



YORKSHIRE DALES
National Park Authority

YORKSHIRE DALES NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS

2017/2018


INDEX

STATEMENT OF ACCOUNTS	3
Narrative Report	3
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YORKSHIRE DALES NATIONAL PARK AUTHORITY	10
Statement of Responsibilities for the Statement of Accounts	13
CORE FINANCIAL STATEMENTS.....	14
Movement in Reserves Statement	14
Comprehensive Income and Expenditure Statement.....	15
Expenditure and Funding Analysis 2016/17.....	16
Expenditure and Funding Analysis 2017/18.....	17
Balance Sheet.....	18
Cash Flow Statement	19
Notes to the Core Financial Statements	20
Summary of Significant Accounting Policies	45
ANNUAL GOVERNANCE STATEMENT 2017/18	57

STATEMENT OF ACCOUNTS

Narrative Report

INTRODUCTION

1. The Yorkshire Dales National Park Authority (the Authority) was constituted on 1 April 1997 under the Environment Act 1995.
2. The Authority's role is clearly defined in Parliament by two statutory purposes:
 - To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park, and
 - To promote opportunities for the understanding and enjoyment of the special qualities of the area by the public.
3. In performing the above the Authority is also required to foster the economic and social well-being of local communities within the National Park.
4. The management and direction of the Authority is determined by the National Park Management Plan which is developed together with partner organisations operating within the Park on a five year cycle. It can be found on our website under:
www.yorkshiredalesmanagementplan.org.uk.
5. The Corporate Plan is developed from the National Park Management Plan to implement the objectives in the latter; and then further refined into an annual action plan. Both documents can be found on our website under:
www.yorkshiredales.org.uk – 'About us', Click on the arrow ▼ to the left of the green box  and select 'How We Work', scroll down and click on 'Corporate Plan Published' to view a copy, and for more information about the annual actions and audit process.
6. The Authority's achievements against objectives are reported annually. Reports for 2017/18 are available on our website under:

Paper: YDNPMP Annual Report 2017/18

www.yorkshiredalesmanagementplan.org.uk – and search for Annual Report, scroll down to "Other background documents produced so far are available here for you to view and download" and click on the latest Annual Report. The above paper will be available in July.

Paper: Review of the Authority Performance

www.yorkshiredales.org.uk – go to: 'About us', 'How we Work', 'Committee Meetings', click on Audit and Review Committee, search for the appropriate year (2017/18 performance will be 2018) and the above report will be in the July papers.

7. The membership of the Yorkshire Dales National Park Authority is set out in legislation (Environment Act 1995). The overall role of the twenty five Members is to ensure that the Authority fulfils National Park Purposes and does so in a way that best reflects the special qualities of the Park.

Members have a duty to achieve the efficient, effective and accountable governance of the organisation in the best interests of the National Park, and to provide leadership, scrutiny and direction in pursuing the aim of sustainable development – balancing and integrating environmental, social and economic considerations.

- Fifteen Members are appointed from the local County Councils (North Yorkshire, Cumbria and Lancashire) and District Councils (Craven, Eden, Richmondshire and South Lakeland) and Lancaster City Council.
- Ten Members are appointed by the Secretary of State; of these ten, six are 'national' appointments, in recognition of the national status of the area, and four represent the parishes in the National Park.

Details about our Members can be found on our website under:

- www.yorkshiredales.org.uk – go to: 'About us', 'Our People', 'Members', 'Meet the Members'

8. Details of our various committees and reports from those committees can be found on our website under:

- www.yorkshiredales.org.uk – go to: 'About us', 'How We Work', 'Committee Meetings', 'Forthcoming Meetings'

9. In 2017/18 the Authority employed 143 full and part-time staff (87 female and 56 male).

10. Included in the above staff numbers were 5 Directors or Senior Managers (2 female and 3 male).

11. The Authority's accounts for the year ended 31 March 2018 are presented in the format laid down in the Code of Practice on Local Authority Accounting in the United Kingdom: 2017/18 ('The Code') published 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) Narrative Report** – the purpose of this is to indicate the most significant matters impacting on the Authority's financial position. In particular it describes the Authority's financial performance and the economy, efficiency and effectiveness of its use of resources.
- 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** - this 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 relating to the revaluation of assets and the actuarial valuation of the pension fund assets and liabilities, which do not arise out of the Authority's provision of services.
- d) **Expenditure and Funding Analysis** – this demonstrates how the funding available to the Authority for the year has been used in providing services in comparison with those resources consumed or earned by the Authority.
- e) **Balance Sheet** – this shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The total net asset value of the Authority (assets less liabilities) is matched by the value of the total 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'.
- f) **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, 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 paid for from resources which are intended to contribute to the Authority's future service delivery.

12. These accounts are supported by a Summary of Significant Accounting Policies detailing the basis upon which the accounts have been prepared and estimation techniques used. Supplementary notes provide further information on the figures stated in the accounting statements.

13. The tables in this document are prepared in spread sheets and are rounded to one decimal place; this can cause slight rounding differences in the table totals.
14. **Annual Governance Statement** – this 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 included at the end of this document but does not form part of the Statement of Accounts.
15. The Authority is an admitted body to the North Yorkshire Pension Fund ('The Fund'), which is part of the Local Government Pension Scheme (the 'LGPS').
16. The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on Career Average Revalued Earnings scheme. Details of the benefits earned over the period covered by the following disclosure are set out in 'The Local Government Pension Scheme Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

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 2018, the net liability (assets minus liabilities) stood at **£3.607m**, a decrease in the liability of **£0.676m** on the previous year's value (£4.283m).

There are a number of factors that have resulted in a net decrease to the deficit:

- Assets increased in real terms by £2.704m. The scheme's liabilities are calculated using a discount rate set with reference to corporate bond yields. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to accounting figures;
- Liabilities increased by £2.028m, which includes a £3.168m decrease due to changes in financial assumptions. Any decrease in corporate bond yields will increase the value placed on liabilities for accounting purposes;
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit and vice versa; inflation remains at historically low levels.
- The majority of the Fund's obligations are to provide benefits for the life of the members following their retirement, so increases in their life expectancy will result in an increase in the liabilities.
- Although the organisation's pension liabilities will be paid out over many years into the future, accounting rules require that the value is based on bond yields on the last day of the financial year. This can cause volatility in year-end valuations.

SUMMARY OF REVENUE SPENDING

17. The main components of the budget for 2017/18 and a comparison with the actual position are set out below. These figures are prior to the charges for the use of assets. The figures reconcile to the Annual Outturn.

Outturn Summary of Revenue Spending

Accounts in Statement of Final Account Format, Year End 2017/18

Expenditure	Actual £'000	Budget £'000	Variance £'000
Conservation of Natural Environment	759	984	225
Conservation of Cultural Heritage	269	417	148
Recreation Management	2,068	2,171	103
Promoting Understanding	1,412	1,493	81
Rangers, Estate Services & Volunteers	359	425	66
Development Control	671	646	(25)
Forward Planning	294	512	218
Corporate Management	1,666	1,685	19
Total Expenditure	7,498	8,333	835
Income	Actual £'000	Budget £'000	Variance £'000
Conservation of Natural Environment	(195)	(238)	(43)
Conservation of Cultural Heritage	(128)	(87)	41
Recreation Management	(1,534)	(1,300)	234
Promoting Understanding	(543)	(492)	51
Rangers, Estate Services & Volunteers	(24)	(45)	(21)
Development Control	(250)	(229)	21
Forward Planning	(32)	(57)	(25)
Corporate Management	(204)	(46)	158
Total Income	(2,910)	(2,494)	416
Net Expenditure	4,588	5,839	1,251
Financed By:			
National Park Grant	(5,054)	(5,054)	0
Balance (from)/to Reserves	466	(785)	(1,251)
	(4,588)	(5,839)	(1,251)

18. The Authority has reported an apparent net favourable variance against budget of **£1,251k** in 2017/18, however part of this is a product of accounting treatment, the most notable being that a number of projects totalling **£550k** were incomplete as at 31 March 2018; the budgets to complete this work will be carried forward into 2018/19.
19. Putting the results into context, the 2017/18 original budget (set before updates for additional externally funded in-year projects) contained the following targets:
- An income target of at least **£6.6m**; actual income for 2017/18 was **£8.0m**, a positive variance of **£1.4m**.
 - An expenditure budget, supported by the use of reserves of **£7.3m**; actual gross expenditure for 2017/18 was **£7.5m**, a positive variance of **£0.2m**.
20. These outcomes are a considerable achievement for the Authority, although the year-end picture is complicated by the timing and delivery of activity supported by some of the extra income. In accepting externally funded projects:
- The Authority's Reserves have been temporarily increased above expected levels, as the income will be used to fund projects over the next one to five years.
 - The additional work brought with the income has displaced some planned activity. This has meant that the volume of such activity to be carried forward into 2018/19 is 20% higher than at the end of the 2016/17.
21. Further movements which are not reflected in the above figures at 31 March 2018 are outlined in the Expenditure and Funding Analysis on page 17.
22. The Useable Reserves balance of **£3,281k** consists of Earmarked Reserves totalling **£1,942k**, (£764k Contingency Reserve; £550k Carry Forward Budgets; £104k Opportunities Fund for 2018/19; £128k Property (Maintenance) Reserve; £69k IT (replacement and upgrade) Reserve; £42k Development Management System Reserve; £115k Broadband Loans Reserve; £50k Access for All Reserve; £120k Rights of Way Reserve) and a General Reserve of **£1339k**. The General Reserve will be used to provide match funding for future grant-funded projects currently under development.
23. Revenue Working Balance: The Authority prudently seeks to maintain a permanent balance sheet reserve as a contingency against unexpected events. At present, the Authority has a target objective for the level of this contingency reserve to be set at 10% of total budget spend, which is met by the current level of the Contingency Reserve (**£764k**).
24. Future Funding: The Authority is funded mainly by a DEFRA Core Grant. Grant for the next two years has been confirmed as **£5,141.4k** (2018/19) and **£5,229.8k** (2019/20).

