

**Peak District National Park Authority  
Statement of Accounts  
for the Financial Year**

**1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007**

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**Signed:**

**Date:**

**A. Hams**

**Chair of the Peak District National Park Authority**

**As resolved by the Authority Meeting 29<sup>th</sup> June 2007**

In accordance with the requirements of the Accounts & Audit Regulations 2003 paragraph 10 (3) b

## **2006/07 STATEMENT ON INTERNAL CONTROL**

### **1. Scope of Responsibility**

As the Authority is financed by the public, it has a statutory duty to ensure that this money is used economically, efficiently and effectively and is safeguarded and properly accounted for. The Authority has to operate legally and with regard to various standards. The Authority also has to strive for continuous improvement and reduce its impact on the environment in the way it runs its operation.

To achieve the above, the Authority has responsibility for maintaining a sound system of internal control that supports the achievement of its purposes and reviews its effectiveness. Producing and reviewing the Statement on Internal Control each year is part of evaluating our corporate governance arrangements and has involved discussions with the Vice Chair of Audit and Performance Committee as part of finalising the Statement.

### **2. The Purpose of the System of Internal Control**

The internal control system is based on an ongoing risk management process designed to:

- Identify the principal risks to the achievement of the Authority's outcomes, to operating safely and with the least impact on the environment
- Evaluate the nature and extent of these risks
- Manage them efficiently, effectively and economically

The system is designed to manage risk and therefore gives a reasonable assurance of effectiveness. An absolute guarantee cannot be given, so Members need to be aware that problems can still arise. People associated with the Authority should report any problems immediately and management should act on the findings to correct areas of weakness.

This system of internal control has been in place for the year ended 31 March 2007.

### **3. The Internal Control Environment**

The key elements of control are described below:

- (a) The Authority's work is governed by a number of key policies and plans and the National Park Financial Grant Memorandum. The National Park Management Plan (NPMP) sets outcomes for the National Park working with partners. The Authority's contribution to achieving these is described in our 5 year Corporate outcomes and key corporate actions. The Best Value Performance Plan provides an annual workplan for the Authority showing priorities for action and allocation of resources to achieve our corporate outcomes. Other action plans result from best value, strategic reviews and external audit and inspection reports; and revenue and capital budgets set out the Authority's spending plans.
- (b) The Authority's Standing Orders and other policies describe how it operates and how decisions are made through the Authority and committees. Roles of the Standards Committee and other Committees and staff are defined. The prime objectives are to operate effectively, efficiently, transparently and accountably and within the law. Standing Orders are supplemented by:
  - Scheme of delegation
  - Policies, strategies and procedures of the Authority
  - Codes of conduct for Members and officers

(c) Financial management includes forward planning of expenditure and resources, budget consultation, budget setting and monitoring and final accounts. The aim is to ensure that these are accurate, include information relevant to the user and are completed to agreed timescales. Financial Regulations further support the above by setting out policies and procedures that are to be adhered to.

(d) A range of internal controls has been established to support the Authority. The aim is to:

- Ensure compliance with policies, procedures and statutory requirements
- Ensure achievement of corporate outcomes, key corporate actions and priorities
- Ensure the economical, effective and efficient use of resources
- Secure continuous improvement in exercising its functions
- Reduce the impact of the Authority's operations on the environment
- Provide an effective performance management and reporting process

These internal controls and action taken to strengthen them are set out below.

#### **4. 2006/07 Overview**

Since the report covering 2005/06 a number of relevant significant changes have occurred. We have:

- (a) Launched with partners the National Park Management Plan (NPMP) and agreed to establish a NPMP Monitoring Group to monitor achievement against the new vision and outcomes.
- (b) Developed and agreed new National Park Authority (NPA) corporate outcomes and key corporate actions for the next 5 year period identifying our clear contribution to the NPMP outcomes
- (c) Developed and agreed a set of core values which underpin how we operate to serve the National Park and its communities; how we value and treat each other; how we operate within our resources and capacity
- (d) Developed and agreed a new prioritisation process working with Members so that our priorities for 2007/08 could be agreed and resources allocated accordingly.
- (e) Identified key issues and options for the development of our Local Development Framework (LDF) core strategy which will replace key policies of the present Structure Plan and allow much clearer linkage to the key outcomes of the new NPMP. We have started consultation on these in accordance with our Statement of Community Involvement which we have adopted to ensure meaningful individual, community and stakeholder engagement in the LDF process
- (f) Started to review our Performance Indicator framework so that we can be better at measuring our success and performance at all levels from the NPMP down to service plans.
- (g) Reviewed our performance against our Performance Improvement Plan which includes actions to address areas identified for improvement as a result of the National Park Authorities Performance Assessment (NPAPA) peer review in 2005. This has included looking at lessons learnt and achievements made through the capacity grant funded performance improvement partnership project which came to an end in March 2007.
- (h) As part of our performance improvement plan action initiated an organisational development programme led by the Chief Executive which has six streams of action and review:
  - Review of Management Team structure with the new Director roles coming into effect from 1 May 2007

- Creation of Area Field Teams
  - Strengthening strategic work
  - Creation of one Property service
  - Strengthening corporate performance and project management
  - Review of options for support services and HQ customer contacts
- (i) Continued to develop our corporate governance framework in response to auditor feedback. Relevant actions taken in 2006/07 are included below.

### Review of Effectiveness of Internal Controls and action taken to strengthen

Control	Review of Effectiveness and action taken to strengthen
<p>Statutory roles of Authority's Monitoring Officer and Section 151 Officer to ensure internal control procedures are efficient and effective and are being complied with on a routine basis to ensure legality and sound financial standing.</p>	<p>The Authority, Committees and Chief Officers have a full range of professional officer advice to enable them to carry out their functions effectively and in compliance with statutory requirements. The External Auditor is satisfied with the Authority's arrangements (Annual Audit and Inspection Letter 2005/06). External advice (e.g. counsel advice) is taken where appropriate to strengthen decision making. We have successfully appointed a new Chief Finance Officer, building on internal experience, on the resignation of the previous postholder.</p>
<p>Internal Audit provides independent and objective assurances across the whole range of the Authority's activities.</p>	<p>The External Auditor is able to place reliance on the work of the Internal Audit section (Annual Audit and Inspection Letter 2005/06 and Annual Governance report 2005/06). Internal Audit's work programme is planned so that resources are allocated based on a systematic assessment of the risks facing the Authority in carrying out its functions. Following an updated assessment of risk (which includes risks associated with the implementation of the organisational development programme) an internal audit programme for the next 3 year period starting 2007/08 has been agreed with Audit and Performance Committee (January 2007).</p> <p>Audit and Performance Committee has approved the action plans as a result of the annual report from Internal Audit (June 2006) and the six monthly progress report (January 2007).</p>
<p>External Audit provide a further source of assurance by reviewing and reporting upon the Authority's internal control processes and any other matters relevant to their statutory functions and codes of practice.</p>	<p>The Annual Audit Letter for 2005/06 reported on:</p> <p>a) An unqualified opinion on the 2005/06 final accounts confirming that the Authority continues to have robust arrangements in place to prepare the financial statements</p> <p>b) An unqualified opinion on our first value for money audit concluding that we have adequate arrangements in place for securing economy, efficiency and effectiveness in our use of resources</p> <p>c) The results of the Planning Performance audit progress report which had been requested by Members to be part of the audit plan. Action plans to address the issues raised including the Authority's status as a Planning Standards Authority were agreed by Audit and Performance Committee in September 2006 and Members were pleased to note progress to date against the action plans at the Audit and Performance Committee in April 2007. Performance in planning service continues to be monitored by managers and the Audit and Performance Committee.</p>

<b>Control</b>	<b>Review of Effectiveness and action taken to strengthen</b>
<p>Risk Management policies and procedures are in place with the objective of ensuring that the risks facing the Authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.</p>	<p>Following significant action in 2005/06 we reported to Audit and Performance committee in June 2006 on progress against the risk management action plan and in April 2007 on our quarter 4 outturn against the 2006/07 risk register. Further improvements this year on risk management processes have been limited to:</p> <ul style="list-style-type: none"> <li>a) Ensuring better integration with the service planning process and identifying with Heads of Service those risks that need to be monitored more closely at a corporate level</li> <li>b) Reviewing insurance policies and re-tendering for the contract</li> <li>c) Monitoring the movement of risk, up and down, over the year as well as monitoring mitigating action on a quarterly basis</li> </ul> <p>Risk management is now more closely integrated with our performance management framework and exception reporting on performance. Having transferred this responsibility to HR and Performance we need to review progress against our original action plan.</p> <p>The significant legal and financial risks associated with minerals cases have been monitored through the Resource Management Team and has included consultation with the Chief Finance Officer and reports on mitigating action to the Authority</p> <p>The 2007/08 corporate risk register has been agreed by Audit and Performance Committee in April 2007.</p>
<p>Provision of effective, efficient and responsive system of financial management systems.</p>	<p>Our financial systems and reporting processes continue to prove effective in supporting the Authority to achieve its priorities and outcomes and in forward planning. This has been particularly important in a continuing climate of reducing resources.</p> <p>Our capital strategy has developed further, with our first commitment to borrowing, alongside the external funding strategy (which is monitored through the Strategic Investment Group) and Asset Management Plan. More work needs to be done to pull all these together in 2007/08 and a Member workshop is planned in October 2007.</p> <p>Procedures were put in place to ensure the completion of the 2005/06 final accounts by the end of June 2006.</p> <p>Financial Procedures are in place consisting of:</p> <ul style="list-style-type: none"> <li>a) Financial reporting and budgetary control</li> <li>b) Use of Exchequer accounts system</li> <li>c) Internal Financial Procedures – final draft in place</li> </ul> <p>These procedures are continually reviewed to ensure their effectiveness, although generally they have worked successfully to date.</p> <p>A Procurement Strategy was agreed by Members in March 2007. Work will continue to implement the action plan including developing further the strategic procurement checklist for line managers.</p>
<p>Codes of Practice are issued by external bodies in respect of Authority services and processes,</p>	<p>The Authority's staff follow Codes of Practice relevant to different operations and professions across the Authority. This includes CIPFA Codes of Practice on:</p>

