



STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED
31 MARCH 2008

NEW FOREST NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS - YEAR ENDED 31 MARCH 2008

CHAIRMAN OF THE AUTHORITY - Clive Chatters

CHIEF EXECUTIVE - Lindsay Cornish

CHIEF FINANCE OFFICER - Paul Carey-Kent

Contents

	Page
Notes to the Financial Statements (Index)	3
Responsibility for the Statement of Accounts	4
Explanatory Foreword an explanation of the Authority's financial position	6
Statement of Accounting Policies an explanation of the policies followed in preparing the accounts	8
Income and Expenditure Account the Authority's main revenue account covering income and expenditure on all services	11
Statement of Movement on the General Fund Balance identifies the differences between the outturn on the Income and Expenditure Account and the General Fund balance	12
Note of Reconciling Items for the Statement of Movement on the General Fund Balance	13
Balance Sheet sets out the financial position of the Authority on 31 March 2008	14
Cash Flow Statement summarises the total movement of the Authority's funds	15
Statement of Total Recognised Gains and Losses shows the gains and losses for the Authority for the period	16
Notes to the Financial Statements	17
Annual Governance Statement	

Notes to the Financial Statements (Index)

Note		Page
1	Best Value Accounting Code of Practice (BVACOP)	17
2	Publicity and Advertising	17
3	Employee Remuneration	17
4	Interest Payable / Interest and Investment Income	17
5	Members' Allowances	18
6	Audit Costs	18
7	Related Party Transactions	18
8	Pensions	19
9	Grant Income	22
10	Fixed Assets	22
11	Capital Expenditure and Financing	24
12	Debtors and Payments in Advance	24
13	Stock	25
14	Current Liabilities	25
15	Capital Adjustment Account	25
16	Revaluation Reserve	26
17	Reconciliation of Surplus for the year to Net Cash Inflow from Revenue Activities	26
18	Movement of Cash	27
19	Contributions Deferred	27
20	Financing and Management of Liquid Resources	27
21	Movement in General Fund Reserve	27
22	Movement in Earmarked Reserves	28
23	Financial Instruments	28
24	Authorisation of Accounts for issue	33

RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

1. The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

2. The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- taken measures to ensure that risk is appropriately managed.

3. The Chief Finance Officer's Certificate

I certify that the statement of accounts presents fairly the financial position of New Forest National Park Authority at 31 March 2008 and the income and expenditure for that year ended.

Paul Carey-Kent – Chief Finance Officer Date

4. Approval of the Accounts by the Authority

I confirm that these accounts were approved by members of the Authority at the meeting held on the 26 June 2008.

Clive Chatters – Chairman of the Authority Date

EXPLANATORY FOREWORD

1. Information on 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.

Responsibility for the Statement of Accounts

This sets out the respective responsibilities of the Authority and the Chief Finance Officer for the accounts.

Statement of Accounting Policies

Discloses the accounting policies used by the New Forest National Park Authority in compiling the financial statements.

Income and Expenditure Account

Discloses the revenue expenditure and income by service for the year ended 31 March 2008.

Balance Sheet

Discloses the financial position of the Authority as at 31 March 2008.

Cash Flow Statement

Discloses the inflows and outflows of cash arising from the activities of the Authority for the year ended 31 March 2008.

Statement of Total Recognised Gains and Losses

This statement brings together gains and losses of the Authority for 2007/2008 and identifies those which are not reported through the Income and Expenditure Account.

Notes to the Accounts

Disclose more detailed information on the figures provided in the Income and Expenditure Account, Balance Sheet, Cash Flow Statement and Statement of Total Recognised Gains and Losses.

2. Financial performance during the year

Income and Expenditure Account

The original 2007/2008 revenue budget was £4.426 million, which was to be financed partly by contributions of £602,000 from the General Fund Reserve and £110,000 from earmarked reserves. Actual net budget underspends of £899,000 and additional Defra grant of £260,000 totalled £1.159 million. This enabled actual contributions of £199,000 to be made to the General Fund Reserve and £247,000 to be made to earmarked reserves. The reserve balances will largely be utilised to fund future years' expenditure.

