South Downs
National Park Authority

Unaudited
Statement of Accounts
2015/16

Contents

Narrative Report

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 wellbeing 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 2015/16 financial statements cover the fifth operational year of the Authority and illustrate the overall financial position of the Authority as at 31 March 2016. This year has seen the continued implementation of the Partnership Management Plan (PMP) 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 2015/16.

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 cost pressures.

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

Financial Highlights

The Authority receives its funding through grant allocations from the Department for Environment, Food and Rural Affairs (DEFRA).

The grant allocation received by the Authority for 2015/16 of £9.795m was a £0.173m reduction on the previous reported period, a reduction of 1.7%.

The 2015/16 budget was developed in accordance with agreed budget priorities and aligns with the Corporate Plan and the PMP. The key priorities identified included a close focus on the Local Plan supported by proactive communications and continued staff development as well as a more proactive approach to developing alternative income opportunities.

The Authority continued to adopt a prudent approach to the budget setting process with an established permanent staffing structure and temporary posts for short term projects. This approach ensures that the Authority does not recruit to posts that become unaffordable in the longer term and will provide some flexibility in resources to fund priorities identified in the PMP.

The Authority's financial planning and resource allocation has taken into account the following aspirations as set out in the Authority's Medium Term Financial Strategy (MTFS):

- To be a lean, efficient organisation (e.g. willing to buy in services);
- To work with others – stakeholders and partners;
- To limit contributions to activities to encourage and lever greater contributions from others;
- The need for clear, SMART outcomes;
- Maintain flexibility (e.g. able to change quickly if circumstances alter).

The MTFS can be found on the Authority's website.

The specific principles applied to the budget strategy for 2015/16 were:

- savings were reflected, where appropriate, in respect of contract reviews and service level review agreements that were initiated in 2014/15;
- an emphasis on delivering the Local Plan and planning ahead to meet the anticipated reductions in funding over the next three financial years;
- maintaining some flexibility to fund one off projects and unexpected costs;
- budgets were reviewed with regard to the extent to which they were currently committed and the time it would take to implement any changes.

In 2015/16, the Authority set a gross revenue budget £13.905m which was funded by £9.795m National Park Grant, £3.913m of other grants and income and a contribution of £0.197m from reserves.

The Authority has £1.896m of fixed assets (after depreciation) on its Balance Sheet as at 31 March 2016.

With regard to the Authority's capital investment programme, a capital budget of £0.060m was set for 2015/16 which included the purchase of two new land rovers to replace old and unused vehicles.

The 2015/16 revenue and capital budgets were approved on 26 March 2015. Further details on the budget can be found on the Authority's website.

Summary of Financial Performance

Revenue Summary

The Authority continues to deliver services within budget and maintain appropriate levels of reserves and balances to manage increasing financial and other risks both in year and for future years and approached the 2015/16 financial year from a strong financial base with a continuing track record in effective financial planning and management.

For the 2015/16 financial year, the Authority reported an underspend of £0.505m primarily through over achieved income, lower than expected premises utility costs and lower staffing costs due to vacancies and recruitment issues in the planning service earlier in the year.

In 2015/16, the Authority reported its financial performance across six service areas – Chief Executive's Services, Strategy and Partnerships, Planning, Operations, Corporate Services and Strategic 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 General Fund Services by Operating Segment			
Segments	Revised Budget £'000	Actual £'000	Variance £'000
Chief Executive's Services	169	173	**4**
Strategy and Partnerships	1,402	1,360	**(42)**
Planning	3,474	3,123	**(351)**
Operations	1,342	1,309	**(33)**
Corporate Services	3,278	3,195	**(83)**
Strategic Fund	327	327	**0**
Total	**9,992**	**9,487**	**(505)**

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

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

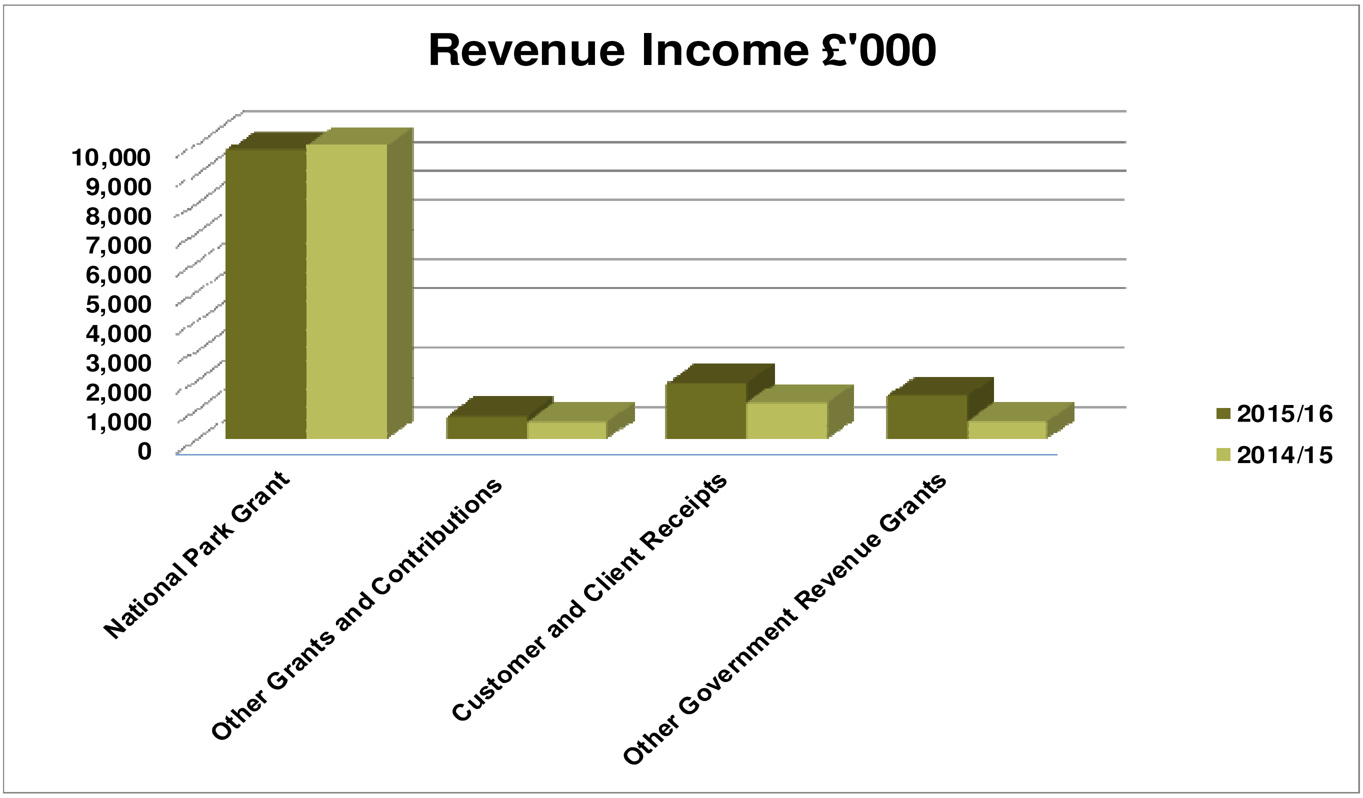
	Revised Budget £'000	Actual £'000	Variance £'000
Expenditure			
Employees	5,881	5,702	(179)
Premises	297	227	(70)
Transport	174	151	(23)
Supplies and services	4,130	4,195	65
Third party payments	3,317	3,291	(26)
Depreciaton charges	106	106	0
Total Expenditure	**13,905**	**13,672**	**(233)**
Income			
Other grants, contributions and customer and client receipts	(2,276)	(2,384)	(108)
Planning fees income	(1,604)	(1,742)	(138)
Interest receivable	(33)	(59)	(26)
Total Income	**(3,913)**	**(4,185)**	**(272)**
Net Expenditure excluding National Park Grant	**9,992**	**9,487**	**(505)**
National Park Grant	(9,795)	(9,795)	0
Net Expenditure / (Income)	**197**	**(308)**	**(505)**
Contribution (from) /to reserves	(197)	(197)	0
Net Expenditure / (Income)	**0**	**(505)**	**(505)**

Note: the variance 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 18 to 20.

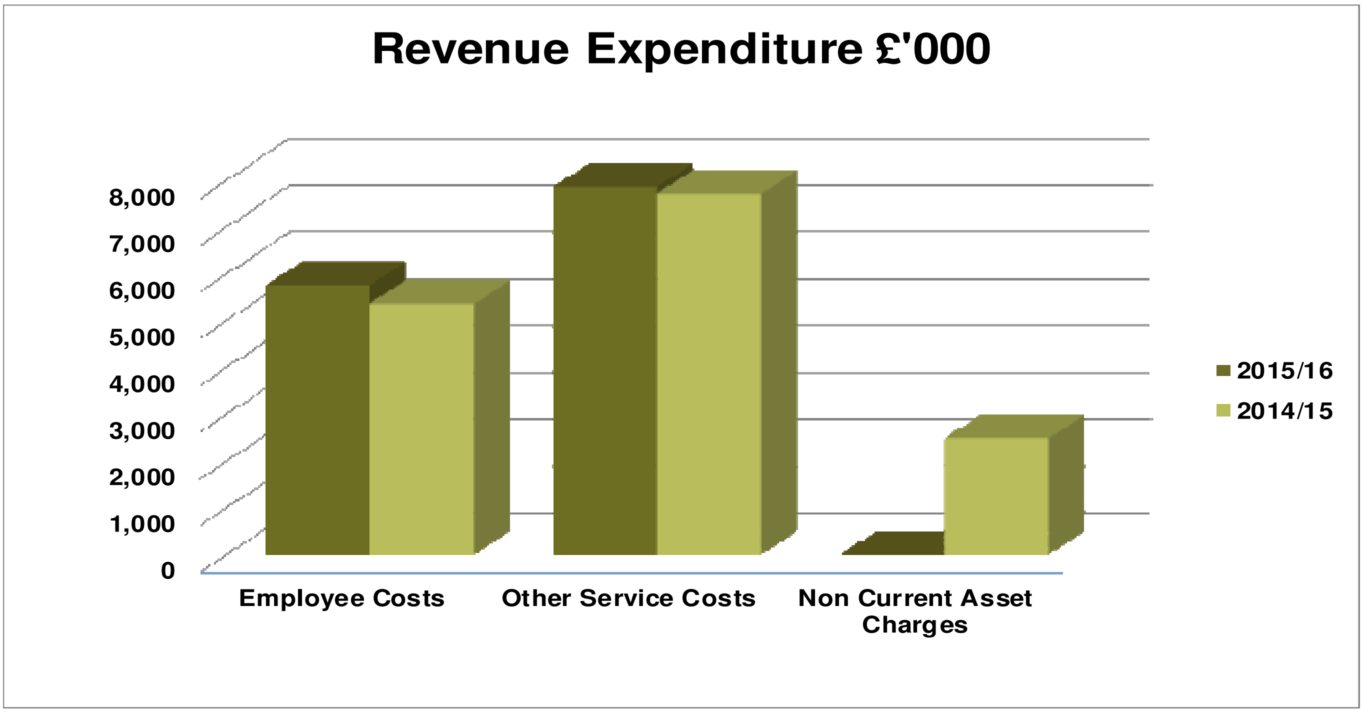
Revenue Income and Expenditure

In 2015/16 the Authority received revenue income of £13.995m; this was £1.553m higher than that received in 2014/15. The following chart shows the revenue income over the two financial years:



Detail on the government grants and other grants and contributions received by the Authority in 2015/16 can be found in note 14.

In 2015/16 the Authority spent £13.599m on services which was £1.978m lower than that spent in 2014/15; this is mainly due to revaluation losses on the Authority's non current assets. The following chart shows the revenue expenditure over the two financial years:



The Authority reported further details on its overall revenue position for 2015/16 to the Authority's Governance Committee in July 2016; the report can be found on the Authority's website.

Capital Summary

A capital investment programme totalling £0.060m was approved in March 2015 which consisted of the purchase of two replacement vehicles. The capital investment programme was revised to £0.104m during the financial year to include the purchase of four additional vehicles.

The total capital investment on these assets was £0.134m compared with the revised budget of £0.104m. The variance of £0.030m relates to gross costs for the vehicle purchases being £0.032m higher than budgeted for, offset by an over accrual of £0.002m from the previous financial year.

The capital investment of £0.134m was funded by general and specific reserves.

The Authority report further details on its overall capital position for 2015/16 to the Authority's Governance Committee in July 2016, the report can be found on the Authority's website.

Balance Sheet

As at 31 March 2016, the Authority held long term assets of £1.896m, current assets (including cash and investments) of £6.802m, current liabilities of £2.687m and long term liabilities of £0.620m (including net pension liabilities of £0.620m). The Authority did not borrow any funds. Furthermore, the Authority holds usable reserves of £4.168m.

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 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 General Fund balance must last the lifetime of the Authority unless contributions are made from future years' revenue budgets and is based on approximately 5% of expected DEFRA grant and planning income. Additional and adhoc grant income is not included due to the potential uncertainty of this type of funding and that to set aside 5% of any additional income secured would have a detrimental impact on the funds available to deliver outcomes. It is considered by the Chief Finance Officer that a working balance of £0.570m for 2016/17 is therefore prudent and reasonable.

The underspend of £0.505m in 2015/16 is included in the Authority's General Fund balance which stands at £0.572m. The following table shows the General Fund position:

General Fund Balance	
	Total
	£'000
General Fund	
Balances at 1 April 2015	**(631)**
Contribution to balances	(505)
Net transfer to earmarked reserves	509
Net transfer to CIES	55
Balance at 31 March 2016	**(572)**
Recommended General Fund Balance	**(570)**

The Authority also holds earmarked reserves of £3.564m as at 31 March 2016. Note 7 provides information on the earmarked reserves held by the Authority for specific purposes.

Property, Plant and Equipment (PPE)

The Authority holds land and buildings (i.e. the South Downs Centre) and vehicles, plant, furniture and equipment as PPE assets. PPE assets have been measured and accounted for in accordance with IFRS13 *Fair Value Measurement* following the adoption of this accounting standard in 2015/16 by the Authority.

The value of the Authority's PPE has increased in the financial year by £0.161m from the level reported in 2014/15 to £1.896m in 2015/16.

The Authority has made a capital investment on PPE of £0.136m during the financial year in respect of the purchase of six vehicles. This has been offset by a £0.002m credit relating to an over accrual in 2014/15, resulting in a net capital spend of £0.134m.

During 2015/16, the Authority's valuers, Savills UK Ltd, carried out a valuation of the South Downs Centre using current value methodology which showed an overall increase in value of £0.100m, from £1.500m to £1.600m. This increase was made up of a £0.250m revaluation gain on the building credited to the CIES and a £0.150m revaluation loss on the land charged to the CIES. The in year depreciation charge of £0.031m and £0.002m capital additions were written out on revaluation.

Vehicle, plant, furniture and equipment assets have been depreciated by £0.075m during the financial year. The Authority sold three vehicles in 2015/16; however this had no impact on the carrying value as the assets had been fully depreciated.

During 2015/16, the Authority has componentised the South Downs Centre.

Note 8 to the financial statements provides further information on PPE held by the Authority.

Pensions Liability

The Authority participates in the Local Government Pension Scheme (LGPS). West Sussex County Council acts as the Scheme Administrator of the West Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. The scheme is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. Hymans Robertson LLP, an independent firm of actuaries, assesses the position of the Authority's Pension Fund.

The Authority's net liability for future pension payments, as estimated by the pension actuary, Hyman Robertson LLP has decreased in the financial year by £1.021m from the level reported as at 31 March 2015 to £0.620m at 31 March 2016.

The overall deficit on the pension fund of £0.620m represents the difference between the value of the Authority's pension fund assets as at 31 March 2016 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 £0.969m from the level reported as at 31 March 2015 to £7.849m as at 31 March 2016. The value of the future pension payments liabilities has decreased by £0.052m from the level reported as at 31 March 2015 to £8.469m as at 31 March 2016.

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.

The application of actuarial assumptions and other experience adjustments in relation to the pension liabilities has resulted in the pension liabilities decreasing by £1.503m of which £1.502m relates to financial assumptions and £0.001m relates to other experience adjustments as detailed in the changes in the assumptions table in note 19. Effectively, the financial assumptions made by the actuary at 31 March 2016 are more favourable than those made at 31 March 2015. Specifically the discount rate used in the actuarial calculations has increased during the financial year. 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 increased from 3.3% to 3.6%. A higher real discount rate leads to a lower value being placed on the liabilities.

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 19 to the financial statements provides further information on pension costs.

Investments

Although the accounting standard IFRS13 *Fair Value Measurement* has been adopted by the Authority, it is not applicable to the financial assets held by the Authority; all investments held by the Authority are less than one year and the Authority does not hold any available for sale financial assets.

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

At 31 March 2016 the authority held investments including accrued interest of £5.687m of which:

- £1.000m was invested externally with the Nationwide Building Society and held as a short term investment;
- £2.000m was invested externally with the Lloyds Bank plc and held as a short term investment;
- £2.003m was invested externally with Santander (UK) plc, of which, £1.001m is held as a cash equivalent and £1.002m is held as a short term investment; and
- £0.664m held as a cash equivalent under the management agreement with Brighton & Hove City Council.

The Authority's Annual Investment Strategy (AIS) for 2015/16 was approved by the Authority in March 2015. 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 decreased during the financial year by £0.640m. The following table shows the level of investments made as at the 31 March:

Level of Investments		
	31 March 2015	31 March 2016
	£'000	£'000
Short term investments	2,010	4,021
Cash equivalents	4,317	1,666
Total investments	**6,327**	**5,687**
Increase / (Decrease) year on year	**(629)**	**(640)**

During the reporting period, the Authority has placed new short term investments of £16.532m of which £13.532m relates to cash equivalents and has realised cash from the maturity of short term investments of £17.184m of which £16.184m related to cash equivalents. Note 10 to the financial statements provide further information on investments.

Performance Indicators

The Authority has developed a set of Key Performance Indicators (KPIs) to demonstrate delivery of the Corporate Plan outcomes. Performance reports are reviewed by the Senior Management Team and the Governance Committee quarterly.

Each KPI is reported with a detailed narrative provided by the officers responsible for delivery. The Authority's Performance Management Framework (see appendix 1) sets out how performance drives improvement.

In addition to its own corporate reporting, the Authority contributes performance data to a set of indicators agreed jointly by all National Parks. All the indicators have detailed methodology sheets which set out clearly how they are calculated and assumptions made.

Progress against target or achievement of milestones is flagged in reports using a 'red, amber, green' traffic light system, for corporate indicators and project information. An annual review is produced each year.

Direction of Travel and Strategic Approach

DEFRA had been facing significant budget cuts during the government's previous spending review and it was anticipated that this would impact on national park authorities. However, following the latest spending review in November 2015, it was announced that the National Park Grant would be protected from any cuts and confirmation of a year on year increase of 1.7% for four years covering the period 2016/17 to 2019/20 was received by the Authority from DEFRA in January 2016.

The Authority's MTFS will continue to seek flexibility within the overall budget whilst continuing to fund short term and one off projects, identify savings, maximise potential income opportunities and provide flexibility for PMP priorities. The Authority continues to move from evidence gathering and data analysis to increased front line delivery since the launch of the PMP in January 2014. The MTFS includes "funding pots" for the ongoing investment in projects; this includes the minimum contribution for major projects each year to meet existing commitments.

The revenue principles set out in the MTFS underpin the approach to budget setting and support the Authority in maintaining financial stability over the four year period.

The MTFS reflects a number of initiatives and efficiency savings including:

- continuing the proactive approach to maximising income opportunities including potential income from corporate sponsorships via National Parks England and actively seeking alternative income;
- keeping under review the level of overheads and implementing the recovery of overheads against projects;
- ongoing review of the performance and value for money provided under corporate contracts;
- setting aside budgetary provision for exploring the costs and benefits of setting up a charitable arm of the Authority to maximise income opportunities;
- making budgetary provision for set up costs to establish the Community Infrastructure Levy charges which are anticipated to be received from 2016/17.

