South Downs
National Park Authority

Statement of Accounts
2014/15

Contents

Introduction to the Accounts

The South Downs National Park ("the Park") covers the chalk downland, heaths, woodlands and river valleys of the South Downs and Western Weald within the three counties of Hampshire, West Sussex and East Sussex. The South Downs National Park Authority ("the Authority") was established in April 2010 and became fully operational on 1 April 2011.

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

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

In pursuit of the twin purposes the Authority has a duty to work in partnership to foster the economic and social well-being of local communities within the National Park.

The Authority has identified four overarching objectives which are set out in the Corporate Plan 2014-17:

1. A thriving living landscape – to support the development of the Park as a special, thriving living and working landscape;
2. People connected to places – to provide opportunities for people within and outside the Park to connect to its unique and special places;
3. Towards a sustainable future – to encourage sustainable actions by businesses, communities and individuals across the Park, and manage its own corporate impact;
4. An efficient and effective organisation that supports partnership working – to manage its own resources to deliver high levels of customer service and working to improve the capacity of its partners to deliver shared outcomes.

The 2014/15 financial statements cover the fourth operational year of the Authority and illustrate the overall financial position of the Authority at the end of the 2014/15 financial year. This year has seen the continued implementation of the Partnership Management Plan 2014-2019 to which the Corporate Plan is aligned, and sets out clear operational objectives and outcomes and how these will be delivered to meet the statutory purposes and duty of the Park. The development of the Local Plan, which will set out the planning policy framework for the Park, has also been a priority during 2014/15.

The financial statements show that the Authority's operations have been managed within the funding available to it and that it remains financially resilient in a challenging financial environment. Appropriate reserves and balances have been maintained that will be important to sustain the Authority against potential financial risks and funding challenges in future.

Further information can be found on the Authority's website, www.southdowns.gov.uk

Explanatory Foreword

The financial statements are presented on an International Financial Reporting Standards (IFRS) basis and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2014 to 31 March 2015 ("the reporting period").

Financial Statements: their Objective

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

Financial Statements: their Purpose and Relationship between them

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

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

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

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

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

The financial statements are set out on pages 11 to 46 and are presented as follows:

Core Single Entity Financial Statements:

Movement in Reserves Statement (MiRS)

The MiRS shows the movement in the reporting period on the different reserves held by the Authority, analysed into "usable reserves" and "unusable reserves". The surplus / deficit on the provision of services shows the true economic cost of providing the Authority's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund balance. The net increase / decrease before transfers to earmarked reserves shows the statutory General Fund balance before any discretionary transfers to / from earmarked reserves are undertaken by the Authority.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: "usable reserves" and "unusable reserves". Movement in these reserves is reported in the MiRS.

Comprehensive Income and Expenditure Statement (CIES)

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

The cost of services in the CIES is analysed in accordance with the CIPFA's *Service Reporting Code of Practice* (SeRCOP) for consistency and comparability of national park authorities.

Cash Flow Statement

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

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.

Notes to the Financial Statements

The notes to the financial statements comprise explanatory information.

Financial Statements: Accounting Concepts, Principles and Policies

The Authority prepares its financial statements, except for its cash flow information, using the accruals basis of accounting. The financial statements are also prepared on a going concern basis.

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

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

- **Relevance** – the Authority has made judgements regarding the inclusion or exclusion of financial information within its financial statements on the basis of their individual nature and materiality (i.e. whether its omission or misstatement could influence decisions that users make on the basis of financial information included);
- **Faithful Representation** – the Authority aims to ensure that the financial information included within its financial statements is complete within the boundaries of materiality (i.e. all information necessary for the user of the financial statements to understand the financial position, performance and cash flows), free from material error (i.e. no errors or omissions neither in the information reported nor in the process used to produce the reported information), and free from bias (i.e. it is neutral and not slanted, weighted, emphasised, deemphasised or otherwise manipulated to be received favourably or unfavourably by the user of the financial statements);
- **Comparability** – the Authority has prepared its financial statements in accordance with the requirements of the Code and SeRCOP; this allows the reader of its financial statements to compare the financial position and financial performance of the Authority between reporting periods and also with other national park authorities;

- **Verifiability** – to help assure users of the financial statements that the financial information contained therein faithfully represents the financial position, performance and cash flows, the Authority includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements;
- **Timeliness** – the Authority gives consideration to the financial information it includes within its financial statements based on age and timeliness. The Code specifies the requirements regarding reporting periods covering the current reporting period and the comparative financial information for the preceding reporting period;
- **Understandability** – the Authority aims to ensure that the financial information included within its financial statements is presented clearly and concisely. Although the financial statements are complex due to the requirement to comply with IFRS, every effort has been made to provide notes and commentaries that explain and interpret the key elements of the financial statements for the reader.

Financial Performance

2014/15 Financial Position

The Authority set a revised net revenue budget of £10.605m for 2014/15, which was funded from National Park Grant of £9.968m giving rise to a net revenue budget deficit of £0.637m; this deficit was funded by a transfer from reserves.

The Authority received gross revenue income of £12.493m in 2014/15, which included the National Park Grant of £9.968m received from the Government. The Authority incurred gross revenue expenditure of £13.127m in the same reporting period. The net revenue expenditure was £10.602m, a positive variation of £0.003m, when compared to the net budget (excluding the National Park Grant) of £10.605m. The £0.03m underspend has been transferred to the General Fund balance.

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

	Revised Budget £'000	Actual £'000	Variance £'000
Expenditure			
Employees	5,365	5,334	(31)
Premises	349	199	(150)
Transport	191	176	(15)
Supplies and services	3,398	3,734	336
Third party payments	3,501	3,612	111
Depreciaton charges	72	72	0
Total Expenditure	**12,876**	**13,127**	**251**
Income			
Other grants, contributions and customer and client receipts	(1,273)	(1,363)	(90)
Planning fees income	(971)	(1,111)	(140)
Interest receivable	(27)	(51)	(24)
Total Income	**(2,271)**	**(2,525)**	**(254)**
Net Expenditure excluding National Park Grant	**10,605**	**10,602**	**(3)**
National Park Grant	(9,968)	(9,968)	0
Net Expenditure / (Income)	**637**	**634**	**(3)**
Contribution (from) /to reserves	(637)	(637)	0
Net Expenditure / (Income)	**0**	**(3)**	**(3)**

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

In 2014/15, the Authority reported its financial performance across seven service areas – Chief Executive's Services, Strategy & Partnerships, Planning, Operations, Corporate Services, Major Projects and Purpose and Duty Fund. These service areas are classed as "operating segments" of the Authority. The aim of reporting financial performance at operating segment level is to enable users of the Authority's financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

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

Spending on Services by Operating Segment			
Segments	**Revised Budget £'000**	**Actual £'000**	**Variance £'000**
Chief Executive's Services	154	154	0
Strategy & Partnerships	1,446	1,471	25
Planning	3,951	4,005	54
Operations	1,268	1,281	13
Corporate Services	3,364	3,269	(95)
Major Projects	375	375	0
Purpose and Duty Fund	47	47	0
Total	**10,605**	**10,602**	**(3)**

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

More detailed information on the reportable operating segments is included in the operating segments note which can be found on pages 16 to 19.

The financial performance in 2014/15 indicates the Authority has delivered services within its overall budget by taking appropriate measures to manage in year risks and pressures. Details of the overall underspend variance are reported to the Authority's Governance Committee in July 2015, the report can be found on the Authority's website.

Reserves

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

The level of General Fund balance held is a professional judgement by the Authority based on local circumstances including the overall budget size, risks, robustness of estimates, major initiatives being undertaken, budget assumptions and the levels of other earmarked reserves and provisions. The minimum level of General Fund balance which is considered to be a prudent level for the Authority given the wider environment of financial uncertainty in the public sector is set at £0.550m which is approximately 5% of expected National Park Grant and planning income.

The underspend of £0.003m in 2014/15 is included in the Authority's General Fund balance which stands at £0.631m. The following table shows the General Fund position:

General Fund Balance	
	Total £'000
Balance at 1 April 2014	**(821)**
Contribution to balances	(3)
Net transfer to other earmarked reserves	193
Balance at 31 March 2015	**(631)**
Recommended General Fund Balance	**(550)**

The Authority also holds earmarked reserves of £2.895m as at 31 March 2015. Note 8 provides information on the specific earmarked reserves held by the Authority.

Capital Summary

A capital investment programme totalling £0.060m was approved in March 2014 which consisted of the purchase of two replacement vehicles. The capital investment programme was revised to £0.331m in the reporting period to include carry forward from 2013/14 for the completion of the refurbishment of the South Downs Centre.

The total capital investment on these assets was £0.346m compared with the revised budget of £0.331m. The variance of £0.015m relates to:

- an overspend of £0.024m on the South Downs Centre capital project; this overspend was funded from unallocated capital receipts reserves;
- an underspend of £0.009m on the purchase of replacement vehicles; this underspend will be held in the repairs and renewals vehicles reserve.

The following table details how the capital investment of £0.346m was funded:

Funding of Capital Investment Programme	
	Total £'000
Capital investment	346
Total Funding Requirement	**346**
Funding	
General and specific reserves	(322)
Capital Receipts	(24)
Total Funding	**(346)**

Property, Plant and Equipment (PPE)

The value of the Authority's PPE has decreased in the reporting period by £2.146m from the level reported in 2013/14 to £1.735m in 2014/15.

The Authority has made a capital investment on PPE of £0.346m in the reporting period in respect of the South Downs Centre, and the purchase of two vehicles.

During 2014/15, the Authority's valuers, Savills UK Ltd, carried out a valuation of the South Downs Centre which showed a reduction in value to £1.500m resulting in a revaluation loss charged to the CIES of £2.415m.

Vehicle, plant, furniture and equipment assets have been depreciated by £0.072m in the reporting period. The carrying value of vehicles, plant, furniture and equipment assets were further reduced by £0.005m whereby two vehicles have been sold in the reporting period.

Note 9 to the financial statements provides further information on PPE held by the Authority.

Pensions Liability

The Authority's net liability for future pension payments, as estimated by the pension actuary, Hyman Robertson LLP has increased in the reporting period by £1.016m from the level reported as at 31 March 2014 to £1.641m at 31 March 2015.

The overall deficit on the pension fund of £1.641m represents the difference between the value of the Authority's pension fund assets as at 31 March 2015 and the estimated present value of the future pension payments (i.e. liabilities) to which it was committed at that date. The value of the Authority's pension fund assets has increased by £1.788m from the level reported as at 31 March 2014 to £6.880m as at 31 March 2015. The value of the future pension payments liabilities has increased by £2.804m from the level reported as at 31 March 2014 to £8.521m as at 31 March 2015.

