

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

1st April 2007 to 31st March 2008

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Signed:

Date:

N. Bajaria

Chair of the Peak District National Park Authority

As resolved by the Authority Meeting 27th June 2008

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

2007/08 ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

The Peak District National Park Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which include arrangements for the management of risk.

The Authority intends to adopt a full code of corporate governance which is consistent with the principles of the new CIPFA/SOLACE (Chartered Institute of Public Finance and Accountancy /Society of Local Authority Chief Executives) Framework *Delivering Good Governance in Local Government*. This is a natural progression to how we have used CIPFA guidance in previous years to make improvements to our governance framework. In the absence of this code Appendix 1 to this statement (published in the Authority Meeting papers June 27th 2008) maps current elements of the Authority's corporate governance framework against the CIPFA/SOLACE Framework's 6 core principles and 18 supporting principles. The following statement reviews the effectiveness of the Authority's governance arrangements, and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Authority is directed and controlled and the activities through which it accounts to, engages with and leads its National Park 'community' (locally, regionally and nationally). It enables the Authority to monitor the achievement of its strategic outcomes and to consider whether these outcomes have been supported through the delivery of appropriate, cost effective services by the Authority and our partners.

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

The elements of the governance framework identified in Appendix 1 have been in place at the Authority for the year ended 31 March 2008 and up to the date of approval of the Statement of Accounts (27 June 2008).

The Governance Framework

The current elements of the Authority's corporate governance framework are mapped in Appendix 1 and include:

(a) The Authority's work, in pursuing its statutory purposes and duty, is governed by a number of key policies and plans and the National Park Grant Memorandum agreed with Defra. The Authority communicates its vision and intended outcomes for the National Park working with partners over a 5-10 year period, through the National Park Management Plan (NPMP). This is supplemented by a number of key National Park strategies and action plans also working with partners. A partnership protocol is in draft to support our work with partners.

(b) The Authority's contribution to achieving the NPMP outcomes is described in our 3-5 year corporate outcomes and key corporate actions. The three year strategic planning process is integrated with the medium term financial strategy/ budget planning.

(c) The Performance and Business Plan (in 2007/08 our Best Value Performance Plan) provides an annual work plan for the Authority showing priorities for action in the forthcoming year, targets for performance and allocation of resources. The agreement of this follows a detailed planning process aimed at ensuring the economical, effective and efficient use of resources.

(d) The Local Development Framework is being developed and will replace key policies of the current Structure Plan and allow much clearer linkage to the key outcomes of the NPMP.

(e) The National Park Working with People and Communities strategy and action plan and the Authority's Communications strategy (to be revised) are being implemented to ensure clear channels of communication, consultation and engagement with target audiences and stakeholders.

(f) The Authority's performance management framework ensures that:

- all individual work programmes are linked through the service planning process to achieving key corporate actions and NPMP outcomes
- measures of success are identified and targets set for performance
- resources are allocated to priorities
- risk to achieving key corporate actions and outcomes is considered and mitigating action identified at corporate and service levels
- performance and the changes to risks are monitored regularly throughout the year
- areas for performance improvement can be identified and addressed both in the short term and as part of a medium term Performance Improvement Plan. This includes addressing issues arising from strategic and scrutiny reviews, external/internal audit and inspection reports and the National Park Authorities Performance Assessment (NPAPA) process.

(g) The Authority's Standing Orders, and other procedures describe how the Authority operates and how decisions are made. They also define the terms of reference for committees and the Authority meeting including the special roles of the Standards Committee and Audit and Performance Committee. The prime objectives are to operate effectively, efficiently, transparently and accountably and within the law. Standing Orders are supplemented by:

- Scheme of Delegation (which is regularly reviewed)
- Codes of Conduct for Officers and Members
- Policies and Procedures
- Protocols on (i) Member/Officer Relations, (ii) Monitoring Officer and (iii) Development Control and Planning

(h) 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.

(i) Member and staff learning and development needs are identified and met through annual programmes. Our approach to staff development is described in our new Learning and Development Policy. Our approach to Member development is described in the document approved by the Authority in October 2007 titled 'Review of Member Training and Development'.

Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by assurances from staff and Members within the Authority who have responsibility for the development and maintenance of the governance environment (including financial controls, risk management and performance management processes, compliance with advice on legislation and regulations), internal and external audit reports and opinions, comments made by other agencies and inspectorates as well as feedback from customers and stakeholders.

The review of effectiveness is continual throughout the year as evidenced by some of the action taken during the year but a more formal assessment takes place in the preparation for this statement by the Director of Corporate Resources and Monitoring Officer in consultation with the Chief Executive and Directors, the Chief Finance Officer, the Head of Law, the Deputy Monitoring Officer and the Chair and Vice Chair of Audit and Performance Committee. This assessment for 2007/08 is recorded below against the CIPFA/SOLACE Framework's 6 core principles.

(1) Governance Framework core principle

Focusing on:

- purpose of the authority***
- outcomes for the community***
- creating and implementing a vision for the area***

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. Following the launch of the National Park Management Plan (NPMP) a Monitoring Group involving external stakeholders has been established and has met to agree indicators and to start to monitor progress against outcomes. It has been agreed that all Members will be kept informed about the Group's work through the Member e-zine and an annual monitoring report on progress against the NPMP will be considered by the Audit and Performance Committee.

2. Progress continued in developing National Park strategies to support achievement of the NPMP including an action plan for working with residents as part of the Working with People and Communities Strategy and the Landscape Character Assessment as a basis for the proposed Landscape Character Strategy.

3. Following consideration of a report from the Planning Advisory Service (PAS) we have started the production of, and consultation on, issues and options for the Local Development Framework (LDF) and commissioned and started a Sustainability Appraisal on the proposals for future spatial policies. The LDF will replace the structure plan and local plan and provide the National Park Authority's policies and guidance for meeting the environmental, economic and social aims for the future of the National Park where this affects the development and use of land. Project management methodology is being used to set milestones and monitor progress against the project plan.

4. The implications for the National Park of the sub national economic development and regeneration review have been identified and reported to the Authority in May 2008. It is proposed that we should start to track our contribution to the 7 Local Area Agreements for which we are a statutory named organisation reporting to the Audit and Performance Committee in October 2008.

5. The Best Value Performance Plan (BVPP) for 2007/08 was approved by the Authority in May 2007 incorporating the new NPA outcomes and key corporate actions and priorities agreed by the Authority in January 2007. Indicators have been developed and agreed by Audit and Performance Committee in April 2008 for collection from 2008/09 to measure our performance and to set targets.

6. During 2007/08 the Authority planned for a 0% and 2% budget settlement for 2008/09 and was well placed to allocate extra resources to priorities when a more favourable settlement was granted. This included additional resources being allocated for the continuing development of key National Park strategies/action plans including Recreation, Minerals, Landscape and Climate Change.

7. The organisation development review and consequential review of the executive structure was project managed to ensure successful completion on time and broadly within financial limits with new job roles and teams being approved and put in place to provide capacity to address the Authority's strategies and operational priorities

8. During the year there were a number of other strategic and performance reviews which contributed to making or exploring ways to make improvements to service delivery including:

- a) Performance Improvement Plan review and report on achievements to Audit and Performance Committee in January 2008 with agreement to a new plan being developed by January 2009.
- b) Review of Losehill Hall business plan approved by Services Committee in March 2008, following consideration of reports to Audit and Performance Committee in 2006 and 2007. There will be an annual report on performance to Audit and Performance Committee.
- c) Planning Services performance review as reported to Audit and Performance Committee in April and October.
- d) The Ranger Review task team involving members reported to April 2007 Audit and Performance Committee.
- e) The pursuit of Rural Development successor programmes.
- f) Rural Transport Partnership review.
- g) Examination of using Trust mechanisms as part of our Asset Management approach, following requests by Members.
- h) Cultural Heritage Strategy progress report.

