PEAK DISTRICT
NATIONAL PARK AUTHORITY

Statement of Accounts for the Financial Year

1st April 2009 to 31st March 2010

Contents

Signed: **Date:**

N. Bajaria

Chair of the Peak District National Park Authority

As resolved by the Authority Meeting and authorised for issue 25th June 2010

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

2009/10 Annual Governance Statement

Scope of Responsibility

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

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

The Authority approved and adopted a Code of Corporate Governance in May 2009 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.* A copy of the Authority's Code of Corporate Governance can be found on our website at 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, for the direction and control of the Authority and its 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 objectives and to consider whether these objectives have been supported through the delivery of appropriate, cost effective services.

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 2010 and up to the date of approval of the Statement of Accounts (25 June 2010).

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 including the new Defra (Department for Environment, Food and Rural Affairs) circular and the National Park Grant Memorandum. 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 reviewed every 5 years and 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 year corporate objectives. 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. The core strategy will be submitted to the Secretary of State by September 2010.

(e) The National Park Working with People and Communities strategy and action plans (recently updated to reflect feedback from the residents' survey) and the Authority's Communications strategy (also updated in early 2010) 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 corporate objectives and NPMP outcomes
- measures of success are identified and targets set for performance
- resources are allocated to priorities
- risks to achieving corporate objectives 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 arsing 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 and guidance 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
- Complaints procedures
- Our scrutiny process led by Members

(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. Following a review of the CIPFA statement on The Role of the Chief Finance Officer (CFO) in Local Government (2010) we will be strengthening our Code of Corporate Governance to reflect better the role of the CFO. We believe that our reporting arrangements meet the requirements of the Code with the CFO having independent reporting as necessary to the Chief Executive, Resource Management Team and Members even though the post holder sits in the Corporate Resources Directorate.

(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'. Improvements to our approach on Member development are reported annually to the Authority as part of agreeing the annual programme of development and business events.

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 each year in the preparation for this statement. In accordance with the Authority's Code of Corporate Governance a meeting was held on 29 April 2010 to:

1. Review our performance against our action statements of commitment in our Code of Corporate Governance and highlight what we have done in the 2009/10 year which contributes to achieving our outcome of 'good governance'

2. Identify any further improvement action needed for the forthcoming year

The meeting involved the Chief Executive, Director of Strategy and Development, Chief Finance Officer, Chair and Vice Chair of Audit and Performance Committee, an independent Member of Standards Committee, the Democratic Services Manager/Deputy Monitoring Officer, the Director of Corporate Resources/Monitoring Officer and the Head of Law. In carrying out our review we took account of the 'assurances' we have received during the year (and at our meeting) including:

(a) Audit Commission Annual Audit Letter November 2009
(b) Internal Audit reports for 2009/10
(c) Assurances given at meeting from 'those charged with governance' including: Management Team, Statutory Officers (Head of Paid Service, Chief Finance Officer, Monitoring Officer, Deputy Monitoring Officer), Head of Law, Chair and Vice Chair of Audit and Performance Committee, Standards Committee representative
(d) A special internal audit report commissioned during the year
(e) Progress against action we identified last year as part of our Annual Governance Statement
(f) The Local Government Ombudsman's annual letter received June 2009

It was agreed that the outputs of our review in terms of improvement action for the forthcoming year would be reflected in our 2009-10 Annual Governance Statement. These are recorded below against the 6 core principles of our Code of Corporate Governance. A full record of our review of action and assurances received indicating maintenance and/or improvement to the effectiveness of elements of the governance framework can be obtained from the Monitoring Officer at Aldern House, Baslow Road, Bakewell, DE45 1AE.

(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

Issues identified during review which affect effectiveness:

1. We need to strengthen our Code of Corporate Governance to reflect more fully the Chief Finance Officer role using the guidance produced by CIPFA in March 2010 'Application note to delivering good governance in Local Government' and explain the CFO reporting arrangements in our Annual Governance Statement.

2. We will allocate extra resources to address outstanding work related to the proposed procurement manual and changes to Standing Orders if this is not completed within existing resources by October 2010.

(2) Code of Corporate Governance core principle:
Members and officers working together to achieve a common purpose with clearly defined functions and roles

Issues identified during review which affect effectiveness:

3. During the year feedback from handling complaints highlighted the need to be clearer to the public on how correspondence to Members is handled. Amendments will be made to the member officer protocol to address this.

(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

Issues identified during review which affect effectiveness:

4. We will amend the Anti Fraud and Corruption policy to reflect formally the current practice of briefing the Chair and Vice Chair of Audit and Performance Committee on issues which are being investigated under the policy.

(4) Code of Corporate Governance core principle:
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Issues identified during review which affect the effectiveness:

5. Although there is an IT disaster recovery plan and Crisis Management procedures in place we have identified the need for an Authority Emergency Plan and this will be completed in 2010/11 (delayed action from 2009).

6. A review of the Authority's risk management framework will be undertaken during the year reporting to Audit and Performance Committee in October 2010 (delayed action from 2009).

7. An annual report on insurance risks was considered by Resource Management Team and the fleet management group has been asked to review action to address the number of minor vehicle bumps on Authority vehicles because of the potential impact on next year's insurance premium.

8. It is intended to benchmark and review the Authority's complaints procedure to address feedback relating to time periods for response and how ombudsman cases are handled.

(5) Code of Corporate Governance core principle: ***Developing the capacity and capability of members and officers to be effective***
Issues identified during review which affect effectiveness: 9. In 2010/11 there will be a need for further leadership development under the new structure and we will be reviewing and developing our management competency framework to support this.

(6) Code of Corporate Governance core principle: ***Engaging with local people and other stakeholders to ensure robust public accountability***
Issues identified during review which affect effectiveness: 10. We have identified in our Performance Improvement Plan that we want to do more to fully utilise a) the role of members externally in partnerships, in the community and on outside bodies to support achievement of NPMP outcomes b) the NPMP external monitoring group to increase involvement of partners in delivering the NPMP and c) strategy lead officers in their external advocacy role with key delivery partners.

Significant Governance Issues:

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. None of the issues highlighted are considered to be **significant** governance issues.

Signed on behalf of the Peak District National Park Authority:

……………………………………………... Chair

……………………………………………. Chief Executive

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2010

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 give a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

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.

Authorisation for Issue and Certificate of Chief Finance Officer

I certify that the accounts gives a true and fair view of the financial position of the National Park Authority as at 31st March 2010 and its income and expenditure for the year ended 31st March 2010.

