Statement of Accounts

For the year ended 31st March 2013

CONTENTS

Summary of the 2012/13 Financial Year

Financial Performance

Financial performance in 2012/13 largely mirrored that of 2011/12 with a £430,000 increase in the General Fund Balance (£430,000 in 2011/12). The financial performance was the result of significant budget savings (£277,300) and budget under spends (£283,700), the latter being carried forward into 2013/14 budget.

It is good to report that the Authority over achieved its targets for base budget cost reduction during the year identifying a number of ongoing budget savings particularly from its core corporate services budgets. The ongoing savings have been built into our three year Business Plan the first year of which forms the Budget for 2013/14.

The staff restructuring programme initiated in response to the cuts in Defra National Park Grant was completed in 2012/13 with the final three staff leaving us during the year.
The main disappointment in the 2012/13 financial performance was the failure to meet our income generation targets largely as a result of budget and year on year shortfalls in visitor centre trading and car parking income. With further cuts in Defra National Park grant of 6.0% in 2013/14 and 6.4% in 2014/15 and a risk of further cuts in future years, it is important that the Authority looks to increase its income generation. A challenging yet realistic income generation plan has been reviewed by the Authority and there will be increased focus in this area with actions being built into management and staff objectives. It was encouraging to note that improvements in treasury management resulted in a better than budget performance and a £12,000 increase in year on year interest receivable.

The Authority's General Fund and Useable Reserves at year end increased by £430,000 due to the budget savings and budget carryovers detailed above. Total Useable Reserves now stand at £2,283,000 although £364,000 has been put aside to cover earmarked reserves as detailed in note 10 of the accounts. The remaining General Fund balance of £1,919,000 will cover potential future investment in the Sill Landscape Discovery Centre and other planned investment, as well as allowing the Authority some flexibility to react to any future financial challenges.

The pension liability reserve has increased by £270,000 during the year and at £3,940,000 it remains a significant liability. The Authority is paying down this liability by:

- reducing the historical fixed liability over ten years with annual payments of £128,000pa; and
- reducing the variable debt on future pension liabilities by the Authority contributing 14.2% of staff salary costs into the pension fund based on actuarial advice.

The impact of the next triennial Actuarial Pension Valuation as at the 31st March 2013 will be included in the 2013/14 accounts, this will include the impact on the scheme of changes to the Local Government Pension Scheme which have been announced by the government and which come into effect from the 1st April 2014.

All the Authority's Land and Buildings were revalued on the 1st April 2012; the net impact was an asset impairment of £7,000 as detailed in the accounts.

As a result of the above financial performance the Authority has increased its total reserves by £90,000 to a total £493,000.

Priorities

The Authority continues to focus on its priorities with the aim of achieving excellence in three key priority areas:

- Land Management;
- Rural development;
- Engagement with young people through pathways to work and education.

In addition the Authority is committed to develop proposals for the new Sill Landscape Discovery Centre as a means of delivering its stated priorities and transforming the wider public engagement with landscape.

Achievements

Significant reductions to staffing and financial resources, both within the Authority and within many of our partners, has resulted in completed delivery of only 60% of the planned actions in the 2012/13 Corporate Plan. Analysis of our overall performance (completed and partially completed actions) continues to demonstrate a strong performance, with good performance continuing to outweigh poor performance by a ratio of 2:1. Further details on our performance in 2012/13 are provided within the Annual Report that be found on the Authority's website at:
http://www.northumberlandnationalpark.org.uk/lookingafter/corporateinformation/corporateplansbestvalue

One in four of the Authority's staff have left the Authority's employment in the two years to the 31st March 2013; as a result we are a very different staff team and are required to work in very different ways. The Authority also has a new and much reduced management team, and many staff have been asked to perform in new and wider roles.

We have embarked on a journey to become a more enabling Authority, working a lot more in partnership with others. With our partners we continue to improve the National Park in line with our collectively agreed Management Plan and we have put down solid foundations to take the opportunities and meet the challenges of the future.

Tony Gates, Chief Executive (National Park Officer)

Explanatory Foreword

INFORMATION AND FINANCIAL STATEMENTS

The purpose of this foreword is to provide a clear and understandable guide to the most significant matters reported in the financial statements.

Comprehensive Income and Expenditure Statement
This statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year. It also brings together all the gains and losses of the Authority for the year and shows the aggregate increase or decrease in net worth.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the provision of services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different to the statutory amounts required to be charged to the General Fund Balance.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement
The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by grant income or from 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 towards the Authority's future service delivery.

Statement of Accounting Policies
Discloses the accounting policies used by the National Park Authority in compiling the financial statements.

Notes to the Accounts
Disclose more detailed information on the figures provided in the Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.

FINANCIAL POSITION

The Authority has modest resources but national expectations. In order to meet these ambitions it seeks to maintain, and has maintained, its General Fund balance and Usable Reserves at a sufficient level to finance working capital and to provide contingency against unexpected events and to fund planned investments.

The Authority is dependent on funding (the National Park Grant) from the Department for the Environment Farming and Rural Affairs (Defra) which, at £2,955,341, amounted to 80% of its income in 2012/13. The National Park Grant will reduce by 6% in 2013/14 and 6.4% in 2014/15 as a result of the overall government funding cuts and there is the potential for further cuts in future years.

The majority of the Authority's expenditure is on salaries and staff-related expenditure, which amounted to £2,135,422 in 2012/13 a reduction of 6.3% (£143,773) compared to 2011/12. The reduction in staff costs reflected the full year saving of staff cuts made in 2011/12. The staff restructuring programme completed in 2012/13 with 3 members of staff leaving the organisation due to compulsory redundancy after the closure of two of the Authority's three visitor centres.

Funds for many programmes and services continue to be dependent on grants and other sources of income and greater management focus is now being placed on improving commercial income generation as a way of offsetting the impact of cuts in National Park Grant.

On the 1st April 2012 the Authority revalued all its Land and Buildings. The revaluation produced a net impairment in asset values of £6,968, as a result of certain assets being revalued up (£553,642) whilst others were impaired (£560,610).

The deficit on the Authority's pension fund has increased by £270,000 to £3,940,000. Despite the increase in the pension deficit the Authority's balance sheet remains in a positive position i.e. the assets of the Authority are valued higher than its liabilities. The deficit on the pension fund is a significant liability, however the Pension Reserve is a non cash reserve which reflects a long term issue to be resolved in all public sector organisations.

The Authority has a positive balance of £492,680 on its total reserves which increased by £89,893 during the year.

Income and Expenditure

The increase in the General Fund for the year was £429,882 compared to a £430,318 increase in 2011/12 and a £309,700 decrease in 2010/11.

The net Cost of Services in the Comprehensive Income and Expenditure Statement increased by £765,102 to £3,171,312; this increase was due to the one off asset impairment charge of £560,610 and a reduction in the IAS 19 pension credit of £290,000. Excluding both those adjustments the underlying net Cost of Services decreased by £85,508. Note the revaluation gain of £553,642, which almost offset the impairment charge, is credited to the Comprehensive Income and Expenditure Statement under Other Income and Expenditure.

The Cost of Services Gross Expenditure increased year-on-year by £772,148, however if you discount the impairment charge and the IAS19 pension credit adjustment, the decrease in expenditure is £78,462. The main reasons of note contributing to this saving were:

- General reductions in core operating costs due to the ongoing requirement to reduce costs to balance long term Budgets in line with government funding cuts.
- £143,773 reduction in staff related costs due to the full year saving of staff cuts made in 2011/12.

- £36,354 reduction in depreciation charges due to changes in valuation and asset lives following the 1st April 2012 revaluation of Land and Buildings.

- £49,472 reduction in climate change costs following the completion of a number of projects in the prior and current year.

- £100,739 increase in footpath maintenance and improvement costs primarily due to £102,603 of expenditure on the Pennine Way National Trail. The majority of the costs were externally funded.

- £34,665 increase in grants payable to local businesses and community groups through the Sustainable Development Fund, partially reversing the decrease in expenditure in 2011/12.

- £32,203 increase in conservation, heritage and cultural projects, part of which was in the form of Action Area grants paid to local businesses and community groups.

The Cost of Services Gross Income increased year-on-year by £7,046. The principal movements being:

- £142,715 reduction in one-off funding from DEFRAs Modernisation Fund, to cover the costs of redundancy.

- £167,863 increase in project grants to fund a range of projects across the Northumberland National Park, including a grant of £111,116 from Natural England for the Pennine Way National Trail.

- £18,102 reduction in sales, fees and charges due to a £13,816 reduction in Visitor Centre trading sales and a £5,304 reduction in car parking charges as a result of lower visitor numbers due to bad weather during the critical holiday periods, increased fuel costs and the general weakness in the local regional and national economy. The decline in Visitor Centre trading sales was also impacted by the decision to run down stocks in advance of closing the Rothbury and Ingram Visitor Centres in October 2012 as part of the Authority's cost reduction plans.

The budgeted reduction in the General Fund for 2012/13 was £131,100. The actual increase was £429,882, a variance of £560,982. Following the approval of Members, at a meeting of the Authority on the 17th July 2013, £283,700 of unspent budgets were carried forward into the 2013/14 Budget.

The carry forward figure of £283,700 includes the following material balances:

- £57,700 to expand the size of the car park at Housesteads to improve visitor access at this key location, this will also increase future income generation through car park charges to pay for the investment;

- £63,600 of Sustainable Development Fund expenditure;

- £61,100 to cover phase 1 design and development costs on the Sill project. The Sill is the proposed new Landscape Discovery Centre and Youth Hostel at Once Brewed being developed in partnership with the YHA with funding support from the Heritage Lottery Fund;

- £101,300 to complete one-off investment projects to fulfil the aims and objectives set out in the three year Business Plan, the National Park Management Plan and the Authority's Corporate Plan.

Capital

Capital expenditure in the year was £20,575, representing the final payments for the replacement of the roof at the Coquetdale Centre in Rothbury which had been damaged by severe winter weather in 2010/11. Whilst working on the roof the opportunity was also taken to install solar photovoltaic panels. The cost of the work was funded by revenue. The project was completed in April 2012.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the National Park Authority

The National Park Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs;
- ensure financial management is adequate and effective and there is a sound system of internal control which secures economic, efficient and effective use of its resources and safeguard its assets includes arrangements for the management of risk;
- annually review the system of internal control; and
- approve the audited Statement of Accounts.

