APPENDIX 1

Statement of Accounts for the Financial Year

1st April 2015 to 31st March 2016

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Signed: **Date:**

Chair of the Audit, Resources & Performance Committee

In accordance with the requirements of the Accounts & Audit Regulations 2015 paragraph 9 (2) c

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2016

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that person is the Chief Finance Officer.

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- to approve the statement of accounts.

The Chief Finance Officer's responsibilities

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

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Authorisation for Issue and Certificate of Chief Finance Officer

I certify that the accounts gives a true and fair view of the financial position of the National Park Authority as at 31st March 2016 and its income and expenditure for the year ended 31st March 2016.

Philip Naylor
Chief Finance Officer to the Authority
27th May 2016

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2016

1. Narrative Report

1.1 These Accounts contain all the information required by the Accounts & Audit Regulations 2015 and the Code of Practice on Local Authority Accounting, with accounts prepared in accordance with International Financial Reporting Standards (IFRS). As the Authority does not have any interests in subsidiaries, associates or jointly controlled entities, these Accounts represent the accounts of a single entity and no consolidated Group Accounts are required.

1.2 Accompanying notes, cross referenced from the statements, explain in greater detail some of the calculations and reasoning behind the figures; these notes, on pages 26 – 59, form part of the financial statements. The figures are rounded up to the nearest pound. The accounts comprise the following principal statements:-

Movement in Reserves
This statement shows the movement in the year on the different reserves held by the Authority, analysed into "usable" reserves (i.e. those that can be applied to fund expenditure) and other reserves. The "Surplus (Deficit) 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. These are different from the statutory amounts required to be charged to the General Fund Balance for National Park Grant expenditure purposes. 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.

Comprehensive Income & Expenditure Account
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices; the actual expenditure figure funded from National Park Grant may be different as the Authority is required to account for expenditure in accordance with Local Authority financial regulations, which may be different from the accounting cost.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) of the Authority are matched by the reserves held by the Authority, which are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves comprises those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses - e.g. 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 in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement
The Cash Flow statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of National Park Grant, other grant income, or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended

to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

1.3 Each year the Department for Food and Rural Affairs (Defra) sets the level of funding for the National Park Authority. In 2015-16 the funding was set at £6,257,122 (£6,367,867 in 2014-15). An annual balanced budget is set by the Authority based on the National Park Grant, income from sales, fees and charges and internal financing measures such as interest on cash flow and use of reserves.

1.4 Overall, the Authority's usable reserves increased by £1,191,400, with a £405,683 net transfer into specific reserves, and the sale of a number of assets during the year contributed to a £677,014 increase in the Capital Reserve, required to finance the forward Capital Programme. The General reserve was reduced by £35,772 whilst the Restricted reserves were increased by £144,475, primarily because of the transfer of Section 106 funds for a quarry restoration from a dormant joint escrow account to a secure account within the Authority's reserves.

1.5 The Service Expenditure Analysis common to all National Park Authorities has been complied with; income and expenditure being allocated across 8 mandatory functional headings. Note 37 highlights the possible future impact on the Authority's accounts of any accounting changes required by accounting standards which have been issued, but not yet adopted.

1.6 The Authority continued its rolling programme of asset re-valuations, concentrating on woodland properties.

1.7 In accordance with accounting practice, the Authority must show the present value surplus or deficit position on its share of the Pension Fund on the Balance Sheet. The net position as at 31st March 2016 shows a liability of £12.190m, a decrease of £3.559m compared to the liability of £15.749m for the preceding year (representing a pension liability which is considered to be covered by pension scheme assets up to 78% rather than 73% the previous year). The liability is assessed on an actuarial basis using a present value estimate of the pensions that will be payable in future years, over and above the assets within the Fund retained for this purpose. The level of employer and employee contributions into the Fund are assessed every three years with a view to ensuring that the assets within the Fund are capable of financing in full future pension commitments. Fluctuations often occur as the valuations made for the purpose of the accounts are based on prevailing economic conditions (e.g. bond yields, stock market values, inflation rates etc) at balance sheet date. Full details are explained in Note 33.

1.8 For the 2015-16 financial year the Authority set a borrowing limit (the "authorised" limit) of £1.8m. The Authority's borrowing as at 31st March 2016 was £559,170. The Authority's Capital Financing Requirement, i.e. its underlying need to borrow for capital purposes, was £770,299. The Authority did not enter into any financing transactions during the year, and relied upon internal cash resources.

1.9 Analysis of amounts recognised in the financial statements.

On February 6th 2015 the Authority approved the 2015/16 Budget and the variances from the previous year were mainly in line with budget expectation and allocations. A more detailed financial commentary on the 2015/16 results can be found in the outturn report which was reported to Audit, Resources and Performance Committee on the 20th May 2016; obtainable from the Authority's website (www.peakdistrict.gov.uk - under Committee meetings) or by request to the Head of Finance, Aldern House, Baslow Rd, Bakewell, Derbyshire tel 01629 816366. Many of the changes shown in the Comprehensive Income and Expenditure Statement arise from normal business and project related fluctuations; the main differences (above £50,000 and 10% of the previous year's net expenditure) are outlined below.

	Difference £,000	Comment
Comprehensive Income and Expenditure Statement (CIES)		
Estate Management	+69	Property repairs and staff recharges to Warslow Estate
Countryside & Economy Service	-179	Mainly arising from merging of conservation support staff into a central support team
Campsites, Hostels & Barns	+120	The one off effect of an (unrealised) impairment of a caravan site charged to the CIES following downwards revaluation arising from changes to the proposed planning consent
Area Projects	-60	Reduction in project expenditure on recreation strategy projects
Car Park & Concessions	-63	Increased car park receipts
Toilets	+56	Staff cleaning costs, refurbishment of Dovedale Toilets and the benefit in 14/15 of a one off revaluation reversal not repeated in 15/16
Property Team	-101	More accurate allocation of staff to estates and reductions in consultancy surveyor support
Development Control	+104	Ombudsman compensation payment and increase in support service recharges
Policy Planning	-114	The one-off S106 funds returning to the Authority from dormant escrow accounts for quarry restoration.
Corporate Mgt & Core	+211	An increase in employee termination (redundancy and superannuation shortfall) costs in 2015/16
Balance Sheet		
Long Term Assets	+1,042	Capital additions of some £268k (mainly enhancement of tenanted farms, boiler and headquarters alterations, and IT expenditure); asset valuation increases (woodlands) of £1,659k; disposals of £138k and depreciation of £747k;
Current Assets	+2,195	Debtors' levels have decreased by £53k. Cash balances have increased by £3,124k mainly through advance payment of Moorlife 2020 Life grant and asset disposals of £901k; stock levels at visitor centres increased by £25k at year end.
Current Liabilities	-464	The level of creditors normally fluctuates between years because of one-off project expenditure variations; there were less outstanding invoices for these projects at year end, and the accounting system's bank account "overdraft" was reduced.
Long Term Liabilities	-1,213	the impact of the actuarial estimates used to provide notional figures to comply with International Accounting Standard 19 – Retirement Benefits - (see Note 33) is the principal reason for the decrease (£3,559k); there is also a large increase in grants receipts in advance (£2,408k) as mentioned above (Moorlife 2020 advance grant payment). £62k of long term borrowing was also repaid during the year.
Useable Reserves	+1,191	The Authority's useable reserves increased by £1,191k, with a £406k net transfer into specific reserves; the sale of a number of assets increased the Capital Reserve by £677k, required to finance the forward Capital Programme; the General reserve was reduced by £36k whilst the Restricted reserves were increased by £144k, because of the transfer of Section 106 quarry restoration funds.

Economic Impact		The Authority's income sources largely continue to achieve their budget estimates, despite difficult economic times and stretched estimates required as part of the programme to achieve balanced budgets with a significantly reduced central grant figure. Note 34 highlights the Authority's exposure to interest rate risk, which is now minimised in revenue budgets. The Authority welcomed the government announcement to protect National Park Grant funding for the next Spending Review period up to 2019/20, giving a degree of financial planning certainty not previously possible, albeit at much lower levels than in the recent past, as a result of the significant funding cuts in the last Spending Review period.

Other significant movements are sufficiently explained in the accompanying Notes to the Accounts.

The Development and Performance of the Authority in the 2015-16 Financial Year

1.10 The Authority has two significant operational plan documents relevant to the financial year reported on in this Statement of Accounts:-

- The Annual Governance Statement
- The Performance and Business Plan 2015-16, with the Authority's Audit, Resources and Performance Committee receiving a quarterly performance monitoring report on progress in achieving year end performance targets, based on this plan.

Both documents are to be found on the Authority's website (see paragraph 1.9 above) under the Finance and operational policies section. The quarterly monitoring reports are available under the committee section of the website.

The quarterly performance monitoring report summarises progress into three categories:- on track to achieve year end targets; not completely on track to achieve year end targets, and not on track to achieve year end targets.

The Chief Finance Officer has reviewed the above documents with a view to reporting any additional explanations which may help users of these accounts to understand what impact any significant departure from planned expectations has had on the reported financial statements.

Where items are identified as not on track, an explanation will be provided if this has a material financial impact on the Statement of Accounts. In relation to the 2015/16 year, the quarter 4 and final outturn monitoring report does not raise any such performance concerns in this category.

The Annual Governance Statement reviews the Authority's governance arrangements and identifies any issues relevant during the year which may have an affect on effectiveness. The Annual Governance Statement for 2015/16 identifies 9 issues for improvement action. The Chief Finance Officer has reviewed the statements on governance for the 2015/16 year, and these issues, alongside their impact on the reported financial statements. There are no issues identified which require separate disclosure in this Narrative Report.

The Authority's Cashflow

1.11 The Cashflow statement shows how cash resources were expended or received during the year. The main factors affecting the Authority's cashflows are

- The timing of grant monies, usually claimed after funds are expended
- The timing of drawdown of National Park Grant from the Department of Environment, Food and Rural Affairs (Defra)

- Any significant capital expenditure and the timing of any borrowing to support this expenditure
- The availability of reserve monies.

The Authority estimates cashflow expenditure and draws down National Park grant in advance on a quarterly basis; because of the variability of grant funding and the significant amount of external grant funding the Authority receives, a large margin of safety is built into the drawdown of National Park Grant so that the Authority does not have to borrow monies temporarily for cashflow purposes.

The only additional explanation relating to cashflow in 2015/16 is that the Authority is awaiting the final European grant payment for the Moorlife project, of £891,307. This payment is expected to be received in the early part of the 2016/17 year. The impact of this debt however is mitigated by the significant payment of the first tranche of European grant for the new Moorlife 2020 project, which is paid in advance of expenditure. This was £2,497,905, and explains the increase in cash holdings shown in the differences table above. Note 34 also helps to explain these amounts.

Capital Expenditure and Commitments

1.12 The Authority approved a revised Capital Strategy in December 2015 which set out a forward Capital Programme up to 2019/20. The strategy estimated potential capital expenditure in support of the corporate strategy of up to £3.59m, financed by borrowing of up to £2.49m and allocations from the Authority's Capital Fund of up to £1.1m. Business cases have not yet been approved, so none of this commitment has been made as of the date of these accounts, and all Capital expenditure is governed by the key principles and working assumptions outlined in the Capital Strategy which can be found on the Authority's website under the agenda and reports section of the Authority meeting for December 2015. The Capital fund reported in the Balance Sheet will be supplemented by a programme of future asset sales. The Capital Financing Requirement is estimated to increase based on the additional borrowing and this will be covered by a higher Authorised Limit as approved in the March 2016 Authority report, rising from £2m in 2016/17 to £3m in 2018/19. Debt repayments for the additional borrowing are either found within current revenue budgets (e.g. vehicle replacements) or are deemed to be prudent based on income generating proposals, with the risk covered by a combination of strong interest cover ratios and increased asset values, rather than underwritten by reliance on National Park Grant.

Major Changes in Statutory Functions or delivery, and Reduction in Services

1.13 There are no major changes in statutory functions. In 2015/16 a revised Leadership Team structure was implemented based on the model of a Chief Executive supported by three Directors. For the period up to 2019/20 the Authority has approved a new Strategic Framework and may make changes to its third tier officer structure in 2016/17, and some of its operations, to ensure it is best placed to achieve the outcomes set out in the new Strategic Framework. Members and Management Team are formulating in 2016/17 revenue investment proposals to achieve this, within the constraints of current resources and the National Park Grant figures confirmed up to the 2019/20 financial year. The investment proposals to be developed are focussed on four programmes of work as below:-

Programme	Focus for investment
Develop the knowledge and expertise of organisation	The knowledge and expertise of third tier managers (managers that report to a Director) and professional experts
Develop the commercial programme	To give us confidence that our commercial approach focusses on those areas giving the best returns and in a way that more than pays for itself
Develop and enhance the way we work with communities and	To improve how we work with and enable communities to support the special qualities: how we plan with them, advise them and support them

partners	through grants
Ensure our asset portfolio is at a standard that is fit for the Corporate Strategy	To support our work on properties we own and operate: maintenance; environmental performance; development to enhance the visitor experiences

The budget for the 2015/16 year was approved on the basis of reductions in expenditure and income proposals totalling £342,000. The Authority meeting in September 2015 approved further expenditure reductions, in five review areas, of £464,000 and income proposals of £138,000 to achieve a balanced budget for the 2016/17 year. The five review areas were the leadership team, ranger resources, conservation influencing & advisory roles, plan making and strategy work, and support services. These reductions were required to achieve balanced budgets largely as a result of significant reductions in National Park Grant in the Spending Review period of 2010/11 to 2015/16.

National Park Grant

1.14 On the 21st January 2016 DEFRA confirmed National Park Grant figures for the next Spending Review period from 2016/17 to 2019/20, following an announcement by the Chancellor of the Exchequer that the funding for National Parks and Areas of Outstanding Natural Beauty would be protected in real terms. This was in contrast to the previous Spending Review period from 2010-11 to 2015/16 which comprised year on year cash reductions with a cumulative reduction by 2015-16 of 24.6% from its 2010/11 level, representing approximately a 37% decrease in real terms of National Park Grant after taking account of inflationary cost pressures. Meeting the challenge up to 2015/16 required the Authority to find ongoing revenue savings totalling £2.4m, in order to balance to the 2015-16 National Park Grant figure of £6,257,122 (2009-10 National Park Grant = £8,309,049). The announcement of funding for the next Spending Review period brings a degree of medium term financial stability.

