

**APPENDIX 1**

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

**1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009**

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**Signed:**

**Date:**

**N. Bajarria**

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

**As resolved by the Authority Meeting and authorised for issue 26<sup>th</sup> June 2009**

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

## **2008/09 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.

During 2008/09 the Authority developed for adoption in May 2009 a full Code of Corporate Governance which is consistent with the principles of the 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. A copy of the Authority's Code of Corporate Governance can be found on our website at [www.peakdistrict.gov.uk](http://www.peakdistrict.gov.uk) or can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE. 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 our Code of Corporate Governance have been in place at the Authority for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts (26 June 2009).

### **The Governance Framework**

The Authority's corporate governance framework as enshrined in our Code of Corporate Governance helps us to ensure that the principles of good governance are embedded in all aspects of our work. The key aspects of the corporate governance framework 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 place 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 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 Local 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
- risks to achieving key corporate actions and outcomes are 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, 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 including the Anti Fraud and Corruption Policy and the Confidential Reporting Policy
- 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 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'.

(j) Our new Code of Corporate Governance which has been developed over 2008/09 was approved by the Authority in May 2009 and incorporates the 6 core principles to guide our governance arrangements as detailed in the next section

## 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 2008/09 is recorded below against the 6 core principles of our Code of Corporate Governance. In making this assessment reference has been made to our action statements of commitment in our Code.

***(1) Code of Corporate Governance core principle:***

***Focusing on the purpose of the authority, on outcomes for the community and 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. Progress continued in developing National Park strategies to support achievement of the NPMP with approval given for action plans for working with under-represented groups and visitors (as part of the Working with People and Communities Strategy) and for climate change. Priority routes for focussed action with partners to improve the management of recreational vehicular use in the National Park under our Strategy were also agreed. Strategies and action plans have been developed in the remaining areas of: minerals, transport, recreation and landscape and these should be approved during 2009/10.

2. The first NPMP annual monitoring report on performance was considered by Audit and Performance Committee in July 2008 showing 88% of actions on target and 4 actions completed by the end of 2007/08. Action to address issues on data gaps is being pursued by strategy leads with partners.

3. Whilst the major elements of the Local Development Framework continue on schedule, including key consultation periods, some milestones have not been met. Urgent action has been taken to address the causes of the delay in this key area. A revised project plan with amended timetable and milestones is being developed which will extend the submission date to Government to July 2010, subject to agreement by the Authority and Government Office for the East Midlands of a revised Local Development Scheme. Recognising that the saved structure plan policies are no longer statutory policies, we have temporarily secured the retention of the Structure Plan as being material to planning decisions following the March 2009 adoption of the East Midlands Regional Plan until such time as it is replaced fully by the core Strategy and Development Management Documents in the emerging Local Development Framework. This arrangement has been agreed with the Government Office for the East Midlands as a sensible approach and one that should clarify any potential gaps in the hierarchy of policy intent but they have commented that this should be a temporary arrangement until the core strategy is produced and that this should now be done as a matter of urgency.

4. We reported to Audit and Performance Committee on our engagement with and contribution to the 7 Local Area Agreements across the National Park and agreed priorities for our work including being a named partner for the Derbyshire LAA requiring a clear input from us on our contribution to LAA targets

5. The Performance and Business Plan for 2008/09 was approved by the Authority in May 2008 and in April 2009 we reported that out of 242 Level 1 and Level 2 operational actions being monitored 91% had been achieved including achieving a 6% reduction in our carbon footprint. In gathering information and putting monitoring processes in place for our new corporate indicators we realised we needed to review some of these and changes were reported to Audit and Performance Committee in April 2009. A full set is now reported in the 2009/10 Performance and Business Plan.

6. As a result of monitoring the 2008/09 year end performance data and identifying areas where we are below target we have agreed to put action in place and monitor more closely in 2009/10 our performance on:

- Ensuring the development of appropriate indicators in new strategies and action plans
- Responding to letters within 15 working days in the Planning Service
- Member participation in formal meetings and training events
- Achieving the milestones of the revised LDF project plan

7. As part of continuously reviewing our performance and demonstrating value for money we renewed our Performance Improvement Plan which sets out our planned improvements for the next 3 years giving a clear focus to our improvement efforts. This work was integrated with our three year financial planning process so that resources could be allocated to our top ranking business cases for improvement (namely Information Communications Technology, Climate Change and customer service advice in Planning). For the first time we have an outline budget for three years to 2011-12 although it is dependent on efficiency savings being made and will need to be reviewed each year during this period especially in light of the current economic downturn when future National Park Grant settlements may be affected. A report was made to the Authority during the year on research into the economy of the National Park and the consequences of the economic downturn for the National Park.

8. 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, reports to Members along with keeping the District Auditor informed. Following the Court of Appeal decision to uphold the Authority's enforcement action at Backdale quarry we are waiting to hear if leave will be given for an appeal to the House of Lords.

9. The Annual Audit Letter for 2007/08 reported on:

- a) An unqualified opinion on the 2007/08 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 made a recommendation that the Authority continues to review the wider financial consequences of the potential liabilities arising from the legal actions in support of minerals extraction policies. The Auditor states that 'this is clearly a major issue for the Authority. The Authority is well aware of its responsibility to safeguard its financial standing and is continuing to plan for potential liabilities by considering the financial options available to it. I am monitoring developments in accordance with my responsibility to assess the Authority's financial management arrangements. As the situation develops and in particular as the outcomes of court proceedings become known, I will consider carefully whether I should report further as part of my continuing audit of the Authority's accounts'.

10. Although we have not progressed implementing an appropriate external customer service standard across the Authority as this was not identified as a priority during our performance improvement work we intend to attain an appropriate standard in our customer service team during 2009/10 and also to carry out a residents survey.

11. In response to internal audit reminders we have explained that work on producing the procurement manual and changes to Standing Orders in support of our procurement strategy has been delayed due to other priorities for the Head of Finance. It is planned for this work to be progressed in 2009/10 subject to no other urgent work having to take priority.

**Issues identified during review which affect effectiveness:**

12. We will analyse the results of the residents' survey during 2009/10 and consider appropriate action in response.

13. The Authority will continue to review the wider financial consequences of legal action and any other action in addressing the impact of minerals extraction.

14. We will monitor and put in place action to achieve the LDF milestones.

15. We will progress work on producing the procurement manual and changes to Standing Orders to support our procurement strategy.

**(2) Code of Corporate Governance 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 delegation to officers was reviewed and increased as part of continuously reviewing the strategic role of Members and the implementation role of staff.

2. The financial regulations were reviewed and changes to Standing Orders agreed.

3. We confirmed the insurance arrangements for Members providing them with indemnities in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 and also gave Members guidance on their role on outside bodies

4. Following a Member survey where 75% of Members replied we agreed action to address ideas for improvement including:

- Introducing Member Representative roles for all NPMP outcomes to facilitate greater contribution of members in their role
- A review of the Scrutiny process
- Encouraging greater participation in workshops through tailoring the next programme to member personal development plan needs
- Implementing any ideas given for improvements to the member ezine

5. Our partnership policy and protocol has been agreed during the year with a review of partnerships planned for reporting to Audit and Performance Committee in 2009/10. There is evidence that our involvement in partnerships is reviewed as the need arises for example: the withdrawal from the South Pennines Integrated Transport Partnership, the review of our role in the Rural Transport Partnerships, the ending of the secondment arrangements to the Destination Management Partnership, declining the opportunity to be a core member of the proposed Sheffield Economic Prosperity Board and the significant progress which has been made towards a partnership management arrangement for our Eastern Moors Estate.