Responsibilities of the Chief Financial Officer

At the Northumberland National Park Authority, the responsibility for the administration of its financial affairs lies with the Chief Financial Officer. The role of Chief Financial Officer (as specified in Section 151 of the Local Government Act 1972 and paragraph 13(6) of Schedule 7 (National Park Authorities) to the Environment Act 1995) is undertaken by a suitably qualified member of staff.

The Chief Financial Officer is responsible for the preparation of the National Park Authority's statement of accounts which, in terms of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in Great Britain (the "Code of Practice"), is required to present a true and fair financial position of the National Park Authority at the 31st March 2013 and its income and expenditure for the year.

In preparing this statement of accounts, the Chief Financial Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice and the National Parks Financial Memorandum.

The Chief Financial Officer has also:

- kept proper accounting records which are up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

Statement by the Chief Financial Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Northumberland National Park Authority as at 31st March 2013 and its income and expenditure for the year then ended

.... Chief Financial Officer

11TH SEPT 2013 .... Date

Annual Governance Statement

Introduction

Northumberland National Park Authority is required to undertake proper practices in relation to its accounts as defined by the Accounts and Audit (England) Regulations 2011. Thus an Annual Governance Statement is required for the year ending 31st March 2013. This needs to be produced alongside the Annual Accounts.

Scope

The Authority is responsible for ensuring its business is conducted in accordance with statutory standards and professional guidance and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Local Government Act 1999 places a statutory responsibility on the Authority to secure continuous improvement in the way its functions are delivered. Therefore the Authority is responsible for ensuring a sound system of internal control is in place to facilitate the delivery of its functions and make arrangements to manage the risk.

The Purpose of the Annual Governance Statement

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Risk is managed against the framework and risk appetite set by the Authority.

The system of internal control has been in place for the year ended 31st March 2013 and up to the date of approval of the annual report and accounts and accords with proper practice.

The Internal Control Environment

Establishing and monitoring the achievement of the Authority's objectives

Medium Term Vision and 5 Year Framework

The Authority has a hierarchy of plans, headed by a statutory National Park Management Plan which sets a framework for its work for the next 10 years, with a planned review after 5 years. Key strategic aims are set as part of the National Park Management Plan following wide consultation with the local community, partners and stakeholders. The strategic aims are cascaded into outcomes and objectives for the next 5 years.

The National Park Management Plan is a plan for the National Park to be delivered by all public bodies, partners and the National Park Authority. The work programme to deliver the National Park Management Plan is determined by a partnership, consisting of key public bodies and other stakeholders operating in the National Park. The **National Park Management Plan Partnership** annually agrees a **National Park Management Plan Annual Action Plan**.

A current National Park Management Plan was adopted in June 2009. This has set a framework of detailed work planning to 2014.

3 Year Business Plan

A 3-year **Business Plan** is used to set out the National Park Authority's work programmes to deliver its part of the National Park Management Plan on a rolling three year basis. The first year of the Plan becomes the Authority's annual Budget.

The National Park Management Plan's strategic aims determine the prioritisation of resources which informs the medium term Business Plan and associated annual Budget. The Authority approved its latest three year Business Plan in March 2013. The three year Business Plan is updated each year.

Corporate Plan (Annual Work Programme)

The **Corporate Plan** is prepared annually in concert with budget planning. It sets out the detailed annual work programme to deliver the Business Plan. These actions are then cascaded into departmental work programmes and individual staff work plans.

Agreeing Priorities

Not everything within the National Park Management Plan is deliverable with available resources. Strategic priority setting is undertaken by the Authority every three years and was carried out in the autumn of 2012 to inform the medium term vision and the three year Business Plan. These revised priorities have been used to set the three year Budget Plan up to the end of 2015/16.

Policy and decision making

All internal policy is made by the Authority. The development of policy is assisted by regular member policy conferences and is supported and informed by task and finish groups of members, staff and partners. Detailed policy is developed within the departments and this work is always sponsored by a Head of Department or the Chief Executive. All policy decisions are therefore recorded in official and publicly available minutes.

Decision making is regulated by the Authority's Standing Orders, Scheme of Delegation, Financial Procedures and member and officer Codes of Conduct. The Authority reviewed its internal governance arrangements in 2011. From 1st April 2012 new and more streamlined arrangements were implemented including revised Standing Orders, a more enabling Scheme of Delegation and revised Financial Procedures. The aim being to create more fleet of foot processes for a much reduced number of managers to operate.

In 2012/13 Northumberland National Park Authority implemented the new national Member Code of Conduct and set a local code of conduct which reflected the statutory purposes of National Park Authorities. The Authority appointed an independent member to assist the Monitoring Officer in implementing the new Member Code of Conduct.

The decision-making process benefits from high level legal and financial advice via the Chief Financial Officer and Monitoring Officer. The executive ensures that the Authority has access to professional services from within and outside the staffing structure to provide specialist policy and legislative advice in key areas such as finance, human resources, health and safety, property and estates, development management, forward planning, historic buildings, ecology, archaeology and recreational access.

Identifying, assessing and monitoring risks

The Authority manages risk through the annual **Strategic Risk Register**, which identifies areas of highest strategic risk over the three year period of the Business Plan. Risk management activity is incorporated, via the Corporate Plan, into work programmes including priority actions for senior managers. In addition the Authority has separate programmes to address health and safety, local resilience, business continuity and equality.

Internal Audit is focussed on corporate risk and systems of control. This is high level advice which is in part influenced by the overall assurance framework but also takes account of the key control systems which underpin an efficient and effective organisation e.g. corporate governance and budgetary control. The work programme for internal audit is set by the Authority and the Chairman of Review.

New work, including a portfolio of externally funded projects, is developed using a nationally recognised project management model. Trained staff use these processes to ensure risk is identified at the outset and that all new work is in line with the Authority's stated priorities.

Members routinely scrutinise work through Review meetings. This model is a nationally commended review process which includes enlisting the active participation of external partners. This process provides a programme of high support and high challenge.

The proposed £10.5m Sill Project, being developed in partnership with the Youth Hostel Association, is supported by a team of external specialists who regularly report to senior management and the Sill Working Group which is made up of a small number of Authority Members, supported by senior managers from the Authority and the Youth Hostel Association. The Sill Working Group has delegated authority to take decisions on the detailed development of proposals for the project.

Continuous Improvement: Ensuring economical, effective and efficient use of resources

Improvement Planning

The National Park Authority Performance Assessment November 2010 (NPAPA) found Northumberland had no areas of weakness and had become a high performing national park authority with two of its service areas identified as exemplary:

1. The quality of vision and the plans to deliver the vision; and
2. Achieving wider sustainable development.

Four areas of our work were considered to be delivering to a very high standard with only one area found to be delivering to an adequate standard, namely promoting opportunities for understanding and enjoyment of the special qualities by the public. The Assessment considered that this can be improved by a better focus and clarity of aims including improving partnership working, better use of performance information to drive forward service standards in this area and by focusing on creating new easy to use access routes in key locations across the National Park.

In December 2010 the Authority adopted an **Improvement Plan** based on the findings of NPAPA. This contained 12 priority actions for improvement. To date a number of these improvements have been completed with remaining actions scheduled for completion through the Corporate Plan.

Significant progress has been achieved in 6 of the 12 priority actions namely:

- clarifying the Authority's position on delivery of second purpose activities;
- clarifying the Authority's stance on tourism delivery;
- an increase in emphasis in working with the voluntary sector, including volunteers;
- implementation of an asset rationalisation plan;
- completion and implementation of an internal governance review; and
- completing an audit of staff skills to ensure staff are able to fully contribute;

Tangible progress is outstanding on the following 6 actions:

- refreshing the Partnership Engagement Plan and Management Plan Partnership;
- reviewing its 'Action Area' working and communicating the impact and benefits to communities and residents;
- surveying and monitoring priority habitats to allow effective future resource targeting;
- initiating an eco-system services audit to help communicate the value of the National Park as an asset;
- exploring income generating initiatives for the Authority; and
- clarifying which priorities will not be delivered in the revised Business Plan.

The downsizing of staffing numbers and the rebalancing of the Business Plan were the main priorities and were both achieved on time and within budget parameters. In the next three years a focus will be made on income generation and asset rationalisation.

Efficiency

The Authority regularly market-tests many of its procured services; including property services, legal services and internal audit. The Authority's purchasing strategy is being used to drive improved services where the essential criterion is based on gaining best value and not just lowest cost service provision. In 2011/12 all bought-in professional services were market tested. The result was an annual saving in excess of £20,000 and access to an enhanced level and improved quality of services.

Staffing is a significant resource for the Authority, amounting to over 60% of the annual budget. The Authority aims to continually develop its staff and has been recognised as an Investor in People for over 10 years now, with regular surveys showing increasingly enhanced levels of staff engagement. Following significant organisational change a new strategy for Human Resources was set in 2012/13 for the three years of the Business Plan.

The Authority achieves many of its objectives working with others in the private, public and voluntary sectors. An ever increasing amount of fieldwork is undertaken in partnership with community and voluntary groups. It is encouraging that despite contracting budgets some of our key partners in delivering the National Park Management Plan Annual Action Plan are committing their organisations to deliver more activities, not less. Sharing of costs and pooling of resources through partnership working has ensured exceptionally good value for money in areas such as web development, tourism marketing, sustainable transport and projects to mitigate climate change.

Financial management

The Authority's financial management arrangements conform to the majority of the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010. The notable exception being the Chief Financial Officer does not report directly to the Chief Executive and is not a member of the Leadership Team. In the current staffing structure the Chief Financial Officer reports to the Head of Corporate Services and Monitoring Officer. The Chief Financial Officer reports directly to the full Authority on significant financial matters including the three year Business Plan, treasury management, financial performance and audit work. Being a small Authority this is deemed the most efficient and effective structure, the Chief Financial Officer does however have direct and unfettered access to the Chief Executive and Members as and when required in order to perform the role.