Philip Naylor
Chief Finance Officer to the Authority
25th June 2010

Peak District National Park Authority
Annual Accounts for the Year Ended 31st March 2010

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 2009-10 the funding was set at £8,309,049 (£8,089,281 in 2008-09), including any supplementary allocations received in-year. In each year an additional £200,000 was also allocated for the Sustainable Development Fund. 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 decreased the General Fund by £3,419.

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 toilets, briefing centres and agricultural landholdings.

1.7 In accordance with accounting practice, the Authority must show the present value surplus or deficit position on its share of the Pension Fund on the Balance Sheet. The net position as at 31st March 2010 shows an increased liability of £12.624m compared to a liability of £8.285m for the preceding year. The liability is assessed on an actuarial basis using a present value estimate of the pensions that will be payable in future years, over and above the assets within the Fund retained for this purpose. The level of employer and employee contributions into the Fund are assessed every three years with a view to ensuring that the assets within the Fund are capable of financing in full future pension commitments. Fluctuations often occur as the valuations made for the purpose of the accounts are based on prevailing economic conditions (e.g. bond yields, stock market values, inflation rates etc) at balance sheet date. Full details are explained in Note 6.

1.8 For the 2009-10 financial year the Authority set a borrowing limit (the "authorised" limit) of £1.9m. The Authority's long term borrowing as at 31st March 2010 was £1,107,754. The Authority's Capital Financing Requirement, i.e. its underlying need to borrow for capital purposes, was £1,503,161.

1.9 <u>Explanation of Main Variances Between Years.</u>

On February 6th 2009 the Authority approved the 2009/10 Budget and the variances from the previous year were in line with budget expectation and allocations. A more detailed financial commentary on the 2009/10 results can be found in the outturn report which was reported to Services Committee on the 4th June 2010; obtainable from the Authority's website (www.peakdistrict.gov.uk - under Committee meetings) or by request to the Head of Finance, Aldern House, Baslow Rd, Bakewell, Derbyshire tel 01629 816366. Many of the variances shown in the Income and Expenditure Account arise from normal business and project related fluctuations; the main variances are outlined below.

	Variance £,000	Comment
Income and Expenditure Account		
Estates Management	(88)	The impact of increased income from agri-environment grant aid to the Authority's main estate holdings
Conservation & Environment Projects	(113)	Fluctuations arising from the ending of conservation projects (the original Moors for the Future project and the New Environmental Economy project); and expenditure on new projects – Moors for the Future core team.
Cycle Hire	(33)	Increased trading income
Losehill Hall	(104)	Increased Learning team and conference income
Development Control	88	Split between reduction in planning fee income and increased expenditure on consultants in support of staffing vacancies and court cases
Community Development	112	Increases in project expenditure: Live & Work rural and the Sustainable Development Fund.
Balance Sheet		
Fixed Assets	+29	Capital additions of some £555,013 (mainly replacement of leased fleet with purchased vehicles; refurbishment of tenanted property and IT expenditure); asset valuation increases of £614,453; depreciation of £507,877; impairments of £390,641; and disposals of two properties £241,481.
Current Assets	+3043	Debtors levels remain approximately the same, but the increase in cash balances arises mainly because of the drawdown in advance of expenditure of European grant of £1.8m for the Moorlife project (40% of the total grant aid as per the scheme rules); higher levels of slippage agreed to meet shortfalls arising from the cuts in the 2010/11 National Park Grant and Housing & Planning Delivery Grant announced recently, and higher levels of income in advance from partners for specific ring-fenced projects.
Current Liabilities	+2,442	The large increase in creditors is mainly explained by the income in advance mentioned above, which includes the Moorlife grant aid figure of £1.8m.
Long – Term Liabilities	-4,641	the impact of the actuarial estimates used to provide notional figures to comply with Financial Reporting Standard 17 – Retirement Benefits - (see Note 6) is the principal reason for the increase. Long-term borrowing has also increased (by £381,607) because of the new loan used to purchase the replacement vehicle fleet.
General Fund	-4	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 (£212,543) 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, especially because of the significant uncertainties over the next Spending Review period.

Economic Impact		The recent economic turbulence has not had as large an impact on the Authority's finances to date as feared, with the Authority's trading services achieving their budget estimates. Planning fees however showed a further small decline (9%) from the previous year, though the decline is not as significant as other planning authorities, and there remains concern in the future where our services are dependant on public sector income, whether in the form of grant aid, partnership contributions or other charges. Many of the Authority's trading services are weather-related and improvements in trading can often be linked to better weather conditions. Note 33 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. Steps were taken in the approval process of the 2010-11 budget to prepare the Authority for a balanced budget over the next Spending Review period up to 2013-14; however the announcement of a 5% cut in-year to the previously notified National Park Grant settlement of 2010/11, and the communication from our parent body that Defra-funded bodies should consider "year on year fiscal contraction" in their planning scenarios, means that the Authority will face a significant challenge in achieving a sustainable budget over this period.

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

1.10 The Authority has maintained its strong financial position in 2009/10, and this strength stems from the operation of four principal aspects of our financial strategy. The first is achieving a balance between maximising funding sources, and ensuring that agreed budgets do not include speculative or imprudent assumptions. The second follows on as a consequence, ensuring that our budgetary control procedures remain robust, particularly in early monitoring of the risks implicit in our provision of demand-led services. The third is the need to ensure that the Authority's fixed asset base is sustainable, with 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. The current financial position is critical in being able to respond to potential scenarios if the Spending Review confirms year on year contractions, although this will only offer a temporary short term buffer up to 2011/12, beyond which more fundamental decisions will need to be taken to ensure sustainability.

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 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 depreciated 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 depreciated replacement cost. Community assets are included in the balance sheet at historic cost, net of depreciation where applicable.

2.4.3 Included on the Balance Sheet are assets that the Authority has constructed, but which are sited on leased land. This allows the Authority the opportunity to depreciate these assets and calculate a Capital Charge to the Income and Expenditure Account for their use.

2.4.4 It is the Authority's policy to revalue 20% of total assets each year as a rolling programme over a five-year period. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the Income & Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation for all Local Authorities. Gains arising before that date have been consolidated into the Capital Adjustment Account.

2.5 Capital Charges

2.5.1 The capital charges made to services in the Income and Expenditure account equate to the sum of depreciation plus any impairment of value. Impairments, if attributed to the clear consumption of economic benefits, are charged to this account; otherwise they are written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service account.