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

In relation to the increases in the pension fund assets and liabilities, the pension actuary has advised that the significant changes that have taken place during the reporting period are that:

- the deficit has increased due to falling real bond yields;
- this has been partially offset by strong asset returns; and
- the projected defined benefit cost for next year has also risen due to falling bond yields.

The application of demographic and financial assumptions and other experience adjustments in relation to the pension liabilities has resulted in the pension liabilities increasing by £1.460m of which £1.461m relates to financial assumptions and (£0.001m) relates to other experience adjustments as detailed in the changes in the assumptions table in note 21. Effectively, the financial assumptions made by the actuary at 31 March 2015 are less favourable than those made at 31 March 2014. Specifically the discount rate used in the actuarial calculations has decreased during the reporting period due to falling real bond yields resulting in a negative impact on the net liability. Pension Scheme benefits are linked to price and salary inflation, therefore within the actuary's calculations, the real discount rate (i.e. net of price inflation) is compared from year to year when assessing the effect of changes in financial assumptions. The discount rate is set by reference to long term yields. The discount rate has changed from 4.3% to 3.3%. A lower real discount rate leads to a higher value being placed on the liabilities; the actuary has estimated that a 0.5% decrease in the real discount rate will have a financial impact of increasing the pension liabilities by approximately £1.331m.

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

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

Note 21 to the financial statements provides further information on pension costs.

Investments

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

At 31 March 2015 the authority held investments including accrued interest of £6.327m of which:

- £2.000m was invested externally with the Nationwide Building Society and held as a short term investment; and

- £4.315m held as a cash equivalent under the management agreement with Brighton & Hove City Council.

The Authority's Annual Investment Strategy (AIS) for 2014/15 was approved by the Authority in March 2014. The AIS gives priority to security and liquidity. Security is achieved by:

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

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

The level of investment has increased in the reporting period by £0.629m. The following table shows the level of investments made as at the Balance Sheet date:

Level of Investments		
	31 March 2014 £'000	31 March 2015 £'000
Cash equivalents	5,698	4,317
Short term investments	0	2,010
Total investments	**5,698**	**6,327**
(Increase)/Decrease year on year	**1,193**	**(629)**

During the reporting period, the Authority has placed new short term investments of £21.073m of which £17.073m relates to cash equivalents and has realised cash from the maturity of short term investments of £20.453m of which £18.453m related to cash equivalents. Note 11 to the financial statements provide further information on investments.

Further Information

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

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

Nigel Manvell CPFA
Chief Finance Officer

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

(i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Chief Finance Officer;

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

(iii) approve the Statement of Accounts.

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

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

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

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

(iii) complied with the local authority Code.

The Chief Finance Officer has also:

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

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2015 and its income and expenditure for the reporting period ended 31 March 2015.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
23 September 2015

[1] Chartered Institute of Public Finance and Accountancy

Certification by Chair

I confirm that this Statement of Accounts was approved by the Governance Committee at a meeting held on 23 September 2015.

Signed on behalf of the South Downs National Park Authority

Norman Dingemans
Chair
Governance Committee

Date 23 September 2015

South Downs
National Park Authority

Core Financial Statements 2014/15

Movement in Reserves Statement (MiRS)

	Balance as at 1 April 2014	(Surplus) / Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	Net (Increase) / Decrease before Transfers to Earmarked Reserves	Transfers between Earmarked Reserves and Other Reserves	(Increase) / Decrease in Year	Balance as at 31 March 2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
USABLE RESERVES									
General fund balance	**(821)**	3,067	0	**3,067**	(2,629)	**438**	(248)	**190**	**(631)**
Earmarked general fund reserves	**(3,465)**	0	0	**0**	0	**0**	570	**570**	**(2,895)**
Capital receipts reserve	**(24)**	0	0	**0**	7	**7**	0	**7**	**(17)**
Capital grants unapplied	**0**	0	0	**0**	0	**0**	0	**0**	**0**
Total Usable Reserves	**(4,310)**	**3,067**	**0**	**3,067**	**(2,622)**	**445**	**322**	**767**	**(3,543)**
UNUSABLE RESERVES									
Unusable reserves held for revenue purposes									
Pensions reserve	**625**	0	862	**862**	154	**1,016**	0	**1,016**	**1,641**
Accumulated absences account	**53**	0	0	**0**	0	**0**	0	**0**	**53**
Total Unusable Reserves Held for Revenue Purposes	**678**	**0**	**862**	**862**	**154**	**1,016**	**0**	**1,016**	**1,694**
Unusable reserves held for capital purposes									
Capital adjustment account	**(3,881)**	0	0	**0**	2,468	**2,468**	(322)	**2,146**	**(1,735)**
Total Unusable Reserves Held for Capital Purposes	**(3,881)**	**0**	**0**	**0**	**2,468**	**2,468**	**(322)**	**2,146**	**(1,735)**
Total Unusable Reserves	**(3,203)**	**0**	**862**	**862**	**2,622**	**3,484**	**(322)**	**3,162**	**(41)**
Total Reserves	**(7,513)**	**3,067**	**862**	**3,929**	**0**	**3,929**	**0**	**3,929**	**(3,584)**

	Balance as at 1 April 2013	(Surplus) / Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	Net (Increase) / Decrease before Transfers to Earmarked Reserves	Transfers between Earmarked Reserves and Other Reserves	(Increase) / Decrease in Year	Balance as at 31 March 2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
USABLE RESERVES									
General fund balance	**(669)**	(462)	0	**(462)**	(183)	**(645)**	493	**(152)**	**(821)**
Earmarked general fund reserves	**(5,528)**	0	0	**0**	0	**0**	2,063	**2,063**	**(3,465)**
Capital receipts reserve	**0**	0	0	**0**	(24)	**(24)**	0	**(24)**	**(24)**
Capital grants unapplied	**(193)**	0	0	**0**	193	**193**	0	**193**	**0**
Total Usable Reserves	**(6,390)**	**(462)**	**0**	**(462)**	**(14)**	**(476)**	**2,556**	**2,080**	**(4,310)**
UNUSABLE RESERVES									
Unusable Reserves Held for Revenue Purposes									
Pensions reserve	**478**	0	1	**1**	146	**147**	0	**147**	**625**
Accumulated absences account	**57**	0	0	**0**	(4)	**(4)**	0	**(4)**	**53**
Total Unusable Reserves Held for Revenue Purposes	**535**	**0**	**1**	**1**	**142**	**143**	**0**	**143**	**678**
Unusable Reserves Held for Capital Purposes									
Capital adjustment account	**(1,197)**	0	0	**0**	(128)	**(128)**	(2,556)	**(2,684)**	**(3,881)**
Total Unusable Reserves Held for Capital Purposes	**(1,197)**	**0**	**0**	**0**	**(128)**	**(128)**	**(2,556)**	**(2,684)**	**(3,881)**
Total Unusable Reserves	**(662)**	**0**	**1**	**1**	**14**	**15**	**(2,556)**	**(2,541)**	**(3,203)**
Total Reserves	**(7,052)**	**(462)**	**1**	**(461)**	**0**	**(461)**	**0**	**(461)**	**(7,513)**

Notes 6 and 7 provide more detail on the usable and unusable reserves.

Balance Sheet

As at 31 March 2014 £'000	Note		As at 31 March 2015 £'000
3,881	**9**	Property, plant and equipment	1,735
3,881		**Long Term Assets**	**1,735**
0	**11**	Short term investments	2,010
13	**23**	Inventories	15
1,133	**11,12**	Short term debtors	696
5,698	**11**	Cash and cash equivalents	4,433
6,844		**Current Assets**	**7,154**
(187)	**11**	Bank overdraft	0
(2,347)	**11,13**	Short term creditors	(3,611)
(53)	**14**	Provisions	(53)
(2,587)		**Current Liabilities**	**(3,664)**
(625)	**21**	Other long term liabilities	(1,641)
(625)		**Long Term Liabilities**	**(1,641)**
7,513		**Net Assets**	**3,584**
(4,310)	**6**	Usable reserves	(3,543)
(3,203)	**7**	Unusable reserves	(41)
(7,513)		**Total Reserves**	**(3,584)**

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 3 June 2015.

Nigel Manvell CPFA

Chief Finance Officer (Section 151 Officer)

23 September 2015

Comprehensive Income and Expenditure Statement (CIES)

Year ended 31 March 2014			Note		Year ended 31 March 2015		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
531	(275)	256		Conservation of Cultural Heritage	479	(312)	167
268	(55)	213		Conservation of the Natural Environment	764	(127)	637
1,075	(602)	473		Recreation Management and Transport	1,111	(614)	497
1,064	(4)	1,060		Promoting Understanding	872	(19)	853
1,708	(27)	1,681		Ranger, Estates and Volunteers	2,240	(5)	2,235
4,806	(1,427)	3,379		Development Control	4,517	(1,312)	3,205
2,591	(139)	2,452		Forward Planning and Communities	2,425	(85)	2,340
652	0	652		Corporate and Democratic Core	719	0	719
11	0	11		Non Distributed Costs	0	0	0
0	0	0		Exceptional Item - Revaluation loss on South Downs Centre	2,415	0	2,415
12,706	**(2,529)**	**10,177**		**Cost of Services**	**15,542**	**(2,474)**	**13,068**
		Other operating expenditure					
		(9)		(Gain) / loss on the disposal of non current assets			(12)
		(9)		**Total Other Operating Expenditure**			**(12)**
		Financing and investment income and expenditure					
		24		Net interest on the net defined benefit pension liability			30
		(65)		Interest receivable			(51)
		(41)		**Total Financing and Investment Income and Expenditure**			**(21)**
		Non specific grant income					
		(10,589)		National Park Grant			(9,968)
		(10,589)		**Total Non Specific Grant Income**			**(9,968)**
		(462)		**(Surplus) / Deficit on the Provision of Services**			**3,067**
		Items that will not be reclassified to the (surplus) / deficit on the provision of services					
		1	**21**	Remeasurement of the net defined benefit pension liability			862
		1		**Other Comprehensive Income and Expenditure**			**862**
		(461)		**Total Comprehensive Income and Expenditure**			**3,929**

Note: the comparative figures in the CIES above have been restated to correct the treatment of fee expenses in relation to the management of investments.