The roles and responsibilities of the Chief Financial Officer and the Head of Corporate Services and Monitoring Officer are set out in the Financial Regulations as adopted by the Authority.

Responsibility for each of the budget heads and projects is given to the Heads of Department, line managers and other staff. All financial areas are audited through a rotational plan. All significant externally funded projects are audited. In addition to audit, the Authority has undertaken full scale value for money reviews in high financial risk areas such as property and estates. Annual trading accounts are produced to monitor the effectiveness of the visitor centre sales operation and the car park charging scheme.

A modern, easy to use, financial monitoring system is accessible by all accountable staff on their desktops, laptops and for remote working. The Leadership Team reviews the budget quarterly with key issues being reported to members. All managers are required to keep up to date with their budget and project performance management and report on this on a monthly basis. The Authority receives annual and quarterly financial reports. Key targets and areas of high corporate risk are regularly reported to the Authority alongside performance of projects.

Performance management

Performance management is applied in a consistent way across the Authority. Key performance indicators, which are a mix of measures of activity, processes, outputs and outcomes are in place for the whole of the Authority's work. These key performance indicators are scrutinised half-yearly by the Authority's review function, with areas of under-performance identified for action by management.

Projects and other key areas of work are examined quarterly by the Leadership Team with significant issues being reported to the Authority. Heads of Department have regular meetings with their managers to progress more detailed areas of work, where lessons learned and activities to correct performance variations are discussed, agreed and implemented.

The Authority receives an annual review of performance and ensures current year's targets are based on previous year's performance. The annual review of performance by the Authority provides a regular check as to how far the annual work programme has contributed to the delivery of the 10-yearly vision as set out in the statutory National Park Management Plan. Performance is publicly reported including through publication of an Annual Report, the Authority's website and an annual public meeting known as the "National Park Forum".

In addition, the Authority produces a **State of the Park Monitoring Report** which provides high level outcome measures to further inform progress on the overall 'state of health' of the National Park and reflects changes and challenges in the economic, social and environmental setting facing Northumberland National Park.

Review of Effectiveness

Annually External Audit provide a management letter to the Authority by 30th September each year. Recommendations within the letter are considered by the Authority and the Leadership Team with an action plan produced to address any areas of weakness. The delivery of the action plan is scrutinised by the Authority's review process to ensure good progress is made. The Authority's review process and the Chairman of Review therefore combine to provide an audit committee / overview role. Executive action is taken by the Chief Executive and corporate issues raised are discussed and action-planned by the Leadership Team.

The Authority sets the system of internal control on an annual basis. An annual update report is received from internal auditors RSM Tenon for the three year internal audit programme.

Significant Internal Control Issues

The National Park Authority Performance Assessment provided an independent high-level review of the Authority's overall effectiveness. This is supplemented by annual Investors in

People assessment and consultancy reviews.

Internal Audit reported on the following areas in 2012/13:

- Health and Safety
- Management of the Authority's Estate
- Corporate Communication
- Procurement, Purchasing and Payments

The internal auditors concluded the Authority has positive levels of assurance in terms of **Governance, Risk Management** and **Control**. In detail, as a result of these audits and a follow-up audit of previous recommendations:

- 8 recommendations were categorised as low priority;
- 7 recommendations were categorised as medium priority; and for the third year
- 0 recommendations were made in the high priority category.

No issues were identified which would have a negative impact upon the internal auditors' annual opinion.

This provides a high level of reassurance for board members and the management of the Authority.

.... Chief Executive

John Riddle .... Chairman

Independent Auditors' Report to the Members of Northumberland National Park Authority

Opinion on the Authority accounting statements

We have audited the accounting statements of Northumberland National Park Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Northumberland National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Summary of the 2012/13 Financial Year and the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the financial position of Northumberland National Park Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the Summary of the 2012/13 Financial Year and the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the accounting statements.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in November 2012, we have considered the results of the following:

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

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

C Craig

Celia Craig (Engagement Lead)

For and on behalf of Deloitte LLP

Appointed Auditor

Newcastle, United Kingdom

11 September 2013

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2013

2011/12 Gross Expenditure £	2011/12 Gross Income £	2011/12 Net Expenditure £		2012/13 Gross Expenditure £	2012/13 Gross Income £	2012/13 Net Expenditure £
283,119	(41,404)	241,715	Conservation of Natural Environment	434,846	(25,582)	409,264
87,258	(52,905)	34,353	Conservation of Cultural Heritage	130,954	(12,786)	118,168
215,658	(152,378)	63,280	Recreation Management and Transport	617,540	(237,849)	379,691
712,540	(82,401)	630,139	Promoting Understanding	775,935	(155,915)	620,019
498,481	(31,391)	467,090	Rangers, Estates and Volunteers	514,874	(9,275)	505,599
173,943	(17,955)	155,988	Development Control	197,616	(13,818)	183,798
765,785	(226,655)	539,130	Forward Planning and Communities	834,366	(213,843)	620,523
333,690	(59,175)	274,515	Corporate Management and Administration	336,491	(2,242)	334,249
3,070,474	**(664,264)**	**2,406,210**	**Cost of Services**	**3,842,622**	**(671,310)**	**3,171,312**
-	-	-	Other operating income and expenditure (Note 4)	7,500	(7,500)	-
20,000	(40,271)	(20,271)	Financing and investment income and expenditure (Note 5)	30,000	(52,222)	(22,222)
-	(3,136,744)	(3,136,744)	Non specific grant income (Note 6)	-	(2,965,341)	(2,965,341)
		(750,805)	**(Surplus) / Deficit on the Provision of services**			**183,749**
		-	Revaluation gain on Land and Buildings revalued on the 1st April 2012			(553,642)
		1,070,000	Actuarial (gains)/ losses on Pension Fund assets and liabilities (Note 19)			280,000
		1,070,000	**Other Comprehensive Income and Expenditure**			**(273,642)**
		319,195	**Total Comprehensive Income and Expenditure**			**(89,893)**

The above Comprehensive Income and Expenditure Account shows a true and fair view of the income and expenditure of the Authority for the year ended 31st March 2013.

The accounting policies and notes on pages 23 to 58 form an integral part of these financial statements.

G. ALLAN .... Chief Financial Officer .... 11TH SEPTEMBER 2013 .... Date

Movement in Reserves Statement for the Year Ended 31st March 2013

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£	£	£	£	£	£
Balance as at 31 March 2011	**1,422,563**	**-**	**34,301**	**1,456,864**	**(734,882)**	**721,982**
Movement in Reserves during 2011/12						
Surplus / (Deficit) on the provision of services	750,805	-	-	750,805	-	750,805
Other comprehensive income and expenditure (Note 19)	-	-	-	-	(1,070,000)	(1,070,000)
Total comprehensive income and expenditure	**750,805**	**-**	**-**	**750,805**	**(1,070,000)**	**(319,195)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	(320,487)	-	(34,301)	(354,788)	354,788	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**430,318**	**-**	**(34,301)**	**396,017**	**(715,212)**	**(319,195)**
Transfers to/ from Earmarked Reserves (note 10)	(477,000)	477,000	-	-	-	-
Increase/ (Decrease) in 2011/12	**(46,682)**	**477,000**	**(34,301)**	**396,017**	**(715,212)**	**(319,195)**
Balance as at 31 March 2012	**1,375,881**	**477,000**	**0**	**1,852,881**	**(1,450,094)**	**402,787**
Movement in Reserves during 2012/13						
Surplus / (Deficit) on the provision of services	(183,749)	-	-	(183,749)	-	(183,749)
Other comprehensive income and expenditure	-	-	-	-	273,642	273,642
Total comprehensive income and expenditure	**(183,749)**	**-**	**-**	**(183,749)**	**273,642**	**89,893**
Adjustments between accounting basis and funding basis under regulations (Note 9)	613,631	-	-	613,631	(613,631)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	**429,882**	**-**	**-**	**429,882**	**(339,989)**	**89,893**
Transfers to/ from Earmarked Reserves (note 10)	112,900	(112,900)	-	-	-	-
Increase/ (Decrease) in 2012/13	**542,782**	**(112,900)**	**-**	**429,882**	**(339,989)**	**89,893**
Balance as at 31 March 2013	**1,918,663**	**364,100**	**-**	**2,282,763**	**(1,790,083)**	**492,680**

The accounting policies and notes on pages 23 to 58 form an integral part of these financial statements.

Balance Sheet as at 31st March 2013

31 March 2012 £		Note	31 March 2013 £
2,255,958	Property, Plant and Equipment	23.	2,177,006
13,400	Intangible Assets	24.	11,613
2,269,358	**Long Term Assets**		**2,188,619**
16,317	Inventories	26.	12,593
255,037	Short Term Debtors	27.	317,702
893,381	Cash and Cash Equivalents	28.	722,914
1,000,000	Short Term Investments	31.	1,500,000
2,164,735	**Current Assets**		**2,553,209**
(308,744)	Short Term Creditors	29.	(285,291)
(38,812)	Provision	30.	(23,857)
(347,556)	**Current Liabilities**		**(309,148)**
(13,750)	Donated Assets Account	23.	-
(3,670,000)	Pensions Liability	19.	(3,940,000)
(3,683,750)	**Long Term Liabilities**		**(3,940,000)**
402,787	**Net Assets / (Liabilities)**		**429,680**
1,852,881	Usable reserves	10/11.	2,282,763
(1,450,094)	Unusable reserves	12.	(1,790,083)
402,787	**Total Reserves**		**492,680**

The above Balance Sheet presents a true and fair financial position of the Authority as at 31st March 2013.

The accounting policies and notes on pages 23 to 58 form an integral part of these financial statements.

