



**Audited
Statement of Accounts
2024/25**

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Chief Finance Officer's Narrative Report

Authority Overview

The South Downs National Park Authority was established in April 2010 (and fully operational from April 2011). From July 2021, the park's operations expanded to include Seven Sisters Country Park. The South Downs National Park covers the chalk downland, heaths, woodlands and river valleys of the South Downs, Western Weald and Seven Sisters within the three counties of Hampshire, West Sussex, and East Sussex.

As a National Park, the Authority has two statutory purposes which are to conserve and enhance the natural beauty, wildlife, and cultural heritage of the area and to promote opportunities for the understanding and enjoyment of the special qualities of the park by the public. The Authority also has a duty to work in partnership to foster the economic and social wellbeing of local communities within the national park. The Authority is a public body run by a board of 27 members. Operationally the park is managed by its Senior Leadership Team and structured into five service areas - Planning, Countryside and Policy Management, Corporate Services (support services), Strategic Projects, and Seven Sisters Country Park.

Partnership Management Plan 2020-2025 and Corporate Plan

The Authority's overarching strategy documents are its Partnership Management Plan 2020-2025, and an annually reviewed Corporate Plan which includes high level targets focused on Nature Recovery, Climate Action and creating 'A National Park for All'. Key Performance Indicators are in place to measure the delivery of these plans. Performance reports monitoring the progress of key projects, plans and actions are reviewed by the Senior Leadership Team and the Policy & Resources Committee at least twice a year. A full annual review of the Authority's performance is reported to the Authority's Policy and Resources Committee annually in June each year. The June 2025 report narrates the progress towards the High-Level Targets in 2024/25, which are:

- HLT#1: To secure an additional 13,000ha, or 33% of land managed for nature by 2030 from a baseline of 25%.
- HLT#2: Work to maintain, enhance and/or restore 30% of existing Core Nature sites and support key species recovery within the SDNP by 2030.
- HLT#3: To prepare for and implement Biodiversity Net Gain (BNG).
- HLT#4: South Downs National Park Authority to reduce its carbon footprint by 150 tonnes per annum in line with the 2030 net zero target.
- HLT#5: 5% reduction per annum in the overall carbon footprint of the South Downs National Park from the baseline reported in 2019.
- HLT#6: Increase diversity of those engaging with the South Downs National Park.
- HLT#7: Work to make sure the landscape, scenery and tranquillity of SDNP is available to everyone, no matter what their access needs are.
- HLT#8: Digitally engage 100,000 people per year with the SDNP.

The report also shows the Authority's progress towards delivering the Corporate Plan Priorities of:

- Place making.
- Generating Income.
- Land Management.
- Economy.
- Authority Process.

Future Opportunities

The Authority has a number of significant future opportunities that it may explore, these include:

- Diversified income generation through wider implementation of cost recovery in line with the Authority's current powers.
- Expanding Green Finance initiatives to deliver both nature recovery for the National Park and cost recovery for the Authority.
- Possible future widening of the Authority's power of competence would provide greater opportunities for sustainable income generation to support the core grant.
- Further development of the visitor experience and other income generation opportunities at Seven Sisters Country Park.
- Appropriate land acquisition opportunities may support further delivery on the National Park's purposes.
- Continued development and expansion of project funding through close partnership with the SDNP Trust.
- Bedding in and greater understanding of the new section 245 duty to 'seek to further' (LURA 2023) across public bodies offers greater opportunity for cooperative working to further the National Park's purposes.
- Greater opportunities to work with partners across the National Park to deliver on the National Park's purposes through the review of the National Park Management Plan.
- The review of the South Downs Local Plan offers the opportunity to deliver appropriate and sustainable growth and development within the National Park, delivering affordable housing, increased biodiversity, opportunities for adaptation to climate change, etc.
- Following on from the success of the Farming in Protected Landscapes initiative, the developing Environmental Land Management Schemes across England may provide the Authority the opportunity to work more closely with landowners and farmers on delivery against the National Park's purposes.
- Devolution and local government reorganisation provide the opportunity to strengthen partnership working relationships with local authorities across the National Park and to develop relationships with the new Strategic Mayoral Authorities which have the potential to lead to significant benefits for the National Park.
- Opportunities to introduce greater diversity into our governance structures to widen the voices heard in the development of policy and in decision making.

Risks

The Authority has put in place a risk management framework as a key part of its corporate governance and monitors risks and opportunities through its officer body and its Corporate Risk Register which is reported to each meeting of the Policy & Resources Committee providing members with the opportunity to raise questions and issues and consider the proposed mitigation strategies. The Authority has currently identified 12 corporate-level risks.

A key risk relates to Finance and Budgets where potential risks include either the failure of the Defra National Parks Grant to increase in real terms over a period of years, or a reduction of the Defra grant, or a continuation of the lower revenue baseline from 2025/26 arising from the Comprehensive Spending Review (CSR) or an in-year requirement for savings. Similarly, there are risks related to the impacts of increased inflation rates or increased employer pension or national insurance contributions on costs. The mitigations for these risks are set out under Risk 2.1 (Finance and Budgets) in each Policy & Resources Committee report. However, longer term sustainability is also addressed by the Authority's Medium Term Financial Strategy (MTFS) approved by the Authority in

March of each year. The MTFS has been developed in line with the Authority's approved Budget Framework and agreed organisational approach which is as follows:

- to be an administratively lean, efficient organisation.
- to work with others (stakeholders and partners).
- to use limited contributions to activities to encourage and lever greater contributions from others.
- to focus on S.M.A.R.T. (specific, measurable, attainable, relevant, time bound) targets and outcomes.
- and to maintain flexibility (for example, able to change quickly if circumstances alter).

The MTFS has been developed using the following principles:

- Identifying and recognising core and short-term commitments and pressures.
- Including planned savings measures and programmes.
- Setting a balanced annual budget and maintaining adequate reserves to meet commitments and identified risks.
- Identifying potential additional savings requirements for future years to enable early action.
- Avoiding aspirations or commitments which are ultimately unaffordable and avoid making ongoing commitments unless they are essential.
- Seeking to secure efficiency gains and improvements in value for money, for example, by contracting out services where appropriate.
- Seeking to maximise income and fund-raising opportunities taking into account any related additional costs.
- Not incorporating contingencies into individual budgets but instead retaining appropriate risk reserves and overall contingency against potential risks.

The Authority has continued to adopt a prudential approach to budget setting with an established permanent staffing structure and temporary posts for short term projects. This approach ensures that the Authority does not recruit to posts that become unaffordable in the longer term and provides some flexibility in resources to fund priorities identified in the Partnership Management Plan.

The financial assumptions underpinning the current Medium Term Financial Strategy are:

- DEFRA National Park Grant allocation assumed for 2025/26 as 8.2% reduction on 2024/25 allocation and no confirmation for future years.
- All costs have been inflated using the latest information provided by the Office of Budget Responsibility. (UK CPI inflation forecast 2024 | Statista)
- From 2026/27 additional levels of income have been included, based on activity expected to happen over the coming year to allow the Authority to generate more income. This is through raising income following the appointment of the new Director, allowing for more income generated through the Trust and other miscellaneous income received.
- Gradual increase of 10% per annum of capitalised costs, growth based on understanding of the capitalisation process.

South Downs National Park Trust

The South Downs National Park Trust was established by the Authority in April 2017 to raise funds to benefit the National Park. The Trust is governed by an independent board of nine trustees who oversee its work, two of which are members of the Authority. Not more than one or one third of the Trustees, whichever is the higher number, shall be members of the Authority.

In 2024/25 the South Downs National Park Trust made contributions to the Authority of £1.009 million (£0.949 million 2023/24) to fund various project costs. The creditors balance of the Authority

at 31 March 2025 includes £0.314 million (£0.216 million 2023/24) relating to the South Downs National Park Trust.

Group Accounts for South Downs Commercial Operations (Ltd)

The Authority took over the management of the Seven Sisters Country Park (SSCP) in July 2021 and since has made a substantial capital investment in the Seven Sisters assets. A new company, wholly owned by the Authority – South Downs Commercial Operations Ltd – runs the Seven Sisters commercial activities via an operating agreement with the Authority which has been operational from 1 April 2022. Full details can be found on the Authority’s website: www.southdowns.gov.uk.

At its meeting on 9 July 2024, the Authority accepted the outcome of a review of operations at Seven Sisters Country Park (SSCP) and agreed to the recommendation to return control of the SSCP operation to the Authority and seek early termination of the Operating Agreement with South Downs Commercial Operations Ltd (the Company) with effect from 9 October 2024. Note, this does not mean liquidation of the company which will remain in dormant form but with no further transactions flowing through it following termination. Termination of the Operating Agreement has therefore resulted that all SSCP operations from 9 October 2024 reverted to the management and control of the Authority. Consideration has been given to the requirement for Group Accounting in 2024/25 to recognise activities of the company from April to October 2024, transactions thereafter will fall within the Authority’s accounts and will be reported accordingly along with other services and activities of the Authority.

Group Accounts for the period April to October 2024 can be found in [Note 25 Group Accounts](#).

2024/25 Budget Setting

In 2024/25, the Authority set an original revenue budget of £10.417 million funded by £10.486 million of Department for Environment, Food and Rural Affairs national park grant and a £0.069 million contribution to reserves. The Authority also agreed a 5-year capital programme of £0.978 million funded from external grants and contributions (£0.760 million) and existing capital and revenue resources (reserves) (£0.218 million). The Budget Setting Report 2024/25 (including the Capital Strategy 2024/25, Treasury Management Strategy 2024/25 and Medium Term Financial Strategy) was approved at the 28 March 2024 National Park Authority meeting.

2024/25 Outturn

Revenue

The revenue outturn is an overall underspend of £0.731 million below budget, which represents approximately 5.78% of the revised service net budget.

Spending on Services by Operating Segment			
Segments	Budget	Actual	Variance
	£'000	£'000	£'000
Corporate Services	4,284	3,802	(482)
Seven Sisters Country Park	(41)	345	386
Countryside and Policy Management	2,563	2,388	(175)
Planning	3,885	3,437	(447)
Strategic Projects	1,956	1,956	(0)
Total	12,646	11,928	(718)
National Park Grant	(10,736)	(10,736)	0
Contributions to/(from) reserves	(1,910)	(1,923)	(13)
Total Underspend	(0)	(731)	(731)

Capital

The Authority made £0.880 million of capital investment in 2024/25. [Note 11 Capital Investment and Capital Financing](#) provides further details

Full 2024/25 outturn details were reported to the National Park Authority meeting in July 2025.

Cash Flow Management

The Authority regularly reviews its cash flow requirements and approves an annual Treasury Management Strategy as part of its budget setting report which sets parameters within which the Authority's cash balances and reserves will be invested. Please see the relevant section of the Budget Setting Report 2024/25 approved by the March 2024 National Park Authority meeting.

Budget Planning 2025/26 and Beyond

The Authority set a 2025/26 revenue budget of £10.136 million funded by £9.626 million of Department for Environment, Food and Rural Affairs (DEFRA) national park grant and a £0.510 million contribution to reserves. The Authority also agreed a 5-year capital programme of £0.692 million funded wholly by DEFRA NPA (National Parks and Areas of Outstanding Natural Beauty) grant.

The Budget Setting Report 2025/26 (including the Capital Strategy 2025/26, Treasury Management Strategy 2025/26 and the Medium Term Financial Strategy) was approved at the 27 March 2025 National Park Authority meeting.

International Financial Reporting Standard 16 (IFRS 16) – Leases

The Authority adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The effect of IFRS 16 for lessee leases has been to increase balance sheet non-current assets by £0.183 million, with an equal increase in lease liabilities at 1 April 2024. Further details are provided in [Note 16 Leases](#).

Explanation of the Financial Statements

The Statement of Accounts sets out the Authority's income and expenditure for the year, and its financial position at 31 March 2025. It comprises core and supplementary statements together with disclosure notes. The Statement of Accounts has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

The four core statements are:

- The **Comprehensive Income and Expenditure Statement (CIES)** which records the Authority's income and expenditure for the year. The top half of the statement provides an analysis by service area (operating segment). The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement (MiRS)** is a summary of the changes to the Authority's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.

- The **Balance Sheet** is a “snapshot” of the Authority’s assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Authority’s cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).
- The **Group Accounts** show the Authority’s single entity financial statements combined with the assets and liabilities of group companies and similar entities, which the Authority either controls or significantly influences.