Capital Expenditure

During 2007/2008 the Authority incurred capital expenditure of £55,979, which was all funded by a contribution from the General Fund. Expenditure was incurred as follows:

	2006/2007	2007/2008
	£	£
Office Accommodation	13,459	0
Computer Hardware	24,512	6,759
Computer Software	23,251	25,336
Other Equipment	9,099	23,884
	70,321	55,979

STATEMENT OF ACCOUNTING POLICIES

1. General

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The guidance notes issued by CIPFA on the application of accounting standards have also been followed unless otherwise stated.

2. Fixed Assets

Expenditure on fixed assets is capitalised in the accounts on an accruals basis. Only expenditure that benefits the Authority for a period of more than one year is capitalised. This excludes spending on routine repairs and maintenance of fixed assets, which is charged directly to service revenue accounts.

A de minimis level is set for operational assets below which expenditure is not capitalised.

Category of asset	De minimis level
	£
Land and Buildings	10,000
Infrastructure Assets	10,000
Community Assets	10,000
Vehicles, Plant, Fittings and Equipment	1,000

Fixed assets are valued on the basis recommended by the Statement of Recommended Practice issued by CIPFA, which is based on FRS11 issued by the Accounting Standards Board, and in accordance with the Statements of Asset Valuation Principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS):

- Operational, non-specialised properties are valued at existing use value
- Operational, specialised properties are valued at depreciated replacement cost
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included in the balance sheet at open market value
- Assets, such as vehicles, plant and equipment, including intangible assets, are valued at historic cost.

Income from the disposal of fixed assets will be accounted for on an accruals basis. All receipts will be included in the Balance Sheet as Usable Capital Receipts until they are utilised for funding future capital expenditure.

3. Depreciation

Depreciation charges are accounted for in accordance with the Statement of Recommended Practice issued by CIPFA, which is based on FRS15, issued by the Accounting Standards Board.

Depreciation is provided on operational assets with a finite useful life. All depreciation is charged over the life of the asset, using the straight-line method and is applied from the date the asset is acquired.

The following table indicates the estimated remaining useful life of each type of asset owned by the Authority.

Type of Asset	Remaining useful asset life at 31 March 2008
Tangible Fixed Assets Equipment - ICT Hardware - Other Equipment - Major Plant Premises (temporary building)	Up to 4 years Up to 5 years 9 years 1 year
Intangible Assets Equipment - ICT Software	Up to 5 years

The premises will have a longer remaining useful life than one year although the exact period remains uncertain. In order to demonstrate as prudent a position as possible, therefore, the assumed use for one year to 31 March 2009 has been used for valuation purposes in the accounts. The premises may have a residual value after the Authority ceases to use them but it may not be retained by the Authority.

4. Investments

The Authority's investments are recorded in the Balance Sheet at original cost which is the same as the current book value.

5. Interest

Interest income on external lending is accrued and accounted for in the accounts of the period to which it relates.

6. VAT

All of the amounts in the statement of accounts are shown net of VAT.

7. Foreign currency transactions

Any income and expenditure arising from transactions made in foreign currency has been translated into pounds sterling at the exchange rate in operation on the day of the transaction.

8. Pension costs

The Authority's salaried employees and members have their pensions administered through Hampshire County Council's superannuation fund. Detailed regulations govern rates of contribution and scales of benefits, the latter normally being in the form of a lump sum and annual pension.

The pension scheme is described in note 8 to the financial statements.

9. Reserves

The Authority maintains a General Fund Reserve to meet general needs. Other reserves are either statutory or are held to meet specific future expenditure.