Operating Segments Note

Decisions about resource allocation are taken by the Authority on the basis of budget reports analysed across operating segments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

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

Reportable operating segments for 2014/15 are based on the Authority's internal management reporting. The operating segments are:

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

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

The analysis of income and expenditure on the face of the CIES is specified by *SeRCOP* as prescribed by the Code however the authority reports income and expenditure internally by its operating segments. The following tables show the income and expenditure of the authority's operating segments together with a reconciliation to the amounts included in the CIES:

Segment Reporting						
Year ended 31 March 2014				Year ended 31 March 2015		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
204	0	**204**	Chief Executive's Services	154	0	**154**
3,176	(877)	**2,299**	Strategy & Partnership	1,489	(18)	**1,471**
5,286	(1,475)	**3,811**	Planning	5,392	(1,387)	**4,005**
1,549	(151)	**1,398**	Operations	1,434	(153)	**1,281**
2,489	(91)	**2,398**	Corporate Services	3,333	(64)	**3,269**
0	0	**0**	Major Projects	1,278	(903)	**375**
0	0	**0**	Purpose and Duty Fund	47	0	**47**
12,704	**(2,594)**	**10,110**	**Total (exc National Park Grant)**	**13,127**	**(2,525)**	**10,602**
0	(10,589)	**(10,589)**	National Park Grant	0	(9,968)	**(9,968)**
12,704	**(13,183)**	**(479)**	**Operating Segment Analysis Total**	**13,127**	**(12,493)**	**634**
Amounts not included in the operating segment analysis but included in the CIES cost of services						
4,265	(4,265)	**0**	Support service and management and administration recharges	4,107	(4,107)	**0**
0	0	**0**	Non current asset charges (revaluation)	2,415	0	**2,415**
2	0	**2**	Employee adjustments (accumulated absences)	0	0	**0**
Amounts included in the operating segment analysis but not included in the CIES cost of services						
0	65	**65**	Interest receivable	0	51	**51**
0	10,589	**10,589**	Unringfenced government grants	0	9,968	**9,968**
Allocation of recharges						
(4,265)	4,265	**0**	Support service and management and administration recharges	(4,107)	4,107	**0**
12,706	**(2,529)**	**10,177**	**Cost of Services**	**15,542**	**(2,474)**	**13,068**

Reconciliation of Operating Segment Income and Expenditure to the Surplus / Deficit on the Provision of Services in the CIES							
	Operating Segment Analysis	Amounts included in the operating segment analysis but not included in the CIES Cost of Services	Amounts not included in the operating segment analysis but included in the CIES Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
2014/15	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee expenses	5,334	0	0	0	**5,334**	30	**5,364**
Other service expenses	7,721	0	0	0	**7,721**	0	**7,721**
Support service and management and administration recharges	0	0	4,107	(4,107)	**0**	0	**0**
Non current asset charges (depreciation and revaluation)	72	0	2,415	0	**2,487**	0	**2,487**
Write out of disposed non current assets	0	0	0	0	**0**	5	**5**
Total Expenditure	**13,127**	**0**	**6,522**	**(4,107)**	**15,542**	**35**	**15,577**
Fees, charges and other service income	(1,848)	0	0	0	**(1,848)**	0	**(1,848)**
Support service and management and administration recharges	0	0	(4,107)	4,107	**0**	0	**0**
Income from non current asset disposals	0	0	0	0	**0**	(17)	**(17)**
Interest receivable	(51)	51	0	0	**0**	(51)	**(51)**
Government grants	(10,594)	9,968	0	0	**(626)**	(9,968)	**(10,594)**
Total Income	**(12,493)**	**10,019**	**(4,107)**	**4,107**	**(2,474)**	**(10,036)**	**(12,510)**
Surplus / Deficit on the Provision of Services	**634**	**10,019**	**2,415**	**0**	**13,068**	**(10,001)**	**3,067**

Reconciliation of Operating Segment Income and Expenditure to the Surplus / Deficit on the Provision of Services in the CIES							
2013/14 Comparative Figures	Operating Segment Analysis	Amounts included in the operating segment analysis but not included in the CIES Cost of Services	Amounts not included in the operating segment analysis but included in the CIES Cost of Services	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employee expenses	4,889	0	2	0	**4,891**	24	**4,915**
Other service expenses	7,765	0	0	0	**7,765**	0	**7,765**
Support service and management and administration recharges	0	0	4,265	(4,265)	**0**	0	**0**
Non current asset charges (depreciation)	50	0	0	0	**50**	0	**50**
Write out of disposed non current assets	0	0	0	0	**0**	15	**15**
Total Expenditure	**12,704**	**0**	**4,267**	**(4,265)**	**12,706**	**39**	**12,745**
Fees, charges and other service income	(2,074)	0	0	0	**(2,074)**	0	**(2,074)**
Support service and management and administration recharges	0	0	(4,265)	4,265	**0**	0	**0**
Income from non current asset disposals	0	0	0	0	**0**	(24)	**(24)**
Interest receivable	(63)	65	0	0	**2**	(65)	**(63)**
Government grants	(11,046)	10,589	0	0	**(457)**	(10,589)	**(11,046)**
Total Income	**(13,183)**	**10,654**	**(4,265)**	**4,265**	**(2,529)**	**(10,678)**	**(13,207)**
Surplus / Deficit on the Provision of Services	**(479)**	**10,654**	**2**	**0**	**10,177**	**(10,639)**	**(462)**

Cash Flow Statement

2013/14 £'000		2014/15 £'000
462	**Net surplus / (deficit) on the provision of services**	**(3,067)**
50	Depreciation of PPE	72
0	Revaluation loss on PPE	2,415
99	Increase / (decrease) in creditors	1,429
70	(Increase) / decrease in debtors	437
5	(Increase) / decrease in inventories	(2)
146	Pension liability	154
15	Carrying amount of PPE disposals	5
(4)	Contributions to / (from) provisions	0
0	Adjustment for effective interest rates	(10)
381	**Adjustments to the Surplus / Deficit on the Provision of Services for Non Cash Movements**	**4,500**
(24)	Proceeds from the disposal of PPE	(17)
(24)	**Adjustments for items included in the Surplus / Deficit on the Provision of Services that are Investing Activities**	**(17)**
819	**Net Cash Flows from Operating Activities**	**1,416**
(2,749)	Property, plant and equipment purchased	(346)
248	Increase/(decrease) in capital creditors	(165)
24	Proceeds from the disposal of PPE	17
0	Purchase of short term investments	(4,000)
0	Proceeds from short term investments	2,000
(2,477)	**Net Cash Flows from Investing Activities**	**(2,494)**
(1,658)	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(1,078)**
7,169	**Cash and Cash Equivalents as at 1 April**	**5,511**
5,511	**Cash and Cash Equivalents as at 31 March**	**4,433**

Net Cash Flows from Operating Activities relating to Interest		
	2013/14 £'000	2014/15 £'000
Interest receivable	65	51
Adjustments for differences between effective interest rates and actual interest receivable	0	10
Interest Received	**65**	**61**

Cash and Cash Equivalents

The authority defines cash equivalents as cash flow investments of cash surpluses lent to cover cash shortages and which are no longer than three months. The following table shows an analysis of the components of cash and cash equivalents:

Cash and Cash Equivalents		
	31 March 2014 £'000	31 March 2015 £'000
Bank current accounts	(187)	116
Short term deposits	5,698	4,317
Total Cash and Cash Equivalents	**5,511**	**4,433**

Notes to the Core Financial Statements

1 Accounting Policies

The Authority has included its accounting polices in a separate section of the financial statements which can be found on pages 48 to 63.

There have been changes made to accounting policies in respect of new accounting transactions in the reporting period for short term investments and the revaluation of PPE.

2 Accounting Standards that have been Issued but not yet Adopted

The 2015/16 code has adopted the following standards will need to be fully adopted by the authority in 2015/16:

- IFRS13 *Fair Value Measurement* – this standard introduces a change to the definition of fair value and introduces changes to the valuation approach for some assets. Following the introduction of this standard the Authority will be required, from 1 April 2015, to measure its assets and liabilities and provide disclosures in accordance with IFRS13 *Fair Value Measurement*. This change only impacts on surplus PPE assets; therefore as the Authority does not hold any assets under this classification there will be no impact on the Authority's financial statements. There are no adaptations of IFRS13 for the public sector however the code adapts IAS16 *Property Plant and Equipment* (PPE) to require PPE assets that are operational and therefore provides service potential to continue to be measured for their service potential and valued at existing use and not fair value.
- Annual improvements to IFRS's in the 2011-2013 cycle - The annual improvements process deals efficiently with a collection of narrow scope amendments to IFRSs even though the amendments are unrelated. The issues included in this cycle will not have a material effect on the Authority's financial statements.

3 Critical Judgements and Assumptions Made

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

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

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

- **Retirement Benefit Obligations** – the Authority recognises and discloses its retirement benefit obligation in accordance with the measurement and presentational requirements of IAS 19 *Employee Benefits*. The estimation of the net pension asset / liability depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions it should consider applying. Changes in these assumptions can have a significant effect on the value of the Authority's retirement benefit obligation. The key assumptions made are set out in note 21;
- **Provisions** – the Authority is required to exercise judgement in assessing whether a potential liability should be accounted for as a provision or contingent liability. In calculating the level of provisions the Authority also exercises judgement; they are measured at the Authority's best estimate of the costs required to settle or discharge the obligation at the Balance Sheet date. The level of the Authority's provisions are set out in note 14;
- **Property, Plant and Equipment (PPE)** – assets are depreciated over useful lives that are dependent on assumptions such as the level of repairs and maintenance that will be incurred in relation to individual types of asset, the expected length of service potential of the asset and the likelihood of the Authority's usage of the asset. The useful lives are set out in note 9;
- **Future Levels of Government Funding and Levels of Reserves** – the future levels of funding for national park authorities has a high degree of uncertainty. The Authority has set aside amounts in its working balance and reserves which it considers are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions and other earmarked reserves;
- **Classification of Leases** – the Authority has entered into lease arrangements in respect of property and vehicles. The Authority has exercised judgement in the classification of leases (i.e. operating or finance lease) using such factors as the length of the lease and rent levels. Details of the Authority's leases are set out in note 16.

4 Exceptional Items of Income and Expense

The Authority has included an exceptional item of £2.415m on the face of its CIES relating to a revaluation loss on the South Downs Centre, the new home for the Authority which incorporates a community hub, an exhibition about the Park and a green conference centre.

5 Events after the Reporting Period

These financial statements were authorised for issue by the Chief Finance Officer on 23 September 2015. Events taking place after this date are not reflected in the financial statements or notes.

There are no events after the reporting period which need to be disclosed.