The European Union Referendum

1.15 On Thursday 23 June 2016 the EU referendum took place and the people of the United Kingdom voted to leave the European Union. A preliminary assessment of the implications for this Authority was undertaken by senior managers, and it was agreed that the new risk of ‘implications of the European Union exit vote’ should be added at quarter 1 to the corporate risk register in order to manage any implications for the Authority as exit from the Union progresses. In respect of the Authority’s financial position, there were two main possible impacts identified, Euro funding for the Moorlife 2020 project, and UK government funding for National Parks:-

Risk Aspect	Detail	Mitigating Action
European grant funding for Moorlife 2020 project	• Termination conditions – termination risk on grounds of not being an EU body • If contract not terminated, risks in carrying significant European debt in excess of Authority resources	• Further legal advice will be sought if needed • The Local Government Association is mounting a campaign for UK government to underwrite EU funded contracts if necessary over the transition period • National Park Chief Executive and Chairs group and National Parks England will join this discussion direct with Defra asking for National Park euro funded projects to be underwritten

		• Already received 30% of total grant as pre-payment that will provide initial financing cover for up to 2 years (2016/17 and 2017/18) subject to confirmation of budget profile by project manager Sept 2016
UK government funding	• National Park Grant – risk of 4 year settlement letter not being honoured • Risk to progressing investment decisions	• National Park Chief Executive and Chairs group and National Parks England to discuss direct with Defra • Continue with baseline investment into the design of the leadership group • Make decisions on allocations for investments after the Autumn budget statement

Conclusion

1.16 The Authority has maintained a satisfactory financial position in 2015/16, and this strength stems from the operation of four principal aspects of our financial strategy. The first is achieving a balance between maximising funding sources, and ensuring that agreed budgets do not include speculative or imprudent assumptions. The second follows on as a consequence, ensuring that our budgetary control procedures remain robust, particularly in early monitoring of the risks implicit in our provision of demand-led services. The third is the need to ensure that the Authority's fixed asset base is sustainable, with an approved Asset Management Plan in place and a matching capital strategy approved, with rationalisation of the Authority's property portfolio reducing maintenance liabilities and providing possible capital receipts. The fourth concerns a cautious approach to longer term commitments, ensuring the Authority is able to maintain a degree of flexibility in responding to future settlements, whilst retaining sufficient contingency reserves.

2. Summary of Significant Accounting Policies

2.1 General Principles

2.1.1 The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which require preparation in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority Accounting in the UK (2015/16) and the Service Reporting Code of Practice (2015/16), supported by International Financial Reporting Standards (IFRS).

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

2.1.3 The analysis of expenditure used in the Comprehensive Income and Expenditure Statement is based on the requirements contained in the Grant Memorandum issued by the Department for Environment, Food and Rural Affairs (DEFRA), which complies with CIPFA guidance on Accounting for Overheads in Local Government, and the National Parks' Service Expenditure Analysis.

2.2 Accruals of Income and Expenditure

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

- Revenue from the 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 a 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 (including employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for as income and expenditure respectively on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or agreed by the contract, which may be different.
- When 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 amount which might not be collected is written down from the debtors' balance and charged to the Comprehensive Income and Expenditure Statement (CIES).

2.3 Acquisitions and Discontinued Operations

2.3.1 Any income or expenditure directly related to the acquisition of operating services, or discontinued operations, is shown in a separate disclosure note to the accounts (Note 22), together with any outstanding liabilities arising from closure of a service.

2.4 Cash and Cash Equivalents

2.4.1 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 within 3 months or less from the date of acquisition and are readily convertible to known amounts of cash with no significant risk of a change in value.

2.4.2 In the Cashflow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

2.5 Exceptional Items

2.5.1 When items of income and expenditure are material, their amount is disclosed separately in a note to the accounts.

2.6 Prior Period Adjustments, Changes in Accounting policies and estimates and errors

2.6.1 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 in the year affected by the change and do not give rise to a prior period adjustment.

2.6.2 Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information. Material errors discovered in prior period figures are corrected. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied, or as if the error had not been made.

2.7 Charges to Revenue for Non-Current Assets

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

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

2.7.2 The Authority is not required to charge the National Park Grant with the amount required to fund depreciation, revaluation and impairment losses or amortisations. It is however required to make an annual contribution from revenue to the reduction in its overall borrowing requirement, which is derived from an amount prudently determined by the Authority in accordance with its Treasury Management Policy. This contribution is known as the Minimum Revenue Provision and any difference between the two amounts is adjusted for between the capital adjustment account and the General Fund balance.

2.8 Employee Benefits

2.8.1 Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, 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 holiday entitlements (or any form of leave, eg time off in lieu) 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 salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services in the CIES, but is then reversed out through the Movement in Reserves Statement so that holiday benefits are actually charged to revenue in the financial year in which the holiday absence occurs.

2.8.2 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 appropriate service in the CIES when the Authority is committed to the termination. Where termination before retirement involves additional cost to the pension fund, 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 therefore 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 the year-end.

2.9 Post - Employment Benefits

2.9.1 Employees of the Authority can choose to be a member of the Local Government Pensions Scheme, administered by Derbyshire County Council, which provides defined benefits (retirement lump sums and pensions) to members earned as employees working for the Authority. The cost of providing pensions for employees in this scheme is funded in accordance with the statutory requirements governing the scheme, and is accounted for in accordance with the requirements of IAS 19, as interpreted by the Code of Practice.

2.9.2 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. Liabilities are discounted to their value at current prices, using a discount rate of 3.5%.

2.9.3 The assets of Derbyshire County Council's pension fund attributable to the Authority are included in the Balance Sheet at their fair value – at current bid price for quoted securities; professional estimate for unquoted securities; and market value for property.

2.9.4 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 CIES to the services for which the employee 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 CIES as part of Non-Distributed Costs.
- Net interest cost – the change during the period in the scheme's net liability arising from the passage of time - debited to the Financing and Investment Income & Expenditure line in the CIES.
- Re-measurements: – the return on scheme assets attributable to the Authority, excluding amounts included in the net interest cost above, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Re-measurements:- 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, charged to the Pensions' Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

2.9.5 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 movements to and from the Pensions' Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid or payable to the pension fund. The negative balance that arises on the Pensions' Reserve therefore measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than when benefits are earned by employees.

2.10 Events After the Balance Sheet Date

2.10.1 Events after the Balance Sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those which provide evidence of conditions that existed at the end of the reporting period, in which case the Statement of Accounts is adjusted to reflect such events.
- those which are indicative of conditions that arose after the reporting period, in which case the Statement of Accounts is not adjusted to reflect these events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

2.10.2 Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

2.11 Financial Instruments

2.11.1 Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income & Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

2.11.2 For most of the Authority's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the CIES is the amount payable for the year according to the loan agreement.

2.11.3 Gains and losses on the re-purchase or early settlement of borrowing are credited and debited to the Financing and Investment Income & Expenditure line in the CIES in the year of re-purchase / settlement. Where re-purchase has taken place as part of restructuring the loan portfolio, and involves modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

2.11.4 Financial Assets are classified into two types – loans and receivables, which are assets which have fixed or known payments but are not quoted in an active market; and available-for-sale assets, which have a quoted market price and may or may not also have fixed or known payments.

2.11.5 Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income & Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

2.11.6 Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service, or to the Financing and Investment Income &

Expenditure line in the CIES if not attributable. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

2.11.7 Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income & Expenditure line in the CIES.

2.11.8 Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

2.12 Foreign Currency Translation

2.12.1 Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts are outstanding at the year-end, they are re-converted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income & Expenditure line in the CIES.

2.13 Government Grants and Contributions

2.13.1 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 reasonable assurance that the Authority will comply with the conditions attached to the payments and that the grants or contributions will be received.

2.13.2 Amounts recognised as due to the Authority are not credited to the CIES until conditions attached to the grant or contribution 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, otherwise the future economic benefits or service potential must be returned to the transferor.

2.13.3 Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line, if attributable, or to Taxation and non-specific Grant Income in the CIES if not ring-fenced or if they are capital grants.

2.13.4 Where capital grants are credited to the CIES, 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.

2.14 Heritage Assets

2.14.1 Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The accounting standard has been introduced in order to move these assets onto a valuation basis on the Balance Sheet, rather than as previously, a historic cost basis; the predominant reason for the introduction of the change is to ensure that items held within Local Authority museum and gallery collections are properly reflected in valuation terms on the Balance Sheet.

The standard also allows a Local Authority to move other Community Assets, which are currently accounted for on the same historic cost basis, onto a valuation basis.

Notwithstanding its historical or other heritage qualities, any asset used by an organisation in its operations is still accounted for as an operational asset, and not as a heritage asset. It is therefore accounted for as set out in the Summary of Accounting policies note paragraph 2.19. The current approach to Heritage assets in this Statement of Accounts is summarised in Note 32.

2.15 Intangible Assets

2.15.1 Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

2.15.2 Intangible assets are measured initially at cost, and are carried on the Balance Sheet at their amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the CIES, as are any losses arising from impairment of the asset. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

2.15.3 Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, if it is a sale over £10,000, the Capital Receipts Reserve.

2.16 Inventories and Long Term Contracts

2.16.1 Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the average costing formula.

2.16.2 Long Term Contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

2.17 Leases

2.17.1 Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. If an arrangement does not have the legal status of a lease but in substance conveys a right to use an asset in return for payment, and fulfilment of the arrangement is dependent on the use of specific assets, they are also accounted for under this policy.

2.17.2 The Authority as Lessee, Finance Leases: property, plant and equipment held under finance leases is recognised on the Balance Sheet at the start of the lease at either its fair value measured at the lease's inception or if lower, the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset, and any premia paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. The lease payments are apportioned between a charge for the acquisition of the interest in the asset – which is used to write down the lease liability, and a finance charge which is debited to the Financing and Investment Income & Expenditure line in the CIES. Property, plant & equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life, assuming ownership of the asset does not transfer to the Authority at the end of the lease period. The Authority is not required to account for depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with the Authority's Treasury Mgt Policy. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

2.17.3 The Authority as Lessee, Operating Leases: rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant and equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

2.17.4 The Authority as Lessor, Finance Leases: where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the start of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant & Equipment or Assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the asset – which is used to write down the lease debtor, and finance income which is debited to the Financing and Investment Income & Expenditure line in the CIES. The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written off value of disposals is not a charge against National Park Grant, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

2.17.5 The Authority as Lessor, Operating Leases where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset and charged as an expense over the lease term on the same basis as the rental income.

2.18 Overheads and Support Services

2.18.1 The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Accounting Code of Practice 2015/16 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:-

- Corporate and Democratic Core – costs relating to the Authority's servicing of its democratic mandate (i.e. the Membership)
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets held for sale.

- These two cost categories are defined in SERCOP and are accounted for as separate headings in the CIES, as part of Total Cost of Services.

2.19 Property, Plant & Equipment

2.19.1 Assets that have physical substance, 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 for more than one financial year, are classified as Property, Plant & Equipment. Assets below the de minimis value of £10,000 are not introduced into the balance sheet unless they are part of a pooled system of assets.

2.19.2 Recognition: expenditure on the acquisition, creation or enhancement of Property, Plant & 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 which 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.

2.19.3 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 Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition has no impact on cash flow, in which case, where an asset is exchanged, the cost of the acquisition is deemed to be the carrying amount of the asset given up in exchange. Donated assets are measured initially 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 CIES, unless the donation has been made conditionally, in which case until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the CIES, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves statement. Assets are carried into the Balance Sheet using the following measurement bases:-

- infrastructure, community assets and assets under construction – depreciated historic cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value = EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

2.19.4 Revaluation: Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, 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 CIES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, and there is a balance of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against that balance, up to the amount of the accumulated gains. Where decreases in value are identified, and there is no balance, or an insufficient balance, of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against the relevant service line in the CIES. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date were consolidated into the Capital Adjustment Account.

2.19.5 Impairment: Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for this shortfall. Where decreases in value are identified, and there is a balance of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against that balance, up to the amount of the accumulated gains. Where impairment losses are identified, and there is no balance, or an insufficient balance, of revaluation gains for the asset in the Revaluation Reserve, they are accounted for by writing down the carrying amount of the asset against the relevant service line in the CIES. Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

2.19.6 Depreciation: Depreciation is provided for on all Property, Plant & Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets which are not yet available for use (i.e. assets under construction). Depreciation is calculated on a reducing balance basis as follows:-

Type of Fixed Asset	Depreciation Period
Land & Community assets	Nil
Furniture & Equipment	over the life of the asset – 5-10 years ; computer hardware 3 years
Vehicles	over the life of the asset - 6-20 years
Car Parks	over the life of the asset - 15-20 years
Buildings	over the life of the asset - 60 years
Intangible Assets	over the life of the asset – 5 years
Surplus Assets	Surplus assets are usually Buildings, so they share the same 60 year asset life.
Infrastructure Assets	over the life of the asset - 60 years, unless a shorter asset life is warranted as a result of applying a component accounting approach

Where an item of Property, Plant & Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. 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 historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

2.19.7 Disposals and Non-current Assets Held for Sale: When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is re-classified as an Asset Held for Sale. The asset is re-valued immediately before re-classification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale. If assets no longer meet the criteria to be classified as Assets Held for Sale, they are re-classified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale) and their recoverable amount at the date of the decision that the criteria were not met. Assets that are to be scrapped are not re-classified as Assets Held for Sale.

2.19.8 Where 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 CIES as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the CIES (i.e. netted off). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. The written off value of disposals is not a charge against National Park Grant, as the cost of fixed assets is fully provided for under separate Local Authority arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

2.19.9 Amounts received for a disposal in excess of £10,000, or where the asset has been previously capitalised, are categorised as capital receipts and are credited to the Capital Receipts Reserve, available only for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

2.20 Provisions, Contingent Liabilities and Contingent Assets

2.20.1 Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that <u>probably</u> 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 CIES 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. When payments are eventually made they are charged to the provision carried in the Balance Sheet. If the provision proves not to be required, the provision is reversed and credited back to the CIES. Income potentially recoverable from a third party which would offset the provision is only recognised if it is virtually certain to be received.