<b>Control</b>	<b>Review of Effectiveness and action taken to strengthen</b>
with which the Authority is expected to comply.	<ul style="list-style-type: none"> <li>• Local Authority Accounting in the UK: A Statement of Recommended Practice</li> <li>• Prudential Code for Capital Finance in Local Authorities</li> <li>• Treasury Management in the Public Services</li> <li>• Corporate Governance in Local Government</li> </ul>
The scrutiny function is carried out and developed through Committees covering a wide range of Authority functions.	<p>We have continued to develop the scrutiny role of the Audit and Performance Committee. In 2006/07 we have:</p> <p>a) Reviewed Partnerships and External Funding through two Member scrutiny teams. These reported to Audit and Performance Committee in January 2007 and have resulted in action plans for improvement including recommendations to strengthen corporate governance arrangements through:</p> <ul style="list-style-type: none"> <li>• producing a partnership policy</li> <li>• developing a database for mapping current partnerships</li> <li>• producing a protocol and toolkit for evaluation of new and existing partnerships and guidance on appropriate governance considerations</li> <li>• developing a commissioning role for the Strategic Investment Group to ensure a more specific connection between Corporate Priorities and external funding bids</li> <li>• making improvements to the Business Case template used for submissions to Resource Management Team</li> <li>• producing a schematic for Members and staff of the controls which create the governance and financial framework for external funding</li> </ul> <p>b) Developed a toolkit for scrutiny teams</p> <p>c) Surveyed staff and Members to gain feedback on the scrutiny process and guidelines. It is generally felt that it is too early yet to assess the impact of scrutiny on performance improvement</p> <p>d) Agreed a work programme for the Audit and Performance Committee which includes a programme of strategic reviews and scrutiny topics for the forthcoming year on Recreation Management and Recreational Strategy</p>
The role of the Standards Committee is to promote and maintain high standards of conduct by Members and co-opted Members.	<p>During 2006/07 we have:</p> <p>a) Consulted Members further on the proposed changes to the Members' Code of Conduct with training planned for July 2007 in advance of the new code being implemented</p> <p>b) Agreed a Local Investigation of Complaints procedure in case any complaints of a Member's misconduct are referred to the Monitoring Officer</p> <p>c) Made amendments to the Local Determination of Complaints procedure in light of new Regulations</p> <p>d) Made amendments to the Planning Protocol to take account of the Standards Board advice on membership of lobbying groups, the representative role and 'dual hatted members'</p> <p>e) Agreed the Monitoring Officer protocol</p> <p>f) Considered the annual report on Members' declarations of interests at meetings</p> <p>g) Updated our advice to Members and staff on gifts and hospitality</p> <p>h) Reminded staff of our advice on declaration of interests.</p>

Control	Review of Effectiveness and action taken to strengthen
	<p>It is likely that the focus for improvement in 2007/08 will be on introducing the new Members' Code of Conduct and developing the whistle blowing policy on guidance from internal audit.</p>
<p><i>Performance monitoring processes are in place to measure progress against outcomes and to provide for remedial action where appropriate.</i></p>	<p>Our performance management arrangements were identified during the NPAPA process as not being sufficiently robust and in response we developed an improvement action plan with a project team bringing energy and focus to delivering that. In 2006/07 we have:</p> <ul style="list-style-type: none"> <li>a) Agreed common terminology and definitions for our performance management framework</li> <li>b) Introduced a service plan template for Heads of Service and provided support to Heads of Service through briefings</li> <li>c) Recorded all service actions (as reflected also in our Best Value Performance Plan) and how they contribute to key corporate actions on our performance management database so that performance can be monitored more closely over the year</li> <li>d) Started a review of indicators so that we can develop better measures of success to monitor achievement of NPMP outcomes and NPA outcomes</li> <li>e) Reviewed the appraisal process (now called the Joint Performance and Achievement Review) to ensure a more visible link on how individual work programmes contribute to the Authority's key corporate actions and to improve our performance on the number of reviews successfully carried out.</li> </ul> <p>Improvement work continues into 2007/08 and we will be evaluating the success of our new monitoring and reporting arrangements over the next year.</p>
<p>The Authority remains committed to continuous improvement through the implementation of performance improvement plans</p>	<p>During 2006/07 the Audit and Performance Committee has considered:</p> <ul style="list-style-type: none"> <li>a) strategic review reports on: <ul style="list-style-type: none"> <li>• Implementing Electronic Government</li> <li>• Access and Recreation service</li> <li>• Losehill Hall</li> <li>• Policy Strategy and Partnerships service</li> <li>• Planning Performance</li> </ul> </li> <li>b) the lessons learnt and achievements of the Performance Improvement Partnership project, funded by the Government's capacity building fund, which came to an end in March 2007 (reported to April 2007 meeting)</li> <li>c) progress against our Performance Improvement Plan showing progress and success in many areas but also highlighting more needs to be done especially on: <ul style="list-style-type: none"> <li>• Developing a more strategic approach to handling minerals issues</li> <li>• Strategic review of recreational facilities</li> <li>• An Authority wide sustainable development action plan</li> <li>• Engaging staff in transformational change and service improvement</li> <li>• Securing further investment in performance improvement</li> </ul> </li> </ul>

Control	Review of Effectiveness and action taken to strengthen
	<ul style="list-style-type: none"> <li>A structured approach to becoming a learning organisation</li> </ul> <p>An action plan for continuing improvement is in place for 2007/08 including a project plan for implementation of the Organisational Development proposals. An environmental management action plan is being developed and will be reported to Audit and Performance Committee in 2007 following the Authority's signing of the Nottingham declaration on climate change at the end of 2006.</p>
<p>Asset management planning is underway and policies already exist for the use of capital receipts and for the use of an option appraisal methodology when determining the best use of assets.</p>	<p>The Asset Management Plan portfolio review (phase 2) has been completed involving staff and Members at a workshop in March 2006 and agreed by the Authority in May 2006.</p> <p>Action to achieve implementation has been planned over a 4 year period but other than significant progress on a few properties, including North Lees Hall and buildings, project plans are needed for progressing many other actions. This will be addressed in 2007 alongside more work on developing our capital programme which includes a Member workshop in October 2007.</p> <p>Disposal guidance has been produced during the year with proposals for the use, disposal or investment in assets being considered by Resource Management Team and Members on a business case approach including an options and financial appraisal. A corporate planned maintenance programme has been developed for the first time in 2006/07.</p>
<p>Reports from external agencies and inspectorates, for example, the Local Government Ombudsman and Health &amp; Safety inspectorates are addressed promptly.</p>	<p>Two Ombudsman complaints resulted in the Ombudsman finding against the Authority: one being settled locally and one being recorded as maladministration with a report. The latter was reported to the Authority in June 2006 with a full statement on action to be taken to address weaknesses identified. The other was similarly addressed by line managers and will be reported to Members through the annual report to Audit and Performance Committee in July 2007. The new complaints procedure and processes will be evaluated in 2007 for some changes on handling vexatious complaints and to streamline the process further following feedback from the Head of Planning Service.</p> <p>The Authority was targeted for support on its LDF function in April 2007, following an initial approach from Government Office East Midlands. This was followed by a visit from consultants, working on behalf of the Planning Advisory Service (PAS) and has resulted in a report assessing the foundations put in place by the Authority in order to deliver its LDF. Areas requiring support are identified and the Authority is in the process of developing an action plan to address the issues raised.</p> <p>An approach has also been made to PAS regarding potential help in improving performance on minerals and major applications following the Authority being identified as a Planning Standards Authority.</p>
<p>Services are delivered by trained, skilled and experienced personnel.</p>	<p>Having completed phase 1 of the Workforce Plan action plan Phase 2 has now been agreed building on previous action and focusing on:</p> <ul style="list-style-type: none"> <li>Development of secondment and succession planning</li> </ul>



Control	Review of Effectiveness and action taken to strengthen
	<p>policies</p> <ul style="list-style-type: none"> <li>• Simplification of management competencies</li> <li>• Finalising the Learning and Development Policy</li> <li>• Rolling out the partnership mentoring programme</li> <li>• Evaluating the impact of the Exceeding Excellence programme</li> </ul> <p>The Authority continues to provide a corporate training programme as well as meeting continuing professional development needs through service budgets. In 2006/07 corporate training has not only focused on developing our leaders but has also included equalities, coaching and mentoring, project management, pre-retirement, appraisal skills, recruitment and selection and health and safety training as part of the corporate approach to improving performance and corporate governance controls.</p> <p>We are planning for a review of delegation in decision making to staff in 2008 as part of continuously reviewing the strategic role of Members and the implementation role of staff.</p> <p>A full Member training programme has been provided in 2006/07 although attendance at some events by Members has been low. In preparing for the impact of a reduction in Members from 38 to 30 in 2007 we have:</p> <ul style="list-style-type: none"> <li>• Agreed an Induction programme for new Members</li> <li>• Reviewed Members' involvement in outside bodies resulting in recommendations for less Member involvement where we are heavily engaged and for finding opportunities to become more involved in areas like minerals, climate change and natural resources, cultural heritage</li> <li>• Initiated a review of Member training and development for recommending changes in 2007</li> </ul>

**5. Significant Internal Control Issues**

It is considered that there are no significant internal control issues.