2.6 Depreciation

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

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

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

2.7 Capital 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 from April 2006 to March 2009, 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 31st March 2010

2008–09 Net Expenditure £		Gross Expenditure £	Income £	Net Expenditure £
	Conservation of the Natural Environment			
133,230	Forestry & Tree Management	129,682	(2,857)	126,825
380,057	Estates Management	692,105	(399,827)	292,278
743,835	Countryside & Economy Service	786,625	(71,918)	714,707
280,038	Conservation & Environment Projects	935,384	(768,362)	167,022
262,647	Ecology	270,256	(168)	270,088
1,799,807		2,814,052	(1,243,132)	1,570,920
	Conservation of Cultural Heritage			
156,738	Historic Buildings	155,042	(0)	155,042
208,689	Village Management	209,629	(2,531)	207,098
144,572	Archaeology	141,525	(12,554)	128,971
22,659	Cultural Heritage Projects	0	(0)	0
532,658		506,196	(15,085)	491,111
	Recreation Management & Transport			
42,468	Campsites, Hostels & Barns	162,640	(59,356)	103,284
865,886	Access, Walking & Riding Routes	1,006,760	(181,456)	825,304
124,891	Area Projects	337,370	(225,497)	111,873
24,998	Litter Collection	27,029	(0)	27,029
(25,139)	Car Parks & Concessions	251,181	(283,865)	(32,684)
44,731	Cycle Hire	365,661	(353,608)	12,053
163,218	Toilets	190,905	(16,664)	174,241
173,831	Transport Policy and Transport Projects	226,920	(4,997)	221,923
1,414,884		2,568,466	(1,125,443)	1,443,023
	Promoting Understanding			
424,110	Visitor Centres	892,842	(436,895)	455,947
38,250	Sustainable Tourism	44,207	(33,824)	10,383
220,481	Communications and Design Services	244,678	(4,586)	240,092
286,754	Rangers education & Community Liaison	384,405	(92,222)	292,183
685,131	Losehill Hall Environmental Education	1,362,978	(782,316)	580,662
5,471	Promoting Understanding Projects	22,721	(26,718)	(3,997)
1,660,197		2,951,831	(1,376,561)	1,575,270
	Rangers, Estates Service & Volunteers			
435,651	Rangers	515,106	(85,664)	429,442
72,894	Countryside Volunteers	77,309	(5,299)	72,010
228,394	Property Team	257,420	(31)	257,389
38,293	Estates Workers	37,204	(0)	37,204
775,232		887,039	(90,994)	796,045
	Development Control			
1,177,281	Development Control	1,458,123	(193,187)	1,264,936
1,177,281		1,458,123	(193,187)	1,264,936
	Forward Planning & Communities			
403,325	Policy Planning	519,800	(143,911)	375,889
54,122	Community Development	576,203	(409,913)	166,290
457,447		1,096,003	(553,824)	542,179
	Corporate Management & Administration			
0	Corporate Management	1,819,986	(1,819,986)	0
407,514	Corporate & Democratic Core	419,674	0	419,674
0	Non-Distributed Costs	0	0	0
0	Less Recharged Support Service Costs	(1,726,698)	1,726,698	0
407,514		512,962	(93,288)	419,674
8,225,020	**Total Net Cost of Services**	**12,794,672**	**(4,691,514)**	**8,103,158**

3. Income & Expenditure Account – continued

2008-09 £		£	2009-10 £
8,225,020	Net Cost of Services b/f		8,103,158
0	Loss (Gain) on the disposal of Fixed Assets	64,216	
31,494	Interest Payable	35,770	
(187,631)	Interest Received on Investments	(29,714)	70,272
431,000	Pensions' interest cost and expected return on pension scheme assets (see note 6)		778,000
8,499,883	**Net Operating Expenditure**		**8,951,430**
(8,089,281)	National Park Grant (see note 1)		(8,309,049)
(410,602)	**Surplus (Deficit) for Year**		**(642,381)**

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 – these planned transfers are an important component of managing the Authority's finances in any financial year.

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.

2008-09 £		2009-10 £
(410,602)	**Surplus (Deficit) for the Year on the Income and Expenditure Account**	**(642,381)**
620,633	Additional amount required by Statutory and non-Statutory proper practices to be added to (taken from) the General Fund Balance for the year (Note 2)	638,962
210,031	Increase (Decrease) in General Fund Balance for the Year	(3,419)
1,080,042	General Fund Balance brought forward	1,290,073
1,290,073	**General Fund Balance carried forward and available for new expenditure**	**1,286,654**

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.

2008-09		2009-10
£		£
(410,602)	**Surplus (Deficit) for the Year on the Income and Expenditure Account**	**(642,381)**
2,291,597	Surplus (Deficit) arising on revaluation of fixed assets	456,283
1,464,003	Actuarial Gain (Loss) on pension fund assets and liabilities	(3,816,000)
0	Funds appropriated directly to (from) Restricted Funds	0
134	Other – difference between actuarial and actual charge against govt grant	(8,194)
3,345,132	**Total Recognised Gains (Losses) for the year**	**4,010,292**

6. Balance Sheet as at 31st March 2010

2008-09		Notes	2009-10	
£			£	£
	Fixed Assets:			
230,240	Intangible Assets	13		198,424
	Operational Assets:			
10,292,005	Land and Buildings	13	10,199,309	
1,072,882	Vehicles, plant, equipment	13	1,355,846	
1,246,499	Community Assets	13	1,195,038	12,750,193
3,821,406	Non-Operational Assets	13		3,743,883
16,663,032				16,692,500
2,046	Debtors due after one year	19		1,748
16,665,078	**Total Long Term Assets**			**16,694,248**
	Current Assets			
107,547	Stocks and Work in Progress	18	105,270	
849,436	Debtors	19	888,395	
3,288,589	Short Term Investments	21	6,295,198	
2,500	Cash: In Hand	20	2,500	
0	At Bank	20	0	
4,248,072				7,291,363
20,913,150	**Total Assets**			**23,985,611**
	Current Liabilities			
(1,995,218)	Sundry Creditors	22	(4,421,432)	
(16,964)	Borrowing repayable within 12 months	17	(85,228)	
(128,007)	Cash: Overdrawn	20	(75,504)	(4,582,164)
18,772,961	**Total Assets less current liabilities**			**19,403,447**
	Long-term Liabilities			
(640,919)	Long-term Borrowing	17		(1,022,526)
(2,264,148)	Government Grants Deferred	25		(2,184,319)
(8,285,000)	Liability related to defined benefit pension scheme	6		(12,624,000)
7,582,894	**Total Assets less Liabilities**			**3,572,602**
	Financed by:			
2,417,943	Revaluation Reserve	3 & 23		2,855,462
10,628,477	Capital Adjustment Account	3 & 24		10,149,558
86,567	Capital Receipts Reserve	3 & 26		86,567
(8,285,000)	Pensions' Reserve	3 & 6		(12,624,000)
1,290,073	General Fund	3		1,286,654
1,425,138	Specific Funds	3 & 27		1,799,072
19,696	Restricted Funds	28		19,289
7,582,894	**Total Net Worth**			**3,572,602**

