

## YORKSHIRE DALES NATIONAL PARK AUTHORITY

30 May 2006

## DRAFT STATEMENT OF FINANCIAL ACCOUNTS 2005/2006

## Report of the Treasurer

1.0 **Purpose of report**

- 1.1 To submit for Members' approval the Draft Statement of Financial Accounts (SOFA) for 2005/2006.

2.0 **Background**

- 2.1 Provisional outturn figures and a preliminary draft SOFA were reported to the Finance and Resource Committee on 15th May 2006, where it was indicated that a completed draft SOFA would be presented to this committee. At this stage the figures are still draft as the outturn and accounts are subject to external audit.

2.2 **Statutory Purposes**

The Accounts and Audit Regulations 2003 issued by the Secretary of State and which came into force on 1 April 2003 require the SOFA for the year ended 31 March 2006 to be approved by an appropriate Committee of each Local Authority body on or before 30 June 2006. Prior to Member approval, this SOFA has to be signed and certified by the relevant responsible Financial Officer (John Moore, as Treasurer), a signed copy of the accounts will be available at the meeting.

3.0 **Draft Statement of Accounts**

- 3.1 The Draft Statement of Financial Accounts for the Yorkshire Dales National Park Authority is attached at Appendix A. The format and content of this document must comply with the CIPFA Code of Practice on Local Authority Accounting and is therefore largely outside the control of this Authority. This Code sets out the proper accounting practice required for the SOFA within the statutory framework of the Accounts and Audit Regulations 2003 and the Local Government and Housing Act 1989.
- 3.2 Members should also note that the Statement of Internal Control on pages 6 to 10 provides an assurance about the way in which the Authority directs and controls its functions. This statement is a statutory requirement under the Accounts and Audit Regulations 2003. The statement included was presented to the Audit and Review Committee at its meeting on 17<sup>th</sup> March 2006 and that committee recommended that the Chairman of the Authority sign the Statement of Internal Control in addition to the Balance Sheet which accompanies the accounts.
- 3.3 At the time of this report the Independent Auditor appointed by the Audit Commission is due to commence the fieldwork required in order to produce the Audit Certificate. However, as this work is still to be undertaken page 11 of the draft statement of accounts attached has been left blank. The wording of the Audit Certificate is in a statutory format and once the

audit work has been completed this document will be inserted into the accounts. Any material changes to the accounts as a result of this audit will be reported to this committee by the 30<sup>th</sup> September 2006 in accordance with the Accounts and Audit Regulations 2006.

#### 4.0 **Revenue Outturn for 2005/2006**

4.1 In a number of areas, the day to day reporting arrangements of the Authority designed to fit in with its own organisational requirements, are different from the statutory year end accounting requirements. The expenditure figures that are reported on page 16 of the SOFA are therefore not directly comparable to the draft outturn figures that were reported to the Finance and Resources Committee meeting on 15th May 2006.

4.2 A reconciliation of the two sets of figures is attached at Appendix B as follows:-

Column 2 Draft outturn figures reported to the Finance and Resources Committee on 15th May 2006.

Column 3 Technical Adjustments required for compliance with the CIPFA code of practice, including:

- (i) Reclassification of interest received.
- (ii) Reclassification of revenue funding of items defined as capital expenditure.
- (iii) Inclusion of asset rental charges (incorporating depreciation on buildings).
- (iv) Reallocation of overhead costs in line with the principles of the Best Value Accounting Code of Practice (BVACOP).
- (v) Pension adjustments to comply with FRS17 to replace pension payments made by the employer with the actual operating cost of providing retirement benefits.

Column 4 Expenditure totals as reported in SOFA.

#### 5.0 **The signing of the Statement of Financial Accounts by the Chair of the Authority**

5.1 A requirement of the Accounts and Audit Regulations 2003 (Regulation 10.3) is that following approval by the Authority, the SOFA should be signed by the Chair.

5.2 The intention behind this new requirement is that the signature of the Chair should formally represent the completion of the Authority's approval process for the accounts. This specific requirement does not relate to the role of the Treasurer in certifying that the SOFA is a proper reflection of the Authority's financial position; this is achieved by the Treasurer certifying the SOFA on page 8. The requirement is comparable with the private sector where the accounts are signed by the Managing Director (or equivalent) after being approved by Directors.

5.3 To satisfy this requirement there is a note to the Balance Sheet on page 16 of the SOFA which states " I can confirm that these accounts were approved by the Full Authority Committee on 30<sup>th</sup> May 2006". This note needs signing by the Chair of the Meeting.

#### 6.0 **Audit of Accounts**

6.1 The external audit of accounts by The Audit Commission is due to be undertaken and the outcome of the audit and accompanying audit opinion will be submitted to the earliest possible meeting of the Audit and Review Committee. The audit of the accounts will be

concluded in time to enable the Authority to submit them to DEFRA by 31st October 2006 in accordance with the terms of the Financial Grant Memorandum.

- 6.2 Section 14 of The Audit Commission Act 1998 and regulations 14 and 16 of the Accounts and Audit Regulations 2003, require the Authority to notify the public via the local press that the accounts are open for inspection for a four week period. An inspection period between 27th June and 24th July 2006 has been arranged and, on or after the 25th July until the completion of the external audit, any member of the public is able to question The Audit Commission about the content of the accounts.
- 6.3 The Accounts and Audit Regulations require that any material amendments to the SOFA resulting from the audit be reported back to Members. Any such amendments will be reported to the Authority meeting on prior to the 30th September 2006 deadline. It must be noted that due to the preparation of the accounts within the shortened timetable it is more likely than in previous years that amendment may be required. In particular members should be aware that there are a number of factors existing at the Balance Sheet date which have not been incorporated into the accounts as their potential financial impact of could not be assessed.

#### 7.0 **Future Years Approval**

- 7.1 The Accounts and Audit Regulations 2003 also require earlier approval of the SOFA in future years to be comparable with the private sector and industry. The bringing forward of the reporting timetable has now been fully implemented (through a cumulative change of one month over the last three years) and in future years the accounts require member approval before the 30<sup>th</sup> June.
- 7.2 Members should note that an appropriate full Authority meeting would need to be arranged in line with these dates so that the relevant approval can be obtained.

#### 8.0 **Recommendations**

- 8.1 To approve the Draft Statement of Financial Accounts for the financial year ended 31<sup>st</sup> March 2006.
- 8.2 The chair of the Authority to sign the accounts on page 20 of the SOFA.
- 8.3 The chair of the Authority to sign the Statement of Internal Control on page 10 of the SOFA.

J.S. MOORE  
Treasurer  
Financial Services  
County Hall  
Northallerton

17 May 2006

**YORKSHIRE DALES  
NATIONAL PARK AUTHORITY  
STATEMENT OF ACCOUNTS  
2005/2006**

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## EXPLANATORY FOREWORD

### INTRODUCTION

1. The Yorkshire Dales National Park Authority was constituted on 1st April 1997 under the Environment Act 1995, and took over the responsibilities previously undertaken by North Yorkshire County Council through its Yorkshire Dales National Park Committee.
2. The Authority's accounts for the year ended 31st March 2006 are presented in the format laid down in the "Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice" issued in 2005 by the Chartered Institute of Public Finance and Accountancy and approved by the Accounting Standards Board.  
The statements included in the accounts are as follows:
  - a) the Revenue Account, which shows details of the income and expenditure of the Authority;
  - b) the Balance Sheet, which sets out the financial position of the Authority on 31st March 2006;
  - c) the Statement of Total Movements in Reserves, which shows details of the changes in the the level of Revenue and Capital Reserves during the year;
  - d) the Cash Flow Statement, which summarises the main movements in the Authority's funds, showing where the money has come from and how it has been spent.