Signed \_\_\_\_\_ Signed \_\_\_\_\_

Chief Executive

Vice Chair of Audit and Performance Committee

# **Peak District National Park Authority Annual Accounts for the Year Ended 31<sup>st</sup> March 2007**

## **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 a suitable person has the responsibility for the administration of those affairs. 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 to the Authority's responsibilities**

The Chief Finance Officer to the Authority is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in The United Kingdom ('the Code of Practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2007.

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

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

### **Certificate of Chief Finance Officer**

I certify that the accounts present fairly the financial position of the National Park Authority as at 31<sup>st</sup> March 2007 and its income and expenditure for the year ending 31<sup>st</sup> March 2007.

Philip Naylor  
Chief Finance Officer to the Authority  
29<sup>th</sup> June 2007

# Peak District National Park Authority

## Annual Accounts for the Year Ended 31<sup>st</sup> March 2007

### 1. Explanatory Foreword

- 1.1 These Accounts contain all the information required by the Accounts & Audit Regulations 2003, updated by the 2006 Regulations and by the Code of Practice on Local Authority Accounting.
- 1.2 The accounts comprise the Income and Expenditure Account, the Statement of Movement on General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the Cash Flow Statement. Accompanying notes, cross referenced from the statements, explain in greater detail some of the calculations and reasoning behind the figures.
- 1.3 Each year the Department for Food and Rural Affairs (Defra) sets the level of funding for the National Park Authority. In 2006-07 the funding was set at £7,523,177 (£7,342,550 in 2005-06). 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, in terms of income and expenditure and appropriations made to Specific Reserves that were previously agreed, the activities during the year increased the General Reserve by £196,148.
- 1.5 Best Value requires the total cost, including support and management costs, to be charged to the authority's ten functional areas. A summary of the support and management costs and how they have been apportioned is included in note 14.
- 1.6 The Authority continued its rolling programme of asset re-valuations, concentrating on car parks. The non-distributable Capital Finance and Fixed Asset Restatement accounts are adjusted to reflect the changes in asset valuations.
- 1.7 Explanation of Main Variances Between Years.

	Variance £,000	Comment
Income and Expenditure Account		
Conservation of the Natural Environment / Conservation of the Cultural Heritage / Recreation Management / Rangers Estates Service & Volunteers	+33	Although there are variances within service totals these are normal business and project related fluctuations and the overall variance is insignificant.
Promoting Understanding	+66	Normal inflationary costs; impact of disruptions at Edale during building; loss of one off savings, following replacement of in-house newspaper with a bi-annual publication last year, resulting in increased communication costs; reduction in income at Losehill Hall
Traffic and Transport	-51	Partial withdrawal from bus subsidies and a reduction in net Authority expenditure on externally funded transport projects
Development Control	+113	Increased staff resource; consultancy and legal

		costs in support of planning policies and increases in advertising of applications.
Forward Planning	+76	The impact of a significant reduction in 2006/07 Planning Delivery Grant.
Corporate Management & Administration	+823	This is the impact of the £592,000 one-off gain to the 2005-06 Income and Expenditure Account, of the reduced liability arising from the past service cost of employees in the pension fund, (see Note 7) following revision to the scheme rules allowing commutation of part of future pension payments to a higher lump sum. The effect was estimated to be a saving overall to the pension fund. The remaining difference arises from the credit to support services arising from amortised government grants relating to Implementing Electronic Government (IEG) projects, which was previously allocated to the Asset Management Revenue Account, and has not been re-allocated again to front line services.
Training	-77	The extra expenditure in 2005-06 as a result of the Capacity Building Grant received, not repeated in 2006-07.
<b>Balance Sheet</b>		
Fixed Assets	+1,238	Capital additions of some £1,477,861 (mainly the new visitor centre at Edale; Aldern House refurbishment and IEG expenditure); asset valuation increases of some £301,348; depreciation of £515,496, and disposal of assets (net book value) of £24,635
Long Term Investments	-1	Long-term investments have now been included in Short Term investments, as explained in Note 12, apart from the small long-term debtors figure shown.
Current Assets	-3,095	Other than normal fluctuations in levels, the main reason is the level of short-term investments as at 31 <sup>st</sup> March 2007 is now at its more normal level, following the distortion in cash flows arising from early payment of 2006/07 National Park Grant in late March of the 2005/06 accounting year, which left the short-term investments figure as at March 2006 abnormally high.
Current Liabilities	-3,111	This is the corresponding double entry (other than normal fluctuation in creditor levels) for the advance payment of National Park Grant as above.
Long – Term Liabilities	-184	For the first time the Authority shows the impact of its borrowing on the balance sheet (£689,536). The variance in the government grants deferred balance arises from amortisation of the grant as normal; the impact of the reported reduction in pension fund liabilities (see Note 7 - £1,333,367) accounts for the remaining difference.

On February 10<sup>th</sup> 2006 the Authority approved the 2006/07 Budget and the variances from the previous year outlined above were in line with budget expectation. There were no material differences from this budget and a more detailed financial commentary on the 2006/7 results can be found in the outturn report which was reported to Services Committee on the 8<sup>th</sup> June 2007; obtainable from the Authority's website

([www.peakdistrict.gov.uk](http://www.peakdistrict.gov.uk) - under Committee meetings) or by request to the Head of Finance, Aldern House, Baslow Rd, Bakewell, Derbyshire tel 01629 816366.

The remaining variances are sufficiently explained in the accompanying Notes to the Accounts.

- 1.8 The Authority has maintained its strong financial position in 2006/07, and it is clear that this strength arises from four principal factors which underpin our financial strategy. The first is the need to ensure 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 capital investment plans clearly linked to our Asset Management Plan over a long term planning horizon. The fourth concerns the outcome of discussions with Defra in the Comprehensive Spending Review of 2007; so that current levels of National Park Grant are maintained in real terms, by linking future grant awards, as a minimum, to public sector inflation forecasts.

## **2. Principles Adopted in Compiling the Accounts**

### **2.1 General Principles**

- 2.1.1 The general principles adopted in compiling the accounts are those recommended by CIPFA and the Accounting Standards Board.

- 2.1.2 The analysis of expenditure used in the Income and Expenditure account is based on that contained in the Finance Grant Memorandum issued by the Department for Environment, Food and Rural Affairs (DEFRA). This also results in full compliance with CIPFA guidance on Accounting for Overheads in Local Government. From next year a new Service Expenditure Analysis has been agreed for the format of the Income & Expenditure account and that will be applied for the 2007/08 financial statements.

- 2.1.3 Within the Corporate Management and Administration heading in the Income and Expenditure Account is an analysis of the Corporate & Democratic Core costs. These represent unallocated overhead costs as determined by the Authority's Financial Grant Memorandum, whose definition is substantially the same as required by the Best Value Code of Accounting Practice. Any costs or savings arising from the effect of actuarial assessments in line with FRS17 (see Note 7) related to the past service of employees are also shown under this heading and are not allocated to the other front line services shown in the Income and Expenditure Account.

### **2.2 Extent of compliance with Statements of Standard Accounting Practice (SSAP's) and Financial Reporting Statements (FRS's)**

- 2.2.1 Guidance notes on the applicability of SSAP's and FRS's to local authority accounts and Exposure Draft Guidance Notes for local authorities issued before 31<sup>st</sup> March 2007 have been complied with.

### **2.3 Basis on which Capital Works or Expenses have been recorded in the Balance Sheet**

- 2.3.1 All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis in line with the Code of Practice.

- 2.3.2 The Authority finances capital expenditure from a number of sources; from its Capital Receipts Reserve; from external capital grants; from the Income & Expenditure Account;

from borrowing, or from other internal funds, in compliance with the Prudential Code for Capital Finance in Local Authorities.

## 2.4 Fixed Assets

- 2.4.1 Assets below the de minimis value of £5,000 are not introduced into the balance sheet unless they are part of a pooled system of assets. Operational land and properties and other operational assets are included in the balance sheet at the lower of open market value and discounted replacement cost.
- 2.4.2 Non-operational assets and assets surplus to requirements are included in the balance sheet at the lower of open market value and discounted replacement cost. Community assets are included in the balance sheet at historic cost, net of depreciation where applicable.
- 2.4.3 Included on the Balance Sheet are assets that the Authority has constructed, but which are sited on leased land. This allows the Authority the opportunity to depreciate these assets and calculate a Capital Charge to the Income and Expenditure Account for their use.
- 2.4.4 It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period.

## 2.5 Capital Charges

- 2.5.1 The capital charges made to services in the Income and Expenditure account equate to the sum of depreciation plus any impairment of value.

## 2.6 Depreciation

- 2.6.1 Depreciation is charged on a reducing balance basis as follows:-

Type of Fixed Asset	Depreciation Period
Land	Nil
Community assets	Nil
Furniture & Equipment	over the life of the asset – 5-10 years
Vehicles	over the life of the asset - 6-20 years
Car Parks	over the life of the asset - 15-20 years
Operational (except vehicles & equipment)	over the life of the asset - 60 years
Intangible Assets	Over the life of the asset – 3-5 years
Non-operational (except land)	over the life of the asset - 60 years

It is the Authority's policy not to charge depreciation in the year of acquisition but to charge a full year in the year of disposal. The depreciation period may be different to those identified above in the case of assets on leased land.

## 2.7 Grants Received

- 2.7.1 In accordance with the Code of Practice, grants received are credited to a deferred grants account and released to the Income and Expenditure Account over the life of the asset to which they relate. However it is the policy of the Authority to write off small grants, up to a value of £30,000 in the year of their receipt.

## **2.8 Deferred Charges**

2.8.1 Outstanding deferred charges capitalised on the Balance Sheet as at 31/03/04, which could not be re-categorised as Intangible or other fixed assets, were all written off in the 2004/5 Income and Expenditure Account in accordance with current guidance, reflecting harmonisation with general accounting principles. Deferred charges, as previously defined, are now categorised as either Intangible Assets (e.g. computer software) or capitalised, where appropriate, as tangible fixed assets.

