Long term expected rate of return 31/03/2012 % | Proportion 31 March 2012 % |
|--------------------|--|----------------------------------|--|----------------------------------|
| Equities | 7.50 | 74.7 | 7.00 | 70.8 |
| Government Bonds | 4.40 | 8.9 | 3.10 | 20.2 |
| Other Bonds | 5.10 | 15.9 | 4.10 | 8.2 |
| Property | N/A | 0.0 | 6.00 | 0.0 |
| Cash/Liquidity | 0.50 | 0.5 | 0.50 | 0.8 |
| Other | N/A | 0.0 | 7.00 | 0.0 |
| Expenses Deduction | 0.37 | 0.0 | 0.37 | 0.0 |
| | | <u>100.0</u> | | <u>100.0</u> |

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

| | 2011/12 | | 2010/11 | | 2009/10 | | 2008/09 | | 2007/08 | |
|--|------------------|--------------|----------------|------------|------------------|---------------|----------------|--------------|----------------|--------------|
| | £000 | % | £000 | % | £000 | % | £000 | % | £000 | % |
| Experience gains and (losses) on liabilities | 0 | | 498 | 3.1 | 0 | | 0 | | 613 | 4.7 |
| Differences between the expected and actual return on assets | (604.0) | (4.8) | 733.0 | 4.8 | 3,142.0 | 31.0 | (3,748.0) | (62.8) | (1,064.0) | (12.3) |
| Actuarial gains and (losses) on liabilities | <u>(710.0)</u> | <u>(3.9)</u> | <u>1,027.0</u> | <u>6.3</u> | <u>(4,959.0)</u> | <u>(29.5)</u> | <u>3,487.0</u> | <u>32.3</u> | <u>223.0</u> | <u>1.7</u> |
| Actuarial gains and (losses) | <u>(1,314.0)</u> | <u>9.8</u> | <u>1,760.0</u> | <u>9.8</u> | <u>(1,817.0)</u> | <u>(10.8)</u> | <u>(261.0)</u> | <u>(2.4)</u> | <u>(841.0)</u> | <u>(6.4)</u> |

As at 31 March 2012, the Authority did not owe any contributions to the North Yorkshire Pension Fund. The expected employer contribution to the scheme in the year ending 31 March 2013 is £449.1k.

28. Contingent Liabilities

There are no contingent liabilities.

29. Soft Loans

Two short term loans were granted in 2011/12, which will be repaid in May 2012. The Yorkshire Dales National Park Authority and the Yorkshire Wildlife Trust entered into a collaborative agreement relating to the Yorkshire Peat Project, the aim of which is to restore the upland peat environment of North Yorkshire.

Due to a timing issue where contractors need to be paid before the grant funds are received from Natural England, the Yorkshire Dales National Park Authority agreed to fund the Yorkshire Wildlife Trust with short term loans up to a maximum of £453K, to enable them to participate in the project. The Authority considers that entering into this agreement will facilitate the conservation and enhancement of the natural beauty and wildlife of the Yorkshire Dales National Park. As this was a collaborative project the loans were granted interest free.

| Entity | 2010/11 £000 | 2011/12 £000 | Repayment Date |
|--------------------------|-----------------|-----------------|----------------|
| Yorkshire Wildlife Trust | 0.0 | 76.0 | 04/05/2012 |
| Yorkshire Wildlife Trust | | 127.4 | 23/05/2012 |
| | <u>0.0</u> | <u>203.4</u> | |

30. Accounting Standards Issued But Not Yet Adopted

IFRS7 Financial Instruments disclosures of transfers of financial assets which is unlikely to affect this Authority

Annual Governance Statement

Scope of Responsibility

The Yorkshire Dales National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with law and proper standards, and that public money is safeguarded, 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 duty, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.

The Authority has adopted a Corporate Governance Policy and a set of principles which are consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the policy is available on our website www.yorkshiredales.org.uk or it can be obtained from; the Monitoring Officer, Yorkshire Dales National Park Authority, Yoredale, Bainbridge, Leyburn, North Yorkshire DL8 3EL. This Statement explains how the Authority has complied with the policy and principles, and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011.

The Purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is managed and controlled and the activities through which it accounts to, engages with, and leads its stakeholders. It enables the Authority to monitor the achievement of its objectives and to consider whether these objectives have led to the delivery of appropriate and cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level, not to provide absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage those risks efficiently, effectively and economically.

The governance framework has been in place at the Authority for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts.

The governance framework

The Authority's Corporate 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 a Corporate Governance Policy which aims to implement the core values of the Authority. The Policy states that all Members of the Authority share responsibility for

governance arrangements and requires the Monitoring Officer to review governance arrangements and to report annually to the Audit and Review Committee on the findings of that review.

The key aspects of the corporate governance framework include:

- (a) The Authority publishes its objectives and commitment to the achievement of statutory purposes in a number of plans; the key plan is the National Park Management Plan (NPMP) which establishes the vision for the National Park. The current NPMP ends in 2012, and work is underway to develop a new plan, for adoption by the Authority before the end of the current calendar year.
- (b) The Corporate Plan translates the Authority's commitments in the NPMP into service-specific objectives, with targets, performance indicators and financial plans. This is revised and published annually and forms an integral part of the Performance Management regime.
- (c) The Medium Term Financial Strategy is established by the Authority's Budget Process, which is developed in accordance with the Priorities approved by the Authority, and prepared in line with requirements laid down by Government.
- (d) A Local Code of Corporate Governance is maintained, to compare the Authority's actual governance arrangements against the governance principles it has adopted.
- (e) The Authority's Standing Orders, Financial Regulations and other procedures describe the decision - making process and operation of the Authority. These establish the transparency, accountability, efficiency and effectiveness of the operation of the Authority. These are supplemented by the:
 - o Scheme of Delegation
 - o Members Code of Conduct
 - o Officers Code of Conduct
 - o Policies and Procedures
- (f) The Financial Management of the Authority is embedded in the systems for budget setting, and for controlling and monitoring expenditure, which are applied consistently across its operations.
- (g) Performance Management is applied consistently to the operations of the organisation and includes the national performance review process - *National Park Authority Performance Assessment (NPAPA)*. An assessment took place in 2010/11 and included the visit of a peer review team, who produced a report on their findings: this is available on the Authority's website.
- (h) Risk Management procedures were revised substantially in 2010/11, to link the risk management process explicitly to the achievement of the Authority's objectives. All risks are reviewed quarterly with the Authority's insurance advisors, to ensure appropriate cover is in place both for existing and emerging issues. The Authority also maintains a Health and Safety Working Group to manage the particular risks in that area, and this group has carried out a complete review of all procedures in 2011/12.

- (i) Internal Audit (provided by Veritau Ltd) provides an independent review of compliance with all of the above.

The main independent sources of assurance on the operation of the Corporate Governance Framework are the work of the Authority's Internal and External Auditors, whose work complements that of other review bodies, for example the NPAPA peer review team, the Investors in People assessor, and the Customer Service Excellence assessor.

The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010) with the exception of two issues which reflect the arrangements in place to provide certain services under contract. The Authority's Chief Financial Officer (s151 Officer) in 2011/12 was the Corporate Director Finance and Central Services 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. He does not, however, sit on the Senior Management Team, although he has direct access as required to the Chief Executive and Members of the National Park Authority. As from 1st April 2012, new arrangements will come into effect, whereby the Authority's Director of Corporate Services becomes the Chief Financial Officer. He is a professionally qualified accountant, a member of Senior Management Team, and is directly responsible for the organisational leadership and management of an internal finance function with suitably qualified staff.

Review of Effectiveness

A review of the effectiveness of the Authority's governance framework including the system of internal control is performed on an annual basis. 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 Internal Audit reports on the audits conducted throughout the year, and also by comments made by the external auditors and other review agencies and inspectorates.

The process by which this review is undertaken is continual throughout the year and results in bi - annual reports by the Monitoring Officer to Senior Management Team and an annual report to the Audit & Review Committee. These reports are used to inform this Annual Governance Statement, which has been prepared by the Chief Executive, the Monitoring Officer, the Section 151 Officer, the Director of Corporate Services and the Head of Finance and Resources, who consult with the following key Members:

- The Chair of the Authority
- The Chair of the Standards Committee
- The Corporate Management Member Champion.

