STATEMENT OF ACCOUNTS

2013/2014

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Introduction and Explanatory Foreword

Introduction

The South Downs National Park ("the Park") is England's newest national park. The proposal for a national park for the South Downs goes back to the original concept of national parks in England in 1947; however, it was only in 1999 that the Government announced consultation on its creation and another decade passed before the idea became a reality, with the Park formally coming into being on 1 April 2010.

The Park covers the South Downs and Western Weald situated in the counties of Hampshire, West Sussex and East Sussex. The South Downs National Park Authority ("the Authority") was established in April 2010. After a transitional year, the Authority became fully operational on 1 April 2011 following the transfer of its full powers and responsibilities from the South Downs Joint Committee.

The Authority is responsible for promoting the purposes of the National Park and the interests of the people who live and work within it. The work of the Authority is rooted in its statutory purposes and duty, and in its commitment to engage with local communities, partners and stakeholders. As a National Park, the Authority has statutory purposes as specified in the Environment Act 1995:

- to conserve and enhance the natural beauty, wildlife and cultural heritage of the area;
- to promote opportunities for the understanding and enjoyment of the special qualities of the Park by the public.

In addition, the Authority has a duty to work in partnership to foster the economic and social wellbeing of local communities within the Park.

The 2013/14 financial statements represent the third operational year of the Authority and demonstrate the overall financial position of the Authority at the end of the 2013/14 financial year (i.e. reporting period). This year has seen the completion of the Partnership Management Plan (PMP) which is the first overarching five year strategy for the management of the Park. The PMP sets out clear operational objectives and outcomes and how these will be delivered to meet the statutory purposes and duty of the Park and can be found on the Authority's website.

Explanatory Foreword

The financial statements are presented on an International Financial Reporting Standards (IFRS) basis and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2013 to 31 March 2014 ("the reporting period").

The objectives of financial statements are to provide information about the financial position, financial performance and cash flows of the Authority that is useful to a wide range of users for assessing the stewardship and accountability of the Authority's elected members and management of the resources entrusted to them and for making and evaluating economic decisions about the allocation of those resources.

Financial Statements, their Purpose and Relationship between them

The Authority has prepared its financial statements in accordance with IAS 1 *Presentation of Financial Statements*, IAS 7 *Statement of Cash Flows* and IFRS 8 *Operating Segments* as interpreted by the Code. The Code specifies the format of the financial statements, disclosures and terminology that are appropriate for national park authorities.

The Authority is required to present a complete set of financial statements (including comparative information) that comprise:

- Movement in Reserves Statement for the reporting period;
- Comprehensive Income and Expenditure Statement for the reporting period;
- Balance Sheet as at the end of the reporting period;
- Cash Flow Statement for the reporting period;
- Notes, comprising explanatory information.

The financial statements also include a Statement of Responsibilities which sets out the responsibilities of the Authority and the Chief Finance Officer in respect of the Statement of Accounts.

The Authority uses rounding to the nearest £'000 in presenting amounts in its financial statements; some notes are rounded to the nearest £ to aid the presentation and understanding of the financial statements.

The financial statements are set out on pages 11 to 52 and are presented as follows:

Core Single Entity Financial Statements:

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the reporting period on the different reserves held by the Authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and "unusable reserves". The Surplus / Deficit on the Provision of Services shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance. The Net Increase / Decrease before Transfers to Earmarked Reserves shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves are undertaken by the Authority.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the reporting period of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

The Cost of Services in the Comprehensive Income and Expenditure Statement is analysed in accordance with the Service Reporting Code of Practice (SeRCOP) for consistency and comparability of national park authorities.

The 2013/14 Code required the Authority to adopt the changes in IAS 1 "*Presentation of Financial Statements*" in respect of applying new groupings of the reported amounts under Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement into those transactions that will be reclassified separately to the Surplus / Deficit on the Provision of Services and those transactions that will not be reclassified. This change in accounting policy has been applied retrospectively. The change is presentational only and has had no impact on any reported amounts in the Comprehensive Income and Expenditure Statement.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is "usable reserves" (i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves is those that the Authority is not able to use to provide services (i.e. "unusable reserves"). This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement as Adjustments between Accounting Basis and Funding Basis under Regulations.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

Notes to the Financial Statements

The notes to the financial statements comprise explanatory information.

Financial Statements: Accounting Concepts, Principles and Policies

The Authority prepares its financial statements, except for its cash flow information; using the accruals basis of accounting (i.e. the Authority recognises assets, liabilities, income and expenditure when they satisfy the definitions and recognition criteria of the Code). The financial statements are also prepared on a going concern basis (i.e. on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future).

The Authority's accounting policies detail the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its financial statements.

The Authority has used the following underlying qualitative characteristics in producing its financial statements to ensure that the financial information included therein is as useful to the reader of the financial statements as is possible:

- Relevance – the Authority has made judgements regarding the inclusion or exclusion of financial information within its financial statements on the basis of their individual nature and materiality (i.e. whether its omission or misstatement could influence decisions that users make on the basis of financial information included);
- Faithful Representation – the Authority aims to ensure that the financial information included within its financial statements is complete within the boundaries of materiality (i.e. all information necessary for the user of the financial statements to understand the financial position, performance and cash flows), free from material error (i.e. no errors or omissions neither in the information reported nor in the process used to produce the reported information), and free from bias (i.e. it is neutral and not slanted, weighted, emphasised, deemphasised or otherwise manipulated to be received favourably or unfavourably by the user of the financial statements);
- Comparability – the Authority has prepared its financial statements in accordance with the requirements of the Code and SeRCOP; this allows the reader of its financial statements to compare the financial position and financial performance of the Authority between reporting periods and also with other national park authorities;
- Verifiability – to help assure users of the financial statements that the financial information contained therein faithfully represents the financial position, performance and cash flows of the Authority, it includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements;
- Timeliness – the Authority gives consideration to the financial information it includes within its financial statements based on age and timeliness. The Code specifies the requirements regarding reporting periods covering the current reporting period and the comparative financial information for the preceding reporting period;
- Understandability – the Authority aims to ensure that the financial information included within the financial statements is presented clearly and concisely. Although the financial statements are complex due to the requirement to comply with IFRS, every effort has been made to provide notes and commentaries that explain and interpret the key elements of the financial statements for the reader.

Financial Performance and Segmental Reporting

In the financial statements, the Authority reports its financial performance across five service areas – Chief Executive's Services, Strategy and Partnerships, Planning, Operations and Corporate Services. These service areas are classed as "operating segments" of the Authority.

The aim of reporting financial performance at operating segment level is to enable users of the Authority's financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

Details of the individual services included within each of these operating segments are included in note 25 together with the following detailed information on the financial performance of the Authority by operating segment:

- an analysis of the income and expenditure for each segment which includes those items of income and expenditure that are reported as part of the Authority's internal management reporting;

- a reconciliation between the segment reporting analysis and the cost of services in the Comprehensive Income and Expenditure Statement;
- a reconciliation between the segment reporting analysis and an analysis of total income and expenditure (i.e. a subjective analysis);
- information on services included within each operating segment.

2013/14 Financial Position

The Authority set a revised revenue budget of £10.276m for 2013/14, which was funded from National Park Grant of £10.589m giving rise to a net revenue budget surplus of £0.313m.

The Authority received gross revenue income of £13.183m in 2013/14, which included the National Park Grant of £10.589m received from the Government. The Authority incurred gross revenue expenditure of £12.699m in the same reporting period. The net revenue expenditure was £10.105m, a positive variation of £0.171m, when compared to the net budget of £10.276m.

The following table shows a breakdown of the income and expenditure against budget:

	Revised Budget £'000	Actual £'000	Variance £'000
Expenditure:			
Employees	4,851	4,884	33
Premises	378	316	(62)
Transport	180	179	(1)
Supplies and Services	3,576	3,673	97
Third Party Payments	3,648	3,597	(51)
Capital Financing Costs	50	50	0
Total Expenditure	**12,683**	**12,699**	**16**
Income:			
Other Grants, Contributions and Customer and Client Receipts	(1,005)	(1,139)	(134)
Planning Fees Income	(1,368)	(1,390)	(22)
Investment Interest	(34)	(65)	(31)
Total Income	**(2,407)**	**(2,594)**	**(187)**
Net Expenditure excluding National Park Grant	**10,276**	**10,105**	**(171)**
National Park Grant	(10,589)	(10,589)	0
Net Expenditure / (Income)	**(313)**	**(484)**	**(171)**
Contribution (from) /to Reserves	313	313	0
Net Expenditure / (Income)	**0**	**(171)**	**(171)**

Note: figures in brackets denote underspendings or income received in excess of that budgeted.

The following table summarises, by operating segment, the spending on services, including variations compared with the budget set by the Authority:

Spending on Services by Operating Segment			
Segments	**Revised Budget £'000**	**Actual £'000**	**Variance £'000**
Chief Executive's Services	199	204	5
Strategy and Partnerships	2,398	2,298	(100)
Planning	3,738	3,809	71
Operations	1,416	1,396	(20)
Corporate Services	2,525	2,398	(127)
Total	**10,276**	**10,105**	**(171)**

Note: figures in brackets denote underspendings or income received in excess of that budgeted.

The financial performance in 2013/14 indicates the Authority has delivered services within its overall budget by taking appropriate measures to manage in year risks and pressures. Details of the overall underspend variance of £0.171m are reported to the Authority's Governance Committee in June 2014, the report can be found on the Authority's website.

Reserves

Putting in place appropriate levels of general reserves is essential to enable the Authority to manage risk effectively and to provide cover for potential and unforeseen contingencies. The Authority's General Fund balance must last the lifetime of the Authority unless contributions are made from future year's revenue budgets.

The level of General Fund balance held is a professional judgement by the Authority based on local circumstances including the overall budget size, risks, robustness of estimates, major initiatives being undertaken, budget assumptions and the levels of other earmarked reserves and provisions. The minimum level of General Fund balance which is considered to be a prudent level for the Authority given the wider environment of financial uncertainty in the public sector is set at £0.650m which is approximately 5% of expected turnover.

The underspend of £0.171m in 2013/14 is included in the Authority's General Fund balance which stands at £0.821m. The following table shows the General Fund position:

General Fund Balance	Total £'000
Balance at 1 April 2013	**(669)**
Contribution to balances	(171)
Net transfer to other earmarked reserves	19
Balance at 31 March 2014	**(821)**
Recommended General Fund Balance	**(650)**

The Authority also holds earmarked reserves of £3.465m as at 31 March 2014. Note 8 provides information on the specific earmarked reserves held by the Authority.

Capital Summary

A capital programme totalling £1.866m was approved in March 2013 which consisted of the refurbishment of the Authority's main offices, the South Downs Centre, a hub for communities in the National Park and a base for people who work, partner and volunteer for the Authority, and the purchase of vehicles. The capital programme was revised to £3.026m in the reporting period to include the slippage from the previous reporting period.

The total capital expenditure on these assets was £2.749m compared with the revised budget of £3.026m. The variance of £0.277m relates to the slippage of the South Downs Centre capital project and the purchase of vehicles. £0.271m of the underspend will be carried forward to fund the outstanding costs related to the South Downs Centre in the next reporting period.

The following table details how the capital outturn of £2.749m was funded:

Funding of Capital Programme	Total £'000
Capital outturn	2,749
Total Funding Requirement	**2,749**
Funding:	
General and specific reserves	(2,556)
Capital grants	(193)
Total Funding	**(2,749)**

Non Current Assets

The value of the Authority's non current assets has increased in the reporting period by £2.684m, from £1.197m in 2012/13 to £3.881m in 2013/14.

The Authority has adjusted the 2012/13 comparative figures to include a material error in the calculation of depreciation in the 2012/13 financial statements. Further details of the adjustment can be found in note 4.

The Authority has incurred capital expenditure on non current assets of £2.749m in the reporting period in respect of the continued refurbishment of the South Downs Centre and the purchase of seven vehicles.

Non current assets have been depreciated by £0.44m in the reporting period. The carrying value of vehicles, plant, furniture and equipment assets were further reduced by £0.021m whereby four vehicles have been sold (£0.015m) in the reporting period and one vehicle was impaired (£0.006m) in the period.

Note 13 to the financial statements provides further information on non current assets held by the Authority.

Pensions Liability

Changes to IAS 19 *Employee Benefits*

In 2013/14, the Code introduced changes to the classification, recognition, measurement and disclosure requirements of employee benefits introduced by the June 2011 amendments to IAS 19 "*Employee Benefits*". The key change is the combination of the interest cost and the expected return on assets into a single net figure whereby advance credit for anticipated out performance of return seeking assets (such as equities) is no longer permitted and has in effect been replaced with an equivalent figure calculated using the discount rate; this has resulted in a reclassification change to the Comprehensive Income and Expenditure Statement. Further details can be found in note 4. These changes have been applied retrospectively; there is no impact on the level of the net pension liability reported in the financial statements for the preceding reporting period.

Whilst some disclosure requirements have been removed, new requirements have been added. The additions include:

- enhanced descriptions of the nature of the pension scheme, the regulatory regime under which it operates, third parties responsible for scheme governance, and the risks posed to the Authority;
- figures illustrating the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions;
- information about the profile of the scheme's liabilities, including the weighted average duration of the pension obligation;
- details of a scheme's funding policy, including the expected contributions to the scheme for the next reporting period;
- a much more detailed breakdown of pension scheme assets. The aim of this change is to split assets into classes that distinguish the nature and risk of those assets and to provide a detailed breakdown showing those with a quoted price in an active market and those that do not;
- the reconciliation of the Balance Sheet is now more clearly split into those components recognised in the surplus / deficit on provision of services within the Comprehensive Income and Expenditure Statement (i.e. service cost, net interest, past service cost and settlements) and 'remeasurements' which are recognised in the Other Comprehensive Income within the Comprehensive Income and Expenditure Statement under the line "remeasurements of the net defined benefit liability" (i.e. actuarial gains and losses and return on assets);
- the actuarial gains / losses are now clearly split between experience, demographic assumptions and financial assumptions.

Explanation of the movement in the reporting period

The Authority's net liability for future pension payments, as estimated by the pension actuary, Hyman Robertson LLP has increased from £0.478m at 31 March 2013 to £0.625m at 31 March 2014, an increase of £0.147m.

The overall deficit on the pension fund of £0.625m represents the difference between the value of the Authority's pension fund assets as at 31 March 2014 and the estimated present value of the future pension payments (i.e. liabilities) to which it was committed at that date. The value of the Authority's pension fund assets has increased from £2.614m as at 31 March 2013 to £5.092m as at 31 March 2014, an increase of £2.478m. The value of the future pension payments liabilities has increased from £3.092m as at 31 March 2013 to £5.717m as at 31 March 2014, an increase of £2.625m.

The liabilities reflect the Authority's long term underlying commitments to pay post employment benefits. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding the liabilities.

In relation to the increases in the pension fund assets and liabilities, the pension actuary has advised that:

- in respect of pension scheme assets, actual asset returns over the reporting period have been slightly better than expected. However, there has been deterioration in the net pension liability. Although asset returns are better than expected, the negative impact of the change in financial assumptions outweighs the positive asset return and leads to an increase in the net pension liability. The return on scheme assets (excluding the amount included in the net interest expense) of £1.518m in the reporting period;
- in respect of pension scheme liabilities, the significant increase is as a result of:
    - the financial assumptions made by the actuary at 31 March 2014 being less favourable than those made at 31 March 2013. Specifically the discount rate used in the actuarial calculations has decreased during the reporting period resulting in a negative impact on the position. Pension Scheme benefits are linked to price inflation and salary inflation therefore within the actuary's calculations, the real discount rate (i.e. net of price inflation) is compared from year to year when assessing the effect of changes in financial assumptions. The discount rate is set by reference to long term yields. The discount rate has changed from 4.5% to 4.3%. A lower real discount rate leads to a higher value being placed on the liabilities; the actuary has estimated that a 0.5% decrease in the real discount rate will have a financial impact of increasing the pension liabilities by approximately £0.890m.
    - a triennial actuarial valuation of the pension scheme took place 31 March 2013. The effect of the 2013 triennial actuarial valuation calculations and the step change in the roll forward approach have led to a significant experience adjustment to the pension liabilities. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last actuary report. The Balance Sheet position for pensions as at 31 March 2014 is based on a roll forward from the 2013 actuarial valuation; this differs to the Balance Sheet position as at 31 March 2013 and the charge to the Comprehensive Income and Expenditure Statement for 2013/14 which are based on the roll forward from the 2010 valuation. This "step change" has led to a significant experience adjustment between the Balance Sheet position as at 31 March 2013 and that as at 31 March 2014;
    - the application of demographic and financial assumptions and other experience adjustments in relation to the pension liabilities has resulted in the pension liabilities increasing by £1.515m.