## **2.9 Capital Receipts**

2.9.1 Capital Receipts from the disposal of Fixed Assets are held in a Capital Receipts Reserve until such time as they are used to finance new capital expenditure.

## **2.10 Investments**

2.10.1 The Authority invests surplus funds, including its capital receipts reserve, revenue reserves and bequest fund in the Derbyshire County Council Consolidated Loans Fund.

## **2.11 Stocks and Stores**

2.11.1 Stocks are brought into account for the bar, shop and kitchen stocks at Losehill Hall and for visitor centre stock. All are accounted for at the lower of cost or net realisable value.

## **2.12 Nature of Substantial Reserves, Contingent Liabilities and Deferred Charges**

2.12.1 The Authority has earmarked specific reserves for thirteen areas of its work to provide for expenditure in future years.

2.12.2 No explicit provision has been made in the accounts for any possible future liability arising from planning appeals / legal cases which are currently in progress. The Authority has agreed however, to maintain its unallocated revenue reserve at a level greater than it would normally do so, to cover eventualities arising from this and other major issues.

## **2.13 The Authority's Pension scheme**

2.13.1 The Authority operates a single defined benefit pension scheme administered by Derbyshire County Council. 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 FRS 17, as interpreted by the Code of Practice.

2.13.2 Where payments made in a particular year do not match the change in the Authority's recognised asset or liability for the same period, an appropriation to or from the pensions' reserve is recognised in the Income and Expenditure Account. The scheme's assets are measured at fair value at the balance sheet date. The scheme's liabilities, comprising any future benefits promised under the terms of the scheme, are measured on an actuarial basis using the projected unit method. Any net surplus or deficit in the scheme, i.e. the difference between the value of assets and the estimated present value of the scheme's liabilities, is shown in the balance sheet as an asset or liability, financed by the pensions reserve.

### 3. Income & Expenditure Account for the year ended 31<sup>st</sup> March 2007

2005–06 Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	<b>Conservation of the Natural Environment</b>			
189,028	Forestry & Tree Service	212,956	(21,152)	191,804
377,980	Estates Management	630,148	(283,715)	346,433
762,381	Countryside & Economy Service	876,183	(80,431)	795,752
142,911	Conservation & Environment Projects	2,033,653	(1,917,802)	115,851
134,958	Ecology	180,899	(30,247)	150,652
1,607,258		3,933,839	(2,333,347)	1,600,492
	<b>Conservation of Cultural Heritage</b>			
160,582	Historic Buildings	207,365	(30,341)	177,024
227,212	Village Management and Community Work	254,047	(12,901)	241,146
179,170	Archaeology	176,193	(26,784)	149,409
43,057	Cultural Heritage Projects	153,661	(110,291)	43,370
610,021		791,266	(180,317)	610,949
	<b>Recreation Management</b>			
22,353	Campsites, Hostels & Barns	96,394	(56,359)	40,035
833,395	Access, Walking & Riding Routes	959,537	(168,406)	791,131
147,549	Area Projects	272,457	(77,596)	194,861
39,940	Litter Collection	35,814	(0)	35,814
(28,956)	Car Parks & Concessions	274,908	(305,571)	(30,663)
45,850	Cycle Hire	353,558	(317,800)	35,758
147,310	Toilets	170,100	(20,138)	149,962
1,207,441		2,162,768	(945,870)	1,216,898
	<b>Promoting Understanding</b>			
411,957	Visitor Centres	846,129	(392,554)	453,575
85,486	Sustainable Tourism	521,909	(437,508)	84,401
219,156	Communications and Design Services	242,472	(3,421)	239,051
295,842	Rangers education & Community Liaison	316,716	(43,233)	273,483
558,178	Losehill Hall Environmental Education	1,441,739	(853,014)	588,725
5,681	Promoting Understanding Projects	22,856	(20,089)	2,767
1,576,300		3,391,821	(1,749,819)	1,642,002
	<b>Traffic &amp; Transport</b>			
238,408	Traffic & Transport policy and projects	500,865	(313,683)	187,182
238,408		500,865	(313,683)	187,182
	<b>Rangers, Estates Service &amp; Volunteers</b>			
382,514	Rangers	461,376	(61,171)	400,205
80,678	Countryside Volunteers	94,706	(13,042)	81,664
182,345	Property Team	198,332	(0)	198,332
43,185	Estates Workers	40,932	(200)	40,732
688,722		795,346	(74,413)	720,933
	<b>Development Control</b>			
987,442	Development Control	1,346,583	(246,398)	1,100,185
987,442		1,346,583	(246,398)	1,100,185
	<b>Forward Planning</b>			
367,879	Policy Planning	528,077	(85,352)	442,725
367,879		528,077	(85,352)	442,725
	<b>Corporate Management &amp; Administration</b>			
0	Corporate Management	2,008,317	(2,008,317)	0
(321,101)	Corporate & Democratic Core	501,564	0	501,564
0	Less Recharged Support Service Costs	(1,709,840)	1,709,840	0
(321,101)		800,041	(298,477)	501,564
	<b>Training</b>			
170,879	Training	93,722	(85)	93,637
<b>7,133,249</b>	<b>Total Net Cost of Services</b>	<b>14,344,328</b>	<b>(6,227,761)</b>	<b>8,116,567</b>



### 3. Income & Expenditure Account – continued

2005-06 £		£	2006-07 £
7,133,249	Net Cost of Services b/f		8,116,567
(108,718)	Loss (Gain) on the disposal of Fixed Assets	8,609	
0	Interest Payable	13,463	
(180,857)	Interest Received on Investments	(213,937)	(191,865)
231,000	Pensions' interest cost and expected return on pension scheme assets (see note 7)		104,000
<b>7,074,674</b>	<b>Net Operating Expenditure</b>		<b>8,028,702</b>
(7,342,550)	National Park Grant (see note 1)		(7,523,177)
<b>267,876</b>	<b>Surplus (Deficit) for Year</b>		<b>(505,525)</b>

### 4. Statement of Movement on the General Fund Balance

The Income and Expenditure Account above shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months, which are accounted for on an accruals basis. However the Authority, in line with other Local Authorities, is also required to reconcile its cash resources – ultimately its General Fund Balance - in order to manage its call on local taxation or national income grants. The main differences are:-

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed (i.e. replacing depreciation charges with the actual costs of financing assets).
- Retirement benefits are charged as amounts become payable to the pension fund, rather than the estimated annual cost of future benefits earned.
- Transfers to and from earmarked cash reserves

This statement therefore reconciles the differences between the Income and Expenditure Account surplus or deficit, and the General Fund Balance.

2005-06 £		2006-07 £
<b>267,876</b>	<b>Surplus (Deficit) for the Year on the Income and Expenditure Account</b>	<b>(505,525)</b>
53,674	Additional amount required by Statutory and non-Statutory proper practices to be added to (taken from) the General Fund Balance for the year (See Note 2)	701,673
321,550	Increase (Decrease) in General Fund Balance for the Year	196,148
340,815	General Fund Balance brought forward	662,365
<b>662,365</b>	<b>General Fund Balance carried forward and available for new expenditure</b>	<b>858,513</b>

## 5. Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Authority for the year – whether realised or not - and shows the aggregate increase or decrease in its net worth between years, reflected in the movements in Authority reserves at the foot of the Balance Sheet. In addition to the surplus or deficit generated on the Income and Expenditure account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

<b>2005-06</b>	<b>2006-07</b>
£	£
<b>267,876 Surplus (Deficit) for the Year on the Income and Expenditure Account</b>	<b>(505,525)</b>
389,293 Surplus (Deficit) arising on revaluation of fixed assets	301,348
(91,000) Actuarial Gain (Loss) on pension fund assets and liabilities	1,641,000
725 Funds appropriated directly to trust funds	683
(1,963) Other	(4)
<b>564,931 Total Recognised Gains (Losses) for the year</b>	<b>1,437,502</b>

## 6. Balance Sheet as at 31<sup>st</sup> March 2007

2005-06 £	Notes	2006-07 £	£
<b>Fixed Assets:</b>			
263,777	Intangible Assets	15	228,567
Operational Assets:			
9,931,531	Land and Buildings	15	11,210,193
1,193,641	Vehicles, plant, equipment	15	1,167,453
1,670,055	Non-Operational Assets	15	1,660,749
1,047,407	Community Assets	15	1,078,526
0	Deferred Charges	25	0
<u>14,106,411</u>			<u>15,345,488</u>
1,770	Debtors due after one year	21	407
<b><u>14,108,181</u></b>	<b>Total Long Term Assets</b>		<b><u>15,345,895</u></b>
<b>Current Assets</b>			
83,457	Stocks and Work in Progress	20	93,565
1,761,949	Debtors	21	1,476,532
5,305,945	Short Term Investments	23	2,689,970
2,500	Cash: In Hand	22	2,500
204,523	At Bank	22	0
<u>7,358,374</u>			<u>4,262,567</u>
<b><u>21,466,555</u></b>	<b>Total Assets</b>		<b><u>19,608,462</u></b>
<b>Current Liabilities</b>			
(5,445,516)	Sundry Creditors	24	(2,206,375)
(0)	Cash: Overdrawn	22	(128,574)
<b><u>16,021,039</u></b>	<b>Total Assets less current liabilities</b>		<b><u>17,273,513</u></b>
<b>Long-term Liabilities</b>			
0	Long-term Borrowing		(689,536)
(2,007,976)	Government Grants Deferred	28	(2,466,779)
(8,352,000)	Liability related to defined benefit pension scheme	7	(7,018,633)
<b><u>5,661,063</u></b>	<b>Total Assets less Liabilities</b>		<b><u>7,098,565</u></b>
<b>Financed by:</b>			
11,006,080	Fixed Asset Restatement Account	3 & 26	11,282,793
1,092,353	Capital Financing Account	3 & 27	719,314
70,541	Capital Receipts Reserve	3 & 29	86,567
(8,352,000)	Pensions' Reserve	3 & 7	(7,018,633)
662,365	General Fund	3	858,513
1,162,686	Specific Funds	3 & 30	1,153,664
19,038	Trust Funds	31	16,347
<b><u>5,661,063</u></b>	<b>Total Net Worth</b>		<b><u>7,098,565</u></b>