25. Major Capital Investments:

- Aysgarth National Park Centre was fully refurbished including major roof repairs.
- The Dales Countryside Museum benefited from the addition of a mezzanine floor to house the Earby Lead Mining Exhibition; it also had substantial security enhancements in order that the museum will be able to house major external art exhibitions sourced from other museums. Both projects had substantial external funding.
- The Authority does not currently require any borrowing to finance its capital works.

26. Provisions and Contingencies:

- Swaledale Barns and Walls Legacy was received in 2011 (£105.9k); this provision is being used to match fund a project funded by the Heritage Lottery Fund which started in 2016/17. The project is focussed on the restoration of traditional farm buildings in Swaledale.

27. Asset Revaluation:

- The Authority commissions a full revaluation of its Land and Building assets every five years, the latest being completed on 31 March 2018. Interim desk top revaluations are completed each year to ensure assets are valued correctly; if there is a material difference in valuation, then this is reflected in the Accounts. For 2017/18, this exercise was undertaken by a MRICS-Registered Valuer employed by North Yorkshire County Council, using the guidance in the CIPFA 2017/18 Code which includes the adoption of 'IFRS13 Fair Value Measurement'.

CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS

28. The policies are set out formally in the Statement of Accounting Policies. The policies adopted in 2017/18 are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom: 2017/18.

29. There have been no changes in policy.

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

We have audited the financial statements Yorkshire Dales National Park Authority for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority's Movement in Reserves Statement;
- Authority's Comprehensive Income and Expenditure Statement;
- Authority's Balance Sheet;
- Authority's Cash Flow Statement; and
- The related notes to the Core Financial Statements 1 to 29, including the Expenditure Fund Analysis and Summary of Significant Accounting Policies.

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 2017/18.

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 2018 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 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the S151 Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the S151 Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The S151 Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the

other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General's (C&AG) in August 2017, we are satisfied that, in all significant respects, Yorkshire Dales National Park Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the S151 Treasurer

As explained more fully in the Statement of the S151 Treasurer's Responsibilities set out on pages 13, the S151 Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in August 2017, as to whether the Yorkshire Dales National Park Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Yorkshire Dales National Park Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.



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

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 Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Yorkshire Dales National Park Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Hassan Rohimun (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Manchester
31 July 2018*

The maintenance and integrity of the Yorkshire Dales National Park Authority web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 S151 Treasurer;
- 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 S151 Treasurer is responsible for the preparation of the Authority's Statement of Accounts, in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the statement of accounts, the S151 Treasurer has:

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

The S151 Treasurer has also:

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

CERTIFICATE OF THE S151 TREASURER

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 2018.



R Burnett
S151 Treasurer
Yorkshire Dales National Park Authority

31 July 2018

CORE FINANCIAL STATEMENTS

Movement in Reserves Statement

		General Fund Balance £000	Earmarked General Fund Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2017		(865.2)	(1,961.0)	0.0	(2,826.2)	(2,964.9)	(5,791.1)
Surplus on the provision of services	Page 15	(157.0)	0.0	0.0	(157.0)	0.0	(157.0)
Other Comprehensive Income and Expenditure	Page 15	0.0	0.0	0.0	0.0	(1,728.4)	(1,728.4)
Total Comprehensive Income and Expenditure		(157.0)	0.0	0.0	(157.0)	(1,728.4)	(1,885.4)
Adjustment between accounting basis and funding basis under regulations	Note 2	(298.0)	0.0	0.0	(298.0)	298.0	0.0
Net Increase before transfers to Earmarked Reserves		(455.0)	0.0	0.0	(455.0)	(1,430.4)	(1,885.4)
Transfers to/from Earmarked Reserves	Note 3	(18.7)	18.7	0.0	0.0	0.0	0.0
Transfers to/from Revaluation Reserve	Note 5	0.0	0.0	0.0	0.0	0.0	0.0
Increase in 2017/18	Page 15	(473.7)	18.7	0.0	(455.0)	(1,430.4)	(1,885.4)
Balance at 31 March 2018	Page 18	(1,338.9)	(1,942.3)	0.0	(3,281.2)	(4,395.)	(7,676.5)
Balance at 31 March 2016		(2,214.8)	(204.0)	0.0	(2,418.8)	(3,448.1)	(5,866.9)
Deficit on the provision of services	Page 15	46.8	0.0	0.0	46.8	0.0	46.8
Other Comprehensive Income and Expenditure	Page 15	0.0	0.0	0.0	0.0	29.0	29.0
Total Comprehensive Income and Expenditure	Page 15	46.8	0.0	0.0	46.8	29.0	75.8
Adjustment between accounting basis and funding basis under regulations	Note 2	(427.6)	0.0	0.0	(427.6)	427.6	0.0
Net increase before transfers to Earmarked Reserves		(380.8)	0.0	0.0	(380.8)	456.6	75.8
Transfers to/from Earmarked Reserves	Note 3	1,757.0	(1,757.0)	0.0	0.0	0.0	0.0
Transfers to/from Revaluation Reserve	Note 5	(26.6)	0.0	0.0	(26.6)	26.6	0.0
Increase in 2016/17	Page 15	1,349.6	(1,757.0)	0.0	(407.4)	483.2	75.8
Balance at 31 March 2017	Page 18	(865.2)	(1,961.0)	0.0	(2,826.2)	(2,964.9)	(5,791.1)

Comprehensive Income and Expenditure Statement

For the year ending 31 March 2018

2016/17

2017/18

Gross Expenditure	Income	Net Expenditure	Heading	Note (N)/ Page (P)	Gross Expenditure	Income	Net Expenditure
£000	£000	£000			£000	£000	£000
667.8	(125.1)	542.7	Conservation of the Natural Environment	P16/17	821.3	(194.6)	626.7
204.7	(67.6)	137.1	Conservation of Cultural Heritage	P16/17	280.6	(127.7)	152.9
1,662.2	(1,119.1)	543.1	Recreation Management and Transport	P16/17	2,084.9	(1,520.6)	564.3
1,188.1	(393.2)	794.9	Promoting Understanding Rangers, Estate Services and Volunteers	P16/17	1,572.8	(542.8)	1,030.0
300.3	(18.3)	282.0	Development Control	P16/17	384.2	(24.1)	360.1
627.6	(335.2)	292.4	Forward Planning	P16/17	732.6	(249.8)	482.8
309.5	(32.9)	276.6	Corporate and Democratic Core	P16/17	303.9	(32.0)	271.9
1,633.9	(34.9)	1,599.0	Non Distributed Costs	P16/17	1,639.4	(105.1)	1,534.3
0.0	0.0	0.0		P16/17	0.0	0.0	0.0
6,594.1	(2,126.3)	4,467.8	Cost of Services		7,819.7	(2,796.7)	5,023.0
		8.6	Net Loss/(Gain) on disposals of Fixed Assets				(36.9)
	(20.0)		Interest and Investment Income	P16/17			(21.7)
		0.0	Revaluation gains against previous losses in Comprehensive Income and Expenditure	P16/17			(172.0)
		131.0	Pension Interest Cost and Expected Return on Pension Assets	N27			105.0
	119.6		Financing and Investing Income and Expenditure				(125.6)
	4,587.4		Net Operating Expenditure				4,897.4
	<u>(4,540.6)</u>		National Park Grant				<u>(5,054.4)</u>
	46.8		Net Deficit/(Surplus) on Provision of Services				<u>(157.0)</u>
	0		Revaluation gains on Property, Plant and Equipment	N15			(543.3)
	29.0		Actuarial losses/(gains) on pension assets and liabilities	N27			<u>(1,185.1)</u>
	29.0		Other Comprehensive Income and Expenditure				<u>(1,728.4)</u>
	<u>75.8</u>		Total Comprehensive Income and Expenditure				<u>(1,885.4)</u>

Expenditure and Funding Analysis 2016/17

	Outturn figures £000	IFRS Adjustments IAS19 £000	Accumulated Absences Account £000	Capital Assets £000	Depreciation Adjust. £000	Interest & Technical Adjustment £000	Net Expenditure in Final Accounts £000
	1	2	3	4	5	6	7
Conservation of Natural Environment	523.9	18.0	0.8	-	-	-	542.7
Conservation of Cultural Heritage	136.1	3.3	-	(3.7)	1.4	-	137.1
Recreation Management	403.4	20.7	(0.1)	-	74.3	44.8	543.1
Promoting Understanding	705.4	19.7	2.7	-	67.1	-	794.9
Rangers, Estate Services & Volunteers	274.1	6.7	1.2	-	-	-	282.0
Development Control	275.3	17.4	2.1	(2.4)	-	-	292.4
Forward Planning	271.4	4.6	0.6	-	-	-	276.6
Corporate Management	1,516.8	27.6	3.6	(6.9)	37.9	20.0	1,599.0
Non distributed costs	-	-	-	-	-	-	-
Net Cost of Services	4,106.4	118.0	10.9	(13.0)	180.7	64.8	4,467.8
Interest Received	-	-	-	8.6	-	-	8.6
Net Loss on disposal of Fixed Assets	-	-	-	-	-	-	-
Pension Interest costs	-	131.0	-	-	-	-	131.0
National Park Grant & Levies	(4,540.6)	-	-	-	-	-	(4,540.6)
Net (Surplus) on Provision of Services	(434.2)	249.0	10.9	(4.4)	180.7	44.8	46.8
Net Surplus on revaluation of Land and Buildings	-	-	-	-	-	-	-
Actuarial gains on pension assets and liabilities	-	29.0	-	-	-	-	29.0
Total Comprehensive Income and Expenditure	(434.2)	278.0	10.9	(4.4)	180.7	44.8	75.8
Opening General Fund Balance	(2,392.0)						Unusable Reserves 2016/17 (3,040.7)
(Surplus)/Loss on Comprehensive Income and Expenditure	(434.2)						75.8
Closing General Fund Balance at 31 March 2018	(2,826.2)						Unusable Reserves 2017/18 (2,964.9)