These accounts are supported by a Statement of Accounting Policies and by supplementary notes to the Accounts.

3. The purpose of this foreword is to provide a brief explanation of the financial aspects of the Authority's activities. It gives an indication, in broad terms, of where the Authority's money comes from, what it is spent on and what services it provides.

### SUMMARY OF REVENUE SPENDING

4. The main components of the Revised Budget for 2005/06 and a comparison with the actual position are set out below:

<b>Expenditure</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>
Conservation of the Natural Environment	753.5	635.3	(118.2)
Conservation of Cultural Heritage	244.1	306.6	62.5
Recreation Management	1,745.3	1,701.3	(44.0)
Promoting Understanding: Information, Interpretation and Education	1,291.0	1,173.1	(117.9)
Traffic and Transport Management	75.9	58.5	(17.4)
Rangers, Estate Services and Volunteers	395.7	385.7	(10.0)
Development Control	617.3	591.8	(25.5)
Forward Planning	349.6	355.1	5.5

Summary of Revenue Funding Contd.

<b>Expenditure</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>
Corporate Management and Administration	1,608.4	1,623.2	14.8
Training and Staff Development	49.0	38.5	(10.5)
Contingency Fund	333.5	338.5	5.0
Opportunity Fund	71.4	0.0	(71.4)
<b>Total Expenditure</b>	<b>7,534.7</b>	<b>7,207.6</b>	<b>(327.1)</b>
<b>Income</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>
Conservation of the Natural Environment	114.0	50.5	63.5
Conservation of Cultural Heritage	33.4	130.3	(96.9)
Recreation Management	831.3	807.2	24.1
Promoting Understanding: Information, Interpretation and Education	443.0	331.9	111.1
Traffic and Transport Management	13.8	2.2	11.6
Rangers, Estate Services and Volunteers	5.4	8.4	(3.0)
Development Control	246.8	257.8	(11.0)
Forward Planning	200.0	200.0	0.0
Corporate Management and Administration	242.6	256.4	(13.8)
Training and Staff Development	0.0	0.0	0.0
<b>Total Income</b>	<b>2,130.3</b>	<b>2,044.7</b>	<b>85.6</b>
<b>Net Expenditure</b>	<b>5,404.4</b>	<b>5,162.9</b>	<b>(241.5)</b>
Less transfer from Reserves	(287.6)	(287.6)	0.0
<b>Net Expenditure to be met by NPG</b>	<b>5,116.8</b>	<b>4,875.3</b>	<b>(241.5)</b>
<b>Sources of Finance</b>	<b>Budget £000s</b>	<b>Outturn £000s</b>	<b>Variance £000s</b>
National Park Grant	4,706.9	4,706.9	0.0
Revenue Working Balance	409.9	168.4	(241.5)
<b>TOTAL</b>	<b>5,116.8</b>	<b>4,875.3</b>	<b>(241.5)</b>

5. Major expenditure variances against budget have their origin as follows. (Note that favourable expenditure variances mean that less was spent than planned and favourable income variances mean that more income was received than planned at the start of the year).
- Conservation of the Natural Environment : £118.2 Favourable variance, of which £15.4k relates to staff vacancies. In addition to this a £14.2k favourable variance has arisen in Trees and Woodlands were projects have been funded more effectively in conjunction with YDMT. Delays in programme delivery have resulted in a £66k favourable variance on the Limestone Country Project which has been offset by a corresponding adverse variance in income (Note 6). A £18.5k favourable variance in Ecology was due to efficiency savings achieved through the tendering process.
  - Conservation of the Cultural Heritage: £62.5k adverse variance, of which £45.4k relates to the Langcliffe Quarry Project which is offset by a corresponding favourable income variance (Note 6). A £12.6k adverse variance has arisen on the Private Spaces, Public Spaces project some of which is offset by a corresponding favourable variance in income (Note 6).
  - Recreation Management: £44k net favourable variance has arisen. The majority of this is the net effect of timing differences on grant funded projects matched by corresponding variances in income i.e. : £46.1k adverse on salaries, £143.7k favourable on Pennine Bridleway and £60.1k adverse on the Pennine Way (see Note 6)
  - Promoting Understanding: £118.7k favourable variance which is largely offset by corresponding adverse income variances i.e: Retail Services £39.6k favourable expenditure variance offset by a and £27.1k favourable variance on Outreach for the Beyond the Boundary Project (See Note 6). In addition there has been a £28.3k favourable variance on Interpretation and £10.4k on Sustainable Development largely due to timing delays.
6. Income is generated by Grants (£705k), and Fees and Charges (£1140k). Major income variances against budget have their origin as follows:

- Conservation of the Natural Environment: £63.5k adverse, which is largely due to timing delays on the Limestone Country Project (See Note 5).
- Conservation of the Cultural Heritage: £96.9k favourable of which £45.4k relates to the Langcliffe Quarry project and £7.9k the Private Spaces Public Places Project (see Note 5) and £43.6k for Archaeology Projects.
- Recreation Management: £24.1k net adverse variance has arisen. The majority of this is timing differences on grant funded projects matched by corresponding variances in income i.e. ; £37.6k favourable on salaries, £138.8k adverse on Pennine Bridleway and £53.9k favourable on the Pennine Way (see Note 5). In addition there were favourable variances in Car Parking income of £10.4k and Definitive Map income of £7.6k .
- Promoting Understanding: £111.1k favourable variance which is largely offset by corresponding adverse income variances i.e: Retail Services £64.7k adverse income variance and £24.6k adverse variance on Outreach for the Beyond the Boundary Project (See Note 5). In addition there has been a £20k adverse variance on Dales Countryside Museum budget partially due to a decrease in visitor numbers.

7. The most significant item of expenditure is employees and employee related spend. At 31st March 2006 the Authority employed 125 full time equivalent staff and staff related expenditure in 2005/06 was £3575k.
8. In 2005/06 the Authority spent £2056k on capital expenditure. £1807k on building works (mainly Northern Office ) and £249k on plant and equipment (majority being IT equipment). The expenditure was funded as follows:

	£000s	%
Capital Grants	1,406	68.4
Income in Advance	233	11.3
Direct Revenue Funding	242	11.8
Capital Receipts	175	8.5
<b>TOTAL</b>	<b>2,056</b>	<b>100.0</b>

9. Material Contingent Liabilities

The Authority is currently in discussion with the contractors in relation to the Final Account for the build of the new administrative building at Bainbridge. An assessment of the potential financial liability for the Authority cannot be determined at present.

**CHANGES IN ACCOUNTING POLICIES AND PRESENTATION OF THE ACCOUNTS**

- 10 These policies are set out formally in the Statement of Accounting Policies which follows. There have been no major changes in the accounting policies adopted by the Authority in 2005/2006.