The notes to these financial statements provide further detail about the Authority’s accounting policies and individual transactions. A glossary of key terms can be found at the end of this publication.

Further Information

These financial statements have been prepared by Brighton & Hove City Council in accordance with the terms of the Financial Services contract with South Downs National Park Authority. Further information about the financial statements is available from Brighton & Hove City Council. In addition, interested members of the public have a statutory right to inspect the financial statements and their availability is advertised on the South Downs National Park Authority’s website.

Craig Garoghan FCCA
Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 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's 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 (Chartered Institute of Public Finance and Accountancy) 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 31 March and its income and expenditure for the financial year.

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 presents a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2025 and its income and expenditure for the financial year ended 31 March 2025.

Craig Garoghan FCCA

Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 Officer)

Date: 9 December 2025

Certification by Chair

I confirm that this Statement of Accounts was approved by the Policy & Resources Committee at a meeting held on

Signed on behalf of the South Downs National Park Authority

**Vanessa Rowlands
Chair, Authority Meeting
Date: 9 December 2025**



Audited Core Financial Statements 2024/25

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) records the Authority's revenue income and expenditure for the year.

Year Ended 31 March 2024				Year Ended 31 March 2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
6,837	(4,809)	2,028	Planning	6,881	(3,439)	3,443
2,804	(241)	2,563	Countryside and Policy Management	2,903	(132)	2,771
374	(448)	(74)	Seven Sisters Country Park	1,026	(681)	345
4,722	(185)	4,537	Corporate Services	4,783	(465)	4,318
3,264	(1,226)	2,038	Strategic Projects	3,190	(1,235)	1,955
18,001	(6,909)	11,092		18,783	(5,952)	12,831
			Other operating expenditure			
			231	(Gains)/losses on the disposal of non-current assets	(5)	
			231	Total Other Operating Expenditure	(5)	
			Financing and investment income and expenditure			
			152	Net interest on the net defined benefit pension liability	(2)	
			0	Interest payable	11	
			(755)	Interest receivable	(838)	
			(603)	Total Financing and Investment Income and Expenditure	(829)	
			Non-specific grant income			
			(10,486)	National Park grant	(10,736)	
			(2,046)	Capital grants and contributions	(2,146)	
			(12,532)	Total Non-Specific Grant Income	(12,882)	
			(1,812)	(Surplus)/Deficit on the Provision of Services	(885)	
			Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services			
			(123)	(Surplus)/deficit on the revaluation of non-current assets	(466)	
			(58)	Remeasurements of the net defined benefit liability	146	
			(180)	Other Comprehensive Income and Expenditure	(320)	
			(1,992)	Total Comprehensive Income and Expenditure	(1,206)	

Movement in Reserves Statement

The Movement in Reserves Statement Shows the movement in year on reserve balances held by the Authority.

Movement in Reserves Statement					
	Balance as at 1 April	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March
	£'000	£'000	£'000	£'000	£'000
2024/25					
Working balance and earmarked reserves	(5,631)	(885)	292	(593)	(6,224)
Capital receipts reserve	(34)	0	(5)	(5)	(39)
Capital contributions unapplied	(7,948)	0	535	535	(7,414)
Usable Reserves	(13,614)	(885)	822	(63)	(13,677)
Pensions reserve	0	146	(146)	0	0
Accumulated absences account	79	0	3	3	82
Revaluation reserve	(3,708)	(466)	22	(444)	(4,152)
Capital adjustment account	(4,248)	0	(701)	(701)	(4,949)
Unusable Reserves	(7,876)	(320)	(822)	(1,142)	(9,019)
Total Reserves	(21,490)	(1,206)	0	(1,206)	(22,696)
2023/24					
Working balance and earmarked reserves	(5,077)	(1,812)	1,258	(554)	(5,631)
Capital receipts reserve	(28)	0	(6)	(6)	(34)
Capital contributions unapplied	(6,440)	(32)	(1,476)	(1,508)	(7,949)
Usable Reserves	(11,546)	(1,844)	(224)	(2,068)	(13,614)
Pensions reserve	0	(58)	58	0	0
Accumulated absences account	78	0	1	1	79
Revaluation reserve	(3,809)	(123)	225	102	(3,708)
Capital adjustment account	(4,188)	0	(59)	(59)	(4,248)
Unusable Reserves	(7,920)	(180)	224	44	(7,877)
Total Reserves	(19,466)	(2,024)	0	(2,024)	(21,491)

Balance Sheet

The balance sheet shows the values of assets and liabilities held by the Authority. The net assets are matched by the reserves.

As at 31 March 2024	Note		As at 31 March 2025
£'000			£'000
Long Term Assets			
9,851	10	Property, plant and equipment	11,104
27	12,13	Long term debtors	0
100		Investment in subsidiary	100
9,978		Long Term Assets	11,204
Current Assets			
8,668	12	Short term investments	12,751
10	24	Inventories	37
3,719	12,13	Short term debtors	2,596
6,209	12	Cash and cash equivalents	3,791
18,607		Current Assets	19,175
Current Liabilities			
(2,406)	12,14	Short term creditors	(2,889)
0	12	Short term borrowing	(946)
(3,433)	12,15	Revenue grants and contributions receipts in advance	(2,816)
(5,839)		Current Liabilities	(6,651)
Long Term Liabilities			
(735)	12	Long term borrowings	(700)
0	16	Lessee Lease Liability	(102)
(522)	15	Capital grants and contributions receipts in advance	(230)
0	20	Pension liability	0
(1,257)		Long Term Liabilities	(1,033)
21,491		Net Assets	22,696
(13,614)	8	Usable reserves	(13,677)
(7,876)	9	Unusable reserves	(9,019)
(21,491)		Total Reserves	(22,696)

These financial statements replace the unaudited 2024/25 financial statements approved by the 9 December 2025 Authority Meeting.

Craig Garoghan FCCA

Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 Officer)

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 relating to operating, investing, or financing activities.

Notes	Cash Flow Statement		
	2023/24		2024/25
	£'000		£'000
5	1,812	Net surplus/(deficit) on the provision of services	885
10	522	Non-current asset charges - depreciation and revaluation	213
14	(852)	Increase/(decrease) in creditors	(116)
13	(1,529)	(Increase)/decrease in debtors	1,041
24	(5)	(Increase)/decrease in inventories	(27)
20	58	Movement in the pension liability (element charged to the surplus/(deficit) on the provision of services)	(146)
	(86)	Other Non-Cash Adjustments	0
	(1,893)	Adjustment to surplus/(deficit) on the provision of services for non-cash movements	965
15	0	Capital grants applied to the surplus/deficit on provision of services	(1,811)
	0	Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(1,811)
	(81)	Net Cash Flows from Operating Activities	39
10	(572)	Purchase of non-current assets (including the movement in capital creditors)	(838)
15	632	Capital Grants Received	1,478
12	(13,000)	Purchase of short term investments	(18,000)
12	9,000	Proceeds from sale of short term investments	10,500
	(3,940)	Net Cash Flows from Investing Activities	(6,860)
12	(35)	Repayment of deferred liability	(35)
13	(30)	Equity investment in South Downs Commercial Operations Ltd	27
	(65)	Net Cash Flows from Financing Activities	(8)
12	1,500	Reclassification of investments from short term to cash equivalents	4,411
	(2,586)	Net Increase/(Decrease) in Cash and Cash Equivalents	(2,418)
	(189)	Bank current accounts	56
	8,984	Short term deposits	6,153
	8,795	Cash and Cash Equivalents as at 1 April	6,209
	56	Bank current accounts	55
	6,153	Short term deposits	3,737
	6,209	Cash and Cash Equivalents as at 31 March	3,791
	(2,586)	Movement in Cash and Cash Equivalents	(2,418)

Notes to the Core Financial Statements

1. Accounting Policies (summary)

The Accounts and Audit Regulations 2015 (SI 2015 No 234 as amended) require the Authority to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2024/25, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) supported by International Financial Reporting Standards (IFRS)
- the Service Reporting Code of Practice 2024/25 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. The detailed accounting policies are set out at the end of this document.

2. Accounting Standards that have been Issued but not yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) was issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) IFRS 17 Insurance Contracts was issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8 Accounting Policies, Changes in Accounting Estimates and Error. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

It is likely there will be limited application by local authorities of items a) and b), therefore it is anticipated that this will have no impact on the Authority's financial statements.

Following the publication of the audited financial statements, the Authority will undertake work to implement c) above. The Authority currently values its operational assets annually; it is difficult without further work to quantify the impact of this change for the 2025/26 financial statements.

3. Critical Judgements and Assumptions Made

In preparing the statement of accounts, 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 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. Estimates and underlying assumptions are regularly reviewed by the Authority.

The statement of accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors that are considered to be reasonable. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

Group Accounting

The Authority had to make a critical judgement regarding the effects of Group Accounting. The decision for Group Accounting depends on the assessed materiality on the annual financial results of an entity controlled by the Authority. In this instance the Authority had a controlling interest in South Downs Commercial Operations Ltd. Despite only trading until 9 October 2025 (6 months of the financial year) it has been concluded that the annual turnover has a material impact for the readers of the accounts. In addition to this judgement not applying the Group Accounting policy would even where the amounts are not considered material would not provide the full picture of the activities of the Authority for the year. Further information can be found in [Note 25 Group Accounts](#) section of this document.

Pension Liability / (Asset)

Estimation of the net pension liability (asset) depends on a number of complex judgements 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 consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The actuaries provided the Authority with the estimate of the pension fund assets / liabilities including the asset ceiling considerations. The underlying assumptions and the application of the asset ceiling are set out in [Note 20 Defined Benefit Pensions Schemes](#). The effects on the net pension liability (asset) of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions made by the actuaries are also set out in [Note 20 Defined Benefit Pensions Schemes](#).

Property, Plant and Equipment (PPE)

Assets are valued on an annual basis The balance sheet value is also highly sensitive to estimates of value. The Authority engages appropriately qualified valuers to value land and property assets. More details are set out in [Note 10 Property, Plant & Equipment](#). A 1% movement in the estimate of value for property assets would result in a £0.099 million movement in the balance sheet value.

4. Events after the Reporting Period

There are no significant post balance sheet events which might impact on the Authority's 2024/25 Statement of Accounts or the understanding of the Authority's financial position and status.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the Authority has used available funding for the year (i.e. government grants, rents) in providing services, in comparison with those resources that the Authority has consumed or earned in accordance with generally accepted accounting practices.

	2024/25					2023/24				
	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning	3,437	(240)	3,197	246	3,443	2,020	(247)	1,773	256	2,028
Countryside and Policy Management	2,388	48	2,436	261	2,697	2,563	(327)	2,236	327	2,563
Seven Sisters Country Park	345	(49)	295	49	345	(73)	(50)	(123)	49	(74)
Corporate Services	3,802	(53)	3,749	569	4,318	3,521	270	3,791	747	4,537
Strategic Projects	1,956	(28)	1,928	27	1,955	256	(607)	(351)	2,388	2,038
Net Cost of Services	11,928	(323)	11,605	1,152	12,757	8,286	(961)	7,325	3,767	11,092
Other Income and Expenditure/Financing	(11,928)	(270)	(12,198)	(1,445)	(13,642)	(8,286)	(1,920)	(10,206)	(2,698)	(12,903)
(Surplus)/Deficit on Provision of Services	0	(593)	(593)	(292)	(885)	0	(2,881)	(2,881)	1,069	(1,812)

	2024/25				2023/24			
	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource management	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource management
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Working Balance	(1,058)	(345)	(1,403)	(730)	(1,102)	44	(1,058)	(376)
General Fund Earmarked Reserves	(4,573)	(248)	(4,821)	0	(3,976)	(598)	(4,574)	0
Total Revenue Reserves	(5,631)	(593)	(6,224)	(730)	(5,078)	(553)	(5,631)	(376)

	2024/25				2023/24			
	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning	0	249	(3)	246	0	253	2	256
Countryside and Policy Management	0	258	3	261	0	327	(0)	327
Seven Sisters Country Park	0	50	(1)	49	0	50	(1)	49
Corporate Services	275	293	1	569	464	281	1	747
Strategic Projects	0	24	3	27	2,327	63	(2)	2,388
Net Cost of Services	275	874	3	1,152	2,791	974	1	3,767
Other Income and Expenditure/Financing	(425)	(1,020)	0	(1,445)	(1,781)	(916)	0	(2,698)
Difference between surplus/deficit and the CIES surplus/deficit on Provision of Services	(150)	(146)	3	(292)	1,010	58	1	1,069

Explanatory Notes

Adjustments for Capital Purposes

These adjustments include items charged to services in relation to non-current assets (depreciation and revaluation gains and losses) and adjustments for grants - revenue grants are adjusted from grants received in year to those which are received in year without conditions or for which conditions were satisfied during the year.

