



# NEW FOREST NATIONAL PARK

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED  
31 MARCH 2008

**NEW FOREST NATIONAL PARK AUTHORITY**  
**STATEMENT OF ACCOUNTS - YEAR ENDED 31ST MARCH 2008**

**CHAIRMAN OF THE AUTHORITY**

Clive Chatters

**CHIEF EXECUTIVE** Lindsay Cornish

**CHIEF FINANCE OFFICER** Paul Carey-Kent

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# 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.

## **RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS**

### **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**

**26 June 2008**

### **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**

**26 June 2008**

## **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 National Park Authority in compiling the financial statements.

#### **Income and Expenditure Account**

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

#### **Balance Sheet**

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

#### **Cash Flow Statement**

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

## EXPLANATORY FOREWORD

### 2. FINANCIAL PERFORMANCE DURING THE YEAR

- Income and Expenditure Account

The original 2007/08 revenue budget was £4.426m, 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 £1.159m. 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 2007/08 the Authority incurred capital expenditure of £55,979, which was all funded by a contribution from the General Fund. Expenditure was incurred as follows:

	<b>2006/07</b>	<b>2007/08</b>
	<b>£</b>	<b>£</b>
Office Accommodation	13,459	0
Computer Hardware	24,512	6,759
Computer Software	23,251	25,336
Other Equipment	9,099	23,884
	<b>70,321</b>	<b>55,979</b>

## 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.

<b>Category of asset</b>	<b>De minimis level</b>
Land and Buildings	£10,000
Infrastructure Assets	£10,000
Community Assets	£10,000
Vehicles, Plant, Fittings & 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.

## STATEMENT OF ACCOUNTING POLICIES

### 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 08
<b>Tangible Fixed Assets</b>	
Equipment - ICT Hardware	Up to 4 years
- Other Equipment	Up to 5 years
- Major Plant	9 years
Premises (temporary building)	1 year
<b>Intangible Assets</b>	
Equipment - ICT Software	Up to 5 Years

The premises will have a longer remaining useful life than 1 year but this period has been used in the accounts as the Authority's accommodation may change after this time. The premises will have a residual value after 1 year 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.

## STATEMENT OF ACCOUNTING POLICIES

### 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

New Forest National Park'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 detailed 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<sup>st</sup> 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.

2006/07			2007/08		
Net Expenditure £		Note	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
<b>3,633,755</b>	<b>Net Cost of Services</b>		<b>4,563,221</b>	<b>(690,861)</b>	<b>3,872,360</b>
8	Interest Payable and Similar Charges	4			896
(123,791)	Interest and Investment Income	4			(185,338)
2,000	Pensions Interest Cost & Expected Return on Pension Assets	8			(2,000)
<b>3,511,972</b>	<b>Net Operating Expenditure</b>				<b>3,685,918</b>
(5,022,764)	National Park Grant	9			(3,973,725)
<b>(1,510,792)</b>	<b>(Surplus)/Deficit for the year</b>				<b>(287,807)</b>

P Carey-Kent – Chief Finance Officer

26 June 2008

## 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.

2006/07		2007/08
<b>(1,510,792)</b>	<b>(Surplus)/Deficit for the year on the Income and Expenditure Account</b>	<b>(287,807)</b>
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)
<b>(357,019)</b>	<b>General Fund Balance brought forward</b>	<b>(1,733,277)</b>
<b>(1,733,277)</b>	<b>General Fund Balance carried forward</b>	<b>(1,932,545)</b>
(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**

<b>2006/07</b>		<b>2007/08</b>
<b>£</b>		<b>£</b>
	<b>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</b>	
(84,060)	Depreciation and Impairment of Fixed Assets	(100,497)
(305,000)	Net charges made for retirement benefits in accordance with FRS17	(522,000)
<b>(389,060)</b>		<b>(622,497)</b>
	<b>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</b>	
70,321	Capital expenditure charged in year to the General Fund	55,979
230,000	Employers' contributions payable to the HCC Pension Fund	408,000
<b>300,321</b>		<b>463,979</b>
	<b>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</b>	
<b>223,273</b>	Net transfer to or from(-) earmarked revenue reserves	<b>247,057</b>
<b>134,534</b>	<b>Net additional amount required to be (credited)/debited to the General Fund balance for the year</b>	<b>88,539</b>

## 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.

<b>2006/07</b>		<b>2007/08</b>
<b>£</b> (1,510,792)	Surplus for the year on the Income and Expenditure Account	<b>£</b> (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
<b>(1,498,487)</b>	<b>Total Recognised (Gains)/Losses for the Year</b>	<b>199,193</b>