7. Cash Flow Statement

2008-2009			2009-2010
£			£
	REVENUE ACTIVITIES		
	Cash Payments		
7,616,496	Employment Costs	7,745,995	
4,901,867	Other Costs	4,441,175	
12,518,363			12,187,170
	Cash Income		
(243,852)	Rents	(241,961)	
(2,609,243)	Charges for Goods and Services	(2,209,755)	
(2,125,768)	Grants and Partnership income	(4,404,661)	
(8,089,281)	National Park Grant & Levies	(8,309,049)	
(13,068,144)			(15,165,426)
(549,781)	**Net Cash Flow Revenue Activities**	(see note 29)	**(2,978,256)**
	RETURN ON INVESTMENTS & SERVICING OF FINANCE		
31,494	Interest Paid	35,770	
(187,631)	Interest Received	(29,714)	
(156,137)			**6,056**
	CAPITAL ACTIVITIES		
	Cash Payments		
0	Purchase of Long Term Investments	0	
339,666	Other Capital Expenditure	551,296	
339,666		551,296	
	Cash Income		
(11,823)	Capital Grants Received	(11,072)	
0	Sale of Fixed Assets	(177,265)	
(11,823)		(188,337)	
327,843	**Net Cash Flow Capital Activities**		**362,959**
(378,075)	**NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING**		**(2,609,241)**
	FINANCING		
16,194	Repayments of amounts borrowed	50,129	
(0)	New Loans	(500,000)	
16,194			**(449,871)**
(361,881)			**(3,059,112)**
109,382	(Increase)/Decrease in Cash		(52,503)
(471,263)	(Increase)/Decrease in Short term Investments		(3,006,609)
(361,881)	**NET CASH (INFLOW)/OUTFLOW**		**(3,059,112)**

8. Notes to the Accounts

Note 1 National Park Grant and Levy

2008-09 £		2009-10 £
8,089,281	National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA)	8,309,049
8,089,281	**Total**	**8,309,049**

The Authority did not exercise its statutory power to raise a levy from its constituent councils in 2009/10. Other significant funding sources are shown in Note 8 (Related Party Transactions).

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

2008-09 £	Statutory adjustments required to be excluded	2009-10 £	£
(42,008)	Amortisation of Intangible Fixed Assets	(46,048)	
(521,288)	Depreciation and Impairment of Fixed Assets	(694,300)	
104,917	Amortisation of Government Grants received	107,202	
0	Net Gain (Loss) on Sale of Fixed Assets	(64,216)	
0	Rounding	0	
(1,418,000)	Net Charges made for Retirement Benefits under accounting standard FRS 17	(1,423,000)	
(1,876,379)	**Subtotal**		**(2,120,362)**
	Statutory adjustments required to be included		
4,837	Minimum Revenue Provision for capital financing	56,817	
899,865	Employer contributions to the pension fund	908,194	
0	Capital expenditure charged in-year to the General Fund Balance	113,926	
904,702	**Subtotal**		**1,078,937**
	Other adjustments		
21,374	Voluntary Revenue Provision (additional to policy)	28,936	
331,231	Net Transfer to (from) earmarked reserves (See Notes 3 & 27)	373,934	
(1,561)	Net Transfer to (from) Restricted Funds (See Note 28)	(407)	
351,044	**Subtotal**		**402,463**
(620,633)	**Overall Total**		**(638,962)**

Note 3. Statement of Total Movements in Reserves

	Capital Reserves			Revenue Reserves			
	Revaluation Reserve	Capital Adjustment Account	Capital Receipts Reserve	*See Note 6* Pension Reserve	General Fund	*See note 27* Specific Reserves	Total
Purpose:	*Store of gains on revaluation of fixed assets*	*Store of capital resources set aside to meet past expenditure*	*Proceeds of fixed asset sales available to meet future capital expenditure*	*Balancing account to allow inclusion of Pensions liability in the Balance Sheet*	*Resources available to meet future running costs*	*Reserves to meet specific future liabilities and commitments*	
	£	£	£	£	£	£	£
Balance at 1st April 2009	(2,417,943)	(10,628,477)	(86,567)	8,285,000	(1,290,073)	(1,425,138)	**(7,563,198)**
(Gain) Loss attributable to actuarial assessments on pension assets	0	0	0	3,816,000	0	0	**3,816,000**
Contribution to Fund	0	0	(177,265)	0	0	(425,137)	**(602,402)**
Contribution from Fund	0	0	177,265	523,000	3,419	51,203	**754,887**
Capital Financing	0	(484,146)	0	0	0	0	**(484,146)**
Depreciation	18,764	489,113	0	0	0	0	**507,877**
Impairment	158,170	232,471	0	0	0	0	**390,641**
Net (surplus)/deficit for the year	41,124	237,438	0	4,339,000	3,419	(373,934)	**4,382,857**
Unrealised (gains)/loss from Revaluation of assets	(614,453)	0	0	0	0	0	**(614,453)**
Disposals – Net Book Value written off	0	241,481	0	0	0	0	**241,481**
Balance as at 31st March 2010	**(2,855,462)**	**(10,149,558)**	**(86,567)**	**12,624,000**	**(1,286,654)**	**(1,799,072)**	(3,553,313)

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:-

2008-09		2009-10	
(Surplus)/ Deficit £	Nature of Operation	Turnover £	(Surplus)/ Deficit £
685,131	Losehill Hall Study Centre	(782,316)	580,662
424,110	Visitor Centres	(436,895)	455,947
44,731	Cycle Hire Centres	(353,608)	12,053

The deficit represents the full cost, including all support service recharges and depreciation of assets used. A financial objective for each operation is set in the budget and was exceeded by each trading operation. 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 Employee Remuneration

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

	Number of Employees	
Payment Range	**2008-09**	**2009-10**
£50,000 - £54,999	3	3
£55,000 - £59,999	0	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0

The remuneration for individual senior employees in this category is shown in the table below – with 2008-09 comparator payments shown in brackets alongside:-

Job Title	Salary	Benefits in Kind	Subtotal	Employers Pension contributions	Total Remuneration
Chief Executive	£75,435 *(£75,435)*	£78 *(£93)*	**£75,513** ***(£75,528)***	£11,843 *(£11,843)*	**£87,356** ***(£87,731)***
Director of Strategy & Planning	£53,649 *(£53,649)*	£14 *(£54)*	**£53,663** ***(£53,703)***	£8,423 *(£8,423)*	**£62,086** ***(£62,126)***
Director of Operations	£51,207 *(£49,987)*	£29 *(£59)*	**£51,236** ***(£50,046)***	£8,040 *(£7,848)*	**£59,276** ***(£57,894)***
Director of Corporate Resources	£53,649 *(£53,649)*	£58 *(£15)*	**£53,707** ***(£53,664)***	£8,423 *(£8,423)*	**£62,130** ***(£62,087)***

Note 6 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.