Expenditure and Funding Analysis 2017/18

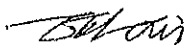
	Outturn figures £000	IFRS Adjustments IAS19 £000	Accumulated Absences Account £000	Capital Assets £000	Depreciation Adjust. £000	Interest & Technical Adjustment £000	Net Expenditure in Final Accounts £000
	1	2	3	4	5	6	7
Conservation of Natural Environment	564.0	63.2	(0.4)				626.7
Conservation of Cultural Heritage	140.9	10.7	(0.1)		1.4		162.9
Recreation Management	541.1	72.0	0.1	(101.0)	52.1		564.3
Promoting Understanding	869.4	68.6	(0.6)	(1.7)	94.2		1,030.0
Rangers, Estate Services & Volunteers	334.7	26.1	(0.6)				360.1
Development Control	421.4	62.2	(0.8)				482.8
Forward Planning	259.4	12.7	(0.3)				271.9
Corporate Management & Administration/Training	1,468.5	88.6	0.8	(118.9)	73.7	21.7	1,534.3
Non distributed costs	0.0						0.0
Net Cost of Services	4,599.4	404.0	(1.9)	(221.5)	221.4	21.7	5,023.0
Interest Received						(21.7)	(21.7)
Net gain on disposal fixed assets				(36.9)			(36.9)
Revaluation gains against previous losses in Comprehensive income and Expenditure					(172.0)		(172.0)
Pension Interest costs		105.0					105.0
National Park Grant & Levies	(5,054.4)						(5,054.4)
Net (Surplus) on Provision of Services	(455.0)	509.0	(1.9)	(258.4)	49.3	0.0	(157.0)
Surplus or deficit on revaluation of non- current assets					(543.3)		(543.3)
Impairment Losses on non-current assets charged to the Revaluation Reserve							0.0
Actuarial gains on pension assets and liabilities		(1,185.1)					(1,185.1)
Total Comprehensive Income and Expenditure	(455.0)	(676.1)	(1.9)	(258.4)	(494.0)	0.0	(1,185.4)
Opening General Fund Balance	(2,826.2)						(2,964.9)
Surplus on Comprehensive Income and Expenditure	(455.0)						(1,430.4)
Closing General Fund Balance at 31 March 2018	(3,281.2)						(4,395.3)

Balance Sheet
As at 31 March 2018

31 March 2017		Notes	31 March 2018
£000			£000
7,284.1	Property Plant and Equipment	5	8,036.6
6.5	Heritage Assets	6	6.5
80.6	Long Term Investments	6	115.0
	Intangibles		
<u>7,371.2</u>	Long Term Assets		<u>8,158.1</u>
99.7	Inventories	8	102.9
790.0	Short term Debtors	9	716.3
<u>2,410.6</u>	Cash and Cash Equivalents	10	<u>3,042.4</u>
3,300.3	Current Assets		3,861.6
0.0	Cash and Cash Equivalents	10	0.0
(150.0)	Short Term Provisions	12	(145.6)
(447.4)	Short Term Creditors	11	(590.6)
<u>(597.5)</u>	Current Liabilities		<u>(736.2)</u>
0.0	Long Term Provisions	12	0.0
(4,283.0)	Pension Liability	27	(3,607.0)
<u>(4,283.0)</u>	Long Term Liabilities		<u>(3,607.0)</u>
<u>5,791.1</u>	NET ASSETS		<u>7,676.5</u>
1,961.0	Earmarked Reserves	3	1,942.3
865.2	General Fund Balance	Page 25	1,338.9
<u>2,826.2</u>	Usable Reserves		<u>3,281.2</u>
1,827.5	Revaluation Reserve	15	2,310.0
5,462.1	Capital Adjustment Account	16	5,732.1
(4,283.0)	Pension Reserve	17	(3,607.0)
(41.7)	Accumulated Absences Account	18	(39.7)
<u>2,964.9</u>	Unusable Reserves		<u>4,395.3</u>
<u>5,791.1</u>	TOTAL RESERVES		<u>7,676.5</u>

I confirm that these accounts were approved by the Yorkshire Dales National Park Authority on 31 July 2018.

Signed on behalf of the Yorkshire Dales National Park Authority


.....
Chair of the Authority

Cash Flow Statement
Year Ended 31 March 2018

31 March 2017 £000		31 March 2018 £000
	Operating Activities	
(46.8)	Net (Deficit)/Surplus on provision of services	157.0
180.7	Depreciation	221.4
15.0	Increase in creditors	143.2
91.9	Decrease in debtors	73.7
30.2	Decrease/(Increase) in inventories	(3.2)
249.0	Pension Liability (Note 27)	509.0
0.0	Increase in Revaluation of assets	(172.0)
8.6	Carrying amount of non current asset disposal	40.6
10.9	Increase/(Decrease) in provisions	(4.4)
0.0	Grants applied	0.0
<u>586.3</u>	Adjustment to net surplus on the provision of services for non-cash movements	<u>808.1</u>
0.0	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities	(77.5)
539.5	Net Cashflows from Operating Activities	887.6
	Investing Activities	
18.0	Proceeds from sale of asset	77.5
<u>(13.0)</u>	Purchase of property, plant and equipment (Note 5)	<u>(299.0)</u>
5.0	Net Cashflows from Investing Activities	(221.5)
	Net Cashflows from Financing Activities	
(80.6)	Long Term Investments	(34.3)
<u>463.9</u>	Net increase in cash and cash equivalent	<u>631.8</u>
1,946.7	Cash or cash equivalents at the beginning of the reporting period	2,410.6
<u><u>2,410.6</u></u>	Cash or cash equivalents at the end of the reporting period	<u><u>3,042.4</u></u>

Notes to the Core Financial Statements

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

None.

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			2017/18
	General Fund Balance £000	Capital Receipts Reserve £000	Capital grants Unapplied £000	Unusable Reserves Movement £000
<u>Adjustments Involving the Capital Adjustment Account</u>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:</u>				
Charges for depreciation	(221.4)	0.0	0.0	221.4
Revaluation Losses on Property Plant and Equipment	0.0	0.0	0.0	0.0
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	(40.6)	0.0	0.0	40.6
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for financing capital investment				
Capital Expenditure charged against the General Fund	221.6	0.0	0.0	(221.6)
<u>Adjustments 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	77.5	0.0	0.0	(77.5)
Revaluation Gains allocated to the Provision of Services to reverse losses in previous year charged to the Provision of Services	172.0	0.0	0.0	(172.0)
<u>Adjustments involving the Pensions Reserve:</u>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 27)	(1,050.0)	0.0	0.0	1,050.0
Employers Pension Contributions and direct payments to pensioners payable in the year	540.9	0.0	0.0	(540.9)
<u>Adjustments in 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	1.9	0.0	0.0	(1.9)
Total Adjustments	(298.0)	0.0	0.0	298.0

	Usable Reserves			2016/17
	General Fund Balance £000	Capital Receipts Reserve £000	Capital grants Unapplied £000	Unusable Reserves Movement £000
<u>Adjustments involving the Capital Adjustment Account</u>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure statement:</u>				
Charges for depreciation	(180.7)	0.0	0.0	180.7
Revaluation Loss on Property Plant and Equipment	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for financing capital investment				
Costs of Disposal	0.0	0.0	0.0	0.0
Capital Expenditure charged against the General Fund	13.0	0.0	0.0	(13.0)
<u>Adjustments 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	0.0	0.0	0.0	0.0
Revaluation Gains allocated to the Provision of Services to reverse losses in previous year charged to the Provision of Services	0.0	0.0	0.0	0.0
<u>Adjustments involving the Pensions Reserve:</u>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (note 27)	(755.0)	0.0	0.0	755.0
Employers Pension Contributions and direct payments to pensioners payable in the year	506.0	0.0	0.0	(506.0)
<u>Adjustments in 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	(10.9)	0.0	0.0	10.9
Total Adjustments	(427.6)	0.0	0.0	427.6

3. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves. The Authority's policy is that the Contingency Reserve is 10% of total budget expenditure.

	31 March 2017	Movement	31 March 2018
	£000	£000	£000
Earmarked Reserves			
Contingency Reserve	730.0	34.0	764.0
Carry Forward Budgets	455.0	95.0	550.0
Opportunities Fund	140.0	-36.0	104.0
Property (Maintenance) Reserve	190.0	-61.7	128.3
IT (Replacement and Upgrade)	215.0	-146.0	69.0
Car Park Ticket Machines Replacement	85.0	-85.0	0.0
Development Management System Reserve	42.0	0.0	42.0
Broadband Loans Reserve	86.0	29.0	115.0
Capital Reserve	18.0	-18.0	0.0
Access for All Reserve	0.0	50.0	50.0
CCC Rights of Way Reserve	0.0	120.0	120.0
Total Earmarked Reserves	1,961.0	-18.7	1,942.3
General Reserve	865.2	473.7	1,338.9
Total Usable Reserves	2,826.2	455.0	3,281.2

4. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18.