6 Usable Reserves

General Fund Balance

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

General Fund Balance		
	2013/14	2014/15
	£'000	£'000
Balance as at 1 April	**(669)**	**(821)**
(Surplus) / deficit on the provision of services	(462)	3,067
Total Comprehensive Income and Expenditure	**(462)**	**3,067**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of PPE	(50)	(72)
Revaluation losses on PPE	0	(2,415)
PPE assets written off on disposal as part of the gain / loss on disposal to the CIES	(15)	(5)
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	24	17
Reversal of items relating to retirement benefits debited / credited to the CIES	(769)	(858)
Employer's pension contributions payable in the reporting period	623	704
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the reporting period in accordance with statutory requirements	4	0
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**(183)**	**(2,629)**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(645)**	**438**
Transfers to / (from) earmarked reserves	493	(248)
(Increase) / Decrease in Year	**(152)**	**190**
Balance as at 31 March	**(821)**	**(631)**

Capital Receipts Reserve

The capital receipts reserve holds the proceeds from the disposal of land and other assets, which are restricted by statute from being used other than to fund new capital investment or to be set aside to finance historical capital investment. The balance on the reserve shows the resources that have yet to be applied for these purposes at the end of the reporting period. The following table shows the balances on the capital receipts reserve at the beginning and end of the reporting period and the detailed movements in the reporting period:

Capital Receipts Reserve		
	2013/14	2014/15
	£'000	£'000
Balance as at 1 April	**0**	**(24)**
Adjustments between accounting basis and funding basis under regulations		
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	(24)	(17)
Use of the capital receipts reserve to finance new capital investment	0	24
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**(24)**	**7**
Transfers to / (from) earmarked reserves	0	0
Balance as at 31 March	**(24)**	**(17)**

Capital Grants Unapplied Account

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The reserve also holds grants and contributions received towards capital projects for which there are not conditions for repayment attached where expenditure has yet to be incurred. The balance is restricted by grant terms as to the capital investment against which it can be applied and / or the reporting period in which this can take place. The following table shows the balances on the capital grants unapplied account at the beginning and end of the reporting period and the detailed movements in the reporting period:

Capital Grants Unapplied		
	2013/14	2014/15
	£'000	£'000
Balance as at 1 April	**(193)**	**0**
Adjustments between accounting basis and funding basis under regulations		
Application of grants to capital financing transferred to the capital adjustment account	193	0
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**193**	**0**
Transfers to / (from) earmarked reserves	0	0
Balance as at 31 March	**0**	**0**

7 Unusable Reserves

Capital Adjustment Account (CAA)

The 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. The CAA is debited with the cost of acquisition, construction or enhancement as depreciation, revaluation losses and impairment losses are charged to the CIES. The account is credited with the amounts set aside by the Authority as finance for costs of acquisition, construction and enhancement.The table below shows the balances on the CAA at the beginning and end of the reporting period and the detailed movements in the reporting period:

Capital Adjustment Account		
	2013/14 £'000	2014/15 £'000
Balance as at 1 April	**(1,197)**	**(3,881)**
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to capital investment debited / credited to the CIES		
Charges for depreciation of PPE	50	72
Revaluation losses on PPE	0	2,415
Amounts of PPE written off on disposal as part of the gain / loss on disposal to the CIES	15	5
Net Written Out Amount of the cost of PPE Consumed in the Reporting Period	**65**	**2,492**
Capital financing applied in the reporting period		
Use of capital receipts reserve to finance new capital investment	0	(24)
Use of earmarked reserves to finance new capital investment	(2,556)	(322)
Application of grants to capital financing from the capital grants unapplied account	(193)	0
Total Capital Financing Applied in the Reporting Period	**(2,749)**	**(346)**
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**(2,684)**	**2,146**
Balance as at 31 March	**(3,881)**	**(1,735)**

Pensions Reserve

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

Pensions Reserve		
	2013/14 £'000	2014/15 £'000
Balance as at 1 April	**478**	**625**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	1	862
Total Other Comprehensive Income and Expenditure	**1**	**862**
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to retirement benefits debited /credited to the surplus / deficit on the provision of services in the CIES	769	858
Employer's pensions contributions payable in the reporting period	(623)	(704)
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**146**	**154**
Balance as at 31 March	**625**	**1,641**

The reserve normally is at the same level as the pensions liability carried on the top half of the Balance Sheet. Note 21 provides further information.

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the reporting period (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the accumulated absences account. The table below shows the balances on the accumulated absences account at the beginning and end of the reporting period and the detailed movements in the reporting period:

Accumulated Absences Account	2013/14 £'000	2014/15 £'000
Balance as at 1 April	**57**	**53**
Adjustments between accounting basis and funding basis under regulations		
Settlement / cancellation of accrual made at the end of the preceding reporting period	(57)	(53)
Amounts accrued at the end of the current reporting period	53	53
Total Adjustments between Accounting Basis and Funding Basis under Regulations	**(4)**	**0**
Balance as at 31 March	**53**	**53**

8 Earmarked Reserves

The following table shows an analysis of the amounts included in transfers to / from earmarked reserves within the MiRS. It sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15:

Transfers to / from Earmarked Reserves	Balance at 1 April 2013 £'000	Transfers To 2013/14 £'000	Transfers From 2013/14 £'000	Balance at 31 March 2014 £'000	Transfers To 2014/15 £'000	Transfers From 2014/15 £'000	Balance at 31 March 2015 £'000
Revenue reserves							
Sustainable communities fund	**(291)**	(374)	290	**(375)**	(315)	374	**(316)**
Carry forwards reserve	**(943)**	(290)	469	**(764)**	(598)	765	**(597)**
Planning reserve	**(580)**	0	0	**(580)**	0	0	**(580)**
Major projects reserve	**(436)**	(77)	0	**(513)**	(383)	642	**(254)**
South Downs Way reserve	**(20)**	0	0	**(20)**	0	0	**(20)**
Volunteer ranger service reserve	**(31)**	0	0	**(31)**	0	0	**(31)**
Repairs and renewals - vehicles reserve	**(123)**	(72)	66	**(129)**	(60)	51	**(138)**
S106 receipts reserve	**(164)**	(374)	0	**(538)**	(68)	13	**(593)**
Capital reserves							
South Downs Centre	**(2,641)**	(47)	2,417	**(271)**	0	271	**0**
Vehicles, plant, furniture and equipment	**(102)**	(18)	120	**0**	0	0	**0**
Office maintenance and refurbishment	**(197)**	(47)	0	**(244)**	(122)	0	**(366)**
Total Earmarked Reserves	**(5,528)**	**(1,299)**	**3,362**	**(3,465)**	**(1,546)**	**2,116**	**(2,895)**

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

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

The planning reserve is a long term 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 major projects reserve provides funding for specific projects.

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

The repairs and renewals vehicle reserve is used to replace existing vehicles as they come to the end of their useful live.

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

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

9 Property, Plant and Equipment (PPE)

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

2014/15	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Assets Under Construction £'000	Total £'000
Balance at 1 April 2014				
Gross carrying amount	0	358	3,620	**3,978**
Accumulated depreciation	0	(97)	0	**(97)**
Net Carrying Amount at 1 April 2014	**0**	**261**	**3,620**	**3,881**
Capital additions				
Additions	0	51	295	**346**
Asset disposals				
Derecognition - disposals	0	(24)	0	**(24)**
Derecognition - disposals (depreciation)	0	19	0	**19**
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Depreciation charge	0	(72)	0	**(72)**
Revaluation losses	(2,415)	0	0	**(2,415)**
Other transactions				
Assets reclassified	3,915	0	(3,915)	**0**
Net Carrying Amount at 31 March 2015	**1,500**	**235**	**0**	**1,735**
Comprising				
Gross carrying amount	1,500	385	0	**1,885**
Accumulated depreciation	0	(150)	0	**(150)**
Net Carrying Amount at 31 March 2015	**1,500**	**235**	**0**	**1,735**

2013/14 Comparative Figures	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Assets Under Construction £'000	Total £'000
Balance at 1 April 2013				
Gross carrying amount	0	221	1,057	**1,278**
Accumulated depreciation	0	(81)	0	**(81)**
Net Carrying Amount at 1 April 2013	**0**	**140**	**1,057**	**1,197**
Capital additions				
Additions	0	186	2,563	**2,749**
Asset disposals				
Derecognition - disposals	0	(33)	0	**(33)**
Derecognition - disposals (depreciation)	0	18	0	**18**
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Depreciation charge	0	(44)	0	**(44)**
Impairment losses	0	(6)	0	**(6)**
Net Carrying Amount at 31 March 2014	**0**	**261**	**3,620**	**3,881**
Comprising				
Gross carrying amount	0	358	3,620	**3,978**
Accumulated depreciation	0	(97)	0	**(97)**
Net Carrying Amount at 31 March 2014	**0**	**261**	**3,620**	**3,881**

Valuations

The valuations of other land and buildings are based upon valuation reports issued by the Authority's valuers. The valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The Authority requires that all valuers are RICS qualified.

During the reporting period, the South Downs Centre became operational with effect from 7 May 2014 and was transferred from assets under construction to other land and buildings. On becoming operational, the South Downs Centre was revalued to £1.500m which led to a revaluation loss of £2.415m; the valuation was carried out by Savills UK Ltd.

Useful Lives

Assets of the same type generally have the same life. Operational buildings are typically valued with a life of 50 years or as advised by the authority's valuers if different. Asset lives for vehicles, plant, furniture and equipment are set at five years.

Contractual Commitments

The Authority had not entered into any capital contracts as at the Balance Sheet date.

10 Capital Investment and Capital Financing

The Authority incurred £0.346m of capital investment in 2014/15 which was fully financed in the reporting period. The table below shows the total amount of capital investment together with the resources that have been used to finance the assets.

Capital Investment and Capital Financing		
	2013/14 £'000	2014/15 £'000
Capital Investment	2,749	346
Total Capital Investment	**2,749**	**346**
Sources of finance		
Capital grants and contributions	(193)	0
Reserves	(2,556)	(322)
Capital receipts	0	(24)
Total Capital Financing	**(2,749)**	**(346)**

11 Financial Assets and Liabilities – Financial Instruments

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

Categories of Financial Instruments

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

Categories of Financial Instruments		
	Current	
	31 March 2014 £'000	31 March 2015 £'000
Investments		
Loans and receivables	5,698	6,443
Total Investments	**5,698**	**6,443**
Debtors		
Financial assets carried at contract amounts	629	495
Total Debtors	**629**	**495**
Bank Overdraft		
Financial liabilities at carrying amount	(187)	0
Total Bank Overdraft	**(187)**	**0**
Creditors		
Financial liabilities carried at contract amounts	(2,187)	(3,378)
Total Creditors	**(2,187)**	**(3,378)**

Notes

1. *The Authority has made a prior period adjustment to this disclosure note in respect of removing the non contractual amounts which had been incorrectly disclosed for financial assets and financial liabilities carried at contract amounts. The impact of this prior period adjustment is that the financial assets carried at contract amounts has reduced by £0.504m from £1.133m to £0.629m and the financial liabilities carried at contract amounts has reduced by £0.160m from £2.347m to £2.187m. This adjustment has no impact on the reported assets, liabilities or net worth of the Authority..*
2. *The 2013/14 comparative figure for creditors includes £0.071m of non contractual liabilities in respect of pension contributions payable which are not classed as financial liabilities.*

The above table includes the following investments:

- an investment with the Nationwide Building Society of £2.000m held as a short term investment (£0.000m 2013/14)
- an investment with Brighton & Hove City Council of £4.315m held as a cash equivalent (£3.667m 2013/14)

The Authority's bank account was in credit by £0.116m as at 31 March 2015 (£0.187m overdrawn as at 31 March 2014).