Statutory arrangements for funding the pension deficit mean that the current financial position is robust although future funding of pension liabilities is expected to add to the financial pressures facing local authorities. The deficit on the pension fund will need to be made good by increased contributions over the working life of employees, as assessed by the pension actuary.

The Authority also recognises a reserve for the estimated net pension liability. Therefore, amounts included in the Authority's financial statements in relation to post employment benefits have no effect on the General Fund balance.

Note 23 to the financial statements provides further information on pension costs.

Cash and Cash Equivalents

The Authority's treasury management function is provided through a management agreement with Brighton & Hove City Council.

At 31 March 2014, the Authority had a cash balance of £5.511m of which £2.031m was invested externally with the Royal Bank of Scotland and £3.667m held under the management agreement with Brighton & Hove City Council, offset by a £0.187m overdrawn bank account.

The Authority's Annual Investment Strategy (AIS) for 2013/14 was approved by the Authority in March 2013. The AIS gives priority to security and liquidity. Security is achieved by:

- selecting only those institutions that meet stringent credit rating criteria or, in the case of non rated UK building societies, have a substantial asset base;
- having limits on the amount invested with any one institution.

For the purpose of determining credit ratings the Authority uses independent credit rating agencies. Rating criteria is only one factor taken into account in determining investment counterparties. Other factors, such as articles in the financial press, are monitored and action taken where it is felt the risk attached to a particular counterparty has or is likely to worsen. Action will include the suspension of a counterparty in appropriate circumstances. Liquidity is achieved by limiting the maximum period for investment.

The level of investment has reduced in the reporting period by £1.658m. The following table shows the level of investments made as at the Balance Sheet date:

Level of Investments		
	31 March 2013 £'000	31 March 2014 £'000
Bank current accounts	2,664	(187)
Short term deposits	4,505	5,698
Total investments	**7,169**	**5,511**
(Increase)/Decrease year on year	**881**	**1,658**

During the reporting period, the Authority has reduced its short term deposit with the Royal Bank of Scotland from £4.503m (excluding accrued interest) to £2.031m.

In the reporting period, the Authority's bank balance of £3.664m (excluding accrued interest) has been deposited into Brighton & Hove City Council's bank account, thereby creating an actual investment; this action has been taken to mitigate the risk of loss due to the uncertainty surrounding the Authority's bankers and their continued activity in the local government market. The balance on the Authority's bank account is transferred into Brighton & Hove City Council's bank account on a daily basis, which maintains a low bank balance held by the Authority, and effectively creates an "on call" liquid investment within Brighton & Hove City Council. This investment with Brighton & Hove City Council has been classified as a loan and receivable under Cash Equivalents. On the 31 March 2014, the transfer between the Authority's bank account and Brighton & Hove City Council's bank account could not be actioned due to unforeseen circumstances leading to the Authority's bank account being £0.187m overdrawn at the Balance Sheet date; the Authority has not been charged interest on this position.

Note 26 to the financial statements provides further information on investments.

Further Information

These financial statements have been prepared by Brighton & Hove City Council on behalf of the Authority.

Further information about the financial statements is available from Brighton & Hove City Council, Financial Services, Bartholomew House, Bartholomew Square, Brighton. In addition, interested members of the public have a statutory right to inspect the financial statements and their availability is advertised in the local press and on the Authority's website.

Catherine Vaughan CPFA
Chief Finance Officer

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

(i) 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. In this Authority that officer is the Chief Finance Officer;

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

(iii) approve the Statement of Accounts.

The Chief Finance Officer Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA[1] Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer is required to sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Authority at the Balance Sheet date and its income and expenditure for the reporting period.

In preparing this Statement of Accounts the Chief Finance Officer has:

(i) selected suitable accounting policies and then applied them consistently;

(ii) made judgements and estimates that were reasonable and prudent;

(iii) complied with the local authority Code.

The Chief Finance Officer has also:

(i) kept proper accounting records which were up to date;

(ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts present a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2014 and its income and expenditure for the reporting period ended 31 March 2014.

Catherine Vaughan CPFA
Chief Finance Officer (Section 151 Officer)
18 September 2014

[1] Chartered Institute of Public Finance and Accountancy

Certification by Chair

I confirm that these Statement of Accounts were approved by the Governance Committee at a meeting held on 18 September 2014.

Signed on behalf of the South Downs National Park Authority

Norman Dingemans

Chair
Governance Committee

Date 18 September 2014

Core Financial Statements

2013/14

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the reporting period on the different reserves held by the Authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves (i.e. "unusable reserves being those reserves that the Authority is not able to use to provide services). The Surplus / Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund (GF) balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves are undertaken by the Authority.

Movement in Reserves during 2012/13	**Note**	**General Fund Balance £'000**	**Earmarked GF Reserves £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied £'000**	**Total Usable Reserves £'000**	**Unusable Reserves £'000**	**Total Authority Reserves £'000**
Balance at 31 March 2012		**(1,713)**	**(3,473)**	**0**	**(1,250)**	**(6,436)**	**(56)**	**(6,492)**
(Surplus) / Deficit on the Provision of Services		(1,038)	0	0	0	**(1,038)**	0	**(1,038)**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	478	**478**
Total Comprehensive Income and Expenditure		**(1,038)**	**0**	**0**	**0**	**(1,038)**	**478**	**(560)**
Adjustments between Accounting Basis and Funding Basis under Regulations	**7**	15	0	0	1,057	**1,072**	(1,072)	**0**
Net (Increase) / Decrease before Transfers to Earmarked Reserves		**(1,023)**	**0**	**0**	**1,057**	**34**	**(594)**	**(560)**
Transfers (to) / from Earmarked Reserves	**8**	2,067	(2,055)	0	0	**12**	(12)	**0**
(Increase) / Decrease in Year		**1,044**	**(2,055)**	**0**	**1,057**	**46**	**(606)**	**(560)**
Balance at 31 March 2013		**(669)**	**(5,528)**	**0**	**(193)**	**(6,390)**	**(662)**	**(7,052)**

Note: the comparative figures in the above Movement in Reserves Statement have been restated please refer to note 4 Prior Period Adjustments for further detail.

Movement in Reserves during 2013/14	Note	General Fund Balance £'000	Earmarked GF Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2013		**(669)**	**(5,528)**	**0**	**(193)**	**(6,390)**	**(662)**	**(7,052)**
(Surplus) / Deficit on the Provision of Services		(462)	0	0	0	**(462)**	0	**(462)**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	1	**1**
Total Comprehensive Income and Expenditure		**(462)**	**0**	**0**	**0**	**(462)**	**1**	**(461)**
Adjustments between Accounting Basis and Funding Basis under Regulations	**7**	(183)	0	(24)	193	**(14)**	14	**0**
Net (Increase) / Decrease before Transfers to Earmarked Reserves		**(645)**	**0**	**(24)**	**193**	**(476)**	**15**	**(461)**
Transfers (to) / from Earmarked Reserves	**8**	493	2,063	0	0	**2,556**	(2,556)	**0**
(Increase) / Decrease in Year		**(152)**	**2,063**	**(24)**	**193**	**2,080**	**(2,541)**	**(461)**
Balance at 31 March 2014		**(821)**	**(3,465)**	**(24)**	**0**	**(4,310)**	**(3,203)**	**(7,513)**

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the reporting period of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

Year Ended 31 March 2013					Year Ended 31 March 2014		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
				Continuing Services			
137	0	137		Conservation of Cultural Heritage	531	(275)	256
192	(33)	159		Conservation of the Natural Environment	268	(55)	213
625	(122)	503		Recreation Management and Transport	1,075	(602)	473
807	0	807		Promoting Understanding	1,063	(4)	1,059
1,634	(37)	1,597		Ranger, Estates and Volunteers	1,707	(27)	1,680
4,808	(1,087)	3,721		Development Control	4,805	(1,427)	3,378
2,938	(406)	2,532		Forward Planning and Communities	2,589	(139)	2,450
554	0	554		Corporate and Democratic Core	652	0	652
0	0	0		Non Distributed Costs	11	0	11
11,695	**(1,685)**	**10,010**		**Cost of Services**	**12,701**	**(2,529)**	**10,172**
0	0	0	9	Other Operating Expenditure	15	(24)	(9)
7	(74)	(67)	10	Financing and Investment Income and Expenditure	29	(65)	(36)
0	(10,981)	(10,981)	11,12	Non Specific Grant Income	0	(10,589)	(10,589)
11,702	**(12,740)**	**(1,038)**		**(Surplus) / Deficit on the Provision of Services**	**12,745**	**(13,207)**	**(462)**
				Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services			
		478	23	Remeasurement of the Net Defined Benefit Pension Liability			1
		478		**Other Comprehensive Income and Expenditure**			**1**
		(560)		**Total Comprehensive Income and Expenditure**			**(461)**

Note: the comparative figures in the Comprehensive Income and Expenditure Statement above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is "usable reserves" (i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use). The second category of reserves is those that the Authority is not able to use to provide services (i.e. "unusable reserves"). This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement under Adjustments between Accounting Basis and Funding Basis under Regulations.

As at 01 April 2012 £'000	As at 31 March 2013 £'000	Note		As at 31 March 2014 £'000
171	1,197	**13**	Property, Plant and Equipment	3,881
171	**1,197**		**Non Current Assets**	**3,881**
21	18	**30**	Inventories	13
1,084	1,203	**26,27**	Short Term Debtors	1,133
8,050	7,169	**24,26**	Cash and Cash Equivalents	5,698
9,155	**8,390**		**Current Assets**	**6,844**
0	0	**24,26**	Bank Overdraft	(187)
(2,719)	(2,000)	**26,28**	Short Term Creditors	(2,347)
(61)	(57)	**16**	Provisions	(53)
(2,780)	**(2,057)**		**Current Liabilities**	**(2,587)**
(54)	(478)	**23**	Other Long Term Liabilities	(625)
(54)	**(478)**		**Long Term Liabilities**	**(625)**
6,492	**7,052**		**Net Assets**	**7,513**
(6,436)	(6,390)	**17**	Usable Reserves	(4,310)
(56)	(662)	**18**	Unusable Reserves	(3,203)
(6,492)	**(7,052)**		**Total Reserves**	**(7,513)**

Note: the comparative figures of the Balance Sheet above have been restated please refer to note 4 Prior Period Adjustments for further detail.

The unaudited Statement of Accounts was issued on 11 June 2014 and the audited Statement of Accounts was authorised for issue on 18 September 2014

Catherine Vaughan CPFA

Chief Finance Officer (Section 151 Officer)
18 September 2014

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

The Authority uses the indirect method to present its revenue activities cash flows, whereby the Net Surplus / Deficit on the Provision of Services is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

2012/13 £'000	Note		2013/14 £'000
1,038		Net surplus / (deficit) on the provision of services	462
(925)		Adjustment to net surplus / (deficit) on the provision of services for non cash movements	381
0		Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(24)
113	**24**	**Net Cash Flows from Operating Activities**	**819**
(994)	**24**	Net cash flows from investing activities	(2,477)
(881)		**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(1,658)**
8,050	**24**	**Cash and Cash Equivalents as at 1 April**	**7,169**
7,169	**24**	**Cash and Cash Equivalents as at 31 March**	**5,511**

Note: the comparative figures of the Cash Flow Statement above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Notes to the Core Financial Statements

1 Accounting Policies

The Code requires any changes in accounting policy to be applied retrospectively unless the Code specifies transitional provisions that should be followed. A change in accounting policy is applied by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

The Authority has included its accounting polices in a separate section of the financial statements which can be found on pages 54 to 66.

The 2013/14 Code required the Authority to adopt the changes in IAS 1 "*Presentation of Financial Statements*" in respect of applying new groupings of the reported amounts under Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement into those transactions that will be reclassified separately to the Surplus / Deficit on the Provision of Services and those transactions that will not be reclassified. This change in accounting policy has been applied retrospectively. The change is presentational only and has had no impact on any reported amounts in the Comprehensive Income and Expenditure Statement. The Comprehensive Income and Expenditure Statement can be found on page 14.

In 2013/14, the Code introduced changes to the classification, recognition, measurement and disclosure requirements of employee benefits introduced by the June 2011 amendments to IAS 19 "*Employee Benefits*". The key change is the combination of the interest cost and the expected return on assets into a single net figure whereby advance credit for anticipated out performance of return seeking assets (such as equities) is no longer permitted and has in effect been replaced with an equivalent figure calculated using the discount rate. This has resulted in a reclassification change to the Comprehensive Income and Expenditure Statement. Further details can be found in note 4. Whilst some disclosure requirements have been removed, new requirements have been added. The additions include:

- enhanced descriptions of the nature of the scheme, the regulatory regime under which it operates, third parties responsible for scheme governance, and the risks posed to the Authority;
- figures illustrating the sensitivity of the scheme's pension liabilities to changes in actuarial assumptions;
- information about the profile of the scheme's liabilities, including the weighted average duration of the pension obligation;
- details of a scheme's funding policy, including the expected contributions to the scheme for the next reporting period;
- a much more detailed breakdown of pension scheme assets. The aim of this change is to split assets into classes that distinguish the nature and risk of those assets and to provide a detailed breakdown showing those with a quoted price in an active market and those that do not;
- the reconciliation of the Balance Sheet is now more clearly split into those components recognised in the surplus / deficit on provision of services within the Comprehensive Income and Expenditure Statement (i.e. service cost, net interest, past service cost and settlements) and 'remeasurements' which are recognised in the Other Comprehensive Income within the Comprehensive Income and Expenditure Statement under the line "remeasurements of the net defined benefit liability" (i.e. actuarial gains and losses and return on assets);
- the actuarial gains / losses are now clearly split between experience, demographic assumptions and financial assumptions.

The employee benefits (post employment benefits) disclosure can be found in note 23.

The change in the accounting policy for employee benefits has been applied retrospectively by the Authority, as prescribed by the Code.

The Authority has also added accounting policies for the impairment of non current assets, the disposal of non current assets, the accounting for capital receipts and termination benefits. This reflects new financial transactions which have occurred during the reporting period.

2 Accounting Standards that have been Issued but not yet Adopted

The 2014/15 Code has adopted the following accounting standards which will need to be fully adopted by the Authority in 2014/15:

- Group Account Standards – IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – these standards may change group relationship boundaries between the Authority and other entities therefore, the Authority will need to review and assess its group relationships with other entities against these standards and assess whether any entities need to be consolidated as group accounts. This is a change in accounting policy as at 1 April 2014 that will require disclosure and the publication of a Balance Sheet as at the beginning of the earliest comparative period (i.e. a third Balance Sheet) in the 2014/15 financial statements;
- IAS 32 *Financial Instruments: Presentation* – The 2013/14 Code included new disclosure requirements where financial assets and financial liabilities are offset (under the criteria defined in IAS 32 *Financial Instruments: Presentation*). Further amendments to IAS 32 in the 2014/15 Code clarifies the application of these criteria by a requirement to make a direct reference to IAS 32 where they are relevant. This is not a change in accounting policy. Currently, the Authority does not have any financial assets or liabilities which it offsets and presents as a net position. The Authority will keep this under review in case its position changes.

3 Critical Judgements and Assumptions Made

In preparing the financial statements, the Authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on current trends and other relevant factors that are considered to be reasonable. These estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. However, because balances cannot be determined with certainty, actual results could be materially different from those assumptions and estimates made.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments, and accordingly are not correction of errors. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting judgements and assumptions made and key sources of estimation uncertainty identified by the Authority which have a significant effect on the financial statements are:

- Retirement Benefit Obligations – The Authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 *Employee Benefits*. The estimation of the net pension asset / liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. Changes in these assumptions can have a significant effect on the value of the Authority's retirement benefit obligation. The key assumptions made are set out in note 23;

- Provisions – The Authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability. In calculating the level of provisions the Authority also exercises judgement; they are measured at the Authority's best estimate of the costs required to settle the obligation at the Balance Sheet date. The level of the Authority's provisions are set out in note 16;

- Property, Plant and Equipment – Assets are depreciated over useful lives that are dependent on assumptions such as the level of repairs and maintenance that will be incurred in relation to individual types of asset, the expected length of service potential of the asset and the likelihood of the Authority's usage of the asset. The useful lives are set out in note 13;

- Future Levels of Government Funding and Levels of Reserves – The future levels of funding for national park authorities has a high degree of uncertainty. The Authority has set aside amounts in its working balance and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions and other earmarked reserves;

- Classification of Leases – The Authority has entered into lease arrangements in respect of property and vehicles. The Authority has exercised judgement in the classification of leases (i.e. operating or finance lease) using such factors as the length of the lease and rent levels. Details of the Authority's leases are set out in note 15.