10. Debtors and Creditors

The accounts of the Authority are maintained on an accruals basis, in accordance with FRS18 Accounting Policies, i.e. sums due to or from the Authority are included whether or not the cash has actually been received or paid in the year.

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED
31 MARCH 2008**

This account summarises the resources that have been generated and consumed in providing services and managing the Authority during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year. 2006/07 net expenditure figures have been reclassified to be presented in Best Value Accounting Code of Practice format.

2006/2007 Net Expenditure £		Note	2007/2008		
			Gross Expenditure £	Income £	Net Expenditure £
281,969	Conservation of the Natural Environment		473,708	(220,506)	253,202
363,374	Conservation of Cultural Heritage		501,573	(4,585)	496,988
261,177	Recreation Management and Transport		365,262	0	365,262
427,421	Promoting Understanding		708,462	(19,722)	688,740
3,650	Ranger Services		16,276	0	16,276
714,495	Development Control		1,037,538	(446,048)	591,490
376,802	Forward Planning		638,135	0	638,135
1,204,867	Corporate Management and Administration		822,267	0	822,267
3,633,755	Net Cost of Services		4,563,221	(690,861)	3,872,360
8	Interest Payable and Similar Charges	4			896
(123,791)	Interest and Investment Income	4			(185,338)
2,000	Pensions Interest Cost and Expected Return on Pension Assets	8			(2,000)
3,511,972	Net Operating Expenditure				3,685,918
(5,022,764)	National Park Grant	9			(3,973,725)
(1,510,792)	(Surplus)/Deficit for the year				(287,807)

P Carey-Kent – Chief Finance Officer

Date

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure Account shows the Authority's performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Authority is required to apply its National Park Grant on a different accounting basis, the main differences being:

- capital investment is accounted for as it is financed, rather than when fixed assets are consumed;
- retirement benefits are charged as amounts become payable to the pension fund, rather than as future benefits are earned.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance, including any transfers to/ (from) reserves.

2006/2007		2007/2008
(1,510,792)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(287,807)
134,534	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	88,539
(1,376,258)	Increase in the General Fund Balance for the year	(199,268)
(357,019)	General Fund Balance brought forward	(1,733,277)
(1,733,277)	General Fund Balance carried forward	(1,932,545)
(1,733,277)	Amount of General Fund Balance generally available for new expenditure	(1,932,545)

**NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON
THE GENERAL FUND BALANCE**

2006/2007		2007/2008
£		£
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund balance for the year	
(84,060)	Depreciation and Impairment of Fixed Assets	(100,497)
(305,000)	Net charges made for retirement benefits in accordance with FRS17	(522,000)
(389,060)		(622,497)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on the General Fund balance for the year	
70,321	Capital expenditure charged in year to the General Fund	55,979
230,000	Employers' contributions payable to the Hampshire County Council Pension Fund	408,000
300,321		463,979
	Transfers to or from the General Fund balance that are required to be taken into account when determining the movement on the General Fund balance for the year	
223,273	Net transfer to or from(-) earmarked revenue reserves	247,057
134,534	Net additional amount required to be (credited)/debited to the General Fund balance for the year	88,539

BALANCE SHEET AS AT 31 MARCH 2008

2006/2007			Notes	2007/2008	
£				£	£
		Tangible fixed assets			
128,000		Land and Buildings	10	97,500	
77,889	205,889	Equipment (Hardware)	10	81,164	178,664
		Intangible fixed assets			
	154,955	Equipment (Software)	10		137,662
	360,844	Total fixed assets			316,326
		Current assets			
2,950,000		Investments	20	2,750,000	
227,023		Debtors	12	338,403	
0		Stock		472	
0		Bank	18	5,352	
126	3,177,149	Cash in Hand	18	143	3,094,370
	3,537,993	Total assets			3,410,696
		Current liabilities			
(1,174,462)		Creditors	13	(635,164)	
(29,219)	(1,203,681)	Bank Overdraft	13/18	0	(635,164)
	2,334,312	Total assets less current liabilities			2,775,532
		Long -term liabilities			
(264,000)		Pensions Liabilities	8	(865,000)	
(16,783)	(280,783)	Contributions Deferred	19	(56,196)	(921,196)
	2,053,529	Total assets less liabilities			1,854,336
		Financed by:			
	360,844	Capital Adjustment Account	15		316,326
	0	Revaluation Reserve	16		0
(264,000)		Pensions Reserve	8		(865,000)
223,408		Earmarked Reserves	22		470,465
1,733,277		General Fund Balance	21		1,932,545
	2,053,529	Total net worth			1,854,336