NPA policies were also agreed for the positive management of recreational vehicular access and a new Minimum Revenue Provision policy

9. The Annual Audit Letter for 2006/07 reported on:

- a) An unqualified opinion on the 2006/07 financial statements
- b) An unqualified opinion on our value for money audit concluding that we have adequate arrangements in place for securing economy, efficiency and effectiveness in our use of resources
- c) Legal action in support of our minerals extraction policies: the Auditor is monitoring developments as this is a significant issue for the Authority. The Auditor stated that 'the Authority is well aware of its responsibility to safeguard its financial standing and is continuing to consider financial arrangements to cover any potential liabilities'. The Auditor will consider carefully whether to report further as part of the continuing audit of the Authority's accounts and has made a recommendation that the Authority 'continues to pay careful attention to the financial consequences of the legal action in respect of minerals extraction'.

Issues identified during review which affect effectiveness:

10. Although the feedback from the phase three mystery shopper report was satisfactory and no Ombudsman complaints (out of 13 decisions received from the Ombudsman) were found against the Authority in 2007/08, more work needs to be done to apply appropriate customer service standards consistently across the Authority. In 2008/09 we will identify an appropriate standard to guide improvements as well as targeting improvements in response times to letters related to planning.

11. The Authority will continue to pay careful attention to the financial consequences of legal action and any other action in addressing the impact of minerals extraction.

(2) Governance Framework core principle

Members and officers working together to achieve a common purpose with clearly defined functions and roles

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. The Officer Scheme of delegation was reviewed to reflect new job titles and roles as a consequence of the organisation development review. At the same time it was agreed that delegation to officers would be reviewed and increased in 2008 as part of continuously reviewing the strategic role of Members and the implementation role of staff.
2. Although sound internal financial procedures are in place some are still in draft format and will be finalised in 2008/09.

Issues identified during review which affect effectiveness:

3. We have identified that we need to produce guidance for Members on their role on outside bodies and need to confirm the indemnity policy for staff and members.

(3) Governance Framework core principle

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. In 2007/08 we strengthened our governance arrangements through:
 - a) Adopting and providing training on the new Member Code of Conduct
 - b) Advice to Chairs of Committees on committee procedures
 - c) Supplementary advice to all members and staff on behaviour in committees
 - d) Guidance to members on gifts and hospitality
 - e) Review of our Development Control and Planning Protocol
 - f) Drafting an Anti Fraud and Corruption policy which was approved by the Authority in May 2008
 - g) Drafting a Confidential Reporting policy which was approved by the Authority in May 2008
 - h) Approving an Environmental Management policy and action plan in December 2007
 - i) Revising the officer travel and subsistence guidance
2. Our Peak Celebrations event in December 2007 was based on helping to embed the Authority's values in our work.
3. Standards Committee has not met in 2007/08 as we have been waiting for new regulations on the investigation of complaints relating to Members. Arrangements have been made for them to meet in June 2008 and to undertake training on the new regulations.

Issues identified during review which affect effectiveness:

4. Following the publication of the new CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* we have identified that we need to develop a more formal Code of Corporate Governance.

(4) Governance Framework core principle

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. 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. External advice (e.g. counsel's opinion) has been taken where appropriate to strengthen decision making.
2. The External Auditor is able to place reliance on the work of the Internal Audit section (Annual Audit and Inspection Letter 2006/07 and Annual Governance report 2006/07). 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. During 2007/08 Internal Audit conducted their audit for 2006/07 over two stages with stage 1 report being considered by Audit and Performance committee in April 2007 and stage 2 being considered in July 2007. Progress reports on addressing recommendations were also considered in October 2007 and January 2008.
3. The latest internal audit report has just been received and a management response to it will be prepared for reporting to Audit and Performance Committee in July 2008. The executive summary refers to: "there are areas where there has been a delay in implementing recommendations made at previous audits. Consequently the control framework in operation in these areas remains inadequate with a corresponding increased risk to the Authority." For clarity of understanding the Director of Corporate Resources has pulled out from the report the areas behind this statement and as part of the management response, working with the Chief Finance Officer, a management assessment will be made on the level of risk, priorities for action and whether other controls provide a level of assurance which is acceptable or not.
4. The 2007/08 corporate risk register was agreed by Audit and Performance Committee in April 2007.
5. Quarterly monitoring reports on performance against the actions in our BVPP, key indicators being monitored more closely over the year and movement on the corporate risk register have been considered by Management Team as well as Audit and Performance Committee for quarter 2 and quarter 4. This has allowed mitigating action to be taken during the year or for priorities to be re-assessed.
6. The significant legal and financial risks associated with minerals cases have been monitored through the Resource Management Team and has included taking advice from the Chief Finance Officer and reports to Members along with closely consulting the Audit Commission during our decision making.
7. Budget Monitoring Group, involving members, met at key stages during the year to monitor expenditure and income against budgets including projects. The BESST project was identified as a project that needed closer monitoring and this happened through budget monitoring, the Resource Management Team and members of Services Committee.
8. The Audit and Performance Committee agreed a work programme for 2007/08 which included a programme of strategic reviews and scrutiny topics on Recreation Management and Recreational Strategy. It was agreed that no new scrutiny topics would be identified at the beginning of 2008 with the Performance Improvement Plan review process providing an opportunity for topics to be identified for 2009 and 2010 and giving extra time for the current scrutiny teams to report in 2008/09.
9. Progress has been made against the 2007 external funding scrutiny report action plan as reported to Audit & Performance Committee in April 2008 including a review of the internal controls which create the governance and financial framework for external funding.

10. External Funding bids have been made to secure the future of our Moors for the Future Partnership work and Rural Development programmes. The risks associated with not being successful in these bids are being monitored through Resource Management Team with reporting as appropriate to Services Committee.

Issues identified during review which affect the effectiveness:

11. A review of the Resource Management Team Business Case template is still outstanding.

12. The review of internal controls for external funding identified the need to review the wording of some Standing Orders.

13. There is still outstanding action against the 2007 partnership scrutiny report and action plan in particular on finalising a partnership protocol, reviewing existing partnerships against the protocol and maintaining the database of partnerships.

(5) Governance Framework core principle

Developing the capacity and capability of members and officers to be effective

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. Our arrangements for developing staff and members have been reviewed and strengthened. The Authority agreed an approach in October 2007 to member development which has also resulted in the Authority, in March 2008, agreeing to sign up to the East Midlands Member Development Charter in 2008/09. For staff, the Authority approved a new Learning and Development Policy in March 2008.

2. For staff the Authority continues to provide a corporate training programme as well as meeting continuing professional development needs through service budgets. In 2007/08 corporate training has not only focused on continuing to develop our managers but has also included a new IT based learning platform and health and safety training as part of the corporate approach to improving performance and corporate governance controls.