4 Prior Period Adjustments

The authority has made prior period adjustments in the financial statements in respect of a change in accounting policy relating to the changes to the classification, recognition, measurement and disclosure requirements of employee benefits introduced by the June 2011 amendments to IAS 19 *"Employee Benefits*". The impact of this change in accounting policy was limited to presentational changes only with no impact on the authority's net worth position in the Balance Sheet, the main changes were to the following statements;

- Movement in Reserves Statement: a movement of £0.018m between the (Surplus) / Deficit on the Provision of Services and Other Comprehensive Income and Expenditure together with a further movement of £0.018m on the Adjustments between accounting basis and funding basis under regulations between usable and unusable reserves. There was no impact on the Total Authority Reserves position at 31 March 2013.

- Cash Flow Statement: a movement of £0.018m between (Surplus) / Deficit on the Provision of Services and Movement in the pension liability; it had no impact on Net Cash Flows from Operating Activities reported for 2012/13 nor Cash and Cash Equivalents as at 31 March 2013.

- Comprehensive Income and Expenditure Statement: a movement of £0.018m between Other Comprehensive Income and Expenditure and Financing and Investment Income and Expenditure; it had no impact on the authority's Total Comprehensive Income and Expenditure reported for 2012/13.

This change has also been reflected in the relevant disclosure notes: the Adjustments between accounting basis and funding basis under regulation note 7, the Unusable Reserves note 18, the Financing and Investment Income and Expenditure note 10, the Defined Benefit Pension Scheme note 23, Cash and Cash Equivalents note 24 and the Amounts Reported for Resource Allocation Decisions note 25. Further details on this change in accounting policy can be found in note 1.

The Authority also made prior period adjustments in the financial statements in relation to material errors in the 2012/13 financial statements in respect of the classification of s106 receipts and the miscalculation of depreciation of non current assets, These adjustments have had the following impact on the financial statements compared to that published in the 2012/13 financial statements:

- Balance Sheet; a movement of £0.112m between short term creditors and usable reserves in respect of s106 receipts and a movement of £0.009m between property, plant and equipment and unusable reserves;

- Movement in Reserves Statement; in respect of s106 receipts, the (Surplus) / Deficit on the Provision of Services was increased by £0.112m and a transfer of £0.112m from the General Fund balance to Earmarked Reserves which is presented under Transfers to / from Earmarked Reserves. In respect of depreciation, the (Surplus) / Deficit on the Provision of Services was decreased by £0.009m and a movement of £0.009m on the Adjustments between accounting basis and funding basis under regulations between usable and unusable reserves.

- Cash Flow Statement; in respect of s106 receipts, an increase of £0.112m applied to the (Surplus) / Deficit on the Provision of Services with a corresponding decrease in the movement on creditors (shown under "Adjustment to Net Surplus / (Deficit) on the Provision of Services for non cash movements). In respect of depreciation, a decrease of £0.009m applied to the (Surplus) / Deficit on the Provision of Services with a corresponding increase in depreciation (shown under "Adjustment to Net Surplus / (Deficit) on the Provision of Services for non cash movements). The amendment had no impact on Net Cash Flows from Operating Activities reported for 2012/13 nor Cash and Cash Equivalents as at 31 March 2013.

- Comprehensive Income and Expenditure Statement; in respect of s106 receipts, the cost of service was reduced by £0.112m with the receipts being shown under the "Development Control" SeRCOP heading thereby increasing the (Surplus) / Deficit on the Provision of Services by the same amount. In respect of depreciation, the cost of service was increased by £0.009m with the charge being shown under the "Rangers, Estates and Volunteers" SeRCOP heading thereby reducing the (Surplus) / Deficit on the Provision of Services by the same amount.

As the error in respect of s106 receipts occurred before the 2012/13 reporting period, the Authority has presented a third Balance Sheet to present the adjustments made to the opening balances as at 1 April 2012 in respect of this error, the impact on the opening balances is as follows:

- Balance Sheet: the opening balance for short term creditors has been reduced by £0.052m and the opening balance for usable reserves has been increased by the same amount;
- Movement in Reserves Statement; the opening balance for earmarked reserves was increased by £0.052m.

These changes have also been reflected in the relevant disclosure notes: the Adjustments between accounting basis and funding basis under regulation note 7, the Transfers to / from Earmarked Reserves note 8, the Property, Plant and Equipment note 13, the Capital Expenditure and Capital Financing note 14, the Unusable Reserves note 18, Cash and Cash Equivalents note 24, the Amounts Reported for Resource Allocation Decisions note 25, the Financial Assets and Financial Liabilities – Financial Instruments note 26 and the Creditors note 28. Further details on this change in accounting policy can be found in note 1.

5 Events after the Reporting Period

These financial statements were authorised for issue by the Chief Finance Officer on 18 September 2014. Events taking place after this date are not reflected in the financial statements or notes.

The South Downs Centre became operational on 6 May 2014, the Authority is currently in the process of obtaining a valuation for it as an operational asset. As the South Downs Centre was not operational at the Balance Sheet date, the Authority has not amended the 2013/14 financial statements and therefore reports this as a non adjusting post balance sheet event.

6 Agency Services

Under various statutory powers, the Authority may have arrangements with other authorities, water companies and government departments to do work on their behalf. The Authority has the following significant agency arrangements:

Value Added Tax (VAT)

The Authority acts as an agent of Her Majesty's Revenue and Customs (HMRC) for the collection of VAT. The Authority has included a net debtor in its Balance Sheet of £0.438m for the amount due from HMRC at the end of the reporting period.

Payroll Taxes and National Insurance

The Authority acts as an agent of HMRC for the collection of income tax and national insurance on behalf of employees. The Authority has included a net creditor in its Balance Sheet of £0.086m for the amount due to HMRC at the end of the reporting period.

Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2013/14, 11 of these local authorities provided the majority of the planning service on behalf of the Authority under legal agreement signed between each local authority and the Park. The remaining four local authorities continue to opt out of this arrangement and applications within these boundaries were dealt with by the Authority. The net payment to these 11 local authorities in 2013/14 amounted to £2.057m which included £0.993m income received in relation to application fees.

7 Adjustments between Accounting Basis and Funding Basis under Regulations

This disclosure details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Authority in the reporting period in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the reporting period in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practices. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the reporting period.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the end of the reporting period.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The reserve also holds grants and contributions received towards capital projects for which there are no conditions for repayment attached, where expenditure has yet to be incurred. The balance on the reserve is restricted by grant terms as to the capital expenditure against which it can be applied and/or the reporting period in which this can take place.

The following table shows an analysis of the movements included in Adjustment between Accounting Basis and Funding Basis under Regulations within the Movement in Reserves Statement:

2013/14	Movement in Usable Reserves: General Fund Balance £'000	Movement in Usable Reserves: Capital Receipts Reserve £'000	Movement in Usable Reserves: Capital Grants Unapplied £'000		Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Charges for depreciation and impairment of non current assets	(50)	0	0		50
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comphrensive Income and Expenditure Statement	(15)	0	0		15
Adjustments primarily involving the Capital Grants Unapplied Account					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	193		(193)
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	24	(24)	0		0
Adjustments primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(769)	0	0		769
Employer's pension contributions payable in the reporting period	623	0	0		(623)
Adjustments primarily involving the Accumulated Absenses Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the reporting period in accordance with statutory requirements	4	0	0		(4)
Total Adjustments between accounting basis and funding basis under regulations	**(183)**	**(24)**	**193**		**14**

2012/13 Comparative Figures	Movement in Usable Reserves: General Fund Balance £'000	Movement in Usable Reserves: Capital Receipts Reserve £'000	Movement in Usable Reserves: Capital Grants Unapplied £'000		Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account					
Charges for depreciation and impairment of non current assets	(43)	0	0		43
Adjustments primarily involving the Capital Grants Unapplied Account					
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	1,057		(1,057)
Adjustments primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(515)	0	0		515
Employer's pension contributions payable in the reporting period	569	0	0		(569)
Adjustments primarily involving the Accumulated Absenses Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the reporting period in accordance with statutory requirements	4	0	0		(4)
Total Adjustments between accounting basis and funding basis under regulations	**15**	**0**	**1,057**		**(1,072)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

8 Transfers to / from Earmarked Reserves

The following table shows an analysis of the amounts included in transfers to or from earmarked reserves within the Movement in Reserves Statement. It sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/14:

Transfers to / from Earmarked Reserves							
	Balance at 1 April 2012 £'000	Transfers To 2012/13 £'000	Transfers From 2012/13 £'000	Balance at 31 March 2013 £'000	Transfers To 2013/14 £'000	Transfers From 2013/14 £'000	Balance at 31 March 2014 £'000
Revenue Reserves							
Planning Delivery Reserve	(400)	0	400	0	0	0	0
Sustainable Communities Fund	(176)	(115)	0	(291)	(374)	290	(375)
Residual Set Up Reserve	(370)	0	370	0	0	0	0
Heathland Project Reserve	(24)	0	24	0	0	0	0
Carry Forwards Reserve	(528)	(943)	528	(943)	(290)	469	(764)
Planning Risk Management Reserve	(600)	0	600	0	0	0	0
Planning Reserve	0	(580)	0	(580)	0	0	(580)
Collabor8 Project Reserve	(30)	0	30	0	0	0	0
Major Projects Reserve	(278)	(158)	0	(436)	(77)	0	(513)
South Downs Way Reserve	0	(20)	0	(20)	0	0	(20)
Volunteer Ranger Service Reserve	0	(31)	0	(31)	0	0	(31)
Repairs and Renewals - Vehicles Reserve	(63)	(60)	0	(123)	(72)	66	(129)
S106 Receipts Reserve	(52)	(112)	0	(164)	(374)	0	(538)
Insurance Reserve	(50)	0	50	0	0	0	0
Capital Reserves				0			0
South Downs Centre	(902)	(1,739)	0	(2,641)	(47)	2,417	(271)
Vehicles, Plant, Furniture and Equipment	0	(114)	12	(102)	(18)	120	0
Office Maintenance and Refurbishment	0	(1,216)	1,019	(197)	(47)	0	(244)
Total Earmarked Reserves	**(3,473)**	**(5,088)**	**3,033**	**(5,528)**	**(1,299)**	**3,362**	**(3,465)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

The Sustainable Communities Fund is a short term reserve which is used to provide small community grants, to support community action in the delivery of local and national priorities of the Park.

The Carry Forwards reserve holds approved carry forward of budget to meet future specific costs.

The Planning reserve is a long term reserve covering potential costs resulting from planning inquiries, changes to future delegation agreements and significant falls in planning income and support for neighbourhood plans.

The Major Projects reserve provides funding for specific projects.

The South Downs Way reserve and Volunteer Ranger Service reserve have been funded from reserves held by other local authorities from the South Downs Joint Committee. These reserves will be used to fund expenditure incurred on these areas in the future.

The Repairs and Renewals Vehicle reserve is used to replace existing vehicles as they come to the end of their useful live.

The S106 receipts reserve holds contributions made to the Authority by developers under a non statutory agreement. These receipts will be primarily used to develop infrastructure within the Park.

The Capital reserves hold resources which are used to fund capital projects as part of the Authority's capital programme.

9 Other Operating Expenditure

The following table shows an analysis of the amounts included in Other Operating Expenditure within the Comprehensive Income and Expenditure Statement:

Other Operating Expenditure		
	2012/13 £'000	**2013/14 £'000**
(Gain) / loss on the disposal of non current assets	0	(9)
Total Other Operating Expenditure	**0**	**(9)**

10 Financing and Investment Income and Expenditure

The following table shows an analysis of the amounts included in Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement:

Financing and Investment Income and Expenditure		
	2012/13 £'000	**2013/14 £'000**
Management of investments fee expenses	0	5
Net interest on the net defined benefit pension liability	7	24
Interest receivable	(74)	(65)
Total Financing and Investment Income and Expenditure	**(67)**	**(36)**

Note: the comparative figures of the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

11 Non Specific Grant Income

The following table shows an analysis of the amounts included in Non Specific Grant Income within the Comprehensive Income and Expenditure Statement:

Non Specific Grant Income		
	2012/13 £'000	**2013/14 £'000**
National Park Grant	(10,981)	(10,589)
Total Non Specific Grant Income	**(10,981)**	**(10,589)**

12 Grant Income and Contributions

The Authority receives grants (both from central government and non government bodies) and contributions, both for revenue and capital purposes.

Government Revenue Grants

Grants received from central government can be either ring fenced for a specific purpose or non ring fenced.

Non ring fenced government grants are revenue grants distributed by central government that do not relate to the performance of a specific service. The Authority is free to use all of its non ring fenced funding as it sees fit to support the delivery of local, regional and national priorities in the Park’s area. Non ring fenced government grants are shown under Non Specific Grant Income within the Comprehensive Income and Expenditure Statement.

Ring fenced grants are revenue grants distributed by central government that relate to a specific service. Ring fenced grants are included in the appropriate cost of service within the Comprehensive Income and Expenditure Statement.

The table below shows the government grants received by the Authority and credited to the Comprehensive Income and Expenditure Statement:

Government Revenue Grants		
	2012/13 £'000	2013/14 £'000
Non Ring Fenced Government Grants credited to Non Specific Grant Income		
Department for Environment, Food and Rural Affairs (DEFRA)	(10,981)	(10,589)
Total	**(10,981)**	**(10,589)**
Ring Fenced Government Grants credited to Cost of Services		
Natural England	(143)	(225)
Communities and Local Government	(60)	(55)
Department for Transport	0	(38)
Environment Agency	0	(28)
Heritage Lottery Fund	0	(32)
Rural Payments Agency	0	(79)
Total	**(203)**	**(457)**
Total Government Revenue Grants	**(11,184)**	**(11,046)**

Non Government Revenue Contributions

The table below shows the non government revenue contributions received by the Authority and credited to the appropriate cost of service in the Comprehensive Income and Expenditure Statement:

Non Government Revenue Grants and Contributions		
	2012/13 £'000	2013/14 £'000
Non Government Grants and Revenue Contributions credited to Cost of Services		
Contributions from other agencies / external bodies	(192)	(177)
Contributions from other local authorities	(248)	(441)
Total Non Government Revenue Grants and Contributions	**(440)**	**(618)**

Capital Grants and Contributions

The Authority did not receive any capital grants or contributions in 2013/14.

13 Property, Plant and Equipment

The Authority categorises its property, plant and equipment into sub categories, namely vehicles, plant, furniture and equipment and assets under construction. The following table shows the gross carrying amount and the accumulated depreciation at the beginning and end of the period and summarises the movement in value over the reporting period for each sub category of property, plant and equipment:

2013/14	Vehicles, Plant, Furniture and Equipment £'000	Assets Under Construction £'000	Total £'000
Balance at 1 April 2013			
Gross carrying amount	221	1,057	**1,278**
Accumulated depreciation	(81)	0	**(81)**
Net Carrying Amount at 1 April 2013	**140**	**1,057**	**1,197**
Capital Additions			
Additions	186	2,563	**2,749**
Asset Disposals			
Derecognition - disposals	(33)	0	**(33)**
Derecognition - disposals (depreciation)	18	0	**18**
Transactions charged to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement			
Depreciation charge	(44)	0	**(44)**
Impairment losses	(6)	0	**(6)**
Net Carrying Amount at 31 March 2014	**261**	**3,620**	**3,881**
Comprising			
Gross carrying amount	358	3,620	**3,978**
Accumulated depreciation	(97)	0	**(97)**
Net Carrying Amount at 31 March 2014	**261**	**3,620**	**3,881**

2012/13 Comparative Figures	Vehicles, Plant, Furniture and Equipment £'000	Assets Under Construction £'000	Total £'000
Balance at 1 April 2012			
Gross carrying amount	209	0	**209**
Accumulated depreciation	(38)	0	**(38)**
Net Carrying Amount at 1 April 2012	**171**	**0**	**171**
Capital Additions			
Additions	12	1,057	**1,069**
Transactions charged to the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement			
Depreciation charge	(43)	0	**(43)**
Net Carrying Amount at 31 March 2013	**140**	**1,057**	**1,197**
Comprising			
Gross carrying amount	221	1,057	**1,278**
Accumulated depreciation	(81)	0	**(81)**
Net Carrying Amount at 31 March 2013	**140**	**1,057**	**1,197**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Valuations

No valuations of non current assets took place in the reporting period because:

- Vehicles, plant, furniture and equipment assets are held at historic cost and therefore no revaluation of this category of asset takes place;
- Assets under construction are measured at historic cost and revaluation only takes place when the asset becomes operational.