P Carey-Kent – Chief Finance Officer

Date

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

2006/2007		Notes	2007/2008	
£	£		£	£
REVENUE ACTIVITIES				
Cash Outflows				
1,191,098			2,883,555	
2,280,534	3,471,632		1,846,135	4,729,690
Cash Inflows				
(4,002,617)			(3,973,725)	
(282,504)	(4,285,121)		(457,494)	(4,431,219)
	(813,489)	16		298,471
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Cash Outflows				
8			896	
(109,801)	(109,793)		(150,521)	(149,625)
Cash Inflows				
CAPITAL ACTIVITIES				
Cash Outflows				
70,321			55,979	
(16,783)	53,538		(39,413)	16,566
	(869,744)			165,412
Net cash (inflow)/outflow before financing				
MANAGEMENT OF LIQUID RESOURCES				
	685,000		(200,000)	(200,000)
FINANCING				
Cash Outflows				
0			425,000	
Cash Inflows				
0			(425,000)	0
	0			
	(184,744)			(34,588)
Net (increase)/decrease in cash				

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The following statement brings together all the recognised gains and losses of the Authority for the year and shows the aggregate increase in its net worth.

2006/2007		2007/2008
£ (1,510,792)	Surplus for the year on the Income and Expenditure Account	£ (287,807)
20,305	(Surplus)/Deficit arising from the revaluation of fixed assets	0
(8,000)	Actuarial (gains)/losses on pension fund assets and liabilities	487,000
(1,498,487)	Total Recognised (Gains)/Losses for the Year	199,193

NOTES TO THE FINANCIAL STATEMENTS

1. Best Value Accounting Code of Practice (BVACOP)

The Income and Expenditure Account analyses the expenditure and income of the Authority in the format set out in the BVACOP for National Park Authorities.

2. Publicity and Advertising

Section 5(1) of the Local Government Act 1986 requires the National Park Authority to declare the amount of money spent on publicity. Publicity and promotions includes leaflets promoting attractions to visit the National Park, the visitor newspaper and public relations costs.

	2006/2007	2007/2008
	£	£
Advertising staff vacancies	21,476	12,023
Other advertising	3,650	0
Publicity and promotions	37,664	142,982
	62,790	155,005

3. Employee Remuneration

The number of employees whose remuneration, excluding pension contributions, fell in each £10,000 band over £50,000 was:

Remuneration Band	Number of Employees 2006/2007	Number of Employees 2007/2008
£90,000 - £99,999	0	1
£80,000 - £89,999	1	0
£70,000 - £79,999	0	0
£60,000 - £69,999	2	2
£50,000 - £59,999	0	0

In addition there was one officer on secondment from another authority for whom the Authority made payments in the £70,000 - £79,999 range but whose details are on the seconding authority's accounts.

4. Interest Payable/Interest and Investment Income

These items represent the gross interest payable and receivable on all investments, cash flow borrowings and other transactions.

5. Members' Allowances

During 2007/08, payments to Members of the National Park amounted to £46,090. This sum includes all allowances plus travel and subsistence payments.