The Authority does not have any long term financial instruments.

Income, Expense, Gains and Losses

The gains and losses in respect of financial instruments that are recognised in the CIES are detailed in the following table:

Gains and Losses in Respect of Financial Assets		
	Loans and Receivables 2013/14 £'000	Loans and Receivables 2014/15 £'000
Fee expense	5	5
Total expense in the Surplus / Deficit on the Provision of Services	**5**	**5**
Interest income	(65)	(51)
Total income in the Surplus / Deficit on the Provision of Services	**(65)**	**(51)**
Net (Gain) / Loss for the reporting period	**(60)**	**(46)**

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

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

Financial assets represented by loans and receivables and debtors are carried on the Balance Sheet at amortised cost. Financial liabilities represented by creditors are also carried on the Balance Sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the 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;
- the fair value of debtors is taken to be the billed amount.

The fair values calculated are as follows:

Financial Liabilities

Financial Liabilities				
	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Bank overdraft	(187)	(187)	0	0
Total Borrowing	**(187)**	**(187)**	**0**	**0**
Creditors	(2,187)	(2,187)	(3,378)	(3,378)
Total Financial Liabilities	**(2,374)**	**(2,374)**	**(3,378)**	**(3,378)**

Notes:

1. *The Authority has made a prior period adjustment to this disclosure note in respect of removing the non contractual amounts which had been incorrectly disclosed for the financial liabilities classified as creditors. The impact of this prior period adjustment is that the financial liabilities classified as creditors has reduced by £0.160m from £2.347m to £2.187m. This adjustment has no impact on the reported assets, liabilities or net worth of the Authority.*
2. *The 2013/14 comparative figure for creditors includes £0.071m of non contractual liabilities in respect of pension contributions payable which are not classed as financial liabilities.*

All financial liabilities are short term at 31March 2015; therefore the fair value of liabilities is equal to the carrying amount.

Financial Assets

Financial Assets				
	31 March 2014		31 March 2015	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Loans and receivables	5,698	5,698	6,327	6,327
Cash at bank	0	0	116	116
Debtors	629	629	495	495
Total Financial Assets	**6,327**	**6,327**	**6,938**	**6,938**

Note: The Authority has made a prior period adjustment to this disclosure note in respect of removing the non contractual amounts which had been incorrectly disclosed for financial assets classified as debtors. The impact of this prior period adjustment is that the financial assets classified as debtors has reduced by £0.504m from £1.133m to £0.629m. This adjustment has no impact on the reported assets, liabilities or net worth of the Authority.

All financial assets are short term at 31March 2015; therefore the fair value of investments is equal to the carrying amount.

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

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- liquidity risk – the possibility that the Authority might not have funds available to meet it's commitments to make payments;
- refinancing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

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

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

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

These items are reported within the annual Treasury Management Strategy (TMS), which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. The strategy was approved by the Authority on 25 March 2014 and can be found on the Authority's website. Actual performance is also reported annually to members.

The key issues within the strategy were:

- the Authority would not raise borrowing during the reporting period and therefore no borrowing limits or prudential indicators in relation to borrowing were set for 2014/15;
- investment would only be made in institutions with good credit quality.

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

Credit Risk

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

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

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

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

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

Potential Exposure to Credit Risk				
	Amount at 31 March 2015 £'000	Historical Experience of Default %	Adjustment for Market Conditions at 31 March 2015 %	Estimated Maximum Exposure to Default £'000
	(a)	(b)	(c)	(a * c)
Deposits with banks and financial institutions				
AAA rated counterparties	0	0.00%	0.00%	0
AA rated counterparties	4,315	0.02%	0.02%	1
A rated counterparties	2,000	0.09%	0.09%	2
BBB rated counterparties	0	0.20%	0.20%	0
Debtors	495	0.00%	0.00%	0
Total	**6,810**			**3**

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

The Authority maintains strict credit criteria for investment counterparties.

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

The Authority does not generally allow credit for its customers; however, an element of the outstanding debtors at the Balance Sheet date are past their due date for payment. The following table shows the level of debtors past their due date for payment analysed by age:

Debtors past their due date for Payment		
	31 March 2014 £'000	31 March 2015 £'000
Less than 3 months	10	8
Between 3 and 6 months	0	1
Total	**10**	**9**

Liquidity Risk

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

The Authority manages its liquidity position through the risk management procedures 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.

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

The maturity analysis of the financial assets (excluding debtors) invested in the reporting period of £6.315m (£5.695m in 2013/14) is 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 market and forecast interest rates within the reporting period to adjust exposures appropriately.

At 31 March 2015, the Authority had no investments subject to variable interest rates. A 1% rise in interest rates would therefore have no impact on the interest income credited to the surplus / deficit on the provision of services. There would be no impact of a 1% rise in interest rates on fair value as investments are all for less than one year.

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

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 loss arising from movements in exchange rates.

12 Debtors

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

Short Term Debtors		
	31 March 2014 £'000	31 March 2015 £'000
Central government bodies	676	407
Other local authorities	343	218
Public corporations and trading funds	2	0
Other entities and individuals	112	71
Total Short Term Debtors	**1,133**	**696**

13 Creditors

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

Short Term Creditors		
	31 March 2014 £'000	31 March 2015 £'000
Central government bodies	(106)	(87)
Other local authorities	(1,419)	(2,702)
Public corporations and trading funds	(2)	0
Other entities and individuals	(820)	(822)
Total Short Term Creditors	**(2,347)**	**(3,611)**

14 Provisions

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

Provisions					
		2014/15			
	Balance at 1 April 2014 £'000	Additional Provisions Made £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Balance at 31 March 2015 £'000
Short term provisions					
Accumulated absences	**(53)**	(53)	53	0	**(53)**
Total	**(53)**	**(53)**	**53**	**0**	**(53)**

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

15 Grant Income and Contributions

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

Government Revenue Grants

Grants received from central government can be either ring fenced for a specific purpose or non ring fenced. The table below shows the government grants received by the Authority and credited to the CIES:

Government Revenue Grants		
	2013/14 £'000	2014/15 £'000
Non ring fenced government grants credited to non specific grant income		
Department for Environment, Food and Rural Affairs	(10,589)	(9,968)
Total	**(10,589)**	**(9,968)**
Ring fenced government grants credited to cost of services		
Natural England	(225)	(222)
Department for Environment, Food and Rural Affairs	0	(6)
Department for Communities and Local Government	(55)	(30)
Department for Transport	(38)	(178)
Environment Agency	(28)	0
Heritage Lottery Fund	(32)	(182)
Rural Payments Agency	(79)	(8)
Total	**(457)**	**(626)**
Total Government Revenue Grants	**(11,046)**	**(10,594)**

Non Ring Fenced Grants

The non ring fenced government grant received by the Authority from the Department for Environment, Food and Rural Affairs of £9.968m is the Natural England grant which can be used by the Authority to finance revenue expenditure on any service.

Ring Fenced Government Grants

The significant ring fenced grants received by the Authority are:

- Grant from Natural England which is used fund improvements such as conservation and management of the Park;
- Grant from the Department of Transport which is used to fund local sustainability projects such as cycling routes and the promotion of public transport;
- Grant from the Heritage Lottery Fund which is used to fund archaeological and heathland restoration projects within the Park.

Revenue Contributions

The table below shows the revenue contributions received by the Authority:

Revenue Contributions		
	2013/14 £'000	2014/15 £'000
Revenue contributions credited to cost of services		
Contributions from other agencies / external bodies	(177)	(44)
Contributions from other local authorities	(441)	(404)
Other contributions, donations and sponsorship	0	(66)
Contributions from developers and stakeholders	0	(100)
Total Revenue Contributions	**(618)**	**(614)**

16 **Leases**

Authority as Lessee – Operating Leases

The Authority leases office accommodation and vehicles under operating leases with lease periods of between one and five years. The office accommodation relates to the Authority's area offices and will continue to be leased for the foreseeable future.

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

Future Minimum Lease Payments under Operating Leases		
	31 March 2014 £'000	31 March 2015 £'000
Not later than one year	49	40
Later than one year and not later than five years	40	37
Total Future Minimum Lease Payments	**89**	**77**

In 2014/15, the Authority made lease payments of £0.076m (£0.124m 2013/14) in respect of these leases; the lease payments were charged to the relevant cost of service in the CIES.

17 **Related Parties**

The Authority is required to disclose material transactions with related parties. Disclosure of these transactions allows readers of the financial statements to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The following paragraphs detail the Authority's material related party transactions.

Central Government

Central government has significant influence over the general operations of the Authority and provides the statutory framework within which the Authority operates. Central government also provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the grants received from government departments in 2014/15 can be found in note 15. Details of the amounts owed to / from central government are included in notes 12 and 13.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 22. During 2014/15, works and services to the value of £3.893m (£3.756m 2013/14) were commissioned from companies and other local authorities in which members have declared an interest. Contracts were entered into in full compliance with the Authority's standing orders. Details of the entities that members are involved with are recorded in the Register of Members' Interests which is held by the Authority.

Officers

Senior officers of the Authority, such as the chief executive and other chief officers have the authority and responsibility for planning, directing and controlling the activities of the Authority, including the oversight of these activities. During 2014/15, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.441m (£0.480m 2013/14). Senior officers of Brighton & Hove City Council were in a position to influence financial transactions of the Authority. The financial services contract was secured through a formal tender process for the period 1 April 2012 to 31 March 2015 with the option to extend for a further two years. It is independently monitored by the Authority's Business Services Manager.

18 Contingent Liabilities and Contingent Assets

The Authority has a contingent asset in respect of the recovery of legal fees incurred by the Park for a planning appeal which was subsequently withdrawn. The Planning Inspectorate has confirmed that a partial award of costs to the Authority is justified for which a claim has been submitted but not yet agreed.

The Authority has a number of general legal claims in respect of planning appeals which had not been resolved at the Balance Sheet date. The Planning Reserve is held by the Authority to cover any financial risk arising from such issues.