J S MOORE

TREASURER TO THE YORKSHIRE DALES NATIONAL PARK AUTHORITY

Financial Services

County Hall

Northallerton

## **STATEMENT OF INTERNAL CONTROL**

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

The Yorkshire Dales National Park 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 Local Government Act 1999 places the Authority under a duty to make arrangements to exercise its functions so as to ensure 'continuous improvement' having regard to economy, efficiency and effectiveness.

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

The system of Internal Control is designed to manage risk at an acceptable level and as a result can only provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely manner.

The system of Internal Control has been developed as part of an ongoing process of Risk Management and has been in place for the year ended 31 March 2006; and is designed to:

- Establish and monitor the achievement of the Authority's objectives
- Identify and evaluate the nature and extent of the principal risks to the achievement of the Authority's objectives
- Manage these risks so as to ensure the efficient, effective and economic use of the Authority's assets and resources
- Facilitate policy and Decision Making
- Ensure compliance with established laws, regulations, policies and procedures.

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

The key elements of control:

- (a) The Authority publishes its objectives and commitment to the achievement of statutory purposes in a number of plans; the key plan is the National Park Management Plan (NPMP) which establishes the five year vision of the authority. This plan is currently under review for 2006-2011.
- (b) The Best Value Performance Plan (BVPP) translates the NPMP into service-specific annual objectives, with targets and financial plans. This is revised and published annually and forms an integral part of the Performance Management regime.
- (c) In addition to these there are a number of supplementary plans and supporting strategies.

- (d) The Medium Term Financial Strategy for the next three years is established by the Authority's Budget Process, which is developed in accordance with the Priorities established by the Policy Development Forum.
- (e) The Authority incorporates the principles of Corporate Governance into every dimension of its business to ensure that stakeholders can have confidence in the decision-making and management processes of the Authority, and in the conduct and professionalism of its members, officers and agents in delivering services.
- (f) The Authority's Standing Orders and other policies describe the decision-making process and operation of the Authority. These establish the transparency, accountability, efficiency and effectiveness of the operation of the Authority. These are supplemented by the:
  - Scheme of Delegation
  - Officers and Members Code of Conduct
  - Financial Regulations
  - Policies and Procedures
- (g) The Financial Management of the Authority is embedded in the budget setting and budget monitoring systems which are applied consistently across all departments. These ensure that financial reports are provided in a timely manner in a format that is relevant to the needs of the user. Financial Regulations set out the policies and procedures to be adhered to in relation to the above.
- (h) Performance Management is applied consistently throughout the organisation and includes the implementation of the National Park Authority Performance Assessment (NPAPA) process.
- (i) Risk Management procedures include an annual Risk Prioritisation Exercise which is reported to the Audit and Review Committee. The Authority also operates a Health and Safety Working Group.
- (j) The Internal Audit Service and the Monitoring Officer provide an independent review of compliance with all the above on a regular basis.

#### **4. Review of Effectiveness – 2005/06 Overview**

Under the Accounts and Audit Regulations 2003 the Authority has a duty to conduct a review of the effectiveness of the system of internal control at least annually.

This review is informed by the work of the Internal Audit Service, the Monitoring Officer and by the output of the Corporate Governance Working Group ( a member group advised by officers) which reports to the Audit and Review Committee. The development of the internal control environment is also informed by the comments of the external auditors and other review agencies.

The table below identifies the key controls and the findings of the review of effectiveness. Since 2004/05 a number of significant changes have been implemented and these are identified in the table below, as well as areas requiring improvement in 2006/07.

Control	Review of Effectiveness	Action Taken/Planned
Statutory Roles of Authority's Monitoring Officer and section 151 Officer to ensure internal control procedures are efficient and effective and are being complied with on a routine basis to ensure legality and sound financial standing.	The external auditor is satisfied with the authority's arrangements (Annual Management Letter 2004/05).	Financial Regulations were revised in 2005/06
Internal Audit provides an objective and independent assurance across the whole range of the Authority's activities. This assurance is supported by the review and reporting of External Audit.	<p>The Internal Audit Service is outsourced and the work is identified in the Annual Audit Plan. The findings and recommendations are reported to the Audit and Review Committee.</p> <p>The External Auditors place reliance on the work undertaken by the Internal Audit Service (Annual Management Letter 2004/05)</p>	
The Authority has effective processes for the identification of priorities and the Performance Management.	<p>In 2005/06 the Authority completed the National Park Authority Performance Assessment (NPAPA) process. This identified the organisations strengths in relation to priority setting.</p> <p>Performance against the targets set in the Best Value Performance Plan is regularly reported and subject to review by the External Auditors.</p>	<p>The National Park Management Plan is currently under review and this will link into a review of priorities by the Policy Development Forum in 2006/07.</p> <p>The NPAPA Process resulted in a draft improvement plan.</p> <p>The Best Value Performance Plan is updated annually.</p>
The Authority has an effective and efficient system of financial management systems.	The Authority has adopted a 3 year Financial Plan for budgeting purposes. The priority setting process is used to allocate	In order to address significant budget pressures in 2006/07 and beyond a review of core costs and opportunities for alternative funding sources will

	<p>resources.</p> <p>Budget Managers have a range of reporting tools available to facilitate the management of budgets.</p> <p>Regular progress reports are presented to the Finance and Resources Committee.</p> <p>All Financial decisions are taken in line with Financial Regulations and other policies.</p>	<p>be undertaken.</p> <p>In 2006/07 further development and training will be undertaken.</p> <p>The Authority has started work on the implementation of a Procurement Strategy and an Asset Management Strategy. This work will be completed in 2006/07.</p>
<p>Risk Management and Prioritisation processes are in place (including Health and Safety Procedures).</p>	<p>The Authority has a Risk Register and an annual report is taken to the Audit and Review Committee.</p> <p>The Authority has a Health and Safety Officer Group.</p>	<p>In 2006/07 an exercise to reclassify the risks will be undertaken.</p>
<p>The authority has sound corporate governance arrangements in place</p>	<p>The Authority has embedded corporate governance principles into every dimension of its business.</p>	<p>In 2005/06 the Authority has</p> <ul style="list-style-type: none"> <li>• established a Corporate Governance Working Group and adopted the Good Governance Standard for Public Services.</li> <li>• Updated the Officers Code of Conduct and Register of Interests and conducted Members Training</li> <li>• Updated the Confidential Reporting Policy to ensure compliance with the Public Interest Disclosures Act.</li> <li>• Officers conduct is controlled by Staff Guidance which will be reviewed when the national Code of Officers Conduct has been published.</li> </ul>

**5.0 Significant Internal Control Issues**

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

Signed

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Chief Executive

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Chairman of Yorkshire Dales National Park  
Authority

**INDEPENDENT AUDITOR'S REPORT TO THE YORKSHIRE DALES NATIONAL PARK AUTHORITY**

**THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK FOR INSERTION OF THE AUDITORS CERTIFICATE ONCE THE AUDIT FIELDWORK HAS BEEN COMPLETED.**

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority is required :

(a) to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Authority, that officer is the Treasurer.

(b) to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

The Treasurer is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2006.

In preparing this statement of accounts, the Treasurer has :

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

The Treasurer has also :

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

## CERTIFICATE OF TREASURER

I certify that the accounts set out on pages 16 to 27 fairly state the financial position of the Yorkshire Dales National Park Authority as at 31st March 2006.