	31 March 2017	31 March 2018
	£000	£000
<u>Credited to Non Specific Grant Income</u>		
National Park Grant	4,540.6	5,054.4
Total Non Specific Grant Income	4,540.6	5,054.4
<u>Credited to Services</u>		
Natural England	419.0	433.3
Historic England	29.7	17.0
Other Government Agencies	0.0	55.6
Other	280.8	596.5
Total Service Grants	729.5	1,102.4
Total Grants	5,270.10	6,156.8

5. (a) Property, Plant and Equipment

Movements in 2016/17	Land and Buildings	Vehicles, Plant & Equipment	Total Assets
Cost or Valuation	£000	£000	£000
At 1 April 2016	7,216.6	411.5	7,628.1
Additions	0.0	13.0	13.0
Disposals	(26.5)	0.0	(26.5)
Net Revaluation increases recognised in the Revaluation Reserve	0.0	0.0	0.0
Revaluation increases recognised in the Surplus/Deficit on the Provision of services	0.0	0.0	0.0
Assets written down to the Capital Adjustment Account	0.0	0.0	0.0
At 31 March 2017	<u>7,190.1</u>	<u>424.5</u>	<u>7,614.6</u>
Accumulated Depreciation and Impairment			
At 1 April 2016	0.0	149.7	149.7
Depreciation Charge	142.4	38.4	180.7
Depreciation written down to the Capital Adjustment Account	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
At 31 March 2017	<u>142.4</u>	<u>188.1</u>	<u>330.5</u>
<u>Net Book Value</u>			
At 31 March 2016	7,216.6	261.8	7,478.4
At 31 March 2017	7,047.7	236.4	7,284.1

Movements in 2017/18	Land and Buildings	Vehicles, Plant & Equipment	Total Assets
Cost or Valuation	£000	£000	£000
At 1 April 2017	7,190.1	424.5	7,614.6
Additions	0.0	299.1	299.1
Disposals	(40.6)	(47.8)	(88.5)
Net Revaluation increases recognised in the Revaluation Reserve	543.3	0.0	543.3
Revaluation increases recognised in the Surplus/Deficit on the Provision of services against prior losses	172.0	0.0	172.0
Adjustments written down to the Capital Adjustment Account	(293.4)	0.0	(293.4)
At 31 March 2018	<u>7,571.4</u>	<u>675.8</u>	<u>8,247.2</u>
Accumulated Depreciation and Impairment			
At 1 April 2017	142.4	188.1	330.5
Depreciation Charge	151.1	70.3	221.4
Depreciation written out to the Revaluation reserve	(334.0)		(334.0)
Disposals	40.6	(47.8)	(7.2)
At 31 March 2018	<u>0.0</u>	<u>210.6</u>	<u>210.6</u>
Net Book Value			
At 31 March 2017	7,047.7	236.4	7,284.1
At 31 March 2018	7,571.3	465.2	8,036.6

Heritage assets are noted separately (Note 6).

(b) Depreciation

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

- Buildings (but not the land they stand on) – between 30 and 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.

(c) Major Capital Schemes

The costs of the refurbishment of Aysgarth and the improvement and security works at the Dales Countryside Museum were not capitalised as both buildings were subject to a full asset revaluation exercise at 31st March 2018; any increased capital value from these improvements was incorporated into the building values as part of this exercise.

(d) Capital Expenditure

The capital expenditure of £299.1k on Fixed Assets was financed by revenue expenditure (£258.5k), and by the net gain on the sale of land (£40.6k).

(e) Analysis of Fixed Assets

The following table gives an indication of the significant fixed assets of the Authority at 31st March 2018:

	2017	2018
	Number	Number
Buildings		
National Park Centres	3	3
Museum/National Park Centre	1	1
Public Conveniences	11	11
Administrative Building	2	2
Total	<u>17</u>	<u>17</u>

The Authority operates five National Park Centres; one is situated within the Dales Countryside Museum, and the National Park Centre at Reeth is housed in a shared building not owned by the Authority.

6. Heritage Assets and Long Term Investments

The Authority owns one Heritage Asset, a 10th Century Gold Viking Ring, which was purchased on the open market for £6.5k in December 2010; it is valued at cost which is considered to be its fair market value, and there is no depreciation.

The Authority has 6 loans outstanding, totalling £115k with Broadband for the Rural North, an Industrial and Provident Society, on 5 year terms repayable between 2021/22, and 2022/23. Interest is accruing at rates between 4% - 5%. Interest is repayable with the capital sum at the end of the loan period. The loans are unsecured.

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. Because Treasury Management investment activity is undertaken by North Yorkshire County Council (NYCC) on behalf of the Authority, the Authority has adopted NYCC's TMPs.

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 2017	31 March 2018
	£000	£000
Loans and Receivables Less than 1 year		
North Yorkshire County Council Treasury	2,391.7	3,042.4
Yorkshire Wildlife Loan	442.0	0.00
	<u>2,833.7</u>	<u>3,042.4</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.

(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 in relation to:
 - The Authority's overall borrowing limits;
 - Its maximum and minimum exposures to fixed and variable interest rates;
 - Its maximum annual exposures to investments maturing beyond a year;

Credit Risk

Credit risk arises from deposits with banks and financial institutions as well as exposures to the Authority's customers. Deposits are managed through the contract with NYCC. Sales of goods are predominantly on a cash basis, and services are not delivered 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.

There are no invoiced customers past due date but not impaired.

Days Past Due	Current	30	60	90	90+
	£000	£000	£000	£000	£000
Debtors Due	176.7	6.0	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 borrowing.

Market Risk

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

8. Inventories

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

	31 March 2017 £000	31 March 2018 £000
Retail Inventories		
Opening Balance	113.6	99.7
Purchases	147.3	167.0
Recognised as an expense in year	(161.2)	(163.4)
Written off balances	0.0	(0.4)
Closing Balance	99.7	102.9

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 2017 £000	31 March 2018 £000
Central Government Bodies	239.3	368.9
Other Local Authorities	17.3	93.7
Other Entities and individuals	533.4	253.6
Total Debtors	790.0	716.3
Including:		
Prepayments	33.7	31.4

Provision for Doubtful Debt

A provision has not been provided for doubtful debts, as there are no debtors past due.

10. Cash and Cash Equivalents

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

	31 March 2017	31 March 2018
	£000	£000
Cash held by the Authority	1.5	1.5
Bank Current Account	17.4	9.8
Term Deposit with North Yorkshire County Council Treasury	<u>2,391.7</u>	<u>3,031.1</u>
Total Cash and Cash Equivalents	<u>2,410.6</u>	<u>3,042.4</u>

Interest received from the deposit with North Yorkshire County Council Treasury in 2017/18 was £17.3k (£18.4k 2016/17) Accumulated Loan interest accrued was £4.4k (£1.6k 2016/17).

11. Creditors

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

	31 March 2017	31 March 2018
	£000	£000
Central Government Bodies	55.0	86.9
Other Local Authorities	165.8	150.9
Other Entities and individuals	<u>226.6</u>	<u>352.8</u>
Total Creditors	<u>447.4</u>	<u>590.6</u>
Including Income in Advance	103.9	103.6

12. Provisions

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

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. The Legacy for £105.9k has been earmarked for a project in the Swaledale area on barns and walls, which has been allocated for spending in 2018/19.

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.

	Section 106 Provisions	Legacies	Accumulated Absences	Total
<u>Provisions</u>	£000	£000	£000	£000
Balance At 31 March 2017	2.5	105.9	41.7	150.1
Additional Provisions Made in 2017/18	0.0	0.0	39.7	39.7
Amounts used in 2017/18	(2.5)	0.0	(41.7)	(44.2)
Unused amounts reversed in 2017/18	0.0	0.0	0.0	0.0
Balance At 31 March 2018	0.0	105.9	39.7	145.6
Short Term Provision 2017/18	0.0	105.9	39.7	145.6
Long term Provision 2017/18	0.0	0.0	0.0	0.0
Balance At 31 March 2016	2.5	105.9	30.8	139.2
Additional Provisions Made in 2016/17	0.0	0.0	41.7	41.7
Amounts used in 2016/17	0.0	0.0	(30.8)	(30.8)
Unused amounts reversed in 2016/17	0.0	0.0	0.0	0.0
Balance At 31 March 2017	2.5	105.9	41.7	150.1
Short Term Provision 2016/17	2.5	105.9	41.7	150.1
Long term Provision 2016/17	0.0	0.0	0.0	0.0

13. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. Earmarked Reserves movements and balances are detailed in note 3.

14. Unusable Reserves

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

15. Revaluation Reserve

The Code requires that the Revaluation Reserve reflects only changes that have arisen since 1 April 2007. On 31 March 2018 the Fixed Assets were fully revalued by North Yorkshire County Council.

Where assets have previously been devalued and the amount written off to the comprehensive Income and Expenditure Statement (CIES), any increase in these assets is written back to the CIES as a gain against the prior losses, the maximum amount being the prior loss value.

Any balance over this amount is then recorded as a gain in the Revaluation Reserve. If there are no prior losses recorded against the CIES, the whole increase in value is transferred to the Revaluation Reserve.

Where assets have decreased in value and there is no balance for previous increases in value in the Revaluation Reserve, or the balance is lower than the loss, the amount in the Revaluation Reserve will be reduced to zero, and the balance is written off to the CIES.