Impairment

As part of the annual inspection and ongoing management of the Authority's non current asset portfolio, attention is paid to the impact of obsolescence, physical damage and changes of use which could affect asset values.

The Authority has recognised an impairment loss on vehicles, plant, furniture and equipment of £0.006m in respect of one of the Authority's owned vehicles which was written off in an accident during the reporting period and was impaired to zero; the impairment loss was charged to the Comprehensive Income and Expenditure Statement.

Useful Lives

Assets of the same type generally have the same life. Asset lives for vehicles, plant, furniture and equipment are set at five years.

Contractual Commitments

The Authority had entered into capital contracts of £0.271m that existed at the Balance Sheet date for the complete refurbishment of the South Downs Centre, a hub for communities in the National Park and a base for people who work, partner and volunteer for the Authority.

14 Capital Expenditure and Capital Financing

The Authority incurred £2.749m of capital expenditure in 2013/14 which was fully financed in the reporting period. The table below shows the total amount of capital expenditure incurred analysed for each category of non current asset together with the resources that have been used to finance the assets.

Capital Expenditure and Capital Financing		
	2012/13 £'000	2013/14 £'000
Capital Expenditure		
- Property, plant and equipment	1,069	2,749
Total Capital Expenditure	**1,069**	**2,749**
Sources of Finance		
- Government grants	(1,057)	(193)
- Reserves	(12)	(2,556)
Total Capital Financing	**(1,069)**	**(2,749)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

15 Leases

The Authority classifies leases as either finance leases (i.e. a lease that transfers substantially all the risks and rewards incidental to ownership of an asset) or operating leases (i.e. a lease other than a finance lease).

Authority as Lessee – Operating Leases

As lessee, the Authority does not have any finance leases; however, it leases office space and vehicles under operating leases with lease periods of between one and five years. The office space relates to the Authority's area offices and will continue to be leased for the foreseeable future.

The future minimum lease payments due under non cancellable operating leases in future reporting periods are:

Future Minimum Lease Payments under Operating Leases		
	31 March 2013 £'000	31 March 2014 £'000
Not later than one year	127	49
Later than one year and not later than five years	60	40
Total Future Minimum Lease Payments	**187**	**89**

In 2013/14, the Authority made lease payments of £0.124m (£0.099m 2012/13) in respect of these leases; the lease payments were charged to the relevant cost of service in the Comprehensive Income and Expenditure Statement.

16 Provisions

The Authority sets aside amounts as provisions for liabilities of uncertain timing or amount. The following table shows the level of the Authority's provisions, together with the movement during the reporting period:

Provisions					
		2013/14			
	Balance at 1 April 2013 £'000	Additional Provisions Made £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Balance at 31 March 2014 £'000
Short Term Provisions					
Accumulated Absences	(57)	(53)	57	0	(53)
Total	**(57)**	**(53)**	**57**	**0**	**(53)**

The accumulated absences provision relates to the accumulated compensated absences (e.g. annual leave and flexi leave) that are carried forward for use in future periods if the current period's entitlements are not used in full.

17 Usable Reserves

The Authority holds a number of usable reserves, being those reserves that the Authority can use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

18 Unusable Reserves

The Authority holds a number of unusable reserves being those reserves that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences between the accounting basis and funding basis.

The following table shows the movement in unusable reserves analysed between those amounts held for capital purposes and those held for revenue purposes:

Unusable Reserves		
	Balance as at 31 March 2013 £'000	Balance as at 31 March 2014 £'000
Pensions Reserve	478	625
Accumulated Absences Account	57	53
Total Unusable Reserves Held for Revenue Purposes	**535**	**678**
Capital Adjustment Account	(1,197)	(3,881)
Total Unusable Reserves Held for Capital Purposes	**(1,197)**	**(3,881)**
Total Unusable Reserves	**(662)**	**(3,203)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Capital Adjustment Account is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Authority as finance for costs of acquisition, construction and enhancement.

Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account. The account is matched by non current assets within the Balance Sheet and therefore is not a resource available to the Authority. The table below shows the balances on the Capital Adjustment Account at the beginning and end of the reporting period and the detailed movements in the reporting period:

Capital Adjustment Account			
	2012/13	2013/14	
	£'000	£'000	£'000
Balance as at 1 April	**(171)**		**(1,197)**
Reversal of items relating to capital expenditure debited / credited to the Comprehensive Income and Expenditure Statement			
Charges for depreciation and impairment of non current assets	43	50	
Amounts of non current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	0	15	
Net written out amount of the cost of non current assets consumed in the reporting period	**43**		**65**
Capital financing applied in the reporting period			
Use of Earmarked Reserves to finance new capital expenditure	(12)	(2,556)	
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,057)	(193)	
	(1,069)		**(2,749)**
Balance as at 31 March	**(1,197)**		**(3,881)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The table below shows the balances on the Pensions Reserve at the beginning and end of the reporting period and the detailed movements in the reporting period:

Pensions Reserve		
	2012/13 £'000	2013/14 £'000
Balance as at 1 April	**54**	**478**
Remeasurements of the net defined benefit liability	478	1
Reversal of items relating to retirement benefits debited /credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	515	769
Employer's pensions contributions payable in the reporting period	(569)	(623)
Balance as at 31 March	**478**	**625**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

The reserve normally is at the same level as the pensions liability carried on the top half of the Balance Sheet. Note 23 provides further information.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the reporting period (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Accumulated Absences Account.

The table below shows the balances on the Accumulated Absences Account at the beginning and end of the reporting period and the detailed movements in the reporting period:

Accumulated Absences Account			
	2012/13	2013/14	
	£'000	£'000	£'000
Balance as at 1 April	**61**		**57**
Settlement or cancellation of accrual made at the end of the preceding reporting period	(61)	(57)	
Amounts accrued at the end of the current period	57	53	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the reporting period in accordance with statutory requirements	**(4)**		**(4)**
Balance as at 31 March	**57**		**53**

19 Related Parties

The Authority is required to disclose material transactions with related parties (i.e. bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority). Disclosure of these transactions allows readers of the financial statements to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The following paragraphs detail the Authority's material related party transactions.

Central Government

Central Government has significant influence over the general operations of the Authority and provides the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the grants received from government departments in 2013/14 can be found in notes 11 and 12. Details of the amounts owed to/from central government are included in notes 27 and 28.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in note 20. During 2013/14, works and services to the value of £3.756m (£4.559m 2012/13) were commissioned from companies and other local authorities in which members have declared an interest. Contracts were entered into in full compliance with the Authority's standing orders. Details of the entities that members are involved with are recorded in the Register of Member's Interests which is held by the Authority.

Officers

Senior officers of the Authority, such as the chief executive and other chief officers have the authority and responsibility for planning, directing and controlling the activities of the Authority, including the oversight of these activities. During 2013/14, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.480m (£0.503m 2012/13). Senior officers of Brighton & Hove City Council were in a position to influence financial transactions of the Authority. The Corporate Financial Services contract was secured through a formal tender process for the period 1 April 2012 to 31 March 2015 with the option to extend for a further two years. It is independently monitored by the Authority's Business Services Manager.

20 Members' Allowances and Expenses

The Authority paid the following amounts to members during the reporting period:

Members' Allowances and Expenses	2012/13 £'000	2013/14 £'000
Allowances	93	93
Expenses	22	21
Total Payments to Members	**115**	**114**

Details of allowances and expenses paid in 2013/14 are published on the Authority's website.

21 Officers' Remuneration

The Code requires disclosure of remuneration paid to the Authority's senior employees. The definition of a senior employee is provided in the Accounts and Audit regulations and includes the chief executive, together with the members of the senior management team who report directly to the chief executive, hold a statutory post or have responsibility for the management of the Authority with the power to direct or control its major activities, identified by job title.

In 2013/14 the senior employee posts of the Authority were filled wholly by permanent appointments whilst the other officer posts were filled by a combination of permanent appointments and interim and agency appointments. The interim and agency arrangements are not covered by the Code's disclosure requirements, however in the interests of transparency the total cost of all appointments have been set out in the following tables which show the actual remuneration paid to senior employees and other staff:

Senior Employee Remuneration - salary between £50,000 and £149,999 per the reporting period

Senior Employee Remuneration of Permanent Appointments - salary between £50,000 and £149,999 per the reporting period					
2012/13	2013/14				
Total Remuneration including Pension Contributions	Post Holder Information	Salary (including Fees & Allowances)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
£		£	£	£	£
108,707	Chief Executive	95,393	**95,393**	18,537	**113,930**
78,369	Director of Corporate Services	70,612	**70,612**	13,764	**84,376**
97,299	Director of Planning Services	83,107	**83,107**	16,434	**99,541**
82,254	Director of Strategy	70,736	**70,736**	13,938	**84,674**
74,227	Director of Operations	63,524	**63,524**	12,358	**75,882**
440,856	**Total**	**383,372**	**383,372**	**75,031**	**458,403**

Note: no expense allowances or compensation for loss of office was paid to senior employees in the reporting period.

For the purposes of this table, senior employees are defined as the Chief Executive and the directors who make up the Senior Management Team of the Authority. Two other members of staff received remuneration between £50,000 and £54,999 in 2013/14.

Other Officer Remuneration

Other Staff				
Nature of Employment	2012/13		2013/14	
	Number of Staff	Actual Cost £'000	Number of Staff	Actual Cost £'000
Employed	100	2,943	121	2,903
Interim staff	17	400	21	396
Total	**117**	**3,343**	**142**	**3,299**

Note: all costs include expenses and agency fees, interim staff includes all agency staff and consultants.

The figures included in the above table represent the number of staff not FTE figures. The increase in officers in the reporting period reflects that there is more turnover now the Authority is more established and not an increase in the staffing levels.

22 Exit Packages

The Authority terminated the contracts of a number of employees during 2013/14, incurring liabilities, shown in the table below, of £0.048m (nil 2012/13). These liabilities are in respect of termination benefits. These amounts were paid to employees, employed across different services within the Authority and were charged fully to the Comprehensive Income and Expenditure Statement in the reporting period.

The following table shows the numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies:

Exit Packages								
Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
							£'000	£'000
£0 - £20,000	0	0	0	1	0	1	0	1
£20,001 - £40,000	0	0	0	2	0	2	0	47
Total	**0**	**0**	**0**	**3**	**0**	**3**	**0**	**48**

Note: the costs included in the above table include voluntary redundancies and early retirement pension costs.

23 Defined Benefit Pension Schemes

The Authority makes contributions towards the cost of post employment benefits as part of the terms and conditions of employment of its employees. Although these benefits will not actually be payable until employees retire, the Authority has to disclose the commitment in respect of the future payment of these benefits at the time that the employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS) (i.e. the scheme). West Sussex County Council act as the Administering Authority to the West Sussex Pension Fund and are responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. Within the responsibilities of the Administering Authority is the requirement to liaise and communicate with employing authorities that participate in the Fund, ensure adequate record keeping in respect of each member of the Fund, to calculate and pay appropriate benefits to members and to produce the required information to comply with disclosure requirements.

The scheme is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Hymans Robertson LLP, an independent firm of actuaries, assesses the position of the Authority's Pension Fund.

The calculations and advice given by Hymans Robertson LLP in their actuary report has been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013 (version 2).

Changes to IAS 19 *Employee Benefits*

The Authority has adopted fully the June 2011 amendments to IAS 19 *Employee Benefits*. The amendments to IAS 19 introduced new classes of components of defined benefit cost to be recognised in the financial statements (i.e. net interest on the net defined benefit liability and remeasurements of the net defined benefit liability) together with new definitions of recognition criteria for service costs.

The figures supplied by Hymans Robertson LLP in their actuary report have been prepared in accordance with their understanding of the latest version of IAS 19.

The changes that came into effect as a result of the revised IAS 19 have mainly affected the Financing and Investment Income and Expenditure and the Actuarial Gain / Loss which has been renamed as Remeasurements. These changes affected the Authority's Comprehensive Income and Expenditure Statement; however, they did not affect the Authority's Balance Sheet position. The changes also included significant changes to this disclosure note.

The net interest amount in the Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement now includes interest income on scheme assets and the interest cost on the defined benefit scheme liabilities. The return on scheme assets now included in Other Comprehensive

Income within the Comprehensive Income and Expenditure Statement excludes the amounts included in the net interest expense.

Transactions relating to Post Employment Benefits

The Authority recognises post employment benefits in the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement 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 is based on the cash payable in the reporting period, so the real cost of post employment benefits is reversed out of the General Fund balance to the Pensions Reserve and reported in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the reporting period in relation to the scheme:

Transactions relating to Post Employment Benefits in respect of the Local Government Pension Scheme	2012/13 £'000	2013/14 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Service Cost Comprising:		
• current service cost	(508)	(734)
• past service cost	0	(11)
Financing and Investment Income and Expenditure		
• net interest expense	(7)	(24)
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**(515)**	**(769)**
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	986	766
Actual amount charged against the General Fund balance for pensions in the reporting period		
Employers' contributions payable to the scheme	(569)	(623)
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the Net Defined Benefit Liability comprising:		
• return on scheme assets (excluding the amount included in the net interest expense)	(184)	(1,518)
• actuarial (gain) / loss arising on changes in demographic assumptions	0	363
• actuarial (gain) / loss arising on changes in financial assumptions	402	(338)
• other experience adjustments	32	1,490
• effect of business combinations and disposals	221	0
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(44)**	**(772)**
Net Adjustment to the Pension Reserve	**(54)**	**146**

There has been an increase between reporting periods in the current service cost, this can be attributable to the assumptions made by the actuary as at 31 March 2013 at which point these were less favourable than in previous reporting periods, leading to the increase in current service cost.

The remeasurements of the scheme in 2013/14 were a gain of £0.003m; this is different to the remeasurements recorded in the financial statements of a loss of £0.001m due to estimated projections of contributions being used by the pension actuary.

Assets and Liabilities in relation to Post Employment Benefits

The amount included in the Balance Sheet arising from the Authority's obligation in respect of the scheme is shown in the following table:

Pension Assets and Liabilities recognised in the Balance Sheet		
	2012/13 £'000	2013/14 £'000
Present value of scheme liabilities	(3,092)	(5,717)
Fair value of scheme assets	2,614	5,092
Net Liability arising from the Defined Benefit Obligation	**(478)**	**(625)**

The present value of scheme liabilities shows the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £5.717m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £0.625m. However, statutory arrangements for funding the pension deficit mean that the financial position of the Authority remains healthy:

- the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the actuary;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The contributions paid by the Authority are set by the actuary at each triennial actuarial valuation (the most recent being as at 31 March 2013). The contributions payable over the period to 31 March 2017 are set out in the Rate and Adjustments certificate. Assuming no material events (e.g. curtailments, settlements, restrictions) are placed on admitting new entrants to the Fund or discontinued participation in the Fund, the total contributions expected to be paid into to the scheme by the Authority in the reporting period to 31 March 2015 will be in the region of £0.616m.

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

The following table shows a reconciliation of the movements in the present value of the scheme liabilities:

Reconciliation of Present Value of the Pension Scheme Liabilities (Defined Benefit Obligation)		
	2012/13 £'000	2013/14 £'000
Opening present value of scheme liabilities at 1 April	**(1,273)**	**(3,092)**
Current service cost	(508)	(734)
Interest cost	(92)	(160)
Contributions from scheme participants	(190)	(209)
Remeasurement of the net defined benefit liability		
• actuarial gain / (loss) arising from changes in demographic assumptions	0	(363)
• actuarial gain / (loss) arising from changes in financial assumptions	(402)	338
• other experience adjustments	(32)	(1,490)
Benefits paid	0	4
Past service cost	0	(11)
Effect of business combinations and disposals	(595)	0
Closing present value of scheme liabilities at 31 March	**(3,092)**	**(5,717)**

The significant increase in the scheme liabilities is a result of the financial assumptions made by the actuary at 31 March 2014 being less favourable than those made at 31 March 2013. Specifically the discount rate used in the actuarial calculations has decreased during the reporting period resulting in a negative impact on the Balance Sheet. The application of assumptions has resulted in a gain of £0.338m relating to financial assumptions, a loss of £0.363m in relation to demographic assumptions including mortality rates and a loss of £1.490m in relation to other experience adjustments.