The review of effectiveness for the Financial Year identified the following key issues relating to 2011/12:

- A complete restructuring of the organisation was carried out, to adapt to the Authority's reduced financial resources; this included rethinking how the Authority's business is done, as well as adapting key governance documents such as Standing Orders, Financial Regulations and the Delegation Scheme. The restructuring was achieved smoothly, without any threat of industrial or legal action, or unplanned detriment to service delivery.

- The Authority worked throughout the year to implement recommendations from the National Park Authority Performance Assessment (NPAPA) report received in January 2011, and the actions were either achieved or subsumed within a central government review of National Park Authority governance arrangements. The final outcomes of this review are still awaited (March 2012).
- A review of the Authority's partnerships, and their governance arrangements, was undertaken, in the light of the comprehensive spending review. This resulted in the Authority disengaging from 15 partnerships.
- Reviews of a number of strategies and policies have been undertaken, either to address new issues or because the policies concerned were due for review. This included policies that are specific to particular work areas, as well as the following, of more general significance in relation to governance:
 - Confidential Reporting Policy
 - Communication and Consultation Strategy
 - Standing Orders
 - Scheme of Delegation
- The Authority maintained its accreditation under the Customer Service Excellence Standard, and also has current recognition as an "Investor in People".
- Work has been undertaken during the year to start to develop new ethical arrangements in relation to Authority Members, in the light of provisions in the Localism Act 2011.
- A review has been undertaken of the Member Champion Initiative, which was first established by the Authority in 2006. This review addressed an NPAPA recommendation that the Authority should reassure itself that roles and responsibilities allocated to the Champions do not create conflicts of interest or other governance issues.
- In their Annual Audit Letter for 2010/11, the external auditors concluded that the Authority achieved a good standard of financial reporting, with no material adjustments to the reported financial position; there was also an unqualified audit opinion on the Statement of Accounts, and an unqualified value for money conclusion.
- A total of seven reports were received from the Authority's internal auditors: these contained assessments of high assurance in six reports, and substantial assurance in the other.

We have been advised by the Senior Management Team and the Audit and Review Committee on the implications of the review of the effectiveness of the governance framework, and we are satisfied that a plan to address weaknesses and to ensure continuous improvement of the system is in place.

Significant Governance Issues

The review of effectiveness identified the following areas to be addressed in 2012/13:

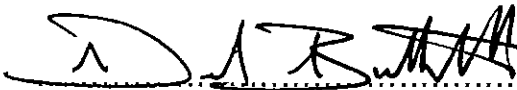
- The preparation of the new National Park Management Plan will be progressed, in close liaison with stakeholder organisations and local communities, with the new Plan being adopted in December 2012.
- There will be a review of the new structure which was introduced in July 2011 to deal with the financial situation. This will include the new Directorate structure and Senior Management Team membership.
- New arrangements in relation to standards of conduct by Authority Members will be implemented, including a new code of conduct, a new register of personal interests, and arrangements for dealing with complaints: these must be in place by 1st July 2012.
- The conclusions of the review of the Member Champion initiative will be implemented.
- Reviews will be undertaken of the following policies and strategies:
 - The Authority's core values
 - Corporate Governance Policy
 - Financial Regulations
 - Anti Fraud and Corruption Policy
 - Code of Good Practice on Planning
 - Officer Code of Conduct
 - Equality Policy
 - Freedom of Information Procedures and Publication Scheme
 - IT Policies and Procedures
 - Procurement Strategy
- The Authority will take any actions necessary to implement the final outcome of the Government's review of National Park Authority governance arrangements.
- Work will commence on the preparation of the core strategy within the Local Development Framework. This will establish the Authority's key policies as local planning authority for the Yorkshire Dales National Park.
- Natural England has proposed to Government a significant expansion of the Yorkshire Dales National Park, including the northern Howgill fells, the Orton Fells, and the Mallerstang valley. If the Secretary of State makes an order giving effect to all or part of these proposals, the Authority will need to consider issues of service delivery and governance in relation to these new areas.
- The Authority will in 2012 undergo its triennial review against the Investors in People standard, and must ensure that this is retained.

We propose over the coming year to take steps to address the above matters to ensure that our governance arrangements remain fit for purpose. 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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Chairman


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Chief Executive

Date:.....28/9/12.....

On behalf of the Yorkshire Dales National Park Authority.