Net Change for the Pensions Adjustments

These adjustments relate to the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services (operating segments) this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. For other income and expenditure this represents the net interest on the defined benefit liability (asset) charged to the CIES.

Other Differences

This column includes other statutory adjustments between amounts debited / credited to the CIES and amounts payable/receivable to be recognised under statute and includes adjustments to the General Fund surplus/deficit for employees' paid absences.

6. Adjustments between an accounting basis and a funding basis under regulation

The resources available to the Authority in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases.

	General Reserves	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
	£'000	£'000	£'000	£'000
2024/25				
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements				
Pension costs (transferred to / (from) the pensions reserve)	146	0	0	146
Employees' paid absences (transferred to the accumulated absences account)	(3)	0	0	(3)
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	1,871	0	0	1,871
Adjustments to Revenue Resources	2,014	0	0	2,014
Non-current asset sale proceeds	5	(5)	0	0
Revenue expenditure funded from capital under statute	(1,878)	0	0	(1,878)
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	117	0	0	117
Adjustments between Revenue and Capital Resources	(1,757)	(5)	0	(1,762)
Use of earmarked reserves to finance capital expenditure	173	0	0	173
Application of capital grants to finance capital expenditure	0	0	397	397
Reversal of entries included in the CIES in relation to capital contributions unapplied	(138)	0	138	0
Total Adjustments to Capital Resources	35	0	535	570
Total Adjustments	292	(5)	535	822

Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements

Pension costs (transferred to / (from) the pensions reserve)	(58)	0	0	(58)
Employees' paid absences (transferred to the accumulated absences account)	(1)	0	0	(1)
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	(1,463)	0	0	(1,463)
Adjustments to Revenue Resources	(1,522)	0	0	(1,522)
Non-current asset sale proceeds	6	(6)	0	0
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	66	0	0	66
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	54	0	0	54
Adjustments between Revenue and Capital Resources	125	(6)	0	119
Use of earmarked reserves to finance capital expenditure	303	0	0	303
Application of capital grants to finance capital expenditure	875	0	0	875
Reversal of entries included in the CIES in relation to capital contributions unapplied	1,476	0	(1,476)	0
Total Adjustments to Capital Resources	2,654	0	(1,476)	1,178
Total Adjustments	1,258	(6)	(1,476)	(224)

7. Expenditure and Income by Nature

The Authority's expenditure and income subjectively analysed is as follows:

Expenditure and Income analysed by Nature		
	2024/25	2023/24
	£'000	£'000
Employee expenses	7,217	7,251
Other service expenses	9,410	10,437
Interest payable	11	0
Non-current asset charges	2,154	464
Total Expenditure	18,792	18,152
Interest receivable	(838)	(753)
Fees, charges and other service income	(5,548)	(6,730)
Government grants and contributions	(13,286)	(12,713)
Total Income	(19,672)	(20,196)
Net loss / (gain) on disposal of non-current assets	(5)	231
(Surplus)/Deficit on the Provision of Services	(885)	(1,812)

Fees, charges, and other service income (income received from external customers) is analysed by service area below.

Income received from External Customers on an Operating Segment		
	2024/25	2023/24
	£'000	£'000
Planning	(3,412)	(4,746)
Countryside and Policy Management	(261)	(124)
Seven Sisters Country Park	(509)	(448)
Corporate Services	(373)	(185)
Strategic Investment Fund	(993)	(1,226)
Total Income received from External	(5,548)	(6,730)

IFRS15 Revenue from contracts with customers

Of the £5.548 million of income from fees, charges, and other service income, £2.291 million is income from contracts with customers. The balance of £3.257 million is outside the scope of this reporting standard and includes, for example, Community Infrastructure Levy income, donations, and contributions from outside bodies.

8. Usable Reserves (Earmarked Reserves)

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

Transfers to/from Usable Reserves					
Usable Reserve	Balance at 31 March 2023	Transfers To/From 2023/24	Balance at 31 March 2024	Transfers To/From 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Revenue Reserves					
Affordable Housing	(161)	0	(161)	0	(161)
Carry Forwards	(1,070)	306	(764)	(106)	(870)
Climate Change	(2)	(50)	(52)	10	(42)
Green Finance (Nitrates)	(167)	(9)	(176)	176	0
Invest To Save	0	(1,156)	(1,156)	139	(1,017)
Nature Based Solutions Reserve	0	0	0	(497)	(497)
Partnership Management Plan	(301)	85	(216)	0	(216)
Planning	(358)	0	(358)	0	(358)
Repairs and Renewals - Vehicles	(2)	(27)	(29)	24	(5)
Revenue Grants	(45)	(102)	(147)	147	0
SI06 Receipts (including interest)	(623)	(150)	(773)	(152)	(925)
South Downs Way	(20)	0	(20)	0	(20)
Strategic Fund	(504)	54	(450)	70	(380)
Trading Company Borrowing	(80)	(140)	(220)	0	(220)
Transition	(593)	593	0	0	0
Capital Reserves					
Estates Management	(50)	0	(50)	0	(50)
Total Earmarked Reserves	(3,976)	(596)	(4,572)	(189)	(4,761)
Other Usable Reserves					
Capital Receipts	(28)	(6)	(34)	(5)	(39)
CIL Contributions Unapplied	(6,440)	(1,509)	(7,949)	535	(7,414)
General Reserves	0	(1)	(1)	(59)	(60)
General Fund Working Balance	(1,102)	45	(1,058)	(345)	(1,403)
Total Other Usable Reserves	(7,570)	(1,471)	(9,043)	126	(8,916)
Total Usable Reserves	(11,546)	(2,067)	(13,614)	(63)	(13,677)

The **Affordable Housing reserve** is held to fund actions identified in the Authority's Affordable Housing Strategy.

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

The **Climate Change reserve** exists to support the Authority becoming a 'net-zero' organisation by 2030.

The **Estates Management reserve** is used to fund capital projects as part of the Authority's capital investment programme.

The **Green Finance (Nitrates) reserve** is for ongoing nitrates monitoring and mitigation costs.

The **Invest to Save reserve** is to support future schemes to save money in future years.

The **Nature Based Solutions reserve** is a designated fund set aside to support the long-term maintenance, monitoring and resilience of nature-based projects.

The **Partnership Management Plan reserve** is held to fund outcomes identified in the Authority's Partnership Management Plan.

The **Planning reserve** is a long-term risk 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 **Repairs and Renewals – Vehicles reserve** is used to replace existing vehicles as they come to the end of their useful life.

The **Revenue Grants reserve** holds approved carry forward of budget received from revenue grants, which have no conditions attached, to meet future specific costs.

The **SI06 Receipts reserve** holds contributions made to the Authority by developers under a non-statutory agreement.

The **South Downs Way reserve** has been funded from reserves held by other local authorities from the South Downs Joint Committee. This reserve will be used to fund expenditure incurred on this area in the future.

The **Strategic Fund reserve** provides funding for specific strategic projects.

The **Trading Company Borrowing reserve** is a fund setup for South Downs Commercial Operations Ltd if there is the need to borrow money from the Authority in the short term.

The **Transition reserve** is a restructure fund for staff leaving by voluntary or compulsory severance.

The **Capital Receipts reserves** hold resources which are used to fund capital projects as part of the Authority's capital investment programme. These funds come from the disposal of fixed assets (usually vehicles).

The **CIL Contributions Unapplied reserve** is made up of contributions from developers towards infrastructure schemes in the park.

9. Unusable Reserves

Unusable reserves are held to manage accounting processes and do not represent usable resources.

	2024/25	2023/24
	£'000	£'000
Pensions Reserve	(0)	0
Capital Adjustment Account	(4,949)	(4,248)
Revaluation Reserve	(4,152)	(3,708)
Accumulated Absences Account	82	78
Balance as at 31 March	(9,019)	(7,876)

The Capital Adjustment Account (CAA) 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.

	2024/25	2023/24
	£'000	£'000
Balance as at 1 April	(4,248)	(4,189)
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non-current assets	260	204
Upward revaluations reversing previous revaluation losses on non-current assets	0	0
Revaluation losses on non-current assets	15	260
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	0	237
Adjusting amounts written out to the revaluation reserve	0	(210)
Revenue expenditure funded from capital under statute	1,878	2,327
Capital grants and contributions credited to the CIES that have been applied to capital financing	(2,146)	(2,046)
Application of grants to capital financing from the capital grants unapplied account	(397)	(395)
Capital investment charged against the General Fund balance	0	(66)
Use of earmarked reserves to finance new capital investment	(173)	(303)
Minimum Revenue Provision	(117)	(54)
Difference between fair value and historic cost depreciation	(22)	(15)
Total adjustments between accounting basis and funding basis under regulations	(701)	(59)
Balance as at 31 March	(4,949)	(4,248)

The Revaluation Reserve contains the gains arising from increases in the value of property, plant, and equipment. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired (gains lost), used in the provision of services and (gains consumed via depreciation) or disposed of (gains realised).

Revaluation Reserve		
	2024/25	2023/24
	£'000	£'000
Balance as at 1 April	(3,708)	(3,810)
Other comprehensive income and expenditure		
Upward revaluation of non-current assets	(466)	(123)
Total other comprehensive income and expenditure	(466)	(123)
Adjustments between accounting basis and funding basis under regulations		
Difference between fair value and historic cost depreciation	22	15
Accumulated gains on non-current assets disposals	0	210
Total adjustments between accounting basis and funding basis under regulations	22	225
Balance as at 31 March	(4,152)	(3,708)

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 balance on the pensions reserve therefore shows the difference in the benefits earned by past and current employees and the resources the Authority has set aside to meet them.

The statutory arrangements in place ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve		
	2024/25	2023/24
	£'000	£'000
Balance as at 1 April	0	0
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	146	(58)
Total other comprehensive income and expenditure	146	(58)
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to retirement benefits charged to the surplus / deficit on the provision of services in the CIES	903	1,126
Employer's pensions contributions payable	(1,049)	(1,068)
Total adjustments between accounting basis and funding basis under regulations	(146)	58
Balance as at 31 March	0	0

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 during the financial year (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 / from the accumulated absences account.