Reconciliation of the Movements in the Fair Value of Scheme

The following table shows a reconciliation of the movements in the fair value of the scheme assets:

Reconciliation of the Movements in the Fair Value of the Pension Scheme Assets		
	2012/13 £'000	2013/14 £'000
Opening fair value of scheme assets at 1 April	**1,219**	**2,614**
Interest income	85	136
Remeasurement of the net defined benefit liability		
• return on scheme assets (excluding the amount included in the net interest expense)	184	1,518
Contributions from employer	562	619
Contributions from employees into the scheme	190	209
Benefits paid	0	(4)
Effect of business combinations and disposals	374	0
Closing Fair Value of Scheme Assets at 31 March	**2,614**	**5,092**

Due to the changes that have been made to IAS 19, the expected return on scheme assets and the actuarial gain / loss have been recategorised as the interest income received on the assets of £0.136m (£0.085m 2012/13) and the return on scheme assets (excluding the interest income), a £1.518m gain (£0.184m gain in 2012/13).

Local Government Pension Scheme Assets

The scheme assets have been broken down into categories that accurately reflect the risks that are faced by the scheme, splitting the assets into two types, those that have a quoted market price in an active market and those that do not. The pension scheme assets comprised:

Proportion of the Fair Value of the Scheme Assets by Category				
	2012/13 £'000		2013/14 £'000	
	Quoted	Unquoted	Quoted	Unquoted
Equity Investments				
Consumer	384.3	0.0	857.1	0.0
Manufacturing	207.1	0.0	455.9	0.0
Energy and utilities	140.6	0.0	262.5	0.0
Financial institutions	258.7	0.0	792.7	0.0
Health and care	145.7	0.0	352.4	0.0
Information technology	219.2	0.0	596.1	0.0
Other	46.9	0.0	138.2	0.0
	1,403	**0**	**3,455**	**0**
Bonds				
UK Government	97.1	0.0	128.3	0.0
	97	**0**	**128**	**0**
Property				
UK	198.0	0.0	396.9	0.0
Global	6.3	0.0	11.4	0.0
	204	**0**	**408**	**0**
Other Investment Funds				
Equities	371.1	0.0	0.0	0.0
Bonds	274.2	0.0	457.7	0.0
Other	49.9	0.0	223.3	0.0
	695	**0**	**681**	**0**
Private Equity	0.0	175.1	0.0	310.1
Cash and cash equivalents	39.7	0.0	109.4	0.0
Total Assets	**2,439**	**175**	**4,782**	**310**

Basis for Estimating Assets and Liabilities

The scheme has been estimated by the actuary based on the latest full valuation of the scheme as at 31 March 2013. Liabilities for the scheme have been assessed on an actuarial basis using the projected unit credit method (i.e. an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc).

The following table shows the principal assumptions used by the actuary as at the Balance Sheet date:

Basis for Estimating Assets and Liabilities		
	31 March 2013	31 March 2014
Long term expected rate of return on assets in the scheme		
Equity investments	4.5%	4.3%
Bonds	4.5%	4.3%
Property	4.5%	4.3%
Cash	4.5%	4.3%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	22.7 years	24.4 years
• women	24.2 years	25.8 years
Longevity at 65 for future pensioners:		
• men	24.3 years	26.9 years
• women	26.4 years	28.5 years
Financial assumptions		
Rate of inflation	2.8%	2.9%
Rate of increase in salaries	5.1%	4.2%
Rate of increase in pensions	2.8%	2.9%
Rate for discounting scheme liabilities	4.5%	4.3%
Expected total return on assets	4.5%	4.3%
Take up of option to convert annual pension in retirement grant	*	*

** Pre April 2008 50% and post April 2008 75%*

The following table shows the sensitivities regarding the principle assumptions that show the increase in percentage terms and monetary values that the changes have on the scheme liabilities.

Change in assumptions at 31 March 2014	Approximate % increase to Employer Liability	Approximate monetrary amount £'000
0.5% decrease in Real Discount Rate	16%	890
1 year increase in member life expectancy	3%	172
0.5% increase in the Salary Increase Rate	9%	520
0.5% Increase in the Pension Increase Rate	6%	341

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions used by the actuary as set out in the table above and detailed below:

- in order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities as at 31 March 2014 on varying bases were calculated and compared;
- to quantify the uncertainty around life expectancy, the difference in cost to the Authority of a one year increase in life expectancy is calculated. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages);
- please note the above figures have been derived based on the membership profile of the Authority as at the date of the most recent actuarial valuation;
- the methods and types of assumptions used in preparing the sensitivity analysis in the table above did not change from those used in the previous reporting period;

- risks and uncertainties are inherently associated with the assumptions that are adopted. The assumptions are projections of the future which will inevitably result in uncertainty when determining what constitutes the 'best estimate' as required by IAS 19;
- the principle risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investment held by the scheme;
- confirmation from the actuary has given assurance that the assumptions used are neutral and will provide the 'best estimate' of the pension liability.

Asset and Liability Matching (ALM) Strategy

West Sussex County Council, as the administrator of the West Sussex Pension Fund has reported that a well diversified investment strategy has been agreed, as a way of controlling risk. This applies in two ways:

Asset Allocation

The strategic investment benchmark is heavily weighted towards equities as the asset class expected to provide the highest return over the medium to long term. There is also a significant exposure to property and infrastructure ("real" assets with a different performance cycle to equities) and a small exposure to bonds (which more closely "match" the Fund's liabilities). The allocation to absolute return mandates provides further diversification. Uniquely, within those mandates, there is flexibility to alter asset allocation between asset classes.

Within equities, diversification is achieved by investing in different markets across the world, which provides exposure to many different stocks and sectors. The Fund also holds private equity which is expected to lead to higher returns over the longer term, without adding significantly to overall risk (consistent with the objectives of the Fund).

Manager Structure

The Fund employs a number of managers with differing styles and management approaches. This is a deliberate policy to avoid over dependence on the fortunes of a single manager and to concentrate on managers' particular areas of expertise. All managers are expected to maintain well diversified portfolios.

The investment strategy is monitored annually or more frequently if necessary.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions rates as constant as possible. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipates paying £0.616m employer contributions into the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 29 years in 2013/14 (29 years 2012/13).

24 Cash and Cash Equivalents

The Cash Flow Statement shows the total movement of the Authority's cash and cash equivalent funds during the reporting period. The result of the Cash Flow Statement is equal to the movement of the cash and cash equivalents on the Balance Sheet.

The Authority uses the indirect method to report its cash flows from operating activities whereby the net Surplus / Deficit on the Provision of Services is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

Cash and Cash Equivalents

The Authority defines cash equivalents as cash flow investments of cash surpluses lent to cover cash shortages and which are no longer than three months.

The following table shows an analysis of the components of cash and cash equivalents:

Cash and Cash Equivalents		
	31 March 2013 £'000	31 March 2014 £'000
Bank current accounts	2,664	(187)
Short term deposits	4,505	5,698
Total Cash and Cash Equivalents	**7,169**	**5,511**

Reconciliation of the Net Cash Flows from Operating Activities to the Surplus or Deficit on the Provision of Services

The Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement includes some transactions which do not result in cash flows and others which are not classified as operating activities within the Cash Flow Statement (i.e. classified as investing or financing cash flows). The following table identifies these transactions and reconciles the Surplus / Deficit on the Provision of Services with the net cash flows from operating activities within the Cash Flow Statement:

Reconciliation of Net Cash Flows from Operating Activities to the Surplus / Deficit on the Provision of Services		
	2012/13 £'000	2013/14 £'000
Surplus / (Deficit) on the Provision of Services	**1,038**	**462**
Adjustments to the Surplus / Deficit on the Provision of Services for Non Cash Movements		
Depreciation and impairment	43	50
Increase / (decrease) in creditors	(719)	99
(Increase) / decrease in debtors	(194)	70
(Increase) / decrease in inventories	3	5
Pension (asset) / liability	(54)	146
Carrying amount of non current assets sold or derecognised	0	15
Contributions to / (from) provisions	(4)	(4)
	(925)	**381**
Adjustments for items included in the Surplus / Deficit on the Provision of Services that are Investing or Financing Activities		
Proceeds from the sale of non current assets	0	(24)
	0	**(24)**
Net Cash Flows from Operating Activities	**113**	**819**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Net Cash Flows from Operating Activities relating to Interest

Operating activities within the Cash Flow Statement include the following cash flows relating to interest:

Net Cash Flows from Operating Activities relating to Interest		
	2012/13 £'000	2013/14 £'000
Interest received	74	65
Net Cash Flows from Operating Activities relating to Interest	**74**	**65**

Net Cash Flows from Investing Activities

Investing activities within the Cash Flow Statement include the following amounts:

Net Cash Flows from Investing Activities		
	2012/13 £'000	2013/14 £'000
Property, plant and equipment purchased	(994)	(2,749)
Increase/(decrease) in capital creditors	0	248
Proceeds from the sale of property, plant and equipment	0	24
Net Cash Flows from Investing Activities	**(994)**	**(2,477)**

Net Cash Flows from Financing Activities

There were no cash flows from financing activities.

25 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is specified by the *Service Reporting Code of Practice (SeRCOP)*. Decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (i.e. payment of employer's pension contributions) rather than current service cost of benefits accrued in the reporting period;
- expenditure on support services is budgeted for centrally and not charged to services.

The Code prescribes the format for disclosing operating segments; however, the authority has opted to disclose information on all its operating segments. The Authority does not aggregate any operating segments for reporting purposes.

In 2013/14, the principal operating segments of the Authority are:

- Chief Executive's Service which includes the cost of the Chief Executive and support to the Chair of the Authority and senior managers;
- Strategy and Partnerships which cover the communications team, work to support the Authority's Management Plan together with major partnerships and sustainable communities funds;
- Planning which covers development management (including major planning applications) and planning policy;
- Operations which cover the rangers service and their work with communities and partners, visitor public relations and volunteer coordination;
- Corporate Services which cover the support services including premises, human resources, IT, financial management, audit, legal, performance and business planning, support to the Authority and its committees and members services.

The operating segments for 2013/14 are based on the service structure the 2013/14 budgeted financial information was reported and also reflects the operational management structure at director level. The in year financial information is reported at a more detailed level.

The income and expenditure of the Authority's operating segments for the reporting period is as follows:

Operating Segment Income and Expenditure Analysis								
2013/14	**Chief Executive's Services £'000**	**Strategy and Partnership £'000**	**Planning £'000**	**Operations £'000**	**Corporate Services £'000**	**Total £'000**	**National Park Grant**	**Total £'000**
Employee expenses	203	1,451	1,264	929	1,037	**4,884**	0	**4,884**
Other service expenses	1	1,724	4,020	618	1,452	**7,815**	0	**7,815**
Total Expenditure	**204**	**3,175**	**5,284**	**1,547**	**2,489**	**12,699**	**0**	**12,699**
Fees, charges and other service income	0	(565)	(1,420)	(61)	(91)	**(2,137)**	0	**(2,137)**
Government grants and contributions	0	(312)	(55)	(90)	0	**(457)**	(10,589)	**(11,046)**
Total Income	**0**	**(877)**	**(1,475)**	**(151)**	**(91)**	**(2,594)**	**(10,589)**	**(13,183)**
Net Expenditure	**204**	**2,298**	**3,809**	**1,396**	**2,398**	**10,105**	**(10,589)**	**(484)**

Operating Segment Income and Expenditure Analysis								
2012/13 Comparative Figure	**Chief Executive's Services £'000**	**Strategy and Partnership £'000**	**Planning £'000**	**Operations £'000**	**Corporate Services £'000**	**Total £'000**	**National Park Grant**	**Total £'000**
Employee expenses	180	1,117	1,120	853	818	**4,088**	0	**4,088**
Other service expenses	5	1,241	4,231	515	1,577	**7,569**	0	**7,569**
Total Expenditure	**185**	**2,358**	**5,351**	**1,368**	**2,395**	**11,657**	**0**	**11,657**
Fees, charges and other service income	0	(272)	(1,094)	(114)	(76)	**(1,556)**	0	**(1,556)**
Government grants and contributions	0	(65)	(60)	(78)	0	**(203)**	(10,981)	**(11,184)**
Total Income	**0**	**(337)**	**(1,154)**	**(192)**	**(76)**	**(1,759)**	**(10,981)**	**(12,740)**
Net Expenditure	**185**	**2,021**	**4,197**	**1,176**	**2,319**	**9,898**	**(10,981)**	**(1,083)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Further explanations of the terminology included in the above tables are detailed below:

- employee expenses include total salaries, employers' national insurance contributions, employers' pension contributions and indirect employee expenses including pension accounting adjustments and members allowances;
- other service expenses include:
  - premises expenses which include all running costs, expenditure on goods, services and contractors directly related to property;
  - transport expenses which include all costs connected with the provision, hire or use of transport;
  - supplies and services which include all direct supplies and services expenditure;
  - third party payments which include payments to third party providers of the Authority's services (e.g. payments to other local authorities and other bodies);
  - support service charges which include the recharge of management and administration costs and support service costs (e.g. financial services, human resources, legal services, and property services) to front line services and internal recharges between services.
- fees, charges and other service income includes contributions received from other local authorities and other bodies;
- government grants covers all grants received from central government.

Reconciliation of Service Income and Expenditure to the Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the amounts in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement:

Reconciliation of Operating Segment Income and Expenditure to the Cost of Services in the Comprehensive Income and Expenditure Statement		
	2012/13 £'000	2013/14 £'000
Net expenditure in the operating segment analysis	(1,083)	(484)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the operating segment analysis	38	2
Amounts included in the operating segment analysis which fall outside the cost of services in the Comprehensive Income and Expenditure Statement	11,055	10,654
Cost of Services in the Comprehensive Income and Expenditure Statement	**10,010**	**10,172**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

Reconciliation to Subjective Analysis

This reconciliation shows how the amounts in the analysis of service income and expenditure relate to a subjective analysis of the Surplus / Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement:

Reconciliation of Operating Segment Income and Expenditure to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement							
2013/14	**Operating Segment Analysis £'000**	**Corporate Amounts Included in Operating Segment Analysis £'000**	**Amounts not Reported to Management for Decision Making £'000**	**Allocation of Recharges £'000**	**Cost of Services £'000**	**Corporate Amounts £'000**	**Total £'000**
Employee expenses	4,884	0	2	0	**4,886**	29	**4,915**
Other service expenses	7,765	0	0	0	**7,765**	0	**7,765**
Support service and management and administration recharges	0	0	4,265	(4,265)	**0**	0	**0**
Depreciation and impairment of non current assets	50	0	0	0	**50**	0	**50**
Write out of disposed non current assets	0	0	0	0	**0**	15	**15**
Total Expenditure	**12,699**	**0**	**4,267**	**(4,265)**	**12,701**	**44**	**12,745**
Fees, charges and other service income	(2,074)	0	0	0	**(2,074)**	0	**(2,074)**
Support service and management and administration recharges	0	0	(4,265)	4,265	**0**	0	**0**
Income from non current asset disposals	0	0	0	0	**0**	(24)	**(24)**
Interest and investment income	(63)	65	0	0	**2**	(65)	**(63)**
Government grants and contributions	(11,046)	10,589	0	0	**(457)**	(10,589)	**(11,046)**
Total Income	**(13,183)**	**10,654**	**(4,265)**	**4,265**	**(2,529)**	**(10,678)**	**(13,207)**
Surplus / Deficit on the Provision of Services	**(484)**	**10,654**	**2**	**0**	**10,172**	**(10,634)**	**(462)**

Reconciliation of Operating Segment Income and Expenditure to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement							
2012/13 Comparative Figures	**Operating Segment Analysis £'000**	**Corporate Amounts Included in Operating Segment Analysis £'000**	**Amounts not Reported to Management for Decision Making £'000**	**Allocation of Recharges £'000**	**Cost of Services £'000**	**Corporate Amounts £'000**	**Total £'000**
Employee expenses	4,088	0	(4)	0	**4,084**	7	**4,091**
Other service expenses	7,569	0	0	0	**7,569**	0	**7,569**
Support service and management and administration recharges	0	0	4,118	(4,118)	**0**	0	**0**
Depreciation of non current assets	0	0	42	0	**42**	0	**42**
Total Expenditure	**11,657**	**0**	**4,156**	**(4,118)**	**11,695**	**7**	**11,702**
Fees, charges and other service income	(1,482)	0	0	0	**(1,482)**	0	**(1,482)**
Support service and management and administration recharges	0	0	(4,118)	4,118	**0**	0	**0**
Interest and investment income	(74)	74	0	0	**0**	(74)	**(74)**
'Government grants and contributions	(11,184)	10,981	0	0	**(203)**	(10,981)	**(11,184)**
Total Income	**(12,740)**	**11,055**	**(4,118)**	**4,118**	**(1,685)**	**(11,055)**	**(12,740)**
Surplus / Deficit on the Provision of Services	**(1,083)**	**11,055**	**38**	**0**	**10,010**	**(11,048)**	**(1,038)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

26 Financial Assets and Liabilities – Financial Instruments

The Authority's treasury management function is provided through a management agreement by Brighton & Hove City Council.