**Issues identified during review which affect effectiveness:**

6. No issues have been identified

**(3) Code of Corporate Governance 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 2008/09 we strengthened our governance arrangements through:
- a) Developing for adoption by the Authority in May 2009 a new Code of Corporate Governance
  - b) Further discussion and advice to Chairs and Vice Chairs of Committees on committee procedures
  - c) Further supplementary advice to members and staff on behaviour in committees
  - d) Review of the staff declaration of interest form and guidance
  - e) Review of the Authority's E-Policy in response to internal audit concerns on staff personal use of the Authority's IT systems and equipment. Consultations on changes are complete so that they can be made in 2009. These changes and new monitoring arrangements will also be reflected in the current employee code of conduct which is significantly out of date. A review is not proposed of this as we are waiting for the new national code of conduct for staff to be published
  - e) The approval of a Policy on Covert Surveillance in response to internal audit recommendations with Members introducing a further control that any use of the Policy should be reported to Audit and Performance Committee
  - f) Implementing the new Standards Committee procedures for the investigation of complaints against Members following training in June 2008.

**Issues identified during review which affect effectiveness:**

2. The employee Code of Conduct needs to be updated but a decision has been made to wait for the new national code. This decision will be reviewed at the end of 2009/10 if the national code is not available by then

**(4) Code of Corporate Governance 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. We have reviewed the committee report template to support our formal decision making process for all committees except planning which will be reviewed in 2009/10. In addition to reports to Committee reports evidence for decisions (recording criteria, rational and data relied upon) is documented for delegated planning decisions and for Resource Management Team decisions through the business case format. The Annual Monitoring Report identifies policy issues raised through decisions and feedback from Planning Committee to inform Policy review at an appropriate time. In 2009/10 we will finish the work started on revising the RMT business case template.
2. 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.
3. The Audit and Performance Committee agreed when considering their work programme for 2008/09 that no new scrutiny topics or strategic reviews would be identified until the completion of the Performance Improvement Plan review process. The Recreational Management scrutiny group reported to Committee in July 2008 with a management response agreed in October. The Recreational Strategy scrutiny group made a progress report in April 2008 and will report finally in 2009/10 as they are working alongside the project team producing the new recreational strategy providing support and challenge from a Member perspective. There will be a scrutiny workshop in July 2009 to identify a new topic using performance data and evidence to justify the selection. The performance improvement plan identifies a range of strategic reviews for 2009/10.

4. The External Auditor is able to place reliance on the work of Internal Audit and the internal auditor'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 2008/09 Internal Audit conducted their final audit for 2007/08 and conducted stage 1 of the 2008/09 audit with reports being considered by Audit and Performance Committee in July 2008 and January 2009. A progress report on addressing recommendations was also considered by Committee in January 2009. Significant action has taken place in response to internal audit recommendations although in some cases a judgement has been made to carry the level of risk identified because:

- other controls are in place which provide an acceptable level of assurance or
- resources have been prioritised for other work or
- there has been a different management view on the level of risk.

It is intended in 2009/10 to be clearer in the management response about the level of risk remaining if we are unable to respond quickly to an internal audit recommendation. Stage 2 of the 2008/09 internal audit report is expected on 15 June 2009 and the management response to this will be reported to Audit and Performance Committee on 17 July 2009.

5. The 2008/09 corporate risk register was agreed by Audit and Performance Committee in April 2008 and the 2009/10 in April 2009. Risk management is an integral part of the business cases considered by Resource Management Team and our reports to members. We intend to review our risk management framework in 2009/10.

6. Quarterly monitoring reports on performance against the actions in our Performance and Business plan, 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 reassessed.

7. Budget Monitoring Group, involving members, met at key stages during the year to monitor expenditure and income against budgets including projects and the Losehill Hal Business Strategy Monitoring Group also met to monitor progress against the LHH business plan. This continues into 2009/10 as LHH plans to recover from the £31k deficit carried forward from 2008/09.

8. The approved Information Management Strategy building block 1 responds to internal audit recommendations on risk and resilience and has been resourced for implementation. During 2008/09 we received a special report on the ICT network and are implementing our response to that. Although there is an IT disaster recovery plan and Crisis Management procedures in place we have identified as a medium priority the need for an Authority Emergency Plan and this should be completed in 2009/10.

9. Each year we review our Health and Safety Policy and as part of continuing action to mitigate health and safety risks we have introduced a new Health and Safety annual performance report to Management Team and Members and agreed a process for escalating issues which have not been resolved or resourced to an agreed timetable.

10. As part of Audit and Performance Committee considering the annual report on complaints in October 2008 we extended our Complaints Procedure to cover our response to unreasonably persistent complainants. No Ombudsman complaints were found against the Authority in 2008/09.

**Issues identified during review which affect the effectiveness:**

11. The review of RMT Business case template needs to be completed.

12. We will develop an Authority Emergency Plan and Procedures

13. A review of the Authority's risk management framework will be undertaken during the year.



**(5) Code of Corporate Governance 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. The Authority signed up to the East Midlands Member Development Charter. Key elements of this include the introduction of member personal development plans and a matrix of skills and experience required by members to support this process. So far 40% of Members have a member personal development plan with action planned in 2009/10 to increase this to 60% of Members having a plan.
2. For staff the Authority continues to provide a corporate training programme as well as meeting continuing professional development needs through service budgets. In 2008/09 corporate training supported achieving our priorities in climate change, performance review and embedding management skills. Joint Performance and Achievement Reviews were completed for 98% of all employees. 69% of these employees have an agreed Learning and Development Plan in place.
3. A Member training programme has been provided in 2008/09 based on the evaluation report of the previous year, a steer from Strategic Advisory Group in accordance with the principles of the review undertaken in October 2007 and approval by the Authority.
4. During the year representations were made on the Authority's preferences for the membership of the Authority following the introduction of unitary councils in the County of Cheshire in 2009 and on direct elections for National Parks and Broads Authorities. Action was taken to encourage nominations through Parishes for a Parish member vacancy on the Authority after an initial disappointing response. We used the networks established through our work with BME (Black and Minority Ethnic) community champions to ensure opportunities to join our membership were widely circulated.

**Issues identified during review which affect effectiveness:**

5. The participation in formal committees has been below our target figure of 75% in 2008/09 and this will be monitored more closely during 2009/10 with action taken to address low attendance during the year if necessary.

**(6) Code of Corporate Governance 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. As part of our Working with People and Communities Strategy action plans are now in place for working with: young people, residents, under represented groups and visitors to guide our engagement work. Performance against these plans will be reported in the annual NPMP monitoring report.
2. During the year we took an active approach to dialogue and engagement with the public through a number of initiatives including for example:
  - A programme of community visits to Hartington, Bradfield, Bakewell, Parwich, Eyam and Waterhouses by the Chair of the Authority, Chef Executive, Directors and Head of Communications.
  - Attended Hope and Manifold shows to engage with people from local communities, particularly the farming community.
  - Launched a website section, produced leaflets and business-style cards to give residents information about how to report problems of 4x4s and trail bikes using the countryside and to explain the work of the authority to resolve any issues.
  - 133 people used our Public Participation Scheme in addressing Planning Committee

- Produced the first annual newsletter informing staff at partner organisations about progress on delivering the NPMP outcomes and highlighting areas where we needed their support to achieve the outstanding targets
- 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
- Community engagement activities were delivered for a range of key Authority strategies including the Local Development Framework, Landscape Character Strategy and the Recreation Strategy. Activities included: nearly 150 people – both local residents and agency stakeholders - taking part in consultation workshops for the Local Development Framework and Landscape Character Assessment, production of a plain English version of the Local Development Framework to assist members of the public wanting to make comments, using an e-marketing campaign and producing leaflets
- Over 430 resident contacts engaged in ongoing community planning activities for local people – allowing local people to address issues relevant to their village and feedback to key decision-making organisations, including the Authority. Additional funding to secure and extend this activity over the next 3 years has also been identified.
- Developed structures and systems to support BME (Black and Minority Ethnic) community champions from surrounding urban areas engaging with the Authority. This included 10 champions attending a focus group to feedback on interpretation, communication and marketing materials, attendance of 30 champions at regular area-based cluster meetings and securing additional funding to support this activity.
- Initiated new communications with key stakeholders previously less engaged in Authority activity e.g. Kirklees and Barnsley councils. Developing new, shared programmes with these key stakeholders that meet the needs of the Constituent Authority's Local Area Agreement and Community Strategy as well as the National Park Management Plan.
- Negotiated new and clearer relationship with key local third sector organisations e.g. Staffordshire Moorlands Community and Voluntary Service, Derbyshire Rural Community Council, including their involvement in a new East Midlands Development Agency funded Live and Work Rural programme.