A number of further initiatives and efficiencies continue to be explored over the medium term including:

- developing the enabling role of the Authority rather than the direct contribution of funding;
- having a proactive approach to developing further income opportunities including potential European funding and Local Enterprise Partnership (LEP) funding;
- benchmarking against other National Parks.

Explanation of the Financial Statements

The objectives of the Statement of Accounts (i.e. 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.

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 2015/16 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and cover the period 1 April 2015 to 31 March 2016 ("the financial year"). 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). The financial statements are set out on pages 16 to 45 and are presented as follows:

Movement in Reserves Statement (MiRS)

The MiRS shows the movement in the financial year 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 31 March 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 financial year 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 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 financial year. 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.

Notes to the Financial Statements

The notes to the financial statements comprise explanatory information.

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

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.

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 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 31 March and its income and expenditure for the financial year.

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

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

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

(iii) complied with the local authority Code.

The Chief Finance Officer has also:

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

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2016 and its income and expenditure for the financial year ended 31 March 2016.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
02 June 2016

[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 xx September 2016.

Signed on behalf of the South Downs National Park Authority

To be Updated once Accounts Audited

Norman Dingemans
Chair
Governance Committee

Date xx September 2016

Core Financial Statements 2015/16

Movement in Reserves Statement (MiRS)

	Balance as at 1 April 2015	(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 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015/16									
USABLE RESERVES									
General fund balance	(631)	(396)	0	(396)	(348)	(744)	803	59	(572)
Earmarked general fund reserves	(2,895)	0	0	0	0	0	(669)	(669)	(3,564)
Capital receipts reserve	(17)	0	0	0	(15)	(15)	0	(15)	(32)
Total Usable Reserves	(3,543)	(396)	0	(396)	(363)	(759)	134	(625)	(4,168)
UNUSABLE RESERVES									
Unusable reserves held for revenue purposes									
Pensions reserve	1,641	0	(1,411)	(1,411)	390	(1,021)	0	(1,021)	620
Accumulated absences account	53	0	0	0	0	0	0	0	53
Total Held for Revenue Purposes	1,694	0	(1,411)	(1,411)	390	(1,021)	0	(1,021)	673
Unusable reserves held for capital purposes									
Capital adjustment account	(1,735)	0	0	0	(27)	(27)	(134)	(161)	(1,896)
Total Held for Capital Purposes	(1,735)	0	0	0	(27)	(27)	(134)	(161)	(1,896)
Total Unusable Reserves	(41)	0	(1,411)	(1,411)	363	(1,048)	(134)	(1,182)	(1,223)
Total Reserves	(3,584)	(396)	(1,411)	(1,807)	0	(1,807)	0	(1,807)	(5,391)
2014/15 Comparative Figures									
USABLE RESERVES									
General fund balance	(821)	3,067	0	3,067	(2,629)	438	(248)	190	(631)
Earmarked GF reserves	(3,465)	0	0	0	0	0	570	570	(2,895)
Capital receipts reserve	(24)	0	0	0	7	7	0	7	(17)
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 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 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)

Notes 5 and 6 provide more detail on the usable and unusable reserves.

Balance Sheet

Balance Sheet			
As at 31 March 2015 £'000	Note		As at 31 March 2016 £'000
Long Term Assets			
1,735	**8**	Property, plant and equipment	1,896
1,735		**Long Term Assets**	**1,896**
Current Assets			
2,010	**10**	Short term investments	4,021
15	**22**	Inventories	11
696	**10,11**	Short term debtors	1,018
4,433		Cash and cash equivalents	1,752
7,154		**Current Assets**	**6,802**
Current Liabilities			
(3,611)	**10,12**	Short term creditors	(2,634)
(53)	**13**	Short term provisions	(53)
(3,664)		**Current Liabilities**	**(2,687)**
Long Term Liabilities			
(1,641)	**19**	Other long term liabilities	(620)
(1,641)		**Long Term Liabilities**	**(620)**
3,584		**Net Assets**	**5,391**
(3,543)	**5**	Usable reserves	(4,168)
(41)	**6**	Unusable reserves	(1,223)
(3,584)		**Total Reserves**	**(5,391)**

The unaudited Statement of Accounts was authorised for issue on 02 June 2016.

Nigel Manvell CPFA
Chief Finance Officer (Section 151 Officer)
02 June 2016

Comprehensive Income and Expenditure Statement (CIES)

Comprehensive Income and Expenditure Statement							
Year Ended 31 March 2015					Year Ended 31 March 2016		
Gross Expenditure	Gross Income	Net Expenditure	Note		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
479	(312)	167		Conservation of Cultural Heritage	363	(230)	133
764	(127)	637		Conservation of the Natural Environment	717	(121)	596
1,111	(614)	497		Recreation Management and Transport	2,150	(1,709)	441
872	(19)	853		Promoting Understanding	787	(11)	776
2,240	(5)	2,235		Ranger, Estates and Volunteers	2,204	(21)	2,183
4,517	(1,312)	3,205		Development Control	4,204	(1,847)	2,357
2,425	(85)	2,340		Forward Planning and Communities	2,311	(187)	2,124
719	0	719		Corporate and Democratic Core	803	0	803
2,415	0	2,415		Exceptional Item - Revaluation loss on South Downs Centre	0	0	0
15,542	**(2,474)**	**13,068**	**Cost of Services**		**13,539**	**(4,126)**	**9,413**
		Other operating expenditure					
		(12)		(Gains) / losses on the disposal of non current assets			(15)
		(12)	**Total Other Operating Expenditure**				**(15)**
		Financing and investment income and expenditure					
		30		Net interest on the net defined benefit pension liability			60
		(51)		Interest receivable			(59)
		(21)	**Total Financing and Investment Income and Expenditure**				**1**
		Non specific grant income					
		(9,968)		National Park Grant			(9,795)
		(9,968)	**Total Non Specific Grant Income**				**(9,795)**
		3,067	**(Surplus) / Deficit on the Provision of Services**				**(396)**
		862	19	Remeasurements of the net defined benefit liability			(1,411)
		862	**Other Comprehensive Income and Expenditure**				**(1,411)**
		3,929	**Total Comprehensive Income and Expenditure**				**(1,807)**

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 during the financial year;
- expenditure on support services is budgeted for centrally and not charged to services.

Reportable operating segments for 2015/16 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 and Partnerships which cover the communications team, work to support the Authority's Management Plan together with major partnerships and sustainable communities funds;
- Planning which covers development management (including major planning applications) and planning policy;
- Operations which cover the rangers service and their work with communities and partners, visitor public relations and volunteer coordination;
- Corporate Services which cover the support services including premises, human resources, IT, financial management, audit, legal, performance and business planning, support to the Authority and its committees and members services;
- The Strategic Fund brings together the previous Major Projects and Purpose and Duty Funds; providing funding to support major substantive partnership projects and support for smaller scale projects that support outcome delivery.

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:

Reconciliation of Operating Segment Income and Expenditure to the Cost of Services in the CIES						
Year Ended 31 March 2015				Year Ended 31 March 2016		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
154	0	154	Chief Executive's Services	173	0	173
1,489	(18)	1,471	Strategy and Partnership	1,367	(7)	1,360
5,392	(1,387)	4,005	Planning	5,118	(1,995)	3,123
1,434	(153)	1,281	Operations	1,478	(169)	1,309
3,333	(64)	3,269	Corporate Services	3,265	(70)	3,195
0	0	0	Strategic Fund	2,271	(1,944)	327
1,278	(903)	375	Major Projects	0	0	0
47	0	47	Purpose and Duty Fund	0	0	0
13,127	**(2,525)**	**10,602**	**Total (exc National Park Grant)**	**13,672**	**(4,185)**	**9,487**
0	(9,968)	(9,968)	National Park Grant	0	(9,795)	(9,795)
13,127	**(12,493)**	**634**	**Operating Segment Analysis Total**	**13,672**	**(13,980)**	**(308)**
Amounts not included in the operating segment analysis but included in the CIES cost of services						
4,107	(4,107)	0	Support service and management and administration recharges	3,754	(3,754)	0
2,415	0	2,415	Non current asset charges (revaluation)	(133)	0	(133)
6,522	**(4,107)**	**2,415**		**3,621**	**(3,754)**	**(133)**
Amounts included in the operating segment analysis but not included in the CIES cost of services						
0	51	51	Interest receivable	0	59	59
0	9,968	9,968	Non ring fenced government grants	0	9,795	9,795
0	**10,019**	**10,019**		**0**	**9,854**	**9,854**
Allocation of recharges						
(4,107)	4,107	0	Support service and management and administration recharges	(3,754)	3,754	0
15,542	**(2,474)**	**13,068**	**Cost of Services**	**13,539**	**(4,126)**	**9,413**

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	Surplus /(Deficit) on the Provision of Services
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2015/16							
Employee expenses	5,702	0	0	0	5,702	60	5,762
Other service expenses	7,864	0	0	0	7,864	0	7,864
Support service & management / administration charges	0	0	3,754	(3,754)	0	0	0
Depreciation and revaluation charges	106	0	(133)	0	(27)	0	(27)
Write out of disposed non current assets	0	0	0	0	0	0	0
Total Expenditure	13,672	0	3,621	(3,754)	13,539	60	13,599
Fees, charges and other service income	(2,650)	0	0	0	(2,650)	0	(2,650)
Support service & management / administration charges	0	0	(3,754)	3,754	0	0	0
Income from non current assets disposals	0	0	0	0	0	(15)	(15)
Interest receivable	(59)	59	0	0	0	(59)	(59)
Government grants	(11,271)	9,795	0	0	(1,476)	(9,795)	(11,271)
Total Income	(13,980)	9,854	(3,754)	3,754	(4,126)	(9,869)	(13,995)
Net Expenditure	(308)	9,854	(133)	0	9,413	(9,809)	(396)
2014/15 Comparative Figures							
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 & management / administration charges	0	0	4,107	(4,107)	0	0	0
Depreciation and revaluation charges	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 & management / administration charges	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)
Net Expenditure	634	10,019	2,415	0	13,068	(10,001)	3,067