Accumulated Absences Account		
	2024/25	2023/24
	£'000	£'000
Balance as at 1 April	78	93
Adjustments between accounting basis and funding basis under regulations		
Settlement/cancellation of accrual made at the end of the preceding financial year	(79)	(93)
Amounts accrued at the end of the current financial year	82	78
Total adjustments between accounting basis and funding basis under regulations	3	(15)
Balance as at 31 March	81	78

10. Property, Plant and Equipment (PPE)

The Authority categorises its PPE into sub categories, namely other land and buildings, vehicles, plant, furniture and equipment, and infrastructure assets. The non-current assets leased in by the Authority have been brought on balance sheet as at 1 April 2025 under IFRS 16; these assets are classed as Right-of-Use assets. [Note 16 Leases](#) provides more details. The following table shows the gross carrying amount and the accumulated depreciation at the beginning and end of the financial year and summarises the movement in value over the financial year for each sub category of PPE:

2024/25	Other Land & Buildings	Right-of-Use Assets	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Total PPE
	£'000	£'000	£'000	£'000	£'000
Gross carrying amount	9,448	183	982	161	10,774
Accumulated depreciation	0	(46)	(740)	0	(786)
Net Carrying Amount at 1 April 2024	9,448	137	242	161	9,988
Capital Additions					
Additions	98	42	117	623	880
Asset Disposals					
Derecognition - disposals	0	0	(16)	0	(16)
Derecognition - disposals (depreciation)	0	0	16	0	16
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve					
Revaluation increases	498	0	0	0	498
Revaluation increases (depreciation)	28	0	0	0	28
Revaluation losses	(67)	0	0	0	(67)
Revaluation losses (depreciation)	7	0	0	0	7
Transactions charged to the surplus / deficit on the provision of services in the CIES					
Reversal of previous revaluation losses	13		0	0	13
Revaluation losses	(56)	0	0	0	(56)
Revaluation losses (depreciation)	28	0	0	0	28
Depreciation charge	(89)	(16)	(101)	(8)	(214)
Net Carrying Amount at 31 March 2025	9,908	162	258	776	11,104
Gross carrying amount	9,908	209	1,084	783	11,984
Accumulated depreciation	0	(46)	(825)	(8)	(880)
Net Carrying Amount at 31 March 2025	9,908	162	258	775	11,104

Non-Current Assets				
2023/24	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Total PPE
	£'000	£'000	£'000	£'000
Gross carrying amount	9,553	954	0	10,507
Accumulated depreciation	0	(649)	0	(649)
Net Carrying Amount at 1 April 2023	9,553	305	0	9,857
Capital Additions				
Additions	367	44	161	572
Asset Disposals				
Derecognition - disposals	(237)	(16)	0	(252)
Derecognition - disposals (depreciation)	0	16	0	16
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve				
Revaluation increases	672	0	0	672
Revaluation increases (depreciation)	6	0	0	6
Revaluation losses	(585)	0	0	(585)
Revaluation losses (depreciation)	30	0	0	30
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Revaluation losses	(322)	0	0	(322)
Revaluation losses (depreciation)	62	0	0	62
Depreciation charge	(98)	(107)	0	(204)
Net Carrying Amount at 31 March 2024	9,448	243	161	9,851
Gross carrying amount	9,448	982	161	10,591
Accumulated depreciation	0	(740)	0	(740)
Net Carrying Amount at 31 March 2024	9,448	242	161	9,851

Valuations

The valuations of other land and buildings are based upon valuation reports issued annually by the Authority's valuers, Savills UK Ltd. The valuations are carried out as at 31 March 2025 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Componentisation and Useful Lives

For the purposes of calculating depreciation, the Authority componentised the South Downs Centre using information provided by Brighton & Hove City Council's quantity surveyors. The building is componentised into five components: main asset building, roof, windows and external doors,

mechanical installations, and electrical installations. The separate components have individual useful lives: 50 years for the main asset building, 25 years for electrical installations and 20 years for the remaining components. Asset lives for vehicles, plant, furniture, and equipment are set at five years. The asset life for infrastructure assets is set at 20 years.

Contractual Commitments

At 31 March 2025, the Authority had entered the following contractual commitments in respect of non-current assets:

Commitments in respect of Property, Plant and Equipment		
Scheme Name	Description	Total
		£'000
Other Land and Buildings		
Phase I SSCP Capital Scheme	Building works across SSCP	203
Vehicles, Plant, Furniture and Equipment		
IT&D Investment	Network and M&E Performance equipment	6
Infrastructure		
Seven Sisters Reed Bed	Sewage treatment & reed bed works	12

II. Capital Investment and Capital Financing

The Authority incurred £0.880 million of capital investment in 2024/25 funded as set out below.

	2024/25	2023/24
	£'000	£'000
Opening Capital Financing Requirement	1,906	1,960
Adjustment to Opening Capital Financing Requirement	120	0
Adjustment to opening balance for Right of Use Assets	183	0
Adjusted Opening Capital Financing Requirement	2,209	1,960
Property, plant and equipment	880	572
Cashflow loan to South Downs Commercial Operations Ltd	0	30
Revenue expenditure funded from capital under statute	1,878	2,327
Capital Investment	2,758	2,929
Capital contributions	(2,543)	(2,441)
Reserves	(153)	(303)
Revenue contributions	(20)	(66)
External Contributions	0	0
Borrowing	0	(120)
Capital Financing (excluding Borrowing)	(2,716)	(2,929)
Repayment of South Downs Commercial Operations Ltd loan	(30)	0
IFRS16 Lease Payments	(62)	0
Repayment of other loans (Minimum Revenue Provision)	(54)	(54)
Closing Capital Financing Requirement	2,105	1,906

Explanation of movements in capital financing requirement		
Right of Use Assets	42	0
Repayment of South Downs Commercial Operations Ltd loan	(30)	0
IFRS16 Lease Payments	(62)	0
Repayment of loans (Minimum Revenue Provision)	(54)	(54)
Increase/(Decrease) in Capital Financing Requirement	(104)	(54)

The Authority's Capital Financing Requirement is the value of historic capital investment funded from borrowing which will be repaid in future years.

12. Financial Instruments

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

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

All financial liabilities and financial assets (represented by amortised cost and debtors and creditors) are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments using the following assumptions:

- where a financial instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding,
- the fair value of creditors is taken to be the invoiced amount, and the fair value of debtors is taken to be the billed amount.

As there is no market comparison data for lease liabilities the carrying amount is calculated using the Authority's incremental borrowing rate. Following the transition to IFRS 16 for lease liabilities, it is considered by the Authority that the carrying value of these liabilities now represents a reasonable estimation of the fair value.

Financial Assets

Financial assets are investments, cash and equivalents and some debtors both long and short term. Please see also [Note 13 Debtors](#).

Financial Assets						
	31 March 2025			31 March 2024		
	Long Term	Short Term	Total	Long Term	Short Term	Total
	£'000		£'000	£'000		£'000
Amortised Cost						
Cash Equivalents	0	3,737	3,737	0	6,153	6,153
Investments	0	12,752	12,752	0	8,670	8,670
Cash at bank	0	55	55	0	56	56
Debtors	0	1,329	1,329	27	1,558	1,585
Total Financial Assets	0	17,872	17,872	27	16,437	16,464

All financial assets are short term or contractually fixed (long term debtor) at 31 March 2025 so the fair value of investments is equal to the carrying amount. The basis for determining the fair values of the financial assets is Level 2 inputs (using other significant observable inputs).

Financial Liabilities

Financial liabilities are borrowing, long-term liabilities (excluding the pension fund liability) and some creditors. Please see also [Note 14 Creditors](#) and [Note 16 Leases](#).

Financial Liabilities						
	31 March 2025			31 March 2024		
	Long Term	Short Term	Total	Long Term	Short Term	Total
	£'000		£'000	£'000		£'000
Amortised Cost						
Borrowing	(700)	(946)	(1,646)	(735)	0	(735)
Creditors	0	(2,413)	(2,413)	0	(2,010)	(2,010)
Revenue Grants RIA	0	0	0	0	0	0
Lessee Lease Liabilities	(102)	(60)	(162)	0	0	0
Total Financial Liabilities	(802)	(3,419)	(4,221)	(735)	(2,010)	(2,745)

Financial liabilities are either short term or contractually fixed (long term borrowing) at 31 March 2025, so the fair value of liabilities is equal to the carrying amount. The basis for determining the fair values of the financial liabilities is Level 2 inputs (using other significant observable inputs).

There are no Revenue Grants received in advance financial liabilities as S106 contributions are no longer classified as financial instruments.

Income, Expense, Gains and Losses

In 2024/25 there was a net gain of £0.838 million (£0.754 million 2023/24) on loans and receivables which has been charged to the CIES. This is interest income that has been generated through a combination of external investments and balances invested in Brighton & Hove City Council.

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 its 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. Risk management is carried out by a central treasury team through a management agreement with Brighton & Hove City Council, under policies approved by the Authority in the annual treasury

management strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

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 and 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 Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays – credit watches and credit outlooks from credit rating agencies and CDS (Credit Default Swaps) spreads to give early warning of likely changes in credit ratings.

Customers for goods and services are assessed, considering their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Authority.

Amounts Arising from Expected Credit Losses

The loss allowance for financial assets carried at amortised cost bought forward at 1 April 2024 was £0.001 million, and the loss allowance calculated at 31 March 2025 was £0.001 million.

Aside from the long-term debtor, the Authority's financial assets are all due within 12 months, and no significant increase in risk has been assessed. All the expected credit loss on all investments in financial institutions has therefore been calculated on a 12-month expected loss basis, taking account of the credit rating of each investment, the historic default experience for each credit rating and the time to maturity of each investment.

Collateral

During the financial year, the Authority did not hold collateral as security for any investment.

Liquidity Risk

The Authority has projected that it will 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 mentioned 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 as all financial instruments are held for less than one year.

Market Risk

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 CIES 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 TMS 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 the market and forecast interest rates within the financial year to adjust exposures appropriately.

The Authority held £0.700 million of long-term borrowing and £0.904 million investments subject to variable interest rates at 31 March 2025. A 1% change in interest rates would have the impact of increasing or decreasing the interest receivable on this investment during 2024/25 by £0.022 million.

Price risk

The Authority does not invest in equity shares.

Foreign exchange risk

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

13. Debtors

Short Term Debtors		
	31 March	31 March
	2025	2024
	£'000	£'000
Community Infrastructure receipts	903	1,434
Central Government	614	771
HMRC	201	227
Payment in Advance	113	235
S106 Developers receipts	47	179
Local Authorities	8	66
Other debtors	709	807
Total Short Term Debtors	2,596	3,719

£1.329 million of short-term debtors are classed as financial instruments and are included in [Note 12 Financial Instruments](#) (excluded are statutory debtors, grant debtors and payments in advance).

Long Term Debtor

During 2023/24, the Authority made a cash loan of £0.030 million to South Downs Commercial Operations Ltd (SDCO), repayable over 10 years, to assist with the furnishing of the rental cottages at Seven Sisters Country Park with £0.003 million loan repayments being made in 2023/24. This loan

was redeemed in full in 2024/25 following the return of SDCO operations to the Authority during 2024/25.

14. Creditors

Short Term Creditors		
	31 March	31 March
	2025	2024
	£'000	£'000
Local Authorities	(1,496)	(1,036)
Pensions	(260)	(333)
HMRC	(132)	(126)
Other Creditors	(942)	(911)
Lessee Lease Liability	(60)	0
Total Short Term Creditors	(2,889)	(2,406)

The lessee lease liability is the short-term liability in respect of the lease payments for leased in assets brought onto balance sheet under IFRS 16. [Note 16 Leases](#) provides further details.

£2.473 million of short-term creditors are classed as financial instruments and are included in [Note 12 Financial Instruments](#) (excluded are statutory creditors, operating lease liabilities and receipts in advance).

15. Grant Income and Contributions

The Authority receives grants from central government and contributions for revenue purposes.

Government Revenue Grants

Government Revenue Grants		
	2024/25	2023/24
	£'000	£'000
Department for Environment, Food and Rural Affairs	(10,736)	(10,486)
Non-ring fenced government grants credited to taxation and non-specific grant income	(10,736)	(10,486)
Department for Environment, Food and Rural Affairs	(27)	(64)
Natural England	(82)	(117)
Ministry of Housing, Communities and Local Government	(15)	0
Rural Payments Agency	(169)	0
Other Government Departments	(111)	0
Ring fenced government grants credited to cost of services	(403)	(181)
Total Government Revenue Grants	(11,139)	(10,667)

Revenue Contributions

Revenue Contributions		
	2024/25	2023/24
	£'000	£'000
Other contributions, donations and sponsorship	(1,133)	(1,352)
Contributions from developers and stakeholders	(829)	(571)
Contributions from other agencies / external bodies	(237)	(220)
Contributions from other local authorities	(195)	(247)
Total Revenue Contributions credited to cost of services	(2,393)	(2,389)

Revenue Grants and Contributions with Conditions Attached

The Authority has received a number of revenue grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the funds to be returned if the conditions are not met (shown as "Revenue grants receipts in advance" on the balance sheet).

Revenue Grants and Contributions Receipts in Advance		
	2024/25	2023/24
	£'000	£'000
S106 Development Contributions	(1,892)	(2,532)
Non-Government Grants	(748)	(866)
Local Authorities	(111)	(82)
Central Government Grants	(66)	47
Total Revenue Grants and Contributions Receipts in Advance	(2,816)	(3,433)

Capital Grants and Contributions

Capital Grants and Contributions		
	2024/25	2023/24
	£'000	£'000
Other contributions	(2,146)	(2,046)
Capital grants and contributions credited to taxation and non-specific grant income	(2,146)	(2,046)

Capital Grants with Conditions Attached

The Authority has received a capital grant that is yet to be recognised as income as it has conditions attached to it that will require the funds to be returned if the conditions are not met (this capital grant is shown as "Capital grant receipts in advance" on the balance sheet).