2016/17 £000	Revaluation Reserve	2017/18 £000
1,854.1	Balance at 1st April	1,827.5
0.0	Upward revaluation of assets	560.2
0.0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(16.9)
0.0	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	543.3
0.0	Difference between fair value depreciation and historical cost depreciation	(20.2)
(26.6)	Accumulated gains on assets sold or scrapped	(40.6)
(26.6)	Amount written off to Capital Adjustment Account	482.5
<u>1,827.5</u>	Balance at 31st March	<u>2,310.0</u>

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 2017 £000		31 March 2018 £000
5,629.8	Balance brought forward	5,462.1
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
(180.7)	Charges for depreciation and impairment of non current assets	(221.4)
0.0	Revaluation increases on Property, Plant and Equipment against prior decreases in Income Statement	172.0
0.0	Revenue expenditure funded from capital under statute	0.0
(180.7)		(49.3)
	Adjusting amounts written out of the Revaluation Reserve	20.2
(180.7)	Net written out amount of the cost of non-current assets consumed in year	(29.2)
	<u>Capital Funding applied in the year:</u>	
13.0	Capital expenditure charged against the General Fund	299.1
<u>5,462.1</u>	Balance carried forward	<u>5,732.1</u>

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 that benefits earned are 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.

2016/17 £000	Pension Reserve	2017/18 £000
(4,005.0)	Balance at 1 April	(4,283.0)
(29.0)	Actuarial gains/(losses) on pensions assets and liabilities	1,186.0
(755.0)	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	(1,050.0)
506.0	Employers pensions contributions and direct payments to pensioners payable in the year	540.0
<u>(4,283.0)</u>	Balance at 31 March	<u>(3,607.0)</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.

2016/17 £000	Accumulated Absences	2017/18 £000
30.8	Balance at 1 April	41.7
10.9	Amount by which Officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1.9)
<u>41.7</u>	Balance at 31 March	<u>39.8</u>

19. Segment Reporting Reconciliation from the Outturn

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. This is the same basis used to make decisions about resource allocation, which are taken by the Members of the Authority. However, the outturn reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged in the Comprehensive Income and Expenditure Statement).

Actual capital expenditure and income is included in committee reports but taken out of the Comprehensive Income and Expenditure Statement.

The cost of retirement benefits is based on payment of employer's pension contributions in committee reports rather than current service cost of benefits accrued in the year which is shown on the Comprehensive Income and Expenditure Statement.

A full analysis of these differences is provided in the Expenditure and Funding Analysis Statements on page 16 & 17.

20. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year; Member allowances were increased in line with the employee pay settlement. 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

	2016/17	2017/18
	£000	£000
Allowances	82.6	87.5
Expenses	9.7	12.5
Total	92.3	100.0

21. Agency Services

In 2017/18 the Authority did not provide any agency services.

22. External Audit Costs

The Authority incurred £12.1k expenditure in relation to the audit of the Statement of Accounts by Ernst & Young LLP in 2017/18 (£12.1k in 2016/17).

23. Officers' Remuneration

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

Remuneration Band		2016/17	2017/18
		Officers	Officers
£50,000 -	£54,999	1	0
£55,000 -	£59,999	0	1
£60,000 -	£64,999	3	0
£65,000 -	£69,999	0	3
£95,000 -	£99,999	1	0
£100,000 -	£104,999	0	1

The Regulations require the Authority to disclose the individual remuneration details of senior employees, including salary, fees and allowances; bonuses; expenses allowance; compensation for loss of employment; employer's pension contribution, and any other emoluments.

Reimbursement of actual receipted business expenses are not shown in this analysis, and no additional allowances are paid for expenses.

The regulations require that persons whose basic salary is in excess of £150k per annum must be identified by name, and that certain senior employees whose basic salary is £50k or more per year but less than £150k, must be listed individually by way of job title. None of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2016/17 or 2017/18.

Officers who are employed on a part time basis must be included in this analysis if their full time equivalent salary exceeds £50k. The Solicitor/Monitoring Officer falls into this bracket (22.5 hours) and the figures reported below are the actual salary and pension paid; the full time equivalent figures are also shown for reference.

The increase in pension costs relate to a change in the employer pension contribution rate which is dictated by the Pension Fund, this increased from 15.4% in 2016/17 to 18.6% in 2017/18. The rate has been increased to include the deficit recovery, and relates to the past performance of the Pension Fund and not directly to the pension benefits of the individual which remain unchanged.

	2016/17	2017/18
	£	£
Chief Executive		
Basic Salary	83,908	84,747
Pension	11,244	15,763
Total	<u>95,152</u>	<u>100,510</u>
Director of Conservation & Communities		
Basic Salary	56,394	56,957
Pension	7,542	10,594
Total	<u>63,936</u>	<u>67,551</u>
Director of Corporate Services		
Basic Salary	56,336	56,899
Pension	7,549	10,583
Total	<u>63,885</u>	<u>67,482</u>
Director of Park Services		
Basic Salary	48,096	49,528
Pension	6,445	9,212
Total	<u>54,541</u>	<u>58,740</u>
Solicitor/Monitoring Officer		
Basic Salary	33,682	34,019
Pension	4,513	6,327
Total	<u>38,195</u>	<u>40,346</u>
(Part time post - 22.5 hours per week 60%)	63658	67244 (FTE)

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 2016/17 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. Two transactions took place during the year with Members of the Authority in their personal capacity: purchases of lunches for Committee meetings from Cornhill Tea Rooms operated by Yvonne Peacock (£2.5k) and a Sustainable Development Grant contribution to Nethergill Farm paid to Chris Clarke (£1.1k)

Officers have day-to-day control of the running of the Authority's affairs. No material related party transactions have occurred with officers in 2017/18.

Transactions with Related Parties in 2016/17:

	Payments	Receipts	Outstanding Creditors 31 March 2017	Outstanding Debtors 31 March 2017
	£000	£000	£000	£000
Related Parties Other				
Hudson House Ltd	9.0			
Yorkshire Dales Millennium Trust	31.8	(49.5)	0.1	(16.3)
Local Government				
Craven District Council	80.9	(16.3)		(0.4)
Cumbria County Council	1.6		1.3	
Dent Parish Council		(3.5)		(4.2)
Derbyshire County Council	54.9		39.6	
Durham County Council	4.8		1.3	
Harrogate Borough Council		(12.2)		(3.0)
Kirklees MBC			17.5	
Lancashire County Council	46.7	(2.5)	28.3	
National Parks UK	19.5			
National Parks England	23.4			
North Pennine AONB Partnership	13.3	(0.3)	13.3	
North York Moors National Park Authority	0.5	(0.6)		
North Yorkshire County Council	45.3	(21.7)	7.3	(7.3)
Northumberland County Council	23.9		23.4	
Northumberland National Park Authority	6.8		4.3	(5.0)
Oldham Council	1.3		1.3	
Peak District National Park Authority	56.5		45.6	(0.1)
Richmondshire District Council	77.7	(2.5)		(0.4)
Scarborough Borough Council	2.2		2.0	
Sedbergh Parish Council	0.5	(0.4)		
South Lakeland District Council	0.6	(2.0)		(0.7)
Tameside Metropolitan Borough Council	13.1		13.1	
Central Government				
Forestry Commission				(6.3)
Natural England	3.9	(454.6)		(214.7)
Historic England		(33.1)		
National Parks Partnership	10			
	528.2	(599.2)	198.4	(258.4)

Transactions with Related Parties in 2017/18:

	Payments £000	Receipts £000	Outstanding Creditors 31 March 2018 £000	Outstanding Debtors 31 March 2018 £000
Related Parties Other				
Cornmill Tearoom	2.5			
Hudson House Ltd	8.9			
Yorkshire Dales Millennium Trust	32.9	(114.1)		(65.0)
Nethergill Farm	1.1			
Local Government				
Austwick Parish Council	1.6	(1.5)		
Bainbridge Parish Council	0.6			
Brecon Beacons National Park Authority	0.1			
Calderdale MBC			11.0	
Craven District Council	80.5	(15.3)		(5.4)
Cumbria County Council	30.7	(150.0)	0.3	
Dent Parish Council		(3.8)		
Derbyshire County Council	54.2		24.8	
Durham County Council	10.1	(33.1)	9.7	
Eden District Council	21.1	(1.1)		
Exmoor National Park Authority	0.8	(0.1)		
Harrogate Borough Council		(14.6)		(0.5)
Lake District National Park Authority	0.1	(0.4)		
Lancashire County Council	83.5	(2.6)	61.9	
North York Moors National Park Authority	1.2	(25.6)		
North Yorkshire County Council	36.2	(83.8)	14.9	(38.6)
Northumberland County Council	15.8		15.8	
Northumberland National Park Authority	0.8	(5.0)		
Peak District National Park Authority	42.2	(0.6)	12.5	(0.3)
Richmondshire District Council	85.4	(50.8)		(48.4)
Scarborough Borough Council	5.2			
Sedbergh Parish Council	2.5			
South Downs National Park Authority	5.8			
South Lakeland District Council		(3.0)		(0.5)
Central Government				
English Heritage				(10.3)
Historic England		(17.0)		
HMRC	6.7		6.7	
Natural England	10.6	(445.7)	6.6	(243.3)
Ofgem		(67.9)		
	540.8	(1,035.9)	164.1	(412.4)

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 2016/17 financial statements.

