

ANNEX 2

CAPITAL BUDGET 2007/08

Capital expenditure is defined as expenditure over £10,000 on the acquisition or improvement of those assets of the Authority which have a useful life of more than one year. All assets are shown on the Authority's balance sheet. The Capital Strategy and related asset management plan work, will help to determine the allocation of resources for investment, replacement and enhancement of all the Authority's capital assets.

Assets are depreciated over their useful life and this depreciation is charged in the Statement of Accounts to the Revenue Account in order to show the annual cost of the use of assets by services; the depreciation charge is subsequently adjusted by the amount of loan repayments made during the year so that only the actual cash outlays are accounted for against National Park Grant (until full depreciation accounting is introduced).

For internal budgetary control purposes charges will be made against service budgets representing an average cost of borrowing based on prevailing loan interest rates. The actual timing and duration of debt finance raised is handled as part of the Treasury Management process, using a combination of Public Works Loan Board finance and other available cashflows. Any difference between the two will be handled in a new reserve account set up for this purpose.

The Capital Budget is financed from a number of sources:-

- capital grants, specific grants received towards the expenditure.
- capital receipts reserve, a cash reserve holding the sale proceeds of any asset sold previously.
- borrowing – within the borrowing limits set out in the Prudential Code (see separate report).
- financed from Revenue, monies allocated towards capital expenditure, if available from revenue budgets.

£,000 Budget

	2006/07	2007/08
Acquisition of Land and Existing Buildings		
	0	0
New Construction, conversion and Renovation		
Parsley Hay Site, completion	25	0
Aldern House Project, implementation	697	0
Vehicles, Plant, Equipment and Machinery		
Computer purchases	21	21
Vehicle purchases	0	350
Intangible Fixed Assets		
	0	0
Total Capital Expenditure	743	371

Financed by

Capital Grants	0	0
Borrowing		
Public Works Loan Board (Aldern House)	697	0
Public Works Loan Board (Vehicles)	0	350
Capital Receipts Reserve		
	40	0
Financed from Revenue Account	6	21
Total Financing	743	371