3. A Member training programme has been provided in 2007/08 based on the evaluation report of the previous year and the review undertaken in October 2007. A planning training pack was developed and will be used during 2008 as a basis for Members' planning training to become compulsory.

Issues identified during review which affect effectiveness:

4. No issues have been identified

(6) Governance Framework core principle

Engaging with local people and other stakeholders to ensure robust public accountability

Review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework:

1. Phase 2 of our Workforce Plan was completed including new policies being approved by the Authority in March and April 2008 on Learning and Development, Succession Planning, Secondment and Appeals. Implementation of these is being supported through briefing sessions with managers.

2. Staff and Member surveys have been planned for conducting in 2008/09 as part of gathering evidence for our performance improvement plan review

3. As part of our Working with People and Communities Strategy an action plan for working with residents has been completed and agreed by the Authority (October 2007) to guide work in 2008/09.

4. During the year we took an active approach to dialogue and engagement with the public through a number of initiatives including for example:

- distributed 2 issues of Park life to residents of the Park, achieving 98% coverage of households
- our Public Participation Scheme was used by 126 people in addressing Planning Committee
- improved notification to all relevant neighbours regarding planning applications
- organised a range of communication initiatives to provide information to communities about the Authority's work on minerals and to support our efforts to lobby Government to support our action.
- piloted a co-ordinated data collection system across Authority services to determine both the customer profile (age, ethnicity, postcode, disability) and information regarding their experience & the effectiveness of the service. Analysis of this data has begun to highlight gaps in provision for future targeting and improvement as well as areas of excellent provision.
- over 580 resident contacts were made through Community Planning activities, engaging local people in issues relevant to their village and feeding those issues back into relevant organisations, including the Authority.
- representation and co-ordination of a number of Area Forums across the National Park area provided an 'open-door' opportunity for local residents to raise issues with Authority staff and partner organisations..
- over 130 people made responses or took part in consultation activities for the Local Development Framework and Landscape Character Assessment.

Issues identified during review which affect effectiveness:

5. No issues have been identified

Significant Governance Issues:

The need for the Authority to continue to pay careful attention to the financial consequences of legal action and any other action in addressing the impact of minerals extraction is highlighted as a **significant** governance issue. In addition over the coming year we will take steps to address the issues identified during our review of effectiveness as detailed above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified and will monitor their implementation and operation as part of our next annual review.

Signed:

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Chair

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Chief Executive

On behalf of the Peak District National Park Authority

Peak District National Park Authority Annual Accounts for the Year Ended 31st March 2008

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 31st March 2008.

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 31st March 2008 and its income and expenditure for the year ended 31st March 2008.

Philip Naylor
Chief Finance Officer to the Authority
27th June 2008

Peak District National Park Authority

Annual Accounts for the Year Ended 31st March 2008

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 2007-08 the funding was set at £7,723,294 (£7,523,177 in 2006-07). 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 £221,528.
- 1.5 A new Service Expenditure Analysis, common to all National Park Authorities, has been introduced, with income and expenditure spread across 8 mandatory functional headings.
- 1.6 The Authority continued its rolling programme of asset re-valuations, concentrating on cycle hire centres and minor properties.
- 1.7 Explanation of Main Variances Between Years.

	Variance £,000	Comment
Income and Expenditure Account		
All service headings	-	<p>On February 9th 2007 the Authority approved the 2007/08 Budget and the variances from the previous year were in line with budget expectation and allocations. A more detailed financial commentary on the 2007/8 results can be found in the outturn report which was reported to Services Committee on the 6th June 2008; 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.</p> <p>Many of the variances within service totals shown in the Income and Expenditure Account arise from normal business and project related fluctuations.</p> <p>The impact of the £544,000 impairment of Aldern House headquarters is felt across all the services as this impairment charge is further allocated out in the corporate overhead recharges.</p>

Traffic and Transport	N/A	This heading is not now separately reported.
Corporate Management & Administration	+231	This is mainly the impact of the £339,000 one-off cost relating to the employee superannuation scheme. As Note 7 states, the cost arises principally because of the impact of changes in death benefits earned in previous years, accruing to current and past employees arising from changes in the pension scheme.
Training	N/A	This heading is not now separately reported.
Balance Sheet		
Fixed Assets	-799	Capital additions of some £162,663 (mainly IT expenditure; refurbishment of a property for re-letting and completion of the Edale Centre); asset valuation increases of some £139,893; depreciation of £545,318, impairments – mainly the Aldern House revaluation - of £556,518.
Current Assets	-31	Normal fluctuations in levels
Current Liabilities	+23	Normal fluctuations in levels
Long – Term Liabilities	+2,087	the impact of the actuarial estimates used to provide notional figures to comply with Financial Reporting Standard 17 – Retirement Benefits - (see Note 7 - £2,212,370) is the principal difference.
General Fund	+221	The General Fund is higher than it would otherwise be by a total of £372,865 as a result of allocating funds in 2006/07 (£212,342) and 2007/08 (£160,523) which were earmarked as contributions from the revenue budget towards capital expenditure. By substituting this revenue contribution there is however a corresponding increase in the Authority's Capital Financing Requirement (i.e. its underlying need to borrow to finance capital expenditure) as the capital expenditure relating to these assets now remains unfinanced. The purpose of this adjustment is to retain a degree of flexibility over how the Authority determines how revenue and capital resources are financed in the short to medium term.

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

- 1.8 The Authority has maintained its strong financial position in 2007/08, and it is clear that this strength stems from four principal factors which underpin 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 capital investment plans clearly linked to our Asset Management Plan over a long term planning horizon. The fourth concerns a cautious approach to longer term commitments, (despite a welcome clearer commitment in the medium term to inflationary increases in National Park Grant), ensuring the Authority can maintain a degree of flexibility in responding to future settlements which may be uncertain in the current public sector financial climate.

2. Statement of Accounting Policies

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 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 newly published National Parks' Service Expenditure Analysis.

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 31st March 2008 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. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Income & Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation for all Local Authorities. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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. Impairments, if attributed to the clear consumption of economic benefits, are charged to this account; otherwise they are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service account.

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 funds 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 fifteen 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.

2.14.1 Financial Assets and Liabilities

2.14.1 Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest. For all of the borrowings of the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year in the loan agreement. The same principle applies to financial assets, albeit reversed, with the interest receivable being credited to the Income and Expenditure Account.