2.20.2 A contingent liability arises where an event has taken place that gives the Authority a <u>possible</u> 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 are not recognised in the Balance Sheet but are disclosed in a note to the acmcounts. Where the event might give rise to an asset (i.e. a contingent asset) these are not recognised in the Balance Sheet but are disclosed in a note to the accounts only where it is probably that there will be an inflow of economic benefits or service potential.

2.21 Reserves

2.21.1 The Authority sets aside specific amounts as reserves for future National Park purposes or to cover contingencies. Reserves are created by transferring 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 CIES. The reserve is then transferred back in to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against National Park Grant for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

2.22 Revenue Expenditure Funded from Capital Under Statute

2.22.1 Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the National Park Grant.

2.23 VAT

2.23.1 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.

3. Movement in Reserves Statement 2015/16

	General Fund	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Un-usable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Balance at 31st March 2015	**658,211**	**2,518,818**	**335,307**	**3,512,336**	**2,835,152**	**6,347,488**
Surplus (Deficit) on provision of services (accounting basis)	(1,486,230)	0	0	**(1,486,230)**	0	**(1,486,230)**
Other Comprehensive (Expenditure) & Income (Note 5)	0	0	0	**0**	6,399,338	**6,399,338**
Total Comprehensive (Expenditure) & Income	**(1,486,230)**	**0**	**0**	**(1,486,230)**	**6,399,338**	**4,913,108**
Adjustments between accounting basis & funding basis under regulations (Note 6)	2,000,616	0	677,014	**2,677,630**	(2,677,630)	**0**
Net Increase (Decrease) before Transfers to Earmarked Reserves	**514,386**	**0**	**677,014**	**1,191,400**	**3,721,708**	**4,913,108**
Transfers (to) from earmarked Reserves (Note 7)	(550,158)	550,158	0	**0**	0	**0**
Increase (Decrease) in Year	**(35,772)**	**550,158**	**677,014**	**1,191,400**	**3,721,708**	**4,913,108**
Balance as at 31st March 2016	**622,439**	**3,068,976**	**1,012,321**	**4,703,736**	**6,556,860**	**11,260,596**

3. cont. Movement in Reserves Statement 2014/15

	General Fund	Earmarked Reserves	Capital Receipts Reserve	Total Usable Reserves	Un-usable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Balance at 31st March 2014	**730,452**	**2,360,446**	**425,597**	**3,516,495**	**7,421,901**	**10,938,396**
Surplus (Deficit) on provision of services (accounting basis)	(1,159,638)	0	0	**(1,159,638)**	0	**(1,159,638)**
Other Comprehensive (Expenditure) & Income (Note 5)	0	0	0	**0**	(3,431,270)	**(3,431,270)**
Total Comprehensive (Expenditure) & Income	**(1,159,638)**	**0**	**0**	**(1,159,638)**	**(3,431,270)**	**(4,590,908)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	1,245,769	0	(90,290)	**1,155,479**	(1,155,479)	**0**
Net Increase (Decrease) before Transfers to Earmarked Reserves	**86,131**	**0**	**(90,290)**	**(4,159)**	**(4,586,749)**	**(4,590,908)**
Transfers (to) from earmarked Reserves (Note 7)	(158,372)	158,372	0	**0**	0	**0**
Increase (Decrease) in Year	**(72,241)**	**158,372**	**(90,290)**	**(4,159)**	**(4,586,749)**	**(4,590,908)**
Balance as at 31st March 2015	**658,211**	**2,518,818**	**335,307**	**3,512,336**	**2,835,152**	**6,347,488**

4. Comprehensive Income and Expenditure Statement

2014/15				2015/16		
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£	£	£	**Conservation of the Natural Environment**	£	£	£
63,448	(13,587)	49,861	Forestry & Tree Management	80,676	(5,526)	75,150
545,978	(417,579)	128,399	Estates Management	610,020	(412,929)	197,091
793,919	(48,935)	744,984	Countryside & Economy Service	588,787	(22,686)	566,101
3,779,464	(3,432,930)	346,534	Conservation & Environment Projects	2,841,150	(2,452,762)	388,388
293,597	(800)	292,797	Natural Environment Team	333,935	(32,495)	301,440
5,476,406	(3,913,831)	1,562,575		4,454,568	(2,926,398)	1,528,170
			Conservation of Cultural Heritage			
101,138	(0)	101,138	Historic Buildings	63,506	(0)	63,506
135,997	(1,141)	134,856	Village Management	141,990	(782)	141,208
129,603	(37,130)	92,473	Archaeology	133,660	(39,844)	93,816
0	(0)	0	Cultural Heritage Projects	0	(0)	0
366,738	(38,271)	328,467		339,156	(40,626)	298,530
			Recreation Management & Transport			
70,173	(62,231)	7,942	Campsites, Hostels & Barns	211,547	(83,647)	127,900
1,045,661	(201,885)	843,776	Access, Walking & Riding Routes	1,059,540	(261,702)	797,838
411,384	(283,968)	127,416	Area Projects	443,057	(376,147)	66,910
339,586	(350,304)	(10,718)	Car Parks & Concessions	309,079	(383,532)	(74,453)
347,795	(282,456)	65,339	Cycle Hire	323,429	(299,917)	23,512
182,167	(14,035)	168,132	Toilets	237,367	(13,632)	223,735
168,245	(5,952)	162,293	Transport Policy & Transport Projects	146,519	(12,150)	134,369
2,565,011	(1,200,831)	1,364,180		2,730,538	(1,430,727)	1,299,811
			Promoting Understanding			
830,460	(461,231)	369,229	Visitor Centres	839,243	(479,219)	360,024
223,126	(6,881)	216,245	Communications and Design Services	231,373	(7,390)	223,983
284,984	(65,829)	219,155	Rangers education & Community Liaison	266,114	(71,436)	194,678
302,796	(102,891)	199,905	Environmental Education (New Learning Team)	317,563	(100,351)	217,212
93	(0)	93	Promoting Understanding Projects	26,421	(5,514)	20,907
1,641,459	(636,832)	1,004,627		1,680,714	(663,910)	1,016,804

2014/15 Gross Expenditure	2014/15 Income	2014/15 Net Expenditure	Comprehensive Income & Expenditure Account (Continued)	2015/16 Gross Expenditure	2015/16 Income	2015/16 Net Expenditure
			Rangers, Estates Service & Volunteers			
409,893	(69,911)	339,982	Rangers	371,506	(69,708)	301,798
74,973	(20,595)	54,378	Countryside Volunteers	79,085	(23,063)	56,022
287,790	(64)	287,726	Property Team	187,485	(58)	187,427
43,792	(2,522)	41,270	Estates Workers	41,583	(3,285)	38,298
816,448	(93,092)	723,356		679,659	(96,114)	583,545
			Development Control			
1,338,226	(318,333)	1,019,893	Development Control	1,483,669	(359,947)	1,123,722
1,338,226	(318,333)	1,019,893		1,483,669	(359,947)	1,123,722
			Forward Planning & Communities			
539,890	(34,644)	505,246	Policy Planning	546,166	(155,405)	390,761
164,001	(31,829)	132,172	Community Development	164,909	(38,500)	126,409
703,891	(66,473)	637,418		711,075	(193,905)	517,170
			Service Management & Support Services			
1,781,554	(79,560)	1,701,994	Corporate Management	2,502,172	(584,051)	1,918,121
441,197	(0)	441,197	Corporate & Democratic Core	459,205	(0)	459,205
28,865	(0)	28,865	Non-Distributed Costs	178,111	(0)	178,111
0	(0)	0	Past Service Cost (Gain)	0	(0)	0
(1,746,254)	(0)	(1,746,254)	Less Recharged Support Service Costs	(1,918,121)	(0)	(1,918,121)
505,362	(79,560)	425,802		1,221,367	(584,051)	637,316
13,413,541	**(6,347,223)**	**7,066,318**	**Total Cost of Services**	**13,300,746**	**(6,295,678)**	**7,005,068**
0	(0)	0	Other Operating Expenditure (Note 8)	234,256	(0)	234,256
492,114	(30,063)	462,051	Financing and Investment Income (Note 9)	542,420	(35,974)	506,446
0	(0)	0	Surplus or deficit on discontinued operations (Note 22)	0	(0)	0
0	(6,368,731)	(6,368,731)	National Park Grant, non-specific grant and capital income (Note 10)	0	(6,259,540)	(6,259,540)
13,905,655	**(12,746,017)**	**1,159,638**	**(Surplus) or Deficit on Provision of Services**	**14,077,422**	**(12,591,192)**	**1,486,230**
0	(856,701)	(856,701)	(Surplus) or deficit on revaluation of Property, Plant & Equipment assets	0	(1,674,533)	(1,674,533)
4,287,971	(0)	4,287,971	Actuarial (gains) losses on pension assets / liabilities	0	(4,724,805)	(4,724,805)
4,287,971	**(856,701)**	**3,431,270**	**Other Comprehensive (Income) Expenditure (Note 5)**	**0**	**(6,399,338)**	**(6,399,338)**
18,193,626	**(13,602,718)**	**4,590,908**	**Total Comprehensive (Income) Expenditure**	**14,077,422**	**(18,990,530)**	**(4,913,108)**

5. Balance Sheet as at 31st March 2016

2014-15 £		Notes	2015-16 £
	Property, Plant & Equipment		
17,276,076	- Land & Buildings	11	18,460,782
1,105,000	- Vehicles, Plant & Equipment	11	973,274
209,733	Intangible Assets	12	198,911
0	Long Term Investments		0
0	Long Term Debtors	14	0
18,590,809	**Total Long Term Assets**		**19,632,967**
156,902	Inventories	13	181,884
2,734,431	Short Term Debtors	14	2,681,862
1,029,383	Assets held for Sale	16	128,100
3,089,193	Cash & Cash Equivalents	15	6,212,724
7,009,909	**Total Current Assets**		**9,204,570**
(66,353)	Cash & Cash Equivalents	15	(278)
(97,897)	Short Term Borrowing	35 & 36	(61,864)
(1,819,841)	Short Term Creditors	17	(1,420,810)
(206,401)	Accruals	20	(243,907)
(2,190,492)	**Total Current Liabilities**		**(1,726,859)**
(559,170)	Long Term Borrowing	35 & 36	(497,306)
(15,749,000)	Other Long Term Liabilities	33	(12,190,000)
(754,568)	Grants Receipt in Advance	27	(3,162,776)
(17,062,738)	**Total Long Term Liabilities**		**(15,850,082)**
6,347,488	**TOTAL NET ASSETS**		**11,260,596**
	Financed by:		
	Usable Reserves		
658,211	General Reserve	See p.17	622,439
335,307	Capital Receipts Reserve	19	1,012,321
2,464,649	Specific Reserves	7	2,870,332
54,169	Restricted Funds	7	198,644
3,512,336			**4,703,736**
	Unusable Reserves		
7,210,325	Revaluation Reserve	20	8,026,950
11,580,228	Capital Adjustment Account	20	10,963,817
(15,749,000)	Pensions' Reserve	20	(12,190,000)
(206,401)	Accumulated Absences Account	20	(243,907)
2,835,152			**6,556,860**
6,347,488	**Total Reserves**		**11,260,596**

6. Cashflow Statement

2014-15 £		2015-16 £
	Operating Activities	
(252,745)	Rents	(273,599)
(1,507,489)	Charges for Goods and Services	(3,066,940)
(3,326,598)	Grants and Partnership Income	(5,429,515)
(6,367,867)	National Park Grant and Levies	(6,257,122)
(30,063)	Interest Received	(35,974)
(0)	Discontinued Operations	(0)
(11,484,762)	***Cash Inflows***	***(15,063,150)***
6,918,808	Employment Costs	6,810,542
5,351,705	Payments for Goods and Services	4,952,847
370,850	Other Costs	535,504
30,114	Interest Paid	27,420
0	Discontinued Operations	0
12,671,477	***Cash Outflows***	***12,326,313***
1,186,715	**Operating Activities Net Cash Flow**	**(2,736,837)**
	Investing Activities	
227,056	Purchase of Property, plant and equipment and intangible assets	256,545
0	Purchase of Investments	0
(0)	Sale of Property, plant and equipment and intangible assets	(804,793)
(864)	Capital Grants received	(2,418)
0	Discontinued Operations	0
226,192	**Investing Activities Net Cash Flow**	**(550,666)**
	Financing Activities	
95,202	Repayments of amounts borrowed	97,897
0	New Loans	0
0	Discontinued Operations	0
95,202	**Financing Activities Net Cash Flow**	**97,897**
1,508,109	**Net (Increase) Decrease in Cash and Cash equivalents**	**(3,189,606)**
4,530,949	Cash and Cash Equivalents at the beginning of the Reporting Period (Note 15)	3,022,840
(1,508,109)	Net Increase (Decrease) in Cash and Cash equivalents as above	3,189,606
3,022,840	**Cash and Cash Equivalents at the end of the Reporting Period (Note 15)**	**6,212,446**

7. Notes to the Accounts

Note 1 Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Section 2, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events, and their potential impact on the amounts recognised in the financial statements. The Authority believes there are no judgements made arising from its application of accounting policies which require disclosure.

Note 2 Assumptions made about the future and other major sources of estimation uncertainty

The National Park Grant, the principal funding source for the Authority, has been confirmed for the next Spending Review period up to 2019/20, and the allocations allow for inflationary increases of 1.72% each year, allowing for financial stability during this period; the assumption made is that this is binding on the government as a statement of public investment intent. The Authority's net liability to pay pensions depends on a number of complex judgements, e.g. the discount rate used, the rate of wages' inflation, changes in retirement ages, mortality rates and the return on pension fund assets. These judgements are made by the actuaries engaged by Derbyshire County Council to advise on the Pension Fund, within statutory guidelines. Note 33 contains more information on the assumptions made and the impact on the accounts. The estimated pensions liability as at 31/03/16 is £12,190,000, and estimates of the liability in the last five years have ranged between £10,551,000 and £15,749,000.

The Land & Buildings figure (within the Property, Plant & Equipment heading on the Balance Sheet) is determined by the accounting policies outlined in paragraph 2.193 and 2.19.4., and as such, any revaluations of assets within this category may be subject to variations arising from the nature of the valuation process. The carrying amount as at 31/03/2016 was £18,460,782.

There are no other significant estimations or assumptions which require disclosure.