2008-09 £			2009-10 £
	Net Cost of Services		
987,000	Current Service cost	645,000	
0	Past Service cost (gain)	0	
987,000			645,000
	Net Operating Expenditure		
2,105,000	Interest cost	2,074,000	
(1,674,000)	Expected return on assets	(1,296,000)	
431,000			778,000
1,418,000	Chargeable to Income and Expenditure Account		1,423,000
(518,000)	Contribution (from) to pensions' reserve		(523,000)
900,000	**Actual Charge against Govt. Grant**		**900,000**

The current service cost, representing the future service cost to the employer of the year's pension benefits for active members, is lower than the previous year primarily because of changes in financial assumptions, mainly a 1% increase in the discount rate and 0.3 % reduction in inflation assumptions. 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. The employer's contributions for 2010/11 are expected to remain at a similar level (estimated at £902,000).

Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31st March 2010 are as follows:

2007-08 £	2008-09 £		2009-10 £
(34,296,003)	(29,220,000)	Estimated Liabilities in scheme	(41,043,000)
25,065,000	20,935,000	Estimated Assets in scheme	28,419,000
(9,231,003)	**(8,285,000)**	**Net Asset (Liability)**	**(12,624,000)**
73%	72%	% Funded	69%

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £12.624m 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.

Analysis of Present Value of Scheme Liabilities

	£
Opening Balance 1st April 2009	**(29,220,000)**
Current Service cost	(645,000)
Interest Cost	(2,074,000)
Member Contributions	(373,000)
Actuarial Loss	(9,774,000)
Benefits paid	1,043,000
Closing Balance 31st March 2010	**(41,043,000)**

The actuaries have analysed the mortality experience of local authority client funds as part of the last valuation, and made changes to life expectancy assumptions of scheme members as a result, using "medium cohort" mortality projections. A review of mortality assumptions will be carried out as part of the 2010 actuarial valuation.

Analysis of Value of Scheme Assets

	£
Opening Balance 1st April 2009	**20,935,000**
Expected return on assets	1,296,000
Actuarial gains on assets	5,958,000
Employer Contributions	900,000
Member Contributions	373,000
Benefits / transfers paid	(1,043,000)
Settlements	0
Closing Balance 31st March 2010	**28,419,000**

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

2008-09		**2009-10**
%		%
3.3	Rate of inflation	3.3
4.8	Rate of increase in salaries	4.8
3.3	Rate of increase in pensions	3.3
7.1	Discount rate for scheme liabilities	5.6

Movement in Reserves

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

Gain (Loss)	2005-06		2006-07		2007-08		2008-09		2009-10	
	£	%	£	%	£	%	£	%	£	%
Difference between expected and actual return on assets	3,383,000	14.2	(77,000)	0.3	(2,534,000)	10.1	(6,166,000)	29.2	5,958,000	20.9
Difference between actuarial assumptions about liabilities and actual experience	(851,000)	2.6	(0)	0	1,836,000	5.4	7,622,000	26.1	(9,774,000)	23.8
Changes in demographic and financial assumptions used to estimate liabilities	(2,623,000)	8.1	1,718,000	5.3	(1,153,000)	3.4	8,003	0	0	0
Gain (Loss) recognised in pensions' reserve	**(91,000)**	**0.3**	**1,641,000**	**5**	**(1,851,000)**	**5.4**	**1,464,003**	**4.9**	**(3,816,000)**	**9.3**

For 2009/10 the Actuary reports that investments (return on assets) have been exceptionally good compared to assumptions over the year to 31st March 2010, with the increase in value (£5.9m as shown above) about 21% of the overall asset value of the fund. The other main movement shown in the table is a substantial increase in liabilities of £9.8m arising from a large reduction in the real terms discount rate of approximately 1.8% from the previous year, (the rate is based on bond yields) which helps to increase significantly the current value of the liability figure reported.
The overall result of economic factors during the year is the reverse of the previous year, with an increase in asset value and an increase in the liabilities of the fund, with the greater increase in the liability figure increasing the pension fund deficit overall.

Analysis of Pension Fund Assets

	Fair Value of Assets as at 31/03/10 £,000	%	Expected Rate of Return – Beginning of Year (%)	Expected Rate of Return – End of Year (%)
Equities	19,326	68	7.5	7.5
Govt Bonds	4,149	14.6	4.0	4.5
Other Bonds	1,648	5.8	6.0	5.2
Property	1,449	5.1	6.5	6.5
Cash	1,648	5.8	0.5	0.5
Other	199	0.7	7.5	7.5
Total	**28,419**	**100**		

The expected rate of return is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the above asset classes weighted by the proportion of assets in each class, the rates quoted being gross of expenses. The government bond yield is based on 20 year fixed interest gilts; with corporate bonds an extra 2% premium above that; the equities "risk premium" is assessed as 3% above the gilt rate, based on an internal model used by the actuary based on company earnings and market prices.

Note 7 Members' Allowances

The following amounts were paid to the 30 Members of the Peak District National Park Authority as allowances in the year ended 31st March 2010.

2008-09		2009-10
£		£
51,020	Basic Allowance	52,227
17,394	Special Responsibility Allowance	17,822
68,414		**70,049**

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 585717).

Note 8 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 6 – Pension Costs and Note 21 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 7.

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 2009/10 goods and services were contracted with Derby University to the value of £18,907, as part of running the Peak District Food programme to which one Member acted as a project consultant, although the Member left the Authority in April 2009. During 2009/10 goods and services were also contracted to one business in which a Member declared a financial interest, to the value of £747, to which business a Sustainable Development Fund grant was also awarded of £1,377.

A number of Members act in a senior capacity as advisors to government agencies or other bodies. One Member acts as an (unpaid) director of the English National Parks Authority Association, a not-for-profit company limited by guarantee, representing the interests of the English National Parks. The subscription paid to this body in the year was £18,200. Another Member is a Chair of a regional committee of the Environment Agency. The transactions with this Agency in the 2009/10 year were £443 of expenditure and £24,681 of income. Finally, one Member is a Board Member and Chair of the Audit & Risk Committee of Natural England, and Chair of the Heritage Lottery Fund's East Midlands Committee. The transactions with these bodies in the 2009/10 year were £6,000 of expenditure and £277,356 of income (English Nature); and £16,589 of income (Heritage Lottery Fund).