J.S. Moore  
Treasurer to the Yorkshire Dales National Park Authority  
Financial Services  
County Hall  
Northallerton

## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General**

These accounts have been prepared in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2005", issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

### **2. Fixed Assets**

From 1st April 1994, all expenditure on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure is capitalised, provided that the fixed asset yields benefits to the Authority and the services it provides extend for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to the revenue accounts.

Fixed assets are valued on the basis required by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Mr M Dobson MRICS, from Mouchel Parkman, an external land and property consultancy organisation, valued the land and buildings as at 31 March 2004. To comply with capital accounting purposes, this valuation gave a separate valuation for the land and building elements.

Fixed assets are classified into the groupings required by the 2005 Code of Practice on Local Authority Accounting.

- land, operational properties and other operational assets are included in the balance sheet at the lower of the net current replacement cost or net realisable value in their existing use, net of depreciation.
- Non Operational Assets (surplus to requirements) are included in the Balance Sheet at the open market value.

All surpluses arising on the revaluation of fixed assets will be credited to the Fixed Asset Restatement Reserve. All material fixed assets will be revalued at least every 5 years. An annual

On an annual basis all assets are reviewed for evidence of impairment (a decline in their realisable value due to specific events) by the external valuers in line with the guidance given in FRS11.

### **3. Depreciation**

Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- in accordance with the Best Value Accounting Code of Practice all buildings (but not the land on which they stand) are depreciated over their remaining useful lives. Buildings are therefore depreciated over 25 years.
- vehicles, plant, furniture and equipment is depreciated over a number of years depending on the nature of the asset.

Depreciation is calculated using the straight-line method with no residual value.

### **4. Charges to Revenue**

From 1st April 1994, the revenue account is charged with a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest (3.5% in 2005/06) to net asset values. The capital financing charge represents a notional value of the other opportunities foregone by the Authority in investing in assets for particular services. The aggregate charge is determined on the basis of the capital employed by the Authority on 31st March 2006.

The Asset Management Revenue Account, a subsidiary account to the Revenue Account is credited with the capital financing charges debited to services so that these notional charges have no impact on the amounts required to be raised from the National Park Grant.

## **5. Deferred Charges**

Deferred charges represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. Deferred charges are written off to the Revenue Account and a matching appropriation is then made from the Capital Financing Account. This treatment is in accordance with CIPFA's guidance in the 2004 SORP.

## **6. Debtors and Creditors**

The revenue and capital accounts of the Authority are, in general, maintained on an accruals basis in accordance with Financial Reporting Standard (FRS) 18. The accounts reflect sums due to or incurred by the Authority during the year whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for creditors and debtors at 31st March 2006.

Exceptionally, metered energy and telephone charges and other periodic payments for establishments are charged when due during the financial year rather than being apportioned between financial years. This policy is applied each year and does not therefore have a material effect on the year's accounts, which reflect 12 months' expenditure.

## **7. Grants**

Revenue grants are accrued and credited to income in the same period in which related expenditure is charged.

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is credited initially to the Capital Grants Deferred Account. Amounts are released to the Asset Management Revenue Account over the useful life of the asset, to match the depreciation charged on the asset to which it relates.

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

## **8. Stocks and Stores**

Stocks and stores generally have been included in the accounts at cost price. In general, obsolete and slow moving items are written-off during the year and netted off against the value of stock shown in the Balance Sheet. This treatment differs from the requirements of SSAP9, which requires stocks to be shown at the lower of actual cost or net realisable value. It is considered that this difference in treatment does not have a material effect on the accounts.

## **9. Allocation of Support Services Costs**

The cost of Support Services such as Finance, Information Technology, Personnel, Secretariat and general office administration are recharged to the appropriate functional headings. This is on the basis of various recharge calculations related to the type of support expenditure being allocated.

Recharges to Functional Headings from the Corporate and Democratic Core are consistent with the National Park Grant Memorandum issued by the Department of Environment, Food and Rural Affairs.

## **10. Reserves**

- (i) The Fixed Asset Restatement Account represents principally the balance of the surpluses or deficits arising on the periodic revaluation of Fixed Assets.
- (ii) The Capital Financing Account represents amounts set aside from revenue resources to finance expenditure on fixed assets and certain other capital transactions.

## **11. Pensions**

The pension liabilities of the Authority are to be accounted for using FRS17 principles.

Employees, subject to certain qualifying criteria, are eligible to join the North Yorkshire Local Government Pension Scheme, administered by North Yorkshire County Council, which provides members with defined benefits related to pay and service.

In line with the accounting policies outlined in the 2004 Statement of Recommended Practice (SORP), the Authority has complied with the requirements of Financial Reporting Standard 17 - Retirement Benefits and in particular:

- the assets are measured at fair value;
- the attributable liabilities of the scheme are measured on an actuarial basis;
- the scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability (3.5% in excess of inflation);
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the current service cost is based on the most recent actuarial valuation at the beginning of the period;
- the interest cost is based on the discount rate and present value of liabilities at the beginning of the Fixed Asset Restatement Account
- actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- past service costs are disclosed on a straight-line basis over the period the increased benefits vest;
- gains / losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

## **12. Presentation of Accounting Statements**

The Best Value Code of Practice recommends that the Revenue Account shows an analysis of expenditure on services classified in the way laid down in the CIPFA Standard Form of Accounts. The Accounts show expenditure analysed in accordance with the DEFRA National Park Authorities Grant Memorandum classification which does not correspond with the CIPFA classification.

## **13. Provisions**

Provision has been made in the revenue accounts for liabilities that have been incurred, but the amounts or dates on which they will arise are uncertain. Provisions are required to be recognised when the Authority has a present obligation as a result of a past event which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When expenditure is incurred to which the provision relates, it is charged directly against the provision in the balance sheet and not the revenue account.

## **14. Treasury Management**

The Yorkshire Dales National Park Authority has an arrangement with North Yorkshire County Council whereby the balance of the Authority's bank account is merged each day with the balances of the County Council and several other organisations. These balances are then invested by North Yorkshire County Council and interest is paid to the Yorkshire Dales National Park Authority based on the actual overall rate achieved.

The service provided by NYCC complies with the Code of Practice for Treasury Management in Local Authorities as fully revised by CIPFA in 2002. Interest earned on investments is credited to income on an accruals basis.

## **15. Leases**

The Yorkshire Dales National Park Authority has only entered into leasing arrangements defined by SSAP 21 "Leases and Hire Purchase Contracts" as operating leases. In these cases the rentals payable are charged to revenue on a straight line basis over the lease term.

The Authority has not entered into any finance leases. If this were to occur the provisions set out under SSAP 21 would be followed.