Note 3 Material Items of Income and Expenditure

Within the items of income and expenditure contained within the Comprehensive Income and Expenditure Statement there is an outstanding debt from the Life European fund of £891,307, relating to the Moorlife project, denominated in euros. The final claim has been subject to external audit (by George Hay Partnership LLP) and is now being considered by the European grant team for payment. Payment is expected in the first half of the 2016/17 financial year, and the sum is contained within Debtors figures in Note 14. The Narrative Report helps to explain a number of variances from the previous year where the figures are materially different.

Note 4 Events after the Balance Sheet Date

The Chief Finance Officer authorised the Statement of Accounts for issue on 27th May 2016 and the audited accounts were reported to the Audit, Resources and Performance Committee for approval on the 16th September 2016. Events taking place after this date will not be reflected in the financial statements or notes. Events which have occurred since the Balance Sheet date (31/03/16) and up to the authorisation of the accounts (27th May 2016) by the Chief Finance Officer have been considered. These events are of two kinds:- either "adjusting events" (events arising relating to conditions which existed at the Balance Sheet date which materially affect the amounts included in the accounts) or "non-adjusting events" (events arising relating to conditions which arose after the Balance Sheet which are material, and for which disclosure is required for the purposes of fair presentation).

On June 23rd the results of a referendum on Britain's membership of the European Union resulted in a majority vote to leave the Union. Although the vote occurred after the date of authorisation of the accounts above, the result is a significant national decision. The immediate implications were discussed by the Authority's senior management on 28th June with a preliminary list of potential consequences considered, and the implications of the decision were added to the Authority's risk register. The financial implications of the decision are covered in the Narrative Report.

Note 5 Other Comprehensive Expenditure & Income

2014-15 £		2015-16 £
856,701	Surplus (Deficit) arising on revaluation of non-current assets	1,674,533
(4,318,000)	Actuarial Gain (Loss) on pension fund assets and liabilities	4,791,000
30,029	Other – difference between actuarial and actual charge against government grant	(66,195)
(3,431,270)	**Total**	**(6,399,338)**

Note 6 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made for items included or not included in the Statement of Comprehensive Income and Expenditure required by accounting standards, in order to understand the total Income and Expenditure which is required to be reported by Local Authorities as required by statute.

2015/16 **Adjustments to Revenue Resources**	**General Fund £**	**Capital Receipts Reserve £**	**Un-usable Reserves £**
Pension costs – removal of accrual of full pension costs as reported on an actuarial basis under IAS19	(2,174,000)		2,174,000
Pension costs - replacement by employers actual paid contributions in year	1,008,195		(1,008,195)
Holiday Pay – removal of accrual for holiday pay costs leaving actual pay costs paid in year	(37,506)		37,506
Reversal of entries in relation to depreciation and impairment of non-current assets	(705,026)		705,026
Reversal of entries - revaluation gain (loss) on Property, Plant & Equipment	(15,276)		15,276
Reversal of entries - amortisation of Intangible assets	(41,947)		41,947
Reversal of entries for carrying value of non-current assets as part of gain / loss no disposal	(1,039,049)		1,039,049
Total Adjustments to Revenue Resources	(3,004,609)		3,004,609
Adjustments between Revenue & Capital Resources			
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	804,793	(804,793)	0
Statutory provision for the repayment of debt	117,225		(117,225)
Capital Expenditure financed from revenue balances	79,557		(79,557)
Total Adjustments between Revenue & Capital Resources	**1,001,575**	**(804,793)**	**(196,782)**

Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		127,779	(127,779)
Application of capital grants to finance capital expenditure	2,418		(2,418)
Total Adjustments to Capital Resources	**2,418**	**127,779**	**(130,197)**
Total Adjustments	**(2,000,616)**	**(677,014)**	**2,677,630**

The corresponding comparatives for the previous year are shown as follows:-

<u>2014/15</u>	**General Fund**	**Capital Receipts Reserve**	**Un-usable Reserves**
Adjustments to Revenue Resources	**£**	**£**	**£**
Pension costs – removal of accrual of full pension costs as reported on an actuarial basis under IAS19	(1,832,000)		1,832,000
Pension costs - replacement by employers actual paid contributions in year	921,970		(921,970)
Holiday Pay – removal of accrual for holiday pay costs leaving actual pay costs paid in year	20,327		(20,327)
Reversal of entries in relation to depreciation and impairment of non-current assets	(595,507)		595,507
Reversal of entries in relation to a revaluation gain (loss) on Property, Plant & Equipment	33,499		(33,499)
Reversal of entries in relation to amortisation of Intangible assets	(44,164)		44,164
Total Adjustments to Revenue Resources	(1,495,875)		1,495,875
Adjustments between Revenue & Capital Resources			
Transfer of non-current asset sale proceeds to the Capital Receipts Reserve	0	(0)	0
Statutory provision for the repayment of debt	108,152		(108,152)
Capital Expenditure financed from revenue balances	141,090		(141,090)
Total Adjustments between Revenue & Capital Resources	**249,242**	**(0)**	**(249,242)**
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure		90,290	(90,290)
Application of capital grants to finance capital expenditure	864		(864)
Total Adjustments to Capital Resources	**864**	**90,290**	**(91,154)**
Total Adjustments	**(1,245,769)**	**90,290**	**1,155,479**

Note 7 Earmarked Reserves and Transfers to and from the Reserves

This note sets out the amount set aside from, and allocated to, the General Reserve in earmarked reserves to provide financing for future expenditure plans. The Authority also administers Restricted Funds made up of donations or bequests, expended according to the wishes of the donor, or funds which have a legal restriction on their use.

£	Balance at 1st April 2014	Transfers Out 2014/15	Transfers In 2014/15	Balance at 31st March 2015	Transfers Out 2015/16	Transfers In 2015/16	Balance at 31st March 2016
Minerals Reserve	**353,459**		70,000	**423,459**		12,500	**435,959**
Reducing Resources / Restructuring Reserve	**154,657**		244,399	**399,056**	(156,896)		**242,160**
ICT Reserve	**50,000**		69,000	**119,000**		77,816	**196,816**
Warslow Reserve	**15,966**			**15,966**			**15,966**
North Lees Reserve	**10,000**			**10,000**		30,329	**40,329**
Minor Properties Reserve	**10,000**			**10,000**			**10,000**
Conservation Acquisitions Reserve	**19,000**			**19,000**			**19,000**
Visitor Centre Reserve	**111,146**			**111,146**		18,000	**129,146**
Aldern House Reserve	**10,000**		7,000	**17,000**		4,000	**21,000**
Design Reserve	**25,882**		7,500	**33,382**		6,000	**39,382**
Forestry Reserve	**18,140**			**18,140**			**18,140**
Trail Reserve	**55,704**		19,000	**74,704**		99,900	**174,604**
Vehicle Maintenance Reserve	**18,009**			**18,009**			**18,009**
Planned Maintenance Reserve	**18,845**			**18,845**			**18,845**
Car Park Reserve	**45,504**		16,500	**62,004**	(23,730)		**38,274**
Cycle Hire Reserve	**20,000**	(10,702)		**9,298**		38,000	**47,298**
Matched Funding Reserve	**599,887**	(131,123)		**468,764**	(95,719)	150,000	**523,045**
Slippage Reserve	**804,729**	(686,837)	518,984	**636,876**	(518,984)	764,467	**882,359**
Total Earmarked Reserves	**2,340,928**	**(828,662)**	**952,383**	**2,464,649**	**(795,329)**	**1,201,012**	**2,870,332**
Restricted Funds							
Cyril Bennett Bequest	**9,270**			**9,270**			**9,270**
Graham Attridge Bequest	**2,046**			**2,046**			**2,046**
Sheila Streek Bequest	**0**		30,000	**30,000**		6,020	**36,020**
Margaret Nicholls Bequest	**0**		3,000	**3,000**			**3,000**
Memorial Landscape Fund	**1,532**		1,623	**3,155**		1,099	**4,254**
Restoration Bond	**4,170**		28	**4,198**		27	**4,225**
Friends of Losehill Hall	**2,500**			**2,500**			**2,500**
Moss Rake East Restoration Bond	**0**			**0**		137,329	**137,329**
Total Restricted Funds	**19,518**	**0**	**34,651**	**54,169**	**0**	**144,475**	**198,644**
Total Transfers		(828,662)	987,034		(795,329)	1,345,487	
Net Transfer as per Movement in Reserves Statement			**158,372**			**550,158**	

Note 8 Other Operating Expenditure

2014-15 £		2015-16 £
0	Write Down of carrying amount of asset to fair value as a result of transfer to asset held for sale category	0
0	(Gains) Losses - disposal of non-current assets	234,256
0	**Total**	**234,256**

The loss on disposal of £234,256 in 2015-16 relates primarily to the requirement to repay a proportion of the disposal proceeds for one property which was sold, to the National Heritage Memorial Fund. The accounting loss (of £321,941) arose because the carrying value of the asset was included, as required by the accounting code, in the balance sheet at its full open market value, rather than the Authority's actual share of the asset value; the figure of £234,256 is lower because the figure includes a number of woodlands and vehicles which were sold at a net accounting gain of £87,685.

Note 9 Financing and Investment Income and expenditure

2014-15 £		2015-16 £
30,114	Interest payable and similar charges	27,420
462,000	Pensions' interest cost and expected return on pensions' assets	515,000
(30,063)	Interest receivable and similar income	(35,974)
462,051	**Total**	**506,446**

Note 10 National Park Grant, non-specific and capital grant income

2014-15 £		2015-16 £
6,367,867	National Park Grant (DEFRA)	**6,257,122**
0	Non-specific grant income	**0**
	Capital Grants	
0	Defra – Catchment Sensitive Farming Grant	0
0	SITA Landfill Grant, Species Rich Grasslands	0
864	Other Capital Grants each under £10,000	2,418
864	**Total Capital Grants**	**2,418**
6,368,731	**Total**	**6,259,540**

Note 11 Property, plant & Equipment – Movements on Balances

The Authority is a major landowner and its principal assets comprise woodlands, tenanted farms, car parks, toilets, cycle hire centres, Visitor Centres and a headquarters building. The Authority has an Asset Management Plan, which helps to guide its future asset strategy and ownership of assets. The Authority's Intangible assets comprise only purchased software. The Authority's network of trails along disused railway lines are regarded as infrastructure assets.

2015/16	**Land & Buildings**	**Vehicles, plant, equipment**	**Community Assets**	**Infra-structure Assets**	**Surplus Assets**	**Total**
Cost or Valuation	**£**	**£**	**£**		**£**	**£**
Gross Book Value at 1st April 2015	15,091,186	2,656,355	1,380,969	1,641,432	862,351	**21,632,293**
Additions	131,741	40,330	64,445	0	0	**236,516**
Donations	0	0	0	0	0	**0**
Revaluation increases (decreases) recognised in the Revaluation Reserve	1,626,221	0	0	0	55,000	**1,681,221**
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,276)	0	0	0	0	**(15,276)**
De-recognition: disposals	(0)	(35,264)	(0)	(0)	(0)	**(35,264)**
De-recognition: other	(0)	(0)	(0)	(0)	(0)	**(0)**
Assets re-classified (to) from Held for Sale / surplus assets	(125,100)	0	0	0	0	**(125,100)**
Other Movements – accumulated depreciation w/o on revaluation	(4,594)	0	0	0	(167,500)	**(172,094)**
Gross Book Value at 31st March 2016	**16,704,178**	**2,661,421**	**1,445,414**	**1,641,432**	**749,851**	**23,202,296**
Accumulated depreciation and impairment						
At 1st April 2015	(1,047,532)	(1,551,355)	(65,975)	(395,005)	(191,350)	**(3,251,217)**
Depreciation Charge	(296,247)	(159,390)	(11,459)	(81,070)	(9,767)	**(557,933)**
Impairment Charge	0	0	0	0	(153,782)	**(153,782)**
Depreciation written out to the Revaluation Reserve	0	0	0	0	229	**229**
Depreciation written out to the Surplus/deficit on the Provision of Services	4,594	0	0	0	13,489	**18,083**
Impairments recognised in the Revaluation Reserve	0	0	0	0	6,688	**6,688**
Impairments recognised in the Surplus/deficit on the Provision of Services	0	0	0	0	147,094	**147,094**
Re-classifications	0	0	0	0	0	**0**
De-recognition - disposals	0	22,598	0	0	0	**22,598**
Accumulated depreciation & impairment at 31st March 2016	**(1,339,185)**	**(1,688,147)**	**(77,434)**	**(476,075)**	**(187,399)**	**(3,768,240)**
Net BookValue 31 March 2015	*14,043,654*	*1,105,000*	*1,314,994*	*1,246,427*	*671,001*	***18,381,076***
Net Book Value at 31st March 2016	**15,364,993**	**973,274**	**1,367,980**	**1,165,357**	**562,452**	**19,434,056**

At Historical Cost						
As at 31/03/2016	7,724,817	-	-	-	412,938	
Fair Value Movement 2015/16	1,391,475	-	-	-	46,417	
Fair Value Movement 2014/15	699,539	-	-	-	(617,869)	
Fair Value Movement 2013/14	451,453	-	-	-	610,398	
Fair Value Movement 2012/13	1,169,922	-	-	-	93,305	
Fair Value - up to 2011/12	3,927,787				17,263	
Net Book Value at 31/03/2016	**15,364,993**	-	-	-	**562,452**	