3. Income & Expenditure Account for the year ended 31st March 2008

2006–07 Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	Conservation of the Natural Environment			
193,328	Forestry & Tree Service	200,588	(20,733)	179,855
350,911	Estates Management	674,675	(300,619)	374,056
802,702	Countryside & Economy Service	934,598	(88,422)	846,176
141,858	Conservation & Environment Projects	1,789,573	(1,332,739)	456,834
153,098	Ecology	180,822	(11,471)	169,351
1,641,897		3,780,256	(1,753,984)	2,026,272
	Conservation of Cultural Heritage			
178,150	Historic Buildings	227,017	(43,410)	183,607
211,398	Village Management	279,711	(6,279)	273,432
151,793	Archaeology	195,117	(15,238)	179,879
43,454	Cultural Heritage Projects	154,591	(86,377)	68,214
584,795		856,436	(151,304)	705,132
	Recreation Management & Transport			
41,287	Campsites, Hostels & Barns	108,805	(60,475)	48,330
796,041	Access, Walking & Riding Routes	1,014,035	(201,917)	812,118
197,341	Area Projects	225,429	(43,906)	181,523
36,117	Litter Collection	33,552	(0)	33,552
(29,399)	Car Parks & Concessions	296,249	(341,365)	(45,116)
36,618	Cycle Hire	361,863	(355,423)	6,440
150,770	Toilets	183,932	(17,118)	166,814
189,363	Transport Policy and Transport Projects	702,005	(464,550)	237,455
1,418,138		2,925,870	(1,484,754)	1,441,116
	Promoting Understanding			
459,242	Visitor Centres	934,610	(439,432)	495,178
84,996	Sustainable Tourism	350,668	(286,109)	64,559
242,744	Communications and Design Services	253,490	(7,599)	245,891
275,360	Rangers education & Community Liaison	331,876	(61,123)	270,753
595,936	Losehill Hall Environmental Education	1,384,986	(727,594)	657,392
3,467	Promoting Understanding Projects	23,024	(20,067)	2,957
1,661,745		3,278,654	(1,541,924)	1,736,730
	Rangers, Estates Service & Volunteers			
410,750	Rangers	476,072	(63,662)	412,410
82,405	Countryside Volunteers	89,145	(2,022)	87,123
200,021	Property Team	175,877	(0)	175,877
40,732	Estates Workers	44,131	(800)	43,331
733,908		785,225	(66,484)	718,741
	Development Control			
1,120,813	Development Control	1,451,865	(215,888)	1,235,977
1,120,813		1,451,865	(215,888)	1,235,977
	Forward Planning & Communities			
447,261	Policy Planning	513,496	(104,668)	408,828
6,446	Community Development	241,655	(200,000)	41,655
453,707		755,151	(304,668)	450,483
	Corporate Management & Administration			
0	Corporate Management	2,717,086	(2,717,086)	0
497,564	Corporate & Democratic Core	394,458	0	394,458
4,000	Non-Distributed Costs	339,000	0	339,000
0	Less Recharged Support Service Costs	(2,413,787)	2,413,787	0
501,564		1,036,757	(303,299)	733,458
8,116,567	Total Net Cost of Services	14,870,214	(5,822,305)	9,047,909

3. Income & Expenditure Account – continued

2006-07 £		£	2007-08 £
8,116,567	Net Cost of Services b/f		9,047,909
8,609	Loss (Gain) on the disposal of Fixed Assets	0	
13,463	Interest Payable	32,229	
(213,937)	Interest Received on Investments	(253,239)	(221,010)
104,000	Pensions' interest cost and expected return on pension scheme assets (see note 7)		46,000
8,028,702	Net Operating Expenditure		8,872,899
(7,523,177)	National Park Grant (see note 1)		(7,723,294)
(505,525)	Surplus (Deficit) for Year		(1,149,606)

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 primarily required to manage its cash resources – ultimately its General Fund Balance - in order to account for 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 and any impairment charges included above with the actual costs of financing assets).
- Retirement benefits are charged as actual sums become payable to the pension fund, rather than the estimated annual cost of future benefits earned shown in the above figures.
- Transfers to and from earmarked cash reserves are not included in the above figures.

This statement therefore makes the necessary adjustments for these differences, in order to show the impact in cash terms of the year's activities on the final General Fund Balance.

2006-07 £		2007-08 £
(505,525)	Surplus (Deficit) for the Year on the Income and Expenditure Account	(1,149,606)
701,673	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)	1,371,134
196,148	Increase (Decrease) in General Fund Balance for the Year	221,528
662,365	General Fund Balance brought forward	858,513
858,513	General Fund Balance carried forward and available for new expenditure	1,080,041

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.

2006-07	2007-08
£	£
(505,525) Surplus (Deficit) for the Year on the Income and Expenditure Account	(1,149,606)
301,348 Surplus (Deficit) arising on revaluation of fixed assets	139,893
1,641,000 Actuarial Gain (Loss) on pension fund assets and liabilities	(1,851,000)
683 Funds appropriated directly to (from) trust funds	(90)
(4) Other	(1)
1,437,502 Total Recognised Gains (Losses) for the year	2,860,804

6. Balance Sheet as at 31st March 2008

2006-07 £	Notes	2007-08 £	£
Fixed Assets:			
228,567	Intangible Assets	15	210,041
Operational Assets:			
11,183,968	Land and Buildings	15	10,514,704
1,167,453	Vehicles, plant, equipment	15	1,019,049
1,686,974	Non-Operational Assets	15	1,682,310
1,078,526	Community Assets	15	1,120,102
<u>15,345,488</u>			<u>14,546,206</u>
407	Debtors due after one year	21	2,850
<u>15,345,895</u>	Total Long Term Assets		<u>14,549,056</u>
Current Assets			
93,565	Stocks and Work in Progress	20	93,930
1,476,532	Debtors	21	1,318,215
2,689,970	Short Term Investments	23	2,817,326
2,500	Cash: In Hand	22	2,500
0	At Bank	22	0
<u>4,262,567</u>			<u>4,231,971</u>
<u>19,608,462</u>	Total Assets		<u>18,781,027</u>
Current Liabilities			
(2,206,375)	Sundry Creditors	24	(2,262,318)
(15,459)	Long Term Borrowing repayable within 12 months	19	(16,194)
(128,574)	Cash: Overdrawn	22	(18,625)
<u>17,258,054</u>	Total Assets less current liabilities		<u>16,483,890</u>
Long-term Liabilities			
(674,077)	Long-term Borrowing	19	(657,883)
(2,466,779)	Government Grants Deferred	27	(2,357,242)
(7,018,633)	Liability related to defined benefit pension scheme	7	(9,231,003)
<u>7,098,565</u>	Total Assets less Liabilities		<u>4,237,762</u>
Financed by:			
0	Revaluation Reserve	3 & 25	136,975
12,002,107	Capital Adjustment Account	3 & 26	11,050,018
86,567	Capital Receipts Reserve	3 & 28	86,567
(7,018,633)	Pensions' Reserve	3 & 7	(9,231,003)
858,513	General Fund	3	1,080,041
1,153,664	Specific Funds	3 & 29	1,093,907
16,347	Trust Funds	30	21,257
<u>7,098,565</u>	Total Net Worth		<u>4,237,762</u>

7. Cash Flow Statement

2006-2007		2007-2008
£		£
	REVENUE ACTIVITIES	
	Cash Payments	
7,632,192	Employment Costs	7,532,110
5,555,864	Other Costs	5,706,431
13,188,056		13,238,541
	Cash Income	
(236,207)	Rents	(229,990)
(0)	Early Receipt of National Park Grant	(0)
(1,875,187)	Charges for Goods and Services	(2,430,792)
(3,610,886)	Grants and Partnership income	(3,148,979)
(4,292,177)	National Park Grant & Levies	(7,723,294)
(10,014,457)		(13,533,055)
3,173,599	Net Cash Flow Revenue Activities	(294,514)
	(see note 31)	
	RETURN ON INVESTMENTS & SERVICING OF FINANCE	
13,463	Interest Paid	32,229
(213,937)	Interest Received	(253,239)
(200,474)		(221,010)
	CAPITAL ACTIVITIES	
	Cash Payments	
0	Purchase of Long Term Investments	0
1,475,309	Other Capital Expenditure	300,145
1,475,309		300,145
	Cash Income	
(793,799)	Capital Grants Received	(37,385)
(16,026)	Sale of Fixed Assets	0
(809,825)		(37,385)
665,484	Net Cash Flow Capital Activities	262,760
3,638,609	NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING	(252,764)
	FINANCING	
7,464	Repayments of amounts borrowed	15,459
(697,000)	New Loans	(0)
(689,536)		15,459
2,949,073		(237,305)
333,098	(Increase)/Decrease in Cash	(109,949)
2,615,975	(Increase)/Decrease in Short term Investments	(127,356)
2,949,073	NET CASH (INFLOW)/OUTFLOW	(237,305)