4. Following a staff survey, where 66% of staff responded, actions are being developed for 2009/10 to address areas for improvement. We published our Equalities Scheme and action plan and launched new and updated human resources policies to all staff. A review and re-launch of Staff Committee has provided a more effective formal structure for consultation and negotiation with staff.

**Issues identified during review which affect effectiveness:**

5. A Communications Plan for the Authority is to be finalised in 2009/10

**Significant Governance Issues:**

There are two issues which are highlighted as **significant** governance issues:

1. The need for the Authority to continue to review the wider financial consequences of legal action and any other action in addressing the impact of minerals extraction
2. The need to meet the revised Local Development Framework milestones and timetable to achieve a submission date of July 2010.

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 on behalf of the Peak District National Park Authority:

..... Chair

..... Chief Executive

# **Peak District National Park Authority Annual Accounts for the Year Ended 31<sup>st</sup> March 2009**

## **Statement of Responsibilities for the Statement of Accounts**

### **The Authority's responsibilities**

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that a suitable person has the responsibility for the administration of those affairs. That person is the Chief Finance Officer;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the statement of accounts.

### **The Chief Finance Officer to the Authority's responsibilities**

The Chief Finance Officer to the Authority is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in The United Kingdom ('the Code of Practice'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2009.

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code.

The Chief Finance Officer to the Authority has also:

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

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

I certify that the accounts present fairly the financial position of the National Park Authority as at 31<sup>st</sup> March 2009 and its income and expenditure for the year ended 31<sup>st</sup> March 2009.

Philip Naylor  
Chief Finance Officer to the Authority  
26<sup>th</sup> June 2009

# Peak District National Park Authority

## Annual Accounts for the Year Ended 31<sup>st</sup> March 2009

### 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 2008-09 the funding was set at £8,089,281 (£7,723,294 in 2007-08). 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 £210,031.
- 1.5 The Service Expenditure Analysis common to all National Park Authorities has been complied with, income and expenditure being allocated across 8 mandatory functional headings.
- 1.6 The Authority continued its rolling programme of asset re-valuations, concentrating on agricultural landholdings.
- 1.7 For the 2008-09 financial year the Authority set a borrowing limit (the “authorised” limit) of £1.7m. The Authority’s long term borrowing as at 31<sup>st</sup> March 2009 was £657,883. The Authority’s Capital Financing Requirement, i.e. its underlying need to borrow for capital purposes, was £1,352,464.
- 1.8 Explanation of Main Variances Between Years.

	Variance £,000	Comment
Income and Expenditure Account		
All service headings	-	<p>On February 8<sup>th</sup> 2008 the Authority approved the 2008/09 Budget and the variances from the previous year were in line with budget expectation and allocations. A more detailed financial commentary on the 2008/9 results can be found in the outturn report which was reported to Services Committee on the 5<sup>th</sup> June 2009; obtainable from the Authority’s website (<a href="http://www.peakdistrict.gov.uk">www.peakdistrict.gov.uk</a> - 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>

Corporate Management & Administration	-326	This is mainly the impact of the £339,000 one-off cost relating to the employee superannuation scheme accounted for in 2007-08 which does not recur in 2008-09. The cost arose 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 in that year.
<b>Balance Sheet</b>		
Fixed Assets	+2,117	Capital additions of some £388,525 (mainly IT expenditure; new vehicles; refurbishment of tenanted property and purchase of woodland); asset valuation increases of some £2.291m arising from substantial increases in value of agricultural land since the previous valuation; depreciation of £504,446; impairments of £58,850.
Current Assets	+16	Normal fluctuations in levels; ending of lottery and European funded projects have reduced outstanding grant debt by £262,000.
Current Liabilities	-157	Normal fluctuations in levels; with reduction in project-related income in advance and creditors as projects progress / end.
Long – Term Liabilities	-1,056	the impact of the actuarial estimates used to provide notional figures to comply with Financial Reporting Standard 17 – Retirement Benefits - (see Note 7 - £946,003) is the principal reason for the reduction.
General Fund	+210	The General Fund is higher than it would otherwise be by a total of £585,408 as a result of allocating funds in 2006/07 (£212,342), 2007/08 (£160,523) and 2008-09 (£212,542) 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.
Economic Impact		The recent economic turbulence has not had a large impact on the Authority's finances to date with the Authority's trading and charging services achieving their budget estimates. Steps have been taken in the approval process for the 2009-10 budget to mitigate impacts during the 2009/10 financial year, together with a cautious approach to income assumptions. Note 34 highlights the Authority's exposure to interest rate risk, which is now minimised in revenue budgets. The main impact, largely outside the Authority's control, remains the medium term horizon and concerns for all National Park Authorities over the future level of National Park Grant during the next Spending Review period.

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

- 1.9 The Authority has maintained its strong financial position in 2008/09, 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, ensuring the Authority can maintain a degree of flexibility in responding to future settlements which are likely to 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 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 31<sup>st</sup> March 2009 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 1<sup>st</sup> 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 fourteen 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. It has also taken steps to increase the general reserve for this purpose by reducing the direct revenue financing of capital to zero over a number of years, and increasing the capital financing requirement correspondingly.

## **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 31<sup>st</sup> March 2009

2007-08 Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	<b>Conservation of the Natural Environment</b>			
179,855	Forestry & Tree Management	136,310	(3,080)	133,230
374,056	Estates Management	710,620	(330,563)	380,057
846,176	Countryside & Economy Service	865,029	(121,194)	743,835
456,834	Conservation & Environment Projects	1,168,450	(888,412)	280,038
169,351	Ecology	279,792	(17,145)	262,647
2,026,272		3,160,201	(1,360,394)	1,799,807
	<b>Conservation of Cultural Heritage</b>			
183,607	Historic Buildings	161,630	(4,892)	156,738
273,432	Village Management	211,784	(3,095)	208,689
179,879	Archaeology	162,128	(17,556)	144,572
68,214	Cultural Heritage Projects	93,527	(70,868)	22,659
705,132		629,069	(96,411)	532,658
	<b>Recreation Management &amp; Transport</b>			
48,330	Campsites, Hostels & Barns	101,425	(58,957)	42,468
812,118	Access, Walking & Riding Routes	1,119,877	(253,991)	865,886
181,523	Area Projects	167,751	(42,860)	124,891
33,552	Litter Collection	24,998	(0)	24,998
(45,116)	Car Parks & Concessions	258,127	(283,266)	(25,139)
6,440	Cycle Hire	360,038	(315,307)	44,731
166,814	Toilets	181,365	(18,147)	163,218
237,455	Transport Policy and Transport Projects	296,325	(122,494)	173,831
1,441,116		2,509,906	(1,095,022)	1,414,884
	<b>Promoting Understanding</b>			
495,178	Visitor Centres	859,583	(435,473)	424,110
64,559	Sustainable Tourism	200,366	(162,116)	38,250
245,891	Communications and Design Services	224,847	(4,366)	220,481
270,753	Rangers education & Community Liaison	377,683	(90,929)	286,754
657,392	Losehill Hall Environmental Education	1,394,993	(709,862)	685,131
2,957	Promoting Understanding Projects	23,134	(17,663)	5,471
1,736,730		3,080,606	(1,420,409)	1,660,197
	<b>Rangers, Estates Service &amp; Volunteers</b>			
412,410	Rangers	501,854	(66,203)	435,651
87,123	Countryside Volunteers	79,814	(6,920)	72,894
175,877	Property Team	228,405	(11)	228,394
43,331	Estates Workers	38,293	(0)	38,293
718,741		848,366	(73,134)	775,232
	<b>Development Control</b>			
1,235,977	Development Control	1,409,877	(232,596)	1,177,281
1,235,977		1,409,877	(232,596)	1,177,281
	<b>Forward Planning &amp; Communities</b>			
408,828	Policy Planning	574,758	(171,433)	403,325
41,655	Community Development	267,817	(213,695)	54,122
450,483		842,575	(385,128)	457,447
	<b>Corporate Management &amp; Administration</b>			
0	Corporate Management	1,964,880	(1,964,880)	0
394,458	Corporate & Democratic Core	407,514	0	407,514
339,000	Non-Distributed Costs	0	0	0
0	Less Recharged Support Service Costs	(1,880,968)	1,880,968	0
733,458		491,426	(83,912)	407,514
<b>9,047,909</b>	<b>Total Net Cost of Services</b>	<b>12,972,026</b>	<b>(4,747,006)</b>	<b>8,225,020</b>