19 Officers' Remuneration

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

In 2014/15 the senior employee posts of the Authority were filled wholly by permanent appointments whilst the other officer posts were filled by a combination of permanent and interim appointments. The interim arrangements are not covered by the Code's disclosure requirements, however in the interests of transparency the total cost of all appointments have been set out in the following tables which show the actual remuneration paid to senior employees and other staff:

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

Senior Employee Remuneration of Permanent Appointments - salary between £50,000 and £149,999 per the reporting period					
2013/14	2014/15				
Total Remuneration including Pension Contributions	Post Holder Information	Salary (including Fees & Allowances)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
£		£	£	£	£
113,930	Chief Executive	96,541	**96,541**	18,884	**115,425**
84,376	Director of Corporate Services	71,271	**71,271**	14,022	**85,293**
99,541	Director of Planning	84,723	**84,723**	16,792	**101,515**
84,674	Director of Strategy & Partnerships	72,277	**72,277**	14,199	**86,476**
75,882	Director of Operations	64,570	**64,570**	12,590	**77,160**
458,403	**Total**	**389,382**	**389,382**	**76,487**	**465,869**

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

For the purposes of this table, senior employees are defined as the Chief Executive and the directors who make up the Senior Management Team of the Authority. Two other members of staff received remuneration between £50,000 and £54,999 in 2014/15.

Other Officer Remuneration

Other Staff				
	2013/14		2014/15	
Nature of Employment	Number of Staff	Actual Cost £'000	Number of Staff	Actual Cost £'000
Employed	121	2,903	140	3,343
Interim staff	21	396	12	285
Total	**142**	**3,299**	**152**	**3,628**

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

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

20 Exit Packages

The Authority terminated the contracts of a number of employees during 2014/15, incurring liabilities, shown in the table below, of £0.045m (£0.048m 2013/14). These liabilities are in respect of termination benefits. These amounts were paid to employees, employed across different services within the Authority and were charged fully to the CIES in the reporting period.

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

Exit Packages								
Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
							£'000	£'000
£0 - £20,000	0	0	1	1	**1**	**1**	1	10
£20,001 - £40,000	0	0	2	1	**2**	**1**	47	35
Total	**0**	**0**	**3**	**2**	**3**	**2**	**48**	**45**

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

21 Defined Benefit Pension Schemes

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

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

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

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

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

Transactions relating to Post Employment Benefits

The Authority recognises post employment benefits in the surplus / deficit on the provision of services in the CIES 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 is based on the cash payable in the reporting period rather than the earned post employment benefits which are therefore reversed out of the General Fund balance to the pensions reserve and reported in the MiRS.

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

Transactions relating to Post Employment Benefits in respect of the Local Government Pension Scheme		
	2013/14 £'000	**2014/15 £'000**
Comprehensive Income and Expenditure Statement		
Cost of Services		
Service Cost Comprising:		
Current service cost	734	828
Past service cost	11	0
Financing and Investment Income and Expenditure		
Net interest expense	24	30
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**769**	**858**
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	(769)	(858)
Actual amount charged against the General Fund balance for pensions in the reporting period		
Employer's contributions payable to the scheme	(623)	(704)
Other Post Employment Benefits charged to the CIES		
Remeasurement of the Net Defined Benefit Liability comprising:		
Return on scheme assets (excluding the amount included in the net interest expense)	(1,518)	(601)
Actuarial (gain) / loss arising on changes in demographic assumptions	363	0
Actuarial (gain) / loss arising on changes in financial assumptions	(338)	1,461
Other experience adjustments	1,490	(1)
Adjustment re remeasurements of the pension scheme	3	3
Total Post Employment Benefits charged to the CIES	**769**	**1,720**
Net Adjustment to the Pension Reserve	**146**	**1,016**

Note: the remeasurements of the scheme in 2014/15 were £0.859m; this is different to the remeasurements recorded in the financial statements of £0.862m due to timing differences upon production of the actuarial report.

Assets and Liabilities in relation to Post Employment Benefits

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

Pension Assets and Liabilities recognised on the Balance Sheet		
	2013/14 £'000	2014/15 £'000
Present value of scheme liabilities	(5,717)	(8,521)
Fair value of scheme assets	5,092	6,880
Net Liability arising from the Defined Benefit Obligation	**(625)**	**(1,641)**

The present value of scheme liabilities shows the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £8.521m has a substantial impact on the net assets of the Authority as recorded on the Balance Sheet, resulting in a negative overall balance of £1.641m. There are statutory arrangements in place for funding the pension deficit. The Authority is only required to fund the defined benefits when the pensions are actually paid. The actuary will assess the need to increase contributions over the remaining working life of employees (i.e. before payments fall due) to make good the deficit on the Fund.

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. Also, the net liability position may change significantly due to relative changes in the equity and bond markets at the reporting date.

Pension Scheme Assets

During 2014/15 there has been a strong return on the scheme assets increasing by £1.788m, which has partly offset the increase in the scheme liabilities.

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

Reconciliation of the Movements in the Fair Value of the Pension Scheme Assets		
	2013/14 £'000	2014/15 £'000
Opening fair value of the scheme assets at 1 April	**2,614**	**5,092**
Interest income	136	239
Remeasurement of the net defined benefit liability		
Return on scheme assets (excluding the amount included in the net interest expense)	1,518	601
Contributions from employer	619	701
Contributions from employees into the scheme	209	252
Benefits paid	(4)	(5)
Closing Fair Value of Scheme Assets at 31 March	**5,092**	**6,880**

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

Proportion of the Fair Value of the Scheme Assets by Category								
	2013/14				2014/15			
	Quoted Prices in Active Markets £'000	Quoted Prices not in Active Markets £'000	Total £'000	% of Total Assets %	Quoted Prices in Active Markets £'000	Quoted Prices not in Active Markets £'000	Total £'000	% of Total Assets %
Equity Securites								
Consumer	857.1	0.0	857.1	17%	1,036.7	0.0	1,036.7	15%
Manufacturing	455.9	0.0	455.9	9%	603.9	0.0	603.9	9%
Energy and utilities	262.5	0.0	262.5	5%	306.2	0.0	306.2	4%
Financial institutions	792.7	0.0	792.7	16%	1,080.5	0.0	1,080.5	16%
Health and care	352.4	0.0	352.4	7%	457.7	0.0	457.7	7%
Information technology	596.1	0.0	596.1	12%	886.5	0.0	886.5	13%
Other	138.2	0.0	138.2	3%	241.3	0.0	241.3	4%
Total Equity Securities	**3,455**	**0**	**3,455**	**69%**	**4,613**	**0**	**4,613**	**68%**
Debt Securities								
UK Government	128.3	0.0	128.3	3%	140.3	0.0	140.3	2%
Total Debt Securities	**128**	**0**	**128**	**3%**	**140**	**0**	**140**	**2%**
Real Estate								
UK property	396.9	0.0	396.9	8%	445.8	0.0	445.8	6%
Overseas property	11.4	0.0	11.4	0%	0.0	3.8	3.8	0%
Total Real Estate	**408**	**0**	**408**	**8%**	**446**	**4**	**450**	**6%**
Investment Funds and Unit Trusts								
Bonds	457.7	0.0	457.7	9%	946.9	0.0	946.9	14%
Other	223.3	0.0	223.3	4%	50.6	0.0	50.6	1%
Total Investment Funds and Unit Trusts	**681**	**0**	**681**	**13%**	**998**	**0**	**998**	**15%**
Private Equity	0.0	310.1	310.1	6%	0.0	374.7	374.7	5%
Cash and cash equivalents	109.4	0.0	109.4	2%	305.1	0.0	305.1	4%
Total Assets	**4,782**	**310**	**5,092**	**101%**	**6,502**	**379**	**6,880**	**100%**

Note: The comparative figures for the percentage of total assets have been taken directly from the actuarial report which contains a rounding error.

Pension Scheme Liabilities

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

Reconciliation of Present Value of the Pension Scheme Liabilities		
	2013/14 £'000	2014/15 £'000
Opening present value of scheme liabilities at 1 April	**(3,092)**	**(5,717)**
Current service cost	(734)	(828)
Interest cost	(160)	(269)
Contributions from scheme participants	(209)	(252)
Remeasurement of the net defined benefit liability		
Actuarial gain / (loss) arising from changes in demographic assumptions	(363)	0
Actuarial gain / (loss) arising from changes in financial assumptions	338	(1,461)
Other experience adjustments	(1,490)	1
Benefits paid	4	5
Past service cost	(11)	0
Closing present value of scheme liabilities at 31 March	**(5,717)**	**(8,521)**

The significant increase in the scheme liabilities is a result of the financial assumptions made by the actuary at 31 March 2015 being less favourable than those made at 31 March 2014. Specifically the discount rate used in the actuarial calculations has decreased during the reporting period due to falling real bond yields resulting in a negative impact on the net liability. The application of assumptions has resulted in a loss of £1.461m relating to financial assumptions and a gain of £0.001m in relation to other experience adjustments. There has been no gain / loss due to changes in demographic assumptions.

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 £'000	**Liability Split %**	**Weighted Average Duration £'000**
Active members	(8,460)	99.3%	29.2
Deferred members	(49)	0.6%	36.6
Pensioner members	(12)	0.1%	0.0
Total	**(8,521)**	**100.0%**	**29.2**

Note: the figures in the above table are for the funded obligations only and do not include any unfunded pensioner liabilities. The weighted average durations are as at the previous formal valuation as at 31 March 2013.

Basis for Estimating Assets and Liabilities

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

Actuarial assumptions are used by the actuary to calculate the valuation of the scheme. Risks and uncertainties are inherently associated with the assumptions that are adopted. The assumptions 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 inherent in what constitutes the "best estimate" with such projections as required by IAS 19. The actuary has interpreted "best estimate" to mean that the proposed assumptions are "neutral" and has advised that there is an equal chance of actual experience being better or worse than the assumptions used. The following table shows the principal assumptions used by the actuary as at the Balance Sheet date:

Basis for Estimating Assets and Liabilities		
	31 March 2014	31 March 2015
Long term expected rate of return on assets in the scheme		
Equity investments	4.3%	3.3%
Bonds	4.3%	3.3%
Property	4.3%	3.3%
Cash	4.3%	3.3%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	24.4 years	24.4 years
Women	25.8 years	25.8 years
Longevity at 65 for future pensioners:		
Men	26.9 years	26.9 years
Women	28.5 years	28.5 years
Financial assumptions		
Rate of inflation	2.9%	2.5%
Rate of increase in salaries	4.2%	3.9%
Rate of increase in pensions	2.9%	2.5%
Rate for discounting scheme liabilities	4.3%	3.3%
Expected total return on assets	4.3%	3.3%
Take up of option to convert annual pension in retirement grant	*	*

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

Sensitivity to Assumptions

The estimation of the defined benefit obligation is sensitive to the methods and assumptions used by the actuary:

- the costs of a pension arrangement require estimates regarding future experience. The financial assumptions used by the actuary are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pensions in payment) can have a significant effect on the value of the liabilities reported. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2015 on varying bases;
- a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude;
- there is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment. To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Authority of a one year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

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

Change in assumptions at 31 March 2015	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in real discount rate	16%	1,331
1 year increase in member life expectancy	3%	256
0.5% increase in the salary increase rate	9%	773
0.5% increase in the pension increase rate	6%	506

The figures in the above table have been derived based on the membership profile of the Authority as at the date of the most recent actuarial valuation. The approach taken by the actuary in preparing the sensitivity analysis in the table above is consistent with that adopted in the previous reporting period.