Note 11 continued

2014/15	Land & Buildings	Vehicles, plant, equipment	Community Assets	Infra-structure Assets	Surplus Assets	Total
Cost or Valuation	**£**	**£**	**£**		**£**	**£**
Gross Book Value at 1st April 2014	14,764,719	2,585,999	1,352,949	1,641,432	1,855,176	**22,200,275**
Additions	100,789	70,356	28,020	0	0	**199,165**
Donations	0	0	0	0	0	**0**
Revaluation increases (decreases) recognised in the Revaluation Reserve	804,901	0	0	0	0	**804,901**
Revaluation increases (decreases) recognised in the Surplus/Deficit on the Provision of Services	28,999	0	0	0	0	**28,999**
De-recognition: disposals	(0)	(0)	(0)	(0)	(0)	**(0)**
De-recognition: other	(1)	(0)	(0)	(0)	(0)	**(1)**
Assets re-classified (to) from Held for Sale / surplus assets	(14,670)	0	0	0	(992,825)	**(1,007,495)**
Other Movements – accumulated depreciation w/o on revaluation	(593,551)	0	0	0	(0)	**(593,551)**
Gross Book Value at 31st March 2015	**15,091,186**	**2,656,355**	**1,380,969**	**1,641,432**	**862,351**	**21,632,293**
Accumulated depreciation and impairment At 1st April 2014	(1,343,295)	(1,379,150)	(54,510)	(307,476)	(199,243)	**(3,283,674)**
Depreciation Charge	(299,258)	(172,205)	(11,465)	(87,529)	(25,049)	**(595,506)**
Depreciation written out to the Revaluation Reserve	36,856	0	0	0	0	**36,856**
Depreciation written out to the Surplus/deficit on the Provision of Services	232,824	0	0	0	0	**232,824**
Impairments recognised in the Revaluation Reserve	0	0	0	0	0	**0**
Impairments recognised in the Surplus/deficit on the Provision of Services	323,871	0	0	0	0	**323,871**
Re-classifications	1,470	0	0	0	32,942	**34,412**
De-recognition - disposals	0	0	0	0	0	**0**
Accumulated depreciation & impairment as at 31st March 2015	**(1,047,532)**	**(1,551,355)**	**(65,975)**	**(395,005)**	**(191,350)**	**(3,251,217)**
Net Book Value at 31st March 2014	*13,421,424*	*1,206,849*	*1,298,439*	*1,333,956*	*1,655,933*	***18,916,601***
Net Book Value at 31st March 2015	**14,043,654**	**1,105,000**	**1,314,994**	**1,246,427**	**671,001**	**18,381,076**

Capital Commitments

An update to the Authority's Capital Strategy was approved by the Authority in December 2015. Potential projects in a Capital Programme up to 2019-20 were identified, totalling £3.6m, financed partly from borrowing proposals of £2.49m and partly from anticipated capital receipts of £1.1m. As part of the original strategy capital expenditure of £213,000 was approved for minor and urgent improvement works and £250,000 was approved for environmental improvements on the Authority's property; £263,035 of this expenditure has been accounted for, financed from the Capital Reserve, with the remainder (£199,965) to be financed from the reserve in future years.

Effects of Changes in Estimates

There are no material effects arising from changes in accounting estimates for residual values, useful lives or depreciation methods.

Revaluations

The Authority's property shown in the Land & Buildings column has been valued as at 31st March 2016 by the Authority's Property Manager Michael Ingham MRICS. The valuations are in accordance with the CIPFA Code of Practice and the relevant sections of the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual. The Authority values these assets over a five-year rolling programme, concentrating this year on woodlands.

Impairments

During 2015/16 the Authority approved a revised approach to planning for Brosterfield caravan site following community consultations and has recognised as a result an impairment loss of £153,782, based on the fact that a reduction in the number of overall pitches in a revised planning application will have a potential impact on the capital value of the site.

Note 12 Intangible Assets

The Authority accounts for its software as intangible assets, at their historic purchase cost. The Authority does not capitalise internally generated assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful life in all cases is 5 years unless a shorter asset life is more appropriate. The carrying amount of intangible assets is amortised on a reducing balance basis. The amortisation charge forms part of the charge to the Information Technology Support Service and is then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

2014/15 £		2015/16 £
546,069	Gross carrying amounts at Start of Year	579,148
(325,251)	Accumulated amortisation to date	(369,415)
220,818	**Net Carrying Amount at Start of Year**	**209,733**
33,079	Additions	31,124
0	Assets reclassified as Held for Sale	0
0	Other disposals	0
0	Impairment losses recognised in the Surplus / Deficit on the Provision of Services	0
0	Reversals of past impairment losses written back to the Surplus / Deficit on the Provision of Services	0
(44,164)	Amortisation for the period	(41,947)
0	Other changes	1
209,733	**Net carrying amount at end of year**	**198,911**
	Comprising:	
579,148	Gross carrying amounts	610,273
(369,415)	Accumulated amortisation	(411,362)
209,733		**198,911**

There are no intangible assets which are material to the financial statements requiring individual disclosure in this note. There are no contractual commitments for the acquisition of intangible assets which require individual disclosure in this note.

Note 13 Inventories

There is no work in progress. Stocks of publications & other items for resale are:-

31 March 2015 £		31 March 2016 £
138,409	**Balance o/s at start of year**	**156,902**
251,348	Purchases	246,392
(238,229)	Recognised as an expense in the year	(239,939)
5,374	Written off balances / Reversals of write offs in previous years	18,529
156,902	**Balance o/s at year end**	**181,884**

Note 14 Debtors

Debtors can be analysed as follows:

31 March 2015 £		31 March 2016 £
1,039,908	Central Government Bodies	935,770
39,730	Other Local Authorities	38,784
0	NHS Bodies	0
9,000	Public Corporations and Trading Funds	2,664
1,669,285	Bodies external to general government	1,732,416
(23,492)	Less: Provision for Bad Debts	(27,772)
2,734,431	**Total**	**2,681,862**

Note 15 Cash and Cash Equivalents

Cash and Bank can be analysed as follows:

31 March 2015 £		31 March 2016 £
(67,656)	Bank current accounts	(1,847)
1,303	Cash held by the Authority	1,569
3,089,193	Deposits with North Yorks. County Council	6,212,724
3,022,840	**Total**	**6,212,446**

The above bank figures represent the value of the bank accounts on the accounting system. The bank statements show a different amount owing to timing differences, which are reconciled in the bank reconciliation process. At the end of each working day a transfer is made to and from the investment account, ensuring the bank accounts overall remain in credit by a small amount. The investment account represents deposits invested with North Yorkshire County Council on which interest is received. The amounts are invested daily, with surplus funds from the Authority's pooled bank accounts being transferred and invested in accordance with the Authority's Treasury Management Policy, leaving a small surplus balance in current accounts. The Authority's Short Term investments are all cash resources.

Note 16 Assets Held for Sale

An analysis of the Assets Held for Sale category within current assets is shown below.

2014/15 £		2015/16 £
0	**Balance outstanding at start of year**	**1,029,383**
973,083	Property, Plant & Equipment newly identified	125,100
56,300	Revaluation (losses) gains	0
0	Impairment losses	0
0	Property, Plant & Equipment declassified as held for sale	0

0	Assets sold	(1,026,383)
1,029,383	**Balance outstanding at year end**	**128,100**

Warren Lodge and Losehill Hall Bungalow were sold in the year, together with a number of small woodlands. Additions for 2015/16 to this category are a number of further woodlands and one minor landholding, which are expected to be sold in the first quarter of 2016/17.

Note 17 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2015 £		31 March 2016 £
101,685	Central Government Bodies	181,090
314,266	Other Local Authorities	209,633
0	NHS Bodies	0
0	Public Corporations and Trading Funds	0
1,399,395	Bodies external to general government	1,025,592
4,495	Provision for unpaid cheques	4,495
1,819,841	**Total**	**1,420,810**

Note 18 Provisions and Contingent Liabilities

No provisions or contingent liabilities have been disclosed in the 2015/16 accounts in accordance with the Code of Accounting Practice, however the Authority considers that it has made sufficient financial arrangements to cover estimates of potential liabilities which may arise not covered by the accounting definition. Financing for these potential liabilities is achieved within the usable earmarked reserves (Note 7).

Note 19 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 7. The Capital Receipts Reserve, built up from the proceeds of the sale of fixed assets and available for use to finance capital expenditure, is as follows:-

2014-15 £		2015-16 £
425,597	Balance at 1 April	**335,307**
0	Receipts received in year	804,793
(90,290)	Receipts used to finance Capital Expenditure	(127,779)
335,307	**Balance at 31 March**	**1,012,321**

Note 20 Unusable Reserves

The Authority's unusable reserves are shown in full in the Balance Sheet.

The Revaluation Reserve records the accumulated gains on the Property, Plant & Equipment assets held by the Authority arising from increases in value, as a result of inflation or other factors, less any subsequent downward movements in value – impairments and/or depreciation. The balance on the reserve therefore represents the amount by which the current value of fixed assets carried in the Balance Sheet has been revalued above their depreciated historic cost. It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period and the account includes these changes, together with any written down value of assets which have been disposed of in the year.

2014-15 £	Revaluation Reserve	2015-16 £
6,502,000	**Balance at 1 April**	**7,210,325**
866,223	Upward revaluation of assets	1,681,221
(9,522)	Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(6,688)
7,358,701	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	**8,884,858**
(148,375)	Difference between fair value depreciation and historical cost depreciation	(139,725)
(1)	Accumulated gains on assets sold or scrapped / Other	(718,183)
(148,376)	Amount written off to the Capital Adjustment Account	**(857,908)**
7,210,325	**Balance at 31 March**	**8,026,950**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements on the one hand, for accounting for the consumption of non-current assets, and on the other hand, for the financing of the acquisition, construction or enhancement of those assets as required by statute. The Capital Adjustment Account is credited with the amount of capital expenditure financed from revenue, capital receipts and capital grants, together with the Minimum Revenue provision (the amount charged to the Income and Expenditure account to ensure that an appropriate level of financing is set aside for the repayment of the principal element of any borrowing outstanding). As assets are consumed, either by depreciation, impairment or disposal, the charge is made to this account as a debit.

2014-15 £	Capital Adjustment Account	2015-16 £
11,697,629	**Balance at 1 April**	**11,580,228**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement (CIES)	
(595,507)	Charges for depreciation of non-current assets	(557,932)
0	Charges for impairment of non-current assets	(147,094)
33,499	Revaluation (losses) gains on Property, Plant & Equipment	(15,276)
(44,164)	Amortisation of intangible assets	(41,947)
0	Revenue expenditure funded from capital under statute	0
(0)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,039,049)
(606,172)		(1,801,298)
148,375	Adjusting amounts written out of the Revaluation Reserve	857,908
(457,797)	**Net written out amount of the cost of non-current assets consumed in the year**	**(943,390)**
	Capital financing applied in the year:-	
90,290	Use of the Capital Receipts Reserve to finance new capital expenditure	127,779
864	Capital grants and contributions credited to the CIES that have been applied to capital financing	2,418
108,152	Statutory provision for the financing of capital investment charged against the General Fund	117,225

141,090	Capital expenditure charged against the General Fund	79,557
340,396	**Total Capital Financing applied in year**	**326,979**
11,580,228	**Balance at 31 March**	**10,963,817**

The Pensions' Reserve absorbs the timing differences arising from the different arrangements, on the one hand for post-employment benefits, and on the other hand, for funding benefits in accordance with statute. The Authority accounts for post employment benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees accruing years of service, with the liabilities recognised updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements however require benefits to be financed at the rate the Authority makes employer's contributions to pension funds 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.

2014-15	Pensions' Reserve	2015-16
£		£
(10,551,000)	**Balance at 1 April**	**(15,749,000)**
(4,318,000)	Actuarial gains or (losses) on pensions assets and liabilities	4,791,000
(1,801,970)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,240,195)
921,970	Employer's pension contributions and direct payments to pensioners payable in the year	1,008,195
(15,749,000)	**Balance at 31st March**	**(12,190,000)**

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 eg annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014-15	Accumulated Absences Account	2015-16
£		£
(226,728)	**Balance at 1 April**	**(206,401)**
226,728	Settlement or cancellation of accrual made at the end of the preceding year	206,401
(206,401)	Amounts accrued at the end of the current year	(243,907)
20,327	Amounts by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable on a salary basis in accordance with statutory requirements	(37,506)
(206,401)	**Balance at 31st March**	**(243,907)**

Note 21 Amounts Reported for Resource Allocation Decisions (the Budget Reporting Analysis)

The analysis of income and expenditure by service on the face of the Comprehensive Income & Expenditure Statement is that specified by the Best Value Accounting Code of Practice. Decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across the same headings, although these reports are prepared on a different basis from the accounting policies used in the financial statements, and monitoring of budgets is organised on a divisional basis for purposes of accountability. In particular:-

- No charges are made in relation to capital expenditure (whereas in the financial statements depreciation, revaluation and impairments are charged to the CIES)
- The cost of retirement benefits is based on cash flows (payment of employers' pension contributions) rather than the current service cost of benefits accrued in the year
- Expenditure on some support services is budgeted for centrally and is not charged to services

The income and expenditure of the Authority as recorded in the budget reports for the year is as follows:-

2015-16 £	Employee expenses	Service Expenses	**Total Expenditure**	Fees, charges and other income	Grants	**Total Income**	**Net Expenditure**
Conservation of the Natural Environment	1,459,998	2,369,208	**3,829,206**	(323,080)	(2,675,960)	**(2,999,040)**	**830,166**
Conservation of the Cultural Heritage	192,004	63,475	**255,479**	(2,661)	(37,966)	**(40,627)**	**214,852**
Recreation Mgt & Transport	984,789	969,890	**1,954,679**	(815,686)	(620,746)	**(1,436,432)**	**518,247**
Promoting Understanding	829,459	466,299	**1,295,758**	(971,683)	(97,050)	**(1,068,733)**	**227,025**
Rangers, Estates Services & Volunteers	474,145	95,356	**569,501**	(26,422)	(73,875)	**(100,297)**	**469,204**
Development Control	721,920	135,557	**857,477**	(359,947)	(0)	**(359,947)**	**497,530**
Forward Planning & Communities	428,674	102,289	**530,963**	(153,142)	(40,763)	**(193,905)**	**337,058**
Support Services	1,719,555	1,249,855	**2,969,410**	(865,318)	(38,593)	**(903,911)**	**2,065,499**
Total	**6,810,544**	**5,451,929**	**12,262,473**	**(3,517,939)**	**(3,584,953)**	**(7,102,892)**	**5,159,581**

2014-15 £	Employee expenses	Service Expenses	**Total Expenditure**	Fees, charges and other income	Grants	**Total Income**	**Net Expenditure**
Conservation of the Natural Environment	1,636,062	3,254,951	**4,891,013**	(296,137)	(3,617,694)	**(3,913,831)**	**977,182**
Conservation of the Cultural Heritage	240,195	49,464	**289,659**	(3,906)	(34,365)	**(38,271)**	**251,388**
Recreation Mgt & Transport	1,070,633	857,514	**1,928,147**	(716,853)	(483,978)	**(1,200,831)**	**727,316**
Promoting Understanding	836,980	470,265	**1,307,245**	(533,153)	(103,680)	**(636,833)**	**670,412**
Rangers, Estates Services & Volunteers	561,551	163,532	**725,083**	(23,642)	(69,450)	**(93,092)**	**631,991**
Development Control	716,816	92,423	**809,239**	(316,398)	(1,936)	**(318,334)**	**490,905**
Forward Planning & Communities	443,145	106,658	**549,803**	(33,490)	(32,983)	**(66,473)**	**483,330**
Support Services	1,413,425	836,565	**2,249,990**	(41,271)	(39,153)	**(80,424)**	**2,169,566**
Total	**6,918,807**	**5,831,372**	**12,750,179**	**(1,964,850)**	**(4,383,239)**	**(6,348,089)**	**6,402,090**

Note 21 Continued

Reconciliation of Budget reporting Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement

This reconciliation shows how the figures in the above analysis relate to the amounts included in the Comprehensive Income & Expenditure Statement.