### 3. Income & Expenditure Account – continued

2007-08 £		2008-09 £
9,047,909	Net Cost of Services b/f	8,225,020
0	Loss (Gain) on the disposal of Fixed Assets	0
32,229	Interest Payable	31,494
(253,239)	Interest Received on Investments	(187,631) (156,137)
46,000	Pensions' interest cost and expected return on pension scheme assets (see note 7)	431,000
<b>8,872,899</b>	<b>Net Operating Expenditure</b>	<b>8,499,883</b>
(7,723,294)	National Park Grant (see note 1)	(8,089,281)
<b><u>(1,149,605)</u></b>	<b>Surplus (Deficit) for Year</b>	<b><u>(410,602)</u></b>

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

The Income and Expenditure Account above shows the Authority's actual financial performance for the year, measured in terms of the resources consumed and generated over the last 12 months, which are accounted for on an accruals basis. However the Authority, in line with other Local Authorities, is 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.

2007-08 £		2008-09 £
<b>(1,149,605)</b>	<b>Surplus (Deficit) for the Year on the Income and Expenditure Account</b>	<b>(410,602)</b>
1,371,134	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)	620,633
221,529	Increase (Decrease) in General Fund Balance for the Year	210,031
858,513	General Fund Balance brought forward	1,080,042
<b><u>1,080,042</u></b>	<b>General Fund Balance carried forward and available for new expenditure</b>	<b><u>1,290,073</u></b>

## 5. Statement of Total Recognised Gains and Losses

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

<b>2007-08</b>	<b>2008-09</b>
<b>£</b>	<b>£</b>
<b>(1,149,605) Surplus (Deficit) for the Year on the Income and Expenditure Account</b>	<b>(410,602)</b>
139,893 Surplus (Deficit) arising on revaluation of fixed assets	2,291,597
(1,851,000) Actuarial Gain (Loss) on pension fund assets and liabilities	1,464,003
(90) Funds appropriated directly to (from) trust funds	0
(1) Other – difference between actuarial and actual charge against govt grant	134
<b><u>(2,860,803) Total Recognised Gains (Losses) for the year</u></b>	<b><u>3,345,132</u></b>

## 6. Balance Sheet as at 31<sup>st</sup> March 2009

2007-08 £	Notes	2008-09 £	£
<b>Fixed Assets:</b>			
210,041	Intangible Assets		230,240
Operational Assets:			
10,514,704	Land and Buildings	10,292,005	
1,019,049	Vehicles, plant, equipment	1,072,882	
1,120,102	Community Assets	1,246,499	12,611,386
1,682,310	Non-Operational Assets		3,821,406
14,546,206			16,663,032
2,850	Debtors due after one year		2,046
<b>14,549,056</b>	<b>Total Long Term Assets</b>		<b>16,665,078</b>
<b>Current Assets</b>			
93,930	Stocks and Work in Progress	107,547	
1,318,215	Debtors	849,436	
2,817,326	Short Term Investments	3,288,589	
2,500	Cash: In Hand	2,500	
0	At Bank	0	
4,231,971			4,248,072
<b>18,781,027</b>	<b>Total Assets</b>		<b>20,913,150</b>
<b>Current Liabilities</b>			
(2,262,318)	Sundry Creditors	(1,976,169)	
(16,194)	Borrowing repayable within 12 months	(16,964)	
(18,625)	Cash: Overdrawn	(147,056)	(2,140,189)
<b>16,483,890</b>	<b>Total Assets less current liabilities</b>		<b>18,772,961</b>
<b>Long-term Liabilities</b>			
(657,883)	Long-term Borrowing		(640,919)
(2,357,242)	Government Grants Deferred		(2,264,148)
(9,231,003)	Liability related to defined benefit pension scheme		(8,285,000)
<b>4,237,762</b>	<b>Total Assets less Liabilities</b>		<b>7,582,894</b>
<b>Financed by:</b>			
136,975	Revaluation Reserve		2,424,975
11,050,017	Capital Adjustment Account		10,621,445
86,567	Capital Receipts Reserve		86,567
(9,231,003)	Pensions' Reserve		(8,285,000)
1,080,042	General Fund		1,290,073
1,093,907	Specific Funds		1,425,138
21,257	Trust Funds		19,696
<b>4,237,762</b>	<b>Total Net Worth</b>		<b>7,582,894</b>

## 7. Cash Flow Statement

2007-2008		2008-2009
£		£
<b>REVENUE ACTIVITIES</b>		
<b>Cash Payments</b>		
7,532,110	Employment Costs	7,616,496
5,706,431	Other Costs	4,901,867
13,238,541		12,518,363
<b>Cash Income</b>		
(229,990)	Rents	(243,852)
(0)	Early Receipt of National Park Grant	(0)
(2,359,949)	Charges for Goods and Services	(2,590,194)
(3,219,822)	Grants and Partnership income	(2,125,768)
(7,723,294)	National Park Grant & Levies	(8,089,281)
(13,533,055)		(13,049,095)
<b>(294,514)</b>	<b>Net Cash Flow Revenue Activities</b>	<b>(530,732)</b>
	(see note 30)	
<b>RETURN ON INVESTMENTS &amp; SERVICING OF FINANCE</b>		
32,229	Interest Paid	31,494
(253,239)	Interest Received	(187,631)
(221,010)		(156,137)
<b>CAPITAL ACTIVITIES</b>		
<b>Cash Payments</b>		
0	Purchase of Long Term Investments	0
300,145	Other Capital Expenditure	339,666
300,145		339,666
<b>Cash Income</b>		
(37,385)	Capital Grants Received	(11,823)
0	Sale of Fixed Assets	0
(37,385)		(11,823)
<b>262,760</b>	<b>Net Cash Flow Capital Activities</b>	<b>327,843</b>
<b>(252,764)</b>	<b>NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING</b>	<b>(359,026)</b>
<b>FINANCING</b>		
15,459	Repayments of amounts borrowed	16,194
(0)	New Loans	(0)
15,459		16,194
<b>(237,305)</b>		<b>(342,832)</b>
(109,949)	(Increase)/Decrease in Cash	128,431
(127,356)	(Increase)/Decrease in Short term Investments	(471,263)
<b>(237,305)</b>	<b>NET CASH (INFLOW)/OUTFLOW</b>	<b>(342,832)</b>