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

<u>Net</u> <u>Expenditure</u> <u>2004/05</u> £000s	<b><u>Heading</u></b>	<u>Gross</u> <u>Expenditure</u> £000s	<u>Income</u> £000s	<u>Net</u> <u>Expenditure</u> £000s
622.8	Conservation of the Natural Environment	758.4	50.5	707.9
205.4	Conservation of Cultural Heritage	371.8	130.3	241.5
1,324.5	Recreation Management	2,247.1	807.2	1,439.9
1,268.5	Promoting Understanding: Information, Interpretation and Education	1,612.1	331.9	1,280.2
66.2	Traffic and Transport Management	87.3	2.2	85.1
530.3	Rangers, Estate Services and Volunteers	519.4	8.4	511.0
602.6	Development Control	778.7	257.8	520.9
324.0	Forward Planning	401.4	200.0	201.4
268.5	Corporate Management and Administration	491.3	109.1	382.2
45.6	Training and Staff Development	<u>39.9</u>	<u>0.0</u>	<u>39.9</u>
<b>5,258.4</b>	<b>Net Cost of Service</b>	<b>7,307.4</b>	<b>1,897.4</b>	<b>5,410.0</b>
(192.1)	Interest Received			(147.3)
(281.4)	Asset Management Revenue Account (see note 2)			(283.8)
1,897.0	Pension Interest Cost & Expected Return on Net Assets			<u>562.0</u>
<b>6,681.9</b>	<b>Net Operating Expenditure</b>			<b>5,540.9</b>
(415.7)	Contribution to Capital Financing Account (see note 7)			(476.0)
163.6	Direct Revenue Funding of Capital Expenditure			242.0
<u>(1,873.0)</u>	Movement on Pension Reserve			<u>(227.0)</u>
<b>4,556.8</b>	<b>Net Expenditure to be Funded</b>			<b>5,079.9</b>
	<b>Funding of Net Expenditure:</b>			
4,380.9	National Park Grant			4,706.9
0.0	Local Authority Levies			0.0
<u>4,380.9</u>				<u>4,706.9</u>
(326.1)	<b>From Revenue Working Balances: (surplus)/deficit in year</b>			373.0
<b>4,054.8</b>	<b>Total Funding in Year:</b>			<b>5,079.9</b>
	<b>Movement in Revenue Working Balance:</b>			
921.6	Opening Balance			745.7
<u>(175.9)</u>	Surplus/(Deficit) for Year			<u>(373.0)</u>
<u>745.7</u>	Closing Balance			<u>372.7</u>

## NOTES TO THE REVENUE ACCOUNT

### 1 Agency Services

The Authority has contracts with North Yorkshire County Council to provide personnel, IT, Treasurer, legal and other services. Charges for those services in 2005/06 amounted to £36.2k (£38.8k in 2004/05).

### 2 Asset Management Revenue Account

Rentals are charged for the use of assets. This is achieved by applying a notional rate of interest to the value of the assets as shown in the balance sheet and including it as a charge within the revenue account. This represents the cost of tying up resources in the asset. However, to ensure that there is no impact on the amounts required to be raised from National Park Grant and Local Authority Levies, the Asset Management Revenue Account is credited with the asset rentals.

	2005/06 £000s	2004/05 £000s
Capital charges to Revenue Account	759.8	697.1
Provision for depreciation	(476.0)	(415.7)
	283.8	281.4

### 3 Accounting for Publicity

Section 5 of the Local Government Act 1986 requires the Authority to identify special areas of expenditure on publicity.

	2005/06 £000s	2004/05 £000s
Staff Recruitment Advertising	27.6	30.0
Other Publicity and Advertising	62.5	62.5
	90.1	92.5

### 4 Pension Arrangements

As part of the terms and conditions of employment, the Authority offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the North Yorkshire Pension Fund.

In accordance with Financial reporting Standard No17 - Retirement Benefits (FRS17), the Authority is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against National Park grant is based on the cash payable in the year, so the real cost of retirement is reversed out of the Revenue Account after Net Operating Expenditure.

The following transactions have been made in the Revenue Account during the year:

	2005/06 £000s	2004/05 £000s
Actual amount charged against NPG in the year		
- Employers contributions payable to scheme	(505)	(391)
- Current service cost	428	364
- Curtailment cost	(258)	3
Net Cost of Services Adjustment	(335)	(24)
- Interest cost	145	112
- Expected return on assets	417	1,785
Net Operating Expenditure	227	1,873
Movement on Pensions Reserve	(227)	(1,873)
Amounts to be met by National park Grant	0	0

Therefore, although the overall amount to be met by National Park Grant remains unchanged, the cost disclosed for individual services are £335k lower after the replacement of employers contributions after the (£505k) by current and past service costs (£170k). This equates to a 66% reduction on employer pension costs.

Further information on pension liabilities are provided in Note 10 to the Balance Sheet.

## 5 Disclosure of Remuneration

The Local Government Accounts and Audit Regulations 2003 requires that the Authority discloses the number of employees whose remuneration falls in each bracket of a scale in multiples of £10,000 starting with £50,000. The definition of remuneration includes gross pay and certain expense allowances.

	2005/06 <u>Number</u>	2004/05 <u>Number</u>
£50,000 - £59,999	0	0
£60,000 - £69,999	1	1
£70,000 +	0	0

## 6 Presentation of Accounts

The analysis of expenditure follows the National Park Grant memorandum structure laid down by DEFRA.

## 7 Contribution to Capital Financing Account

	2005/06 £000s	2004/05 £000s
Provision for Depreciation	476.0	415.7
	<u>476.0</u>	<u>415.7</u>

## 8 Related Party Transactions

The Authority is required to disclose material transactions with related parties. These are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority; the bodies so identified are:

**Central Government** has effective control over the general operation of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the transactions with other parties. Details of transactions with government departments in terms of grants are set out in note 10 to the Cashflow Statement.

**Members of the Authority** have direct control over the Authority's financial and operating policies. The Register of Members' Interests, which authorities are required to maintain in accordance with the National Park Authority Members Code of Conduct, and any disclosures of direct or indirect pecuniary interests made in accordance with Section 94 of the Local Government Act 1972, were examined.

No evidence was found of any material related party transactions occurring in respect of Members of the Yorkshire Dales National Park Authority during 2005/06.

Many of the Authority's members are also members of parish, district and county councils and other organisations whose activities may, or may be seen to, affect those of the Authority.

A number of members are trustees of the Yorkshire Dales Millennium Trust and Hudson House Limited with which the Authority has close working relationships.

**Officers** have day to day control of the running of the Authority's affairs. No material related party transactions occurred with officers in 2005/06. It should be noted that the Treasurer (Section 151 Officer) of the Yorkshire Dales National Park is also the Section 151 Officer for North Yorkshire County Council and various other organisations.

During the year the following material transactions with related parties arose, which are not disclosed elsewhere in the Statement of Accounts.

	Receipts £000s	Payments £000s
Various outside bodies		
<i>Sustainable Development Fund Grants (Millenium Trust)</i>		78.9
<i>Other grants made to outside bodies</i>		60.0
<i>Contribution to the Millennium Trust Operating Costs</i>		50.0
Central Government		
<i>Sustainable Development Fund Grant</i>	200.0	

## 9 Members Allowances

The total amount of members' allowances paid during the year was £72.3k (£70.4k in 2004/05).

## 10 Audit Fees

In 2005/06 the Authority incurred the following fees in relation to external audit and inspection:

	2005/06 £000s	2004/05 £000s
Fees payable to the Audit Commission for external audit services carried out by the appointed auditor	29.7	22.3
Fees payable to the Audit Commission for the certification of grant claims	1.0	0.7
	<u>30.7</u>	<u>23.0</u>

## 11 Leases

The Authority uses vehicles, car parking machines and photocopiers financed under the terms of an operating lease. The amount paid under these arrangements was £109.7k.