Categories of Financial Instruments

The following categories of financial instrument are carried in the Authority's Balance Sheet:

Categories of Financial Instruments	Current	
	31 March 2013 £'000	31 March 2014 £'000
Investments		
Loans and receivables	7,169	5,698
Total Investments	**7,169**	**5,698**
Debtors		
Financial assets carried at contract amounts	1,203	1,133
Total Debtors	**1,203**	**1,133**
Bank Overdraft		
Financial liabilities at carrying amount	0	(187)
Total Bank Overdraft	**0**	**(187)**
Creditors		
Financial liabilities carried at contract amounts	(2,000)	(2,347)
Total Creditors	**(2,000)**	**(2,347)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

The above table includes the following investments (classed as Cash Equivalents):

- an investment with the Royal Bank of Scotland of £2.031m (£4.505 m in 2012/13)
- an investment with Brighton & Hove City Council of £3.667m (£0m in 2012/13)

The Authority's bank account was overdrawn as at 31 March 2014 (£2.664m cash in bank as at 31 March 2013), due to unforeseen circumstances. The Cash and Cash Equivalents section in the Explanatory Foreword provides further detail.

The Authority does not have any long term financial instruments.

Income, Expense, Gains and Losses

The gains and losses in respect of financial instruments that are recognised in the Comprehensive Income and Expenditure Statement are detailed in the following table:

Gains and Losses in Respect of Financial Assets	Loans and Receivables 2012/13 £'000	Loans and Receivables 2013/14 £'000
Fee expense	0	5
Total expense in the Surplus / Deficit on the Provision of Services	**0**	**5**
Interest income	(74)	(65)
Total income in the Surplus / Deficit on the Provision of Services	**(74)**	**(65)**
Net (Gain) / Loss for the reporting period	**(74)**	**(60)**

The interest income has been generated through a combination of external investments and balances held by Brighton & Hove City Council.

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

Financial assets represented by loans and receivables and debtors are carried on the Balance Sheet at amortised cost. Financial liabilities represented by creditors are also carried on the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments using the following assumptions:

- where an instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding;
- the fair value of trade and other payables is taken to be the invoiced amount;
- the fair value of trade and other receivables is taken to be the billed amount.

The fair values calculated are as follows:

Financial Liabilities

Financial Liabilities				
	31 March 2013		31 March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Bank overdraft	0	0	(187)	(187)
Creditors	(2,000)	(2,000)	(2,347)	(2,347)
Total Financial Liabilities	**(2,000)**	**(2,000)**	**(2,534)**	**(2,534)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

All financial liabilities are short term at 31st March 2014; therefore the fair value of liabilities is equal to the carrying amount.

Financial Assets

Financial Assets				
	31 March 2013		31 March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	4,505	4,505	5,698	5,698
Cash at bank	2,664	2,664	0	0
Debtors	1,203	1,203	1,133	1,133
Total Financial Assets	**8,372**	**8,372**	**6,831**	**6,831**

All financial assets are short term at 31st March 2014; therefore the fair value of investments is equal to the carrying amount.

Nature and extent of risks arising from financial instruments and how the Authority manages those risks

The Authority's activities expose it to a variety of financial risks. The key risks are:

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet it's commitments to make payments;
- refinancing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;

- market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise the losses resulting from this risk. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years, limiting the Authority's (a) overall borrowing, (b) maximum and minimum exposures to fixed and variable rates, (c) maximum and minimum exposures regarding the maturity structure of its debt and (d) maximum annual exposures to investments maturing beyond a year;
- by approving an investment strategy for the forthcoming year setting out criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These items are reported within the annual Treasury Management Strategy (TMS), which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. This strategy can be found on the Authority's website. The strategy was approved by the Authority on 19 March 2013. Actual performance is also reported annually to members.

The key issues within the strategy were:

- the Authority would not raise borrowing during the reporting period and therefore no borrowing limits or prudential indicators in relation to borrowing were set for 2013/14;
- investment would only be made in institutions with good credit quality.

These procedures and strategies are implemented through a management agreement with Brighton & Hove City Council.

Note: the Authority's bank account was overdrawn as at 31 March 2014, due to unforeseen circumstances. The Cash and Cash Equivalents section in the Explanatory Foreword provides further detail.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements set out in the Authority's investment strategy. Additional selection criteria are also applied before an investment is made.

The minimum criteria set out in the investment strategy for investment counterparties were:

- major banks and building societies to have a short term rating that indicates the highest credit quality;
- money market funds to have a rating equal to "AAA" (triple A).

Investment counterparties also included other local authorities and government institutions. All investments were subject to a maximum period dependent upon their credit rating.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies (Fitch) and the Authority's experience of its customer collection levels. The table below is based on actual sums invested whereas the financial assets table, is based on carrying amounts (i.e. it includes accrued interest):

Potential Exposure to Credit Risk				
	Amount at 31 March 2014 £'000	Historical Experience of Default	Adjustment for Market Conditions at 31 March 2014	Estimated Maximum Exposure to Default £'000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions				
AA rated counterparties	3,664	0.02%	0.02%	1
BBB rated counterparties	2,031	0.23%	0.23%	5
Debtors	1,133	0.00%	0.00%	0
Total	**6,828**			**6**

The Authority does not expect any losses from non performance of any of its counterparties in relation to deposits and bonds.

Whilst the current credit crisis in international markets continue to raise the overall possibility of default, the Authority maintains strict credit criteria for investment counterparties.

During the reporting period the Authority did not hold collateral as security for any investment.

Liquidity Risk

The Authority is projected to have sufficient funds to cover any day to day cash flow need. There is therefore no significant risk that it will be unable to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures detailed above (the setting and approval of prudential indicators and the approval of the treasury and investment strategies), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Authority maintains an investment portfolio, with a proportion of the funds available at call. The Authority is not exposed to refinancing and maturity risk.

The approved prudential indicator limits for investments made for a period greater than one year is a key parameter used to address this risk. The Authority's approved treasury and investment strategies address the main risks and Brighton & Hove City Council's treasury management team address the operational risks within the approved parameters on behalf of the Authority. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs and that the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the financial assets (excluding debtors) invested in the reporting period of £5.695m (£4.503m in 2012/13) is less than one year.

Market Risk

a) Interest rate risk

The Authority is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance a rise in interest rates would have the following effects:

- investments at variable rates - the interest income credited to the Surplus / Deficit on the Provision of Services will rise;
- investments at fixed rates - for long term investments the fair value of the assets will fall.

Changes in interest receivable on variable rate investments are posted to the Surplus / Deficit on the Provision of services and affect the Authority's General Fund balance.

The Authority has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this statement a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Brighton & Hove City Council's treasury management team monitors market and forecast interest rates within the reporting period to adjust exposures appropriately.

At 31 March 2014, the Authority had no investments subject to variable interest rates. A 1% rise in interest rates would therefore have no impact on the interest income credited to the Surplus / Deficit on the Provision of Services. There would be no impact of a 1% rise in interest rates on fair value as investments are all for less than one year.

A 1% fall in interest rates would similarly have no impact on the fair value of investments.

b) Price risk

The Authority does not invest in equity shares.

c) Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies; therefore, it has no exposure to loss arising from movements in exchange rates.

27 Debtors

The following table shows an analysis of the Authority's short term debtors:

Short Term Debtors		
	31 March 2013 £'000	31 March 2014 £'000
Central government bodies	411	676
Other local authorities	689	343
Public corporations and trading funds	1	2
Other entities and individuals	102	112
Total Short Term Debtors	**1,203**	**1,133**

28 Creditors

The following table shows an analysis of the Authority's short term creditors:

Short Term Creditors			
	1 April 2012 £'000	31 March 2013 £'000	31 March 2014 £'000
Central government bodies	(164)	(142)	(106)
Other local authorities	(1,710)	(1,420)	(1,419)
Public corporations and trading funds	0	0	(2)
Other entities and individuals	(845)	(438)	(820)
Total Short Term Creditors	**(2,719)**	**(2,000)**	**(2,347)**

Note: the comparative figures in the table above have been restated please refer to note 4 Prior Period Adjustments for further detail.

29 External Audit Costs

In 2013/14, the Authority incurred the following costs in relation to the audit of the financial statement provided by the Authority's external auditors:

External Audit Costs		
	2012/13 £'000	2013/14 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	15	14
Total	**15**	**14**

30 Inventories

The following table shows the total carrying amount of inventories at the beginning and end of the reporting period and the movement in the reporting period:

Analysis of Movement in Inventories							
	Balance at 1 April 2012 £'000	Purchases £'000	Recognised as an Expense in Year £'000	Balance at 31 March 2013 £'000	Purchases £'000	Recognised as an Expense in Year £'000	Balance at 31 March 2014 £'000
Inventories held for sale or distribution in the ordinary course of operations	**21**	15	(18)	**18**	16	(21)	**13**
Total	**21**	**15**	**(18)**	**18**	**16**	**(21)**	**13**

31 Publicity

Under Section 5 of the Local Government Act 1986, a national park authority is required to keep a separate account of its expenditure on publicity. Publicity is defined in the Act as "any communication, in whatever form, addressed to the public at large or to a section of the public".

The following table shows the expenditure on publicity:

Publicity		
	2012/13 £	2013/14 £
Recruitment advertising	7,804	28,562
Public relations	131,525	234,787
Other publicity and marketing	37,510	56,936
Total	**176,839**	**320,285**

The cost of publicity has increased by £0.143m; this is mainly due to the new branding of the Authority which includes costs associated with recruitment advertising, the interpretation centre, website redesign and the production of leaflets.

South Downs
National Park Authority

Accounting Policies

2013/14

Accounting Policies

A. General

The Statement of Accounts summarises the Authority's transactions for the reported financial year (i.e. reporting period), and its position at the end of the reporting period. The Accounts and Audit Regulations 2011 require the Authority to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice (SeRCOP) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government Act 2003.

The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) except where these are inconsistent with specific statutory accounting requirements so as to present a true and fair view of the financial position and transactions of the Authority. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board where these provide additional guidance.

The accounting convention adopted in the Statement of Accounts is principally historic cost.

The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its Statement of Accounts. The Authority has selected accounting policies and accounts for changes in accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* except where adaptations to fit the public sector are detailed in the Code.

The Authority only changes its accounting policies when required by proper accounting practices or where the change results in the financial statements providing more reliable and more relevant information about the effects of transactions, other events and conditions on the Authority's financial position, financial performance or cash flows. Where the Authority changes an accounting policy, it applies the changes retrospectively, unless the Code specifies transitional provisions that should be followed, by adjusting the opening balance of each affected component of net worth for the earliest period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied, except to the extent that it is impracticable to determine either the period specific effects or the cumulative effect of the change.

The Authority regularly reviews its accounting policies to ensure that they remain the most appropriate, giving due weight to the impact that a change in accounting policy would have on comparability between periods. In accordance with the Code, the Authority has disclosed the expected impact of new accounting standards that have been issued but not yet adopted.

Changes in Accounting Estimates

The Authority accounts for changes in accounting estimates and errors in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* except where adaptations to fit the public sector are detailed in the Code.

The Authority uses accounting estimates where items within the financial statements cannot be measured with precision but can only be estimated. In such cases, estimation techniques are adopted by the Authority to calculate the estimated monetary amount corresponding to the correct measurement bases selected using the latest available reliable information.

The Authority revises accounting estimates if changes occur in the circumstances on which the estimates were based or as a result of new information or more experience. The effect of any change in accounting estimates is recognised prospectively by including it in the surplus / deficit in the period of the change, if the change affects the period only, or the period of the change and future periods, if the change affects both. If the change in accounting estimate gives rise to changes in assets and liabilities, or relates to an item of net worth, it is recognised by adjusting the carrying amount of the related asset, liability or net worth item in the period of change. Changes in accounting estimates do not give rise to a prior period adjustment.

Prior Period Errors and Adjustments

Prior period errors are omissions from, and misstatements in, the financial statements for one or more prior periods arising from a failure to use, or the misuse of, reliable information that was available when financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of the financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

The Authority recognises prior period adjustments in respect of changes in accounting policies or to correct a material error.

The Authority restates its financial statements where there are material errors. Where it is practicable to determine either the period specific effects or the cumulative effect of an error, the Authority corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net worth for the earliest prior period presented.

When it is impracticable to determine the period specific effects of an error on comparative information for one or more prior periods presented, the Authority restates the opening balances of assets, liabilities and net worth for the earliest period for which retrospective restatement is practicable (which may be the current period).

Prior period items that arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process constitute normal transactions for the reporting period in which they are identified, and are accounted for accordingly by the Authority.

Accounting Concepts

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items within the financial statements. In preparing information for the financial statements, the Authority has regard to the underlying assumptions, and qualitative characteristics of financial statements as set out in the Code. The policies and estimation techniques have been selected to accord with the five qualitative characteristics of financial information in relation to understandability, relevance, materiality, reliability and comparability and the two underlying assumptions, accrual basis and going concern.

The financial statements provide information about the Authority's financial position, financial performance and cash flows. The Authority's financial position can be measured by the level of assets, liabilities and reserves, with its financial performance being measured by income and expenses and its cash flow by elements within both the Comprehensive Income and Expenditure Statement and the Balance Sheet. Throughout the accounting policies, reference is made to the bases on which assets, liabilities, reserves, income and expenses have been recognised and measured.

Fair Value

International Financial Reporting Standards now have a consistent definition of fair value introduced by IFRS 13 *Fair Value Measurement*; however the Code does not adopt the requirements of the standard and therefore maintains the previous definitions of fair value which apply in different circumstances. The table below shows the provisions the Authority applies regarding fair value:

Circumstance	Fair Value
Revenue Recognition	Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction.
Property, Plant and Equipment	For land and buildings, fair value is the amount that would be paid for the asset in its existing use.
Leases	Fair value follows the appropriate class of property, plant and equipment.
Inventories	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.
Debtors	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arms length transaction.

Creditors	Fair value is the amount for which a liability could be settled, between knowledgeable, willing parties in an arms length transaction.
Financial Instruments	Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction. For financial instruments, fair value is the transaction price (i.e. the consideration) unless the transaction was not at arms length. If the transaction is not based on market terms, a valuation technique is used to determine the appropriate fair value for initial recognition of the instrument.

The fair value definition for revenue recognition is also the general definition that the Authority applies unless a more specific definition applies.

Current Assets

The Authority classifies an asset as current when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle (i.e. 12 months);
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within 12 months after the reporting period;
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current Liabilities

The Authority classifies a liability as current when:

- it expects to settle the liability within its normal operating cycle (i.e. 12 months);
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within 12 months after the reporting period;
- the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

B. Grants and Contributions

The Authority accounts for grants and contributions in accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, except where interpretations and adaptations to fit the public sector are detailed in the Code.

Whether paid on account, by instalments or in arrears, grants and contributions are not recognised until there is reasonable assurance that the Authority will comply with the conditions attached to the payments and the grants or contributions will be received.

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and are recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Authority has not satisfied.

Grants and contributions are credited to service revenue accounts, support services, and corporate accounts in accordance with SeRCOP.

A grant or contribution may be received subject to a condition that it is returned to the transferor if a specified future event does or does not occur. In these cases, a return obligation does not arise until such time as it is expected that the condition will be breached and the Authority does not recognise a liability until that time.

General grants and contributions are disclosed as one item on the face of the Comprehensive Income and Expenditure Statement.

Grants and Contributions for Revenue Purposes

Revenue grants or contributions with conditions attached are initially credited to the Balance Sheet in the form of creditor personal accounts at the point of receipt. Once the condition has been met, the grant or contribution is transferred from the creditor personal account and recognised as income in the Comprehensive Income and Expenditure Statement.

Revenue grants or contributions with no conditions attached are recognised as income in the Comprehensive Income and Expenditure Statement at the point of receipt.

Grants and Contributions for Capital Purposes

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account (within the Usable Reserves section of the Balance Sheet), reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement. When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution (or part thereof) is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

C. Revenue Recognition

The Authority accounts for revenue recognition in accordance with IAS 18 *Revenue* and IPSAS 23 *Revenue from Non Exchange transactions (Taxes and Transfers)* except where adaptations to fit the public sector are detailed in the Code.

This accounting policy does not apply to revenue arising from lease agreements (see separate accounting policy for Leases).

Revenue is measured at the fair value of the consideration received or receivable.

Activity is accounted for in the reporting period that it takes place, not simply when cash payments are made or received.