The Authority as a Lessee

The Authority has operating leases, as follows:

Assets	Section Charged in the Comprehensive Income & Expenditure Statement	Paid in 2016/17 £000	Paid in 2017/18 £000
Photocopiers	Corporate Management	3.8	3.9
Partnership Centres	Promoting Understanding	7.3	25.3
Triple Kiln	Promoting Understanding	2	1.0
Wainwarth Force	Promoting Understanding	0	0.3
Ranger Bases	Recreational Management	13.3	16.3
Vehicles	Recreational Management	70	66.1
		<u>96.4</u>	<u>112.9</u>

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

	2016/17 £000	2017/18 £000
Leases due within next 12 months	90.4	64.3
Leases due between one and five years	33.8	60.7
Leases due later than 5 years	0	2.3
	<u>124.2</u>	<u>127.2</u>

The Authority as Lessor

The Authority has operating leases, as follows:

Assets	Section Revenue taken in the Comprehensive Income & Expenditure Statement	Received in 2016/17 £000	Received in 2017/18 £000
Land	Park management	3.5	4.7
Car Park & Toilets	Park management	3.5	3.8
Bowling Green	Park management	0.7	0.7
Centre Café	Prom. Understanding	11.6	11.8
Office	Prom. Understanding	1.5	0.0
		<u>20.8</u>	<u>21.0</u>

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

	2016/17	2017/18
	£000	£000
Leases due within next 12 months	18.3	16.5
Leases due between one and five years	37.6	11.6
Leases due later than 5 years	10.6	13.4
	<u>66.5</u>	<u>41.5</u>

All the leases are operated by a signed agreement where the rental income is fixed for a period of time and payable in instalments. Leases do not give the option to buy at a reduced rate; the Authority retains ownership of the assets.

26. Termination Benefits

There were no redundancies in 2017/18.

Exit package cost band	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	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£000								
1-20	0	0	2	0	2	0	22.4	0.0
Total	0	0	2	0	2	0	22.4	0.0

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 actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2018 is a gain of £1,185k.

Pension Scheme Adjustments affecting the Financial Statements

2016/17 £000	Comprehensive Income and Expenditure Statement	2017/18 £000
	Cost of Service	
590.0	Current Service Cost	933.0
24.0	Past Service Costs	0.0
10.0	Admin Costs	12.0
	Effect of curtailments and settlements	
<u>624.0</u>		<u>945.0</u>
	Financing and Investment Income and Expenditure	
131.0	Net Interest Expense	105.0
0.0	Expected return on Assets in the Scheme	0.0
<u>131.0</u>		<u>105.0</u>
<u>755.0</u>	Total Post Employment Benefit Charged to the surplus or deficit on the provision of service	<u>1,050.0</u>
	Re-measurement of the net defined benefit liability comprising:	
3,891.0	Return on plan assets	1,938.0
26.0	Actuarial gains arising on changes in demographic assumptions	0.0
<u>(6,361.0)</u>	Actuarial gain arising on changes in financial assumptions	<u>(617.0)</u>
<u>(1,689.0)</u>	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<u>2,371.0</u>
2016/17 £000	Movement in Reserves Statement	2017/18 £000
	Reversal of net charges made to the surplus or deficit on the provision of services for post employment benefits in accordance with the code	1,050.0
755.0	Actual amount charged against the General Fund Balance for pensions in the year	(540.0)
<u>(506.0)</u>		<u>510.0</u>
<u>249.0</u>		
2016/17 £000		2017/18 £000
(4,005.0)	Balance at 1 April	(4,283.0)
(29.0)	Actuarial (losses)/gains on pension assets and liabilities	1,186.0
	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	(1,050.0)
(755.0)	Employers pensions contributions and direct payments to pensioners payable in the year	540.0
<u>506.0</u>		<u>3,607.0</u>
<u>(4,283.0)</u>	Balance at 31 March	<u>(3,607.0)</u>

Assets and Liabilities in Relation to Post-employment Benefits

<u>North Yorkshire Pension Fund</u>		
2016/17		2017/18
£000		£000
25,660	Benefit Obligation at beginning of period	30,628
600	Current Service Cost	945
890	Interest on Pension Liabilities	791
175	Member Contributions	192
24	Past Service Cost	0
(2,414)	Experience (Gain)/Loss	136
6,361	Loss on Financial Assumptions	617
(26)	Gain on Democratic Assumptions	0
0	Curtailments	0
(642)	Benefits/transfers paid	(653)
<u>30,628</u>		<u>32,656</u>
		2015/16
	Change in Plan Assets during period	£000
21,655	Fair Value of plan assets at beginning of the period	26,345
759	Interest on plan assets	686
3,891	Remeasurements (assets)	1,938
0	Expected return on plan assets	0
0	Administration expenses	0
0	Actuarial (Losses)/Gains on assets	0
506	Employer Contributions	541
175	Member Contributions	192
(641)	Benefits/transfers paid	(653)
<u>26,345</u>	Fair Value of the plan assets at the end of period	<u>29,049</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 £2,161k (2016/17: £4,650k).

	IFRS 2017/18	IFRS 2016/17	IFRS 2015/16	IFRS 2014/15	IFRS 2013/14
	£000	£000	£000	£000	£000
Present value of liabilities:					
Fair value of assets in the Local Government Pension Scheme	29,049.0	26,345.0	21,655.0	21,396.0	18,338.0
Deficit in the scheme:	3,607.0	4,283.0	4,005.0	4,996.0	2,779.0
Total	<u>32,656.0</u>	<u>30,628.0</u>	<u>25,660.0</u>	<u>26,392.0</u>	<u>21,117.0</u>

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment benefits. The total liability of £3,607k 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 government pension 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 contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2019 is £575k (£542k paid in 2017/18).

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:

Financial Assumptions	31 March 2017	31 March 2018
	%	%
Rate of CPI Inflation	2.00	2.10
Rate of Increase in salaries	3.25	3.35
Rate of increase in pensions	2.00	2.10
Rate for discounting scheme liabilities	2.60	2.60

Mortality Assumptions

Life expectancy of male (female)

-future pensioner aged 65 in 20 years time	25.0 (28.6) years	25.1 (28.7) years
-current pensioner aged 65	22.8 (26.3) years	22.9 (26.4) years

Pension Assets	31 March 2017	31 March 2018
	%	%
Equities	65.4	64.8
Government Bonds	14.2	16.5
Other Bonds	3.1	
Property	8.5	8.0
Cash/Liquidity	0.1	0.2
Other	8.7	10.5
	100.0	100.0

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018.

Year	Experience gains and (losses) on liabilities		Differences between the expected and actual return on assets		Actuarial gains and (losses) on liabilities		Actuarial gains and (losses)	
	£000	%	£000	%	£000	%	£000	%
2017/18	136.0	0.4	(1,938.0)	(4.9)	617.0	1.9	(1,185.0)	(2.0)
2016/17	(2,414.0)	(7.9)	(3,891.0)	(14.8)	6,332.0	20.7	27.0	0.1
2015/16	(259.0)	(1.0)	(681.0)	(3.1)	(1,747.0)	(6.8)	(1,325.0)	(5.2)
2014/15	0.0		2,064.0	9.6	(4,144.0)	(15.7)	(2,080.0)	(7.9)
2013/14	(507.0)	(2.4)	2,800.0	15.3	2,394.0	11.4	4,687.0	11.4

As at 31 March 2018, the Authority did not have any outstanding contributions to the North Yorkshire Pension Fund.

27. Contingent Liabilities

There are no contingent liabilities.

28. Soft Loans

No short term loans were granted in 2017/18, and all outstanding loans from 2016/17 were repaid.

29. Accounting Standards Issued But Not Yet Adopted

There are no standards issued but not adopted in 2017/18.

Summary of Significant Accounting Policies

1. General

The Statement of Accounts has been prepared on a going concern basis and summarises the Authority's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. It has been prepared in accordance with the statutory framework established for England by the 'Accounts and Audit (England) Regulations 2015', 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 2017/18' supported by International Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2015 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 any 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.

- Revaluation gains are credited to the Revaluation Reserve except where there has been a previous loss 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 is then reversed out through the Movement in Reserves Statement so that such benefits are charged to revenue in the financial year in which such 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.

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;

- o 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;
- o 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;
- o gains or losses on settlements and curtailments – the results of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees, debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
- o 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
- o 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 on 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 matching financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and covers both 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 have been applied in line with The Code for Financial Instruments.

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 interest 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, and if not 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. 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 according to the length and value of the lease, the responsibilities for maintenance and insurance, and 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 Cost of Service 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

Costs of management and administration are not re-allocated to the other cost headings within the accounts but are shown as Corporate and Democratic costs on the face of the Comprehensive Income and Expenditure Account.

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 Fair Value as determined by IFRS13 Fair Value Measurement. Fair Value is the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Operational Property Plant and Equipment is measured per 'The CIPFA Code' at Current Value Measurement; this is existing use value. Specialised assets are valued at Depreciated Replacement Cost.

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). North Yorkshire County Council last undertook a full market valuation of the Authority's land and buildings as at 31 March 2018; a full revaluation is required at least every five years.

Assets are classified into the groupings required by the 2017/18 Code of Practice on Local Authority Accounting (The Code) in the United Kingdom.

- Land, operational properties and other operational assets are included in the Balance Sheet at 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.

De-Minimis

Single 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 depending on the state of repair of the building.
- 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 if the receipt is not used in-year to purchase capital assets; it 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 other capital transactions.

14. Heritage Assets

Heritage Assets are 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-minimis 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 2018.

16. 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 currently 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.

17. 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 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.

18. 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, the nature of estimation means that actual outcomes may differ from estimations.

The items in the Authority's Balance Sheet at 31 March 2018 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 salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pension liability of changes in individual assumptions can be measured. A 0.1% p.a. change in the discount rate assumption would result in an approximate net change of £975k plus or £1.036k minus. A 0.1% p.a. change in salary inflation would result in a net change of £1.005k plus or minus. A 0.1% change in the pension increase rate would result in a net change of £1.036k plus or £975k minus. A 1 year change to members' life expectancy would result in a net change of £970k plus or £1041k minus.
Buildings	Repairs and maintenance are provided by the Authority to buildings; if there were to be a further cut back in Government funding there is a potential that buildings would not be maintained to the same standard and the value could be impaired.	If the useful lives of the buildings are 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 change but this is negated by the annual desktop valuation of our assets, which resulted in a revaluation.
Buildings	Any further cuts to the Authority's core Defra grant may lead to the sale of land and buildings, outside those planned and expected.	The value of the assets in the balance sheet could be reduced as the assets would be sold and the Comprehensive Income and Expenditure Account could be affected if the sales did not bring in the market value of the assets.
Provisions	Any cuts to the Authority's core Defra grant may lead to unexpected redundancy costs (none planned)	There is potential that there could be additional costs which are currently unquantifiable.