Capital Grants and Contributions with Conditions attached		
	2024/25	2023/24
	£'000	£'000
Grants and contributions held under capital grants receipts in advance		
Department for Environment, Food and Rural Affairs	(230)	(355)
Total Grants and Contributions with Conditions	(230)	(355)

16. Leases

The Authority has adopted IFRS 16 (Leases) with effect from 1 April 2024.

The adoption of IFRS 16 means that the majority of leases where the Authority acts as lessee will come onto Balance Sheet and lessor accounting effectively remains unchanged.

The main impact of the new requirements is that, for lessee arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are now recognised on the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

As a lessee, the Authority has previously classified lessee leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most lessee leases.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised as at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

The Authority has decided to apply recognition exemptions to short term leases (and has elected not to recognise right-of-use assets and lease liabilities for short term leases i.e. exiting leases that expire on or before 31 March 2025 and new leases with a duration 12 months or less) and leases of low value assets (below £20,000 when new). The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

This change in accounting policy is made in accordance with the transitional provisions in the Code for the adoption of IFRS 16.

Lease liabilities are measured at the present value of the remaining lease payments as at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date. The weighted average of the incremental borrowing rates used to discount liabilities was 4.86%.

Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024.

This has resulted in the following additions (after discounting) to the Balance Sheet as at 1 April 2024: £0.183 million Right-of-Use assets, £0.047 million non-current creditors (lease liabilities), £0.136 million current creditors (lease liabilities).

The lease liabilities recognised, under IFRS 16, in the balance sheet at 1 April 2024 of £0.208 million compare with the operating lease commitments, disclosed applying IAS 17 in the 2023/24 financial statements of £0.209 million as at 31 March 2024. When these are discounted to their present value of £0.183 million (using the incremental borrowing rate as at 1 April 2024), there is a difference of £0.026 million from the recognised lease liabilities. A full reconciliation of difference is included below:

	Total
	£'000
Operating lease commitments at 31 March 2024 as per the 2023/24 accounts	209
Adjusted operating lease commitments at 31 March 2024 under IAS 17	209
Short term leases (i.e. end on or before 31 March 2025)	(1)
Low value leases	0
Revised operating lease commitments at 31 March 2024 under IFRS 16	208
Finance lease liability at 31 March 2024	0
Lease liabilities recognised on adoption of IFRS 16 as at 1 April 2024 before discounting	208
Effect of discounting	(26)
Lease liabilities recognised on adoption of IFRS 16 as at 1 April 2024	183

Authority as Lessee

The Authority's lease contracts comprise leases of office and workshop space and six vehicles with lease periods of between three and five years.

Right of Use Assets

The following table shows the change in the value of the right-of-use assets held under lease by the Authority:

Right of Use Assets			
	Land & Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	83	54	136
Additions	27	15	42
Depreciation and amortisation	(13)	(4)	(16)
Balance as at 31 March 2025	97	65	162

Transactions under leases

The Authority incurred the following expenses and cash flows in relation to leases:

Transactions under Leases	
	2024/25
	£'000
Interest expense on lease liabilities	11
Expense relating to short-term leases	0
Expense relating to exempt leases of low-value items	0
Minimum lease payments	62

The expenditure incurred by the Authority in 2023/24, in respect of lessee leases, was £0.058 million.

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

Maturity Analysis of Lease Liabilities	
	31 March 2025
	£'000
Less than one year	60
One to five years	102
More than five years	0
Total undiscounted liabilities	162

The Total Future Minimum Lease Payments, as at 31 March 2024 was £0.209 million.

Authority as Lessor

The Authority has leased out 2 buildings under long term leases:

- A catering facility with residential accommodation for 125 years commencing 1 April 1992. The annual rentals received from this lease are 7% of the gross turnover of the catering facility.
- A building to be used for bike hire, bike sales and ancillary uses for 125 years commencing 31 March 1993.

The Authority's gross investment value in these leases is the minimum lease payments expected to be received over the remaining terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years.

17. Related Parties

The Authority has the following 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. Central government also provides most 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 2024/25 can be found in [Note 15 Grants and Contributions](#).

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in [Note 21 Member's Allowances and Expenses](#). Details of the entities that members are involved with are recorded in the Register of Members' Interests which is held by the Authority.

The following members hold a position of control or significant influence in a related party to the Authority in 2024/25:

- Annie Brown, who was a member until June 2024, is a trustee of B D Harris Farm Trust, which has received a Farming in Protected Landscapes grant of £0.098 million in 2024/25 and a further £0.011 million on a Permissive Path agreement and No Fence collars for livestock. Her spouse is a partner at R&W Brown Ltd, who received a Farming in Protected Landscape grant of £0.009 million in 2024/25.
- Robert Mocatta is secretary of Petersfield Rugby Club, which received a Community Infrastructure Levy payment of £0.040 million in 2024/25.

- Andrew Shaxson is Chair of Harting Parish Council which received a Community Infrastructure Levy payment of £0.027 million in 2024/25.

Some members have relationships or hold positions with other public bodies, schools, charities, voluntary organisations, and trusts with which the Authority interacts but does not have a financially material relationship.

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 2024/25, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.323 million (£0.317 million 2023/24). The Authority has a contract with Brighton & Hove City Council for financial services from 1 April 2022 for an initial three years, extended for a further two years. The two years extension will be triggered during 2025/26. The contract is independently monitored by the Authority's Head of Finance and Corporate Services.

During 2024/25, Hampshire County Council provided Monitoring Officer services to the Authority on a contractual basis to the value of £0.037 million (2023/24 £0.048 million). The Monitoring Officer contract was secured through a formal tender process and is independently monitored by the Authority's Head of Business Services. Senior officers of Hampshire County Council were not in a position to influence these financial transactions as they were paid in accordance with the agreed contract terms.

Entities Controlled or Significantly Influenced by the Authority

South Downs Commercial Operations (SDCO) Ltd

As part of the appropriate legal management of the Seven Sisters County Park commercial operations (the visitor centre, holiday lets, etc.), the Authority set up a separate commercial company to operate these activities on its behalf. The company was active from 1 April 2022 under an operating agreement with the Authority.

The Authority remains the sole shareholder for SDCO. The termination of the operating agreement between the Authority and SDCO for the management of Seven Sisters Country Park (SSCP) was agreed by the Authority at its meeting on 9 July 2024, to take effect from 9 October 2024. The operating agreement was terminated on 9 October 2024 and all operations at SSCP are now run within the Authority. SDCO finances are being wound up as part of the 2024/25 end of year process, with some remaining unresolved finances outstanding at the year end. For the 2025/26 financial year, and until further notice, SDCO will not be trading and will be a dormant company. The company has one director who is an officer of the SDNPA.

18. Officers' Remuneration

In 2024/25 senior employee posts (the Chief Executive and the directors who make up the Senior Management Team of the Authority) and other officer posts of the Authority were filled through permanent appointments and interim and agency appointments. The remuneration paid to the Authority's senior employees is as follows:

Senior Employee Remuneration of Permanent Appointments - salary between £50,000 and £149,999 per the reporting period							
2023/24	2024/25						
Total Remuneration including Pension Contributions	Post Holder Information	Note	Salary (including Fees and Allowances)	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
£			£	£	£	£	
142,378	Chief Executive	1	131,224	0	131,224	25,851	157,076
121,291	Director of Planning	2	96,339	0	96,339	18,932	115,271
229,161	Director of Countryside Policy and Management	3			0		-
22,840	Director of Landscape and Strategy	4	60,913	0	60,913	11,930	72,843
515,669	Total		288,477	0	288,477	56,713	345,190

Notes

1. The Interim Chief Executive was replaced by a permanent appointment from 25/11/2024.
2. The Interim Chief Executive returned to their substantive post of Director of Planning from 10/02/2025.
3. This role was made redundant with effect from 31/01/2024.
4. This was a new role created in 2023/24 with effect from 15/01/2024.

Other Employee Remuneration

The following table provides an analysis of the remuneration paid to other employees receiving more than £50,000 remuneration (excluding employer's pension contributions):

Other Officer Remuneration		
Remuneration Band	2024/25	2023/24
	Employees	Employees
£50,000 - £54,999	6	8
£55,000 - £59,999	6	7
£60,000 - £64,999	1	1
£65,000 - £69,999	1	1
£70,000 - £74,999	0	0
£75,000 - £79,999	1	0
£80,000 - £84,999	0	1
£85,000 - £89,999	0	1
Total	15	19

19. Exit Packages

The Authority terminated no contracts of employment during 2024/25. The following table shows the number of exit packages with the total cost per band and total cost of 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	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
							£'000	£'000
£0 - £20,000	0	0	0	2	0	2	0	28
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	137
	0	0	0	3	0	3	0	165

Note: the costs included in the above table include voluntary redundancy costs, early retirement pension costs and pay in lieu of notice.

20. 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) and West Sussex County Council acts as the Scheme Administrator of the West Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. The scheme is a funded defined benefit 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, provides the financial assessment of the Authority's Pension Fund. The calculations and advice given by Hymans Robertson LLP in their actuarial report have been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council.

Transactions relating to Post-Employment Benefits

The cost of post-employment benefits in the reported cost of services is recognised 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 to its General Fund balance is based on the cash payable during the financial year rather than the earned post-employment benefits, so the real cost of post-employment benefits is reversed out of the General Fund balance to the pensions reserve via the MiRS.

The following transactions have been made in the CIES and MiRS during the financial year in relation to the scheme:

Transactions relating to Post Employment Benefits		
	2024/25	2023/24
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of services		
Service cost comprising:		
Current service cost	905	974
Past service cost	0	154
Financing and Investment Income and Expenditure		
Interest income on plan assets	(1,477)	(1,283)
Interest cost on defined benefit obligation	1,039	971
Interest on the effect of the asset ceiling	436	310
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	903	1,126
Other Post Employment Benefits charged to the CIES		
Remeasurement of the net defined benefit liability (asset) comprising:		
Return on scheme assets (excluding the amount included in the net interest expense)	862	(921)
Actuarial gain / (loss) arising on changes in demographic assumptions	(36)	(122)
Actuarial gain / (loss) arising on changes in financial assumptions	(4,971)	(1,660)
Other experience adjustments	(192)	645
Changes in the effect of the asset ceiling	4,483	2,139
Adjustment for pension strain not yet paid	(0)	(139)
Total Post Employment Benefits charged to Other Comprehensive Income and Expenditure	146	(58)
Actual amount charged against the General Fund for pensions in the reporting period		
Employer's contributions payable to the scheme	(1,049)	(1,068)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	903	1,126
Net Adjustment to the Pension Reserve	0	0

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included on the Balance Sheet in respect of the scheme is shown in the following table:

Pension Assets and Liabilities recognised in the Balance Sheet		
	2024/25	2023/24
	£'000	£'000
Present value of the scheme liabilities	(17,769)	(20,945)
Fair value of scheme assets	31,668	29,925
Net Asset (unadjusted)	13,899	8,980
Asset ceiling adjustment for economic benefit	(13,899)	(8,980)
Net Asset / (Liability)	0	0

Reconciliation of the movements in the fair value of scheme (plan) assets and defined benefit obligation

2024/25					2023/24			
Assets	Obligations	Impact of asset ceiling adjustments	Net asset / (liability)		Assets	Obligations	Impact of asset ceiling adjustments	Net asset / (liability)
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
29,925			29,925	Fair value of plan assets	26,333			26,333
	(20,945)		(20,945)	Present value of funded obligations		(19,802)		(19,802)
		(8,980)	(8,980)	Effect of the asset ceiling			(6,531)	(6,531)
29,925	(20,945)	(8,980)	0	Opening position as at 31 March	26,333	(19,802)	(6,531)	0
Service cost								
	(905)		(905)	Current service cost		(974)		(974)
	0		0	Past service cost (including curtailments)		(154)		(154)
0	(905)	0	(905)	Total service cost	0	(1,128)	0	(1,128)
Net interest								
1,477			1,477	Interest income on plan assets	1,283			1,283
	(1,039)		(1,039)	Interest cost on defined benefit obligation		(971)		(971)
		(436)	(436)	Interest on the Effect of the asset ceiling			(310)	(310)
1,477	(1,039)	(436)	2	Total net interest	1,283	(971)	(310)	2
Cashflows								
320	(320)		0	Participants' contributions	397	(397)		0
1,049			1,049	Employer contributions	1,207			1,207
(241)	241		0	Benefits paid	(216)	216		0
32,530	(22,968)	(9,416)	146	Expected closing position	29,004	(22,082)	(6,841)	81
Remeasurements								
	4,971		4,971	Changes in financial assumptions		1,660		1,660
	36		36	Changes in demographic assumptions		122		122
0	192		192	Other experience	0	(645)		(645)
(862)			(862)	Return on assets excluding amounts included in net Interest	921			921
		(4,483)	(4,483)	Changes in the Effect of the asset ceiling			(2,139)	(2,139)
(862)	5,199	(4,483)	(146)	Total remeasurements	921	1,137	(2,139)	(81)
31,668			31,668	Fair value of plan assets	29,925			29,925
	(17,769)		(17,769)	Present value of funded obligations		(20,945)		(20,945)
31,668	(17,769)	(13,899)	0	Closing Position as at 31 March	29,925	(20,945)	(8,980)	0