2014-15 £		2015-16 £
6,402,090	**Net Expenditure in the Budget Reporting Analysis**	**5,159,581**
(232,244)	Remove capital expenditure capitalised in the financial statements but included in the budget reporting	(267,640)
(921,970)	Remove employers' cash pension contributions included in budget reporting but removed from the financial statements	(1,008,195)
(30,114)	Remove interest charges included in the budget reporting but excluded from the Cost of Services in the CIES (interest charges as shown as part of the Surplus or Deficit on Provision of Services in the CIES instead)	(27,420)
(108,152)	Remove Statutory provision for the financing of capital investment included in the budget reporting but excluded from the Cost of Services in the CIES (provision is shown in the Movement in Reserves Statement instead)	(117,225)
864	Remove capital income included in the budget reporting but capitalised in the financial statements	807,211
0	Remove deficit or surplus on discontinued operations	0
1,370,000	Add employers' cash pension contributions included as an accrual in the financial statements but excluded from budget reporting	1,659,000
(20,327)	Add (subtract) impact of employee accrual for leave	37,506
639,671	Add depreciation charges included in the CIES but excluded in the budget reporting	599,879
(33,499)	Add impairment charges (reversals) included in the CIES but excluded in the budget reporting	162,370
(1)	Other Adjustment	1
7,066,318	**Cost of Services in Comprehensive Income & Expenditure Statement**	**7,005,068**

Note 21 Continued

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the budget reporting analysis relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income & Expenditure Statement.

2015-16 £	Budget Reporting Analysis	Amounts included in the Analysis but not in the Total Cost of Services in the CIES	Amounts included in the Total Cost of Services in the CIES but not in the Analysis	Allocation of Support Service Recharges	Amounts reported below the Total cost of Services in the CIES	**Total**
Fees, charges & other service income	(3,517,939)	804,793	-	-	**-**	**(2,713,146)**
Interest & Investment Income	-	-	-	-	(35,974)	**(35,974)**
National Park Grant	-	-	-	-	(6,257,122)	**(6,257,122)**
Discontinued operations	-	-	-	-	-	**0**
Government Grants and contributions	(3,584,953)	2,418	-	-	(2,418)	**(3,584,953)**
Gain on the disposal of fixed asset	**-**	**-**	**-**	**-**	-	**0**
Total Income	**(7,102,892)**	**807,211**	**0**	**0**	**(6,295,514)**	**(12,591,195)**
Employee Expenses	6,810,544	(1,008,195)	1,696,506	(1,473,157)	515,000	**6,540,698**
Other Service Expenses	5,424,509	(384,865)	1	(444,964)	**-**	**4,594,681**
Support Service Recharges	-	-	**-**	1,918,121	**-**	**1,918,121**
Depreciation, amortisation & impairment	-	-	762,249	-	-	**762,249**
Interest Payments	27,420	(27,420)	**-**	-	27,420	**27,420**
Discontinued operations	-	-	-		-	**0**
Loss on Disposal of Fixed Assets	-	-	**-**	-	234,256	**234,256**
Total Expenditure	**12,262,473**	**(1,420,480)**	**2,458,756**	**0**	**776,676**	**14,077,425**
		-	**-**	**-**	**-**	**-**
(Surplus) Deficit on the Provision of Services	**5,159,581**	**(613,269)**	**2,458,756**	**0**	**(5,518,838)**	**1,486,230**

Note 21 Continued

Reconciliation to Subjective Analysis

2014-15 £	Budget Reporting Analysis	Amounts included in the Analysis but not in the Total Cost of Services in the CIES	Amounts included in the Total Cost of Services in the CIES but not in the Analysis	Allocation of Support Service Recharges	Amounts reported below the Total cost of Services in the CIES	**Total**
Fees, charges & other service income	(1,964,850)	2	-	-	**-**	**(1,964,848)**
Interest & Investment Income	-	-	-	-	(30,063)	**(30,063)**
National Park Grant	-	-	-	-	(6,367,867)	**(6,367,867)**
Discontinued operations	-	-	-	-	-	**0**
Government Grants and contributions	(4,383,239)	864	-	-	(864)	**(4,383,239)**
Gain on the disposal of fixed asset	**-**	**-**	**-**	**-**	-	**0**
Total Income	**(6,348,089)**	**866**	**0**	**0**	**(6,398,794)**	**(12,746,017)**
Employee Expenses	6,918,807	(921,970)	1,349,673	(1,256,563)	462,000	**6,551,947**
Other Service Expenses	5,801,258	(340,399)	**-**	(489,691)	**-**	**4,971,168**
Support Service Recharges	-	-	**-**	1,746,254	**-**	**1,746,254**
Depreciation, amortisation & impairment	-	-	606,172	-	-	**606,172**
Interest Payments	30,114	(30,114)	**-**	-	30,114	**30,114**
Discontinued operations	-	-	-		-	**0**
Loss on Disposal of Fixed Assets	-	-	**-**	-	-	**0**
Total Expenditure	**12,750,179**	**(1,292,483)**	**1,955,845**	**0**	**492,114**	**13,905,655**
		-	**-**	**-**	**-**	**-**
(Surplus) Deficit on the Provision of Services	**6,402,090**	**(1,291,617)**	**1,955,845**	**0**	**(5,906,680)**	**1,159,638**

Note 22 Acquired and Discontinued Operations

There were no acquisitions or discontinuation of operations during the year, requiring disclosure in this note.

Note 23 Trading Operations

The Authority has two trading operations:-

2014-15			2015-16	
Turnover	**(Surplus)/ Deficit £**	**Nature of Operation**	**Turnover £**	**(Surplus)/ Deficit £**
(461,231)	369,229	Visitor Centres	(479,219)	360,024
(282,456)	65,339	Cycle Hire Centres	(299,917)	23,512

The deficit represents the full cost, including all support service recharges and depreciation of assets used. A financial objective for each operation is set in the budget and was met by Visitor and Cycle Hire centres.

Note 24 Members' Allowances

The following amounts were paid to the 30 Members of the Peak District National Park Authority as allowances in the year ended 31st March 2016.

2014-15 £		2015-16 £
49,759	Basic Allowance	50,830
16,858	Special Responsibility Allowance	20,050
16,114	Travel and Subsistence	10,408
82,731		**81,288**

Further information on Members' Allowances and payments to individual Members is published annually on our website, or can be obtained upon request from Democratic Services, Aldern House, Baslow Rd, Bakewell, DE45 1AE (Telephone 01629 816200).

Note 25 Employee Remuneration

The number of employees whose remuneration in the year, excluding employer pension contributions, was £50,000 or more in bands of £5,000 were as follows:

	Number of Employees	
Payment Range	**2014-15**	**2015-16**
£50,000 - £54,999	3	1
£55,000 - £59,999	0	1
£60,000 - £64,999	0	0
£64,999 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	0	0
£80,000 - £84,999	0	1

The structure changed in 2015/16 from a senior management team comprising the Chief Executive, two directors and three assistant directors, to a Chief Executive and three directors. The table above reflects the fact that the departing Chief Executive left midyear and the new Chief Executive started just before the year end, hence the earning for 2015-16 were not above the salary threshold, with the two directors and departing Chief Executive sharing the same payment range. In 2015-16 the table reflects full year salaries for the new Chief Executive and the two directors already in post.

Following disestablishment of the assistant director posts a new director post was established - a Director of Commercial Development and Outreach - who was appointed in February 2016, whose part year salary therefore was below the reporting threshold. The position was established to generate more income for supporting the Park, to improve marketing and communications, and to enhance visitor and community experiences.

The remuneration for individual senior employees in this category is shown in the table below – with 2014-15 comparator payments shown in brackets alongside. All posts are 1 Full Time Equivalent (FTE):-

Job Title	**Salary**	**Benefits in Kind**	**Subtotal**	**Employers Pension contributions**	**Total Remuneration**
Chief Executive	£84,150 *(£53,088)*	£0 *(£0)*	**£84,150** ***(£53,088)***	£14,995 *(£9,460)*	**£99,145** ***(£62,548)***
Director of Commercial Development & Outreach	£6,432 *(£0)*	£0 *(£0)*	**£6,432** ***(£0)***	£1,146 *(£0)*	**£7,578** ***(£0)***
Director of Conservation & Planning	£53,668 *(£50,830)*	£0	**£53,668** ***(£50,830)***	£9,564 *(£9,058)*	**£63,232** ***(£59,888)***
Director of Corporate Strategy & Development	£56,012 *(£53,917)*	£0 *(£0)*	**£56,012** ***(£53,917)***	£9,981 *(£9,608)*	**£65,993** ***(£63,525)***

During the year decisions relating to the termination of contracts of staff were as follows:-

Exit package cost band	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band £**	
	2014/15	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**
£0-£20,000	0	1	1	2	1	3	7,527	37,962
£20,001-£40,000	0	0	0	5	0	5	0	152,228
£40,001 - £60,000	0	0	0	0	0	0	0	0
Total	**0**	**1**	**0**	**7**	**0**	**8**	**7,527**	**190,190**

A business case was prepared for each approval, and approvals were based on the Authority's Managing Change policy and the requirement that these costs were recoverable within three years through the disestablishment of the redundant or linked cascade post, resulting in the long term revenue savings required by the Authority in order to meet the challenges faced by the significant reductions in National Park Grant announced in Spending Reviews. All payments were calculated according to the statutory requirement with no enhancements.

Note 26 External Audit Cost

Fees paid to KPMG LLP for audit services were as follows:-

	2014-15 £	2015-16 £
External audit services as appointed auditor (Section 5 Audit Commission Act 1998)	15,259	14,275
Fees in respect of statutory inspection (Section 10 LGA Act 1999)	0	0
Fees payable for certification of grant claims and returns (Section 28 Audit Commission Act 1998)	0	0
Fees payable in respect of any other services provided by the appointed auditor	0	0
Total	**15,259**	**14,275**

Note 27 Grant Income

The Authority credited the following grants, contributions and donated assets to the Comprehensive Income & Expenditure Statement in 2015/16, with amounts over £10,000 only shown:-

2014-15 £		2015-16 £
	Revenue Grants Credited to Services	
161,617	DEFRA – Environmental Stewardships	190,329
	DCLG – Neighbourhood Planning Grants	30,000
18,114	Forestry Commission – Higher Minnend Fm	0
35,536	English Heritage – Archaeology Projects	33,172
221,955	Environment Agency – Moors for the Future / MoorLIFE Project	143,300
35,399	Natural England - Pennine Way Ranger	40,338
868,261	Natural England – Moors for the Future / MoorLIFE work	1,162,851
0	Natural England – Pennine Bridleway	42,000
0	Natural England – Ash Die Back	11,100
232,783	Dept of Transport – Pedal Peak 2	326,147
58,138	Heritage Lottery Fund – MFF Moor Memories /Community Science Projects	138,508
0	Heritage Lottery Fund – South West Peak Project	87,414
22,983	Heritage Lottery Fund – Dane Valley Woodlands	0
26,648	Derbys County Council – Rights of Way	22,275
11,947	Staffs County Council – Rights of Way	0
10,000	High Peak BC - Operating Costs at Castleton Visitor Centre	0
11,000	Staffs Moorlands DC – Village and Communities Officer	0
0	Kirklees MBC -- Moors for the Future / MoorLIFE work	10,000

13,384	Rural Enabling Project	0
23,714	SITA – Dane Valley Woodlands Project	0
42,218	RSPB – Nature Improvement Area	10,836
20,532	RSPB - Moors for the Future / MoorLIFE work	26,256
0	The Woodland Trust – Clough Woodlands	29,190
251,434	Private Landowners - Moors for the Future / MoorLIFE work	264,842
101,014	United Utilities – Joint Ranger Costs	101,340
141,419	United Utilities – Moors for the Future / MoorLIFE Project	62,990
47,200	Severn Trent Water - Joint Ranger Costs	47,793
35,192	Severn Trent Water – MFF/MoorLIFE Project	36,678
50,000	Severn Trent Water – Car Park	50,000
13,831	Severn Trent Water - Operating Costs at Upper Derwent Visitor Centre	15,186
34,915	Yorkshire Water - Joint Ranger Costs	36,000
295,371	Yorkshire Water - Moors for the Future / MoorLIFE Project	62,699
15,054	National Trust – Moorland Discovery Project	19,611
616,100	National Trust - Moors for the Future / MoorLIFE Project	440,316
791,377	European Life Funding – MoorLIFE Project	0
23,303	OFGEM – Aldern House / North Lees Farmhouse Biomass Boilers	25,928
151,324	Other Revenue Grants each under £10,000	115,435
4,381,763	**Total**	**3,582,534**

The Authority may receive a number of grants, contributions and donations that are not yet recognised as income as they might have conditions attached to them that will require the monies or property to be returned to the giver. The items at year end are:-

2014-15		**2015-16**
£		**£**
	Grants Received in Advance	
66,730	English Heritage – Ecton Mine Project	39,367
18,884	English Heritage – Peak Farmsteads Project	18,884
179,118	National Trust – Moors for the Future Project / MoorLIFE Project	37,889
64,609	Environment Agency – Moors for the Future Project / MoorLIFE Project	25,927
0	Heritage Lottery Fund – Moors for the Future Project / MoorLIFE Project	0
89,642	Natural England - Moors for the Future Project / MoorLIFE Project	96,598
22,394	Yorkshire Wildlife Trust - Moors for the Future Project / MoorLIFE Project	21,458
27,857	Sheffield City Council - Moors for the	27,857

	Future Project / MoorLIFE Project	
0	Staffs County Council – Better Outside Project	17,760
12,934	Severn Trent Water - Moors for the Future Project / MoorLIFE Project	248,464
79,805	Yorkshire Water - Moors for the Future Project / MoorLIFE Project	31,345
54,072	United Utilities – Moors for the Future / MoorLIFE Project	0
0	European Life Grant – Moorlife 2020	2,497,905
138,523	Other Revenue Grants received in advance each under £10,000	99,322
754,568	**Total**	**3,162,776**

Note 28 Related Party Transactions

The Authority is required to disclose any material transactions with related parties that are not disclosed elsewhere in the accounts. The UK government, operating through the Department for the Environment, Food and Rural Affairs (DEFRA) and the Department of Communities & Local Government (DCLG) has significant influence over the general operations of the Authority and is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants, and prescribes the terms of many of the transactions that the Authority has with other parties.