8. Notes to the Accounts

Note 1 National Park Grant and Levy

2006-07		2007-08
£		£
7,523,177	National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA)	7,723,294
<u>7,523,177</u>	Total	<u>7,723,294</u>

The Authority did not exercise its statutory power to raise a levy from its constituent councils in 2007/08. 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

2006-07		2007-08	
£	Statutory adjustments required to be excluded	£	£
(52,755)	Amortisation of Intangible Fixed Assets	(45,713)	
(462,741)	Depreciation and Impairment of Fixed Assets	(1,056,123)	
140,220	Amortisation of Government Grants received	111,676	
0	Write-downs of Deferred Charges	0	
(8,609)	Net Gain (Loss) on Sale of Fixed Assets	0	
3	Rounding	0	
(1,157,000)	Net Charges made for Retirement Benefits under accounting standard FRS 17	(1,211,000)	
<u>(1,540,882)</u>	Subtotal		<u>(2,201,160)</u>
	Statutory adjustments required to be included		
0	Minimum Revenue Provision for capital financing	35,153	
849,367	Employer contributions to the pension fund	849,630	
0	Capital expenditure charged in-year to the General Fund Balance	0	
<u>849,367</u>	Subtotal		<u>884,783</u>
	Other adjustments		
2,237	Voluntary Revenue Provision	0	
(9,022)	Net Transfer to (from) earmarked reserves (See Notes 3 & 30)	(59,757)	
(3,373)	Net Transfer to (from) Trust Funds (See Note 31)	5,000	
<u>(10,158)</u>	Subtotal		<u>(54,757)</u>
<u>(701,673)</u>	Overall Total		<u>(1,371,134)</u>

Note 3. Statement of Total Movements in Reserves

	Capital Reserves			Revenue Reserves			Total
	Revaluation Reserve	Capital Adjustment Account	Capital Receipts Reserve	See Note 7 Pension Reserve	General Fund	See note 29 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 2007	0	(12,002,107)	(86,567)	7,018,633	(858,513)	(1,153,664)	(7,082,218)
Charge (credit) arising from employee pension cost assessed in 2007/08	0	0	0	361,370	0	0	361,370
(Gain) Loss attributable to actuarial assessments on pension assets	0	0	0	1,851,000	0	0	1,851,000
Contribution to Fund	0	0	0	0	(221,528)	(239,811)	(461,339)
Contribution from Fund	0	0	0	0	0	299,568	299,568
Capital Financing	0	(146,828)	0	0	0	0	(146,828)
Depreciation	2,918	542,400	0	0	0	0	545,318
Impairment	0	556,518	0	0	0	0	556,518
Net (surplus)/deficit for the year	0	952,090	0	2,212,370	(221,528)	59,757	3,005,607
Unrealised (gains)/loss from Revaluation of assets	(139,893)	0	0	0	0	0	(139,893)
Disposals – Net Book Value written off	0	0	0	0	0	0	0
Balance as at 31st March 2008	(136,975)	(11,050,017)	(86,567)	9,231,003	(1,080,041)	(1,093,907)	(4,216,504)

This statement separates the movements between revenue and capital reserves. The Revaluation Reserve and Capital Adjustment Account cannot be called upon to support future expenditure; the Usable Capital Receipts Reserve can only be used to meet expenditure designated as expenditure for capital purposes, and the general and specific revenue reserves can be used to meet either capital or revenue expenditure.

Note 4 Trading Operations

The Authority has three trading operations as follows:-

2006-07	Nature of Operation	2007-08	
(Surplus)/ Deficit £		Turnover £	(Surplus)/ Deficit £
595,936	Losehill Hall Study Centre	(727,594)	657,392
459,242	Visitor Centres	(439,432)	495,178
36,618	Cycle Hire Centres	(355,423)	6,440

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 in all cases for 2007/08; or exceeded in the case of Visitor Centres and Cycle Hire Centres. The deficit therefore represents the cost which the Authority regards as appropriate and in proportion to each operation's contribution to National Park objectives. The figures above comply with the SORP, but exclude a notional cost of capital figure. This figure, derived as a % of the net book value of assets operated by the service, would be used as a proxy for the costs, either in terms of external finance or shareholder dividends, incurred by the private sector in financing assets. As the services are not being market tested, these figures are not required to be shown.

Note 5 Publicity and Advertising

Under the regulations issued in accordance with the provisions of Section 5 (1) 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.

2006-07		2007-08
£		£
30,556	Recruitment Advertising	52,009
4,190	Publicity Expenses	9,503
170,133	Advertising Expenses	72,948
236	Publicity Mailing	2,543
12,548	Sales Promotions	5,605
2,666	Public Relations	239
220,329	Total	142,847
98,253	Publications	131,430
318,582	Total	274,277

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:

Payment Range	Number of Employees	
	2006-07	2007-08
£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.

2006-07 £		2007-08 £	2007-08 £
	<u>Net Cost of Services</u>		
1,049,000	Current Service cost	826,000	
4,000	Past Service cost (gain)	339,000	
<u>1,053,000</u>			<u>1,165,000</u>
	<u>Net Operating Expenditure</u>		
1,592,000	Interest cost	1,766,000	
(1,488,000)	Expected return on assets	(1,720,000)	
<u>104,000</u>			<u>46,000</u>
<u>1,157,000</u>	Chargeable to Income and Expenditure Account		<u>1,211,000</u>
<u>(307,633)</u>	Contribution (from) to pensions' reserve		<u>(361,370)</u>
<u>849,367</u>	Actual Charge against Govt. Grant		<u>849,630</u>

The current service cost is lower than the previous year primarily because of a higher discount rate used for 2007/08. The provisions of the Local Government Pension Scheme changed from 1st April 2008, and whilst the impact of this will not be felt in the current service cost yet, the changes in death benefits as a result of the new scheme are mainly responsible for the increase in the past service costs, which are the benefits accruing to scheme members from their previous years' service.

Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2008 are as follows:

2005-06 £	2006-07 £		2007-08 £
(32,227,000)	(32,645,633)	Estimated Liabilities in scheme	(34,296,003)
23,875,000	25,627,000	Estimated Assets in scheme	25,065,000
<u>(8,352,000)</u>	<u>(7,018,633)</u>	Net Asset (Liability)	<u>(9,231,003)</u>
74%	79%	% Funded	73%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £9.231m 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 31st March 2007.