Asset Ceiling

The closing position at 31 March 2025 is a net asset of £13.899 million (net asset of £8.980 million at 31 March 2024) before any adjustment for the asset ceiling. The Authority's chosen methodology, as advised to the actuary, assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available in this form. The methodology assumes that economic benefit is available to the Authority as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

Local Government Pension Scheme assets comprised

The scheme assets are 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								
	2024/25				2023/24			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %
Property								
UK	0.0	2,680.2	2,680.2	8%	0.0	2,468.8	2,468.8	8%
Total	0.0	2,680.2	2,680.2	8%	0.0	2,468.8	2,468.8	8%
Other Investment Funds								
Infrastructure	0.0	1,501.3	1,501.3	5%	0.0	1,424.2	1,424.2	5%
Equities	15,506.3	0.0	15,506.3	49%	14,992.1	0.0	14,992.1	50%
Bonds	9,442.4	0.0	9,442.4	30%	8,636.1	0.0	8,636.1	29%
Other	0.0	1,252.5	1,252.5	4%	0.0	1,166.3	1,166.3	4%
Total	24,948.7	2,753.8	27,702.5	87%	23,628.2	2,590.5	26,218.7	88%
Private Equity	0.0	1060.6	1060.6	3%	0.0	893.8	893.8	3%
Cash and cash equivalents	224.7	0.0	224.7	1%	343.7	0.0	343.7	1%
Total Assets	25,173.4	6,494.6	31,668.0	100.0%	23,971.9	5,953.1	29,925.0	100.0%

Scheme Liabilities in respect of Active Members, Deferred Members and Pensioner Members

The following table shows the scheme liabilities in respect of active members, deferred members and pensioner members:

Scheme Liabilities in respect of Active, Deferred and Pensioner Members		
	Liability Split	Liability Split
2024/25	£'000	%
Active members	12,530	70.5%
Deferred members	2,909	16.4%
Pensioner members	2,330	13.1%
Total	17,769	100%
2023/24	£'000	%
Active members	14,495	69.2%
Deferred members	3,767	18.0%
Pensioner members	2,683	12.8%
Total	20,945	100%

Note: the figures in the above tables are for the funded liabilities only and do not include any unfunded pensioner liabilities.

Basis for Estimating Assets and Liabilities

Liabilities 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 scheme's liabilities has been estimated by the actuary based on the latest full valuation in the latest full valuation of the scheme as at 31 March 2022 rolled forward to the Balance Sheet date allowing for the different assumptions required by accounting standards.

Risks and uncertainties are inherently associated with the assumptions that are adopted. The actuary has adopted assumptions which are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty with such projections.

The following table shows the principal assumptions used by the actuary at 31 March 2025:

Basis for Estimating Assets and Liabilities		
	31 March 2025	31 March 2024
Long term expected rate of return on assets in the scheme		
Equity investments	5.85%	4.85%
Bonds	5.85%	4.85%
Property	5.85%	4.85%
Cash	5.85%	4.85%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	21.0 years	21.1 years
• women	24.8 years	24.9 years
Longevity at 65 for future pensioners:		
• men	22.7 years	22.9 years
• women	25.7 years	25.7 years
Financial assumptions		
Rate of inflation	2.70%	2.75%
Rate of increase in salaries	4.20%	4.25%
Rate of increase in pensions	2.70%	2.75%
Rate for discounting scheme liabilities	5.85%	4.85%
Expected total return on assets	5.85%	4.85%
Take up of option to convert annual pension in retirement grant	*	*

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

IAS 19 requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures prepared by the actuary in their actuarial report are unlikely to reflect either the actual eventual cost of providing the benefits or the likely level of contributions to fund the Authority's obligations to the Fund. The net liability position may change significantly due to relative changes in the equity and bond markets at the reporting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The following table shows the sensitivities regarding the principal assumptions that show the increase in percentage terms and monetary values that the changes have on the scheme liabilities.

	Approximate % increase to Employer Liability	Approximate monetary amount £'000
Change in assumptions at 31 March 2025		
0.1% decrease in Real Discount Rate	2%	419
1 year increase in member life expectancy	4%	711
0.1% increase in the Salary Increase Rate	0%	15
0.1% Increase in the Pension Increase Rate (CPI)	2%	417

Impact on the Authority's Cash Flows

The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible. The overall funding position for the Pension Fund is monitored each quarter. The contributions paid by the Authority are set by the Fund actuary at each triennial actuarial valuation

(the most recent being as 31 March 2022) or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2025 are set out in the Rate and Adjustments certificate. The following table is the projected amount to be charged to the CIES for the financial year to 31 March 2026:

Projected Defined Benefit Cost for the Period Ended 31 March 2026		
	Assets	Liabilities
	£'000	£'000
Projected current service cost	0	608
Total Service Cost	0	608
Interest income on plan assets	1,885	0
Interest cost on defined benefit obligation	0	1,059
Total Net Interest Cost	1,885	1,059
Total Charge to CIES	1,885	1,667

The actuary has estimated the employer's contributions for the period to 31 March 2026 will be approximately £1.049 million.

The weighted average duration (the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation) of the defined benefit obligation for scheme members is 25 years.

21. Members' Allowances and Expenses

During 2024/25, the Authority paid £0.136m (£0.133m 2023/24) of allowances to members; in addition members claimed £0.011m (£0.013m 2023/24) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2024/25 are published on the Authority's website.

22. External Audit Costs

The Authority is due to pay £0.060 million (2023/24 £0.064 million) to the external auditor in respect of the audit of the financial statements. In 2024/25 the Authority received a contribution from central government of £0.008 million towards the increase in the 2024/25 audit fee (£0.006 million 2023/24).

23. Agency Services

The Authority has the following 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 a net debtor of £0.200 million at 31 March 2025 (2023/24 £0.226 million) for the amount due from HMRC at the end of the financial year.

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 a net creditor of £0.131 million at 31 March 2025 (2023/24 £0.125 million) for the amount due to HMRC at the end of the financial year.

Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2024/25, five of these local authorities provided the majority of the planning service on behalf of the Authority under a legal

agreement signed between each local authority and the park. The remaining ten 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 five local authorities in 2024/25 amounted to £1.497 million which included £0.613 million income received in relation to application fees

24. Inventories

The Authority held £0.011 million of inventories at 31 March 2025. In addition, the Authority purchased the stock of its subsidiary South Downs Commercial Operations Ltd following the termination of the Operating Agreement for the management of Seven Sisters Country Park on the 9th October 2024, this stock was valued at £0.026 million at the termination date. Therefore a value of £0.037 million of inventories were held on the Authority's Balance Sheet at 31 March 2025.

25. Group Accounts

The purpose of the Group Accounts is to provide a picture of the Authority and the group of companies and other entities which are either controlled or are significantly influenced by the Authority. The Group Accounts show the full extent of the Authority's wider assets and liabilities, provide transparency, and enable comparison with other entities.

The Group Accounts include the following:

- Group Income and Expenditure Statement – summarises the resources that have been generated and consumed in providing services and managing the Group during the financial year. It includes all day-to-day expenses and related income on an accruals basis.
- Group Movement in Reserves Statement – shows the movement in the financial year on the Authority's single entity usable and unusable reserves together with the Authority's share of the Group reserves.
- Group Balance Sheet – reports the Authority's Group financial position at the year-end.
- Group Cash Flow Statement – shows the changes in cash and cash equivalents of the Group during the financial year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing, and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

The following notes provide additional details about the Authority's involvement in the entities consolidated to form the group accounts.

South Downs Commercial Operations Ltd

The Authority took over the management of the Seven Sisters Country Park (SSCP) in July 2021 and since has made a substantial capital investment in the Seven Sisters assets. A new company, wholly owned by the Authority – South Downs Commercial Operations Ltd – runs the Seven Sisters commercial activities via an operating agreement with the Authority which has been operational from 1 April 2022. Full details can be found on the Authority's website: www.southdowns.gov.uk.

The company is wholly owned by the Authority and therefore group accounts are required. The company board of directors is made up of representatives of the Authority, further details are included in [Note 17 Related Parties](#).

At its meeting on 9 July 2024, the Authority accepted the outcome of a review of operations at Seven Sisters Country Park (SSCP) and agreed to the recommendation to return control of the SSCP operation to the Authority and seek early termination of the Operating Agreement with South Downs Commercial Operations Ltd (the Company) with effect from 9 October 2024. Note, this does not mean liquidation of the company which will remain in dormant form but with no further

transactions flowing through it following termination. Termination of the Operating Agreement has therefore resulted that all SSCP operations from 9 October 2024 reverted to the management and control of the Authority. Consideration has been given to the requirement for Group Accounting in 2024/25 to recognise activities of the company from April to October 2024, transactions thereafter will fall within the Authority's accounts and will be reported accordingly along with other services and activities of the Authority. The company will become dormant in 2025/26 when all outstanding balance sheet balances have been resolved and passed back to the Authority where applicable.

For the trading period in 2024/25, the company's results showed a profit of £0.327 million (£0.208 million loss in 2023/24) The net liabilities as at 31 March 2025 were £0.095 million (£0.422 million at 31 March 2024). Loans outstanding from the Authority to the company as at 31 March 2025 total £0.100 million (£0.127 million at 31 March 2024).

Within the 2024/25 SDNPA single entity financial statements, there is the following transactions in respect of the termination of the Operating Agreement for the management of Seven Sisters Country Park and the subsequent return control of the SSCP operation to the Authority:

- A provision for doubtful debts of £0.434 million.
- The redemption of the cash loan of £0.027 million.
- The purchase of stock valued at £0.026 million.

A full copy of the South Downs Commercial Operations Ltd accounts is available on request from the Authority. A tender exercise was undertaken during 2024/25 to procure an external auditor to undertake a full audit of the South Downs Commercial Operations Ltd accounts. Unfortunately, this tender exercise proved unsuccessful. Grant Thornton UK LLP will provide appropriate assurances from a group perspective on all material aspects, as part of their audit of the Authority's accounts.