The Authority engages in a variety of formal and informal partnerships, and may contribute to those organisations financially to help further National Park purposes. It does not have control of those bodies, nor does it have any material interest in other separate legally constituted bodies; there are therefore no related parties with joint control or significant influence, subsidiaries, associates, or joint ventures in which the Authority is a venturer.

All Members and Chief Officers of the Authority are deemed to be key management personnel and are required to disclose any financial transactions with the Authority, other than those received as part of normal conditions of employment or approved duties, in the Members' Register of Financial and Other Interests which is open to public inspection; this disclosure also applies to their involvement with entities which they may have significant influence over. The current Chief Executive is a board member of Derbyshire Wildlife Trust, with which body the Authority charged £453 for goods and services provided during the year.

In summary during the normal course of business the following significant transactions were made between the Authority and other related parties:

	Income		**Expenditure**	
		Outstanding		***Outstanding***
	£	***£***	**£**	***£***
Government Bodies – other	1,694,678	*826,373*	6,000	-
Dept of Transport	326,147	-	-	-
Other Local Authorities	92,081	*14,873*	377,463	*48,743*
Other National Parks	13,293	*7,527*	7,893	-
Associations of National Park Authorities	4,500	-	38,132	-
European Funds	3,471,106	*891,307*	-	-
Water companies	576,856	*141,964*	195,790	*187,581*

Lottery	226,222	*59,054*	479,809	-
Landfill Tax	2,359	-	-	-
OFGEM	25,928	*10,570*	-	-
RSPB	48,120	*24,182*	-	-
National Trust	473,163	*72,885*	9,812	*175*
Total	**6,954,453**	***2,048,735***	**1,114,899**	***236,499***

Note 29 Capital Expenditure

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

2014-15 £		**2015-16 £**
937,790	**Opening Capital Financing Requirement**	**829,638**
	Capital Investment	
100,789	Land & Buildings	131,741
70,356	Vehicles, Plant & Equipment	40,330
28,020	Community Assets	64,445
0	Infrastructure Assets	0
33,079	Intangible Assets	31,124
0	Revenue Expenditure Funded from Capital under Statute	0
232,244	**Total**	**267,640**
	Sources of Finance	
(90,290)	Capital Receipts	(127,779)
(864)	Government Grants and other contributions	(2,418)
	Sums set aside from Revenue	
(141,090)	Direct Revenue Contributions	(79,557)
(108,152)	Minimum Revenue Provision for repayment of principal	(117,225)
829,638	**Closing Capital Financing Requirement**	**770,299**
	Explanation of Movements in year	
0	Increase in underlying need to borrow (supported by government financial assistance)	0
0	Expenditure financed from new external borrowing (not supported by government financial assistance)	0
0	Expenditure not supported by government financial assistance financed from internal funds	57,886
0	Use of Capital Receipts to reduce CFR	0
(108,152)	Minimum Revenue Provision	(117,225)
0	Assets acquired under finance leases	0
(108,152)	**Increase (Decrease) in Capital Financing Requirement**	**(59,339)**

Note 30 Statement of Capital Charges charged to Revenue

The following statement shows the amount of capital charges calculated and charged to services, comprising depreciation and/or impairment of the Authority's fixed assets.

2014-15			**2015-16**
£		**£**	**£**
	Conservation of the Natural Environment		
1,314	Forestry & Tree Mgt	26,333	
13,147	Moors Project	13,345	
42,766	Estates Management	24,639	
57,227			64,317
	Recreation Management		
10,747	Campsites, Hostels & Barns	157,966	
104,863	Access, Walking and Riding Routes	102,219	
197,430	Car Parks & Concessions	188,299	
4,999	Cycle Hire	7,246	
7,508	Toilets	20,864	
325,547			476,594
	Promoting Understanding		
30,469	Visitor Centres	28,351	
12,995	Environmental Education	10,311	
43,464			38,662
	Rangers, Estate Service & Volunteers		
11,045	District Rangers	14,010	
12,406	Conservation Volunteers	13,702	
340	Estate Workers	323	
23,791			28,035
	Development Control		
772	Development Control	617	
			617
	Service Management and Support Services		
3,698	Vehicles	3,249	
44,266	Headquarters Premises	46,214	
107,407	Capitalised IT Expenditure	104,561	
155,371			154,024
606,172	**Total**		**762,249**

Note 31 Leases

The Authority does not have any finance leases so the notes below refer only to operating leases. As such the liability for future rentals, or any asset value, is not shown in the balance sheet.

During the year ended 31st March 2016 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	2014-15	**2015-16**
	£	**£**
Vehicles	0	0
Premises	27,336	27,779
Total	**27,336**	**27,779**

Future rental obligations are as follows:-

	2016-17	2nd – 5th year	6th year onwards	Total
	£	£	£	£
Vehicles	0	0	0	0
Premises	23,557	96,607	24,758	144,922
Total	**23,557**	**96,607**	**24,758**	**144,922**

Vehicles –The Authority continued in 2015-16 with the fleet management policy and again had no vehicle leases in operation.

The impact of a reducing budget meant there were no additions to the fleet in 2015-16 and the Authority reduced the fleet by selling vehicles and associated equipment which had become surplus to operational requirements.

Premises - The revenue charge reports the total lease payments (excluding arrears payments), with future rental obligations reflecting anticipated changes within the years reported. The future charges also include a nominal increase year on year to accommodate rent reviews.

The lease income includes changes arising from completed agreements within the property portfolio as per the asset management strategy.

The Authority collected the following rentals in 2015/16 from its assets as lessor:-

	2014-15	2015-16
	£	£
General Rents	4,358	5,447
Agricultural	108,616	106,188
Residential Rents	59,196	61,285
Business Rents	52,630	58,841
Agricultural Licences	15,020	14,221
Business Licences	12,925	27,617
Total	**252,745**	**273,599**

The table below shows in aggregate the minimum expected lease payments for non-cancellable operating leases. Residential rents and agricultural licences have been excluded from these disclosures because they do not fit a non-cancellable operating lease as defined in the Code of Practice on Local Authority Accounting.

As last year the projected lease income excludes possible changes to the property portfolio as per the asset management strategy, nor does it include any changes expected from any new initiatives under the Authority's enterprise policy.

The year on year increases have been calculated according to expected returns as advised by the Authority's Property Service. There have been no changes to the method of calculation.

	1st Year 2016-17	2nd to 5th year 2016-2020	5+yrs 2021+	Total
General Rents	5,502	22,564	5,783	**33,849**
Agricultural Rents	107,249	439,831	112,720	**659,800**
Residential Rents	N/A	N/A	N/A	**N/A**
Business Rents	58,841	235,363	58,841	**353,045**
Agricultural Licences	N/A	N/A	N/A	**N/A**
Business Licences	27,617	110,466	27,617	**165,700**
Total	**199,209**	**808,224**	**204,961**	**1,212,394**

Note 32 Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture. The accounting standard (FRS 30) has been introduced in order to move these assets onto a valuation basis on the Balance Sheet, rather than as currently, a historic cost basis; the predominant reason for the introduction of the change is to ensure that items held within Local Authority museum and gallery collections are properly reflected in valuation terms on the Balance Sheet. The standard also allows a Local Authority to move other Community Assets, which are currently accounted for on the same historic cost basis, onto a valuation basis. Notwithstanding its historical or other heritage qualities, any asset used by an organisation in its operations is still required to be accounted for as an operational asset, and not as a heritage asset; it is therefore accounted for as set out in the Summary of Accounting policies note paragraph 2.19.

Whilst some of the Authority's properties may contain historical, geophysical or environmental qualities which could meet some of the criteria relating to heritage assets, it is considered that they are owned primarily to achieve the Authority's operational purposes (the conservation and enhancement of the natural environment and cultural heritage) and these assets are accounted for as operational assets and valued and depreciated accordingly. Where the assets meet the definition of Community Assets they remain within this asset category. The Authority therefore is not recognising any of its assets within the Heritage asset category. The Authority's Community assets are property holdings - predominantly the Warslow Moors Estate – and the Authority does not intend to take the option of valuing these assets and they are expected to remain within the Balance Sheet at their historic cost.

Note 33 Defined Benefit Pension Scheme

All entries made in the Comprehensive Income & Expenditure Account and Balance Sheet relating to pensions are shown together in this note. As part of the terms and conditions of employment the Authority offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the Authority has a commitment to make these payments, which needs to be disclosed at the time that the employees earn this entitlement. The Authority operates only one pension scheme, the Local Government Pension Scheme administered by Derbyshire County Council; this is a funded scheme, with the Authority and employees paying contributions calculated at a level intended to balance the pensions' liabilities with investment assets.

The principal risks to the Authority of the scheme are the longevity assumptions of members, statutory or structural changes to the scheme, changes to inflation, bond yields (used to measure the value of future liabilities) and the performance of investments held by the scheme (predominantly equity based.)

Comprehensive Income and Expenditure Account

The cost of retirement benefits is recognised in the Total Cost of Services when they are earned by employees, rather than when the Authority makes its statutory payments to the Pension Fund, which are determined by the Scheme's Actuary. The charge which needs to be accounted for against government grant however is the actual cash paid to the Pension Fund during the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:-

2014-15 £			2015-16 £
	Cost of Services		
1,357,000	Current Service cost		1,637,000
0	Curtailments / Settlements		0
13,000	Past Service cost (gain)		22,000
1,370,000			1,659,000
	Financing & Investment Income & Expenditure		
462,000	Net Interest Expense	Note 9	515,000
1,832,000	Total Chargeable to Surplus or Deficit on the Provision of Services		2,174,000
	Other amount chargeable to the CIES (Re-measurement of plan liabilities)	Note 5	
(2,919,000)	Return on plan assets excluding amount included in net interest expense above		1,317,000
0	Actuarial (gains) and losses arising on changes in demographic assumptions		0
7,650,000	Actuarial (gains) and losses arising on changes in financial assumptions		(5,392,000)
(413,000)	Other Experience		(716,000)
4,318,000	Total Re-measurements		(4,791,000)
4,318,000	**Total Charged to the Comprehensive Income & Expenditure Account**		**(4,791,000)**
	Movement in Reserves Statement		
(1,832,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services		(2,174,000)
	Employers' Contributions payable		
921,970	Actual amount charged against the General Fund balance for pensions in the year		1,008,195

Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2016 are as follows:

2011-12	2012-13	2013-14	2014-15		2015-16
£	£	£	£		£
(43,368,000)	(50,900,000)	(49,002,000)	(58,268,000)	Estimated Liabilities in scheme	(54,366,000)
32,759,000	36,973,000	38,451,000	42,519,000	Estimated Assets in scheme	42,176,000
(10,609,000)	**(13,927,000)**	**(10,551,000)**	**(15,749,000)**	**Net Asset (Liability)**	**(12,190,000)**
76%	73%	78%	73%	% Funded	78%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £12.190m 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 sound as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary in triennial valuations of the scheme. 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.

Analysis of Present Value of Scheme Liabilities

	£
Opening Balance 1st April 2015	**58,268,000**
Current Service cost	1,637,000
Interest Cost	1,870,000
Contributions from scheme participants	335,000
Re-measurement (Gains) and losses:-	
-changes in demographic assumptions	0
-changes in financial assumptions	(5,392,000)
-Other	(716,000)
Past Service Cost	22,000
Curtailment (gains) losses	0
Benefits paid	(1,658,000)
Closing Balance 31st March 2016	**54,366,000**

Analysis of Value of Scheme Assets

	£
Opening fair value 1st April 2015	**42,519,000**
Interest income	1,355,000
Re-measurement gain (loss):-	
Return on plan assets excluding amount in net interest expense charged to CIES	(1,317,000)
Other	0
Contributions from employer	942,000
Contributions from employees into the scheme	335,000
Benefits paid	(1,658,000)
Closing fair value 31st March 2016	**42,176,000**

Analysis of Pension Fund Assets

Asset Category	Period Ended 31st March 2016				Period Ended 31st March 2015			
	Quoted in active markets £,000	Not Quoted in active markets £,000	Total £,000	% of Total Assets	Quoted in active markets £,000	Not Quoted in active markets £,000	Total £,000	% of Total Assets
Equity Securities:								
Consumer	3,468.0	0	3,468.0	8	3,367.3	0	3,367.3	8
Manufacturing	3,933.9	0	3,933.9	9	4,261.3	0	4,261.3	10
Energy/Utilities	2,403.6	0	2,403.6	6	3,104.2	0	3,104.2	7
Financial institutions	3,306.9	0	3,306.9	8	3,303.8	0	3,303.8	8
Health & Care	1,829.6	0	1,829.6	4	1,901.5	0	1,901.5	4
Information Technology	1,177.7	0	1,177.7	3	855.1	0	855.1	2
Other	4,314.8	0	4,314.8	10	4,253.6	0	4,253.6	10
Debt Securities:								
Corporate Bonds (Investment Grade)	0	2,335.0	2,335.0	6	0	2,053.7	2,053.7	5
Corporate Bonds (non-Investment Grade)	0	0	0	0	0	0	0	0
UK Government	4,724.5	0	4,724.5	11	5,187.5	0	5,187.5	12
Other	841.8	0	841.8	2	1,125.7	0	1,125.7	3
Private Equity:								
All	572.2	172.9	745.1	2	207.7	108.4	316.1	1
Real Estate:								
UK property	-	2,514.6	2,514.6	6	-	2,062.3	2,062.3	5
Overseas Property	0	0	0	0	0	0	0	0
Investment Funds & Unit Trusts:								
Equities	8,012.7	113.9	8,126.6	19	7,431.5	257.4	7,688.9	18
Bonds	0	0	0	0	0	0	0	0
Hedge Funds	0	0	0	0	0	0	0	0
Commodities	0	0	0	0	0	0	0	0
Infrastructure	481.0	243.5	724.5	2	118.1	222.0	340.1	1
Other	0	0	0	0	0	0	0	0
Derivatives:								
Inflation	0	0	0	0	0	0	0	0
Interest Rate	0	0	0	0	0	0	0	0
Foreign Exchange	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Cash & Cash Equivalents:								
All	0	1,729.4	1,729.4	4	0	2,697.9	2,697.9	6
Totals	**35,067**	**7,109**	**42,176**	**100**	**35,117**	**7,402**	**42,519**	**100**