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

	Income £	Expenditure £
Defra Sustainable Development Grant	200,000	-
Dept for Communities and Local Govt (DCLG) – Housing Delivery Grant	82,000	-
Government Bodies – other	908,230	15,980
Other Local Authorities	143,310	721,405
Audit Commission	-	24,419
Other National Parks	27,017	9,389
Associations of National Park Authorities	743	20,582
Lottery Funds	16,589	-
Rural Development Funds	201,305	-
European Funds	-	-
Water companies	703,819	111,724
Landfill Tax	54,459	-
National Trust	80,801	2,454
Total	**2,418,273**	**905,953**

Note 9 Contingent Liabilities

No provision for contingent liabilities has been made in the 2009/10 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. A loan guarantee of £70,000 to the Architectural Heritage Fund was agreed by the Authority to support the Vivat Trust in urgent roof repairs to North Lees Hall and this remains outstanding, with the Authority having been served notice of repayment on demand, in order to safeguard the AHF's position under the guarantee, although it is a condition of the proposed lease for sale of the Hall to the Trust that the loan is repaid and the current situation has been agreed between the AHF, the Trust and the Authority, such that the Authority is not expecting to have to make any payment.

Note 10 Leases

The Authority does not have any finance leases so the notes below refer only to operating leases. As such the liability for future rentals, or any asset value, is not shown in the balance sheet. During the year ended 31st March 2010 the Authority made the following payments for operating leases, as lessee, which were charged to revenue:

	2008-09 £	2009-10 £
Vehicles	117,147	25,506
Premises	15,211	31,587
Total	**132,358**	**57,093**

Future rental obligations are as follows:-

	2010-11 £	2nd – 5th year £	6th year onwards £	Total £
Vehicles	5,850	5,850	0	**11,700**
Premises	20,000	80,800	20,500	**121,300**
Total	**25,850**	**86,650**	**20,500**	**133,000**

Vehicles - 2009-10 saw the conclusion of the revised vehicle management policy with the purchase of the replacement vehicle fleet. As the purchase of replacements was gradually introduced the practice of not renewing vehicle leases on expiry but retaining them on a monthly payment basis was continued for each vehicle awaiting replacement. The change from leased to owned vehicles started in March 2009 and was completed in January 2010. One vehicle lease remains in operation and will expire in 2011/12.

Premises - The revenue charge reports the total lease payments, with future rental obligations based on the 09/10 total (excluding arrears payments) with a nominal increase year on year to accommodate rent reviews. During 2009-10 rent arrears for two properties were recovered and these payments are reflected in the increased expenditure on premises.

The Authority collected the following rentals in 2009/10 from its assets as lessor:-

	2008-09	2009-10
	£	£
General Rents	17,559	15,599
Agricultural Rents	131,583	124,043
Residential Rents	52,194	59,149
Business Rents	14,468	13,999
Agricultural Licences	12,286	18,193
Business Licences	15,761	10,978
Total	**243,851**	**241,961**

Note 11 Prior Year Adjustments

There are no prior year adjustments.

Note 12 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.

2008-09 £		£	2009-10 £
	Conservation of the Natural Environment		
2,147	Forestry & Tree Mgt	2,050	
9,733	Moors Project	9,270	
16,699	Estates Management	19,590	
28,579			30,910
	Recreation Management		
3,804	Campsites, Hostels & Barns	62,941	
7,317	Access, Walking and Riding Routes	73,660	
135,913	Car Parks & Concessions	132,341	
20,531	Cycle Hire	10,378	
14,957	Toilets	26,747	
182,522			306,067
	Promoting Understanding		
55,573	Visitor Centres	49,406	
49,465	Environmental Education	83,348	
105,038			132,754
	Rangers, Estate Service & Volunteers		
5,366	District Rangers	54,017	
8,494	Conservation Volunteers	10,065	
463	Estate Workers	440	
14,323			64,522
	Development Control		
2,943	Development Control	2,355	
			2,355
	Corporate Management and Administration		
0	Vehicles	3,780	
76,492	Headquarters Premises	28,137	
153,400	Capitalised IT Expenditure	171,823	
229,892			203,740
563,297	**Total**		**740,348**

Note 13 Movement of Fixed Assets

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

	Intangible Assets	Operational: Land & Buildings	Operational: Vehicles, plant, equipment	Operational: Community	Non-Operational	Total
	£	£	£	£	£	£
Gross Book Value at 1st April 2009	317,961	11,451,130	1,471,592	1,252,256	3,835,225	**18,328,164**
Additions	36,232	13,585	474,996	30,200	0	**555,013**
Disposals	(0)	(161,497)	(1,983)	(78,000)	(0)	**(241,480)**
Revaluations	0	530,763	0	0	83,690	**614,453**
Gross Book Value at 31st March 2010	**354,193**	**11,833,981**	**1,944,605**	**1,204,456**	**3,918,915**	**19,256,150**
Accumulated depreciation b/f	(87,721)	(545,982)	(398,710)	(5,757)	(11,594)	**(1,049,764)**
Accumulated impairment b/f	(0)	(613,143)	(0)	(0)	(2,225)	**(615,368)**
Depreciation in year	(46,048)	(259,116)	(190,049)	(3,661)	(9,003)	**(507,877)**
Impairments in year	(22,000)	(216,431)	(0)	(0)	(152,210)	**(390,641)**
Accumulated depreciation c/f as at 31st March 2010	**(155,769)**	**(1,634,672)**	**(588,759)**	**(9,418)**	**(175,032)**	**(2,563,650)**
Net Book Value at 31st March 2009	*230,240*	*10,292,005*	*1,072,882*	*1,246,499*	*3,821,406*	***16,663,032***
Net Book Value at 31st March 2010	**198,424**	**10,199,309**	**1,355,846**	**1,195,038**	**3,743,883**	**16,692,500**

Within the balance for vehicles plant and equipment as at 31/03/10 is a £86,856 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 25) is a matching £71,713 balance relating to government grant support for this project. From 1st April 2009 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 in next year's accounts will be depreciated and amortised fully in the 2010/11 financial year, leaving no net book value within the Authority's accounts. The Non-Operational assets comprise woodlands and agricultural lands owned by the Authority, some of which are tenanted. Although there is a case for including these assets within the Operational Assets category, on the grounds that the Authority is achieving conservation objectives through their ownership, it is equally possible that such objectives are capable of being achieved through the Authority's statutory powers; because the assets are capable of disposal they are classified as Non-Operational.