## 7. Cash Flow Statement

2005-2006		2006-2007
£		£
<b>REVENUE ACTIVITIES</b>		
<b>Cash Payments</b>		
7,559,748	Employment Costs	7,632,192
5,886,863	Other Costs	5,555,864
13,446,611		13,188,056
<b>Cash Income</b>		
(243,057)	Rents	(236,207)
(3,231,000)	Early Receipt of National Park Grant	(0)
(2,501,299)	Charges for Goods and Services	(1,875,187)
(3,058,693)	Grants and Partnership income	(3,610,886)
(7,342,550)	National Park Grant & Levies	(4,292,177)
(16,376,599)		(10,014,457)
<b>(2,929,988)</b>	<b>Net Cash Flow Revenue Activities</b>	<b>3,173,599</b>
	(see note 32)	
<b>RETURN ON INVESTMENTS &amp; SERVICING OF FINANCE</b>		
0	Interest Paid	13,463
(180,857)	Interest Received	(213,937)
(180,857)		(200,474)
<b>CAPITAL ACTIVITIES</b>		
<b>Cash Payments</b>		
0	Purchase of Long Term Investments	0
1,056,588	Other Capital Expenditure	1,475,309
1,056,588		1,475,309
<b>Cash Income</b>		
(675,692)	Capital Grants Received	(793,799)
(341,218)	Sale of Fixed Assets	(16,026)
(1,016,910)		(809,825)
<b>39,678</b>	<b>Net Cash Flow Capital Activities</b>	<b>665,484</b>
<b>(3,071,167)</b>	<b>NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING</b>	<b>3,638,609</b>
<b>FINANCING</b>		
0	Repayments of amounts borrowed	7,464
0	New Loans	(697,000)
0		(689,536)
<b>2,949,073</b>		<b>2,949,073</b>
(357,417)	(Increase)/Decrease in Cash	333,098
(2,713,750)	(Increase)/Decrease in Short term Investments	2,615,975
<b>(3,071,167)</b>	<b>NET CASH (INFLOW)/OUTFLOW</b>	<b>2,949,073</b>

## 8. Notes to the Accounts

### Note 1 National Park Grant and Levy

2005-06 £		2006-07 £
7,342,550	National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA)	7,523,177
<b><u>7,342,550</u></b>	<b>Total</b>	<b><u>7,523,177</u></b>

The Authority did not exercise its statutory power to raise a levy from its constituent councils in 2006/07. Other significant funding sources are shown in Note 9 (Related Party Transactions).

### Note 2 Breakdown of Additional Amounts to be taken into account in the Statement of Movement on the General Fund Balance

2005-06 £		2006-07	
£	Statutory adjustments required to be excluded	£	£
(23,479)	Amortisation of Intangible Fixed Assets	(52,755)	
(474,853)	Depreciation and Impairment of Fixed Assets	(462,741)	
179,077	Amortisation of Government Grants received	140,220	
0	Write-downs of Deferred Charges	0	
108,718	Net Gain (Loss) on Sale of Fixed Assets	(8,609)	
0	Rounding	3	
(554,000)	Net Charges made for Retirement Benefits under accounting standard FRS 17	(1,157,000)	
<b>(764,537)</b>	<b>Subtotal</b>		<b>(1,540,882)</b>
	<b>Statutory adjustments required to be included</b>		
0	Minimum Revenue Provision for capital financing	0	
829,741	Employer contributions to the pension fund	849,367	
0	Capital expenditure charged in-year to the General Fund Balance	0	
<b>829,741</b>	<b>Subtotal</b>		<b>849,367</b>
	<b>Other adjustments</b>		
0	Voluntary Revenue Provision	2,237	
(118,878)	Net Transfer to (from) earmarked reserves (See Notes 3 & 30)	(9,022)	
0	Net Transfer to (from) Trust Funds (See Note 31)	(3,373)	
<b>(53,674)</b>	<b>Total</b>		<b>(701,673)</b>

**Note 3. Statement of Total Movements in Reserves**

	Capital Reserves			Revenue Reserves			Total
	Fixed Asset Restatement Account	Capital Financing Account	Capital Receipts Reserve	See Note 7 Pension Reserve	General Fund	See note 30 Specific Reserves	
Purpose:	<i>Store of gains on revaluation of fixed assets</i>	<i>Store of capital resources set aside to meet past expenditure</i>	<i>Proceeds of fixed asset sales available to meet future capital expenditure</i>	<i>Balancing account to allow inclusion of Pensions liability in the Balance Sheet</i>	<i>Resources available to meet future running costs</i>	<i>Reserves to meet specific future liabilities and commitments</i>	
	£	£	£	£	£	£	£
Balance at 1st April 2006	(11,006,080)	(1,092,353)	(70,541)	8,352,000	(662,365)	(1,162,686)	<b>(5,642,025)</b>
Charge (credit) arising from employee pension cost assessed in 2006/07	0	0	0	307,633	0	0	<b>307,633</b>
(Gain) Loss attributable to actuarial assessments on pension assets	0	0	0	(1,641,000)	0	0	<b>(1,641,000)</b>
Contribution to Fund	0	0	(16,026)	0	(196,148)	(49,356)	<b>(261,530)</b>
Contribution from Fund	0	0	0	0	0	58,378	<b>58,378</b>
Capital Financing	0	(142,457)	0	0	0	0	<b>(142,457)</b>
Depreciation	0	515,496	0	0	0	0	<b>515,496</b>
Deferred Charges	0	0	0	0	0	0	<b>0</b>
Net (surplus)/deficit for the year	0	373,039	(16,026)	(1,333,367)	(196,148)	9,022	<b>(1,163,480)</b>
Unrealised (gains)/loss from Revaluation of assets	(301,348)	0	0	0	0	0	<b>(301,348)</b>
Disposals – Net Book Value written off	24,635	0	0	0	0	0	<b>24,635</b>
<b>Balance as at 31st March 2007</b>	<b>(11,282,793)</b>	<b>(719,314)</b>	<b>(86,567)</b>	<b>7,018,633</b>	<b>(858,513)</b>	<b>(1,153,664)</b>	<b>(7,082,218)</b>

This statement separates the movements between revenue and capital reserves. The Fixed Asset Restatement Account and Capital Financing Account cannot be called upon to support revenue spending; the Usable Capital Receipts Reserve can be used to meet expenditure designated as expenditure for capital purposes, and the general and specific revenue reserves can be used to meet capital and revenue expenditure.

#### Note 4 Trading Operations

The Authority has three trading operations as follows:-

<b>2005-06</b>	<b>Nature of Operation</b>	<b>2006-07</b>	
<b>(Surplus)/ Deficit £</b>		<b>Turnover £</b>	<b>(Surplus)/ Deficit £</b>
558,178	Losehill Hall Study Centre	(853,014)	588,725
411,957	Visitor Centres	(392,554)	453,575
45,850	Cycle Hire Centres	(317,800)	35,758

The deficit represents the full cost, including all support service recharges and capital charges for assets used. A financial objective for each operation is set in the budget and was met for 2006/07; as such therefore the deficit represents the cost which the Authority regards as appropriate and in proportion to each operation's contribution to National Park objectives.

#### Note 5 Publicity and Advertising

Under the regulations issued in accordance with the provisions of Section 4 (5) of the Local Government Act 1986, a National Park Authority is required to declare the amount of money spent on publicity and advertising. Advertising expenses includes legal and planning notices.

<b>2005-06</b>		<b>2006-07</b>
<b>£</b>		<b>£</b>
67,826	Recruitment Advertising	30,556
3,931	Publicity Expenses	4,190
135,378	Advertising Expenses	170,133
61,573	Publicity Mailing	236
15,722	Sales Promotions	12,548
3,548	Public Relations	2,666
<b>287,978</b>	<b>Total</b>	<b>220,329</b>
120,634	Publications	98,253
<b>408,612</b>	<b>Total</b>	<b>318,582</b>

#### Note 6 Employee Remuneration

The number of employees whose remuneration in the year, excluding pension contributions, was £50,000 or more in bands of £10,000 were as follows:

<b>Payment Range</b>	<b>Number of Employees</b>	
	<b>2005-06</b>	<b>2006-07</b>
£50,000 - £59,999	0	0
£60,000 - £69,999	1	1

#### Note 7 Pension Costs

All entries made in the Income and 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.

### **Income and Expenditure Account**

The cost of retirement benefits is recognised in the Net 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 Income and Expenditure Account after Net Operating Expenditure.

<b>2005-06</b>		<b>2006-07</b>	<b>2006-07</b>
£		£	£
	<u>Net Cost of Services</u>		
915,000	Current Service cost	1,049,000	
(592,000)	Past Service cost (gain)	4,000	
<u>323,000</u>			<u>1,053,000</u>
	<u>Net Operating Expenditure</u>		
1,483,000	Interest cost	1,592,000	
(1,252,000)	Expected return on assets	(1,488,000)	
<u>231,000</u>			<u>104,000</u>
<u>554,000</u>	Chargeable to Income and Expenditure Account		<u>1,157,000</u>
<u>279,000</u>	Contribution (from) to pensions' reserve		<u>(307,633)</u>
<u><b>833,000</b></u>	<b>Actual Charge against Govt. Grant</b>		<u><b>849,367</b></u>

### **Balance Sheet**

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31<sup>st</sup> March 2007 are as follows:

<b>2004-05</b>	<b>2005-06</b>		<b>2006-07</b>
£	£		£
(27,052,000)	(32,227,000)	Estimated Liabilities in scheme	(32,645,633)
18,512,000	23,875,000	Estimated Assets in scheme	25,627,000
<u><b>(8,540,000)</b></u>	<u><b>(8,352,000)</b></u>	<b>Net Asset (Liability)</b>	<u><b>(7,018,633)</b></u>
68%	74%	% Funded	79%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits.