The main assumptions used in their calculations have been:

2006-07			2007-08	
%			%	
3.1	Rate of inflation		3.6	
4.6	Rate of increase in salaries		5.1	
3.1	Rate of increase in pensions		3.6	
5.4	Discount rate for scheme liabilities		6.1	

Movement in Reserves

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

	2003-04		2004-05		2005-06		2006-07		2007-08	
	£	%	£	%	£	%	£	%	£	%
Gain (Loss)										
Difference between expected and actual return on assets	1,948,000	12.1	720,000	3.9	3,383,000	14.2	(77,000)	0.3	(2,534,000)	10.1
Difference between actuarial assumptions about liabilities and actual experience	0	0	1,477,000	5.5	(851,000)	2.6	(0)	0	1,836,000	5.4
Changes in demographic and financial assumptions used to estimate liabilities	0	0	(5,086,000)	18.8	(2,623,000)	8.1	1,718,000	5.3	(1,153,000)	3.4
Gain (Loss) recognised in pensions' reserve	1,948,000	9.1	(2,889,000)	10.7	(91,000)	0.3	1,641,000	5	(1,851,000)	5.4

For 2007/08 the Actuary reports that investments (return on assets) have performed significantly worse than assumptions over the year to 31st March 2008, with the shortfall (£2.5m as shown above) about 10% of the overall asset value of the fund. Investment returns since March 2008 have generally risen however, but are not yet included in the

07/08 figures. The other reported movements shown in the table above show a £1.8m reduction in liabilities through adjustments in actuarial assumptions because of the recent valuation exercise, and an increase of £1.1m arising from changes in mortality assumptions, although the increase is offset by the higher real terms discount rate of 0.2% (increased yields in bonds & gilts over the year), which helps to reduce the current value of the liability figure reported.

Note 8 Members' Allowances

The following amounts were paid to Members of the Peak District National Park Authority as allowances in the year ended 31st March 2008. The reduction in costs is a result of the Membership being reduced from 38 to 30 from 1st April 2007.

2006-07		2007-08
£		£
59,962	Basic Allowance	49,415
18,261	Special Responsibility Allowance	16,013
<u>78,223</u>		<u>65,428</u>

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 2007/8 goods and services were contracted to (separate) businesses in which two Members declared a financial interest, to the value of £2,453 and £1,397 respectively. In summary during the normal course of business the following significant transactions were made between the Authority and other related parties:

	Income	Expenditure
	£	£
Defra Sustainable Development Grant	200,000	-
Dept for Communities and Local Govt (DCLG) – Planning Delivery Grant	103,829	-
Government Bodies – other	362,345	19,896
Other Local Authorities	428,496	306,097
Audit Commission	-	22,017
Other National Parks	83,079	50,038
Associations of National Park Authorities	4,405	65,525

Lottery Funds	367,626	-
Rural Development Funds	454,417	-
European Funds	460,622	-
Water companies	604,158	184,569
Landfill Tax	95,767	12,793
National Trust	25,761	74,728
Total	3,190,505	735,663

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. On 7th March 2008 the Authority defended an Appeal to the High Court Queens Bench Division (ref 2008 EWHC 606) and judgement was given on that date. The appeal related to a disputed Minerals planning permission and minerals extraction which the Authority considered to be beyond the scope of the permission, and accordingly for much of 2007-08 a stop notice was in place to restrict operations to those the Authority considered lawful. The High Court judgement did not support the Authority's interpretation of the permission and the stop notices were withdrawn in April 2008. Compensation may be payable if the company concerned is able to prove loss during the period when the stop notice was in place. No provision has been made in the 2007/08 accounts in accordance with the Code of Accounting Practice, however the Authority believes that it has made sufficient financial arrangements to cover any potential liabilities which may arise.

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 31st March 2008 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	2006-07	2007-08
	£	£
Vehicles	119,350	106,776
Premises	43,294	15,176
Total	162,644	121,952

Future rental obligations are as follows:-

	2008-09	2nd – 5th	6th year	Total
	£	year	onwards	£
		£	£	
Vehicles	25,287	17,550	0	42,837
Premises	6,600	5,950	0	12,550
Total	31,887	23,500	0	55,387

Vehicle leases are generally agreed for three-five year rental periods but pending implementation of the revised fleet management policy vehicles on expired leases have been retained and charged on a monthly payment basis. The main operating lease for premises expired in February 2007, hence the reduction in the revenue charge for 2007/08.

The Authority collected the following rentals in 2007/08 from its assets as lessor.

	2006-07	2007-08
	£	£
General Rents	13,492	16,120
Agricultural Rents	112,802	110,450
Residential Rents	51,964	53,232
Business Rents	11,369	13,106
Agricultural Licences	25,066	23,815
Business Licences	21,515	13,264
Total	236,208	229,987

Note 12 Prior Year Adjustments

A new Service Expenditure Analysis has been agreed for all the National Park Authorities. In order to comply with this mandatory requirement, the format of the Income & Expenditure Account has been changed with the result that the 2006/07 comparative figures need to be restated. The main changes are the removal of 2 functional headings:-

- Training: requiring all training expenditure to be reallocated back to front line services
- Transport & Traffic: requiring the relevant income and expenditure to be transferred to Recreation Management with the title amended accordingly.

Finally, the Sustainable Development Fund is transferred to the Forward Planning & Communities heading, previously costed to Conservation of the Cultural Heritage. The movements between functional headings are shown below, with the revised totals representing the restated Net Cost of Services for 2006/07:

2006-07		Adjustment	Revised 2006-07
£		£	£
1,600,492	Conservation of the Natural Environment	41,405	1,641,897
610,949	Conservation of the Cultural Heritage	(26,154)	584,795
1,216,898	Recreation Management	201,240	1,418,138
1,642,002	Promoting Understanding	19,743	1,661,745
187,182	Traffic & Transport	(187,182)	0
720,933	Rangers, Estates Service & Volunteers	12,975	733,908
1,100,185	Development Control	20,628	1,120,813
442,725	Forward Planning	10,982	453,707
501,564	Corporate Mgt & Administration	0	501,564
93,637	Training	(93,637)	0
8,116,567		0	8,116,567

The re-classification of an asset from operational to non-operational has resulted in an adjustment to the 2006/07 opening balances as follows:-:

	2006-07	Re-classification	Restated 2006/07
	Accounts	£	Opening Balances
	£		£
Land & Buildings	11,210,193	(26,225)	11,183,968
Non-operational assets	1,660,749	26,225	1,686,974

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.

2006-07 £		£	2007-08 £
	Conservation of the Natural Environment		
1,914	Forestry & Tree Service	2,189	
9,100	Moors Project	10,086	
6,277	Estates Management	9,101	
17,291			21,376
	Recreation Management		
3,978	Campsites, Hostels & Barns	3,869	
7,321	Access, Walking and Riding Routes	11,614	
112,240	Car Parks & Concessions	146,075	
5,179	Cycle Hire	8,899	
15,681	Toilets	15,210	
144,399			185,667
	Promoting Understanding		
77,390	Visitor Centres	67,582	
52,601	Environmental Education	53,047	
129,991			120,629
	Rangers, Estate Service & Volunteers		
5,369	District Rangers	8,517	
8,784	Conservation Volunteers	8,638	
513	Estate Workers	487	
14,666			17,642
	Development Control		
4,599	Development Control	3,679	
			3,679
	Corporate Management and Administration		
25,476	Headquarters Premises	586,591	
179,074	Capitalised IT Expenditure	166,252	
204,550			752,843
515,496	Total		1,101,836

Note 14 Reallocation of Administration and Management Costs

The following statement shows the 2007-08 recharges of support service expenditure to functional headings:

Heading	Customer Services £	IT £	Finance £	Legal £	Support Services		Corporate £	Totals £
					Human Resources £	Premises £		
Conservation of the Natural Environment:	32,247	122,290	42,379	47,173	28,181	154,618	21,713	448,601
Conservation of Cultural Heritage:	8,653	63,993	6,483	4,846	7,562	93,887	5,827	191,251
Recreation Management & Transport:	50,878	91,131	54,787	25,650	44,463	125,604	33,208	425,721
Promoting Understanding:	72,831	110,774	76,264	19,937	63,648	161,619	50,095	555,168
Rangers, Estates Service & Volunteers:	19,625	29,210	21,170	10,597	17,151	41,502	13,215	152,470
Development Control:	13,985	93,053	8,589	229,461	12,222	147,927	9,417	514,654
Forward Planning & Communities:	7,317	41,686	5,708	8,481	6,395	51,409	4,926	125,922
Total	205,536	552,137	215,380	346,145	179,622	776,566	138,401	2,413,787
Corporate and Democratic Core:	10,793	0	35,621	0	0	0	348,044	394,458

Note 15 Movement of Fixed Assets

Fixed assets of the Authority have been included in the balance sheet at their current value (see 2.4.4)

	Intangible Assets	Operational: Land & Buildings	Operational: Vehicles, plant, equipment	Non-Operational	Community	Total
	£	£	£	£	£	£
Balance at 1st April 2007	228,567	11,210,193	1,167,453	1,660,749	1,078,526	15,345,488
Prior Year Adjustments - Note 12	0	(26,225)	0	26,225	0	0
Revised Balance at 1 st April 2007	228,567	11,183,968	1,167,453	1,686,974	1,078,526	15,345,488
Depreciation	(45,713)	(282,835)	(211,799)	(2,439)	(2,532)	(545,318)
Impairments	(0)	(554,293)	(0)	(2,225)	(0)	(556,518)
	182,854	10,346,840	955,654	1,682,310	1,075,994	14,243,652
Additions	27,187	27,972	63,395	0	44,109	162,663
Disposals	(0)	(0)	(0)	(0)	(0)	(0)
Revaluations	0	139,893	0	0	0	139,893
Balance at 31st March 2008	210,041	10,514,704	1,019,049	1,682,310	1,120,102	14,546,206

The majority of the Impairment sum is a £544,000 downwards revaluation of the Aldern House headquarters from £1,579,000 to £1,035,000, and the impairment has therefore been charged to the Income & Expenditure Account.

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 1st April 2007 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 continued its five-year rolling programme of asset re-valuations, concentrating this year on cycle hire premises and a number of minor properties.

Note 18 Capital Expenditure

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

2006-07 £	Services	2007-08 £	
	Conservation of the Natural Environment:		
0	Forestry & Tree Service	0	
33,133	Estates Management	44,109	
578,398	Moors Project	18,182	
<u>611,531</u>			62,291
	Conservation of Cultural Heritage:		
0	Historic Buildings	0	
<u>0</u>			0
	Recreation Management:		
0	Car Parks & Concessions	0	
0	Toilets	0	
6,061	Campsites	0	
0	Vehicles	0	
0	Trails – information points	0	
<u>6,061</u>			0
	Promoting Understanding:		
69,917	Information Services	9,790	
0	Environmental Education	0	
<u>69,917</u>			9,790
	Development Control		
0	Development Control		0
	Corporate Mgt & Administration		
673,192	Aldern House headquarters	0	
117,160	IT Expenditure	90,582	
<u>790,352</u>			90,582
<u>1,477,861</u>	Total		<u>162,663</u>
	Financed From:		
0	Direct Revenue Financing		0
599,023	Capital Grants		2,139
0	Other Capital Income		0
0	Use of Income from Sale of Fixed Assets		0
0	Capital Receipts Reserve		0
666,496	Long Term Borrowing		0
212,342	Internal Funds		160,524
<u>1,477,861</u>	Total		<u>162,663</u>

Note 19 Long Term Loans

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

31 March 2007	Analysis by Type of Loan	31 March 2008
£		£
674,077	Public Works Loan Board	657,883
<u>674,077</u>	Total	<u>657,883</u>
Analysis by maturity		
16,194	Between 1 and 2 years	16,964
72,851	Between 2 and 6 years	76,314
222,993	Between 6 and 15 years	233,597
362,039	Between 15 and 30 years	331,008
<u>674,077</u>		<u>657,883</u>

The Authority's only long term borrowing is 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. No adjustments to the accounts are required to comply with the new SORP reporting arrangements for Financial Instruments, either to the outstanding principal shown in the Balance Sheet or to the interest payments reported in the Income & Expenditure account.

The SORP does however require 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 2007		31 March 2008
<u>669,324</u>	PWLB Fair Value	<u>688,659</u>
Balance Sheet Carrying Value		
15,459	Under 1 year	16,194
674,077	Between 1 and 30 years	657,883
<u>689,536</u>		<u>674,077</u>

The Fair Value is more than the carrying amount at 31st March 2008 because the fixed rate loan interest payable is slightly higher than the rates available for similar loans at that date. This Fair Value is derived by discounting the 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 slightly lower interest rates prevailing at Balance Sheet date would result in a higher current value for the repayment than the amount outstanding shown in the Balance Sheet.

Note 20 Stocks and Work in Progress

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

31 March 2007		31 March 2008
£		£
65,564	Visitor Centres Stock	65,009
17,275	Travel Tickets	18,469
4,348	Losehill Hall – Catering Stocks	3,565
4,229	Losehill Hall – Bar Stocks	4,975
2,149	Losehill Hall – Shop Stocks	1,912
<u>93,565</u>	Total	<u>93,930</u>

Note 21 Debtors

Debtors can be analysed as follows:

31 March 2007		31 March 2008
£		£
360,989	Government Agencies	166,563
261,040	European Funds	227,380
79,241	Local Authorities	139,388
351,349	Lottery/Landfill	102,987
1,363	Car Loans to Officers due within one year	835
(19,536)	Less: Provision for Bad Debts	(20,000)
60,144	Advance Payment	6,250
381,942	Other Miscellaneous Sales Ledger	694,812
<u>1,476,532</u>		<u>1,318,215</u>
407	Car Loans to Officers due after one year	2850
<u>1,476,939</u>	Total	<u>1,321,065</u>

Note 22 Cash and Bank

Cash and Bank can be analysed as follows:

31 March 2007		31 March 2008
£		£
(128,574)	Co-operative Bank	(18,625)
2,500	Imprest	2,500
<u>(126,074)</u>	Total	<u>(16,125)</u>

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 2007 £		2007-08 Increase (Decrease)	31 March 2008 £
(126,074)	Movement in Bank funds	109,949	(16,125)
2,689,970	Movement in Short-term investments	127,356	2,817,326
<u>2,563,896</u>	Total Movement in cash resources as per CashFlow Statement	<u>237,305</u>	<u>2,801,201</u>

Note 24 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2007 £		31 March 2008 £
506,230	Project Income received in advance	532,306
0	National Park Grant received before 1 st April	0
62,279	Income for Courses – Deposits	14,705
61,296	Staff Cost Accruals	67,230
160,156	Government Agencies	146,303
355,356	Local Authorities	386,247
287,657	Grant Scheme Accruals	325,992
0	Provision for uncleared cheques	1,556
773,401	Other Miscellaneous Creditors	787,979
<u>2,206,375</u>	Total	<u>2,262,318</u>

Note 25 Revaluation Reserve

The Balance Sheet figures for 31st March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £11,282,793 on the FARA has been added to the Capital Financing Account (previous balance as at 31st March 2007 was £719,314) to form the new Capital Adjustment Account – see Note 26 below, with a new combined balance of £12,002,107. The Revaluation Reserve has then been included in the Balance Sheet with a zero opening balance. The closing position on the Reserve at 31st March 2008 therefore only shows revaluation gains accumulated since 1st April 2007.