Cash Flow Statement

2014/15 £'000	Cash Flow Statement	2015/16 £'000
(3,067)	**Net surplus / (deficit) on the provision of services**	**396**
2,487	Non current asset charges - depreciation and revaluation	(27)
1,429	Increase / (decrease) in creditors	(896)
437	(Increase) / decrease in debtors	(322)
(2)	(Increase) / decrease in inventories	4
154	Movement in the pension liability (element charged to the surplus / deficit on the provision of services)	390
5	Carrying amount of non current asset disposals	0
(10)	Adjustment for effective interest rates	(11)
4,500	**Adjustment to surplus / (deficit) on the provision of services for non cash movements**	**(862)**
(17)	Proceeds from the disposal of non current assets	(15)
(17)	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	**(15)**
1,416	**Net Cash Flows from Operating Activities**	**(481)**
(511)	Purchase of non current assets (including the movement in capital creditors)	(215)
(4,000)	Purchase of short term investments	(3,000)
2,000	Proceeds from short term investments	1,000
17	Proceeds from the sale of non current assets	15
(2,494)	**Net Cash Flows from Investing Activities**	**(2,200)**
(1,078)	**Net Increase / (Decrease) in Cash and Cash Equivalents**	**(2,681)**
(187)	Bank current accounts	116
5,698	Short term deposits	4,317
5,511	**Cash and Cash Equivalents as at 1 April**	**4,433**
116	Bank current accounts	86
4,317	Short term deposits	1,666
4,433	**Cash and Cash Equivalents as at 31 March**	**1,752**

2014/15 £'000	Net Cash Flows from Operating Activities relating to Interest	2015/16 £'000
51	Interest received	59
10	Adjustments for differences between effective interest rates and actual interest receivable (including movement in interest debtor)	11
61	**Interest Received**	**70**
61	**Net Cash Flows from Operating Activities relating to Interest**	**70**

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 54 to 61.

Following the adoption of IFRS13 by the Code the Authority has updated the PPE accounting policy in respect of fair value measurement; this policy can be found in the accounting policies section of the financial statements on pages 59 to 61.

The Authority has included a new accounting policy for the componentisation of non current assets; this policy can be found in the accounting policies section of the financial statements on page 61.

In 2015/16, the Authority undertook a significant review of its accounting policies with the aim of streamlining them; although much shortened, the review has not resulted in any fundamental changes to the Authority's accounting policies.

2 Accounting Standards that have been Issued but not yet Adopted

Under the Code, the Authority is required to disclose details on the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. The following standards will need to be fully adopted by the Authority in 2016/17:

- There are changes to the format of the CIES, the MiRS and the introduction of a new Expenditure and Funding Analysis as a result of the Telling the Story review of the presentation of local authority financial statements which is applicable to park authorities.

In addition there have been a number of changes to existing accounting standards which include narrow scope amendments and which are not expected to have a material effect on the Authority's financial statements:

- Annual Improvements to IFRSs 2010-2012 cycle and Annual Improvements to IFRS2 2012-2014 cycle – the annual improvements process deals efficiently with a collection of narrow scope amendments to IFRSs even though the amendments are unrelated.
- IAS 16 Property, Plant and Equipment – the amendment clarifies the acceptable methods of depreciation that the Authority can use to depreciate non current assets.
- Amendment to IAS 1 Presentation of Financial Statements – the amendments are as a consequence of the International Accounting Standard's Board Disclosure Initiative. The changes are expected to enable and support authorities in ensuring that they tell the most effective story within their financial statements.

Any new accounting standards which are not expected to have an impact on the Authority's financial statements in 2016/17 and beyond are not disclosed above.

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.

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 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 19;
- **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 31 March. The level of the Authority's provisions are set out in note 13;
- **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 8;
- **Future Levels of Government Funding and Levels of Reserves** – In January 2016, DEFRA confirmed a year on year funding increase for the Authority of 1.7% for four years covering the period 2016/17 to 2019/20. 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 15;
- **Asset Componentisation** – The Authority has based the componentisation of assets using categories of typical buildings that the vast majority of its asset base would fall under. The Authority has exercised judgement on the main components that make up these typical buildings based on professional advice from quantity surveyors employed by Brighton & Hove City Council. The Authority has also exercised judgement in classifying its assets under each typical building category and whether assets fall outside these categories and require individual attention for asset componentisation purposes.

4 Events after the Reporting Period

These financial statements were authorised for issue by the Chief Finance Officer on 02 June 2016. 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.

5 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 financial year 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 financial year. The following table shows the balances on the General Fund balance at the beginning and end of the financial year and the detailed movements during the financial year:

General Fund Balance		
	2014/15	2015/16
	£'000	£'000
Balance on the General Fund as at 1 April	**(821)**	**(631)**
(Surplus) / deficit on the provision of services	3,067	(396)
Total comprehensive income and expenditure	**3,067**	**(396)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non current assets	(72)	(106)
Reversal of previous revaluation losses on non current assets	0	283
Revaluation losses on non current assets	(2,415)	(150)
Non current assets written off on disposal as part of the gain / loss on non current asset disposals to the CIES	(5)	0
Transfer of cash sale proceeds credited as part of the gain / loss on non current asset disposals to the CIES	17	15
Reversal of items relating to retirement benefits debited / credited to the CIES	(858)	(1,108)
Employer's pension contributions payable	704	718
Total adjustments between accounting basis and funding basis under regulations	**(2,629)**	**(348)**
Net (increase) / decrease before transfers to / (from) earmarked reserves	**438**	**(744)**
Transfers to / (from) earmarked reserves	(248)	803
(Increase) / decrease in year	**190**	**59**
Balance on the General Fund as at 31 March	**(631)**	**(572)**

Capital Receipts Reserve

The capital receipts reserve holds the proceeds from the disposal of non current assets which are restricted by statute from being used other than to fund new capital investment 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 financial year. The following table shows the balances on the capital receipts reserve at the beginning and end of the financial year and the detailed movements during the financial year:

Capital Receipts Reserve		
	2014/15	2015/16
	£'000	£'000
Balance as at 1 April	**(24)**	**(17)**
Adjustments between accounting basis and funding basis under regulations		
Transfer of cash sale proceeds credited as part of the gain / loss on non current asset disposals to the CIES	(17)	(15)
Use of the capital receipts reserve to finance new capital investment	24	0
Total adjustments between accounting basis and funding basis under regulations	**7**	**(15)**
Balance as at 31 March	**(17)**	**(32)**

6 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 and revaluation 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 financial year and the detailed movements during the financial year:

Capital Adjustment Account		
	2014/15	2015/16
	£'000	£'000
Balance as at 1 April	**(3,881)**	**(1,735)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non current assets	72	106
Revaluation losses on non current assets	2,415	150
Upward revaluations reversing previous revaluation losses on non current assets	0	(283)
Amounts of non current assets written off on disposal as part of the gain / loss on disposal	5	0
Use of the capital receipts reserve to finance new capital investment	(24)	0
Total adjustments between accounting basis and funding basis under regulations	**2,468**	**(27)**
Use of earmarked reserves to finance new capital investment	(322)	(134)
Balance as at 31 March	**(1,735)**	**(1,896)**

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 financed as the Authority makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The table below shows the balances on the pensions reserve at the beginning and end of the financial year and the detailed movements during the financial year:

Pensions Reserve		
	2014/15	2015/16
	£'000	£'000
Balance as at 1 April	**625**	**1,641**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	862	(1,411)
Total other comprehensive income and expenditure	**862**	**(1,411)**
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to retirement benefits charged to the surplus / deficit on the provision of services in the CIES	858	1,108
Employer's pensions contributions payable	(704)	(718)
Total adjustments between accounting basis and funding basis under regulations	**154**	**390**
Balance as at 31 March	**1,641**	**620**

The reserve is normally at the same level as the pensions liability carried on the top half of the Balance Sheet. Note 19 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 during the financial year (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the accumulated absences account. The table below shows the balances on the accumulated absences account at the beginning and end of the financial year and the detailed movements during the financial year:

Accumulated Absences Account		
	2014/15	2015/16
	£'000	£'000
Balance as at 1 April	**53**	**53**
Adjustments between accounting basis and funding basis under regulations		
Settlement / cancellation of accrual made at the end of the preceding reporting period	(53)	(53)
Amounts accrued at the end of the current reporting period	53	53
Total adjustments between accounting basis and funding basis under regulations	**0**	**0**
Balance as at 31 March	**53**	**53**

7 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 2015/16:

Transfers to / from Earmarked Reserves							
	Balance at 1 April 2014	Transfers To 2014/15	Transfers From 2014/15	Balance at 31 March 2015	Transfers To 2015/16	Transfers From 2015/16	Balance at 31 March 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
EARMARKED GENERAL FUND RESERVES							
Revenue reserves							
Sustainable communities fund	(375)	(315)	374	(316)	0	117	(199)
Carry forwards reserve	(764)	(598)	765	(597)	(329)	597	(329)
Planning reserve	(580)	0	0	(580)	0	0	(580)
Strategic fund reserve	(513)	(383)	642	(254)	(283)	148	(389)
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	(129)	(60)	51	(138)	(33)	137	(34)
Restructure redundancy reserve	0	0	0	0	(240)	0	(240)
S106 receipts reserve	(538)	(68)	13	(593)	(645)	94	(1,144)
Capital reserves							
South Downs Centre	(271)	0	271	0	(2)	0	(2)
Estates management reserve	(244)	(122)	0	(366)	(230)	0	(596)
Total	(3,465)	(1,546)	2,116	(2,895)	(1,762)	1,093	(3,564)

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 strategic fund reserve (previously named 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 restructure / redundancy reserve is a prudential reserve that will be used to fund approved redundancy payments and associated severance and pension payments. It will also fund other costs arising from service restructures such as additional recruitment and training costs.

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.