6. Audit Costs

The New Forest National Park Authority incurred the following fees relating to external audit:

	2006/2007	2007/2008
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	21,524	26,392
Fees payable to the Audit Commission for the certification of grant claims	4,679	1,500
Fees payable in respect of other services provided by the appointed auditor	0	0
	26,203	27,892

7. 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 limit another party's ability to bargain freely with the Authority.

Central Government has effective control over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of transactions with government departments are set out in this document.

There were no material transactions with any chief officers, members or any other related parties during the year.

8. Pensions

a) Transactions relating to Retirement Benefits

As part of the terms and conditions of employment the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Hampshire County Council Pension Fund. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with the investment assets.

The Authority recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid out as pensions. However the charge required to be made against the General Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account within the Statement of Movement on the General Fund balance. The following transactions have been made in the General Fund during the year:

Transactions	2006/2007	2007/2008
	£	£
Net Cost of Service		
Current service cost	303,000	374,000
Past Service Cost	0	150,000
Net Operating Expenditure		
Interest Cost	52,000	92,000
Expected return on assets in the scheme	(50,000)	(94,000)
Amounts to be met from Government Grants		
Movement on pensions reserve	(75,000)	(114,000)
Actual amount charged against the General Fund		
Employers' contributions payable to the scheme	(230,000)	(408,000)

The Authority's standard contribution rate in 2007/2008 was 295% of members' contributions. The contribution rate also certified at the 31 March 2007 valuation for April 2008 to March 2009 is 18.1% of members' pay.

In 2007/2008 the Authority paid an employer's contribution of £408,000 into the Hampshire County Council Pension Fund.

b) Assets and Liabilities in relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Authority at 31 March are as follows:

Assets and Liabilities	31 March 2007	31 March 2008
	£	£
Estimated liabilities in scheme	(1,472,000)	(3,734,000)
Estimated assets in scheme	1,208,000	2,869,000
Net asset/(liability)	(264,000)	(865,000)

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total liability of £865,000 has a substantial impact on the net worth of the Authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as the deficit on the scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The actuary mentioned in his report that the 2007 valuation data showed a significant growth in membership, and this contributed to the large increase in both the estimated liabilities and assets of the Authority in the scheme. Some new joiners had linked previous local government service and so transferred net liabilities to the scheme. However, it is the Hampshire Pension Fund which eventually meets the actual pension costs of its contributing members, and not the particular employer who happens to employ the person at a point in time. The Authority, therefore, does not bear a significant risk as a result of this position

c) Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hewitt Associates Limited, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 1 April 2007.

The main assumptions used in their calculations have been:

Financial Assumptions	2006/2007	2007/2008
	%	%
Rate of inflation	3.2	3.7
Rate of increase in salaries	4.7	5.2
Rate of increase in pensions	3.2	3.7
Rate of increase in deferred pensions	3.2	3.7
Rate of discounting scheme liabilities	5.3	6.8

31 March 2007			Assets	31 March 2008		
£	%	Long-Term Return %		£	%	Long-Term Return %
809,360	67	7.7	Equities	1,778,780	62	7.6
253,680	21	4.7	Government Bonds	745,940	26	4.6
36,240	3	5.3	Corporate Bonds	0	0	6.8
48,320	4	6.7	Property	172,140	6	6.6
60,400	5	5.6	Other Assets	172,140	6	6.0
		6.9	Average			6.7
1,208,000	100		Total	2,869,000	100	

d) Movement in the Pensions Reserve

2006/07	Pensions Reserve	2007/2008
£ (197,000)	Net Liability at 1 April	£ (264,000)
	Movement in year:	
	Operating Charge	
(303,000)	Current Service Costs	(374,000)
0	Past Service Costs	(150,000)
	Contributions	
230,000	Cash paid - Funded Liabilities	408,000
	Finance Income	
50,000	Expected Return on Assets	94,000
(52,000)	Interest on Liabilities	(92,000)
8,000	Actuarial Gain/(Loss)	(487,000)
(264,000)	Net Liability at 31 March	(865,000)

9. Grant Income

New Forest National Park Authority received Parliament approved grant of £3,973,725 from the Department for the Environment, Food and Rural Affairs.