Note 14 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 15 Fixed Asset Valuation

The operational, non-operational, community and infrastructure assets which comprise the Authority's fixed asset portfolio, have been valued as at 1st April 2009 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 toilets, a number of agricultural landholdings, and Ranger briefing centres.

Note 16 Capital Expenditure

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

2008-09 £	Services		2009-10 £
	Conservation of the Natural Environment:		
46,678	Forestry & Tree Mgt	0	
29,396	Estates Management	54,784	
2,600	Moors Project	0	
78,674			54,784
	Conservation of Cultural Heritage:		
0			0
	Recreation Management:		
0			0
	Promoting Understanding:		
27,893	Environmental Education	13,585	
27,893			13,585
	Development Control:		
0			0
	Corporate Mgt & Administration:		
6,900	Aldern House headquarters	0	
129,367	Vehicles	407,125	
145,691	IT Expenditure	79,519	
281,958			486,644
388,525	**Total**		**555,013**
	Financed From:		
0	Direct Revenue Financing		113,926
11,823	Capital Grants		27,372
0	Other Capital Income		0
0	Use of Income from Sale of Fixed Assets		0
0	Capital Receipts Reserve		0
6,900	Long Term Borrowing		407,125
369,802	Internal Funds		6,590
388,525	**Total**		**555,013**

Note 17 Long Term Loans

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

31 March 2009 £	Analysis by Type of Loan	31 March 2010 £	
640,919	Public Works Loan Board	1,022,526	
640,919	**Total**	**1,022,526**	
	Analysis by maturity		**Average Rate %**
17,770	Between 1 and 2 years	87,607	2.778
58,544	Between 2 and 5 years	277,853	2.799
117,668	Between 5 and 10 years	237,125	3.528
148,436	Between 10 and 15 years	155,494	4.7
187,248	Between 15 and 20 years	196,151	4.7
111,253	Between 20 and 25 years	68,296	4.7
640,919		**1,022,526**	**3.672**

The Authority has two long term loans only:-

1) a 25 year PWLB loan, repayable using the annuity method of repayment, with fixed half-yearly payments including principal and interest. The loan was taken out on 30/10/06 at a fixed rate of 4.7% with a final payment 31/03/2032.

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

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.

31 March 2009		31 March 2010
743,480	**PWLB Fair Value**	**1,145,301**
	Balance Sheet Carrying Value	
16,964	Under 1 year	85,228
640,919	Between 1 and 30 years	1,022,526
657,883		**1,107,754**

The Fair Value is more than the carrying amount at 31st March 2010 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 18 Stocks and Work in Progress

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

31 March 2009 £		31 March 2010 £
89,848	Visitor Centres Stock	90,044
5,717	Travel Tickets	7,490
4,846	Losehill Hall – Catering Stocks	2,740
4,667	Losehill Hall – Bar Stocks	3,168
2,469	Losehill Hall – Shop Stocks	1,828
107,547	**Total**	**105,270**

Note 19 Debtors

Debtors can be analysed as follows:

31 March 2009 £		31 March 2010 £
227,085	Government Agencies	336,327
61,038	European Funds	0
100,657	Local Authorities	117,070
6,923	Lottery/Landfill	47,412
835	Car Loans to Officers due within one year	835
(17,000)	Less: Provision for Bad Debts	(17,000)
34,566	Advance Payment	14,453
435,332	Other Miscellaneous Sales Ledger	389,298
849,436		888,395
2,046	Car Loans to Officers due after one year	1,748
851,482	**Total**	**890,143**

Note 20 Cash and Bank

Cash and Bank can be analysed as follows:

31 March 2009 £		31 March 2010 £
(128,007)	Co-operative Bank	(75,504)
2,500	Imprest	2,500
(125,507)	**Total**	**(73,004)**

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 21).

Note 21 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 2009 £		2009-10 Increase (Decrease)	31 March 2010 £
(125,507)	Movement in Bank funds	52,503	(73,004)
3,288,589	Movement in Short-term investments	3,006,609	6,295,198
3,163,082	**Total Movement in cash resources as per CashFlow Statement**	**3,059,112**	**6,222,194**

The significant increase in cash balances arises mainly from advance payments of grant for works which are committed in legally binding contracts with funding bodies.

Note 22 Creditors due within 12 months

Creditors can be analysed as follows:

31 March 2009 £		31 March 2010 £
392,145	Project Income received in advance	2,658,164
22,059	Income for Courses – Deposits	31,415
87,020	Staff Cost Accruals	92,584
141,119	Government Agencies	141,313
247,711	Local Authorities	251,463
295,480	Grant Scheme Accruals	416,247
7,020	Provision for uncleared cheques	5,694
802,664	Other Miscellaneous Creditors	824,552
1,995,218	**Total**	**4,421,432**

Note 23 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 15 and the account includes these changes, together with any written down value of assets which have been disposed of in the year.

2008-09 £		2009-10 £
136,975	Balance at 1 April 2009	**2,417,943**
(10,629)	Depreciation	(176,934)
2,291,597	Revaluations	614,453
0	Disposals – Net Book Value written off	0
2,417,943	**Balance at 31 March 2010**	**2,855,462**

Note 24 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, impairment or disposal, 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 are consumed.

2008-09		2009-10
£		£
11,050,017	Balance at 1 April 2009	**10,628,478**
0	Capital Receipts used in year	177,265
0	Direct Revenue Financing	113,926
4,837	Minimum Revenue Provision	56,817
21,374	Voluntary Revenue Provision	28,936
104,917	Amortisation of capital grants for the year	107,201
(504,447)	Depreciation charge for the year	(507,877)
(58,850)	Impairment charge for the year	(390,641)
10,629	Less Impairment / depreciation allocated to Revaluation Reserve	176,934
0	Disposals	(241,481)
10,628,478	**Balance at 31 March 2010**	**10,149,558**

Note 25 Government Grants (Capital) 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 31/03/10 is a £71,713 deferred grant relating to the Joint Portal Project mentioned in Note 13 above.

2008-09		2009-10
£		£
2,357,242	Balance at 1 April 2009	2,264,148
11,823	Capital Grants received in 2009-10	27,372
(104,917)	Amortisation charge for the year	(107,201)
2,264,148	**Balance at 31 March 2010**	**2,184,319**

Note 26 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.