This new reserve records the accumulated gains on the fixed 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. As stated above however, all Local Authorities are required to assume the proxy value for their depreciated historic cost as being the current value of fixed assets as at 31st March 2007. It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period as stated in Note 17, and the account

includes these changes, together with any written down value of assets which have been disposed of in the year.

2006-07		2007-08
£		£
11,006,080	Balance at 1 April 2007	0
301,348	Revaluations	139,893
(24,635)	Disposals – Net Book Value written off	0
(11,282,793)	SORP 2007 Adjustment - appropriated to Capital Financing Reserve	-
0	Balance at 31 March 2008	139,893

Note 26 Capital Adjustment Account

The Capital Adjustment Account is the new name for the previously named Capital Financing Account, following the changes in the 2007 SORP. The account is credited with the amount of capital expenditure financed from revenue, capital receipts and amortised capital grants, together with 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. As assets are consumed, either by depreciation or impairment, the charge is made to this account as a debit. A credit balance on the account therefore represented the extent to which capital finance had been set aside for the purchase of fixed assets, less the amounts charged to Income & Expenditure Account as those assets were consumed. The balance now also consolidates the old balance of the Fixed Asset Restatement Account as at 31st March 2007.

2006-07		2007-08
£		£
1,092,353	Balance at 1 April 2007	719,314
0	Capital Receipts used in year	0
0	Direct Revenue Financing	0
0	Minimum Revenue Provision	35,153
2,237	Voluntary Revenue Provision	0
140,220	Amortisation of capital grants for the year	111,676
(515,496)	Depreciation charge for the year	(545,318)
0	Impairment charge for the year	(556,518)
-	Less Impairment / depreciation allocated to Revaluation Reserve	2,918
-	SORP 2007 Adjustment - appropriated from Capital Financing Reserve	11,282,793
719,314	Balance at 31 March 2008	11,050,018

Note 27 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).

2006-07		2007-08	
£		£	
2,007,976	Balance at 1 April 2007	2,466,779	
599,023	Capital Grants received in 2007-08	2,139	
(140,220)	Amortisation charge for the year	(111,676)	
2,466,779	Balance at 31 March 2008	2,357,242	

Note 28 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.

2006-07		2007-08	
£		£	
70,541	Balance at 1 April 2007	86,567	
16,026	Capital Receipts received in year	0	
0	Capital Receipts used to finance Capital Expenditure	0	
86,567	Balance at 31 March 2008	86,567	

Note 29 Statement of Total Movement in Specific Reserves

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

	Opening Balance at 1st April 2007	Contributions (to) / from Reserves	Closing Balance at 31st March 2008
	£	£	£
ICT Reserve	(90,731)	27,000	(63,731)
Joint National Parks Portal	(38,790)	38,790	(0)
Estates & Property Reserve	(15,586)	0	(15,586)
Visitor Centre Reserve	(34,446)	(30,000)	(64,446)
Losehill Hall Reserve	(24,424)	0	(24,424)
Aldern House Reserve	(53,789)	0	(53,789)
Design Reserve	(11,742)	(5,000)	(16,742)
Forestry Reserve	(38,140)	0	(38,140)
Trail Reserve	(28,704)	(10,000)	(38,704)
Vehicle Maintenance Reserve	-	0	(0)
Planned Maintenance Reserve	-	(20,000)	(20,000)
Car Park Reserve	(5,504)	(40,000)	(45,504)
Cycle Hire Reserve	(14,490)	(25,000)	(39,490)
Matched Funding Reserve	(377,948)	233,778	(144,170)
Slippage Reserve	(419,370)	(109,811)	(529,181)
Total	(1,153,664)	59,757	(1,093,907)

The Joint National Parks Portal Reserve contained joint funds from all National Park partners and was transferred at the end of the year to the UK Association of National Park Authorities, who will be responsible for administering the project in future.

Note 30 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 2007 £	Contributions (to) / from Reserves £	Closing Balance at 31st March 2008 £
Cyril Bennett Bequest	(10,355)	0	(10,355)
Graham Attridge Bequest	-	(4,500)	(4,500)
Restoration Bond	(3,725)	(210)	(3,935)
Friends of Losehill Hall	(2,267)	(200)	(2,467)
Total	(16,347)	(4,910)	(21,257)

Note 31 Reconciliation of Cash Flow Statement to Revenue Expenditure

2006-07 £		£	2007-08 £
(196,148)	(Surplus)/Deficit on Income & Expenditure Account		(221,528)
(2,237)	Minimum / Voluntary Revenue Provision	(35,153)	
9,022	Contributions (to)/from Reserves	59,757	
2,690	Contributions (to)/from Trust Funds	(4,910)	
(446,569)	(Increase)/Decrease in Creditors	(214,926)	
3,688,262	(Increase)/Decrease in Advance Income	21,498	
(92,004)	Increase/(Decrease) in Debtors	(120,628)	
10,109	Increase/(Decrease) in Stock	365	
0	Revenue Contribution to Capital Expenditure	0	
			(293,997)
3,169,273	Items classified elsewhere in the Cash Flow Statement:		
200,474	Net Interest		221,011
3,173,599	Revenue Activities Net Cash Flow		(294,514)

Note 32 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, integrated with the Asset Management Plan, will help to inform its future plans for fixed asset investments.

Note 33 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 34 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 2006/7 were £69,500; for 2007/08 were £40,400, and are expected to be £37,900 in 2008/9.

Note 35 Risks Arising from Financial Instruments

The Authority has a number of exposures to risks arising from financial instruments. 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 21) and Short Term investments (Note 23). The Debtors figure contains £636,318 of debt from government agencies, European Funds, Local Authorities and Lottery Funds. 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 2007-08. The Trade Debtors figure of £694,812 arises from normal business activity and the bad debts provision of £20,000 is regarded as sufficient mitigation of the risks of any of this debt not being paid, representing 77% of debt outstanding over 4 months in age. The provision is reviewed annually. All Short Term investments, in accordance with the Authority's Treasury Mgt Policy, are invested with Derbyshire County Council under a Service Level Agreement. The risk of Derbyshire County Council failing to meet its contractual obligations under this agreement is judged to be very low.

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 cashflow 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.

In terms of foreign exchange risk the BESST project required a sterling commitment of £260,000 as matched funding during 2007-08 with 50% grant denominated in euros and subject to half-yearly claims. The exchange rate consequences of this were not material and the project has now been completed.

In terms of interest rate risk, as far as investments are concerned the variable rate of interest earned on surplus funds moves during the year and any assumptions in annual budgets are made cautiously based on current market and Treasury forecasts. 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.

Note 36 Audit Fees

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

	2006-07	2007-08
	£	£
External audit services as appointed auditor (Section 5 Audit Commission Act 1998)	18,205	19,824
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)	5,217	2,193
Fees payable in respect of any other services provided by the appointed auditor	0	0
Total	23,422	22,017