The Authority's scheme has been assessed by Hymans Robertson LLP, using the methodology required by IAS 19, based on the current valuation which was based on information as at 31st March 2016. The actuaries have relied upon mortality assumptions based on a bespoke set of "VitaCurves" specifically tailored to fit the membership profile of the Fund, in line with the 2010 model published by the Continuous Mortality Investigation (CMI):-

	Illustrative example: life expectancy currently aged 65	**April 2015 assumption**	**March 2016 assumption**
Current Pensioners	Males normal health Females normal health	22.0 24.2	22.0 24.2
Future Pensioners	Males normal health Females normal health	24.1 26.6	24.1 26.6

The main assumptions used in their calculations have been

2014-15		**2015-16**
%		%
3.3	Rate of increase in salaries	3.2
2.4	Rate of increase in pensions	2.2
3.2	Discount rate for scheme liabilities	3.5

The expected rate of return on all the scheme assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation:-

Expected Rate of Return – Beginning of Year (%)	**Expected Rate of Return – End of Year (%)**
11.9	0.1

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, with a view to achieving a funding level of 100%, and the scheme is valued formally every three years. The employer's contributions for 2016/17 are expected to be in the region of £874,000. The projected current service cost for 2016/17 is estimated to be £1,411,000.

The estimation of the scheme obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all other assumptions remain constant. In practice some of the assumptions may be inter-related.

Change in assumption at March 2016	**Approximate % increase to Employer liability**	**Approximate monetary amount £,000**
0.5% decrease in Real Discount Rate	10	5,689
1 year increase in member life expectancy	3	1,631
0.5% increase in the Salary increase Rate	3	1,551
0.5% increase in the Pension increase Rate	8	4,078

Note 34 Risks Arising from Financial Instruments

The Authority has a number of exposures to risks arising from financial instruments.

£	Long Term				Current		
	31st March 2014	31st March 2015	31st March 2016		31st March 2014	31st March 2015	31st March 2016
Investments							
Loans and receivables	0	0	0		4,530,949	3,022,840	6,212,446
Debtors							
Financial assets carried at contract amounts	0	0	0		1,384,246	2,638,067	2,621,478
Total Debtors & Investments	**0**	**0**	**0**		**5,915,195**	**5,660,907**	**8,833,924**
Borrowings							
Financial liabilities at amortised cost	(657,067)	(559,170)	(497,306)		(95,202)	(97,897)	(61,864)
Total Borrowings	**(657,067)**	**(559,170)**	**(497,306)**		**(95,202)**	**(97,897)**	**(61,864)**
Creditors							
Financial liabilities at amortised cost	0	0	0		(1,798,743)	(1,573,345)	(1,099,146)
Total Creditors	**0**	**0**	**0**		**(1,798,743)**	**(1,573,345)**	**(1,099,146)**

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. The fair values of loans, provided by PWLB, are reported in Note 36. Short term debtors and creditors are carried at cost as this is a fair approximation of their value. The risks and mitigating actions are described below.

Credit Risk

This is defined as the possibility that one party to a financial instrument will fail to meet its contractual obligations causing a loss for the other party. The Balance Sheet contains two items of this nature, Debtors (Note 14) and Cash and Cash Equivalents (Note 15). The Debtors figure contains £977,218 of debt from government agencies, Local Authorities and other public bodies. These funds are owed because of projects the Authority undertakes either in partnership or as a result of grant aid. The risks of non payment are assessed as relatively low as project outcomes and eligibility rules are believed to have been met for funds expended during 2015-16. The Debtors figure of £1,732,416 relating to bodies external to government arises from a combination of normal business activity and approximately £1.3m of external funding owed for the Moorlife and Conservation Plans projects at year end. This £1.3m figure includes the £891,307 debt comprising outstanding European grant aid for the Moorlife project, and the risk of non - payment, based on performance reports and feedback from the European grant aid team, is low – the final claim has been audited externally and has been certified, and payment is expected in the first half of 2016/17. The bad debts provision of £27,772 is regarded as sufficient mitigation of the risks of general debts not being paid, representing 30% of debt outstanding over 4 months in age. The provision is reviewed annually and an increase is not considered to be required. All Short Term investments, in accordance with the Authority's Treasury Mgt Policy, are invested with North Yorkshire County Council under a Service Level Agreement. The risk of North Yorkshire County Council failing to meet its contractual obligations under this agreement is judged to be low. The Authority has adopted North Yorkshire County Council's Treasury Management Policy at its March 2016 meeting. The Authority's Treasury Management Policy emphasises that the security of its cash resources is the primary objective of its Treasury Management, over and above the need to obtain a reasonable investment return.

Liquidity Risk

This is defined as the possibility that the Authority might not have the funds available to meet its commitment to make payments. The Balance Sheet shows that the Authority has sufficient cash to finance its current liabilities, and the Treasury Mgt Policy allows the Authority to borrow to finance its working capital needs if necessary. In practice this has not been needed as Defra allow National Park Grant to be drawn down quarterly based on cashflow forecasts, and these forecasts include prudent contingencies for working capital. For its capital resources the Authority is able to draw on long term loans from the Public Works Loan Board.

Market Risk

This is defined as exposure to movement in prices arising from market conditions.

The Authority does not have any investment in equity shares.

The Authority has some exposure to exchange rate risk because of its two European funded grant projects, which are paid retrospectively in euros.

The first exposure relates to the final outstanding claim for the Moorlife project which ended in September 2015. The sterling sum outstanding, requiring repayment, is £891,307. The final claim submitted is for €1,263,940, therefore there is only a risk of failure to cover the sterling debt if the sterling exchange rate vs the euro is greater than 1.41 at the date of exchange. The current rate is in the region of 1.31 and consideration will be given to a forward exchange contract to cover the risk if it is considered that sterling appreciation is likely.

The second exposure relates to the new Moorlife 2020 project, which is a further five year project with 75% grant aid from the European Commission of €11,984,887, starting in 2016/17. The project therefore has an element of exchange rate risk depending upon the exchange rate of the euro against sterling, at key points in the five year project. Sterling expenditure on the project is converted monthly by the Commission at the exchange rate on the first working day of the calendar month, which then represents the project expenditure for the year denominated in euros, from which the appropriate % of grant aid is derived in euros. The grant is drawn down in four stages, and the date on which the euro grant is drawn down and paid over determines the value of sterling income received. The first tranche (40%) of the grant, €3,595,466, was paid in advance in October 2015.

A financial risk to the Authority is identified if sterling strengthens significantly against the euro during the project, considered to be in the region of £1.5m at its maximum. The risk will therefore be mitigated by adjusting the overall sterling budget of the project (downwards by up to £1.5m), and considering how forward exchange contracts might be used to give greater certainty over future transaction exchange rates.

In terms of interest rate risk, the unprecedented reduction in variable interest rates during the 2008-09 year and continuing very low base rates has had a large impact on the rate of interest earned on surplus funds during the year. Budgetary assumptions have been adjusted assuming these low variable interest rates would prevail. There is not therefore considered to be a significant risk in the Authority's financial position arising from changes in variable interest rates, other than continuing pressure on budgets because of the depressed receipts. The Authority's long term borrowings are at a fixed rate of interest, and it is the Authority's policy to manage these risks by monitoring prevailing long term interest rates, ensuring that exposure to uncompetitive interest rate payments is minimised where possible. The timing of capital investment and raising of loan finance is also reviewed and forecast, in order to take advantage of interest rates which compare favourably against long term averages; the Capital Financing Requirement (CFR) is also managed in the short term with internal use of funds. Of the £770,299 CFR £559,170 is financed from external fixed rate debt, with only £211,129 at risk of interest rate fluctuations, and it is considered that there is little risk in continuing to finance this from internal funds while the markets are still pricing medium term interest rates at low levels.

Note 35 Prior Year Adjustments

There are no prior year adjustments.

Note 36 Long Term Loans

The Authority's short-term borrowing is as follows:-

31 March 2015	Analysis by Type of Loan	31 March 2016
£		£
97,897	Public Works Loan Board	61,864
97,897	**Total**	**61,864**

The Authority's Long-term borrowing is as follows:-

31 March 2015	Analysis by Type of Loan	31 March 2016	Ave. Interest Rate
£		£	%
559,170	Public Works Loan Board	497,306	4.7
559,170	**Total**	**497,306**	
	Analysis by maturity		
61,864	Between 1 and 2 years	24,600	4.7
77,364	Between 2 and 5 years	81,043	4.7
155,494	Between 5 and 10 years	162,888	4.7
196,152	Between 10 and 15 years	205,479	4.7
68,296	Between 15 and 20 years	23,296	4.7
0	Between 20 and 25 years	0	-
559,170		**497,306**	**4.7**

The Code requires disclosure of the fair value of the loan, which is calculated by the PWLB based on the repayment rates prevailing on the dates below. This value is compared against the carrying value in the Balance Sheet, including debt repayments due within one year.

31 March 2015		31 March 2016
816,050	**PWLB Fair Value**	**715,592**
	Balance Sheet Carrying Value	
97,897	Under 1 year	61,864
559,170	Between 1 and 30 years	497,306
657,067		**559,170**

The Fair Value is more than the carrying amount at 31st March 2016 because the fixed rate loan interest payable on existing loans is higher than the rates available for similar loans at that date. This Fair Value is derived by discounting the current fixed repayments remaining on the loan using the interest rates available at Balance Sheet date, with the result that if the Authority requested an early repayment of the loan, the lower interest rates prevailing at Balance Sheet date would result in the PWLB requesting a higher current value for the repayment than the amount outstanding shown in the Balance Sheet. The Authority has two long term loans only:-

1) a 25 year PWLB loan, repayable using the annuity method of repayment, with fixed half-yearly payments including principal and interest. The loan was taken out on 30/10/06 at a fixed rate of 4.7% with a final payment 30/09/2031.

2) a 7 year PWLB loan, repayable using the annuity method of repayment, with fixed half-yearly payments including principal and interest. The loan was taken out on 19/10/09 at a fixed rate of 2.26% with a final payment 30/09/2016.

Note 37 Impact of Accounting Changes

Disclosure of the impact of accounting changes arising from new accounting standards is required for standards which have been issued but not yet adopted by the Code. The following changes are anticipated, listing only those standards applicable to the Authority:-

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee contributions. The objective of the amendment is to simplify accounting where employee pensions are derived more from final salary calculations than for example years' service. The impact is not expected to be material, if they are relevant.
- Annual improvements to IFRS's 201-2012 Cycle. A collection of amendments to IFRS standards collected together, around 8 identified issues. The impact is considered to be minor.
- Amendment to IFRS 11 Joint Arrangements. (Accounting for Acquisition of Interests in Joint Operations. Revised guidance on accounting for an acquisition of a joint operation. This is not considered to be relevant under current operations.
- Amendment to IAS16 Property, Plant & Equipment and iAS 38 Intangible Assets. Clarification of acceptable methods of depreciation and amortisation. This is not considered to be relevant.
- Annual improvements to IFRS's 2012-2014 Cycle. A collection of amendments to IFRS standards collected together, around 5 identified issues. The impact is considered to be minor.
- Amendment to IAS1 Presentation of Financial Statements. Improving presentation and disclosures in financial reports. The impact is considered to be minor.
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of a new Expenditure and Funding Analysis. This will require some re-presentation of information and prior year financial information comparatives will need to be presented in the new formats, with the objective being to enhance understanding of the figures.
- Following adoption of the CIPFA Code of Practice on Transport Infrastructure Assets (in future to be known as the Code of Practice on the Highways Network Asset), some infrastructure assets from April 2016 are required to be valued at current value rather than historic value as currently. These assets are defined as part of a single national "Highways Network Asset", and the definition is in the course of confirmation, but principal guidance is that the asset is interconnected, inalienable, and should be entered in the S.36 Highways Act 1980 Register. The Authority does not have any assets in this category and its Infrastructure Assets, primarily the Trails network, will continue to be shown in the accounts as an Infrastructure Asset at their historic cost.

Note 38 Reconciliation of Operating Activities in Cash Flow Statement to Revenue Expenditure

2014-15 £		£	2015-16 £
1,159,638	**(Surplus) Deficit on Income & Expenditure Account**		**1,486,230**
(1,245,769)	Adjustments between accounting basis and funding basis (Note 6)	(2,000,616)	
158,372	Transfers to (from) earmarked reserves (Note 7)	550,158	(1,450,458)
72,241	**(Increase)/Decrease in General Fund Balance for the year**		**35,772**
(108,152)	Minimum / Voluntary Revenue Provision	(117,225)	
(123,721)	Contributions (to)/from Reserves	(405,683)	
(34,650)	Contributions (to)/from Restricted Funds	(144,475)	
243,203	(Increase)/Decrease in Creditors	423,724	
67,891	(Increase)/Decrease in Advance Income	(2,444,271)	
1,192,500	Increase/(Decrease) in Debtors	(30,104)	
18,493	Increase/(Decrease) in Stock	24,982	
(141,090)	Revenue Contribution to Capital Expenditure	(79,557)	
1,114,474			**(2,772,609)**
1,186,715	**Net Cash Flow Operating Activities**		**(2,736,837)**

Independent auditor's report to the members of Peak District National Park Authority

The accounts have not yet been audited; when the audit is complete the auditor's certificate will appear here.