.... Chief Financial Officer

11TH SEPTEMBER 2013 ..... Date

Cash Flow Statement for the Year Ended 31st March 2013

2011/12 £		2012/13 £
(750,805)	Net (Surplus) / Deficit on the provision of services	183,749
653,821	Adjustments to net surplus on the provision of services for non-cash movements (Note 13)	(533,857)
6,976	Adjustments for items included in the net surplus or deficit on the provision of services that are investing activities	3,750
(90,008)	Net cash flows from Operating Activities (Note 14)	(346,358)
400,426	Investing Activities (Note 15)	516,825
310,418	**Net (Increase) / Decrease in cash and cash equivalents**	**170,467**
1,203,799	Cash and cash equivalents at the beginning of the reporting period	893,381
893,381	**Cash and cash equivalents at the end of the reporting period (Note 28)**	**722,914**

The accounting policies and notes on pages 23 to 58 form an integral part of these financial statements.

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require 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 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS).

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

Property, Plant and Equipment

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the Statement of Accounts. Expenditure on Property, Plant and Equipment is capitalised, provided that the Property, Plant and Equipment yields benefits extending over more than one year to the Authority and is greater in value than £10,000. This excludes expenditure on routine repairs and maintenance of Property, Plant and Equipment which is charged direct to the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Property, Plant and Equipment are classified into the following groups, as required by the Code of Practice:

- Land and Buildings are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors ,
- Surplus Land and Buildings are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors
- Plant and Equipment - included in the Balance Sheet at the lower of net current replacement cost and net realisable value in their existing use.
- Assets Under Construction are measured at historical cost and are transferred to the relevant asset category when they are deemed complete.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Depreciation

Annual depreciation is calculated on a straight-line basis at valuation or cost less residual value, divided by the estimated useful life of the asset. The useful lives of buildings range between 10 - 50 years and are based on details advised by independent valuers. Equipment useful lives range from 3 – 10 years depending on the type of asset. The charge is time-apportioned in the year of acquisition.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Third Party Capital Expenditure

Grants made to third parties to fund expenditure of a capital nature (e.g. sheds, walls, etc.) are immediately written off to the Comprehensive Income and Expenditure Statement if no lasting benefit will accrue to the National Park Authority. Any external grants received to finance this expenditure are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software programmes) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital

Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

Heritage Assets are non-current assets that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

Where Heritage Assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The acquisition or disposal of a Heritage Asset would require the approval of the Authority, if the criteria for capitalisation was met (i.e. it yields benefits extending over more than one year to the Authority and is greater in value than £10,000). In any other instance the approval of the Leadership Team or the relevant Head of Department would be necessary.

Records in relation to the leases themselves are held in the estates database and the Archaeologist holds separate records regarding the condition of the assets and planned routine maintenance.

If it is agreed to dispose of any Heritage Assets the proceeds are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

The Authority does not currently have any Heritage Assets held within the Balance Sheet.

Where the Authority considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the balance sheet, but included in the accounts as a disclosure.

Stock

Stock for re-sale at visitor centres, has been valued at the lower of cost and net realisable value. In general, obsolete and slow-moving items are written-off against the value of stock shown in the Balance Sheet.

Debtors and Creditors

The revenue and capital accounts of the Authority are, in general, maintained on an accruals basis in accordance with International Accounting Standard (IAS) 18. The accounts reflect sums due to or incurred by the Authority during the year whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for creditors and debtors at 31st March 2013.

Provision for Doubtful Debts

The Authority will recognise and account for bad debt in the financial year that it is recognised that the debt, after all cost-effective methods to recover it have failed, will not be fulfilled. As a result of this policy no provision for doubtful debts is separately maintained.

Charges to Revenue

The Authority has not financed any capital by borrowing and as a result there is no interest charged to revenue.

Overheads

Costs of management and administration have been re-allocated to the other cost headings within the accounts, leaving only corporate management and related costs reported under the heading "Corporate Management and Administration".

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash Equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The provision included in the current Statement of Accounts relates to restructuring costs.

Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Leases

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

Northumberland National Park Authority has entered into finance leases for property and the net book value of these are included in the land and buildings element of property, plant and equipment section of the balance sheet. There is no corresponding liability under finance leases as the lease payments due are nil or peppercorn. Equipment leases entered into are operating leases, and in these cases the rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

Capital Receipts

Amounts receivable from the disposal of Property, Plant and Equipment are credited to the Capital Receipts Reserve on an accruals basis.

Grants and Revenue Recognition

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

Capital grants that have been received for the acquisition of Property, Plant and Equipment are accounted for on an accruals basis and credited to the Comprehensive Income and Expenditure Statement when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. The grant is then transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

Reserves

The Revaluation Reserve records the accumulated gains on Property, Plant and Equipment held by the Authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The Reserve is also debited with amounts equal to the part of depreciation charges on assets that have been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of Property, Plant and Equipment carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Pensions

The pension liabilities of the Authority are accounted for using International Accounting Standard (IAS) 19 "Employee Benefits" principles. Employees, subject to certain qualifying criteria, are eligible to join the Northumberland County Council Pension Fund, administered by Northumberland County Council, which provided members with defined benefits related to pay and service.

The Authority has complied with the requirements of IAS19, and in particular:

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

Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period –

the Statement of Accounts is adjusted to reflect such events

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

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

Financial Instruments

Financial Instruments are formally defined within the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and covers the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

The accounting treatment of a financial instrument depends on its classification on initial recognition.

There are two classes of financial liabilities and two classes of financial assets:

- Financial Liabilities - amortised cost and fair value through profit or loss; and
- Financial Assets - loans and receivables (e.g. short term investments); and available-for-sale assets

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 amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate if interest for the instrument.

The accounting policies for financial instruments have been applied in full.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Notes to the Accounts

1. Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

2. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Buildings	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of the asset is reduced, depreciation charges will increase and the carrying amount of the asset will fall. It is estimated that the annual depreciation charge for buildings will increase by £3k for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pensions liability for funded LGPS benefits of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumptions would result in a decrease in the pension liability of £1.26m. However, the assumptions interact in complex ways. During 2012/13, the Authority's actuaries advised that the net pensions liability for funded LGPS benefits had increased by £0.02m as a result of estimates being corrected as a result of experience and increased by £0.87m attributable to updating of the assumptions.

3. Accounting Standards that have been issued but have not yet been adopted

The 2013/14 Code of Practice on Local Authority Accounting adopts the following amendment to International Accounting Standards and International Financial Reporting Standards:

There is an amendment to IAS 19 Employee Benefits which will require a change in accounting policy from the 1st April 2013 in relation to the treatment of Pension Scheme gains and losses. The overall measurement of the Authority's net pension liabilities will not change but there will be some reclassification of items reported in the Comprehensive Income and Expenditure Statement. As the changes are a reclassification within Comprehensive Income and Expenditure Statement there will be no impact on the Pensions Reserve which forms part of Unusable Reserves.

Other amendments to the 2013/14 Code of Practice on Local Authority Accounting have been reviewed and are considered not be relevant to the Authority or are immaterial.

4. Other Operating income and expenditure

2011/12		2012/13
£		£
-	Sale Proceeds from disposal of assets	(3,750)
-	Release of Donated Assets	(3,750)
-	Fair value on disposal of assets under construction - 3 electric car charging points	7,500
-	**Total (Surplus) / Deficit on Asset Disposal**	**-**

The above transactions cover the disposal of electric vehicle charging points which were classified as assets under construction; further details are given in the Property Plant and Equipment Note 23.

5. Financing and Investment income and expenditure

2011/12		2012/13
£		£
20,000	Pension interest cost and expected return on pensions assets	30,000
(40,271)	Interest receivable	(52,222)
(20,271)	**Total**	**(22,222)**

6. Non Specific Grant income

2011/12		2011/12
£		£
(3,133,337)	National Park Grant *	(2,955,341)
-	Donated Assets	(10,000)
(3,407)	Capital Grants and Contributions	-
(3,136,744)	**Total**	**(2,965,341)**

* Northumberland National Park Authority receives its net budget, as approved by Parliament, from the Department of the Environment, Food and Rural Affairs (Defra).

7. Cost of Services income

2011/12		2012/13
£		£
(433,877)	External grants	(459,025)
(230,387)	Sales, fees and charges	(212,285)
(664,264)	**Total**	**(671,310)**

The National Park Authority receives external grant aid and generates other income, such as car park charges and visitor centre sales.

The external grants figure in 2012/13 includes £38,813 (2011/12 £181,528) from Defra's Modernisation Fund. The £38,813 was specific funding to cover the costs of redundancy due to a staff departure in 2012/13 (but provided for in 2011/12), less salary related savings from the point staff left up until the 31st March 2013. The Modernisation Fund grant has eased the financial burden on the Authority's staff reduction programme by helping to offset the reduction in core grant funding.

8. Segment Analysis

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SerCOP). This is the same basis used to make decisions about resource allocation, which are taken by the Full Authority. However these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure whereas the Comprehensive Income and Expenditure Statement is charged with depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve;
- Actual capital expenditure and income is reported to the Authority but is not included in the Comprehensive Income and Expenditure Statement, which shows revenue amounts only;
- The cost of retirement benefits is based on cash flows (payment of employers' pension contributions) rather than current service cost of benefits accrued in the year;
- Management and Administration expenditure is budgeted centrally, but is reapportioned in line with SerCOP requirements in the Comprehensive Income and Expenditure Statement.