10. Fixed Assets

a) Valuation of Fixed Assets

The premises asset was initially valued on 31 March 2006 and was revalued on 31 March 2007 and 31 March 2008. All valuations were completed by the New Forest District Council's internal valuer, R Edwardes-Jones (FRICS). They were completed in accordance with the principles of the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, as agreed with the Chartered Institute of Public Finance and Accountancy (CIPFA) in 1996. All information was obtained from site inspection.

Plant and equipment assets are valued at historic cost and are depreciated over the estimated lives of the individual items.

Each asset will be revalued at least once every 5 years according to a rolling programme of revaluation, other than assets that are valued at historic cost.

b) Valuation of assets carried at Current Value

The following statement shows the progress of the Authority's rolling programme for the revaluation of fixed assets. The basis for valuation is set out in the statement of accounting policies.

	Valued at historic cost	Valued at current value in 2005/2006	Valued at current value in 2006/2007	Valued at current value in 2007/2008	Total
	£	£	£	£	£
Land and Buildings		165,000	-37,000	-30,500	97,500
Plant and Equipment	136,023		0		136,023
Intangible Assets	217,806		0		217,806
Total	353,829	165,000	-37,000	-30,500	451,329

These valuations show the gross current value before depreciation is applied.

c) Movements in Assets during the year

Movements in Fixed Assets	Land and Buildings	Plant and Equipment	Intangible Assets	Total
	£	£	£	£
Certified valuation at 31 March 2007	128,000	105,380	192,470	425,850
Accumulated depreciation and impairment	0	(27,491)	(37,515)	(65,006)
Net book value of assets at 31 March 2007	128,000	77,889	154,955	360,844
Movement in 2007/08				
Additions	0	30,643	25,336	55,979
Revaluations and Adjustments	0	0	0	0
Disposals	0	0	0	0
Impairment	(30,500)	0	0	(30,500)
Depreciation	0	(27,368)	(42,629)	(69,997)
Net book value of assets at 31 March 2008	97,500	81,164	137,662	316,326

d) Analysis of Assets

The following list shows the range and number of assets owned by the Authority.

	2006/2007	2007/2008
Administration Buildings	1	1
Plant	1	1
Other Equipment	0	5
ICT Hardware	80	84
ICT Software	3	5

e) Intangible Assets

The intangible assets comprise wholly of computer software and software licences. These are recorded at historic cost and are depreciated over their lives (estimated at 5 years) on a straight line basis, commencing from date of acquisition. The depreciation charged for intangible assets in 2007/2008 was £42,629.

11. Capital Expenditure and Financing

Capital expenditure may be financed in various ways, including borrowing, the use of internal resources, the receipt of grants or contributions and directly from revenue income.

A requirement of capital accounting is that the Capital Financing Requirement (CFR) needs to be calculated. The CFR shows the overall indebtedness of the Authority. The Authority has no debt, as the Authority's capital expenditure has been fully financed from the revenue account.

This table sets out the transactions required for the financing of capital expenditure for 2007/2008.

	2006/2007	2007/2008
	£	£
Opening Capital Financing Requirement	0	0
Capital Investment		
Operational Assets	47,070	30,643
Intangible Assets	23,251	25,336
Sources of Finance		
Revenue Provision	(70,321)	(55,979)
Closing Capital Financing Requirement	0	0

12. Debtors and Payments in Advance

An analysis of the Authority's debtors and payments in advance as at 31 March is shown below. It relates to sums of money owed to the Authority for goods and services supplied during the year, but not paid for by 31 March, or where the Authority has paid for goods and services in advance of this date but where service provision is not receivable until the next financial year.