As at the 31st March the authority was committed to making payments of £109.7k under operating leases in 2006/07 comprising of the following elements:

	Vehicles, Plant and Equipment £000
Leases expiring within 12 months	0
Leases expiring in excess of 12 months	<u>109.7</u>
	<u>109.7</u>

**BALANCE SHEET AS AT 31ST MARCH 2006**

31st March 2005 £000s		31st March 2006 £000s	£000s
	<b>FIXED ASSETS (Note 1)</b>		
7,613.1	Land and Buildings - Operational	8,718.5	
0.0	Land and Buildings - Non Operational	510.0	
332.5	Vehicles, Plant, Furniture and Equipment	<u>388.6</u>	
<u>7,945.6</u>			9,617.1
	<b>CURRENT ASSETS</b>		
111.9	Stock (Note 3)	121.6	
855.9	Debtors (Note 4)	254.0	
1.7	Cash with Officers	1.6	
0.0	Cash at Bank	0.0	
<u>3,069.4</u>	Short Term Investments (Note 5)	<u>3,260.0</u>	
4,038.9			3,637.2
	<b>CURRENT LIABILITIES</b>		
(2,939.0)	Creditors (Note 6)	(2,904.0)	
<u>(57.3)</u>	Cash overdrawn	<u>(275.4)</u>	
<u>(2,996.3)</u>			<u>(3,179.4)</u>
8,988.2	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,074.9
(503.6)	Capital Grants Deferred (Note 7)		(1,736.3)
(314.4)	Provisions (Note 11)		(335.6)
<u>(3,964.0)</u>	Pension Liability (Note 10)		<u>(4,191.0)</u>
<u><b>4,206.2</b></u>	<b>TOTAL ASSETS LESS LIABILITIES</b>		<u><b>3,812.0</b></u>
5,715.9	Fixed Asset Restatement Account (Note 8)		5,807.8
1,708.6	Capital Financing Account (Note 9)		1,822.5
<u>(3,964.0)</u>	Pension Reserve (Note 10)		<u>(4,191.0)</u>
745.7	Revenue Working Balance		372.7
<u><b>4,206.2</b></u>	<b>TOTAL EQUITY</b>		<u><b>3,812.0</b></u>

I confirm that these accounts were approved by the Yorkshire Dales National Park Authority on 30th May 2006

Signed on behalf of the Yorkshire Dales National Park Authority

..... Date 30th May 2006

Chair of the Authority

## NOTES TO THE BALANCE SHEET

### 1. Fixed Assets

The treatment of Fixed Assets in the Accounts is covered in the Statement of Accounting Policies Note 2.

#### (a) Movements in Fixed Assets during the year were as follows :-

	Land and Buildings Operational  £000s	Land and Buildings Non Operational  £000s	Vehicles, plant & equipment  £000s	TOTAL  £000s
Value as at 1 April 2005	7,613.1	0.0	332.6	7,945.7
Additions in Year (note 1b)	1807.2	0.0	248.4	2,055.6
Disposals in Year	(418.2)	0.0	0.0	(418.2)
Revaluations in Year	0.0	510.0	0.0	510.0
Gross Value as at 31 March 2006	9,002.1	510.0	581.0	10,093.1
Depreciation for year	(283.6)	0.0	(192.4)	(476.0)
Net value as at 31 March 2006	8,718.5	510.0	388.6	9,617.1

Land and buildings were revalued as at 31st March 2004 by M.E. Dobson of Mouchel Parkman. This revaluation followed CIPFA requirements and was incorporated into the Statement of Final Accounts in 2003/04 and forms the basis for the Value as at 1st April 2005.

Following the conventions of the Best Value Accounting Code of Practice, buildings (but not the land they stand on) have been depreciated over their estimated useful lives of 25 years.

#### (b) Financing of Fixed Assets

The Capital expenditure on Fixed Assets of £2055.6k was financed as follows :-

	£000s
Revenue	242.0
Income in Advance	233.0
Capital Grants	1405.6
Capital Receipts - Applied	175.0
	<u>2055.6</u>

#### (c) Major Capital Schemes

	£000s
Major Capital Schemes were :-	
Northern Office	1776.7
Aysgarth NPC	30.5
Purchase of Argocat	11.5
IT Equipment	236.9

The Authority has an approved capital programme for 2006/07 of £60k.

#### (d) Analysis of Fixed Assets

The list below gives an indication of the significant fixed assets of the Authority.

Analysis of Fixed Assets as at 31st March 2006

BUILDINGS	Number
National Park Centres	4
Other Buildings	2
Other Operational Buildings	2
Public Conveniences	12
Administrative Buildings	2

## 2. Deferred Charges

There were no deferred charges in 2005/06.

## 3. Stock

	31 March 2006 £000s	31 March 2005 £000s
Stock for Resale	107.4	99.3
Footpath Maintenance Stock	<u>14.2</u>	<u>12.6</u>
	<u>121.6</u>	<u>111.9</u>

## 4. Debtors

	31 March 2006 £000s	31 March 2005 £000s
General Debtors	195.9	707.3
Government Departments	53.1	133.6
Prepayments	5.0	15.0
	<u>254.0</u>	<u>855.9</u>

## 5. Short Term Investment

The Authority had a Short Term Investment of £3260k with North Yorkshire County Council, who provide a Treasury Management Service to the Authority.

## 6. Creditors

	31 March 2006 £000s	31 March 2005 £000s
General Creditors (including Local Authority Creditors)	993.6	1,614.3
Capital Creditors	283.6	-
Income in Advance	<u>1,626.8</u>	<u>1,324.7</u>
	<u>2,904.0</u>	<u>2,939.0</u>

Income in Advance Includes the National Park Grant from DEFRA for Quarter 1 2006/07

## 7. Capital Grants Deferred

	31 March 2006 £000s	31 March 2005 £000s
Balance brought forward	503.6	102.1
New Capital Grants Deferred	1405.6	490.4
Grants written off to Capital Financing Account	(172.9)	(88.9)
	<u>1736.3</u>	<u>503.6</u>

## 8. Fixed Asset Restatement Account

	31 March 2006 £000s	31 March 2005 £000s
Balance brought forward	5,715.9	5,870.9
Disposal of Fixed Assets	(160.0)	(155.0)
Surplus/(deficit) on assets revalued in year	251.9	0.0
	<u>5,807.8</u>	<u>5,715.9</u>

The system of Capital Accounting effective from 1st April 1994 requires a Fixed Asset Restatement Reserve. The balance represents the difference between the costs of assets and their value. The reserve is written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluations.

## 9. Capital Financing Account

	31 March 2006 £000s	31 March 2005 £000s
Balance brought forward	1,708.6	1,697.9
Capital Financing		
Capitalisation	0.0	18.8
Capital Grants Applied	172.9	88.9
Direct Revenue Funding	242.0	163.7
Usable Capital Receipts Applied	175.0	155.0
Revenue Contribution to Capital Financing Account	(476.0)	(415.7)
	<u>1,822.5</u>	<u>1,708.6</u>

The Capital Financing Account contains the amount of capital expenditure financed from revenue and capital grants.

## 10. North Yorkshire Pension Fund Statement

In accordance with Financial Reporting Standard No 17 - Retirement Benefits (FRS17), the Authority is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

Note 4 to the Revenue Account contains details of the Authority's participation in the Local Government Pension Scheme (administered by North Yorkshire County Council).