The breakdown of the income and expenditure of the Authority as recorded in the Outturn Budget Report is as follows:

2012/13	Employee Expenses £	Service Expenses £	**Total Expenditure £**	Sales, Fees and Charges £	Grants £	**Total Income £**	**Net Expenditure £**
Conservation of the Natural Environment	171,592	24,056	**195,648**	(14,682)	(10,900)	**(25,582)**	**170,066**
Conservation of the Cultural Heritage	56,597	18,646	**75,243**	(1,800)	(10,986)	**(12,786)**	**62,457**
Recreation Management and Transport	41,368	195,151	**236,519**	(126,733)	(111,116)	**(237,849)**	**(1,330)**
Promoting Understanding	319,480	189,055	**508,535**	(43,735)	(112,180)	**(155,915)**	**352,620**
Rangers, Estates and Volunteers	272,176	50,647	**322,823**	(9,275)	-	**(9,275)**	**313,548**
Development Control	91,386	34,850	**126,236**	(13,818)	-	**(13,818)**	**112,418**
Forward Planning and Communities	318,018	268,631	**586,649**	-	(223,843)	**(223,843)**	**362,806**
Management and Administration	864,804	342,534	**1,207,338**	(54,464)	-	**(54,464)**	**1,152,874**
Total	**2,135,421**	**1,123,570**	**3,258,991**	**(264,507)**	**(469,025)**	**(733,532)**	**2,525,459**

2011/12 Comparatives	Employee Expenses £	Service Expenses £	**Total Expenditure £**	Sales, Fees and Charges £	Grants £	**Total Income £**	**Net Expenditure £**
Conservation of the Natural Environment	157,528	35,048	**192,576**	(8,500)	(12,904)	**(21,404)**	**171,172**
Conservation of the Cultural Heritage	44,585	23,268	**67,853**	(300)	(36,605)	**(36,905)**	**30,948**
Recreation Management and Transport	41,466	93,300	**134,766**	(132,405)	(13,973)	**(146,378)**	**(11,612)**
Promoting Understanding	356,457	222,949	**579,406**	(60,167)	(1,234)	**(61,401)**	**518,005**
Rangers, Estates and Volunteers	300,221	54,035	**354,256**	(5,046)	(6,345)	**(11,391)**	**342,865**
Development Control	89,928	35,378	**125,306**	(13,955)	-	**(13,955)**	**111,351**
Forward Planning and Communities	311,808	267,909	**579,717**	-	(221,062)	**(221,062)**	**358,655**
Management and Administration	977,202	399,879	**1,377,081**	(50,285)	(145,161)	**(195,446)**	**1,181,635**
Total	**2,279,195**	**1,131,766**	**3,410,961**	**(270,658)**	**(437,284)**	**(707,942)**	**2,703,019**

Reconciliation of the net expenditure from the outturn report to the Cost of Services in the Comprehensive Income and Expenditure Statement

2011/12 £		2012/13 £
2,703,019	**Net Expenditure in the breakdown of the Outturn Budget Report Analysis**	**2,525,459**
(123,100)	Remove capital expenditure capitalised in the financial statements but included in the outturn budget reporting	(20,575)
-	Remove the gain / (loss) on the disposal of non current assets	3,750
(500,000)	Remove employers' cash pension contributions included in outturn budget reporting but removed from the financial statements	(360,000)
3,407	Remove capital income included in the outturn budget reporting but capitalised in the financial statements	10,000
40,271	Remove interest and investment income included in outturn budget reporting but excluded from the Cost of Services in the Comprehensive Income and Expenditure Statement (income and investment income included as part of the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement instead)	52,222
170,000	Include employers' cash pension contributions included as an accrual in the financial statements but excluded from the outturn budget reporting	320,000
(8,800)	Include impact of employee accrual for leave	(7,000)
121,413	Include depreciation charges on non-current assets included in the financial statements but excluded from the outturn budget reporting	85,059
-	Include amortisation of intangible assets included in the financial statements but excluded from the outturn budget reporting	1,787
-	Include impairment charges included in the financial statements but excluded from the outturn budget reporting	560,610
2,406,210	**Cost of Services in the Comprehensive Income and Expenditure Statement**	**3,171,312**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the outturn budget reporting analysis relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13	Outturn Budget Report Analysis (OBRA) £	Amounts included in the OBRA but not in the Cost of Services in the CIES £	Amounts included in the Cost of Services in the CIES but not in the OBRA £	Allocation of reapportioned management and admin costs £	Amounts reported below the Cost of Services in the CIES £	**Total** **£**
Sales, fees and charges	(212,285)	-	-	-	-	**(212,285)**
Interest and Investment Income	(52,222)	52,222			(52,222)	**(52,222)**
National Park Grant	-	-	-	-	(2,955,341)	**(2,955,341)**
External grants and contributions	(469,025)	10,000	-	-	-	**(459,025)**
Capital Grants and Donated Assets	-	-	-	-	(10,000)	**(10,0000)**
Income from disposal of non current assets	-	-			(7,500)	**(7,500)**
Total Income	**(733,532)**	**62,222**	**-**	**-**	**(3,025,063)**	**(3,696,373)**
Employee Expenses	2,135,422	(360,000)	313,000	(736,600)	30,000	**1,381,822**
Other Service Expenses	1,123,569	(16,825)	-	(241,400)	-	**865,344**
Reapportion management & admin costs	-	-	-	978,000	-	**978,000**
Costs from disposal of non current assets	-	-	-	-	7,500	**7,500**
Depreciation, amortisation and impairment	-	-	647,456	-	-	**647,456**
Total Expenditure	**3,258,991**	**(376,825)**	**960,456**	**-**	**37,500**	**3,880,122**
				-		
(Surplus)/Deficit on the Provision of Services	**2,525,459**	**(314,603)**	**960,456**	**-**	**(2,987,563)**	**183,749**

2011/12 Comparatives	Outturn Budget Report Analysis (OBRA) £	Amounts included in the OBRA but not in the Cost of Services in the CIES £	Amounts included in the Cost of Services in the CIES but not in the OBRA £	Allocation of reapportioned management and admin costs £	Amounts reported below the Cost of Services in the CIES £	**Total** **£**
Sales, fees and charges	(230,387)	-	-	-	-	**(230,387)**
Interest and Investment Income	(40,271)	40,271			(40,271)	**(40,271)**
National Park Grant	-	-	-	-	(3,133,337)	**(3,133,337)**
External grants and contributions	(433,877)	-	-	104,000	-	**(329,877)**
Capital Grants	-	-	-	(104,000)	-	**(104,000)**
Income from disposal of non current asset	(3,407)	3,407	-	-	(3,407)	**(3,407)**
Total Income	**(707,942)**	**43,678**	**-**	**-**	**(3,177,015)**	**(3,841,279)**
Employee Expenses	2,279,195	(500,000)	161,200	(836,800)	20,000	**1,123,595**
Other Service Expenses	1,131,766	(123,100)	-	(271,200)	-	**737,466**
Reapportion management & admin costs	-	-	-	1,108,000	-	**1,108,000**
Depreciation, amortisation and impairment	-	-	121,413	-	-	**121,413**
Total Expenditure	**3,410,961**	**(623,100)**	**282,613**	**-**	**20,000**	**3,090,474**
(Surplus)/Deficit on the Provision of Services	**2,703,019**	**(579,422)**	**282,613**	**-**	**(3,157,015)**	**(750,805)**

9. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2012/13	Usable Reserves		
	General Fund Balance (£)	**Capital Receipts Reserve (£)**	**Movement in Unusable Reserves (£)**
Adjustment primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	85,059	-	(85,059)
Charges for impairment of non-current assets	560,610		(560,610)
Amortisation of intangible assets	1,787	-	(1,787)
Capital grants and contributions applied	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	3,750	-	(3,750)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	(20,575)	-	20,575
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	350,000	-	(350,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(360,000)	-	360,000
Adjustment primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7,000)	-	7,000
Total Adjustments	**613,631**	**-**	**(613,631)**

2011/12	Usable Reserves: General Fund Balance (£)	Usable Reserves: Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
Adjustment primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	121,413	-	(121,413)
Capital grants and contributions applied	(3,407)	-	3,407
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	(119,693)	-	119,693
Adjustment primarily involving the Capital Receipts Reserve:			
Use of Capital Receipts Reserve to finance new capital expenditure	-	(34,301)	34,301
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	190,000	-	(190,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(500,000)	-	500,000
Adjustment primarily involving the Accumulated Absences Account:			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(8,800)	-	8,800
Total Adjustments	**(320,487)**	**(34,301)**	**354,788**

10. Transfers to/ from Earmarked Reserves

2012/13	Balance at 1st April 2012	Transfers out 2012/13	Transfers in 2012/13	Balance at 31st March 2013
	£	£	£	£
The Sill	140,000	(70,900)	-	69,100
Visitor Centre Refurbishment	100,000	(50,000)	20,000	70,000
IT capital replacements	75,000	-	-	75,000
Planning contingency	162,000	(12,000)	-	150,000
Total Earmarked Reserves	**477,000**	**(132,900)**	**20,000**	**364,100**

Transfer as per Movement in Reserves Statement £(112,900)

2011/12	Balance at 1st April 2011	Transfers out 2011/12	Transfers in 2011/12	Balance at 31st March 2012
	£	£	£	£
The Sill	-	-	140,000	140,000
Visitor Centre Refurbishment	-	-	100,000	100,000
IT capital replacements	-	-	75,000	75,000
Planning contingency	-	-	162,000	162,000
Total Earmarked Reserves	**-**	**-**	**477,000**	**477,000**

Transfer as per Movement in Reserves Statement £477,000

Further details on the purpose of each earmarked reserve are given below.

The Sill

The Sill is the project title given to the £10.5m proposed Landscape Discovery Centre and Youth Hostel at Once Brewed along Hadrians Wall. The project is being developed in partnership with the Youth Hostel Association and funding support from the Heritage Lottery Fund. The project is currently in phase 1 which is the development of a detailed design up to RIBA stage D. The earmarked reserve was set up in 2011/12 to cover the cost of Heritage Lottery bid costs and phase 1 costs that had been anticipated but not included in the three year Business Plan due to uncertainty over timing. During 2012/13 £70,900 was released to amend the 2012/13 Budget and three year Business Plan to cover costs as they became known.

Visitor Centre Refurbishment

The visitor centre refurbishment reserve is to cover the future cost of major updates to visitor interpretation displays and fixture and fittings at the Authority's visitor centres. With the closure of the Ingram and Coquetdale visitor centres during 2012/13 and the proposal to demolish the Once Brewed Centre and replace it with a new Landscape Discovery Centre (as part of the Sill project) it was decided that the brought forward reserve of £100,000 was no longer required in full. It was decided that in order to meet the cost of updating the Authority's own centres, or to support visitor centres operated by third party partners, that a reserve of £70,000 would be sufficient. The reserve was reduced to £70,000 by releasing £50,000 of the brought forward earmarked reserve to general reserves and adding back the £20,000 included in the Budget for 2012/13 which was unspent.