8 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 financial year for each sub category of PPE:

Non Current Assets				
2015/16	**Other Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Assets Under Construction**	**Total PPE**
	£'000	**£'000**	**£'000**	**£'000**
Gross carrying amount	1,500	385	0	**1,885**
Accumulated depreciation	0	(150)	0	**(150)**
Net Carrying Amount at 1 April 2015	**1,500**	**235**	**0**	**1,735**
Capital Additions				
Additions	(2)	136	0	**134**
Asset Disposals				
Derecognition - disposals	0	(28)	0	**(28)**
Derecognition - disposals (depreciation)	0	28	0	**28**
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Reversal of previous revaluation losses	283	0	0	**283**
Depreciation charge	(31)	(75)	0	**(106)**
Revaluation losses	(150)	0	0	**(150)**
Net Carrying Amount at 31 March 2016	**1,600**	**296**	**0**	**1,896**
Gross carrying amount	1,600	493	0	**2,093**
Accumulated depreciation	0	(197)	0	**(197)**
Net Carrying Amount at 31 March 2016	**1,600**	**296**	**0**	**1,896**

Non Current Assets				
2014/15 Comparative Figures	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Assets Under Construction	Total PPE
	£'000	£'000	£'000	£'000
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**
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**

Valuations

The valuation of other land and buildings (i.e. the South Downs Centre) is based upon a valuation report issued annually by the Authority's valuers, Savills UK Ltd. The valuation is 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.

Componentisation and Useful Lives

During 2015/16, the Authority componentised the South Downs Centre using information provided by Brighton & Hove City Council's quantity surveyors. The building is componentised into five components: main asset building, roof, windows and external doors, mechanical installations and electrical installations. The separate components have individual useful lives: 50 years for the main asset building, 25 years for electrical installations and 20 years for the remaining components.

Asset lives for vehicles, plant, furniture and equipment are set at five years.

9 Capital Investment and Capital Financing

The Authority incurred £0.134m of capital investment in 2015/16 which was fully financed in the financial year. 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		
	2014/15	2015/16
	£'000	£'000
Capital investment		
Property, plant and equipment	346	134
Total Capital Investment	**346**	**134**
Sources of finance		
Capital receipts	(24)	0
Reserves	(322)	(134)
Total Financing	**(346)**	**(134)**

10 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		
	Short Term	
	31 March 2015	31 March 2016
	£'000	£'000
Investments		
Loans and receivables	6,443	5,687
Total Investments	**6,443**	**5,687**
Debtors		
Financial assets carried at contract amounts	495	538
Total Debtors	**495**	**538**
Creditors		
Financial liabilities carried at contract amounts	(3,378)	(2,434)
Total Creditors	**(3,378)**	**(2,434)**

The above table includes the following investments:

- an investment with the Nationwide Building Society of £1.004m held as a short term investment (£2.000m 2014/15)
- an investment with the Lloyds Bank plc of £2.014m held as a short term investment (nil 2014/15);
- investments with the Santander (UK) plc totalling £2.005m, of which £1.002m is held as a cash equivalent and £1.003m is held as a short term investment (nil 2014/15);
- an investment with Brighton & Hove City Council of £0.664m held as a cash equivalent (£4.315m 2014/15)

The Authority's bank account was in credit by £0.086m as at 31 March 2016 (£0.116m in credit as at 31 March 2015).

The Authority does not have any long term financial instruments.

Income, Expense, Gains and Losses

In 2015/16, there was a net gain of £0.054m (£0.046m 2014/15) on loans and receivables which has been charged to the CIES; this includes a fee expense of £0.005m (£0.005m 2014/15) and interest income of £0.059m (£0.051m 2014/15). 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 2015		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors	(3,378)	(3,378)	(2,434)	(2,434)
Total Financial Liabilities	**(3,378)**	**(3,378)**	**(2,434)**	**(2,434)**

All financial liabilities are short term at 31 March 2016; therefore the fair value of liabilities is equal to the carrying amount.

Financial Assets

Financial Assets				
	31 March 2015		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and receivables	6,327	6,327	5,687	5,687
Cash at bank	116	116	86	86
Total Investments	**6,443**	**6,443**	**5,773**	**5,773**
Debtors	495	495	538	538
Total Financial Assets	**6,938**	**6,938**	**6,311**	**6,311**

All financial assets are short term at 31 March 2016; 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 26 March 2015 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 financial year and therefore no borrowing limits or prudential indicators in relation to borrowing were set for 2015/16;
- 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.

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

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £5.687m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the authority's deposits, but there is no evidence at the 31 March 2016 that this was likely to crystallise.

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 financial year 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 31 March is 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 2015 £'000	31 March 2016 £'000
Less than 3 months	8	3
Between 3 and 6 months	1	8
Between 6 and 12 months	0	1
Total	**9**	**12**

Liquidity Risk

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

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

Refinancing and Maturity Risk

The Authority maintains an investment portfolio, with a proportion of the funds available at call. The Authority is not exposed to refinancing and maturity risk as all financial instruments are held for less than 1 year.

The maturity analysis of the financial assets (excluding debtors) invested in the financial year of £5.687m (£6.315m in 2014/15) 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 financial year to adjust exposures appropriately.

At 31 March 2016, 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.

11 Debtors

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

Short Term Debtors		
	31 March 2015	31 March 2016
	£'000	£'000
Central government bodies	407	401
Other local authorities	218	480
Other entities and individuals	71	137
Total Short Term Debtors	**696**	**1,018**

£0.538m of short term debtors are classed as financial instruments and are included in note 10; those debtors not included are statutory debtors, grant debtors and payments in advance.

12 Creditors

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

Short Term Creditors		
	31 March 2015	31 March 2016
	£'000	£'000
Central government bodies	(87)	(167)
Other local authorities	(2,702)	(1,473)
Other entities and individuals	(822)	(994)
Total Short Term Creditors	**(3,611)**	**(2,634)**

£2.434m of short term creditors are classed as financial instruments and are included in note 10; those creditors not included are statutory creditors and receipts in advance.

13 Provisions

The Authority has an accumulated absences provision which 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. The entire previous year's provision was utilised in year with an additional provision being made of £0.053m. The level of the provision as at 31 March 2016 was £0.053m (£0.053m 31 March 2015).

14 Grant Income and Contributions

The Authority receives grants (both from central government and non government bodies) and contributions for revenue 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		
	2014/15 £'000	2015/16 £'000
Non ring fenced government grants credited to taxation and non specific grant income		
Department for Environment, Food and Rural Affairs	(9,968)	(9,795)
Total	**(9,968)**	**(9,795)**
Ring fenced government grants credited to cost of services		
Natural England	(222)	(96)
Heritage Lottery Fund	(182)	(219)
Rural Payments Agency	(8)	(19)
Department for Communities and Local Government	(30)	(125)
Department for Transport	(178)	(1,008)
Department for Environment, Food and Rural Affairs	(6)	(9)
Total	**(626)**	**(1,476)**
Total Government Revenue Grants	**(10,594)**	**(11,271)**

Non Ring Fenced Grants

The non ring fenced government grant received by the Authority from the Department for Environment, Food and Rural Affairs of £9.795m 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 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;
- Grant from the Department of Communities and Local Government which helps provide sufficient funding to enable the Authority to meet legislative duties on neighbourhood planning.

Revenue Contributions

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

Revenue Contributions		
	2014/15 £'000	2015/16 £'000
Revenue contributions credited to cost of services		
Contributions from other agencies / external bodies	(44)	(46)
Contributions from other local authorities	(404)	(660)
Other contributions, donations and sponsorship	(66)	(13)
Contributions from developers and stakeholders	(100)	(81)
Total Revenue Contributions	**(614)**	**(800)**

15 Leases

Authority as Lessee – Operating Leases

The Authority leases vehicles under operating leases with lease periods of between one and five years. The future minimum lease payments due under non cancellable operating leases in future financial years are:

Future Minimum Lease Payments under Operating Leases (Lessee)		
	31 March 2015	31 March 2016
	£'000	£'000
Not later than one year	40	15
Later than one year and not later than five years	37	32
Total Future Minimum Lease Payments	**77**	**47**

In 2015/16, the Authority made lease payments of £0.018m (£0.076m 2014/15) in respect of these leases; the lease payments were charged to the relevant cost of service in the CIES.

16 Related Parties

The Authority has the following material related party transactions:

Central Government

Central government has significant influence over the general operations of the Authority and provides the statutory framework within which the Authority operates. Central government also provides 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 2015/16 can be found in note 14. Details of the amounts owed to / from central government are included in notes 11 and 12.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in note 20. During 2015/16, works and services to the value of £4.520m (£3.893m 2014/15) 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 2015/16, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.448m (£0.441m 2014/15). 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 an initial period 1 April 2012 to 31 March 2015 with the option to extend for a further two years; this option has been exercised. The contract is independently monitored by the Authority's Business Services Manager.

17 Officers' Remuneration

In 2015/16 senior employee posts and other officer posts of the Authority were filled through a combination of permanent appointments and interim and agency appointments. The following tables show the actual remuneration paid to senior employees and other staff:

Senior Employee Remuneration

Senior Employee Remuneration - salary between £50,000 and £149,999				
2015/16				
	Salary (including Fees & Allowances)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Post Holder Information	£	£	£	£
Chief Executive	98,640	98,640	19,365	118,005
Director of Corporate Services	73,171	73,171	14,399	87,570
Interim Director of Corporate Services	73,087	73,087	0	73,087
Director of Planning	85,501	85,501	16,975	102,476
Director of Strategy	74,590	74,590	14,580	89,170
Director of Operations	65,757	65,757	12,937	78,694
Total	**470,746**	**470,746**	**78,256**	**549,002**

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

Note: In 2015/16, the interim Director of Corporate Services was employed on an agency basis. No expense allowances or compensation for loss of office was paid to senior employees during the financial year.

For the purposes of the above two tables, senior employees are defined as the Chief Executive and the directors who make up the Senior Management Team of the Authority. Three other members of staff received remuneration between £50,000 and £54,999 in 2015/16.