## 8. Notes to the Accounts

### Note 1 National Park Grant and Levy

2007-08		2008-09
£		£
7,723,294	National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA)	8,089,281
<b><u>7,723,294</u></b>	<b>Total</b>	<b><u>8,089,281</u></b>

The Authority did not exercise its statutory power to raise a levy from its constituent councils in 2008/09. 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

2007-08		2008-09	
£	Statutory adjustments required to be excluded	£	£
(45,713)	Amortisation of Intangible Fixed Assets	(42,008)	
(1,056,123)	Depreciation and Impairment of Fixed Assets	(521,288)	
111,676	Amortisation of Government Grants received	104,917	
0	Write-downs of Deferred Charges	0	
0	Net Gain (Loss) on Sale of Fixed Assets	0	
0	Rounding	0	
(1,211,000)	Net Charges made for Retirement Benefits under accounting standard FRS 17	(1,418,000)	
<b><u>(2,201,160)</u></b>	<b>Subtotal</b>		<b><u>(1,876,379)</u></b>
	<b>Statutory adjustments required to be included</b>		
35,153	Minimum Revenue Provision for capital financing	4,837	
849,630	Employer contributions to the pension fund	899,865	
0	Capital expenditure charged in-year to the General Fund Balance	0	
<b><u>884,783</u></b>	<b>Subtotal</b>		<b><u>904,702</u></b>
	<b>Other adjustments</b>		
0	Voluntary Revenue Provision	21,374	
(59,757)	Net Transfer to (from) earmarked reserves (See Notes 3 & 28)	331,231	
5,000	Net Transfer to (from) Trust Funds (See Note 29)	(1,561)	
<b><u>(54,757)</u></b>	<b>Subtotal</b>		<b><u>351,044</u></b>
<b><u>(1,371,134)</u></b>	<b>Overall Total</b>		<b><u>(620,633)</u></b>

**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 28 Specific Reserves	
<b>Purpose:</b>	<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 2008	(136,975)	(11,050,017)	(86,567)	9,231,003	(1,080,042)	(1,093,907)	<b>(4,216,505)</b>
Charge (credit) arising from employee pension cost assessed in 2008/09	0	0	0	0	0	0	<b>0</b>
(Gain) Loss attributable to actuarial assessments on pension assets	0	0	0	(1,464,003)	0	0	<b>(1,464,003)</b>
Contribution to Fund	0	0	0	0	(210,031)	(431,988)	<b>(642,019)</b>
Contribution from Fund	0	0	0	518,000	0	100,757	<b>618,757</b>
Capital Financing	0	(131,128)	0	0	0	0	<b>(131,128)</b>
Depreciation	3,597	500,850	0	0	0	0	<b>504,447</b>
Impairment	0	58,850	0	0	0	0	<b>58,850</b>
Net (surplus)/deficit for the year	3,597	428,572	0	(946,003)	(210,031)	(331,231)	<b>(1,055,096)</b>
Unrealised (gains)/loss from Revaluation of assets	(2,291,597)	0	0	0	0	0	<b>(2,291,597)</b>
Disposals – Net Book Value written off	0	0	0	0	0	0	<b>0</b>
<b>Balance as at 31st March 2009</b>	<b>(2,424,975)</b>	<b>(10,621,445)</b>	<b>(86,567)</b>	<b>8,285,000</b>	<b>(1,290,073)</b>	<b>(1,425,138)</b>	<b>(7,563,198)</b>

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:-

2007-08 (Surplus)/ Deficit £	Nature of Operation	2008-09	
		Turnover £	(Surplus)/ Deficit £
657,392	Losehill Hall Study Centre	(709,862)	685,131
495,178	Visitor Centres	(435,473)	424,110
6,440	Cycle Hire Centres	(315,307)	44,731

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 exceeded in the case of Visitor Centres and Cycle Hire Centres. Losehill Hall Study Centre fell slightly short of its business plan target by £24,000. 2008-09 was the first year of a new 5 year business plan approved for the centre, with a re-focused business mix targeted more closely towards National Park Management Plan outcomes. 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.

2007-08 £		2008-09 £
52,009	Recruitment Advertising	32,287
9,503	Publicity Expenses	0
72,948	Advertising Expenses	58,326
2,543	Publicity Mailing	3,138
5,605	Sales Promotions	11,235
239	Public Relations	156
<b>142,847</b>	<b>Total</b>	<b>105,142</b>
131,430	Publications	10,441
<b>274,277</b>	<b>Total</b>	<b>115,583</b>

## Note 6 Employee Remuneration

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

Payment Range	Number of Employees	
	2007-08	2008-09
£50,000 - £59,999	3	3
£60,000 - £69,999	0	0
£70,000 - £79,999	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.

2007-08 £		2008-09 £
	<u>Net Cost of Services</u>	
826,000	Current Service cost	987,000
339,000	Past Service cost (gain)	0
<u>1,165,000</u>		<u>987,000</u>
	<u>Net Operating Expenditure</u>	
1,766,000	Interest cost	2,105,000
(1,720,000)	Expected return on assets	(1,674,000)
<u>46,000</u>		<u>431,000</u>
<u>1,211,000</u>	Chargeable to Income and Expenditure Account	<u>1,418,000</u>
<u>(361,370)</u>	Contribution (from) to pensions' reserve	<u>(518,000)</u>
<u><b>849,630</b></u>	<b>Actual Charge against Govt. Grant</b>	<u><b>900,000</b></u>

The current service cost, representing the future service cost to the employer of the year's pension benefits for active members, is higher than the previous year primarily because of a higher assumed life expectancy and improvements to the benefits payable under the new scheme taking effect from 1<sup>st</sup> April 2008. There is no past service cost, which represents the cost of benefits accruing to scheme members from any previous years' service, usually a result of early retirements or redundancies.

### Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31<sup>st</sup> March 2009 are as follows:

2006-07 £	2007-08 £		2008-09 £
(32,645,633)	(34,296,003)	Estimated Liabilities in scheme	(29,220,000)
25,627,000	25,065,000	Estimated Assets in scheme	20,935,000
<u><b>(7,018,633)</b></u>	<u><b>(9,231,003)</b></u>	<b>Net Asset (Liability)</b>	<u><b>(8,285,000)</b></u>
79%	73%	% Funded	72%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £8.285m has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains sound as the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary in triennial valuations of the scheme. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Authority's scheme has been assessed by Mercer Human Resource Consulting Ltd, using the methodology required by FRS 17, based on the current valuation which was based on information as at 31<sup>st</sup> March 2007. The main assumptions used in their calculations have been:

2007-08			2008-09	
	%			%
3.6		Rate of inflation	3.3	
5.1		Rate of increase in salaries	4.8	
3.6		Rate of increase in pensions	3.3	
6.1		Discount rate for scheme liabilities	7.1	

### Movement in Reserves

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

	2004-05		2005-06		2006-07		2007-08		2008-09	
	£	%	£	%	£	%	£	%	£	%
Gain (Loss)										
Difference between expected and actual return on assets	720,000	3.9	3,383,000	14.2	(77,000)	0.3	(2,534,000)	10.1	(6,166,000)	29.2
Difference between actuarial assumptions about liabilities and actual experience	1,477,000	5.5	(851,000)	2.6	(0)	0	1,836,000	5.4	7,622,000	26.1
Changes in demographic and financial assumptions used to estimate liabilities	(5,086,000)	18.8	(2,623,000)	8.1	1,718,000	5.3	(1,153,000)	3.4	8,003	0
<b>Gain (Loss) recognised in pensions' reserve</b>	<b>(2,889,000)</b>	<b>10.7</b>	<b>(91,000)</b>	<b>0.3</b>	<b>1,641,000</b>	<b>5</b>	<b>(1,851,000)</b>	<b>5.4</b>	<b>1,464,003</b>	<b>4.9</b>

For 2008/09 the Actuary reports that investments (return on assets) have performed significantly worse than assumptions over the year to 31<sup>st</sup> March 2009, with the shortfall (£6.2m as shown above) about 29% of the overall asset value of the fund. The other main movement shown in the table is a decrease in liabilities of £7.6m arising from large movements in the real terms discount rate, of 1.3% (increased yields in bonds & gilts over the year), which helps to reduce significantly the current value of the liability figure reported.