Asset and Liability Matching (ALM) Strategy

The primary objective of investment policy is the maximisation of the Fund's long-term return, consistent with the degree of risk appropriate for a pension fund, in order to minimise the level of employer contributions to the Fund.

The Fund's customised benchmark (which comprises equities, bonds, private equity and property) was determined by setting an asset allocation appropriate for the Fund's liabilities, based on an asset/liability study carried out by the actuary. The asset/liability study considers the risk tolerance of the authority, i.e. the extent to which it is prepared to take on a higher level of risk in pursuit of higher returns, in determining the customised benchmark. An investment strategy of lowest risk, but not necessarily the most cost effective in the long-term, would be 100% investment in index linked government bonds. However, the Fund maintains significant exposure to equities in pursuit of potentially higher returns in the longer-term than from index-linked bonds, consistent with its relatively immature liabilities and strength of employers' covenants. Asset/liability studies are carried out after the triennial actuarial valuations.

Risk is also constrained by diversification of managers and assets, scrutiny of monitoring of performance, asset allocation and risk and investment restrictions within the Investment Manager Agreements. The fund managers are required to implement appropriate risk management measures and to operate in such a way that the probability of undershooting the performance target is kept within acceptable limits.

Performance for all mandates is calculated by an independent performance measurement company and is reported to the Panel quarterly. An extensive review of Fund performance is conducted each July.

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 next triennial valuation is due to start on 31 March 2016, and complete by 31 March 2017.

The 2016 Actuarial Valuation will take into account changes to the benefit structure following the introduction of LGPS 2014 as well as employer experience since the last valuation, changes to the Actuary's assumptions and changes to asset values.

The contributions paid by the Authority are set by the Fund actuary at each triennial actuarial valuation (the most recent being as at 31 March 2013), or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2017 are set out in the Rate and Adjustments certificate. The actuary has estimated the employer's contributions for the period to 31 March 2016 will be approximately £0.708m.

The following table shows an analysis of the projected amount to be charged to the CIES for the reporting period to 31 March 2016:

Projected Defined Benefit Cost for the Period Ended 31 March 2016			
	Assets £'000	Liabilities £'000	Net Liability £'000
Projected current service cost		(1,039)	(1,039)
Total Service Cost	**0**	**(1,039)**	**(1,039)**
Interest income on scheme assets	240		240
Interest cost on scheme liabilities		(300)	(300)
Total Net Interest Cost	**240**	**(300)**	**(60)**
Total Charge to CIES	**240**	**(1,339)**	**(1,099)**

The weighted average duration (i.e. 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 29.2 years.

22 Members' Allowances and Expenses

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

Members' Allowances and Expenses		
	2013/14 £'000	2014/15 £'000
Allowances	93	93
Expenses	21	18
Total Payments to Members	**114**	**111**

Details of allowances and expenses paid in 2014/15 are published on the Authority's website.

23 External Audit Costs

In 2014/15, the Authority incurred the following costs in relation to the audit of the financial statements provided by the Authority's external auditors:

External Audit Costs		
	2013/14 £'000	2014/15 £'000
Fees payable to the External Auditor with regard to external audit services carried out by the appointed auditor	14	14
Total	**14**	**14**

The Authority received a rebate of £1,204 in respect of the 2014/15 audit fixed fee (£1,650 2013/14).

24 Inventories

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

Analysis of Movement in Inventories							
	Balance at 1 April 2013 £'000	Purchases £'000	Recognised as an Expense £'000	Balance at 31 March 2014 £'000	Purchases £'000	Recognised as an Expense £'000	Balance at 31 March 2015 £'000
Inventories held for sale / distribution in the ordinary course of operations	**18**	16	(21)	**13**	18	(16)	**15**
Total	**18**	**16**	**(21)**	**13**	**18**	**(16)**	**15**

25 **Publicity**

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

Publicity		
	2013/14 £	2014/15 £
Recruitment advertising	28,562	19,094
Public relations	234,787	199,195
Other publicity and marketing	56,936	68,706
Total	**320,285**	**286,995**

The cost of publicity has decreased by £0.033m; this is mainly due to lower branding and recruitment advertising costs.

26 **Agency Services**

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

Value Added Tax (VAT)

The Authority acts as an agent of Her Majesty's Revenue and Customs (HMRC) for the collection of VAT. The Authority has included a net debtor in its Balance Sheet of £0.172m (£0.438m 2013/14) for the amount due from HMRC at the end of the reporting period.

Payroll Taxes and National Insurance

The Authority acts as an agent of HMRC for the collection of income tax and national insurance on behalf of employees. The Authority has included a net creditor in its Balance Sheet of £0.085m (£0.086m 2013/14) for the amount due to HMRC at the end of the reporting period.

Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2014/15, 10 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 five 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 10 local authorities in 2014/15 amounted to £1.843m which included £1.111m income received in relation to application fees.

South Downs
National Park Authority

Accounting Policies 2014/15

Accounting Policies

A. **General**

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

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

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

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

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

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

Changes in Accounting Estimates

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

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

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

Prior Period Errors and Adjustments

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

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

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

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

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

Accounting Concepts

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

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

Fair Value

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

Circumstance	Fair Value
Revenue recognition	Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
PPE	For land and buildings, fair value is the amount that would be paid for the asset in its existing use.
Leases	Fair value follows the appropriate class of PPE.
Inventories	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Debtors	Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.
Creditors	Fair value is the amount for which a liability could be settled, between knowledgeable, willing parties in an arm's length transaction.
Financial instruments	Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arms length transaction. For financial instruments, fair value is the transaction price (i.e. the consideration) unless the transaction was not at arms length. If the transaction is not based on market terms, a valuation technique is used to determine the appropriate fair value for initial recognition of the instrument.

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

Current Assets

The Authority classifies an asset as current when:

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

Current Liabilities

The Authority classifies a liability as current when:

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

B. Grants and Contributions

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

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

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

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

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

General grants and contributions are disclosed as one item on the face of the CIES.

Grants and Contributions for Revenue Purposes

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

Revenue grants or contributions with no conditions attached are recognised as income in the CIES at the point of receipt.

C. Revenue Recognition

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

This accounting policy does not apply to revenue arising from lease agreements (see *leases* accounting policy).

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

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

Sale of Goods

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

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

Provision of Services

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

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

Supplies

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

Expenses

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

Interest Receivable

In relation to interest receivable, revenue is recognised when:

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

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

Accruals of Income and Expenditure

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

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

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

Services and support services are debited with a depreciation charge to record the cost of holding PPE which the service has used during the reporting period.

E. **Value Added Tax (VAT)**

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

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

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

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

F. **Cash and Cash Equivalents**

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

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

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

G. **Inventories**

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

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

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

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

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

H. **Debtors**

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

This accounting policy should be read in conjunction with the *revenue recognition* accounting policy.

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

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

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

I. **Employee Benefits - Benefits Payable During Employment**

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

Short Term Employee Benefits

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

The Authority recognises short term accumulated compensated absences (i.e. annual leave and flexi leave) when employees render services that increases their entitlement to future compensated absences. These type of short term compensated absences are measured as the additional amount that the Authority expects to pay as a result of unused entitlement that has accumulated at the Balance

Sheet date including associated employer's national insurance and pension contributions. The obligation is recognised even if the compensating absences have not yet vested at the reporting date. The possibility that employees may leave before they use an accumulated non vesting entitlement and their entitlement lost is taken into account in measuring the obligation. The Authority makes an accrual for the cost of accumulated absences earned by employees but not taken before the end of the reporting period which employees can carry forward into the next reporting period. The accrual is charged to the surplus / deficit on the provision of services within the CIES, but then reversed out through the MiRS so that leave benefits are charged to revenue in the reporting period in which the leave absence occurs. The accrual is shown as a short term provision on the Authority's Balance Sheet.

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

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

J. Employee Benefits – Termination Benefits

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

Recognition

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

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

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

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

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

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

Measurement

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

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the reporting period, not the amount calculated according to the relevant accounting standards. In the 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 reporting period.

K. Employee Benefits – Post Employment Benefits

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

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

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

The Local Government Pension Scheme

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

- determining the net defined benefit liability which involves the following steps:
  - estimating the cost to the Authority of the benefit that employees have earned in return for their service in the current and prior periods. Actuarial techniques are used to make a reliable estimate of the ultimate cost to the Authority of the benefit that employees have earned in return for their service in the current and prior periods. This requires estimates (actuarial assumptions) to be made about demographic variables such as mortality, employee turnover and expected early retirement where the employee has the right under the scheme rules and financial assumptions such as future increase in salary levels;
  - determining how much benefit is attributable to the current and prior periods. Benefits are attributed to periods of service in accordance with a scheme's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, benefits are attributed on a straight line basis until the date when further service by the employee will lead to no material amount of further benefits;
  - discounting the benefit in order to determine the present value of the defined benefit obligation and the current service cost. The projected unit credit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees) is used to determine the present value of the Authority's defined benefit obligation and the related current service cost and past service cost;
  - determining the rate used to discount post employment benefit obligations by reference to market yields at the Balance Sheet date on high quality corporate bonds; the currency and term of the corporate bonds being consistent with the currency and estimated term of the post employment benefit obligation;
  - deducting the fair value of any scheme assets from the present value of the defined benefit liabilities.

- determining the amounts to be recognised in the surplus / deficit on the provision of service within the CIES, comprising:
  - current service cost;
  - any past service cost and gain or loss on settlement;
  - net interest on the net defined benefit liability.
- determining the remeasurement of the net defined benefit liability to be recognised in other comprehensive income and expenditure within the CIES, comprising:
  - actuarial gains and losses;
  - return on scheme assets, excluding amounts included in net interest on the net defined benefit liability.
- remeasurement of the net defined benefit liability is not reclassified to the surplus / deficit on the provision of services in a subsequent period.

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

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

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

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

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

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

The contributions paid into the pension scheme (i.e. cash paid as employer's contributions to the pension fund in settlement of liabilities) are charged to the surplus / deficit on the provision of services within the CIES.

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

Where the pension costs charged to the surplus / deficit on the provision of services under the Code are:

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

Discretionary Benefits

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

L. **Creditors**

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

This accounting policy should be read in conjunction with the *revenue recognition* accounting policy.

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

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

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

M. **Financial Assets and Liabilities – Financial Instruments**

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

Initial Recognition

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

Initial Measurement

Financial assets and liabilities are measured at fair value less transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include internal administrative costs.