19. 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.

20. **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.
21. **Events after the Balance Sheet Date**
The Statement of Accounts was authorised for issue by the Chief Financial Officer on 31 July 2018. 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.
22. **Going Concern**
These accounts are prepared on a going concern basis; a comprehensive budget strategy has been approved to 2020/21.
23. **Accounting Standards that have been issued but have not yet been adopted**
Amendments to the 2017/18 Code have been reviewed and are not considered to be relevant or material to the Authority.

Annual Governance Statement 2017/18

1. The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Yorkshire Dales National Park Authority ('the Authority') is directed and controlled; and the activities through which it accounts to, engages with, and leads its stakeholders and the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate services, and have ensured best use of resources and value for money, in pursuit of National Park purposes.

2. The system of internal control

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, evaluate the likelihood and potential impact of those risks being realised, and to manage those risks efficiently, effectively and economically.

The Authority's governance framework has been in place at the Authority throughout the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

3. Responsibility

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.

4. How this responsibility is discharged

In discharging this overall responsibility, the Authority must put in place arrangements for the governance of its affairs, including the management of risk, which meet the highest standards and facilitate the effective exercise of its functions.

The Authority has approved and adopted a Local Code of Corporate Governance which sets out principles consistent with the CIPFA/SOLACE guidance note on *Delivering Good Governance in Local Government* (revised and re-issued in 2016). A copy of the Local Governance Code 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 Code, and also complies with the Accounts & Audit (England) Regulations 2015 (as amended) which require the Authority to prepare this Statement annually.

5. The Framework

The Authority's Corporate Governance Framework seeks to ensure that the principles of good governance are embedded in all aspects of its work. The adopted Local Code of Corporate Governance implements the core values of the Authority:

- **Accountability:** We will explain and take responsibility for our decisions and actions.
- **Commitment:** We will do what we say we will do.
- **Improvement:** We will continually improve our performance in delivering National Park purposes.
- **Integrity:** Our relationship with the public, partners and each other will be built on honesty, transparency, equality, impartiality and consistency.
- **Involvement:** We will be open, approachable and proactive in working with local people, businesses and visitors to achieve our shared objectives and in encouraging wider and diverse participation in achieving our statutory purposes.
- **Valuing People:** We value the people who work for us and will ensure that they are equipped and empowered to provide professional services to the public.

The Code sets out that all Members of the Authority share responsibility for governance arrangements, and requires the Monitoring Officer to review those governance arrangements and to report annually to the Audit & Review Committee on the findings of that review.

Ultimately, decision-making power rests with Authority Members, advised by officers. Decisions are taken at meetings of the full Authority; at meetings of Committees (Finance & Resources, Audit & Review, Planning and Standards); or by officers under delegated powers. Operational management is the responsibility of the Chief Executive Officer, with the help and support of the Senior Management Team (SMT) comprising the Director of Conservation & Community, Director of Park Services, Director of Corporate Services and the Solicitor/Monitoring Officer. SMT also advises Authority Members on key issues such as performance management, priority setting, and change management. The training and development needs of Members and officers are addressed in annual training plans.

6. Key Aspects

The 2016 CIPFA guidance sets out key aspects of the corporate governance framework. These are:

- a) **Developing codes of conduct which define standards of behaviour for Members and officers, and ensuring that policies for dealing with whistleblowing and conflicts of interest are communicated effectively.**

The Authority's mission statement is inextricably linked to its adopted core values, which are widely publicised through policies, agendas, the website, staff induction and appraisals.

Policies, codes and protocols are reviewed when there is a change in legislation or, in any event, every five years. Reporting arrangements for reviewing codes and protocols are to the Authority, the Audit & Review Committee, and the Standards Committee if there is a need for consultation on ethical matters.

The Authority maintains Codes of Conduct for Members and officers which include reference to the Nolan Principles, and procedures for declarations of interests. The Authority's Member Code of Conduct was reviewed in 2017.

An Independent Person has been appointed to the Standards Committee (which meets to consider complaints concerning Member conduct). The procedures for assessing Code of Conduct complaints were reviewed in 2015.

The Register of Member Interests is available on the Authority's website.

The Member Officer Protocol was updated in March 2015.

The Authority has a Whistleblowing Policy, with confidential reporting arrangements in place to enable internal and external whistleblowing. A review of the Whistleblowing Policy commenced in 2017.

The Authority has a clear Policy in place for dealing with Complaints; this procedure was reviewed in April 2017.

b) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Chief Executive Officer is the Authority's Head of Paid Service, who advises the Authority on issues of policy, staffing and resources. The Authority employs a Solicitor/Monitoring Officer, to advise on issues of ethical conduct and the lawfulness of decision making, and a Chief Financial Officer. The Deputy Monitoring Officer is also a Solicitor who attends and advises the Planning Committee. Together they are responsible for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Financial Regulations set out arrangements governing the award of contracts, to ensure that procurement processes are fair, transparent and lawful, and that best value for money is being obtained. Payment of allowances to Members is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations, 2003.

c) Documenting a commitment to openness and acting in the public interest.

The Authority's decision-making framework is set out in publicly available documents, including Standing Orders, a statement of the powers delegated to Committees and officers, and a description of the role of Authority Members in governance arrangements. The Authority has adopted procedures for openness of public meetings including access to, and recording of, meetings; and for publishing decisions including contract awards.

d) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

The Authority establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation by having a dedicated Communications Team. This team is responsible for coordinating communications with the wide variety of stakeholders who are affected by, or have an interest in, the work of the National Park Authority and the National Park more generally.

The Authority's website is a key communication tool for residents and visitors; other regular communication tools include the publication of two newspapers for residents (two editions per year) and visitors (annually) and the use of social media (including Twitter and Facebook).

In 2010 the Authority achieved the Governments' Customer Service Excellence (CSE) Standard. This has been retained every year since.

e) Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning

The Authority publishes its objectives, and commitment to the achievement of statutory purposes, in a number of plans. The National Park Management Plan (NPMP) establishes the vision for the National Park, and the highest level objectives that the Authority is committed to see achieved, working in partnership with stakeholders. Work has begun to update the NPMP for the Park including the extended areas, which will involve extensive public consultation. This Plan will be adopted by the Authority in 2018 for the period 2018 -2023.

f) Translating the vision into courses of action for the Authority, its partnerships and collaborations

An annual Corporate Plan translates the Authority's commitments in the NPMP into service-specific objectives, with annual targets and financial plans. This forms an integral part of the Performance Management regime.

Arrangements have been developed for the management of partnerships through which many of the outcomes in the NPMP are delivered. There are clear criteria as to whether the Authority should become or remain a member of a partnership, reported biennially to SMT and the Audit & Review Committee. Work is done to seek to ensure the good governance of partnerships, as recommended by the Audit Commission.

g) Reviewing the effectiveness of the decision-making process, including delegated arrangements; decision making in partnerships; information provided to decision makers; and robustness of data quality.

Standing Orders, and the Scheme of Delegation to Committees and Officers, are reviewed to take account of changes in legislation or otherwise every five years under the Authority's policy review framework. Revisions are reported to the Audit & Review Committee and agreed by the full Authority.

Minutes of meetings and delegated decisions are published. The Chairman and Chief Executive present feedback reports to the Authority and Member Champions report to the Authority.

The Authority's Data Protection Policy has been reviewed to ensure that the Policy and procedures are in accordance with changes to the legislation which take effect in May 2018.

- h) Measuring the performance of services and related projects, ensuring that they are delivered in accordance with defined outcomes; and that they represent best use of resources and value for money.**

It is a Corporate Plan objective to plan and manage all aspects of our priorities and targets to make the most effective use of our resources. A robust system of prioritising work programmes is in place and is reviewed regularly. Mid-year progress reports are presented to SMT and Audit & Review Committee; an end of year performance report is presented to the full Authority. Performance Reviews are undertaken by small member /officer teams including the relevant Member Champion and a member of the Audit & Review Committee, thereby ensuring member input into the process.

- i) Defining and documenting the roles and responsibilities of Members and management, with clear protocols for effective communication in respect of the Authority and partnership arrangements.**

Members, Member Champions and the Chair of the Authority each have job descriptions. Guidance for, and roles of, Member Champions have been reviewed and updated.

The Authority has adopted protocols on the roles and responsibilities of Members and on Member/Officer relations. All such documents are kept up to date and reviewed when necessary (and at least once every five years).

The Authority reviews its arrangements for partnership working every two years to ensure that the partnerships it participates in are appropriate and effective. The Authority has adopted criteria which assist the Authority in its review.

- j) Effective financial management arrangements conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2015).**

The Authority is compliant with the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2015). The Authority's Chief Financial Officer (s151 Officer) is the Director of Corporate Services, who sits on the Senior Management Team, has direct access as required to the Chief Executive and Members of the National Park Authority, and is directly responsible for the organisational leadership and management of an internal finance function delivered by suitably qualified staff.