IT Capital Replacements

The earmarked reserve is to cover the future capital replacement cost of the Authority's IT capital equipment and infrastructure where the timing of future investment and the pace of technology improvements is too uncertain to include as a specific budget cost in the three year Business Plan.

Planning Contingency

The earmarked reserve is to cover the potential future legal costs of challenging or defending major planning decisions where it is not possible to know what might happen over the three year Business Plan period. As a result of settling outstanding planning challenges in 2012/13 it was agreed the reserve could be reduced by £12,000 to £150,000.

11. Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement, Note 9 and the table below.

2011/12		2012/13
£		£
1,456,864	Opening Balance	1,852,881
750,805	Surplus / (Deficit) on the Provision of Services	(183,749)
(354,788)	Adjustments between accounting and funding basis (Note 9)	613,631
1,852,881	**Total Usable Reserves**	**2,282,763**

12. Unusable Reserves

2011/12		2012/13
£		£
297,137	Revaluation Reserve	841,316
1,958,469	Capital Adjustment Account	1,337,301
(3,670,000)	Pensions Reserve	(3,940,000)
(35,700)	Accumulated Absences Account	(28,700)
(1,450,094)	**Total Unusable Reserves**	**(1,790,083)**

Revaluation Reserve

The revaluation reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The reserve only contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date were consolidated into the balance on the capital adjustment account.

The revaluation reserve during the year was increased by £553,642 to reflect the valuation gain on assets following the revaluation of all Land and Buildings carried out on the 1st April 2012.

2011/12 £			2012/13 £
306,332	**Balance at 1 April**		297,137
(9,195)	Difference between fair value depreciation and historical cost depreciation		(9,463)
	Upward revaluation of assets	797,460	
	Downward revaluation of assets	(243,818)	
	Surplus or Deficit on revaluation of non current assets not posted to the Surplus / Deficit on the Provision of Services		553,642
-	Accumulated gains on assets sold or scrapped		-
297,137	**Balance at 31 March**		**841,316**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains gains recognised on donated assets that have yet to be recognised by the Authority.

The Account also contains revaluation reserves accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides the detail of all transactions posted to the Capital Adjustment Account, other than the adjusting amounts written out of the Revaluation Reserve.

2011/12 £			2012/13 £
1,913,286	**Balance at 1 April**		1,958,469
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(121,413)	• Charges for depreciation of non-current assets	(85,059)	
	• Charges for impairment of non-current assets	(560,610)	
	• Amortisation of intangible assets	(1,787)	
119,693	• Revenue expenditure funded by capital under statute	20,575	
-	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,750)	
(1,720)			(630,631)
9,195	Adjusting amounts written out of the Revaluation Reserve		9,463
7,475	Net written out amount of the cost of non-current assets consumed in the year		(621,168)
	Capital financing applied in the year:		
34,301	• Use of Capital Receipts Reserve to finance new capital expenditure	-	
3,407	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	
37,708			-
1,958,469	**Balance at 31 March**		**1,337,301**

Pensions Reserve

The Pensions Reserve absorbs the timing difference arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension Reserve therefore shows a substantial 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.

2011/12 £		2012/13 £
(2,910,000)	**Balance at 1 April**	(3,670,000)
(1,070,000)	Actuarial gains or losses on pensions assets and liabilities	(280,000)
(190,000)	Reversal of items relating to the retirement benefits debited or credited to the Surplus or Deficit on the Provisions Services in the Comprehensive Income and Expenditure Statement	(350,000)
500,000	Employer's pensions contributions and direct payments to pensioners payable in the year	360,000
(3,670,000)	**Balance at 31 March**	**(3,940,000)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for holidays or other compensated absences earned but not taken in the year, e.g. annual leave entitlement as a result of the annual leave year differing to the financial year. Statutory arrangements require the impact on the General Fund Balance is neutralised by transfers to or from the account.

2011/12 £			2012/13 £
(44,500)	**Balance at 1 April**		(35,700)
44,500	Cancellation of accrual made at the end of the preceding year	35,700	
(35,700)	Amounts accrued at the end of the current year	(28,700)	
8,800	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		7,000
(35,700)	**Balance at 31 March**		**(28,700)**

13. Cash Flow Statement – Non Cash Movements

2011/12		2012/13
£		£
(121,413)	Depreciation Property Plant and Equipment	(85,059)
-	Amortisation Intangible Assets	(1,787)
-	Impairment Property Plant and Equipment	(560,610)
-	Carrying value of non-current asset sold	(7,500)
-	Donated Assets released to Comprehensive I&E	13,750
310,000	IAS19 charges for Retirement Benefits	10,000
	Items on an accruals basis:	
(4,456)	• Decrease in stock	(3,724)
73,531	• Increase / (Decrease) in Debtors	62,665
45,709	• Decrease in Creditors	23,453
350,450	• (Increase) / Decrease in Provisions	14,955
653,821	**Total Non Cash Movements**	**(533,857)**

14. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items

2011/12		2012/13
£		£
2,471,197	Cash paid to and on behalf of employees	2,034,990
1,138,885	Operating cash payments	1,254,903
(3,133,337)	National Park Grant	(2,955,341)
(309,931)	Other external revenue grants (Note 16)	(428,386)
(227,991)	Other operating cash receipts	(209,925)
(28,831)	Bank interest received	(42,599)
(90,008)	**Total cash flow from Operating Activities**	**(346,358)**

15. Cash Flow Statement – Investing Activities

2011/12		2012/13
£		£
157,402	Purchase of property, plant and equipment	20,575
-	Proceeds from Sale of Assets under construction	(3,750)
(6,976)	Cash inflow Capital Grants	-
(750,000)	Maturing fixed term bonds	(1,000,000)
1,000,000	Investment of funds in one year fixed term bonds	1,500,000
400,426	**Total cash flow from Investing Activities**	**516,825**

16. Cash Inflow – Other External Grants (Revenue)

2011/12 £		2012/13 £
9,239	Natural England	50,451
10,123	National Lottery Funds	31,534
133,884	European Funding	138,197
20,000	Department for Communities and Local Government	-
57,732	Modernisation Fund (DEFRA)	123,796
39,000	Local Authorities	13,271
-	Environment Agency	29,517
5,897	English Heritage	7,053
10,100	Charities	18,762
23,956	Other Grants	15,805
309,931		**428,386**

17. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary/ Fees, and Allowances £	Pension Contribution £	Total £
Chief Executive (National Park Officer)	2012/13	75,657	10,743	86,400
	2011/12	75,657	10,743	86,400

The number of employees (including the Chief Executive) whose remuneration, including redundancy costs but excluding pension contributions that fell in each £5,000 band over £50,000 was:

2011/12		2012/13
1	£50,000 - £54,999	-
1	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
1	£70,000 - £74,999	-
1	£75,000 - £79,999	1

The number of instances of employees exceeding the £50,000 threshold in 2011/12 is as result of the redundancy entitlements paid out during 2011/12 (but provided for in 2010/11), added to salary payments made up until the effective date of redundancy.

The number of exit packages with total cost per band and total cost of compulsory and voluntary redundancies are set out in the table below.

Exit package cost band	Number of compulsory redundancies		Number of voluntary redundancies		Total number of exit packages per cost band		Total cost of exit packages in each band	
	2011/12	**2012/13**	**2011/12**	**2012/13**	**2011/12**	**2012/13**	**2011/12**	**2012/13**
£0 - £20,000	-	2	-	-	-	2	-	£3,042
£20,001 - £40,000	1	-	-	-	1	-	£38,812	-
Total	**1**	**2**	**-**	**-**	**1**	**2**	**£38,812**	**£3,042**

The costs recognised in the exit packages are the redundancy payment made to the individual and any strain on the pension cost payable directly to the pension fund.

In 2011/12 a pension strain arose where an employee over the age of 55 has been made redundant and is able to claim their pension. The total cost of the exit package in 2011/12 reflects the redundancy payment paid to the employee in 2012/13 and the outstanding pension strain which is provided for in the provision for restructuring costs (note 30). The outstanding pension strain provision has been paid in May 2013 completing the Authority's restructuring programme.

The conditions of recognising a provision have been met as prescribed by IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

18. Audit Costs

In 2012/13 Northumberland National Park Authority incurred the following fees relating to external audit:

2011/12		2012/13
£		£
19,280	Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor	11,568
(1,542)	Audit Commission direct rebate of fees	(1,000)
17,738		**10,568**

19. Pensions

The disclosures below relate to the funded liabilities within the Northumberland County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Northumberland National Park Authority and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Northumberland National Park Authority recognises gains and losses in full, immediately through Other Comprehensive Income and Expenditure.

In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

The Balance Sheet includes a Pensions Reserve liability of £3.94m as at 31st March 2013. This liability represents the fair value of future pension liabilities that have been incurred less the assets that have been set aside to fund them.

The net pension liabilities decrease the overall level of reserves on the Balance Sheet. However, this does not impact on the level of the Authority's cash reserves or on the National Park Grant. There is a long term investment strategy in place to address the liability, based on the level of employer contributions paid into the fund.

The latest full actuarial valuation of Northumberland National Park Authority's liabilities took place as at 31st March 2010 and for the unfunded benefits element on the 31st March 2013. Liabilities have been estimated by the independent qualified actuary as at the 31st March 2013 on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS19 purposes as at the 31st March 2013 were:

	31st March 2013 % p.a.	31st March 2012 % p.a.	31st March 2011 % p.a.
Rate of general increase in salaries	4.7%	5.1%	5.2%
Rate of increase to pensions in payment	2.8%	2.6%	2.8%
Rate of increase to deferred pensions	2.8%	2.6%	2.8%
Discount rate	4.5%	4.8%	5.4%
RPI Inflation	3.7%	3.6%	3.7%
CPI Inflation	2.8%	2.6%	2.8%

The principal assumptions used by the actuary in updating the latest valuation of the unfunded benefits vary to a small degree to those set out above but do not warrant disclosure on the basis of materiality.