Other Officer Remuneration

Other Staff				
	2014/15		2015/16	
Nature of Employment	Number of Staff	Actual Cost £'000	Number of Staff	Actual Cost £'000
Employed	140	3,343	134	3,526
Interim Staff	12	285	7	125
Total	**152**	**3,628**	**141**	**3,651**

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.

18 Exit Packages

The Authority terminated the contracts of five employees during 2015/16, incurring liabilities in respect of termination benefits of £0.027m (£0.045m 2014/15). These amounts were paid to employees, employed across different services within the Authority and were fully charged to the CIES in the financial year.

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								
	Number of Compulsory Redundancies		Number of Other Departures		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Cost Band							£'000	£'000
£0 - £20,000	0	0	1	5	1	5	10	27
£20,001 - £40,000	0	0	1	0	1	0	35	0
Total	0	0	2	5	2	5	45	27

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

19 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). 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).

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 31 March:

Basis for Estimating Assets and Liabilities		
	31 March 2015	**31 March 2016**
Long term expected rate of return on assets in the scheme		
Equity investments	3.3%	3.6%
Bonds	3.3%	3.6%
Property	3.3%	3.6%
Cash	3.3%	3.6%
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	2.5%	2.2%
Rate of increase in salaries	3.9%	3.7%
Rate of increase in pensions	2.5%	2.2%
Rate for discounting scheme liabilities	3.3%	3.6%
Expected total return on assets	3.3%	3.6%
Take up of option to convert annual pension in retirement grant	*	*

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

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

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 2016 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 2016	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in real discount rate	16%	1,329
1 year increase in member life expectancy	3%	254
0.5% increase in salary increase rate	7%	568
0.5% Increase in the pension increase rate	9%	731

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 financial year.

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 during the financial year 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 financial year in relation to the scheme:

Transactions relating to Post Employment Benefits in respect of the Local Government Pension Scheme		
	2014/15	2015/16
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of Services		
Service Cost Comprising:		
Current service cost	828	1,048
Financing and Investment Income and Expenditure		
Net interest expense	30	60
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**858**	**1,108**
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)	(601)	88
Changes in demographic assumptions	0	0
Changes in financial assumptions	1,461	(1,502)
Other experience adjustments	(1)	(1)
Adjustment re remeasurements of the pension scheme	3	4
Total Post Employment Benefits charged to the CIES	**862**	**(1,411)**
Actual amount charged against the General Fund for pensions in the reporting period		
Employer's contributions payable to the scheme	(704)	(718)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	858	1,108
Net Adjustment to the Pension Reserve	**1,016**	**(1,021)**

Note: the remeasurements of the scheme in 2015/16 were £(1.415m); this is different to the remeasurements recorded in the financial statements of £(1.411m) 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 in the Balance Sheet		
	2014/15	2015/16
	£'000	£'000
Present value of the scheme liabilities	(8,521)	(8,469)
Fair value of scheme assets	6,880	7,849
Net Liability arising from Defined Benefit Obligation	**(1,641)**	**(620)**

Pension Scheme Liabilities

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 £8.469m has a substantial impact on the net assets of the Authority as recorded on the Balance Sheet, resulting in a negative overall balance of £0.620m. 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.

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

Reconciliation of Present Value of the Pension Scheme Liabilities (Defined Benefit Obligation)		
	2014/15	2015/16
	£'000	£'000
Opening Balance at 1 April	**(5,717)**	**(8,521)**
Current service cost	(828)	(1,048)
Interest cost	(269)	(300)
Contributions from scheme participants	(252)	(254)
Remeasurements:		
Changes in financial assumptions	(1,461)	1,502
Other experience adjustments	1	1
Benefits paid	5	151
Balance at 31 March	**(8,521)**	**(8,469)**

There has been little change in the overall scheme liabilities, based on the financial assumptions made by the actuary at 31 March 2016. The application of assumptions has resulted in a gain of £1.502m 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	Liability Split	Weighted Average Duration
	£'000	%	Years
2015/16			
Active members	8,418	99.4%	29.2
Deferred members	40	0.5%	36.6
Pensioner members	11	0.1%	0.0
Total	**8,469**	**100.0%**	**29.2**
2014/15 Comparative Figures			
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 tables 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.

Pension Scheme Assets

During 2015/16 there has been an increase in the return on the scheme assets by £0.969m. 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		
	2014/15	2015/16
	£'000	£'000
Opening Balance at 1 April	**5,092**	**6,880**
Interest income	239	240
Remeasurements:		
Return on scheme assets (excluding the amount included in the net interest expense)	601	(88)
Contributions from employer	701	714
Contributions from employees	252	254
Benefits paid	(5)	(151)
Balance at 31 March	**6,880**	**7,849**

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

Proportion of the Fair Value of the Scheme Assets by Category								
	2014/15				2015/16			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	% of Total Assets	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	% of Total Assets
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
Equity Securities								
Consumer	1,036.7	0.0	1,036.7	15%	1,282.2	0.0	1,282.2	16%
Manufacturing	603.9	0.0	603.9	9%	268.3	0.0	268.3	3%
Energy and utilities	306.2	0.0	306.2	4%	271.5	0.0	271.5	3%
Financial institutions	1,080.5	0.0	1,080.5	16%	1,271.5	0.0	1,271.5	16%
Health and care	457.7	0.0	457.7	7%	506.6	0.0	506.6	6%
Information technology	886.5	0.0	886.5	13%	1,014.0	0.0	1,014.0	13%
Other	241.3	0.0	241.3	4%	687.0	0.0	687.0	9%
Total	4,612.8	0.0	4,612.8	68%	5,301.1	0.0	5,301.1	68%
Debt Securities								
UK government	140.3	0.0	140.3	2%	136.7	0.0	136.7	2%
Total	140.3	0.0	140.3	2%	136.7	0.0	136.7	2%
Real Estate								
UK property	445.8	0.0	445.8	6%	708.2	0.0	708.2	9%
Overseas property	0.0	3.8	3.8	0%	0.9	0.0	0.9	0%
Total	445.8	3.8	449.6	6%	709.1	0.0	709.1	9%
Investment Funds and Unit Trusts								
Bonds	946.9	0.0	946.9	14%	1,102.9	0.0	1,102.9	14%
Other	50.6	0.0	50.6	1%	60.2	0.0	60.2	1%
Total	997.5	0.0	997.5	15%	1,163.1	0.0	1,163.1	15%
Private Equity	0.0	374.7	374.7	5%	0.0	377.2	377.2	5%
Cash and cash equivalents	305.1	0.0	305.1	4%	161.8	0.0	161.8	2%
Total Assets	6,501.5	378.5	6,880.0	100%	7,471.8	377.2	7,849.0	100%

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 Pensions 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 2017 will be approximately £0.714m.

The following table shows an analysis of the projected amount to be charged to the CIES for the financial year to 31 March 2017:

Projected Defined Benefit Cost for the Period Ended 31 March 2017			
	Assets	Liabilities	Net Liability
	£'000	£'000	£'000
Projected current service cost	0	838	**838**
Total Service Cost	**0**	**838**	**838**
Interest income on scheme assets	299	0	**299**
Interest cost on scheme liabilities	0	324	**324**
Total Net Interest Cost	**299**	**324**	**623**
Total Charge to CIES	**299**	**1,162**	**1,461**

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.

20 Members' Allowances and Expenses

During 2015/16, the Authority paid £0.091m (£0.093m 2014/15) of allowances to members; in addition members claimed £0.016m (£0.018m 2014/15) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2015/16 are published on the Authority's website.

21 External Audit Costs

In 2015/16, the Authority made payments of £0.014m (£0.014m 2014/15) to the external auditor in respect of the audit of the financial statements.

22 **Inventories**

The following table shows the total carrying amount of inventories at the beginning and end of the financial year and the movement during the financial year:

Analysis of Movement in Inventories				
	Balance at 31 March 2015	Purchases	Recognised as an Expense	Balance at 31 March 2016
	£'000	£'000	£'000	£'000
Inventories held for sale / distribution in the ordinary course of operations	15	10	(14)	11
Total	**15**	**10**	**(14)**	**11**

23 **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		
	2014/15	2015/16
	£	£
Recruitment advertising	19,094	21,543
Public relations	199,195	159,859
Other publicity and marketing	68,706	141,687
Total	**286,995**	**323,089**

The cost of publicity has increased by £0.036m; this is mainly due to increased publicity spend on major projects.

24 **Agency Services**

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 £0.235m (£0.172m 2014/15) for the amount due from HMRC at the end of the financial year.

Payroll Taxes and National Insurance

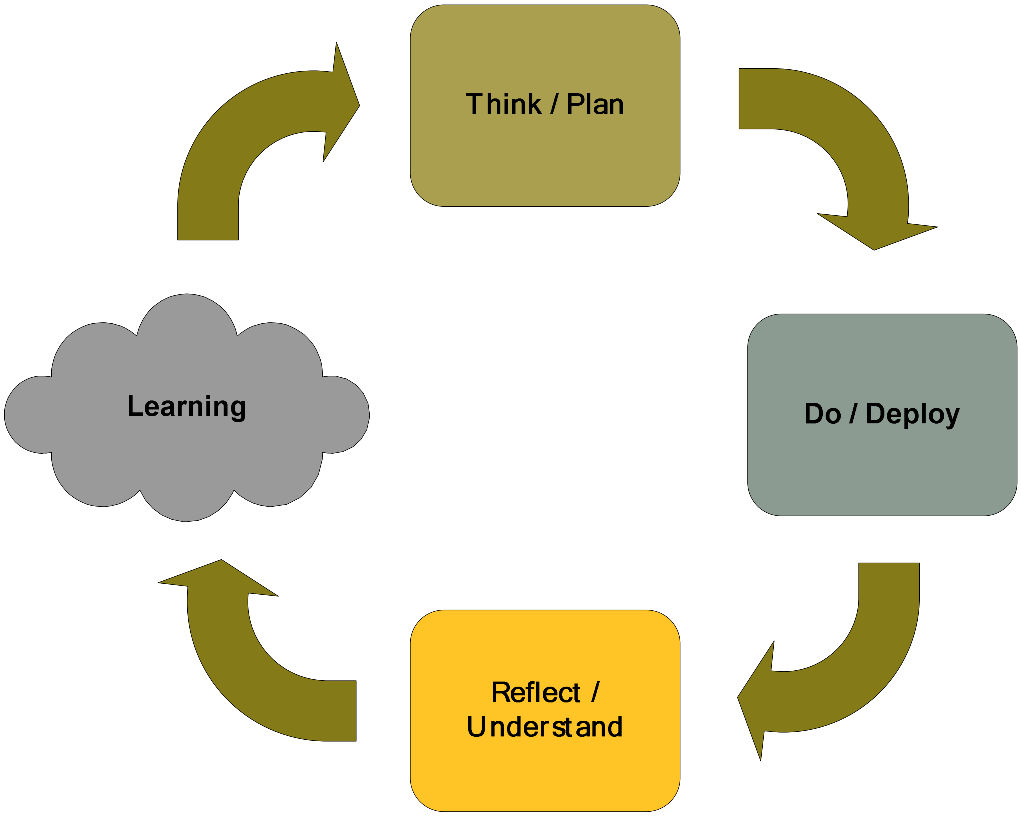
The Authority acts as an agent of HMRC for the collection of income tax and national insurance on behalf of employees. The Authority has included a net creditor in its Balance Sheet of £0.095m (£0.085m 2014/15) for the amount due to HMRC at the end of the financial year.