The group transactions for 2024/25 are shown below:

Group Comprehensive Income and Expenditure Statement

Group Accounts Comprehensive Income and Expenditure Statement						
Year Ended 31 March 2024				Year Ended 31 March 2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
6,837	(4,809)	2,028	Planning	6,881	(3,439)	3,443
2,804	(241)	2,563	Countryside and policy management	2,903	(132)	2,771
854	(1,175)	(321)	Countryside and policy management - Seven Sisters	1,476	(1,180)	296
4,722	(185)	4,537	Corporate services	4,783	(465)	4,318
3,264	(1,226)	2,038	Strategic projects	3,190	(1,235)	1,955
18,482	(7,637)	10,845		19,232	(6,450)	12,782
Other operating expenditure						
	231		(Gains)/losses on the disposal of non-current assets			(5)
	231		Total Other Operating Expenditure			(5)
Financing and investment income and expenditure						
	152		Net interest on the net defined benefit pension liability			(2)
	0		Interest payable			11
	(755)		Interest receivable			(838)
	(603)		Total Financing and Investment Income and Expenditure			(829)
Non-specific grant income						
	(10,486)		National Park grant			(10,736)
	(2,046)		Capital grants and contributions			(2,146)
	(12,532)		Total Non-Specific Grant Income			(12,882)
	(2,059)		(Surplus)/Deficit on the Provision of Services			(934)
Items that will not be reclassified to the (Surplus) / Deficit on the Provision of						
	(123)		(Surplus)/deficit on the revaluation of non-current assets			(466)
	(58)		Remeasurements of the net defined benefit liability			146
	(180)		Other Comprehensive Income and Expenditure			(320)
	(2,239)		Total Comprehensive Income and Expenditure			(1,254)

Group Movement in Reserves Statement

Group Accounts Movement in Reserves Statement								
	Balance as at 1 April	Adjustment to Opening Balance	Adjusted Balance as at 1 April	Total Comprehensive Income and Expenditure	Adjustments between group accounts and authority accounts	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024/25								
Working balance and earmarked reserves	(5,665)	34	(5,631)	(933)	48	292	(593)	(6,224)
Capital receipts reserve	(34)		(34)	0		(5)	(5)	(39)
Capital contributions unapplied	(7,949)		(7,949)	0		535	535	(7,414)
Usable Reserves	(13,647)	34	(13,614)	(933)	48	822	(63)	(13,677)
Pensions reserve	0		0	146		(146)	0	0
Accumulated absences account	79		79	0		3	3	82
Revaluation reserve	(3,708)		(3,708)	(466)		22	(444)	(4,152)
Capital adjustment account	(4,248)		(4,248)	0		(701)	(701)	(4,949)
Unusable Reserves	(7,876)	0	(7,876)	(320)	0	(822)	(1,142)	(9,019)
Total Authority Reserves	(21,523)	34	(21,490)	(1,254)	48	0	(1,206)	(22,696)
Authority's Share of Reserves of Subsidiary	0	(34)	(34)	0	(48)	0	(48)	(82)
Minority Interest	0	0	0	0	0	0	0	0
Total Reserves	(21,523)	0	(21,524)	(1,254)	0	0	(1,254)	(22,778)
2023/24								
Working balance and earmarked reserves	(5,149)		(5,149)	(1,774)		1,258	(516)	(5,665)
Capital receipts reserve	(28)		(28)	0		(6)	(6)	(34)
Capital contributions unapplied	(6,441)		(6,441)	(32)		(1,476)	(1,508)	(7,949)
Usable Reserves	(11,617)	0	(11,617)	(1,806)	0	(224)	(2,030)	(13,647)
Pensions reserve	0		0	(58)		58	0	0
Accumulated absences account	78		78	0		1	1	79
Revaluation reserve	(3,810)		(3,810)	(123)		225	102	(3,708)
Capital adjustment account	(4,189)		(4,189)	0		(59)	(59)	(4,248)
Unusable Reserves	(7,920)	0	(7,920)	(180)	0	224	44	(7,876)
Total Authority Reserves	(19,537)	0	(19,537)	(1,986)	0	0	(1,986)	(21,523)
Authority's Share of Reserves of Subsidiary	0	0	0	0	0	0	0	0
Minority Interest	0	0	0	0	0	0	0	0
Total Reserves	(19,537)	0	(19,537)	(1,986)	0	0	(1,986)	(21,523)

Group Balance Sheet

Group Accounts Balance Sheet			
As at 31 March 2024	Note		As at 31 March 2025
£'000			£'000
Long Term Assets			
9,851	10	Property, plant and equipment	11,104
9,851		Long Term Assets	11,104
Current Assets			
8,668	12	Short term investments	12,751
35	24	Inventories	37
3,810	12,13	Short term debtors	2,626
6,293	12	Cash and cash equivalents	3,943
18,807		Current Assets	19,357
Current Liabilities			
(2,446)	12,14	Short term creditors	(2,890)
0	12	Short term borrowing	(946)
(3,433)	12,14	Receipts in advance (revenue)	(2,816)
(5,878)		Current Liabilities	(6,651)
Long Term Liabilities			
(735)	12	Long term borrowings	(700)
0	16	Lease Liability	(102)
(522)	15	Capital Grants RIA	(230)
0	20	Pension liability	0
(1,257)		Long Term Liabilities	(1,033)
21,524		Net Assets	22,778
(13,647)	8	Usable reserves	(13,759)
(7,877)	9	Unusable reserves	(9,019)
(21,524)		Total Reserves	(22,778)

Group Cash Flow Statement

Group Accounts Cash Flow Statement		
2023/24		2024/25
£'000		£'000
2,059	Net surplus/(deficit) on the provision of services	934
522	Non-current asset charges - depreciation and revaluation	213
(1,170)	Increase/(decrease) in creditors	(155)
(1,525)	(Increase)/decrease in debtors	1,102
(8)	(Increase)/decrease in inventories	(2)
58	Movement in the pension liability (element charged to the surplus/(deficit) on the provision of services)	(146)
(86)	Other Non-Cash Adjustments	0
(2,209)	Adjustment to surplus/(deficit) on the provision of services for non-cash movements	1,012
0	Capital grants applied to the surplus/deficit on provision of services	(1,811)
0	Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	(1,811)
(150)	Net Cash Flows from Operating Activities	135
(572)	Purchase of non-current assets (including the movement in capital creditors)	(838)
632	Capital Grants Received	1,478
(13,000)	Purchase of short term investments	(18,000)
9,000	Proceeds from sale of short term investments	10,500
(3,940)	Net Cash Flows from Investing Activities	(6,860)
(35)	Repayment of deferred liability	(35)
(3)	Cash Loan to South Downs Commercial Operations Ltd	(0)
(38)	Net Cash Flows from Financing Activities	(35)
1,500	Reclassification of investments from short term to cash equivalents	4,411
(2,628)	Net Increase/(Decrease) in Cash and Cash Equivalents	(2,351)
(189)	Bank current accounts	140
8,984	Short term deposits	6,153
8,795	Cash and Cash Equivalents as at 1 April	6,293
14	Bank current accounts	207
6,153	Short term deposits	3,737
6,167	Cash and Cash Equivalents as at 31 March	3,943
(2,628)	Movement in Cash and Cash Equivalents	(2,350)

26. Contingent Liability

The Authority is aware of the "Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)" case. There is a potential for the outcome of the case to have an impact on the UK pension scheme. The case affects defined benefit schemes that provided contracted-out benefits before 2016.

In June 2023, the High Court found that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void. The case was taken to the Court of Appeal in June 2024, and the original ruling was upheld. As a result of this judgement, there may be a further liability to be incurred by the Authority for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation) but at this stage this is unknown.

Accounting Policies (detailed)

General

The Statement of Accounts (i.e. financial statements) summarises the Authority's transactions for the reported financial year and its position at the end of the financial year. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

It is not the Authority's policy to adjust for immaterial cross-casting differences between the main statements and the disclosure notes.

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Changes in accounting estimates are accounted for prospectively (i.e. in the current and future financial years affected by the change) and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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:

- **Relevance** – the financial statements are prepared with the objective of providing information about the Authority's financial performance and position that is useful for assessing the stewardship public funds and for making financial decisions.
- **Materiality** – the concept of materiality has been utilised in preparing the financial statements (i.e. if omitting or misstating information would affect the interpretation of the financial statements and influence decisions that users make).
- **Faithful Representation** – the financial information included in the financial statements is complete within the boundaries of materiality, free from material error and free from deliberate or systematic bias.
- **Comparability** – the financial statements are prepared in accordance with the requirements of the Code which establishes proper practice in relation to consistent financial reporting and aids comparability with other national park authorities.

- **Verifiability** – the financial information included in the financial statements faithfully represents the financial position, performance, and cash flows of the Authority. The Authority includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements.
- **Timeliness** – the information included in the financial statements is available to decision makers in time to be capable of influencing their decisions.
- **Understandability** – the financial statements are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to ensure that the financial information included in the financial statements is presented clearly and concisely and notes and commentaries are provided that explain and interpret the key elements of the financial statements for the user.
- **Going Concern** – the financial statements are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. As National Park Authorities cannot be created or dissolved without statutory prescription, the Authority must prepare its financial statements on a going concern basis.

Grants and Contributions

Whether paid on account, by instalments or in arrears, grants and contributions are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or condition are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Revenue grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (in respect of attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (in respect of non-ring-fenced revenue grants) within the CIES. Revenue grants or contributions with no conditions attached are recognised as income within the CIES at the point of receipt.

Capital grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as capital grants receipts in advance. When the conditions are satisfied, the grant or contribution is credited to taxation and non-specific grant within the CIES. Where capital grants or contributions are credited to the CIES, they are reversed out of the General Fund balance in the MiRS.

Revenue Recognition

Revenue is recognised in accordance with IFRS 15 - Revenue Recognition from Contracts with Customers and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). Prior to this revenue was recognised under IAS 18 – Revenue. Under IFRS 15, the principles of revenue recognition are determining if the transaction is an exchange or non-exchange transaction. With non-exchange transactions there is no or only nominal consideration in return. The obligating extent is often determined by statutory prescription (e.g. VAT or a fine for breach of law) or may be a donation or bequest. For exchange transactions, assets or services and liabilities of approximately equal value are exchanged. There is a contract which creates right and obligations. Performance obligations in the contract have to be measured and the transaction price allocated to these obligations. Revenue is recognised when the performance obligations are satisfied. Examples include sales, fees and charges for services provided by the Authority.

Charges to Revenue for Property, Plant and Equipment (PPE)

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the financial year: depreciation attributable to the assets used by the relevant service; revaluation losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which losses can be written off. The Authority is not required to raise funds to fund depreciation and revaluation losses, therefore the charges are transferred from the General Fund balance to the CAA through the MiRS.

Value Added Tax (VAT)

The CIES excludes amounts relating to VAT and VAT payable is included as an expense only to the extent that it is not receivable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the CIES. The net amount due to / from HMRC in respect of VAT is included as a creditor / debtor on the Balance Sheet.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on demand. The Authority defines cash equivalents as highly liquid 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 on the Balance Sheet. The Authority uses the indirect method to present its revenue activities cash flows, whereby the 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 cash flows.

Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the end of the financial year. 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 financial year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by the employees but not taken before the end of the financial year which employees can carry forward into the next financial year in which the employee takes the benefit. The accrual is charged to services within the CIES but then reversed out through the MiRS to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the leave absence occurs.

Termination Benefits

When the Authority is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy, the costs of termination benefits are charged on an accruals basis to the respective service within the CIES, this is at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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 financial year, not the amount calculated according to the relevant accounting standards. In the MiRS, transfers 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 financial year.

Post Employment Benefits

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 liabilities of the pension scheme attributable to the Authority are included on the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit 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 earnings for current employees).

Liabilities are discounted to their present value, using a discount rate (determined in reference to market yields at the 31 March of high-quality bonds).

The assets of the pension scheme attributable to the Authority are included on the Balance Sheet at their fair value:

- quoted securities – current bid price.
- unquoted securities – professional estimate.
- unitised securities – current bid price.
- property – market value.

The change in the net pension liability (asset) of the Authority is analysed into the following components:

- service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned in the current financial year – this cost is allocated within the CIES to the services for which the employees worked.
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier financial years – this cost is debited to non-distributed costs within the CIES.
 - net interest on the net defined benefit liability (asset) (i.e. net interest expense for the Authority) – the change during the financial year in the net defined benefit liability (asset) that arises from the passage of time calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the financial year taking into account any changes in the net defined benefit liability (asset) during the financial year as a result of contribution and benefit payments – this is charged to financing and investment income and expenditure within the CIES.
- remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve.

- contributions paid to the pension scheme – cash paid as employer’s contributions to the scheme in settlement of liabilities – these are charged to services within the CIES.
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension scheme or directly to pensioners in the financial year, not the amount calculated according to the relevant accounting standards. Transfers are made through the MiRS to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension scheme and pensioners and any such amounts payable but unpaid the end of the financial year. 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 earned by employees.

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 during the financial year of the decision to make the award and accounted for using the same accounting policies as are applied to the Local Government Pension Scheme.

Financial Assets and Liabilities – Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets

Financial Assets are classified based on a classification and measurement approach which reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits for interest receivable are credited to financing and investment income and expenditure within the CIES and are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument; for most of the loans that the Authority has made, this means that the amount presented on the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the loan agreement in the financial year.

Any gains / losses that arise on derecognition of the asset are credited / debited to financing and investment income and expenditure within the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has significantly increased since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not significantly increased, or remains low, losses are assessed on the basis of 12-month expected losses.

Provisions

Provisions are made where an event has taken place whereby the Authority has a legal or constructive obligation that probably requires settlement by 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. For example, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service within the CIES in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the year end. Where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service within the CIES.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover general contingencies and cash flow management.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then transferred back to the General Fund balance in the MiRS so that there is no net charge against the General Fund for the expenditure.