Post retirement mortality	31st March 2013	31st March 2012
Males		
Future lifetime from age 65 (aged 65 at accounting date)	22.5	22.4
Future lifetime from age 65 (aged 45 at accounting date)	24.3	24.2
Females		
Future lifetime from age 65 (aged 65 at accounting date)	24.7	24.5
Future lifetime from age 65 (aged 45 at accounting date)	26.6	26.5

We have been informed that the market value of the assets of the Northumberland County Council Pension Fund as at 31st March 2013 that were allocated to Northumberland National Park Authority was £9.31million (2011/12 £7.87million).

	Long term rate of return expected at 31st March 2013	Value at 31st March 2013	Long term rate of return expected at 31st March 2012	Value at 31st March 2012	Long term rate of return expected at 31st March 2011	Value at 31st March 2011
	% p.a	£m	% p.a	£m	% p.a	£m
Equities	7.8%	6.40	8.1%	5.48	8.4%	4.81
Property	7.3%	0.41	7.6%	0.39	7.9%	0.37
Govt. bonds	2.8%	1.43	3.1%	1.10	4.4%	1.30
Corporate bonds	3.8%	0.94	3.7%	0.84	5.1%	0.50
Cash	0.9%	0.07	1.8%	0.06	1.5%	0.06
Other	7.8%	0.06				
Total	6.6%	9.31	6.9%	7.87	7.3%	7.04

Other market assets include hedge funds, currency holdings, asset allocations and other financial instruments; it is assumed these will get a return in line with equities.

Northumberland National Park Authority employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2013

Reconciliation of funded status to Balance Sheet

	31st March 2013	31st March 2012	31st March 2011
	£m	£m	£m
Share of assets	9.31	7.87	7.04
Estimated funded liabilities	(13.12)	(11.42)	(9.84)
Estimated unfunded liabilities	(0.13)	(0.12)	(0.11)
Pension liability recognised on the Balance Sheet	(3.94)	(3.67)	(2.91)

Charges to the Surplus or Deficit on the Provision of Services

	For the year ended 31st March 2013	For the year ended 31st March 2012
	£m	£m
Current service cost	0.30	0.28
Past service cost (funded pension scheme)	0.02	-
Past service cost (unfunded pension scheme)	-	-
Interest cost on funded pension scheme liabilities	0.56	0.53
Interest cost on unfunded pension scheme liabilities	0.01	0.01
Expected return on assets	(0.54)	(0.52)
Curtailments	-	(0.11)
Expense recognised	0.35	0.19

Changes to the present value of defined benefit obligation during the accounting period

	For the year ended 31st March 2013 £m	For the year ended 31st March 2012 £m
Opening present value of liabilities	11.42	9.84
Current service cost	0.30	0.28
Interest cost	0.56	0.53
Contributions by participants	0.09	0.10
Actuarial losses on liabilities	0.85	0.90
Net benefits paid out	(0.12)	(0.12)
Past service cost	0.02	-
Curtailments	-	(0.11)
Closing present value of liabilities	13.12	11.42

Changes to the fair value of assets during the accounting period

	For the year ended 31st March 2013 £m	For the year ended 31st March 2012 £m
Opening fair value of assets	7.87	7.04
Expected return on assets	0.54	0.52
Actuarial gains / (losses) on assets	0.58	(0.16)
Contributions by the employer	0.35	0.49
Contributions by the participants	0.09	0.10
Net benefits paid out	(0.12)	(0.12)
Closing fair value of assets	9.31	7.87

Actual return on assets

	For the year ended 31st March 2013 £m	For the year ended 31st March 2012 £m
Expected return on assets	0.54	0.52
Actuarial gain/ (loss) on assets	0.58	(0.16)
Actual return on assets	1.12	0.36

Analysis of amounts recognised in Other Comprehensive Income and Expenditure

	For the year ended 31st March 2013 £m	For the year ended 31st March 2012 £m
Total Actuarial gains/ (losses) (funded pension scheme)	(0.27)	(1.06)
Total Actuarial gains/ (losses) (unfunded pension scheme)	(0.01)	(0.01)
Total gains / losses	(0.28)	(1.07)

History of asset values, present value of defined benefit obligation and surplus/deficit

	IFRS For the year ended 31st March 2013 £m	IFRS For the year ended 31st March 2012 £m	IFRS For the year ended 31st March 2011 £m	UKGAAP For the year ended 31st March 2010 £m	UKGAAP For the year ended 31st March 2009 £m
Fair value of assets	9.31	7.87	7.04	6.24	4.14
Present value of defined benefit obligation (funded pension scheme)	(13.12)	(11.42)	(9.84)	(11.05)	(7.69)
Present value of defined benefit obligation (unfunded pension scheme)	(0.13)	(0.12)	(0.11)	(0.12)	(0.11)
Surplus / (deficit)	(3.94)	(3.67)	(2.91)	(4.93)	(3.66)

History of Experience gains and losses

	IFRS For the year ended 31st March 2013 £m	IFRS For the year ended 31st March 2012 £m	IFRS For the year ended 31st March 2011 £m	UKGAAP For the year ended 31st March 2010 £m	UKGAAP For the year ended 31st March 2009 £m
Experience gains / (losses) on assets	0.58	(0.16)	(0.01)	1.46	(1.63)
Percentage of assets	6.2%	(2.0)%	(0.1)%	23.4%	(39.4)%
Experience gains / (losses) on liabilities	0.02	(0.05)	0.59	0.05	(0.02)
Percentage of the present value of liabilities	0.2%	(0.4)%	6.0%	0.5%	(0.27)%

The Authority's contributions to the fund for the accounting period ending 31 March 2014 are estimated to be £0.34m. In addition unfunded benefits paid by the Authority directly to beneficiaries were £0.01m in 2012/13 and is expected to be £0.01m for the accounting period ending 31 March 2014.

20. Members Allowances

The total Northumberland National Park Authority Members allowances paid in the year was £44,411 (2011/12 £55,346).

21. Financial commitments

Operating Leases

The amount paid to lessors under the National Park Authority's operating leases in 2012/13 was £36,924 (2011/12 £39,520).

As at the balance sheet date, 31st March 2013, the National Park Authority had total future minimum lease payments under non-cancellable leases of £81,281 (31st March 2012 £55,025):

	31st March 2013		31st March 2012	
	Land and Buildings	Vehicles	Land and Buildings	Vehicles
Operating leases which expire:	£	£	£	£
Not later than one year	-	8,525	-	5,574
Later than one year and not later than five years	-	72,756	-	49,451
	-	81,281	-	55,025

Steel Rigg car park should be noted as an operating lease despite no annual rent being payable under the agreement. A profit sharing arrangement exists with the owners of the land, the National Trust. There is no defined end date to this arrangement and it will continue as long as both parties are agreeable.

22. Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of the "National Park Grant" from the Department of the Environment, Food and Rural Affairs (DEFRA). Note 6 sets out the amount of "National Park Grant" received during the 2012/13 and there was no amount outstanding at the year end.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in Note 20. Community and Sustainable Development Fund grants were paid to a number of voluntary organisations in which members were either trustees or had positions on the governing body. Details are set out in the following table. In all instances the relevant members did not take part in any discussion or decision relating to the award of the grants.

Northumberland County Council

Of the twenty two Authority members who served during the year, six were nominated by Northumberland County Council. The Authority made and received payments for various services (excluding those relating to business rates and the pension fund) to Northumberland

County Council during 2012/13. Details are set out in the following table.

Payments to related parties	**Nature of relationship**	**Payments to related party 2012/13** £	**Due to related party at 31.3.13** £	**Payments to related party 2011/12** £	**Due to related party at 31.3.12** £
Northumberland County Council	a.	51,592	2,740	68,561	-
Bardon Mill & Henshaw Village Hall	b.	-	5,000	2,500	-
Bellingham Community Trust	b.	-	-	7,334	-
Elsdon Village Hall Trust	b.	55	-	948	-
Glendale Gateway Trust	b.	2,450	-	2,015	1,700

Receipts from related parties	**Nature of relationship**	**Receipts from related party 2012/13** £	**Due from related party at 31.3.13** £	**Receipts from related party 2011/12** £	**Due from related party at 31.3.12** £
Northumberland County Council	a.	6,655	-	41,439	-

Nature of relationship:
a. Council with member representation on National Park Authority
b. Authority member or linked to an Authority member

23. Property, Plant and Equipment

Movements in Property, Plant and Equipment during 2011/12 were as follows:

	Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
Cost / valuation as at 1st April 2011	2,417,466	659,747	27,125	3,104,338
Movement in assets under construction	-	19,625	(19,625)	-
Additions	-	28,138	115,864	144,002
De-recognition – Disposals	-	(151,009)	-	(151,009)
Cost / valuation as at 31st March 2012	2,417,466	556,501	123,364	3,097,331
Accumulated Depreciation as at 1st April 2011	278,858	592,111	-	870,969
Depreciation Charge	97,564	23,849	-	121,413
De-recognition – Disposals	-	(151,009)	-	(151,009)
Accumulated depreciation as at 31 March 2012	376,422	464,951	-	841,373
Net Book Value as at 31st March 2012	2,041,044	91,550	123,364	2,255,958
Net Book Value as at 31st March 2011	2,138,608	67,636	27,125	2,233,369

Movements in Property, Plant and Equipment during 2012/13 were as follows:	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
Cost / valuation as at 1st April 2012	2,417,466	-	556,501	123,364	3,097,331
Movement in assets under construction	115,864		-	(115,864)	-
Reclassification	(165,911)	165,911	-	-	-
Additions	20,575	-	-	-	20,575
Derecognition – Disposals	-		(254,226)	(7,500)	(261,726)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	492,749	60,893	-	-	553,642
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(1,054,246)	117,214	-	-	(937,032)
Cost / valuation as at 31st March 2013	1,826,497	344,018	302,275	-	2,472,790
Accumulated Depreciation as at 1st April 2012	376,422	-	464,951	-	841,373
Reclassification	(23,110)	23,110	-	-	-
Depreciation Charge	43,738	12,250	29,071	-	85,059
Derecognition – Disposals	-	-	(254,226)	-	(254,226)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(353,312)	(23,110)	-	-	(376,422)
Accumulated depreciation as at 31 March 2013	43,738	12,250	239,796	-	295,784
Net Book Value as at 31st March 2013	1,782,759	331,768	62,479	-	2,177,006
Net Book Value as at 31st March 2012	2,041,044	-	91,550	123,364	2,255,958

Additions to Property, Plant and Equipment, have been financed through revenue in 2012/13 and revenue and capital grants in 2011/12.