The total liability of £7.019m 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 method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Authority's scheme has been assessed by Mercer Human Resource Consulting Ltd, using the methodology required by FRS 17, based on the current valuation which was



based on information as at 31<sup>st</sup> March 2004.

The main assumptions used in their calculations have been:

<b>2005-06</b>			<b>2006-07</b>	
%			%	
2.9	Rate of inflation		3.1	
4.4	Rate of increase in salaries		4.6	
2.9	Rate of increase in pensions		3.1	
4.9	Discount rate for scheme liabilities		5.4	

### **Movement in Reserves**

The actuarial gains identified as movements on the pensions' reserve for the last five years can be analysed as follows:-

	<b>2002-03</b>		<b>2003-04</b>		<b>2004-05</b>		<b>2005-06</b>		<b>2006-07</b>	
	£	%	£	%	£	%	£	%	£	%
Gain (Loss)										
Difference between expected and actual return on assets	(4,000,000)	31.3	1,948,000	12.1	720,000	3.9	3,383,000	14.2	(77,000)	0.3
Difference between actuarial assumptions about liabilities and actual experience	0	0	0	0	1,477,000	5.5	(851,000)	2.6	(0)	0
Changes in demographic and financial assumptions used to estimate liabilities	0	0	0	0	(5,086,000)	18.8	(2,623,000)	8.1	1,718,000	5.3
<b>Gain (Loss) recognised in pensions' reserve</b>	<b>(4,000,000)</b>	<b>20.2</b>	<b>1,948,000</b>	<b>9.1</b>	<b>(2,889,000)</b>	<b>10.7</b>	<b>(91,000)</b>	<b>0.3</b>	<b>1,641,000</b>	<b>5</b>

For 2006/07 investments (return on assets) have performed broadly in line with assumptions over the year with typical fund returns of between 3-7% compared to an expectation of about 6.5%. The 5.3% decrease in liabilities arises from higher yields on corporate bonds during the year; the consequence of using a higher rate has the effect of reducing the present value of the liability.

The following amounts were paid to Members of the Peak District National Park Authority as allowances in the year ended 31<sup>st</sup> March 2007.

<b>2005-06</b>		<b>2006-07</b>
£		£
56,948	Basic Allowance	59,962
19,931	Special Responsibility Allowance	18,261
<b>76,879</b>		<b>78,223</b>

Further information on Members' Allowances and payments to individual Members is published annually can be obtained upon request from the Members Allowances Section, Derbyshire County Council, County Treasurer, PO Box No.2, County Hall, Matlock, Derbyshire, DE4 3AH (Telephone 01629 585710).

## **Note 9      Related Party Transactions**

The Authority is required to disclose any material transactions with related parties that are not disclosed elsewhere in the accounts. Disclosures elsewhere in the accounts concerning related parties are Note 1 – Grants and Levy, Note 7 – Pension Costs and Note 23 which refers to the Investments that Derbyshire County Council invest on our behalf for which interest is received. Expenses paid to Members are disclosed in Note 8.

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.

All Members and Chief Officers of the Authority 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. During 2006/7 goods and services were contracted to a business in which one Member declared a financial interest, to the value of £75. Another Member, who is a landowner, received payment of £14,650 for a long standing Farm Mgt Agreement under S.39 of the Wildlife and Countryside Act. This agreement pre-dates his membership of the Authority. In summary during the normal course of business the following significant transactions were made between the Authority and other related parties:

	<b>Income</b>	<b>Expenditure</b>
	£	£
Defra Sustainable Development Grant	200,000	
ODPM – Planning Delivery Grant	72,204	
ODPM – Capacity Building Grant	119,924	
Government Bodies – other	637,108	24,835
Other Local Authorities	372,625	422,635
Audit Commission	0	23,422
Other National Parks	91,313	42,312
Association of National Park Authorities	1,000	26,002
Lottery Funds	845,696	
Rural Development Funds	388,123	
European Funds	540,909	
Water companies	634,516	182,252
Landfill Tax	107,280	8,160
National Trust	218,430	176,746
Moorland Association	40,000	
<b>Total</b>	<b>4,269,128</b>	<b>906,364</b>

## Note 10 Contingent Liabilities

The Authority is engaged in a number of legal actions in support of its minerals extraction policies in the National Park. The outcome of these actions is not known yet. If judgements are found against the Authority, compensation may be payable. In view of the fact that the outcome is not within the Authority's control and the amounts potentially arising cannot be measured reliably, no provision is appropriate in the 2006/07 accounts in accordance with the Code of Accounting Practice. The Authority however believes that it has made sufficient financial arrangements to cover any potential liabilities which may arise from these actions.

## Note 11 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 31<sup>st</sup> March 2007 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	£
Vehicles	119,350
Premises	43,294
<b>Total</b>	<b>162,644</b>

Future rental obligations are as follows:-

	2007-08	2 <sup>nd</sup> – 5 <sup>th</sup> year	6 <sup>th</sup> year onwards	<b>Total</b>
	£	£	£	£
Vehicles	23,866	36,424	0	<b>60,290</b>
Premises	6,500	11,475	0	<b>17,975</b>
<b>Total</b>	<b>30,366</b>	<b>47,899</b>	<b>0</b>	<b>78,265</b>

Vehicle leases are generally agreed for three-five year rental periods. The main operating lease for premises expired in February 2007.

The Authority collected the following rentals in 2006/07 from its assets as lessor.

	£
General Rents	13,492
Agricultural Rents	112,802
Residential Rents	51,964
Business Rents	11,369
Agricultural Licences	25,066
Business Licences	21,515
<b>Total</b>	<b>236,208</b>

## Note 12 Prior Year Adjustments

In the 2006/07 Statement of Accounts, the Authority has adopted three significant new accounting policies as required by the 2006 Statement of Recommended Practice, with the result that the Revenue Account for 2005/06 has been restated with these revisions in order that the information is comparable. The main changes are:-

- Notional capital charges for the use of fixed assets are no longer made to service revenue budgets
- Credits for government grants deferred are now posted to service revenue budgets, in line with the respective depreciation charges for those assets
- Gains and losses on the disposal of fixed assets are recognised in the Income & Expenditure Account

### Restated 2005-06 Revenue Account (showing only changed values)

2005-06 Net Expenditure £		Removal of Notional Capital Charges £	Credit for government grants deferred £	Revised 2005-06 Net Expenditure £
	<b>Conservation of the Natural Environment</b>			
205,717	Forestry & Tree Service	(16,689)		189,028
465,567	Estates Management	(85,640)	(1,947)	377,980
150,525	Conservation & Environment Projects	(5,677)	(1,937)	142,911
	<b>Recreation Management</b>			
40,677	Campsites, Hostels & Barns	(18,324)		22,353
844,635	Access, Walking & Riding Routes	(10,696)	(544)	833,395
41,427	Car Parks & Concessions	(63,564)	(6,819)	(28,956)
50,192	Cycle Hire	(3,405)	(937)	45,850
184,507	Toilets	(32,560)	(4,637)	147,310
	<b>Promoting Understanding</b>			
487,151	Visitor Centres	(42,507)	(32,687)	411,957
301,337	Rangers education & Community Liaison	(5,229)	(266)	295,842
658,690	Losehill Hall Environmental Education	(98,759)	(1,753)	558,178
	<b>Rangers, Estates Service &amp; Volunteers</b>			
390,757	Rangers	(7,843)	(400)	382,514
100,348	Countryside Volunteers	(19,670)		80,678
43,563	Estates Workers	(378)		43,185
	<b>Development Control</b>			
988,448	Development Control	(1,006)		987,442
	<b>Corporate Management &amp; Administration</b>			
(126,561)	Corporate & Democratic Core	(67,391)	(127,149)	(321,101)

The totals are affected as shown below:

1,719,148	Conservation of the Natural Environment	(108,006)	(3,884)	1,607,258
610,021	Conservation of the Cultural Heritage	0	0	610,021
1,348,927	Recreation Management	(128,549)	(12,937)	1,207,441
1,757,501	Promoting Understanding	(146,495)	(34,706)	1,576,300
238,408	Traffic & Transport	0	0	238,408
717,013	Rangers, Estates Service & Volunteers	(27,891)	(400)	688,722
988,448	Development Control	(1,006)	0	987,442
367,879	Forward Planning	0	0	367,879
(126,561)	Corporate Mgt & Administration	(67,391)	(127,149)	(321,101)
170,879	Training	0	0	170,879
<b>7,791,663</b>		<b>(479,338)</b>	<b>(179,076)</b>	<b>7,133,249</b>

The revised totals shown above represent the restated Net Cost of Services for 2005/06.

Further differences between the old appropriation section of the Revenue Account and the new Statements required by the Statement of Recommended Practice are analysed below, reaching the same surplus on the General Fund as reported in the 2005/06 accounts.