The overall result of economic factors during the year is a reduction in both assets and liabilities of the fund, with the greater reduction in the liability figure reducing the pension fund deficit overall.

### Analysis of Pension Fund Assets

	Fair Value of Assets as at 31/03/09 £,000	%	Expected Rate of Return – Beginning of Year (%)	Expected Rate of Return – End of Year (%)
Equities	13,294	63.6	7.5	7.5
Bonds	5,108	24.4	4.6-6.1	4.0-6.0
Property	1,486	4.9	6.5	6.5
Cash / Other	1,047	7.2	5.25	0.5
<b>Total</b>	<b>20,935</b>	<b>100</b>		

### Note 8 Members' Allowances

The following amounts were paid to the 30 Members of the Peak District National Park Authority as allowances in the year ended 31<sup>st</sup> March 2009.

2007-08		2008-09	
£		£	
49,415	Basic Allowance	51,020	
16,013	Special Responsibility Allowance	17,394	
<b>65,428</b>		<b>68,414</b>	

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

### Note 9 Related Party Transactions

The Authority is required to disclose any material transactions with related parties that are not disclosed elsewhere in the accounts. Disclosures elsewhere in the accounts concerning related parties are Note 1 – Grants and Levy, Note 7 – Pension Costs and Note 22 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 2008/9 goods and services were contracted to one business in which a Member declared a financial interest, to the value of £1,428. Another Member declared a financial interest in farm grant payments for wall rebuilding of £1,300. In summary during the normal course of business the following significant transactions were made between the Authority and other related parties:

	<b>Income</b>	<b>Expenditure</b>
	<b>£</b>	<b>£</b>
Defra Sustainable Development Grant	200,000	-
Dept for Communities and Local Govt (DCLG) – Housing Delivery Grant	115,934	-
Government Bodies – other	519,869	17,746
Other Local Authorities	294,313	214,236
Audit Commission	-	26,684
Other National Parks	20,428	2,434
Associations of National Park Authorities	-	57,522
Lottery Funds	232,641	-
Rural Development Funds	12,945	-
European Funds	160,163	-
Water companies	621,164	147,872
Landfill Tax	30,600	8,697
National Trust	129,080	32,468
<b>Total</b>	<b>2,337,137</b>	<b>507,659</b>

## **Note 10      Contingent Liabilities**

The Authority is engaged in a number of legal actions in support of its minerals extraction policies in the National Park. In February 2008 the Authority defended an Appeal to the High Court Queens Bench Division (ref 2008 EWHC 606) and judgement was given on the 7<sup>th</sup> March 2008. 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 stop notices were 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. On 15<sup>th</sup> July 2008 the Authority received notice of a compensation claim for £1,938,809 from MMC Midlands Ltd, plus an unquantified potential sum arising for loss of contracts. On 3<sup>rd</sup> April 2009 a further unquantified claim relating to other periods when the Stop Notices were in place was received. On 18<sup>th</sup> March 2009 in the Court of Appeal (2009 EWCA Civ 206) the Authority's appeal was allowed and the judgement of the High Court was overturned, with the effect that the amount of compensation claimed will be unsustainable, subject to any further appeal, as it was based on the overturned judgement. The affected parties have appealed to the House of Lords and their decision is awaited. No provision has been made in the 2008/09 accounts in accordance with the Code of Accounting Practice, however the Authority considers that it has made sufficient financial arrangements to cover our estimate of 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 31<sup>st</sup> March 2009 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	<b>2007-08</b>	<b>2008-09</b>
	£	£
Vehicles	106,776	117,147
Premises	15,176	15,211
<b>Total</b>	<b>121,952</b>	<b>132,358</b>

Future rental obligations are as follows:-

	<b>2009-10</b>	<b>2<sup>nd</sup> – 5<sup>th</sup></b>	<b>6<sup>th</sup> year</b>	<b>Total</b>
	£	year	onwards	£
	£	£	£	£
Vehicles	5,850	11,700	0	<b>17,550</b>
Premises	15,300	62,200	15,800	<b>93,300</b>
<b>Total</b>	<b>21,150</b>	<b>73,900</b>	<b>15,800</b>	<b>110,850</b>

Vehicles - 2008-09 saw the introduction of the revised vehicle management policy with the purchase of three additional pool cars based at Aldern House. Pending implementation of the policy and the purchase of replacements the practice of not renewing vehicle leases on expiry but retaining them on a monthly payment basis was continued. The change from leased to owned vehicles was undertaken at the end of March 2009 / beginning of April 2009. Four leases remain in operation; three will expire during 2009/10 and the fourth in 2011/12

Premises - The revenue charge reports the total lease payments, with future rental obligations based on the 08/09 total with a nominal increase year on year to accommodate rent reviews.

The Authority collected the following rentals in 2008/09 from its assets as lessor.

	<b>2007-08</b>	<b>2008-09</b>
	£	£
General Rents	16,120	17,559
Agricultural Rents	110,450	131,583
Residential Rents	53,232	52,194
Business Rents	13,106	14,468
Agricultural Licences	23,815	12,286
Business Licences	13,264	15,761
<b>Total</b>	<b>229,987</b>	<b>243,851</b>

## Note 12 Prior Year Adjustments

There are no prior year adjustments.

## 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.

2007-08 £		£	2008-09 £
	<b>Conservation of the Natural Environment</b>		
2,189	Forestry & Tree Mgt	2,147	
10,086	Moors Project	9,733	
9,101	Estates Management	16,699	
<u>21,376</u>			<u>28,579</u>
	<b>Recreation Management</b>		
3,869	Campsites, Hostels & Barns	3,804	
11,614	Access, Walking and Riding Routes	7,317	
146,075	Car Parks & Concessions	135,913	
8,899	Cycle Hire	20,531	
15,210	Toilets	14,957	
<u>185,667</u>			<u>182,522</u>
	<b>Promoting Understanding</b>		
67,582	Visitor Centres	55,573	
53,047	Environmental Education	49,465	
<u>120,629</u>			<u>105,038</u>
	<b>Rangers, Estate Service &amp; Volunteers</b>		
8,517	District Rangers	5,366	
8,638	Conservation Volunteers	8,494	
487	Estate Workers	463	
<u>17,642</u>			<u>14,323</u>
	<b>Development Control</b>		
3,679	Development Control	2,943	
			<u>2,943</u>
	<b>Corporate Management and Administration</b>		
586,591	Headquarters Premises	76,492	
166,252	Capitalised IT Expenditure	153,400	
<u>752,843</u>			<u>229,892</u>
<u><u>1,101,836</u></u>	<b>Total</b>		<u><u>563,297</u></u>