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

	31st March 2006	31st March 2005
	£000's	£000's
Estimated share of assets in the scheme	7473.0	5563.0
Estimated share of liabilities in the scheme	<u>(11,664.0)</u>	<u>(9,527.0)</u>
Surplus / (Deficit)	<u>(4,191.0)</u>	<u>(3,964.0)</u>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £4.2m has a substantial impact on the net worth of the Authority, as recorded in the Balance Sheet.

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 liabilities have been assessed by Mercer's, an independent firm of actuaries, and the main assumptions used in their calculations have been:

	31st March 2006	31st March 2005
	%	%
Rate of Inflation	2.90	2.90
Rate of increase in salaries	4.65	4.65
Rate of increase in pensions	2.90	2.90
Rate for discounting scheme liabilities	4.90	5.40

Assets in the Pension fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held in the fund.

	Long term expected rate of return	31st March 2006	31st March 2005
	%	%	%
Equities	7.0	75.0	77.0
Government Bonds	4.3	7.6	11.6
Other Bonds	4.9	14.0	6.2
Property	6.0	0.0	0.0
Cash/Liquidity	4.5	3.4	5.2

## 11. Analysis of Provisions

	31 March 2006	31 March 2005
	£000s	£000s
Debtors	<u>0.0</u>	<u>73.3</u>
	0.0	73.3
Creditors	(335.6)	(387.7)
Provisions	<u><u>(335.6)</u></u>	<u><u>(314.4)</u></u>

## 12. Contingent Liability

A contingent liability is disclosed where a present or past obligation has resulted in the possibility of a future liability to the Authority.

The Explanatory Foreword includes the disclosure of the potential material contingent liability that may arise as the result of negotiations with the contractors for the build of Yoredale (pages 2-5).

Due to a number of factors the extent of this potential liability cannot be determined and as a result cannot be disclosed.

## **STATEMENT OF TOTAL MOVEMENTS IN RESERVES 2005/06**

2004/05 £000s		2005/06 £000s	£000s
	Surplus/(Deficit) for the year:		
(175.9)	- Revenue Reserve	(373.0)	
-	- Adjustment to previous year's provisions	-	
(175.9)	Total increase/(decrease) in revenue resources		(373.0)
	Gains/(losses) on revaluation of fixed assets (Note 1)	-	
-	Impairment losses on fixed assets (Note 1)	-	
-	Total increase/(decrease) in unrealised value of fixed assets		251.9
155.0	Value of assets sold, disposed of or decommissioned		(160.0)
-	Capital Receipts set aside	-	
10.6	Revenue resources set aside (Note 2)	113.9	
10.6	Total increase/(decrease) in amounts set aside to finance capital investment		113.9
24.0	Current Service Cost offset by employer contribution	335.0	
(1,897.0)	Pension Interest Cost and Expected return on Net Assets	(562.0)	
(1,873.0)	Total Increase / (Decrease) in amounts to finance Pension Liability (Note 3)		(227.0)
(1,883.3)	Total recognised gains and losses		(394.2)

### **Notes to the statement of movement on reserves**

	£000s	£000s
<b><u>1. Movements in unrealised value of fixed assets</u></b>		
Increase Surplus Property to Open Market Value	251.9	
Disposal of Fixed Assets	(160.0)	
Total increase/(decrease) in unrealised capital resources in 2005/06	91.9	
<b><u>2. Movements in amounts set aside to finance capital investments</u></b>		
	Capital financing Account £000s	£000s
Revenue resources set aside in 2005/06		
- capital expenditure financed from Revenue	242.0	
Total revenue set aside in 2005/06		242.0
Grants applied to capital investment in 2005/06	172.9	
Application of Capital Receipts	175.0	
Capitalisation	-	
Amounts credited to the asset management revenue account in 2004/05	(476.0)	
Movement in Government Grants Deferred		(128.1)
Total increase/(decrease) in amounts set aside to finance capital investments		113.9
Total movement on reserves in 2005/06	113.9	
Balance brought forward at 1 April 2005	1,708.6	
Balance carried forward at 31 March 2006	1,822.5	

### 3. Pension Liability

	Pension Reserve	
	£000s	£000s
Movements in the year		
Current Service Cost	(428.0)	
Employers contributions, including unfunded retirement benefits	505.0	
Past Service Costs	258.0	
Interest Costs	(524.0)	
Expected Return on Assets in the scheme	379.0	
Actuarial Gains / (Losses)	<u>(417.0)</u>	
		<u>(227.0)</u>
Net Pension Liability at 1 April 2005	(3,964.0)	
Net Pension Liability at 31 March 2006	(4,191.0)	

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2006:

	£000s	%
Difference between the expected and actual return on assets	1,115.0	14.9
Difference between actuarial assumptions about liabilities and actual experience	(366.0)	(3.1)
Changes in the demographic and financial assumptions used to estimate liabilities	<u>(1,166.0)</u>	<u>(10.0)</u>
	(417.0)	
Comparative totals for 2004/05	1,785.0	

## CASHFLOW STATEMENT - YEAR ENDED 31ST MARCH 2006

2004/05				
£000s		£000s	£000s	£000s
(1,457)	<b><u>Net cash inflow from revenue activities (Note 5)</u></b>			857
	<b><u>SERVICING OF FINANCE</u></b>			
	<b><u>Cash Inflow</u></b>			
192	Interest received		147	
192	<b>Net cash inflow from servicing of finance</b>			147
	<b><u>CAPITAL ACTIVITIES</u></b>			
	<b><u>Cash Outflow</u></b>			
(845)	Purchase of Fixed Assets	(1,688)		
(845)			(1,688)	
	<b><u>Cash Inflow</u></b>			
300	Capital Grants (See Note 10)		100	
155	Asset Sales		175	
(390)	<b>Net cash outflow from capital activities</b>			(1,413)
(1,655)	<b>Net cash inflow/(outflow) before financing</b>			(409)
	<b><u>MANAGEMENT OF LIQUID RESOURCES</u></b>			
1,502	Movement in Short Term Investments			191
(153)	<b>Net cash inflow / (outflow) for year (see Note 3)</b>			(218)

## NOTES TO THE CASHFLOW STATEMENT

1. This statement is prepared in accordance with Financial Reporting Standard 1. The cashflow statement seeks to bring together both cash in-flows and cash out-flows, in order to provide a view of the financial health of the Authority.
2. Figures for revenue expenditure and income in the cashflow statement differ from those shown in the Consolidated Revenue Account as the latter reflects internal charges relating to capital financing and the incidence of internal reserves. The cashflow statement merely concerns itself with cash flowing in and out of the Authority.
3. The movement in cash and cash equivalents are analysed as follows :-

	31st March 2006 £000s	1st April 2005 £000s	Movement £000s
Cash with Officers	2	2	(0)
Cash at Bank	<u>(275)</u>	<u>(57)</u>	<u>(218)</u>
	<u>(273)</u>	<u>(55)</u>	<u>(218)</u>

4. In determining the net cash in-flow from revenue activities the net figure of revenue income less expenditure was calculated as follows :-