	2006/2007	2007/2008
	£	£
Revenues and Customs	168,731	56,508
Payments in Advance	43,751	33,837
Accrued Interest	14,541	49,358
Other Debtors	0	198,700
	227,023	338,403

13. Stock

At 31 March 2008 the Authority held goods for resale with a value of £472.

14. Current Liabilities

An analysis of the Authority's current liabilities as of 31 March is shown below. It relates to sums of money owed by the Authority for goods and services received during the year, but not paid for by 31 March, or where the Authority has been paid for goods and services in advance of this date but where service provision is not due until the next financial year.

	2006/2007	2007/2008
	£	£
New Forest District Council	847,349	247,443
Other creditors and receipts in advance	327,113	387,721
Bank Overdraft	29,219	0
	1,203,681	635,164

15. Capital Adjustment Account

This account records the financing of capital expenditure from sources other than loan.

Capital Adjustment Account	2006/2007	2007/2008
	£	£
Balance 1 April	0	(360,844)
Transfer of Capital Financing Account	(602,829)	0
Transfer of Fixed Asset Restatement Account	241,985	0
Depreciation Charge	0	69,997
Impairment Charge	0	30,500
Financing of Capital Expenditure from Revenue Resources	0	(55,979)
Balance 31 March	(360,844)	(316,326)

16. Revaluation Reserve

The Revaluation Reserve replaces the Fixed Asset Restatement Account and the Capital Financing Account. The balances on those accounts at 31 March 2007 have been transferred to the Capital Adjustment Account (Note 15). The Revaluation Reserve has been included in the balance sheet with a zero opening balance. The closing balance at 31 March 2008 is also zero as there have been no revaluation gains during 2007/2008.

17. Reconciliation of Surplus for the Year to Net Cash Inflow from Revenue Activities

This statement reconciles the net surplus or deficit on the Income and Expenditure Account to the Revenue Activities Net Cash Flow in the Cash Flow Statement.

	2006/2007	2007/2008
	£	£
Revenue Deficit/(Surplus) for the year	(1,510,792)	(287,807)
Non Cash Transactions		
Depreciation and Impairment	(84,060)	(100,497)
Additional retirement charges in accordance with FRS17	(75,000)	(114,000)
Items in Income and Expenditure Account relating to another section of the cash flow		
Interest Received	109,801	150,521
Interest Paid	(8)	(896)
Accruals:		
Increase/(Decrease) in debtors	49,515	111,380
(Increase)/Decrease in creditors	697,053	539,298
Increase/(Decrease) in stocks	0	472
Rounding	2	0
Net cash inflow from revenue activities	(813,489)	298,471

18. Movement of Cash

This table shows the movement in cash in hand and at the bank during the year.

	At 1 April 2007	Cash change in year	At 31 March 2008
	£	£	£
Cash in hand	126	17	143
Bank overdraft	(29,219)	34,571	5,352
	(29,093)	34,588	5,495

19. Contributions Deferred

This account reflects developers' contributions received that will be released to finance future years capital expenditure.

	2006/2007	2007/2008
	£	£
Balance 1 April	0	(16,783)
Contributions Received	(16,783)	(39,413)
Contributions Released	0	0
Balance 31 March	(16,783)	(56,196)

20. Financing and Management of Liquid Resources

This table shows the movement in temporary investments during the year.

	Balance at 1 April 2007	Balance at 31 March 2008	Movement
	£	£	£
Temporary Investments	2,950,000	2,750,000	(200,000)

21. Movement in General Fund Reserve

The Authority retains a General Fund Reserve to cover contingencies and unforeseen expenditure. This table shows the movement in the year. The balance will largely be used to fund future years' expenditure.

	Balance 1 April 2007	Net Movement in year	Balance 31 March 2008
	£	£	£
General Fund	(1,733,277)	(199,268)	(1,932,545)
Total	(1,733,277)	(199,268)	(1,932,545)

22. Movement in Earmarked Reserves

The Authority has created a number of earmarked reserves to cover expenditure in future years. This table details those reserves and their movement during the year.