Sale of Goods

Revenue in relation to the sale of goods is recognised by the Authority when the following has been satisfied:

- the Authority transfers the significant risks and rewards of ownership of the goods to the purchaser;
- the Authority retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the Authority can measure the amount of revenue reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the Authority can measure the costs incurred or to be incurred in respect of the transaction.

Provision of Services

When the outcome of a transaction involving the provision of services can be estimated reliably by the Authority, revenue associated with the transaction is recognised by reference to the percentage of completion method at the reporting date. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- the Authority can measure the amount of revenue reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the percentage of completion of the transaction at the reporting date can be measured reliably;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Supplies

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Expenses

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

Interest Receivable

In relation to interest receivable, revenue is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the Authority can measure the amount of revenue reliably.

Subject to the recognition criteria above being met, interest is recognised as income on the basis of the effective interest rate.

Accruals of Income and Expenditure

In circumstances where the consideration has been received but the revenue does not meet the recognition criteria described above, the Authority recognises a creditor (i.e. receipt in advance) in respect of that inflow of resources (see accounting policy on creditors). On satisfying the recognition criteria, revenue is recognised equal to the reduction of the carrying amount of the liability.

In circumstances where revenue meets the recognition criteria described above but the consideration has not been received, the Authority recognises a debtor in respect of that outflow of resources (see accounting policy on debtors).

D. Charges to Revenue for Non Current Assets

Services and support services are debited with a depreciation charge to record the cost of holding non current assets which the service has used during the year.

E. Value Added Tax (VAT)

There are no IFRS or IPSAS specifically relating to VAT; the Authority accounts for VAT in accordance with SSAP 5 *Accounting for Value Added Tax* except where adaptations to fit the public sector are detailed in the Code.

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

The amounts included within the Comprehensive Income and Expenditure Statement exclude VAT that must be passed on (where output tax exceeds input tax) or repaid (where input tax exceeds output tax) to HMRC. VAT is included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

The authority is able to recover VAT from HMRC, providing the partial exemption deminimis is not breached. The authority monitors the VAT partial exemption calculation on a regular basis. A financial model is retained and updated with key proposals of expenditure or increases in exempt income to assess potential partial exemption impact. If necessary appropriate measures are then taken to ensure the authority remains below the deminimis level.

The net amount due to or from HMRC in respect of VAT is included as part of creditors or debtors on the Balance Sheet.

F. Cash and Cash Equivalents

The Authority defines cash as cash in hand and deposits with financial institutions repayable without penalty on demand.

The Authority defines cash equivalents as those cash flow investments which are no longer than three months and represent the investment of cash surpluses lent to cover cash shortages. They are readily convertible to known amounts of cash with insignificant risk of change in value.

In terms of cash flow and treasury management, the Authority collectively manages its cash equivalents and cash or bank overdraft on the Balance Sheet. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdraft which is repayable on demand and forms an integral part of the Authority's cash management.

G. Inventories

The Authority accounts for inventories in accordance with IAS 2 *Inventories*, except where adaptations to fit the public sector are detailed in the Code.

Inventories are measured at the lower of cost and net realisable value. The Authority includes all costs of purchase, costs of conversions and other costs incurred in bringing the inventories to their present location or condition in the cost of its inventories.

The cost of inventories is attributed to identified items of inventory. Where this is not possible, the Authority assigns the cost of inventories using the first in, first out (FIFO). The Authority uses the same cost formula for all inventories having a similar nature and use.

The Authority does not carry inventory in excess of amounts that are expected to be realised from their sale or use.

When inventories are sold, exchanged or distributed, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed or related service is rendered.

H. Debtors

The Authority accounts for debtors in accordance with IAS 18 *Revenue*, IPSAS 23 *Revenue from Non Exchange Transactions (Taxes and Transfers)* and IAS 39 *Financial Instruments: Recognition and Measurement*, except where adaptations to fit the public sector are detailed in the Code.

This accounting policy should be read in conjunction with the accounting policy for Revenue Recognition.

Debtors are recognised when ordered goods or services have been delivered or rendered by the Authority.

Debtors are recognised and measured at the fair value of the consideration receivable (typically in the form of cash and cash equivalents) when revenue has been recognised (see accounting policy on Revenue Recognition).

In the event that consideration has been paid in advance of the receipt of goods or services, the Authority recognises a debtor (i.e. payment in advance) in respect of that outflow of resources.

I. Employee Benefits - Benefits Payable During Employment

The Authority accounts for benefits payable during employment in accordance with IAS 19 *Employee Benefits*, except where adaptations to fit the public sector are detailed in the Code.

Short Term Employee Benefits

Short term employee benefits are those due to be settled within 12 months of the end of the reporting period. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non monetary benefits for current employees. They are recognised as an expense for services in the reporting period in which employees render service to the Authority.

The Authority recognises short term accumulating compensated absences (i.e. annual leave and flexi leave) when employees render services that increases their entitlement to future compensated absences. These type of short term compensated absences are measured as the additional amount that the Authority expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employer's national insurance and pension contributions. The obligation is recognised even if the compensating absences have not yet vested at the reporting date. The possibility that employees may leave before they use an accumulating non vesting entitlement and their entitlement lost is taken into account in measuring the obligation. The Authority makes an accrual for the cost of accumulating absences earned by employees but not taken before the end of the reporting period which employees can carry forward into the next reporting period. The accrual is charged to the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that leave benefits are charged to revenue in the reporting period in which the leave absence occurs. The accrual is shown as a short term provision on the Authority's Balance Sheet.

The Authority recognises short term non accumulating absences (i.e. sick leave, maternity leave, paternity leave and jury service) when the absence occurs.

The cost of providing non monetary benefits (benefits in kind) is recognised according to the same principles as benefits payable in cash; the amount recognised is the cost to the Authority of providing the benefit.

J. Employee Benefits – Termination Benefits

The Authority accounts for termination benefits in accordance with IAS 19 *Employee Benefits*, except where adaptations to fit the public sector are detailed in the Code.

Recognition

The Authority recognises a liability and an expense for termination benefits at the earlier of the following dates:

- when the Authority can no longer withdraw the offer of those benefits; and
- when the Authority recognises costs for a restructuring that is within the scope of the provisions, contingent liabilities and contingent assets section of the Code and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when the Authority can no longer withdraw the offer of termination benefits is the earlier of:

- when the employee accepts the offer; and,
- when a restriction (e.g. a legal, regulatory or contractual requirement or other restriction on the Authority's ability to withdraw the offer takes effect)

For termination benefits payable as a result of the Authority's decision to terminate an employee's employment, the Authority can no longer withdraw the offer when the Authority has communicated to the affected employees a plan of termination meeting all of the following criteria:

- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date;
- the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Measurement

The Authority measures termination benefits on initial recognition and measures and recognises subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post employment benefits, the authority applies the requirement for post employment benefits. Otherwise:

- If the termination benefits are expected to be settled wholly before 12 months after the end of the reporting period in which the termination benefit is recognised, the Authority applies the requirements for short term employee benefits;
- If the termination benefits are not expected to be settled wholly before 12 months after the end of the reporting period in which the termination benefit is recognised, the Authority applies the requirements for other long term employee benefits;

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the reporting period, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the end of the reporting period.

K. Employee Benefits – Post Employment Benefits

The Authority accounts for post employment benefits in accordance with IAS 19 *Employee Benefits*, except where adaptations to fit the public sector are detailed in the Code.

Employees of the Authority are entitled to become members of the Local Government Pension Scheme, administered by West Sussex County Council, according to the terms of their employment.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme. The Authority accounts for the scheme by:

- determining the net defined benefit liability which involves the following steps:
  - estimating the cost to the Authority of the benefit that employees have earned in return for their service in the current and prior periods. Actuarial techniques are used to make a reliable estimate of the ultimate cost to the Authority of the benefit that employees have earned in return for their service in the current and prior periods. This requires estimates (actuarial assumptions) to be made about demographic variables such as mortality, employee turnover and expected early retirement where the employee has the right under the scheme rules and financial assumptions such as future increase in salary levels;
  - determining how much benefit is attributable to the current and prior periods. Benefits are attributed to periods of service in accordance with a scheme's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, benefits are attributed on a straight line basis until the date when further service by the employee will lead to no material amount of further benefits;
  - discounting the benefit in order to determine the present value of the defined benefit obligation and the current service cost. The projected unit credit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees) is used to determine the present value of the Authority's defined benefit obligation and the related current service cost and past service cost;
  - determining the rate used to discount post employment benefit obligations by reference to market yields at the Balance Sheet date on high quality corporate bonds; the currency and term of the corporate bonds being consistent with the currency and estimated term of the post employment benefit obligation;
  - deducting the fair value of any scheme assets from the present value of the defined benefit liabilities.
- determining the amounts to be recognised in the Surplus / Deficit on the Provision of Service within the Comprehensive Income and Expenditure Statement, comprising:
  - current service cost;
  - any past service cost and gain or loss on settlement;
  - net interest on the net defined benefit liability.
- determining the remeasurement of the net defined benefit liability to be recognised in Other Comprehensive Income and Expenditure within the Comprehensive Income and Expenditure Statement, comprising:
  - actuarial gains and Losses;
  - return on scheme assets, excluding amounts included in net interest on the net defined benefit liability.
- remeasurement of the net defined benefit liability is not reclassified to the Surplus / Deficit on the Provision of Services in a subsequent period.

The Authority recognises past service cost as an expense at the earlier of the following dates:

- when the scheme amendment or curtailment occurs;
- when the Authority recognises related restructuring costs or termination benefits.

The Authority does not distinguish between past service cost resulting from a scheme amendment, past service cost resulting from a curtailment and a gain or loss on settlement if these transactions occur together. Before determining the past service cost or a gain or loss on settlement, the Authority remeasures the net defined benefit liability using the current fair value of the scheme's assets and current actuarial assumptions reflecting the benefits offered under the scheme before the scheme amendment, curtailment or settlement.

The Authority recognises a gain or loss on settlement when the settlement occurs.

The net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

The Authority recognises the net defined benefit liability in its Balance Sheet. The movement in remeasurements of the net defined benefit liability is recognised in the Pension Reserve on the Balance Sheet.

The contributions paid into the pension scheme (i.e. cash paid as employer's contributions to the pension fund in settlement of liabilities) are charged to the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

In relation to post employment benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority into the pension scheme or directly to pensioners in the reporting period, not the amount calculated according to the relevant accounting standards. The Authority is not required to charge the General Fund balance with expenditure in respect of liabilities for retirement benefits but instead is required to maintain a Pensions Reserve to which the pension liabilities are charged. The amount that is charged to the General Fund balance for providing pensions for employees is the amount payable for the reporting period in accordance with the statutory requirements governing the particular pension schemes in which the Authority participates. Where this amount does not match the amount charged to Surplus / Deficit on the Provision of Services for the reporting period, the difference is taken to the Pensions Reserve through the Movement in Reserves Statement; the notional debits and credits for retirement benefits are removed and replaced with debits for the cash paid into the pension scheme and pensioners and any such amounts payable but unpaid at the end of the reporting period. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Where the pension costs charged to the Surplus / Deficit on the Provision of Services under the Code are:

- larger than the amount payable for the reporting period in accordance with the scheme requirements, the General Fund balance as appropriate is credited and the Pensions Reserve debited with the difference;
- smaller than the amount payable for the reporting period in accordance with the scheme requirements, the General Fund balance as appropriate are debited and the Pensions Reserve credited with the difference.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any employee are accrued in the reporting period of the decision to make the award and accounted for using the same accounting policies as are applied to the Local Government Pension Scheme.

L. Creditors

The Authority accounts for creditors in accordance with IAS 18 *Revenue*, IPSAS 23 *Revenue from Non Exchange Transactions (Taxes and Transfers)* and IAS 39 *Financial Instruments: Recognition and Measurement*, except where adaptations to fit the public sector are detailed in the Code.

This accounting policy should be read in conjunction with the accounting policy for Revenue Recognition.

Creditors are recognised when ordered goods or services have been delivered or rendered to the Authority.

Creditors are recognised and measured at the fair value of the consideration payable (typically in the form of cash and cash equivalents).

In the event that consideration is received but the revenue does not meet the revenue recognition criteria (see accounting policy on Revenue Recognition), the Authority recognises a creditor (i.e. receipt in advance) in respect of that inflow of resources.

M. Financial Assets and Liabilities - Financial Instruments

The Authority accounts for financial instruments in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, IAS 32 *Financial Instruments: Presentation* and FRS 7 *Financial Instruments: Disclosures*, except where adaptations to fit the public sector are detailed in the Code.

Initial Recognition

The Authority recognises a financial asset or liability on the Balance Sheet when, and only when, it becomes party to the contractual provisions of a financial instrument. In the case of a financial asset, this is when the purchaser becomes committed to the purchase (i.e. the contract date) and is usually referred to as the 'trade date'. The sale of a financial asset is also recognised on the trade date. In respect of trade receivables, the receivable is recognised when the ordered goods or services have been delivered or rendered. Similarly a trade payable is recognised when the ordered goods or services have been received. In the case of a financial liability the Authority does not become party to the contractual provisions of a financial liability unless one of the parties has performed.

Classification

The Authority classifies its financial instruments on initial recognition in accordance with their inherent characteristics.

The Authority classifies its financial assets as loans and receivables.

Subsequent Recognition

The accounting treatment of a financial liability and a financial asset after initial recognition applied by the Authority depends on its classification on initial recognition.

Loans and Receivables

The carrying amount of loans and receivables and the interest income receivable is measured following initial recognition at amortised cost.

Interest receivable is credited to the Comprehensive Income and Expenditure Statement under Financing and Investment Income and Expenditure based on the carrying amount of the asset multiplied by the effective rate of interest for the financial instrument; for most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the reporting period in the loan agreement.

When calculating the effective interest rate, the Authority estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The effective interest rate used is based on discounting the estimated cash flows and contractual life.

If the Authority revises its estimates of payments or receipts, it adjusts the carrying amount of the financial asset to reflect actual and revised estimated cash flows. The Authority recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised as income or expense in the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

N. Reserves

The Authority considers amounts set aside for purposes falling outside the definition of provisions as reserves. The Authority holds a number of reserves including earmarked reserves which are used to set aside amounts for specific policy purposes, balances which represent resources set aside for purposes such as general contingencies and cash flow management, reserves for specific statutory purposes and reserves to comply with proper accounting practice.

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year in the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for non current assets, retirement and employee benefits and do not represent usable resources for the Authority; these reserves are covered in the relevant accounting policies.

The Authority carries out an annual review of the reserves to ensure they are still required and are set at the appropriate level.

Any carry forward of approved underspends are held on the Balance Sheet as a reserve.

O. Overheads and Support Services

The Authority fully recharges the costs of management and administration and support services to those services that benefit from the supply or service in accordance with the costing principles of the Service Reporting Code of Practice (SeRCOP). The Authority uses the total absorption costing principle. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, democratic organisation;
- Non Distributed Costs – the cost of past service costs in relation to the pension liability.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement as part of cost of services.

All support service costs are charged to their users using the most appropriate apportionment base.

The cost of service management is apportioned to the accounts representing the activities managed.

P. Property, Plant and Equipment

The Authority accounts for non current assets in accordance with IAS 16 *Property, Plant and Equipment*, except where adaptations to fit the public sector are detailed in the Code.

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one reporting period are classified as property, plant and equipment.

Recognition

The Authority recognises (and capitalises) expenditure on the acquisition, creation or enhancement of property, plant and equipment as an asset on its Balance Sheet provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Such items include the initial costs of acquisition and construction and costs incurred subsequently to add to, replace part of or service the asset. Expenditure that does not meet these recognition criteria is charged to the relevant cost of service within the Comprehensive Income and Expenditure Statement as it is incurred.

The Authority does not capitalise subsequent costs arising from the day to day servicing of an asset (i.e. labour costs and consumables), commonly known as "repairs and maintenance" as they do not meet the above recognition principle.

The Authority has a deminimis level of £5,000 for land and buildings and vehicles, plant and equipment; items of expenditure below this deminimis level are charged to the relevant cost of services within the Comprehensive Income and Expenditure Statement in the year it is incurred. The Authority has no deminimis level for enhancement expenditure and therefore all enhancement expenditure is capitalised.

Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost and is capitalised on an accruals basis. The measurement of costs comprises purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The cost of an item of property, plant and equipment is the cash price equivalent at the date when the asset is recognised.

The Authority currently holds only vehicles, furniture, plant and equipment and assets under construction as non current assets on its Balance Sheet. As vehicles, furniture, plant and equipment is held at historic cost and assets under construction is also held at historic cost and revaluation only takes place when the asset becomes operational, no revaluation of assets has taken place and therefore, no accounting policy has been disclosed for the subsequent recognition of property, plant and equipment.