	£000s	£000s
<u>Expenditure</u>		
Employees	3,575	
Other Operating Costs	<u>3,308</u>	
Revenue Expenditure		6,883
<u>Income</u>		
National Park Grant	4,707	
Other Revenue Grants	905	
Cash for Goods and Services	<u>992</u>	
Revenue Income		(6,604)
<b>Net revenue activities</b>		<b>279</b>

5. The net figure of revenue income less expenditure can then be reconciled with the net cash in-flow from revenue activities as follows :-

	£000s
Net of Revenue Income less Expenditure (note 4)	279
Decrease in Stocks and Debtors	592
Decrease in Creditors	(35)
Increase in Provisions	<u>21</u>
<b>Net cash inflow/(outflow) from Revenue activities</b>	<u><b>857</b></u>

6. The Consolidated Revenue Account on page 16 shows gross revenue expenditure of £7.3m. This can be reconciled with the revenue expenditure figure used for the purposes of the cashflow statement (note 4) as follows :-

	£000s
Gross Revenue Expenditure as in Revenue Account	<b>7,307</b>
LESS -	
Non-Cash Capital and Pension Charges to the Revenue Account	<u>(425)</u>
<b>Revenue Expenditure</b> (as per note 4)	<u><b>6,883</b></u>

7. The Consolidated Revenue Account on page 16 shows gross revenue income of £1.9m. This can be reconciled with the revenue income figure used for the purposes of the cashflow statement (see note 4) as follows :-

	£000s
Gross Revenue Income per Revenue Account	1,897
Add National Park Grant & Local Authority Levies	4,707
	<hr/>
<b>Revenue Income</b> (as per note 4)	<b>6,604</b>

8. Reconciliation of net cash flow to the movement in net debt

2004/05			2005/06
£000		£000s	£000s
153	Increase / (Decrease) of cash in the period	218	
1,502	Cash inflow from change in liquid resources	(191)	
		<hr/>	
1,655	Movement in net debt in 2005/06		27
(4,669)	Net Debt at 1 April 2005		(3,014)
			<hr/>
<u>(3,014)</u>	Net Debt at 31st March 2006		<u>(2,987)</u>

9. Analysis of net debt

	Balance	Cashflow	Balance
	1st April 05		31st March 06
	£000s	£000s	£000s
Cash in hand/(Overdrawn)	(55)	(218)	(273)
Short Term Investments	3,069	191	3,260
	<hr/>	<hr/>	<hr/>
	3,014	(27)	2,987

10. Analysis of Grants

In line with the Statement of Recommended Practice it is necessary to disclose the main revenue and capital grants received by the Authority. Revenue grants feature as part of Note 4 when determining the split for revenue income whereas capital grants are included in the main cashflow statement on page x.

<b>Revenue Grants (See note 4)</b>	£000s
National Park Grant	4,707
Sustainable Development Fund Grant	200
ODPM	375
Yorkshire Forward	4
European Union	57
Countryside Agency	217
Yorkshire Dales Millennium Trust	6
English Heritage	8
English Nature	9
Heritage Lottery Fund	22
Others	7
<b>Total</b>	<hr/> <b>5,612</b>

**REVENUE OUTTURN 2005/6**

Reconciliation of figures submitted to Finance and Resources Committee on 15 May 2006 to those included in the Statement of Financial Accounts

	Draft Outturn figures reported to Finance & Resources Committee 15-May-06  £000	Changes to Outturn  £000	Unrealised Provisions Reallocated  £000	Technical Adjustments for inclusion in SOFA  £000	Expenditure Totals reported in Financial Accounts (page 16 SOFA)  £000
	(2)	(3)	(4)	(3)	(4)
(1)					
Conservation of Natural Environment	584.8			123.1	707.9
Conservation of Cultural Heritage	176.3			65.2	241.5
Recreation Management	894.1			545.8	1,439.9
Promoting Understanding	841.2			439.0	1,280.2
Traffic & Transport	56.3			28.8	85.1
Rangers, Estate Services & Volunteers	377.3			133.7	511.0
Development Control	334.0			186.9	520.9
Forward Planning	155.1			46.3	201.4
Corporate Management & Administration	1,366.8	0.0		(984.6)	382.2
Training & Staff Development	38.5			1.4	39.9
NET COST OF SERVICE	4,824.4	0.0	0.0	585.6	5,410.0
Interest Received					(147.3)
Asset Management Revenue Account					(283.8)
Contribution from Capital Financing Reserve					(476.0)
Direct Revenue Funding of Capital					242.0
Net Pension Adjustment (FRS 17)					335.0
NET EXPENDITURE TO BE FUNDED	4,824.4	0.0		585.6	5,079.9
National Park Grant & Levies	4,706.9				4,706.9
<b>(Surplus) / Deficit</b>	<b>117.5</b>				<b>373.0</b>

Appendix A

Page 16

Reconciliation Outturn to SOFA

	£000
Management Accounts - Outturn reported to F&R	
Balance of Opportunities Fund and In-Year Underspend	-241.5
Adjustment re Utilisation of Carry Forward to fund 05/06 Budget	<u>359</u>
	117.5
Less Capital Items reported to F&R	
Plus additional Investment Income - coded to Capital	
Less Capitalisation of work at Dales Countryside Museum	
Deprecation and Asset rental	757.5 }
	}
Less AMRA	-283.4 }
	}
Less Contribution to Capital Finance Costs	-474.1 }
Aysgarth Interpretation Capitalisation	30.5
Northern Office Contingency	200.0
Other Capital Funded from Revenue	11.5
In Year Deficit As per SOFA	359.5
Control Check	373.0

This amount is currently held on the Balance Sheet in the Revenue Working Balances  
In Year Position Excluding Use of Surplus

Note these items cancel each other out

**APPENDIX B**

	Draft Outturn figures reported to Finance & Resources Committee 15-May-06  £000	Pension Adjustment  £000	Depreciation & Asset Rental  £000	Reallocation of Corporate Costs  £000	Technical Adjustments for inclusion in SOFA  £000	Expenditure Totals reported in Financial Accounts (page 13 SOFA)  £000	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Conservation of Natural Environment	584.8	(31.4)			154.5		707.9
Conservation of Cultural Heritage	176.3	(13.4)			78.6		241.5
Recreation Management	894.1	(63.2)	278.1		330.9		1,439.9
Promoting Understanding	841.2	(56.1)	183.2		311.9		1,280.2
Traffic & Transport	56.3	(4.3)			33.1		85.1
Rangers, Estate Services & Volunteers	377.3	(28.3)			162.0		511.0
Development Control	334.0	(52.9)			239.8		520.9
Forward Planning	155.1	(11.3)			57.6		201.4
Corporate Management & Administration	1,366.8	(74.1)	298.5	(1,369.8)		160.8	382.2
Training & Staff Development	38.5				1.4		39.9
<b>NET COST OF SERVICE</b>	4,824.4	(335.0)	759.8	(0.0)	160.8		5,410.0
Interest Received							(147.3)
Asset Management Revenue Account							(283.8)
Contribution from Capital Financing Reserve							(476.0)
Direct Revenue Funding of Capital							242.0
Pension Rounding							335.0
<b>NET EXPENDITURE TO BE FUNDED</b>	4,824.4	(335.0)	759.8	(0.0)	160.8		5,079.9
National Park Grant & Levies	4,706.9						4,706.9
<b>(Surplus) / Deficit</b>	117.5						373.0