	Balance 1 April 2007	Net Movement in year	Balance 31 March 2008
	£	£	£
Sustainable Development	(158,273)	(31,057)	(189,330)
Local Development Framework	(65,000)	0	(65,000)
Donations	(135)	0	(135)
Compliance Officer	0	(26,000)	(26,000)
SSSI Restoration	0	(190,000)	(190,000)
Total	(223,408)	(247,057)	(470,465)

23. Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments:

	31 March 2007	31 March 2008
	£'000	£'000
Financial liabilities at amortised cost	0	0
Total Borrowings	0	0
Loans and Receivables	3,177	3,088
Total Investments	3,177	3,088

Key Risks

As with any organisation, the Authority's activities expose it to a variety of financial risks in the application of financial instruments. The Authority does not require debt financing and currently does not have any debt exposure. As such the key risks are in relation to financial assets and are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

Overall Procedures for Managing Risk

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

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

These are required to be reported and approved at or before the Authority's annual budget setting. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported annually to the members.

These policies are implemented by a central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices. These Practices are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. For deposits with banks and financial institutions historical experience is based on experience of default assessed by the credit ratings agencies as the Authority itself has no experience of default, these figures would otherwise have shown as zero.

	31 March 2008	Historical default	Adjustment for market conditions 31 March 2008	Estimated exposure to default
	£'000s	%	%	£'000s
Deposits with banks and financial institutions:				
AAA rated counterparties	0	0.001	0.001	0
AA rated counterparties	250	0.027	0.027	0
A rated counterparties	1,500	0.627	0.627	9
Other counterparties	1,000	0.627	0.627	6
Loans to Organisations	0	0.000	0.000	0
Trade debtors	338	0.000	1.000	3
	3,088			18

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority trade debtors are generally paid by the due date but all of the trade debtors at 31 March 2008 were less than 3 months old.

Collateral – During the reporting period the Authority held no collateral as security.

Liquidity Risk

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

In the event of an unexpected cash requirement the Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Authority maintains an investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer term financial assets.

The approved prudential indicator limits investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority has no longer term financial liabilities. The maturity analysis of financial assets is as follows:

	£'000
Less than one year	2,750
Between one and two years	0
Between two and three years	0
More than three years	0
	2,750

All trade and other payables are due to be paid in less than three months and the trade debtors of £0.338 million are not shown in the table above.

Market risk

Interest rate risk

The Authority is exposed to some minimal interest rate movements on its investments. Movements in interest rates have an impact on the Authority. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowing at variable rates - the interest charged to the Income and Expenditure Account will rise. This Authority undertook a limited amount of very short term cash flow borrowing in 2007/2008 and as such this can be classed as variable borrowing rates;
- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise; and
- investments at fixed rates – the fair value of the assets will fall for tradeable investments. Where investments are straight forward fixed rate investments the investment will be valued at amortised cost, effectively the principal investment, and the interest credited to the Income and Expenditure Account. Where investments have short maturity periods the effect will be similar to that for variable rate investments as the replacement investments will generate more income to the Income and Expenditure Account.

Changes in interest payable and receivable on variable rate investments will be posted to the Income and Expenditure Account and directly affect the General Fund Reserve pound for pound. Movements in the fair value of any fixed rate investments will be reflected in the Statement of Recognised Gains and Losses.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

Effect in 2007- 2008 of a 1% higher interest rate	£000
Increase in interest payable on variable rate investments	0
Increase in interest receivable on variable rate investments	-31
Impact on Income and Expenditure Account	-31

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The Authority has no equity shares or shareholdings. It therefore has no exposure to loss arising from movements in share prices.

Foreign exchange risk

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

24. Authorisation of Accounts for issue

Following the principles of FRS 21 Events after the Balance Sheet date, this Statement of Accounts is authorised for issue on xx September 2008.