<b>Restated Net Cost of Services</b>	<b>£</b> <b>7,133,249</b>
Replacement of Fixed asset sales receipts with accounting Gain on Sale of Fixed Assets, (i.e. sales value adjusted for the Net Book Value of the assets sold)	(108,718)
Retain Interest received on investments reported in 2005-06 accounts	(180,857)
Retain Pensions' interest cost and expected return on pension scheme assets reported in 2005-06 accounts	231,000
<b>Revised Net Operating Expenditure</b>	<b>7,074,674</b>
National Park Grant figure as reported in 2005-06 accounts	(7,342,550)
Revised Surplus for the year	<hr/> 267,876
Adjustments in the Movement on General Fund Balance – See Note 2 – effectively the reversal of the accounting gain on sale of fixed asset; the reversal of the impact of the pension adjustments, and reversal of depreciation charges previously shown in the Asset Mgt Revenue Account	53,674
<b>Surplus as reported in the 2005/06 Statement of Accounts</b>	<hr/> <b>321,550</b> <hr/>

A further prior year adjustment has been made to the Balance Sheet. Previously the figure shown in the Balance Sheet as a Long Term investment was the accumulated cash sum retained in the Capital Receipts Reserve, specific reserves and Trust Funds. As the cash resources underpinning these reserves are more properly classified as Short Term Investments, this has been reflected in the 2005-06 comparative figures for the Balance Sheet as below,

<b>2005-06</b>	
£	
	<b>Fixed Assets:</b>
1,252,264	Long Term Investments
	<b>Current Assets:</b>
4,053,681	Short Term Investments
<b>2005-06</b>	
<b>Restated</b>	
£	
	<b>Fixed Assets:</b>
0	Long Term Investments
	<b>Current Assets:</b>
5,305,945	Short Term Investments

The Explanatory Foreward notes that these investments were unusually high as at 31<sup>st</sup> March 2006 because of the payment of the first quarter of the 2007/08 National Park Grant at the end of March, adding £3,231,000 to the Short Term investments figure. The sum is usually credited at the beginning of the new financial year, on 1<sup>st</sup> April.

## Note 13 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.

2005-06 £		2006-2007 £	£
	<b>Conservation of the Natural Environment</b>		
1,862	Forestry & Tree Service	1,914	
6,570	Moors Project	9,100	
6,118	Estates Management	6,277	
<u>14,550</u>			<u>17,291</u>
	<b>Recreation Management</b>		
7,863	Campsites, Hostels & Barns	3,978	
6,498	Access, Walking and Riding Routes	7,321	
111,800	Car Parks & Concessions	112,240	
3,185	Cycle Hire	5,179	
14,388	Toilets	15,681	
<u>143,734</u>			<u>144,399</u>
	<b>Promoting Understanding</b>		
90,910	Visitor Centres	77,390	
54,060	Environmental Education	52,601	
<u>144,970</u>			<u>129,991</u>
	<b>Rangers, Estate Service &amp; Volunteers</b>		
4,765	District Rangers	5,369	
8,933	Conservation Volunteers	8,784	
540	Estate Workers	513	
<u>14,238</u>			<u>14,666</u>
	<b>Development Control</b>		
5,749	Development Control	4,599	
			<u>4,599</u>
	<b>Corporate Management and Administration</b>		
26,212	Headquarters Premises	25,476	
148,878	Capitalised IT Expenditure	179,074	
			<u>204,550</u>
<u><b>498,331</b></u>	<b>Total</b>		<u><b>515,496</b></u>

## Note 14 Reallocation of Administration and Management Costs

The following statement shows the 2006-07 recharges of support service expenditure to functional headings:

Heading	Support Services							Totals
	Customer Services	IT	Finance	Legal	Human Resources	Premises	Corporate	
	£	£	£	£	£	£	£	£
Conservation of the Natural Environment:	28,698	114,414	40,673	39,067	16,296	52,043	23,801	<b>314,992</b>
Conservation of Cultural Heritage:	7,701	59,872	6,222	4,013	4,373	31,601	6,387	<b>120,169</b>
Recreation Management:	42,920	68,835	49,047	20,326	24,372	35,821	34,444	<b>275,765</b>
Promoting Understanding:	64,817	103,640	73,194	16,512	36,806	54,399	54,910	<b>404,278</b>
Rangers, Estates Service & Volunteers:	17,466	27,329	20,318	8,776	9,918	13,969	14,485	<b>112,261</b>
Traffic and Transport:	2,360	16,427	3,535	917	1,340	6,456	1,957	<b>32,992</b>
Development Control:	12,446	87,061	8,243	190,034	7,068	49,791	10,322	<b>364,965</b>
Forward Planning:	6,512	39,002	5,478	7,023	3,698	17,304	5,401	<b>84,418</b>
<b>Total</b>	<b>182,920</b>	<b>516,580</b>	<b>206,710</b>	<b>286,668</b>	<b>103,871</b>	<b>261,384</b>	<b>151,707</b>	<b>1,709,840</b>
Corporate and Democratic Core:	34,096	0	51,519	0	0	0	415,949	<b>501,564</b>

## Note 15 Movement of Fixed Assets

Fixed assets of the Authority have been included in the balance sheet at their current value and details of the valuation policy are given in the Statement of Accounting Policies.

	<b>Intangible Assets</b>	<b>Operational: Land &amp; Buildings</b>	<b>Operational: Vehicles, plant, equipment</b>	<b>Non- Operational</b>	<b>Community</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1st April 2006	263,777	9,931,531	1,193,641	1,670,055	1,047,407	<b>14,106,411</b>
Depreciation	(52,755)	(237,865)	(220,826)	(2,036)	(2,014)	<b>(515,496)</b>
	211,022	9,693,666	972,815	1,668,019	1,045,393	<b>13,590,915</b>
Additions	17,546	1,232,544	194,638	0	33,133	<b>1,477,861</b>
Disposals	0	(8,635)	0	(16,000)	0	<b>(24,635)</b>
Revaluations	(1)	292,618	0	8,730	0	<b>301,347</b>
<b>Balance at 31st March 2007</b>	<b>228,567</b>	<b>11,210,193</b>	<b>1,167,453</b>	<b>1,660,749</b>	<b>1,078,526</b>	<b>15,345,488</b>

## Note 16 Fixed Assets held by the Authority

The Authority is a major landowner and its principal assets comprise woodlands, tenanted farms, car parks, toilets, cycle hire centres, Visitor Centres, a Study Centre, and a headquarters building. The Authority has a comprehensive Asset Management Plan, which helps to guide its future asset strategy and ownership of assets. The Authority's Intangible assets comprise only purchased software.

## Note 17 Fixed Asset Valuation

The operational, non-operational, community and infrastructure assets which comprise the Authority's fixed asset portfolio, have been valued as at 1<sup>st</sup> April 2006 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, 5<sup>th</sup> edition. The Authority continued its five-year rolling programme of asset re-valuations, concentrating this year on car parks. In addition, the Valuer assessed the capital expenditure at Aldern House, Parsley Hay and the Edale Centre and adopted revised valuations for these principal assets.



## Note 18 Capital Expenditure

An analysis of the year's capital expenditure between services of the Authority.

2005-06 £	Services	2006-07 £	
	<b>Conservation of the Natural Environment:</b>		
0	Forestry & Tree Service	0	
16,726	Estates Management	33,133	
472,476	Moors Project	578,398	
<u>489,202</u>			611,531
	<b>Conservation of Cultural Heritage:</b>		
0	Historic Buildings	0	
<u>0</u>			0
	<b>Recreation Management:</b>		
0	Car Parks & Concessions	0	
16,580	Toilets	0	
10,107	Campsites	6,061	
0	Vehicles	0	
0	Trails – information points	0	
<u>26,687</u>			6,061
	<b>Promoting Understanding:</b>		
370,966	Information Services	69,917	
0	Environmental Education	0	
<u>370,966</u>			69,917
	<b>Development Control</b>		
0	Development Control		0
	<b>Corporate Mgt &amp; Administration</b>		
28,591	Aldern House headquarters	673,192	
270,080	IT Expenditure	117,160	
<u>298,671</u>			790,352
<u><b>1,185,526</b></u>	<b>Total</b>		<u><b>1,477,861</b></u>
	<b>Financed From:</b>		
0	Direct Revenue Financing		0
708,960	Capital Grants		599,023
0	Other Capital Income		0
0	Use of Income from Sale of Fixed Assets		0
476,566	Capital Receipts Reserve		0
0	Long Term Borrowing		666,496
0	Internal Funds		212,342
<u><b>1,185,526</b></u>	<b>Total</b>		<u><b>1,477,861</b></u>

## Note 19 Long Term Loans

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

<b>31 March 2006</b>		<b>31 March 2007</b>
<b>£</b>		<b>£</b>
	<b>Analysis by Type of Loan</b>	
0	Public Works Loan Board	689,536
<b>0</b>	<b>Total</b>	<b>689,536</b>
	<b>Analysis by maturity</b>	
0	Between 1 and 2 years	0
0	Between 2 and 7 years	0
0	Between 7 and 15 years	0
0	Between 15 and 30 years	689,536
<b>0</b>		<b>689,536</b>

## Note 20 Stocks and Work in Progress

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

<b>31 March 2006</b>		<b>31 March 2007</b>
<b>£</b>		<b>£</b>
71,632	Visitor Centres Stock	65,564
0	Travel Tickets	17,275
3,698	Losehill Hall – Catering Stocks	4,348
5,439	Losehill Hall – Bar Stocks	4,229
2,688	Losehill Hall – Shop Stocks	2,149
<b>83,457</b>	<b>Total</b>	<b>93,565</b>

## Note 21 Debtors

Debtors can be analysed as follows:

<b>31 March 2006</b>		<b>31 March 2007</b>
<b>£</b>		<b>£</b>
552,520	Government Agencies	360,989
336,933	European Funds	261,040
67,491	Local Authorities	79,241
269,714	Lottery/Landfill	351,349
1,460	Car Loans to Officers due within one year	1,363
(12,088)	Less: Provision for Bad Debts	(19,536)
34,733	Advance Payment	60,144
511,186	Other Miscellaneous Sales Ledger	381,942
1,761,949		1,476,532
1,770	Car Loans to Officers due after one year	407
<b>1,763,719</b>	<b>Total</b>	<b>1,476,939</b>

## Note 22 Cash and Bank

Cash and Bank can be analysed as follows:

31 March 2006		31 March 2007
£		£
204,523	Co-operative Bank	(128,574)
2,500	Imprest	2,500
<b>207,023</b>	<b>Total</b>	<b>(126,074)</b>

The above 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. The significant difference between the two accounts is the value of cheques not yet presented at the bank. 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 (see also Note 23).