## Note 14 Movement of Fixed Assets

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

	<b>Intangible Assets</b>	<b>Operational: Land &amp; Buildings</b>	<b>Operational: Vehicles, plant, equipment</b>	<b>Operational: Community</b>	<b>Non- Operational</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Gross Book Value at 31 <sup>st</sup> March 2008	255,754	11,351,832	1,230,848	1,122,634	1,686,974	<b>15,648,042</b>
Accumulated depreciation b/f	(45,713)	(282,835)	(211,799)	(2,532)	(2,439)	<b>(545,318)</b>
Accumulated impairment b/f	(0)	(554,293)	(0)	(0)	(2,225)	<b>(556,518)</b>
Net Book Value at 31 <sup>st</sup> March 2008	210,041	10,514,704	1,019,049	1,120,102	1,682,310	<b>14,546,206</b>
Depreciation in year	(42,008)	(263,147)	(186,911)	(3,225)	(9,155)	<b>(504,446)</b>
Impairments in year	(0)	(58,850)	(0)	(0)	(0)	<b>(58,850)</b>
	<b>168,033</b>	<b>10,192,707</b>	<b>832,138</b>	<b>1,116,877</b>	<b>1,673,155</b>	<b>13,982,910</b>
Additions	62,207	9,500	240,744	29,396	46,678	<b>388,525</b>
Disposals	(0)	(0)	(0)	(0)	(0)	<b>(0)</b>
Revaluations	0	89,798	0	100,226	2,101,573	<b>2,291,597</b>
<b>Balance at 31st March 2009</b>	<b>230,240</b>	<b>10,292,005</b>	<b>1,072,882</b>	<b>1,246,499</b>	<b>3,821,406</b>	<b>16,663,032</b>

Within the balance for vehicles plant and equipment as at 31/03/09 is a £108,569 asset which is the capitalised value of the I.T. hardware purchased for the Joint Portal Project, which was a joint partnership between all the English National Park Authorities, managed on behalf of the National Parks by the Peak District. Within the deferred government grants figure shown on the Balance Sheet (see Note 26) is a matching £89,641 balance relating to government grant support for this project. From 1<sup>st</sup> April 2008 responsibility and management of the project was passed to the U.K. Association of National Park Authorities, with the Peak District remaining a member of the partnership. The asset and matching grant will be retained within the Authority's books but will be depreciated and amortised respectively over the life of the current partnership agreement, up to 31/03/2011, reflecting continued use of the asset by the partnership.

## Note 15 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 16 Fixed Asset Valuation

The operational, non-operational, community and infrastructure assets which comprise the Authority's fixed asset portfolio, have been valued as at 1<sup>st</sup> April 2008 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 a number of agricultural landholdings.

## Note 17 Capital Expenditure

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

2007-08 £	Services	2008-09 £
	<b>Conservation of the Natural Environment:</b>	
0	Forestry & Tree Mgt	46,678
44,109	Estates Management	29,396
18,182	Moors Project	2,600
<u>62,291</u>		<u>78,674</u>
	<b>Conservation of Cultural Heritage:</b>	
<u>0</u>		<u>0</u>
	<b>Recreation Management:</b>	
<u>0</u>		<u>0</u>
	<b>Promoting Understanding:</b>	
9,790	Information Services	0
<u>0</u>	Environmental Education	<u>27,893</u>
9,790		27,893
	<b>Development Control:</b>	
<u>0</u>		<u>0</u>
	<b>Corporate Mgt &amp; Administration:</b>	
0	Aldern House headquarters	6,900
0	Vehicles	129,367
90,582	IT Expenditure	145,691
<u>90,582</u>		<u>281,958</u>
<b><u>162,663</u></b>	<b>Total</b>	<b><u>388,525</u></b>
	<b>Financed From:</b>	
0	Direct Revenue Financing	0
2,139	Capital Grants	11,823
0	Other Capital Income	0
0	Use of Income from Sale of Fixed Assets	0
0	Capital Receipts Reserve	0
0	Long Term Borrowing	6,900
160,524	Internal Funds	369,802
<b><u>162,663</u></b>	<b>Total</b>	<b><u>388,525</u></b>



## Note 18 Long Term Loans

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

<b>31 March 2008</b>	<b>Analysis by Type of Loan</b>	<b>31 March 2009</b>
£		£
657,883	Public Works Loan Board	640,919
<b><u>657,883</u></b>	<b>Total</b>	<b><u>640,919</u></b>
<b>Analysis by maturity</b>		
16,964	Between 1 and 2 years	17,770
76,314	Between 2 and 6 years	79,943
233,597	Between 6 and 15 years	244,705
331,008	Between 15 and 30 years	298,501
<b><u>657,883</u></b>		<b><u>640,919</u></b>

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.

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

<b>31 March 2008</b>		<b>31 March 2009</b>
<b><u>688,659</u></b>	<b>PWLB Fair Value</b>	<b><u>743,480</u></b>
<b>Balance Sheet Carrying Value</b>		
16,194	Under 1 year	16,964
657,883	Between 1 and 30 years	640,919
<b><u>674,077</u></b>		<b><u>657,883</u></b>

The Fair Value is more than the carrying amount at 31<sup>st</sup> March 2009 because the fixed rate loan interest payable is 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 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 19 Stocks and Work in Progress

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

<b>31 March 2008</b>		<b>31 March 2009</b>
£		£
65,009	Visitor Centres Stock	89,848
18,469	Travel Tickets	5,717
3,565	Losehill Hall – Catering Stocks	4,846
4,975	Losehill Hall – Bar Stocks	4,667
1,912	Losehill Hall – Shop Stocks	2,469
<b><u>93,930</u></b>	<b>Total</b>	<b><u>107,547</u></b>

## Note 20 Debtors

Debtors can be analysed as follows:

31 March 2008		31 March 2009
£		£
166,563	Government Agencies	227,085
227,380	European Funds	61,038
139,388	Local Authorities	100,657
102,987	Lottery/Landfill	6,923
835	Car Loans to Officers due within one year	835
(20,000)	Less: Provision for Bad Debts	(17,000)
6,250	Advance Payment	34,566
694,812	Other Miscellaneous Sales Ledger	435,332
<u>1,318,215</u>		<u>849,436</u>
2,850	Car Loans to Officers due after one year	2,046
<u><b>1,321,065</b></u>	<b>Total</b>	<u><b>851,482</b></u>

## Note 21 Cash and Bank

Cash and Bank can be analysed as follows:

31 March 2008		31 March 2009
£		£
(18,625)	Co-operative Bank	(147,056)
2,500	Imprest	2,500
<u><b>(16,125)</b></u>	<b>Total</b>	<u><b>(144,556)</b></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. 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 22).

## Note 22 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 2008		2008-09 Increase (Decrease)	31 March 2009
£			£
(16,125)	Movement in Bank funds	(128,431)	(144,556)
2,817,326	Movement in Short-term investments	471,263	3,288,589
<u><b>2,801,201</b></u>	<b>Total Movement in cash resources as per CashFlow Statement</b>	<u><b>342,832</b></u>	<u><b>3,144,033</b></u>

## Note 23 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2008		31 March 2009
£		£
532,306	Project Income received in advance	373,096
0	National Park Grant received before 1 <sup>st</sup> April	0
14,705	Income for Courses – Deposits	22,059
67,230	Staff Cost Accruals	87,020
146,303	Government Agencies	141,119
386,247	Local Authorities	247,711
325,992	Grant Scheme Accruals	295,480
1,556	Provision for uncleared cheques	7,020
787,979	Other Miscellaneous Creditors	802,664
<b>2,262,318</b>	<b>Total</b>	<b>1,976,169</b>

## Note 24 Revaluation Reserve

This 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. 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 16 and the account includes these changes, together with any written down value of assets which have been disposed of in the year.

2007-08		2008-09
£		£
0	Balance at 1 April 2008	136,975
(2,918)	Depreciation	(3,597)
139,893	Revaluations	2,291,597
0	Disposals – Net Book Value written off	0
<b>136,975</b>	<b>Balance at 31 March 2009</b>	<b>2,424,975</b>

## Note 25 Capital Adjustment Account

The Capital Adjustment 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 represents the extent to which capital finance has been set aside for the purchase of fixed assets, less the amounts charged to Income & Expenditure Account as those assets were consumed.