2008-09		2009-10
£		£
86,567	Balance at 1 April 2009	86,567
0	Capital Receipts received in year	177,265
0	Capital Receipts used to finance Capital Expenditure	(177,265)
86,567	**Balance at 31 March 2010**	**86,567**

Note 27 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 2009 £	Contributions (to) / from Reserves £	Closing Balance at 31st March 2010 £
ICT Reserve	(98,731)	(85,000)	(183,731)
Rural Estate Reserve	(25,586)	0	(25,586)
Visitor Centre Reserve	(106,446)	12,000	(94,446)
Losehill Hall Reserve	(24,424)	8,579	(15,845)
Aldern House Reserve	(53,789)	14,469	(39,320)
Design Reserve	(16,742)	10,000	(6,742)
Forestry Reserve	(3,140)	0	(3,140)
Trail Reserve	(38,704)	0	(38,704)
Vehicle Maintenance Reserve	(6,854)	(5,000)	(11,854)
Planned Maintenance Reserve	(15,000)	6,155	(8,845)
Car Park Reserve	(65,504)	0	(65,504)
Cycle Hire Reserve	(43,490)	0	(43,490)
Matched Funding Reserve	(83,413)	(459,165)	(542,578)
Slippage Reserve	(843,315)	124,028	(719,287)
Total	**(1,425,138)**	**(373,934)**	**(1,799,072)**

Note 28 Restricted Funds

The Authority administers a number of Restricted 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. Interest is added to the funds based on the average investment rate earned by the Authority's own investments. Movements in Restricted Fund balances during the year were:

	Opening Balance at 1st April 2009 £	Interest added £	Movements to (from) Revenue Account £	Closing Balance at 31st March 2010 £
Cyril Bennett Bequest	(9,146)	(44)	0	(9,190)
Graham Attridge Bequest	(4,000)	(18)	500	(3,518)
Restoration Bond	(4,083)	(20)	0	(4,103)
Friends of Losehill Hall	(2,467)	(11)	0	(2,478)
Total	**(19,696)**	**(93)**	**500**	**(19,289)**

Note 29 Reconciliation of Cash Flow Statement to Revenue Expenditure

2008-09 £		£	2009-10 £
410,602	Deficit on Income & Expenditure Account		642,381
(620,633)	Adjustments to General Fund (Note 2)		(638,962)
(210,031)	(Increase)/Decrease in General Fund Balance for the year		3,419
(26,211)	Minimum / Voluntary Revenue Provision	(85,753)	
(331,231)	Contributions (to)/from Reserves	(373,934)	
1,561	Contributions (to)/from Restricted Funds	407	
164,102	(Increase)/Decrease in Creditors	(128,073)	
151,856	(Increase)/Decrease in Advance Income	(2,294,424)	
(469,581)	Increase/(Decrease) in Debtors	22,361	
13,617	Increase/(Decrease) in Stock	(2,277)	
0	Revenue Contribution to Capital Expenditure	(113,926)	
(495,887)			(2,975,619)
	Items classified elsewhere in the Cash Flow Statement:		
156,137	Net Interest Received (Paid)		(6,056)
(549,781)	**Revenue Activities Net Cash Flow**		**(2,978,256)**

Reconciliation Between Movement in Cash to Movement in Net Debt

2008-09 £		2009-10 £
(109,382)	Increase (Decrease) of cash in period	52,503
471,263	Increase (Decrease) from change in liquid resources	3,006,609
361,881	Movement in Net Debt	3,059,112
2,801,201	Net Debt as at 1st April	3,163,082
3,163,082	**Net Debt as at 31st March**	**6,222,194**

2008-09 £	**Analysis of Net Debt**	2009-10 £
(125,507)	Cash	(73,004)
3,288,589	Short Term Investments	6,295,198
3,163,082		**6,222,194**

Analysis of Govt. Grants shown within the Cashflow Statement

	2009-10
	£
Development Agencies	79,620
Dept. of Environment, Food & Rural Affairs	494,595
Dept. of Communities & Local Government	139,698
Forestry Commission	12,788
English Heritage	50,647
Environment Agency	158,866
Natural England	376,120
Total Cashflow	**1,312,334**

Note 30 Future Commitments

There are two future commitments to capital contracts which will be accounted for in 2010/11; - approximately £200,000 of asset improvement at Losehill Hall, and £150,000 of Information Technology infrastructure expenditure. The other significant commitment is the Pedal in the Peak cycling project, which is a grant aided project funded by the Dept. of Transport which will incur expenditure of up to £2.25m in 2010-11, approximately £1.7m of which will be expenditure on opening tunnels and improving cycleways along the Monsal Trail; some of this expenditure may be capitalised. 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 31 Post-Balance Sheet Events

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

Note 32 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 2008/9 were £36,300, for 2009/10 were £22,000, and are estimated to be £12,400 in 2010/11.

Note 33 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 19) and Short Term investments (Note 21). The Debtors figure contains £500,809 of debt from government agencies, 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 2009-10. The Trade Debtors figure of £389,299 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 42% 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.

The Authority has one externally funded project, Moorlife, which is a five year project starting 1st April 2010. This project commits the Authority, as the accountable body for the project, to expenditure of EUR6,690,856 over five years, with 75% grant aid from the European Commission of EUR5,018,142. The project therefore has an element of exchange rate risk depending upon the exchange rate of the euro against sterling, at key points in the five year project. Sterling expenditure on the project is converted annually by the Commission at the exchange rate on the first working day of the calendar year, which then represents the project expenditure for the year denominated in euros, from which the appropriate % of grant aid is derived in euros. The grant is drawn down in three stages, and the date on which the euro grant is drawn down and paid over determines the value of sterling income received. The Services committee in November 2009 (Minute 49/09) approved the method by which the Authority would monitor and manage the exchange rate risk in the project. Short term weakness of sterling against the euro has helped reduce the overall risk as 40% of the grant was paid in advance in October 2009; providing sterling does not rise significantly against the euro in the remaining years of the project the impact of exchange rate fluctuations is likely to be low. Plans are in place however to accommodate the risk up to £250,000 over the life of the project if necessary.

In terms of interest rate risk, the unprecedented reduction in variable interest rates during the 2008-09 year and continuing very low base rates has had a large impact on the rate of interest earned on surplus funds during the year. Budgetary assumptions have been adjusted assuming these low variable interest rates would prevail throughout the 2009/10 year and 2010/11 year 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; meanwhile the Capital Financing Requirement is managed in the short term with internal use of funds.

Note 34 Audit Fees

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

	2008-09 £	2009-10 £
External audit services as appointed auditor (Section 5 Audit Commission Act 1998)	24,200	23,919
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)	2,484	0
Fees payable in respect of any other services provided by the appointed auditor	0	500
Total	**26,684**	**24,419**