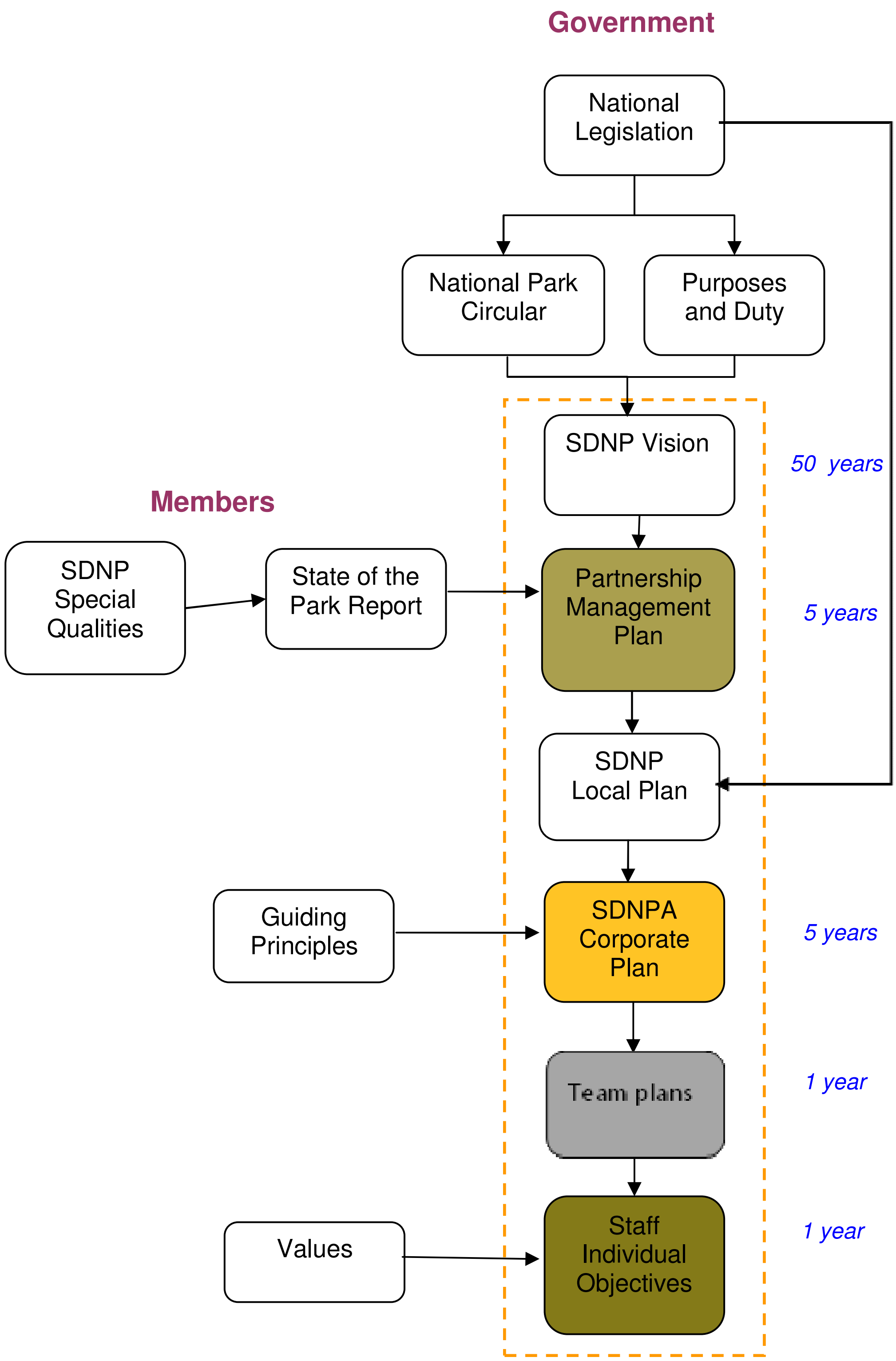
Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2015/16, 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 2015/16 amounted to £1.752m (£1.843m 2014/15) which included £1.063m (£1.111m 2014/15m) income received in relation to application fees.

Appendix 1 Performance Indicators

Performance Framework





SDNP Vision

The vision was agreed jointly with Partners and provides a high level set of aspirations for the National Park. The South Downs National Park Authority is one of many organisations working to achieve the 50 year vision.

Partnership Management Plan

The Partnership Management Plan is a shared strategy, owned jointly by the National Park Authority and Partners, setting out objectives, outcomes and policies across the National Park delivered jointly. The Partnership Management Plan is reviewed every 5 years, following a review of the State of the National Park Report.

SDNP Local Plan	The Single Local Plan is informed by the SDNP Vision and the Partnership Management Plan. It is developed in partnership but is owned by the National Park Authority.
SDNPA Corporate Plan	The Corporate Plan is shaped by the Partnership Management Plan and the Single Local Plan. It is wholly owned and monitored by the National Park Authority and sets out what the SDNPA will do to deliver the objectives and outcomes in the Partnership Management Plan. The Corporate Plan is a three year rolling plan reviewed and revised annually.
Team Plans	The Team plans set out on an annual basis how each part of the organisation will deliver the higher level objectives set out in the Corporate Plan. They are reviewed every year.
Staff Individual Objectives	Each individual member of staff has personal objectives which are clearly related to Operational and Corporate Plans; they are reviewed formally twice a year and should be reviewed regularly between formal meetings.
	The dotted line represents the main elements of our Performance Framework and shows the 'golden thread' linking personal objectives for each individual directly to the strategic plans for the SDNPA and the National Park.

The Authority's Key Performance Indicators (KPIs)

Objective 1: A thriving, living landscape We will work to ensure that cultural heritage, natural beauty and wildlife is conserved and enhanced through everything we and our partners do. We will achieve this by being a focus for specialist expertise and advice, and by developing knowledge, policy, projects and partnerships, supported by advocacy and interdepartmental working.		
	Measure	**Frequency**
CP1.1	% of SDNPA-led Objective 1 projects completed on time or on track for year three milestones.	Quarterly
CP 1.2	% of SDNPA-led Objective 1 projects completed to or under original budget.	Quarterly
CP 1.3	Prepare for the submission of the SDNPA Local Plan in accordance with the timetable and procedures set out in the agreed Local Development Scheme (LDS).	Quarterly
CP 1.4	The proportion of planning decisions made where value is added to the overall outcome through technical advice.	Annually
CP 1.5	Work to ensure that current levels of planning fee income are maintained and improved where possible.	Annually
CP 1.6	% of planning application appeals determined in favour of SDNPA.	Quarterly
CP 1.7	Number of partners actively engaged in delivering projects against Purpose 1 in the Delivery Framework of the PMP.	Annually
CP1.8	Number of Conservation Area Management Plans formally adopted.	Quarterly
CP1.9	Agreed approach to payments for payment for ecosystems services (PES).	Annually

Objective 2: People connected with places We will promote opportunities for awareness, learning and engagement, seek to ensure quality access management and accessibility and support the development of sustainable tourism.		
	Measure	**Frequency**
CP 2.1	% of schools within a 5km radius of the boundary using the National Park for Learning Outside the Classroom experiences at least once a year.	Every three years
CP 2.2	Total number of volunteer days undertaken by the South Downs Volunteer Ranger service.	Quarterly
CP 2.3	Proportion of visits by public transport – within the National Park.	Annual, then every 3 years from 2016/17
CP 2.4	% of SDNPA-led Objective 2 projects completed on time or on track for year three milestones.	Quarterly
CP 2.5	% of SDNPA-led Objective 2 projects completed to or under original budget.	Quarterly
CP 2.6	% of visitors/residents recognising and responding to identity key themes and visuals.	Annually
CP 2.7	Number of local tourism businesses promoting the National Park and encouraging visitors to visit multiple venues.	Annually
CP 2.8	Number of partners actively engaged in delivering projects against purpose 2 in the Delivery Framework of the PMP.	Annually

Objective 3: Towards a sustainable future We will provide information and support to help communities better understand their environment and the impact of their action on it and make sure they are engaged in the design and development of their local surroundings. We will support the growth of sustainable local businesses.		
	Measure	**Frequency**
CP 3.1	Number of apprentices supported by SDNPA.	Annually
CP 3.2	Influence increasing superfast broadband coverage across the SDNP.	Quarterly
CP 3.3	Number of Stakeholders aware of and using shared identity to raise the profile of the National Park in their venues, communities or businesses.	Quarterly
CP 3.4	Number of the target audience reached by our sustainable behaviour campaigns	Quarterly
CP 3.5	% of SDNPA-led Objective 3 projects completed on time or on track for year three milestones.	Quarterly
CP 3.6	% of SDNPA-led Objective 3 projects completed to or under original budget.	Quarterly
CP 3.7	Improved community infrastructure delivered through the Community Infrastructure Levy.	Quarterly
CP 3.8	Number of partners actively engaged in delivering projects against the Duty in the Delivery Framework of the PMP.	Annually
CP 3.9	% satisfied with the quality of advice and support for Community led plans.	Annually
CP 3.10	Number of Community led plans (CLPS) submitted that are endorsed or adopted by the SDNPA.	Annually