<b>2007-08</b>		<b>2008-09</b>
£		£
719,314	Balance at 1 April 2008	<b>11,050,017</b>
0	Capital Receipts used in year	0
0	Direct Revenue Financing	0
35,152	Minimum Revenue Provision	4,837
0	Voluntary Revenue Provision	21,374
111,676	Amortisation of capital grants for the year	104,917
(545,318)	Depreciation charge for the year	(504,447)
(556,518)	Impairment charge for the year	(58,850)
2,918	Less Impairment / depreciation allocated to Revaluation Reserve	3,597
11,282,793	SORP 2007 Adjustment - appropriated from Capital Financing Reserve	0
<b>11,050,017</b>	<b>Balance at 31 March 2009</b>	<b>10,621,445</b>

## **Note 26 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). Within the balance as at 31/03/09 is a £89,641 deferred grant relating to the Joint Portal Project mentioned in Note 14 above.

<b>2007-08</b>		<b>2008-09</b>
£		£
2,466,779	Balance at 1 April 2008	2,357,242
2,139	Capital Grants received in 2008-09	11,823
(111,676)	Amortisation charge for the year	(104,917)
<b>2,357,242</b>	<b>Balance at 31 March 2009</b>	<b>2,264,148</b>

## **Note 27 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.

<b>2007-08</b>		<b>2008-09</b>
£		£
86,567	Balance at 1 April 2008	86,567
0	Capital Receipts received in year	0
0	Capital Receipts used to finance Capital Expenditure	0
<b>86,567</b>	<b>Balance at 31 March 2009</b>	<b>86,567</b>

## Note 28 Statement of Total Movement in Specific Reserves

The Authority has earmarked reserves for fourteen 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	(63,731)	(35,000)	(98,731)
Estates & Property Reserve	(15,586)	(10,000)	(25,586)
Visitor Centre Reserve	(64,446)	(42,000)	(106,446)
Losehill Hall Reserve	(24,424)	0	(24,424)
Aldern House Reserve	(53,789)	0	(53,789)
Design Reserve	(16,742)	0	(16,742)
Forestry Reserve	(38,140)	35,000	(3,140)
Trail Reserve	(38,704)	0	(38,704)
Vehicle Maintenance Reserve	(0)	(6,854)	(6,854)
Planned Maintenance Reserve	(20,000)	5,000	(15,000)
Car Park Reserve	(45,504)	(20,000)	(65,504)
Cycle Hire Reserve	(39,490)	(4,000)	(43,490)
Matched Funding Reserve	(144,170)	60,757	(83,413)
Slippage Reserve	(529,181)	(314,134)	(843,315)
<b>Total</b>	<b>(1,093,907)</b>	<b>(331,231)</b>	<b>(1,425,138)</b>

## Note 29 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 2008 £	Direct fund (Income) Expenditure £	Appropriations to (from) Revenue Account £	Closing Balance at 31st March 2009 £
Cyril Bennett Bequest	(10,355)	0	1,209	(9,146)
Graham Attridge Bequest	(4,500)	0	500	(4,000)
Restoration Bond	(3,935)	0	(148)	(4,083)
Friends of Losehill Hall	(2,467)	0	0	(2,467)
<b>Total</b>	<b>(21,257)</b>	<b>0</b>	<b>1,561</b>	<b>(19,696)</b>

**Note 30 Reconciliation of Cash Flow Statement to Revenue Expenditure**

2007-08 £	£	2008-09 £
1,149,605	Deficit on Income & Expenditure Account	410,602
(1,371,134)	Adjustments to General Fund (Note 2)	(620,633)
(221,529)	(Increase)/Decrease in General Fund Balance for the year	(210,031)
(35,152)	Minimum / Voluntary Revenue Provision	(26,211)
59,757	Contributions (to)/from Reserves	(331,231)
(4,910)	Contributions (to)/from Trust Funds	1,561
(214,926)	(Increase)/Decrease in Creditors	183,151
21,498	(Increase)/Decrease in Advance Income	151,856
(120,628)	Increase/(Decrease) in Debtors	(469,581)
365	Increase/(Decrease) in Stock	13,617
0	Revenue Contribution to Capital Expenditure	0
(293,996)		(476,838)
	Items classified elsewhere in the Cash Flow Statement:	
221,011	Net Interest	156,137
<b>(294,514)</b>	<b>Revenue Activities Net Cash Flow</b>	<b>(530,732)</b>

**Reconciliation Between Movement in Cash to Movement in Net Debt**

2007-08 £		2008-09 £
109,949	Increase (Decrease) of cash in period	(128,431)
127,356	Increase (Decrease) from change in liquid resources	471,263
237,305	Movement in Net Debt	342,832
2,563,896	Net Debt as at 1 <sup>st</sup> April	2,801,201
<b>2,801,201</b>	<b>Net Debt as at 31<sup>st</sup> March</b>	<b>3,144,033</b>
2007-08 £	<b>Analysis of Net Debt</b>	2008-09 £
(16,125)	Cash	(144,556)
2,817,326	Short Term Investments	3,288,589
<b>2,801,201</b>		<b>3,144,033</b>

### **Note 31 Future Commitments**

There are three future commitments to capital contracts which have been agreed in 2008/09; remaining expenditure on the replacement of the Authority's vehicle fleet of approximately £370,000; £250,000 of asset improvement at Losehill Hall, and £150,000 of Information Technology infrastructure expenditure. All other proposals form part of future decision-making within the Authority's Capital Strategy, integrated with the Asset Management Plan, which will help to inform its future plans for fixed asset investments.

### **Note 32 Post-Balance Sheet Events**

As stated in Note 10 the Authority is expecting to know shortly whether the House of Lords are prepared to allow leave for Bleaklow Industries Ltd and MMC Mineral Processing Ltd to appeal against the Court of Appeal judgment in respect of Longstone Edge. There are no other post-balance sheet events which require disclosure or inclusion in the Statement of Accounts.

### **Note 33 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 2007/8 were £40,400; for 2008/09 were £36,300, and are expected to be £26,200 in 2009/10.

### **Note 34 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 20) and Short Term investments (Note 22). The Debtors figure contains £395,703 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 2008-09. The Trade Debtors figure of £435,332 arises from normal business activity and the bad debts provision of £17,000 is regarded as sufficient mitigation of the risks of any of this debt not being paid, representing 172% 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 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, nor does it have any foreign exchange risk.

In terms of interest rate risk, the unprecedented reduction in variable interest rates during the 2008-09 year has had a clear impact on the rate of interest earned on surplus funds during the year, but the overall yearly total was only £6,000 below budget as reductions had been anticipated and budgeted for at the approval and mid-year stage in 2008/09. The 2009/10 budget has been approved assuming these low variable interest rates will prevail throughout the 2009/10 year, and the budget has been adjusted accordingly. There is not therefore considered to be a significant risk in the Authority's financial position arising from changes in variable interest rates. The Authority's long term borrowings are at a fixed rate of interest, and it is the Authority's policy to manage these risks by monitoring prevailing long term interest rates, ensuring that exposure to uncompetitive interest rate payments is minimised where possible. The timing of capital investment and raising of loan finance is also reviewed and forecast, in order to take advantage of interest rates which compare favourably against long term averages. The Capital Financing Requirement is also being managed in the short term with internal use of funds.

## **Note 35      Audit Fees**

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

	<b>2007-08</b>	<b>2008-09</b>
	<b>£</b>	<b>£</b>
External audit services as appointed auditor (Section 5 Audit Commission Act 1998)	19,824	24,200
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)	2,193	2,484
Fees payable in respect of any other services provided by the appointed auditor	0	0
<b>Total</b>	<b>22,017</b>	<b>26,684</b>

The independent Auditor's report will be appended on page 41, once the audit exercise has been completed.