The category of unusable reserves includes those reserves which manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority; these reserves are covered in the relevant accounting policies and explained in the relevant notes.

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

Overheads and Support Services

The costs of central and departmental overheads (i.e. management and administration costs) and support services are charged to those services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance.

Property, Plant and Equipment (PPE)

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 financial year are classified as PPE.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis 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. Expenditure that maintains but does not add to an asset's potential to deliver economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the relevant cost of service within the CIES as it is incurred. The Authority has a de minimis level of £20,000 for land and buildings and vehicles, plant, and equipment; items of expenditure below this de minimis level are charged to the relevant cost of services within the CIES in the year it is incurred. The Authority has no de minimis level for enhancement expenditure and therefore all enhancement expenditure is capitalised.

Measurement

PPE assets are initially measurement at cost comprising 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 costs of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority).

Assets are then carried on the Balance Sheet using the following measurement bases:

- non-property assets that have short useful lives or low values (or both) (i.e. vehicles, plant, and equipment) – depreciated historical cost is used as a proxy for current value.
- land and building assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- infrastructure assets - depreciated historical cost.

Assets included on the Balance Sheet at current value are revalued annually by the Authority. The Authority's land and building asset became operational in 2014/15 at which time it was revalued incurring a decrease in revaluation. As there are no historic revaluation gains a revaluation reserve has not been created and therefore decreases in valuations are charged to the CIES against the relevant service as a revaluation loss. Revaluation losses are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA. At the end of each financial year, assets are assessed as to whether there is any indication that an asset may be impaired.

Depreciation

Depreciation is applied to all PPE assets, except for assets without a determinable finite useful life (i.e. freehold land). The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a straight-line allocation method, and is charged to the relevant service(s) within the CIES. General Fund depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA. The Authority does not charge depreciation in the year of acquisition but does charge a full year's depreciation in the year of disposal.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset on the balance sheet is written off to other operating expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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).

Capital receipts are required to be credited to the capital receipts reserve and can then only be used for new capital investment. Receipts are credited to the CIES and subsequently transferred to the

capital receipts reserve from the General Fund balance in the MiRS. The written off value of disposals is not a charge against the General Fund balance, as the cost of PPE is fully provided for under separate arrangements for capital financing. Amounts are transferred to the CAA from the General Fund balance in the MiRS.

Asset Componentisation

The Authority only considers assets for componentisation in the financial year the assets are valued and / or in the year following capital investment being incurred on the asset. As the Authority does not depreciate assets in the year of acquisition, capital additions are not considered for componentisation until the following financial year.

Componentisation is only applied to building elements of assets categorised as PPE and that are subject to depreciation. Vehicles, plant, and equipment assets are not componentised as they do not have separately identifiable components of significant value or a significant difference in asset life. The Authority does not currently consider infrastructure assets for componentisation.

Leases

The Authority as lessee

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as Right-of-Use (ROU) assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods more than one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate.

The ROU asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The ROU asset is subsequently measured using the fair value model. The Authority considers the dismantling to be a reasonable proxy except for assets held under non-commercial leases. For these leases, the asset is carried at a revalued amount.

The ROU asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured using amortised cost principles (i.e. increased by interest on the lease liability and reduced by lease payments made).

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- the Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or

- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the CIES.

Low value and short lease exemption

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the CIES includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against the General Fund balance, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the MiRS.

The Authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property or item of plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether PPE or assets held for sale) is written off to the other operating expenditure line within the CIES as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line within the CIES also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

As lessor, the Authority recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received), and finance income (credited to financing and investment income and expenditure within the CIES). The finance income is calculated so as to produce a constant periodic rate of return on the net investment; the Authority uses approximation to allocate lease payments between the repayment of principal and finance income.

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. 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 therefore appropriated to the Capital Adjustment Account from the General Fund balance.

Operating leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. As lessor, the assets are accounted for in accordance with the Authority's PPE policy. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Rental income from operating leases is recognised over the lease term and is credited to the other operating income and expenditure line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Events after the Reporting Period

Events after the end of the financial year are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the statement of accounts is authorised for issue. Two types of events can be identified: adjusting events - those that provide evidence of conditions that existed at the end of the financial year. In this instance, the statement of accounts is adjusted to reflect such events; non-adjusting events - those that are indicative of conditions that arose after the financial year end. In this instance, 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.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

Interests in Companies & Other Entities

An assessment of the authority's interest in companies and other entities has been carried out during the year in accordance with the Code to determine the group relationships that exist. Group accounts are required where the Authority has interest in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. The Authority has a material interest in the South Downs South Downs Commercial Operations Ltd which requires it to prepare group accounting alongside its own financial statements.

Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure (e.g. grants and expenditure on property not owned by the authority) incurred by the authority to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset; this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund balance. Such expenditure is charged to the relevant service within the CIES. The authority accounts for this statutory provision that allows capital resources to meet the expenditure by debiting the Capital Adjustment Account and crediting the General Fund balance with the transfer being reported in the MiRS.

Glossary of Terms

Accounting Estimates are monetary amounts in financial statements that are subject to measurement uncertainty

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

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 financial year in which those effects are experienced and not necessarily in the period in which any cash is received or paid.

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 financial year (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.

Actuarial Gains and Losses (Pensions) 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.

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 collectability.

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 to flow to the Authority.

The **Asset Ceiling (Pensions)** is the present value of any economic benefit available to the Employer in the form of refunds from the plan or reduced future employer contributions to the plan.

An **Audit of Financial Statements** 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.

The **Balance Sheet** shows the value of the assets and liabilities recognised by the Authority as at the 31 March.

Benefits Payable during Employment covers:

- short term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees.
- benefits earned by current employees but payable 12 months or more after the end of the financial year, such as long service leave or jubilee payments and long-term disability benefits.

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

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

Capital Investment is expenditure on the acquisition of an asset that will be used to provide services beyond the financial year or expenditure which adds to and not merely maintains the value of existing PPE.

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

A **Capital Receipt** is the proceeds from the sale of an asset.

The **Capital Receipts Reserve** holds the proceeds from the disposal of non-current assets, which are restricted by statute from being used other than to fund new capital investment to be set aside to finance historical capital investment.

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

The **Carrying Amount** is the amount at which an asset is recognised on the Balance Sheet after deducting any accumulated depreciation.

Cash comprises cash in hand and demand deposits.

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 are the inflows and outflows of cash and cash equivalents.

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Authority during the financial year.

The **Commencement of the Lease Term** is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income, or expenses resulting from the lease).

The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

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 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.

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.

A **Current Liability** is an amount which will become payable or could be called in within the next financial year.

Current Service Cost (Pensions) is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Current Value is the amount that reflects the economic environment prevailing for the service or function the asset is supporting.

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.

A **Defined Benefit Scheme (Pensions)** is a pension scheme where the benefits to employees are based on their salaries, and where employers' contributions have to be adjusted to match estimates of future liabilities.

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

Dismantling / removal / restoration costs are an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

Employee Expenses include total salaries, employers' national insurance contributions, employers' pension contributions and indirect employee expenses including redundancy costs and pension accounting adjustments.

Estimation Techniques are the methods adopted 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 are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue.

The **Expenditure and Funding Analysis (EFA)** shows how the available funding (i.e. the National Park Grant) has been used in providing services in comparison with those resources consumed or in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the service directorates.

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

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves.

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

Fees, Charges and Other Service Income include contributions received from other local authorities and other bodies.

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 Authority.

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.

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 Authority.

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 and includes trade payables and other payables, bank deposits, trade receivables and loans receivable.

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.

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.

The **General Fund Balance** shows 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 financial year.

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

Government Grants are grants made by the Government towards either revenue or capital investment to support the cost of the provision of the Authority's services.

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.

Historical Cost is the carrying amount of an asset at the date of acquisition and adjusted for subsequent depreciation.

The **Implicit interest rate** is the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

The **Inception of the Lease** is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Income is the gross inflow of economic benefits or service potential when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves.

The **Incremental Borrowing Rate** is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This will be the PWLB annuity certainty rate for the period equal to the outstanding lease term at transition

An **Infrastructure Asset** is an inalienable asset, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use.

The **Interest Cost (Pensions)** is the expected increase in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Interest Income (Pensions) 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) are standards for the preparation and presentation of financial statements.

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

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 are activities relating to the acquisition and disposal of PPE and other investments not included in cash equivalents.

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.

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 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 (held for trading); or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (available for sale).

Materiality - 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.

The **Movement in Reserves Statement (MiRS)** shows the movement during the financial year on the different reserves held by the Authority, analysed into usable reserves and unusable reserves.

The **Net Defined Benefit Liability (Obligation) (Pensions)** is the deficit, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The **Net Interest on the Net Defined Benefit Liability (Pensions)** is the change during the period in the net defined liability that arises from the passage of time.

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.

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.

An **Operating Lease** is a type of lease, e.g. computer equipment, office equipment, furniture etc. where the balance of risks and rewards of holding the asset remains with the lessor.

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

Other Comprehensive Income and Expenditure comprises items of expense and income (including reclassification adjustments) that are not recognised in the surplus / 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 (asset) on a defined benefit scheme.

Other Service Expenses include:

- premises expenses including all running costs, expenditure on goods, services and contractors directly related to property.
- transport expenses including all costs connected with the provision, hire or use of transport.
- supplies and services covering all direct supplies and services expenditure incurred.

- third party payments including, for example, payments to third party providers of local authority services and other bodies.
- support service charges including 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.

Past Service Cost (Pensions) 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).

The **Pension Reserve** is a specific accounting mechanism used to reconcile the payments made for the year 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.

Post Employment Benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

The **Present Value of a Defined Benefit Liability (Pensions)** 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.

Property, Plant and Equipment (PPE) 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 financial year.

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.

The **Public Works Loan Board (PWLB)** is a central government agency which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

A **Qualified Valuer** is a person conducting the valuations who holds a recognised and relevant professional qualification and having sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

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.

A **Related Party Transaction** is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

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

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 were already of the age and in the condition expected at the end of its useful life.

Revenue is the gross inflow of economic benefits or service potential during the financial year when those inflows result in an increase in the Authority's net assets.

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

Revenue Expenditure Funded from Capital under Statute is revenue expenditure incurred that may be funded from capital resources under statutory provisions but does not result in the creation of non-current assets.

Ring Fenced Government Grants are revenue grants distributed by central government that relate to a specific service.

A **Scheme Amendment (Pensions)** 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) comprise assets held by a long-term employee benefit scheme.

Scheme Liabilities (Pensions) comprise liabilities in relation to a long-term employee benefit scheme.

Short Term Paid Absences are periods during which an employee does not provide services to the Authority, but benefits continue to be paid.

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.

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.

A **Tangible Asset** is an asset that has a physical form.

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.

Total Comprehensive Income and Expenditure comprises all components of surplus / deficit on the provision of services and of other comprehensive income and expenditure.

Unusable Reserves are those reserves that the Authority is not able to use to provide services and includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the MiRS as adjustments between accounting basis and funding basis under regulations.

Usable Reserves are those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The **Useful Life** is the period which an asset is expected to be available for use by the Authority.

Value Added Tax (VAT) is an indirect tax levied on most business transactions and on many goods and some services.

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of South Downs National Park Authority (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including material accounting policy information. 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 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2025 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority.

In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's and the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer)

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer). The Head of Finance – City Operations, Corporate Services (Interim Section 151 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 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance – City Operations, Corporate Services (Interim Section 151 Officer) is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25,

the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, and the Local Government Act 2003).

- We enquired of management and the Policy and Resources Committee, concerning the group and Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Policy and Resources committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries outside the normal course of business and significant management estimates, including Land and Building valuations and the valuation of the Pension Fund IAS19 net asset.

- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on unusual and high-risk journals made at the year-end accounts production stage;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and the net defined benefit pensions asset; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector in which the group and Authority operates
 - understanding of the legal and regulatory requirements specific to the Authority and group including:

- the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit Certificate

We certify that we have completed the audit of South Downs National Park Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. 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.

Peter Barber

Peter Barber, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor
Bristol

10 December 2025

South Downs National Park Authority

Statement of Accounts 2024/25

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A copy of this document can be found on the Authority's website www.southdowns.gov.uk