Objective 4: An efficient and effective organisation that supports partnership working We will manage our own resources to deliver high levels of customer services and value for money. We will seek to reduce the environmental impact of our activities. We will support and develop staff, Members and volunteers to enable them to perform effectively.		
	Measure	**Frequency**
CP 4.1	% of FOI/EIR requests responded to within 20 working days.	Quarterly
CP 4.2	% of complaints responded to within agreed timescales.	Quarterly
CP 4.3	Develop External Funding Strategy.	Quarterly
CP 4.4	Establish and embed project governance process.	Quarterly
CP 4.5	Increased satisfaction from Planning service users.	Quarterly
CP 4.6	% of major applications dealt with in 13 weeks.	Quarterly
CP 4.7	% minor and other applications determined within eight weeks.	Quarterly
CP 4.8	% valid applications validated in five working days.	Quarterly
CP 4.9	% of staff who received training.	Quarterly
CP 4.10	Agree and implement action plan as a result of the staff survey.	Quarterly
CP 4.11	% of overhead costs as a proportion of total budget stays stable or reduces.	Annually

Joint National Park indicators

These indicators are collected annually by all National Parks but have a range of reporting dates as indicated.

Conservation of Cultural Heritage

PI CH 2 Total no. of Listed Buildings 'at risk' conserved during the last 3 years
PI CH 3 Total no. of scheduled monuments 'at high or medium risk' conserved during the last 3 years

Conservation of Natural Environment

PI NE1 % of SSSI Land in favourable condition in:
- a) NPA Management
- b) the National Park as a whole

% of SSSI Land in 'unfavourable but recovering' condition in:
- c) NPA Management
- d) the National Park as a whole

PI NE2 % length of water courses with:
- a) "high" or "good" ecological status
- b) "moderate" ecological status

Corporate & Democratic

PI CD 3 % change in greenhouse gas emissions from National Park Authority operation

Development Management

PI DC 0 % all planning applications determined which have been approved
PI DC 1 % of planning applications by type dealt with in a timely manner:
- a) major applications determined within 13 weeks
- b) minor applications determined within 8 weeks
- c) other applications determined within 8 weeks

PI DC 2 % of planning applicants satisfied with the quality of service received

Promoting Understanding - Case study to be provided

Recreation Management

PI RM 1 % of the total length of footpaths and other rights of way that were easy to use by the general public (even though they may not follow the exact definitive line).
PI RM 3 Volunteer Days
- a) Total No. of volunteer days organised or supported by the NPA
- b) Value of volunteer days organised or supported by the NPA
- c) No. of those days attended by 'under represented' groups

Accounting Policies
2015/16

Accounting Policies Contents

Accounting Policies

1. General

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

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

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

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

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

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

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

3. Accounting Concepts

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items within the financial statements. In preparing information for the financial statements, the Authority has regard to the underlying assumptions and qualitative characteristics:

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

- **Verifiability** – the financial information included in the financial statements faithfully represents the financial position, performance and cash flows of the Authority. The Authority includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements;
- **Timeliness** – the information included in the financial statements is available to decision makers in time to be capable of influencing their decisions;
- **Understandability** – the financial statements are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to ensure that the financial information included in the financial statements is presented clearly and concisely and notes and commentaries are provided that explain and interpret the key elements of the financial statements for the user;
- **Going Concern** – the financial statements are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

4. Grants and Contributions

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

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

Revenue grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (in respect of attributable revenue grants and contributions) or taxation and non specific grant income and expenditure (in respect of non ring fenced revenue grants) within the CIES.

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

5. Revenue Recognition

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

Activity is accounted for in the financial year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the amount of revenue can be measured reliably, the significant risks and rewards of ownership are transferred to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- revenue from the provision of services is recognised when 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 and the stage of completion of the service can be measured;
- 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 in relation to services received are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments is accounted for retrospectively as income and expenditure on the basis of the effective interest rate (i.e. 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) for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

Services and support services are debited with the following amounts to record the cost of holding non current assets during the financial year:

- depreciation attributable to the assets used by the relevant service;
- revaluation losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which losses can be written off.

The Authority is not required to raise funds to fund depreciation and revaluation losses, therefore the charges are transferred from the General Fund balance to the CAA through the MiRS.

7. Value Added Tax (VAT)

The CIES excludes amounts relating to VAT and VAT payable is included as an expense only to the extent that it is not receivable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the CIES.

The net amount due to / from HMRC in respect of VAT is included as a creditor / debtor on the Balance Sheet.

8. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on demand.

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

In terms of cash flow and treasury management, the Authority collectively manages its cash equivalents and cash on the Balance Sheet. The Authority uses the indirect method to present its revenue activities cash flows, whereby the surplus / deficit on the provision of services is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

9. Inventories

Inventories are measured at the lower of cost and net realisable value. 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).

When inventories are sold or distributed, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised.

10. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme.

The liabilities of the pension scheme attributable to the Authority are included on the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method (ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc and projections of earnings for current employees).

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

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

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

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

- service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned in the current financial year – this cost is allocated within the CIES to the services for which the employees worked;

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

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension scheme or directly to pensioners in the financial year, not the amount calculated according to the relevant accounting standards. Transfers are made through the MiRS to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension scheme and pensioners and any such amounts payable but unpaid the end of the financial year. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

11. Financial Assets and Liabilities– Financial Instruments

Financial Liabilities

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

Financial Assets

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

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

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

12. Reserves

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

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

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

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

13. Overheads and Support Services

The costs of central and departmental overheads (i.e. management and administration costs) and support services are charged to those services that benefit from the supply or service in accordance with the 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 costs of discretionary benefits awarded to employees retiring early.

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

14. Property, Plant and Equipment (PPE)

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

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the relevant cost of service within the CIES as it is incurred.

The Authority has a 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.

Measurement

PPE assets are initially measurement at cost comprising purchase price, any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Authority, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

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

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

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

At the end of each financial year, assets are assessed as to whether there is any indication that an asset may be impaired.

Depreciation

Depreciation is applied to all PPE assets, except for assets without a determinable finite useful life (i.e. freehold land).

The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a straight line allocation method and is charged to the relevant service(s) within the CIES.

General Fund depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA.

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

Disposals

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

Capital receipts are required to be credited to the capital receipts reserve, and can then only be used for new capital investment. Receipts are credited to the CIES and subsequently transferred to the capital receipts reserve from the General Fund balance in the MiRS.

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

Asset Componentisation

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

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

15. Leases

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 where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for 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.

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 lessee, which have been classified as operating leases.

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).

16. Events after the Reporting Period

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Independent Auditor's Report 2015/16

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

Opinion on the Authority's financial statements

Respective responsibilities of the Chief Finance Officer and auditor

Scope of the audit of the financial statements

Opinion on financial statements

Opinion on other matters

Matters on which we report by exception

Other matters on which we are required to conclude

Certificate

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Paul King
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
XX September 2016

South Downs
National Park Authority

Glossary of Terms
2015/16

Glossary

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

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

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

Actuarial Gains and Losses (Pensions) are changes in the present value of the defined benefit obligation resulting from:

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

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

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.

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

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

Benefits Payable during Employment covers:

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

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

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

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

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

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

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

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

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

Cash comprises cash in hand and demand deposits.

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue.

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 statements.

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

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

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

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

A **Financial Asset** is any asset that is:

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

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

A **Financial Instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and includes trade payables and other payables, bank deposits, trade receivables and loans receivable.

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

The **General Fund** is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise.

The **General Fund Balance** shows the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

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

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

Grants and Contributions are assistance in the form of transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities.

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

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

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

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

International Accounting Standards (IAS) are standards for the preparation and presentation of financial statements.

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

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

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

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

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

Loans and Receivables are financial assets with fixed or determinable payments that are not quoted in an active market, other than:
- those that the entity intends to sell immediately or in the near term (held for trading); or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (available for sale).

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

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

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

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

The **Net Realisable Value** is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Non Distributed Costs are overheads for which no service benefits.

Non Ring Fenced Government Grants are revenue grants distributed by central government that do not relate to the performance of a specific service. The Authority is free to use all of its non ring fenced funding as it sees fit to support the delivery of local, regional and national priorities in the Park's area.

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

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

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

Other Service Expenses include:

- premises expenses including all running costs, expenditure on goods, services and contractors directly related to property;
- transport expenses including all costs connected with the provision, hire or use of transport;
- supplies and services covering all direct supplies and services expenditure incurred;
- third party payments including, for example, payments to third party providers of local authority services and other bodies;
- support service charges including the recharge of management and administration costs and support service costs (e.g. financial services, human resources, legal services and property services) to front line services and internal recharges between services.

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

The **Pension Reserve** is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the Authority's recognised liability under IAS 19 *"Employee Benefits"*, for the same period.

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

The **Present Value of a Defined Benefit Liability (Pensions)** is the present value, without deducting any scheme assets, of expected future payments required to settle the liability resulting from employee service in the current and prior periods.

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

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

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

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

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

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

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

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

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

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

A **Scheme Amendment (Pensions)** occurs when the Authority introduces, or withdraws a defined benefit scheme or changes the benefits payable under an existing defined benefit scheme.

Scheme Assets (Pensions) comprise assets held by a long term employee benefit scheme.

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

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

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

The **Surplus or Deficit on the Provision of Services** is the total of income less expenses, excluding the components of other comprehensive income and expenditure.

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

Termination Benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Authority's decision to terminate an employee's employment before the normal retirement date, or the Authority's decision to accept an offer of benefits in exchange for the termination of employment.

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

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

The **Usable Capital Receipts Reserve** holds the proceeds of PPE disposals and is 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 are those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

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

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

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