All Land and Buildings were revalued as at the 1st April 2012 by James Ramsey, MRICS BSc (Hons) a Senior Surveyor of Newcastle City Council. The valuation was performed in accordance with the regulations set out by the International Financial Reporting Standards (IFRS) using the valuation methodology applicable to the asset classification. The Authority is not aware of any material change in the value of Property, Plant and Equipment as at 31 March 2013.

Property owned or partially owned by the National Park Authority includes the following:

	2011/12	2012/13
Administrative offices	1	1
Visitor centres / tea rooms	4	4
Historic sites / buildings	3	3
Farms	1	1
Woods, parks, picnic sites	5	5
Car parks / toilets	6	6

Acquisitions

Coquetdale Centre Roof Replacement and installation of Solar Photovoltaics

£20,575 of expenditure was capitalised during 2012/13 in relation to the above project, being funded from the allocated revenue budget. A further £115,864 of assets under construction at the start of the year in the Movements in Property, Plant and Equipment 2012/13 table were transferred to Land and Buildings on completion of the project.

Electric Vehicle charging points and the use of the Donated Assets Account

At the 1st April 2012 the fair value of the assets in the balance sheet was £42,418 being £34,918 of assets capitalised under plant, furniture and equipment and £7,500 of assets under construction. The assets had been funded by £3,407 of capital grants, £13,750 of donated assets (through the Plugged in Places Project) and the remaining balance of £25,261 from revenue.

During the year the project was fully completed, however the 3 charging posts classified as assets under construction at a value of £7,500 were returned to the supplier. The return of the assets to the supplier was at nil cost to the Authority as it was fully covered by a payment receipt of £3,750 from the supplier and the release of £3,750 from the Donated Assets account in the balance sheet.

Once all the installed charging points became fully operational during 2012/13 the balance of £10,000 in the Donated Assets account in the balance sheet was released and recognised in the Comprehensive Income and Expenditure Statement.

There are no Donated Assets in the balance sheet at the 31st March 2013.

Derecognition – Disposals

A number of items classified under plant, furniture and equipment which were fully depreciated and therefore held at a nil net book value, were identified during the year as no longer in use by the Authority. They have been written out of the cost and depreciation lines of plant, furniture and equipment to reflect this.

They were:

- the visitor centre fixtures and fittings at the Coquetdale Centre in Rothbury (historic cost £57,694);
- the visitor centre fixtures and fittings at the Ingram Visitor Centre (historic cost £125,652);
- IT server hardware, and one IT software programme (historic cost £70,880)

24. Intangible Assets

The Authority accounts for software as an intangible asset to the extent that the software is not an integral part of a particular IT hardware system and accounted for as part of the Property, Plant and Equipment.

Movements in Intangible Assets during 2012/13 were as follows:

	2011/12 £	2012/13 £
Cost / valuation balance as at 1st April	-	13,400
Acquisitions	13,400	-
Cost / valuation balance at as 31st March	13,400	13,400
Cumulative Amortisation balance as at 1st April	-	-
Provision for the Year	-	1,787
Cumulative Amortisation Balance as at 31 March	-	1,787
Net Book Value as at 31st March	13,400	11,613

An external IT company developed an IT software programme specifically for Development Management during 2011/12, which was capitalised as an intangible asset. The asset value recognised is solely that paid to the external company.

The Development Management software will be amortised on a straight line basis over the 3 year period it is estimated to be of use to the Authority. The Development programme was in the final stages of testing as at the 31st March 2012 and therefore no charge for amortisation was made to revenue in 2011/12. The software programme came into use on the 1st August 2012 and has been amortised from that date.

25. Heritage Assets

The *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12* introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation.

The Authority does not currently have any heritage assets held within the Balance Sheet.

There are assets owned or leased on a long term basis by the Authority which are considered to fall within the category of Heritage Assets. These have not been valued because due to the nature of the assets they are difficult to place a reliable value on and obtaining full valuations would involve a disproportionate cost in comparison to the benefits to the users of the financial statements.

The assets below are scheduled ancient monuments with the exception of the lime kiln which is a non designated heritage asset.

- Harbottle Castle, where the Authority has entered into a 40 year lease expiring in the year 2035;
- Woodhouses Bastle, where the Authority has entered into a 99 year lease expiring in the year 2092;
- Thirlwall Castle, where the Authority has entered into a 99 year lease expiring in the year 2098; and

- Tosson Lime Kiln, where the Authority has entered into a 40 year lease expiring in the year 2036.

Payments due under these leases are at peppercorn rates as per the lease agreements and there are no restrictions on public access to the sites above.

In addition within the Hareshaw Linn site owned by the Authority is part of a scheduled ancient monument. It is the remains of a 19th century dam used at Bellingham iron works which historically formed part of the site. This is not part of the valuation placed on the site.

26. Inventories

There was no work in progress. Stocks held were as follows:

31.03.12		31.03.13
£		£
359	Confectionery	311
727	Books	3,423
3,251	Maps	3,098
8,653	Souvenirs	3,637
3,327	Clothing	2,124
16,317	**Total Goods for Resale**	**12,593**

Obsolete stock valued at £159 was identified and written off at the end of the financial year. (£474 was written off in 2011/12).

27. Debtors

31.03.12		31.03.13
£		£
5,430	Trade debtors	3,705
36,352	Grant claims*	164,557
20,018	Other taxation	22,703
123,796	Defra Modernisation Grant Claim	38,813
69,441	Other debtors and accrued income	87,924
255,037		**317,702**

Further analysis of debtors total at year end by organisation type

31.03.12		31.03.13
£		£
143,814	Central Government Bodies	61,516
26,320	Local Authorities	27,414
84,903	Other entities and individuals	228,772
255,037		**317,702**

*Note to align with the note 16 Defra Modernisation grant has been split out from Grant claims where it was shown in the 2011/12 Accounts

28. Cash and cash equivalents

31.03.12		31.03.13
£		£
647,910	Bank Deposits	719,398
244,471	Bank Accounts	2,516
1,000	Petty cash	1,000
893,381		**722,914**

29. Creditors

31.03.12		31.03.13
£		£
36,723	Other tax and social security	32,049
173,293	Accruals	149,954
48,300	Receipts in advance – external grants	60,883
14,728	Receipts in advance – sales, fees and charges	13,705
35,700	Provision for accumulated absences	28,700
308,744		**285,291**

Further analysis of creditors at year end by organisation type

31.03.12		31.03.13
£		£
36,723	Central government bodies	32,049
62,778	Other local authorities	20,203
209,243	Other entities and individuals	233,039
308,744		**285,291**

30. Provision for restructuring costs

	£
Balance at 1st April 2012	**38,812**
Amounts used in 2012/13	(14,955)
Unused amounts reversed in 2012/13	-
Additional provisions made in 2012/13	-
Balance at 31st March 2013	**23,857**

Government funding cuts created the need to restructure and downsize the Authority to make significant savings. Consultation on the change management process began in January 2011 and the main proposals were subsequently confirmed by the Authority in February 2011. Of the £389,262 estimated cost of restructuring, only £372,424 of expenditure was incurred, the remaining £16,838 was reversed to the Comprehensive Income and Expenditure Statement in 2011/12.

In preparing the Statement of Accounts for 2011/12 the cost associated with redundancies made during 2012/13 was provided where the conditions of creating a provision were met. The remaining balance sheet provision of £23,857 was paid in May 2013 completing the Authority's restructuring programme.

31. Financial Instruments

31.1 Financial Assets

Financial assets are assets which have fixed or determinable payments but are not quoted in an active market. At the year end the only financial instruments held by the Authority are Short-Term Receivables and Short Term Investments being three 1 year Fixed Term Bonds totalling £1,500,000 (2011/12 one 1 year fixed term bond of £1,000,000).

Financial assets represented by the fixed term bonds are carried in the balance sheet at amortised cost. Financial assets represented by receivables are short-duration receivables with no stated interest rate and are therefore measured at original invoice amount. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value of the bond.

31.2 Financial Liabilities

Financial liabilities are shown within the balance sheet as other liabilities and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for the interest payable are based on the carrying amount of the liability, multiplied by the effective rate of investment for the instrument. Financial liabilities represented by accruals and other payables are short-duration payables with no stated interest rate and are therefore measured at original amount. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value. All accruals and other payables are due to be paid in less than one year.

31.3 Liquidity Risk

The Authority will ensure it has adequate though not excessive cash resources to enable it at all times to have the level of funds available which is necessary for achievement of its activities.

31.4 Interest Risk

The Authority is not exposed to any significant risks in terms of interest rate risk due to the Authority having no borrowings. However, the Authority is exposed to risk in changes in interest receivable on short term deposits, as interest is posted to the Comprehensive Income and Expenditure Statement and affects the General Fund balance pound for pound.

31.5 Exchange Risk

The Authority as far as possible limits its exposure to exchange rate fluctuations by ensuring transactions are carried out in sterling. The Authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to losses arising from movements in foreign exchange.

31.6 Credit Risk

This arises from deposit with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority has little exposure in this area as deposits are only placed on a short term to medium term basis therefore the risk is minimal.

No credit limits were exceeded during the period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to short term deposits.

The Authority has not noted any problems with collection of debts and receives debts on a timely basis.

In relation to trade debtors at 31st March past due but not impaired, there were no outstanding balance greater than 30 days. All balances past due but not impaired had been collected prior to the accounts being approved for audit in June 2013.

32. Events after the Balance Sheet Date

Under IAS 10 – Events after the Balance Sheet Date, the Authority is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the statement of accounts. Events after the Balance Sheet date up to the authorisation date have been considered in the preparation of these accounts.

The Chief Finance Officer authorised the draft Statement of Accounts 2012/13 for issue on the 28th June 2013, the statements being subject to the external audit process.