- k) Ensuring effective arrangements are in place for the discharge of the monitoring officer function.**

The Authority employs a Monitoring Officer and a Deputy Monitoring Officer, both of whom are qualified Solicitors. The Monitoring Officer is a member of SMT, and attends

and advises the Authority, Finance & Resources Committee, Audit & Review Committee and Standards Committee. The Deputy Monitoring Officer attends Planning Committee and, together with the Monitoring Officer, advises on issues of ethical conduct and the lawfulness of decision making.

l) Ensuring effective arrangements are in place for the discharge of the Head of Paid Service Function.

The Chief Executive Officer is the Authority's Head of Paid Service, and advises the Authority on issues of policy, staffing and resources.

Together the three Statutory Officers (Chief Executive, Chief Financial Officer and the Monitoring Officer) are responsible for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

m) Providing initial induction, and identifying the development needs, of Members in relation to their senior roles, supported by appropriate training.

There is a Member induction process in place. The Policy Development Forum provides regular briefings, updates and training for Members on a range of issues. Compulsory planning training is provided to Members of the Planning Committee. There is a Member training programme in place.

n) Reviewing the effectiveness of the framework for identifying and managing risk; and for performance and demonstrating clear accountability.

Risk management procedures link the process for identifying and managing risks explicitly to the achievement of the Authority's objectives. Risks are reviewed every four months with the Authority's insurance advisors, to ensure appropriate cover is in place both for existing and emerging issues. Operational and strategic risks are reported to SMT and strategic risks to the Audit & Review Committee.

o) Ensuring effective counter fraud and anti corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014)

The Authority's Anti-Fraud & Corruption Policy is in place to prevent fraud and corruption; procedures exist to ensure that officers are aware of what steps to follow should they suspect a fraud. The Authority has reviewed its policies and procedures against the guidance published in October 2014 by CIPFA "Managing the Risk of Fraud and Corruption", and following that review key staff received appropriate training. The Authority is satisfied that it has adopted a response that is appropriate for its fraud and corruption risks, and commits to maintain its vigilance to tackle fraud.

p) Ensuring that assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.

The Authority's internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). The role of

Internal Audit is currently provided by Veritau Ltd which reports directly to the Authority's Audit & Review Committee.

q) Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2015).

The Audit & Review Committee undertakes the core functions identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities. These functions include raising the profile of internal control, risk management and financial reporting issues within the Authority, as well as providing a forum for the discussion of issues raised by internal and external auditors. The Committee also provides some scrutiny functions. Whilst noting that the guidance states that ideally, Audit Committees should be separate from such activity, the size of the Authority means that the current arrangements are fit for purpose.

r) Ensuring that the Authority provides timely support, information and response to its External Auditors (Ernst & Young) and promptly considers audit findings and recommendations.

The relationship with the External Auditor is supported by regular planning and update meetings and by the preparation and submission of information required by them. At all times, the Auditor has access to the Statutory Officers of the Authority and, if necessary, to the Chairman and other Members.

The External Auditor reports directly to the Authority meeting at which the annual accounts are signed off (September in 2017, July in 2018). The Auditor subsequently issues an Annual Audit Letter, by which means they can highlight directly (and in a formal manner) to Members any issues that they might identify during their audit work. This 'direct line' for reporting helps to strengthen the Authority's approach to corporate governance.

The Annual Audit Letter is reviewed by the Audit & Review Committee. No problems were identified in relation to 2016/17, and the Annual Audit Letter (reviewed by the Audit & Review Committee in November 2017) was accordingly very short, with no findings; an unqualified audit opinion was achieved. This provides a level of assurance over the adequacy of the systems used in preparing the annual accounts.

7. Conclusion

This AGS is based on the review of the Code of Local Governance undertaken in November 2017 and on the 2016 CIPFA/SOLACE guidance.

Checks are in place to ensure compliance with the governance framework: **Table A** (overleaf) identifies the issues in the 2016/17 AGS and records the actions taken.

The review of the Authority's Code undertaken in November 2017 has identified a number of corporate governance-related actions which will be completed over the next twelve months; these are listed in **Table B**.

Table A: Matters raised within the 2016/17 Annual Governance Statement

Issues raised in the 2016/17 AGS	Update on action taken.
<p>Review of National Park Management Plan There is a statutory duty to review the National Park Management Plan "at intervals of not more than five years" (s66 of the Environment Act 1995).</p>	<p>In September 2016 the Authority approved a report setting out the timetable and arrangements for the preparation of the Management Plan. The Plan is being overseen by a partnership of 16 local organisations. An initial public consultation on 'big' issues for the Plan to tackle was carried out in Summer 2017. Six existing National Park Task Forums met to draft proposed new objectives for the Management Plan. All the groups were supported by the relevant Member Champion and an Authority officer. The full NPMP Forum met in November 2017 to consider the objectives. The draft plan is now out for full consultation.</p>
<p>Changes to accounting and reporting processes. On 26th September the Authority considered the options for dealing with the changes to the accounting and reporting processes made by the Government to the timetable from 2018 onwards, for financial reporting of statutory bodies, bringing forward the required date for this to 31 July (previously 30 September). The present calendar of Authority meetings will no longer fit in with this.</p>	<p>Members discussed which Committee would be the most appropriate for approval of the Authority's accounts in future. It was resolved that an additional meeting of the Finance and Resources Committee be scheduled for the end of July to approve the accounts.</p>
<p>Reviews of corporate documents (strategies and policies), in line with the 5 year cycle of planned reviews.</p> <p>Complaints and Compliments Procedures</p> <p>Financial Regulations</p> <p>Media Procedure & Protocol</p> <p>Member Code of Conduct</p> <p>Access to Information Policy</p> <p>Data Protection Policy</p> <p>Anti Fraud and Corruption Policy</p> <p>Confidential Reporting Policy</p> <p>Planning Code of Good Practice</p>	<p>Approved April 2017.</p> <p>Approved May 2017</p> <p>Approved June 2017</p> <p>Approved June 2017.</p> <p>Approved August 2017</p> <p>Approved August 2017</p> <p>Approved September 2017</p> <p>To be considered April 2018</p> <p>To be considered June 2018.</p>
<p>Freedom of Information/Data Protection; review of the systems in place to ensure</p>	


<p>compliance with Freedom of Information and Data Protection legislation and best practice.</p> <p>Two actions for improvement were identified: to evidence those officers who had received training in information governance and data protection principles, and to investigate whether better linkage can improve the accessibility of the publication scheme-related information on our website.</p>	<p>Completed</p>
<p>Banking; review of banking arrangements and the controls that assure security over cash assets.</p> <p>One action for improvement was identified: that the National Park Centres meet the requirement to submit cash receipt forms as part of the banking arrangements.</p>	<p>Completed</p>
<p>Planning (Development Control); Internal Audit reviewed the processes in place for the determination of planning applications. It also reviewed the impact on those processes resulting from the changes in the boundaries of the National Park.</p> <p>Two actions for improvement were identified: that Planning Officers are clear about their responsibility to accurately record the Site Notice within the appropriate section of the Field Notes/Case Officer Checklist, and that planning fee receipts are scanned into the appropriate file.</p>	<p>Completed</p>
<p>ICT follow-up of previous Payment Card Compliance and other IT audits.</p> <p>Two actions for improvement were identified: to check that the 'national' National Parks website is Payment Card Industry (PCI) compliant, and that the IT Disaster Recovery Policy is updated.</p>	<p>Completed</p>

Table B: Matters Identified during the preparation of the 2017/18 Annual Governance Statement

Issue	Explanation
Review of National Park Management Plan.	Consultation on the NPMP will take place prior to the adoption of the Plan and the Steering Group will meet to finalise the Plan prior to its adoption by the Authority.
Review of the membership of the board.	This action was identified when the area of the Park was extended in 2016. YDNPA's position at that time was that the existing membership should not be reduced in order to accommodate representation from the new area. The Government was consulted on the proposal that the board be increased from 22 to 25, the 3 additional Members coming from Eden District Council, City of Lancaster and Lancashire County Council. The Authority supported this approach at that time because it was imperative that the governance structures were in place from the 1st August to enable YDNPA to take decisions, including planning decisions, which directly affected the new area. However, this left some longer term questions about its size (in relation to the constituent population and the size of the organisation) and composition (balance between different local authority areas and between local/national representation). YDNPA's support therefore came with a caveat that, "within the next 3 years the YDNPA would seek to review its new Board structure. This review to look at size, membership and appointment." The preparatory work will commence in 2018 with a view to reporting to the Authority in 2019.
The Authority's current external audit contract, with Ernst and Young LLP (EY), extends to the audit of the 2017/18 accounts.	<p>The next contract for external audit services needs to be operative throughout the financial year on which the auditors will eventually be reporting (2018/19), to allow the auditors to discharge their responsibilities for oversight; they have a direct reporting line to Members, in case anything fundamental is going wrong during the year that they will subsequently be reporting on, and under the Public Interest Disclosure Act 1998, they are the 'prescribed person' to whom whistleblowing disclosures can be made.</p> <p>Following consultation the appointment of Ernst & Young LLP to audit the accounts of Yorkshire Dales National Park Authority for five years, for the accounts from 2018/19 to 2022/23 has been confirmed. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015, and was approved by the Public Sector Audit Appointments (PSAA) Board at its meeting on 14 December 2017.</p>

Reviews of corporate documents (strategies and policies), in line with the 5 year cycle of planned reviews.	
Income Generation Strategy – performance review	A task and finish group was established by the Audit and Review Committee to examine the implementation of the Authority's Income Generation Strategy. The Group reported to the Committee in November 2017, and that report will inform the new strategy which will be prepared during 2018/19.
Risk Management Policy	Due for review in November 2018

Signed

Chairman 

Chief Executive 

Date 21/7/18.

On behalf of the Yorkshire Dales National Park Authority.