## Note 23 Investments

This represents amounts invested with Derbyshire 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. Movement in funds between years is as follows, as illustrated in the Cash Flow Statement.

31 March 2006		2006-07	31 March 2007
£			£
207,023	Movement in Bank funds	(333,097)	(126,074)
5,305,945	Movement in Short-term investments	(2,615,975)	2,689,970
<b>5,512,968</b>	<b>Total Movement in cash resources as per CashFlow Statement</b>	<b>(2,949,072)</b>	<b>2,563,896</b>

The main reason for the significant difference in cash resources between the two years is the early receipt of the first quarter of 2007/08 National Park Grant in the last few days of the 2006/07 financial year; the result being that cash levels as at March 2006 are unusually inflated by £3.231m, which can be seen in the Cash Flow Statement under Revenue activities – cash inflows.

## Note 24 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2006		31 March 2007
£		£
957,609	Project Income received in advance	506,230
3,231,000	National Park Grant received before 1 <sup>st</sup> April	0
68,162	Income for Courses – Deposits	62,279
177,716	Staff Cost Accruals	61,296
182,009	Government Agencies	160,156
104,145	Local Authorities	355,356
311,121	Grant Scheme Accruals	287,657
413,754	Other Miscellaneous Creditors	773,401
<b>5,445,516</b>	<b>Total</b>	<b>2,206,375</b>

**Note 25 Deferred Charges**

Deferred charges represented expenditure on items which were not fixed assets (eg grants to other parties, computer software) but which could properly be capitalised. Following revised guidance in the Statement of Recommended Practice 2004, and harmonisation with accounting standards, deferred charges were re-categorised where appropriate as intangible fixed assets or other fixed assets, with the remaining balance written off to the Income and Expenditure account. There are currently no deferred charges.

<b>31 March 2006</b>		<b>31 March 2007</b>
£		£
0	Deferred Charges - Balance	0

**Note 26 Fixed Asset Restatement Account**

This account represents the difference between the valuation of assets under the previous system of capital accounting and subsequent revaluations. It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period. This year revaluations were completed for car parks. The account includes these changes, together with any written down value of assets which have been disposed of in the year.

<b>2005-06</b>		<b>2006-07</b>
£		£
10,854,509	Balance at 1 April 2006	11,006,080
389,292	Revaluations	301,348
(237,721)	Disposals – Net Book Value written off	(24,635)
<b>11,006,080</b>	<b>Balance at 31 March 2007</b>	<b>11,282,793</b>

**Note 27 Capital Financing Account**

The Capital Financing Account contains the amount of capital expenditure financed from revenue and capital receipts. It also contains the minimum revenue provision (MRP) and any voluntary revenue provision (VRP), which are sums 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.

<b>2005-06</b>		<b>2006-07</b>
£		£
935,042	Balance at 1 April 2006	1,092,353
476,566	Capital Receipts used in year	0
0	Direct Revenue Financing	0
0	Minimum Revenue Provision	0
0	Voluntary Revenue Provision	2,237
179,077	Amortisation of capital grants for the year	140,220
(498,332)	Depreciation charge for the year	(515,496)
0	Deferred charges written off to revenue	0
<b>1,092,353</b>	<b>Balance at 31 March 2007</b>	<b>719,314</b>

## Note 28 Government Grants Deferred

In accordance with the Code of Practice, capital grants received are amortised over the life of the asset to which they relate. It is however the policy of the Authority to write off small grants, up to a value of £30,000 in the year of their receipt (see 2.7.1).

2005-06		2006-07	
£		£	
1,478,093	Balance at 1 April 2006	2,007,976	
708,960	Capital Grants received in 2006-07	599,023	
(179,077)	Amortisation charge for the year	(140,220)	
<b>2,007,976</b>	<b>Balance at 31 March 2007</b>	<b>2,466,779</b>	

## Note 29 Capital Receipts Reserve

The Capital Receipts Reserve is built up from the proceeds of the sale of fixed assets and these may be used in full to finance capital expenditure.

2005-06		2005-06	
£		£	
205,889	Balance at 1 April 2006	70,541	
341,218	Capital Receipts	16,026	
(476,566)	Capital Receipts used to finance Capital Expenditure	0	
<b>70,541</b>	<b>Balance at 31 March 2007</b>	<b>86,567</b>	

## Note 30 Statement of Total Movement in Specific Reserves

The Authority has earmarked reserves for thirteen areas of work. Movements in specific reserve balances during the year were:

	Opening Balance at 1st April 2006	Contributions (to) / from Reserves	Closing Balance at 31st March 2007
	£	£	£
ICT Reserve	(88,246)	(2,485)	(90,731)
Joint National Parks Portal	(55,063)	16,273	(38,790)
Estates & Property Reserve	(15,586)	0	(15,586)
Visitor Centre Reserve	(34,446)	0	(34,446)
Losehill Hall Reserve	(15,952)	(8,472)	(24,424)
Aldern House Reserve	(39,289)	(14,500)	(53,789)
Design Reserve	(11,742)	0	(11,742)
Forestry Reserve	(14,241)	(23,899)	(38,140)
Trail Reserve	(28,704)	0	(28,704)
Car Park Reserve	(5,504)	0	(5,504)
Cycle Hire Reserve	(14,490)	0	(14,490)
Matched Funding Reserve	(416,501)	38,553	(377,948)
Slippage Reserve	(422,922)	3,552	(419,370)
<b>Total</b>	<b>(1,162,686)</b>	<b>9,022</b>	<b>(1,153,664)</b>

The Joint National Parks Portal Reserve contains joint funds from all National Park partners and is not exclusively available to the Peak District National Park Authority, but can only be spent in accordance with the partnership agreement.

### Note 31 Trust Funds

The Authority administers a number of Trust Funds. These are funds made up of donations or bequests made to the Authority and the benefactors specify the use to which the fund is to be put. Movements in Trust Fund balances during the year were:

	Opening Balance at 1st April 2006 £	Contributions (to) / from Reserves £	Closing Balance at 31st March 2007 £
Cyril Bennett Bequest	(10,355)	0	(10,355)
Peak Tourism Partnership	(3,373)	3,373	0
Restoration Bond	(3,554)	(171)	(3,725)
Friends of Losehill Hall	(1,755)	(512)	(2,267)
<b>Total</b>	<b>(19,037)</b>	<b>2,690</b>	<b>(16,347)</b>

### Note 32 Reconciliation of Cash Flow Statement to Revenue Expenditure

2005-06 £		£	2006-07 £
(321,550)	(Surplus)/Deficit on Income & Expenditure Account		(196,148)
0	Minimum / Voluntary Revenue Provision	(2,237)	
118,878	Contributions (to)/from Reserves	9,022	
(724)	Contributions (to)/from Trust Funds	2,690	
285,491	(Increase)/Decrease in Creditors	(446,569)	
(3,512,596)	(Increase)/Decrease in Advance Income	3,688,262	
305,806	Increase/(Decrease) in Debtors	(92,004)	
13,850	Increase/(Decrease) in Stock	10,109	
0	Revenue Contribution to Capital Expenditure	0	
(2,789,295)			3,169,273
	Items classified elsewhere in the Cash Flow Statement:		
180,857	Net Interest		200,474
<b>(2,929,988)</b>	<b>Revenue Activities Net Cash Flow</b>		<b>3,173,599</b>

### Note 33 Future Commitments

Following the completion of the new Edale Centre as part of the Moors for the Future project, and the refurbishment of Aldern House, the Authority has no significant future commitments to capital contracts. Work on the Authority's Capital Strategy in Autumn 2007, integrated with the Asset Management Plan, will help to inform its future plans for fixed asset investments.

### Note 34 Post-Balance Sheet Events

There are no material post-balance sheet events which require disclosure in this note, or inclusion in the Statement of Accounts.

### Note 35 State Aid Payments

The Authority has had a scheme of payments since the 1980s under the terms of the Wildlife & Countryside Act 1981. All National Park Authorities were advised in 2000/01 that such payments fell within the European Union's definition of "State Aid" and the scheme required retrospective approval from the EU. In February 2004 all the NPAs received EU State Aid approval for a new scheme of payments. Recipients of payments under the old scheme have been invited to transfer to the new approved scheme. The majority have transferred. Others are choosing to stay in the old scheme until their agreements expire and they have been made aware of their possible liability for repayment, although this is not considered to be a likely eventuality. The total relevant payments not covered by the new State Aid approval remaining within the old scheme for 2005/6 were £83,000; for 2006/07 were £69,500, and are expected to be £41,000 in 2007/8.

### Note 36 Audit Fees

Fees paid to the Audit Commission for audit services were as follows:-

	<b>2005-06</b>	<b>2006-07</b>
	<b>£</b>	<b>£</b>
External audit services as appointed auditor (Section 5 Audit Commission Act 1998)	16,714	18,205
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)	4,505	5,217
Fees payable in respect of any other services provided by the appointed auditor	0	0
<b>Total</b>	<b>21,219</b>	<b>23,422</b>

**Independent auditor's report to Peak District National Park Authority**

Following the audit of the accounts in July 2007 the District Auditor will publish his opinion here.