Depreciation

Depreciation is applied to all property, plant and equipment, except for assets under construction as the Authority does not depreciate assets until they are available for use (i.e. when they are in location and condition necessary for them to be capable of operating in the manner intended by the Authority).

The Authority does not charge depreciation in the year of acquisition but does charge a full year's depreciation in the year of disposal.

Depreciation is calculated on a straight line basis over the expected life of the asset, on the difference between the book value and any estimated residual value.

Impairment

See separate accounting policy "Impairment of Assets".

Derecognition

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written off value of disposals is not a charge against the General Fund balance, as the cost of non current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Q. Leases

The Authority accounts for leases in accordance with IAS 17 *Leases* except where adaptations to fit the public sector are detailed in the Code.

Lease Classification

The Authority classifies leases as either finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. The Authority uses the examples of situations in the Code to aid the classification; the example situations that individually or in combination would normally lead to a lease being classified as a finance lease in the Code are:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value so as to make it reasonably certain the option will be exercised;
- the lease term is for the major part of the economic life of the asset;
- the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

As the example situations are not always conclusive, the Authority applies the policy that if it is clear from other features that the lease does not transfer substantially all risks and rewards incidental to ownership, the lease is classified as an operating lease. Lease classification is made at the inception of the lease.

Leases of land and buildings are classified as finance or operating leases in the same way as leases of other assets. However, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. When the land has an indefinite economic life, the land element is normally classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term as an important consideration is that land normally has an indefinite life. A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

When accounting for a lease of land and buildings, the minimum lease payments are allocated between the land and the buildings elements in proportion to their relative fair values. Where the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for lease classification.

The Authority only has leases, as a lessee, which have been classified as operating leases; therefore the accounting policy for lessee finance leases is not disclosed. In addition the Authority does not have any leases as a lessor therefore no accounting policy is disclosed for leases where the Authority is the lessor. The Authority does not have any arrangements containing a lease and therefore no policy is disclosed in relation to this.

Lessee Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset. Charges are made on a straight line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

R. Impairment of Assets

The Authority accounts for impairments in accordance with IAS 36 *Impairment of Assets* except where adaptations to fit the public sector are detailed in the Code.

This accounting policy does not apply to impairment of assets in relation to employee benefits, financial instruments, or inventories.

The Authority accounts for impairments to ensure that assets are carried at no more than their recoverable amount; an asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the Authority describes the asset as impaired and recognises an impairment loss.

Recognition

At the end of each reporting period, the Authority undertakes an assessment as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated, and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. If no indication of an impairment loss is present, a formal estimate of the recoverable amount is not required.

An impairment loss on an asset (non revalued asset) (i.e. an asset with a carrying value based on historical costs) is recognised in the Surplus / Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement.

S. Capital Receipts

Capital receipts from the sale of assets are credited to the Comprehensive Income and Expenditure Statement and subsequently transferred to the Capital Receipts Reserve to support the Capital Investment Programme.

Please refer to the accounting policy for the relevant classification of asset for the accounting treatment of the respective gain or loss on the sale of assets.

T. Events after the Reporting Period

The Authority accounts for events after the reporting period in accordance with IAS 10 *Events after the Reporting Period*, except where adaptations to fit the public sector are detailed in the Code.

Events after the end of the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The Authority adjusts the amounts recognised in its financial statements to reflect adjusting events (i.e. those events that provide evidence of conditions that existed at the end of the reporting period) after the reporting period; however, it does not adjust the amounts for non adjusting events (i.e. those events that are indicative of conditions that arose after the reporting period). The Authority reflects in its financial statements events after the reporting period up to the date the accounts were authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The financial statements of the Authority are authorised for issue in accordance with the Accounts and Audit Regulations 2011. The date the accounts are authorised for issue is:

Unaudited Accounts	The date on which the responsible finance officer certifies that the accounts give a true and fair view of the Authority's financial position and financial performance in advance of approval.
Audited Accounts (where opinion issued in advance of conclusion of audit)	The date on which the responsible finance officer recertifies that the accounts give a true and fair view of the Authority's financial position and financial performance.
Audited accounts (where no opinion issued prior to the conclusion of audit)	the date on which the responsible finance officer recertifies that the accounts give a true and fair view of the Authority's financial position and financial performance.
Audited accounts (where opinion previously issued prior to the conclusion of audit)	the date on which the responsible finance officer recertifies that the accounts give a true and fair view of the Authority's financial position and financial performance.

In accordance with the regulations, the Authority prepares a Statement of Accounts by 30 June following the end of the reporting period which is approved by the Chief Finance Officer. Following the audit, the Statement of Accounts are approved by members and signed by the chair of the Governance Committee by 30 September. The Authority also publishes its audited Statement of Accounts by 30 September following the end of the reporting period.

In the event that the audit has not been completed by this date, the Authority publishes its unaudited Statement of Accounts by 30 September following the end of the reporting period and its audited Statement of Accounts as soon as practicable thereafter.

South Downs
National Park Authority

Independent Auditor's Report

2013/14

Independent Auditor's Report to the Members of the South Downs National Park Authority

Opinion on the Authority's financial statements

We have audited the financial statements of South Downs National Park Authority for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of South Downs National Park Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Chief Finance Officer Responsibilities set out on page 9, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Downs National Park Authority as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2013/2014 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2013, we have considered the results of the following:

- our review of the annual governance statement; and
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the accounts of South Downs National Park Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Helen Thompson
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
24 September 2014

South Downs
National Park Authority

Glossary of Terms

2013/14

Glossary

Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its financial statements.

Accruals Basis

The accruals basis is the recognition of items as assets, liabilities, income and expenses when they satisfy the definitions and recognition criteria. The accruals basis of accounting requires the non cash effects of transactions to be reflected in the financial statements for the reporting period in which those effects are experienced and not in the period in which any cash is received or paid.

Actuarial Gains and Losses (Pensions)

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred);
- the effects of changes in actuarial assumptions.

Amortised Cost of a Financial Asset or Financial Liability

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method (i.e. a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period) of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Asset

An asset is a resource controlled by the Authority as a result of past events and from which future economic or service potential is expected flow to the Authority.

Audit of Financial Statements

An audit is an examination by an independent expert of the Authority's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at the Balance Sheet date.

Benefits Payable during Employment

Benefits payable during employment covers:

- short term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non monetary benefits (e.g. cars) for current employees;
- benefits earned by current employees but payable 12 months or more after the end of the reporting period, such as long service leave or jubilee payments and long term disability benefits.

Budget

A budget expresses the Authority's service delivery plans and capital programmes in monetary terms.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital Expenditure

Capital expenditure is expenditure on the acquisition of an asset that will be used to provide services beyond the reporting period or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Programme

The capital programme is a financial summary of the capital projects that the Authority intends to carry out over a specified period of time.

Capital Receipt

A capital receipt is the proceeds from the sale of an asset. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be utilised to finance capital expenditure.

Capital Reserves

Capital reserves represent resources earmarked to fund capital schemes as part of the Authority's capital investment strategy.

Carrying Amount

The carrying amount is the amount at which an asset is recognised in the Balance Sheet after deducting any accumulated depreciation and accumulated impairment losses.

Cash

Cash comprises cash in hand and demand deposits.

Cash Equivalents

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows

Cash flows are the inflows and outflows of cash and cash equivalents.

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Authority during the reporting period.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in the reporting period of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which the Authority engages in specifically because as it is an elected multi purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Corporate and democratic core includes two categories of expenditure; Democratic Representation and Management (DRM) and Corporate Management costs. DRM includes all aspects of members' activities and Corporate Management includes activities that provide the infrastructure that allows services to be provided (e.g. Chief Executive, external audit, corporate level financing and treasury management).

Cost

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.

Creditors

Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

Current Asset

A current asset is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading or the Authority expects to realise the asset within 12 months after the reporting date.

Current Liability

A current liability is an amount which will become payable or could be called in within the next reporting period; examples are creditors and cash overdrawn.

Current Replacement Cost

Current replacement cost is the cost the Authority would incur to acquire the asset on the reporting date.

Current Service Cost (Pensions)

Current service cost is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Debtors

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

Defined Benefit Scheme

A defined benefit scheme is a post employment benefit scheme other than defined contribution scheme.

Defined Contribution Scheme

A defined contribution scheme is a post employment benefit scheme under which the Authority pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

Depreciation is a method of allocating the cost of a tangible asset over its useful life.

Effective Interest Rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee Benefits

Employee benefits are all forms of consideration given by the Authority in exchange for service rendered by employees.

Estimation Techniques

Estimation techniques are the methods adopted by the Authority to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period);

- those that are indicative of conditions that arose after the reporting period (non adjusting events after the reporting period).

Exit Packages

Exit Packages are departure costs paid to former employees who negotiate a package as part of their terms of leaving the authority.

Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves. Expenses include expenses that arise in the course of the ordinary activities and losses such as revaluation of non current assets.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Fair Value through Profit or Loss

Fair value through profit or loss defines all financial assets that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or a derivative.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial Asset

A financial asset is any asset that is

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Financial Liability

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. Typical financial instruments are:

<u>Liabilities</u>

- trade payables and other payables.

<u>Assets</u>

- bank deposits;
- trade receivables;
- loans receivable.

Financial Reporting Standards (FRS)

Financial reporting standards advise the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present a true and fair view of the Authority's financial position.

Financing Activities

Financing activities are activities that result in changes in the size and composition of the principal received from or repaid to external providers of finance.

General Fund Balance

The General Fund balance shows the resources available to meet future running costs.

Going Concern

Going Concern defines that the functions of the Authority will continue in operational existence for the foreseeable future.

Government Grants

Government grants are grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of the Authority's services. These grants may be directed towards the cost of particular schemes or used to support the revenue spend of the Authority.

Grants and Contributions

Grants and contributions are assistance in the form of transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities. They exclude those forms of assistance which cannot reasonably have a value placed upon them and transactions with organisations which cannot be distinguished from the normal service transactions of the Authority.

Historic Cost

Historic cost is the carrying amount of an asset at the date of acquisition and adjusted for subsequent depreciation or impairment.

Impairment Loss

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Income

Income is the gross inflow of economic benefits or service potential during the reporting period when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of non current assets.

Interest Cost (Pensions)

The interest cost is the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Interest Income (Pensions)

Interest income is a component of the return on plan assets, and is determined by multiplying the fair value of the plan assets by the discount rate

International Accounting Standards (IAS)

International Accounting Standards are standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee (IASC). They were first written in 1973, and stopped when the International Accounting Standards Board (IASB) took over their creation in 2001.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present fairly the financial position of the Authority.

International Financial Reporting Interpretations Committee (IFRIC)

The IFRS Interpretations Committee (formerly called the IFRIC) is the interpretative body of the International Accounting Standards Board (IASB).

International Public Sector Accounting Standards (IPSAS)

International Accounting Standards (IAS) adapted to meet public sector requirements.

Inventories

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process;
- in the form of materials or supplies to be consumed or distributed in the rendering of services;
- held for sale or distribution in the ordinary course of operations; or,
- in the process of production for sale or distribution.

Investing Activities

Investing activities are activities relating to the acquisition and disposal of non current assets and other investments not included in cash equivalents.

Lease

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Liability

A liability is a present obligation of the Authority arising from past events, the settlement of which is expected to result in an outflow from the Authority of resources embodying economic benefits or service potential.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading; or,
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Material

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the reporting period on the different reserves held by the Authority, analysed into usable reserves and unusable reserves.

National Park Grant

National Park Grant is a non ring fenced government grant which can be used by the Authority to finance revenue expenditure on any service.

Net Defined Benefit Liability (Obligation) (Pensions)

The net defined benefit liability is the deficit, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

Net Interest on the Net Defined Benefit Liability (Pensions)

The net interest on the net defined benefit liability is the change during the period in the net defined liability that arises from the passage of time.

Net Realisable Value

The net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Net Worth

The total funds, balances and reserves (both usable and unusable reserves) held by the Authority.

Non Current Asset

A non current asset is an asset that does not meet the definition of a current asset.

Non Distributed Costs

Non distributed costs are overheads for which no service benefits.

Operating Lease

An operating lease is a lease other than a finance lease.

Other Comprehensive Income and Expenditure

Other comprehensive income and expenditure comprises items of expense and income (including reclassification adjustments) that are not recognised in the Surplus or Deficit on the Provision of Services as required or permitted by the Code. Examples include changes in the remeasurement of the net defined benefit pension liability on a defined benefit scheme.

Operating Activities

Operating activities are the activities of the Authority that are not investing or financing activities.

Past Service Cost (Pensions)

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a scheme amendment (the introduction of, or withdrawal of, or changes to, a defined benefit scheme) or a curtailment (a significant reduction by the Authority in the number of employees covered by a scheme).

Pension Reserve

The pensions reserve is a specific accounting mechanism used to reconcile the payments made for the reporting period to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the Authority's recognised liability under IAS 19 *Employee Benefits*, for the same period. A transfer is made to or from the Pensions Reserve to ensure that the charge to the General Fund balance reflects the amount required to be raised in taxation. The reserve normally is at the same level as the pensions liability carried on the top half of the Balance Sheet.

Post Employment Benefits

Post employment benefits cover not only pensions but also other benefits payable post employment such as life insurance and medical care.

Present Value of a Defined Benefit Liability (Pensions)

The present value of a defined benefit liability is the present value, without deducting any scheme assets, of expected future payments required to settle the liability resulting from employee service in the current and prior periods.

Prior Period Errors

Prior period errors are omissions from, and misstatements in, the Authority's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were authorised for issue;
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and which are expected to be used during more than one reporting period.

Provision

A provision is a liability of uncertain timing or amount. The Authority recognises a provision where an event has taken place that gives the Authority a present obligation (legal or constructive) that requires settlement by either a transfer of economic benefits or service potential to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Related Party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related parties include:

- an entity that has an interest in the Authority that gives it significant influence over the Authority;
- key management personnel, and close members of the family of key management personnel.

Related Party Transaction

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Authority or the Government of which it forms part.

Reporting Period

The reporting period is the length of time covered by the financial statements.

Reserves

Reserves are the residual interest in the assets of the Authority after deducting all its liabilities.

Residual Value

The residual value is the estimated amount that the Authority would currently obtain from the disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Revenue

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue Expenditure

Revenue expenditure is the day to day running costs relating to the reporting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Scheme Amendment (Pensions)

A scheme amendment occurs when the Authority introduces, or withdraws a defined benefit scheme or changes the benefits payable under an existing defined benefit scheme.

Scheme Assets (Pensions)

Scheme assets comprise assets held by a long term employee benefit scheme.

Scheme Liabilities (Pensions)

Scheme liabilities comprise liabilities in relation to a long term employee benefit scheme.

Short Term Paid Absences

Short term paid absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Paid absences may be accumulating or non accumulating. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. For example, annual leave, flexitime and time in lieu would usually be accumulating. Accumulating absences may be either vesting or non vesting. Where vesting, employees who leave are entitled to a cash payment in respect of any unused entitlement; where non vesting, benefits lapse if an employee leaves before the vesting date.

Short Term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service. Short term employee benefits include:

- wages, salaries and social security contributions;
- short term compensated absences;
- bonuses and similar payments;
- non monetary benefits.

Surplus or Deficit on the Provision of Services

The surplus or deficit on the provision of services is the total of income less expenses, excluding the components of Other Comprehensive Income and Expenditure.

Tangible Asset

A tangible asset is an asset that has a physical form.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Authority's decision to terminate an employee's employment before the normal retirement date, or the Authority's decision to accept an offer of benefits in exchange for the termination of employment. Termination benefits do not include employee benefits resulting from termination of employment at the request of the employee without the Authority's offer, or as a result of mandatory retirement requirements, because those benefits are post employment benefits. They are often lump sum payments, but also include enhancement of post employment benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the Authority.

Total Comprehensive Income and Expenditure

Total comprehensive income and expenditure comprises all components of Surplus or Deficit on the Provision of Services and of Other Comprehensive Income and Expenditure.

Usable Capital Receipts Reserve

The usable capital receipts reserve holds the proceeds of non current assets disposals and are available to meet future capital investment. These capital receipts are held in this reserve until such time they are used to finance capital expenditure.

Usable Reserves

Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation.

Useful Life

The useful life is the period which an asset is expected to be available for use by the Authority.

Value Added Tax (VAT)

VAT is an indirect tax levied on most business transactions and on many goods and some services. Input tax is VAT charged on purchases. Output tax is VAT charged on sales.

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Statement of Accounts 2013-2014
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