The Authority deems the transaction price to be the fair value unless the transaction is not based on market terms; in such cases, the Authority uses a valuation technique to determine the appropriate fair value for initial recognition of the instrument.

Classification

The Authority classifies its financial instruments on initial recognition in accordance with their inherent characteristics. The Authority classifies its financial assets as loans and receivables.

Subsequent Recognition

Loans and Receivables

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

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

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

If the Authority revises its estimates of payments or receipts, it adjusts the carrying amount of the financial asset to reflect actual and revised estimated cash flows. The authority recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate. The adjustment is recognised as income or expense in the surplus / deficit on the provision of services within the CIES.

Derecognition

Financial Asset

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset have expired or have been transferred. For loans and receivables, any gains and losses that arise on derecognition of the asset are credited or debited to financing and investment income and expenditure in the CIES.

N. Reserves

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

Reserves are created by transferring amounts out of the General Fund balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year in the surplus / deficit on the provision of services within the CIES. The reserve is then transferred back into the General Fund balance in the MiRS.

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

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

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

O. **Overheads and Support Services**

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

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

These two cost categories are defined in SeRCOP and accounted for as separate headings in the CIES as part of cost of services.

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

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

P. **Property, Plant and Equipment (PPE)**

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

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

Recognition

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

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

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

Initial Measurement

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

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

Measurement after Recognition

Vehicles, plant, furniture and equipment and assets under construction are measured at historical cost. Other land and buildings is measured at fair value; the fair value is determined as the amount that would have been paid for the asset in its existing use (existing use value – EUV).

The authority adopts a depreciated historical cost basis as a proxy for fair value for non property assets that have short useful lives or low values (or both) (i.e. vehicles, plant and equipment).

Assets included on the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the end of the reporting period, but as a minimum every five years. The authority revalues items within a class of PPE simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. Classes of assets whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment. When an asset is revalued, any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where, following revaluation of an individual land and/or building asset, the value drops below the deminimis level, the deminimis value of the asset is impaired to nil.

Where the carrying amount of PPE is increased as a result of a revaluation, the increase is recognised in the revaluation reserve, unless the increase is reversing a previous impairment loss charged to the surplus / deficit on the provision of services within the CIES on the same asset or reversing a previous revaluation decrease charged to the surplus / deficit on the provision of services on the same asset.

A revaluation gain is used to reverse a previous revaluation decrease recognised in the surplus / deficit on the provision of services on the same asset. The reversal of a revaluation decrease previously recognised in the surplus / deficit on the provision of services cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no revaluation decrease been recognised for the asset in prior years. Any excess above the carrying amount that would have been determined (net of amortisation or depreciation) had no revaluation decrease been recognised for the asset in prior reporting periods is treated as a revaluation gain and credited to the revaluation reserve.

Where the carrying amount of an item of PPE is decreased as a result of a revaluation (as opposed to an impairment), the decrease is recognised in the revaluation reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in the surplus / deficit on the provision of services within the CIES.

Revaluation gains or losses charged to the surplus / deficit on the provision of services within the CIES are not proper charges to the General Fund; such amounts are transferred to the CAA and reported in the MiRS.

Depreciation

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

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

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

Impairment

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

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

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

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

An impairment loss on an asset (non revalued asset) (i.e. an asset with a carrying value based on historical costs) is recognised in the surplus / deficit on the provision of services within the CIES.

Derecognition

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).

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.

Q. **Leases**

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

Lease Classification

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

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

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

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

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

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

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

Lessee Operating Leases

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

R. Capital Receipts

Capital receipts from the sale of assets are credited to the CIES and subsequently transferred to the capital receipts reserve to support the capital investment programme. Please refer to the PPE accounting policy for the accounting treatment of the respective gain / loss on the sale of assets.

S. Events after the Reporting Period

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

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

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

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

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

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

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

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

T. Contingent Liabilities and Contingent Assets

The Authority accounts for contingent liabilities and assets in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, except where adaptations to fit the public sector are detailed in the Code.

Contingent Liabilities

The Authority recognises a contingent liability when it has either:

(i) a possible obligation which has arisen from past events whose existence has been confirmed by the occurrence of one or more certain future events not wholly within the authority's control; or
(ii) a present obligation has arisen from past events but has not been recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed as a note to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

The Authority continually assesses contingent liabilities to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, the Authority recognises a provision in the financial statements of the period in which the change in probability occurs (see *provisions* accounting policy). A contingent liability is disclosed in the case where a liability exists but a reliable estimate cannot be made.

Unless the possibility of any outflow in settlement is remote, the Authority discloses, for each class of contingent liability, a brief description of the nature of the contingent liability and, where practicable, an estimate of its financial effect measured using the principles set out in the Code, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement. Where it is not practicable to disclose information, the authority discloses that fact.

In cases where disclosure of some or all of the information is expected to prejudice seriously the position of the authority in a dispute with other parties on the subject matter of the contingent liability, the Authority does not disclose the information, but instead discloses the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

Contingent Assets

The Authority recognises a contingent asset when it has a possible asset that has arisen from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

Contingent assets are not recognised in the financial statements but are disclosed as a note to the financial statements, where an inflow of economic benefits or service potential is probable. Contingent assets are not recognised if it is not probable that there will be an inflow of economic benefit or service potential or it cannot be reliably measured.

The Authority continually assesses contingent assets to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, a debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change occurs.

Where an inflow of economic benefits or service potential is probable the authority discloses, for each class of contingent asset, the nature of the contingency, a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any inflow and the possibility of any reimbursement. Where it is not practicable to disclose information, the Authority discloses that fact.

In cases where disclosure of some or all of the information is expected to prejudice seriously the position of the Authority in a dispute with other parties on the subject matter of the contingent asset, the authority does not disclose the information, but instead discloses the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.

South Downs
National Park Authority

Independent Auditor's Report 2014/15

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

Opinion on the Authority's financial statements

We have audited the financial statements of South Downs National Park Authority for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The financial statements comprise the *Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement* and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Accounting in the United Kingdom 2014/15.

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

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. We read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Downs National Park Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and

have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

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

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

Certificate

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

Paul King
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
25 September 2015

South Downs
National Park Authority

Glossary of Terms 2014/15

Glossary

Accounting Policies

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

Accruals Basis

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

Accumulated Absences Account

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

Actuarial Gains and Losses (Pensions)

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

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

Amortised Cost of a Financial Asset or Financial Liability

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

Asset

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

Audit of Financial Statements

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

Balance Sheet

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

Benefits Payable during Employment

Benefits payable during employment covers:

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

Budget

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

Capital Adjustment Account (CAA)

The 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. The CAA is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the CIES. The account is credited with the amounts set aside by the Authority as finance for costs of acquisition, construction and enhancement. The account is matched by PPE on the Balance Sheet and therefore is not a resource available to the Authority.

Capital Grants Unapplied Account

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

Capital Investment

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

Capital Investment Programme

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.

Capital Receipt

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

Capital Receipt Reserves

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

Capital Reserves

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

Carrying Amount

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

Cash

Cash comprises cash in hand and demand deposits.

Cash Equivalents

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

Cash Flows

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

Cash Flow Statement

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

Comprehensive Income and Expenditure Statement (CIES)

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

Contingent Asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent Liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the authority, or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises costs relating to member representation and associated governance activities together with the costs of corporate management that provide the infrastructure that allows services to be provided, whether by the Authority or not, and the information that is required for public accountability.. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Cost

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

Creditors

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

Current Asset

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

Current Liability

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

Current Service Cost (Pensions)

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

Debtors

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

Defined Benefit Scheme (Pensions)

A defined benefit scheme, such as the Local Government Pension Scheme, 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

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

Effective Interest Rate

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

Employee Benefits

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

Employee Expenses

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

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

Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period);
- those that are indicative of conditions that arose after the reporting period (non adjusting events after the reporting period).

Exceptional Items

Exceptional items are material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the financial statement.

Exit Packages

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

Expenses

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

Fair Value

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

Fees, charges and other service income includes contributions received from other local authorities and other bodies.

Financial Asset

A financial asset is any asset that is:

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

Financial Liability

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

Financial Instrument

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

Liabilities

- trade payables and other payables.

Assets

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

Financial Reporting Standards (FRS)

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

Financing Activities

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

General Fund

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the reporting period in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practices.

General Fund Balance

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 reporting period.

Going Concern

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

Government Grants

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

Grants and Contributions

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

Historical Cost

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

Impairment Loss

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

Income

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

Interest Cost (Pensions)

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

Interest Income (Pensions)

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

International Accounting Standards (IAS)

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

International Financial Reporting Standards (IFRS)

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

International Financial Reporting Interpretations Committee (IFRIC)

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

International Public Sector Accounting Standards (IPSAS)

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

Inventories

Inventories are assets:

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

Investing Activities

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

Lease

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

Liability

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

Loans and Receivables

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

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

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.

Movement in Reserves Statement (MiRS)

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

National Park Grant

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

Net Defined Benefit Liability (Obligation) (Pensions)

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

Net Interest on the Net Defined Benefit Liability (Pensions)

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

Net Realisable Value

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

Non Distributed Costs

Non distributed costs are overheads for which no service benefits.

Non Ring Fenced Government Grants

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.

Operating Lease

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. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Operating Activities

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

Other Comprehensive Income and Expenditure

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

Other Service Expenses

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)

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

Pension Reserve

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

Post Employment Benefits

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

Present Value of a Defined Benefit Liability (Pensions)

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

Prior Period Errors

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

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

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

Property, Plant and Equipment (PPE)

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 reporting period.

Provision

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

Qualified Valuer

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. Related parties include:

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

Related Party Transaction

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

Reporting Period

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

Reserves

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

Residual Value

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

Revenue

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

Revenue Expenditure

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

Ring Fenced Government Grants

Ring fenced government grants are revenue grants distributed by central government that relate to a specific service.

Scheme Amendment (Pensions)

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

Scheme Assets (Pensions)

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

Scheme Liabilities (Pensions)

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

Short Term Paid Absences

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

Short Term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service. Short term employee benefits include wages, salaries and social security contributions, short term compensated absences, bonuses and similar payments and non monetary benefits.

Surplus or Deficit on the Provision of Services

The surplus or deficit on the provision of services is the total of income less expenses, excluding the components of other comprehensive income and expenditure.

Tangible Asset

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

Termination benefits

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

Total Comprehensive Income and Expenditure

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

Unusable Reserves

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 Capital Receipts Reserve

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

Usable Reserves

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.

Useful Life

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

Value Added Tax (VAT)

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

South Downs Centre, North Street, Midhurst, West Sussex GU29 9DH
T: 0300 303 1053 E: info@southdowns.gov.uk www.southdowns.gov.uk
South Downs National Park Authority
Statement of Accounts 2014-2015
A copy of this document can be found on the Authority's website www.southdowns.gov.uk