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2008**

2006/07		Notes	2007/08	
£			£	£
		<b>Tangible fixed assets</b>		
128,000		Land and Buildings	97,500	
77,889	205,889	Equipment (Hardware)	81,164	178,664
		<b>Intangible fixed assets</b>		
	154,955	Equipment (Software)		137,662
	<u>360,844</u>	<b>Total fixed assets</b>		<u>316,326</u>
		<b>Current assets</b>		
2,964,541		Investments	2,799,358	
212,482		Debtors	289,045	
0		Stock	472	
0		Bank	5,352	
126	3,177,149	Cash in Hand	143	3,094,370
	<u>3,537,993</u>	<b>Total assets</b>		<u>3,410,696</u>
		<b>Current liabilities</b>		
(1,174,462)		Creditors	(635,164)	
(29,219)	(1,203,681)	Bank Overdraft	0	(635,164)
	<u>2,334,312</u>	<b>Total assets less current liabilities</b>		<u>2,775,532</u>
		<b>Long -term liabilities</b>		
(264,000)		Pensions Liabilities	(865,000)	
(16,783)	(280,783)	Contributions Deferred	(56,196)	(921,196)
	<u>2,053,529</u>	<b>Total assets less liabilities</b>		<u>1,854,336</u>
		<b>Financed by:</b>		
360,844		Capital Adjustment Account		316,326
0		Revaluation Reserve		0
(264,000)		Pensions Reserve		(865,000)
223,408		Earmarked Reserves		470,465
1,733,277		General Fund Balance		1,932,545
	<u>2,053,529</u>	<b>Total net worth</b>		<u>1,854,336</u>

P Carey-Kent – Chief Finance Officer

26 June 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008**

2006/07		Notes	2007/08	
£	£		£	£
		<b>REVENUE ACTIVITIES</b>		
		<b>Cash Outflows</b>		
1,191,098		Cash paid to and on behalf of employees	2,883,555	
2,280,534	3,471,632	Other operating costs	1,846,135	4,729,690
		<b>Cash Inflows</b>		
(4,002,617)		National Park Grant	(3,973,725)	
(282,504)	(4,285,121)	Cash received for goods and services	(457,494)	(4,431,219)
	(813,489)			298,471
		<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
		<b>Cash Outflows</b>		
8		Interest paid	896	
		<b>Cash Inflows</b>		
(109,801)	(109,793)	Interest received	(150,521)	(149,625)
		<b>CAPITAL ACTIVITIES</b>		
		<b>Cash Outflows</b>		
70,321		Purchase of fixed assets	55,979	
		<b>Cash Inflows</b>		
(16,783)	53,538	Developers' Contributions received	(39,413)	16,566
	<b>(869,744)</b>	<b>Net cash (inflow)/outflow before financing</b>		<b>165,412</b>
		<b>MANAGEMENT OF LIQUID RESOURCES</b>		
	685,000	Net increase/(decrease) in liquid resources	(200,000)	(200,000)
		<b>FINANCING</b>		
		<b>Cash Outflows</b>		
0		Repayments of amounts borrowed	425,000	
		<b>Cash Inflows</b>		
0		New short term loans	(425,000)	0
	0			
	<b>(184,744)</b>	<b>Net (increase)/decrease in cash</b>		<b>(34,588)</b>

## 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 Park, the visitor newspaper and public relations costs.

	2006/07	2007/08
	£	£
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 2006/07	Number of Employees 2007/08
£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

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

	2006/07	2007/08
	£	£
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
	<b>26,203</b>	<b>27,892</b>

### 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.

Both Hampshire County Council and New Forest District Council provide financial and other support services to the Authority.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 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	2006/07	2007/08
	£	£
<b>Net Cost of Service</b>		
Current service cost	303,000	374,000
Past Service Cost	0	150,000
<b>Net Operating Expenditure</b>		
Interest Cost	52,000	92,000
Expected return on assets in the scheme	(50,000)	(94,000)
<b>Amounts to be met from Government Grants</b>		
Movement on pensions reserve	(75,000)	(114,000)
<b>Actual amount charged against the General Fund</b>		
Employers' contributions payable to the scheme	(230,000)	(408,000)

New Forest National Park's standard contribution rate in 2007/08 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 National Park paid an employer's contribution of £408,000 into the Hampshire County Council Pension Fund.

## NOTES TO THE FINANCIAL STATEMENTS

### 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:

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

The main assumptions used in their calculations have been:

Financial Assumptions	2006/07	2007/08
	%	%
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
<b>1,208,000</b>	<b>100</b>		<b>Total</b>	<b>2,869,000</b>	<b>100</b>	

### d) Movement in the Pensions Reserve

2006/07	Pensions Reserve	2007/08
£		£
(197,000)	<b>Net Liability at 1 April</b>	(264,000)
	<b>Movement in year:</b>	
	<b>Operating Charge</b>	
(303,000)	Current Service Costs	(374,000)
0	Past Service Costs	(150,000)
	<b>Contributions</b>	
230,000	Cash paid - Funded Liabilities	408,000
	<b>Finance Income</b>	
50,000	Expected Return on Assets	94,000
(52,000)	Interest on Liabilities	(92,000)
8,000	<b>Actuarial Gain/(Loss)</b>	(487,000)
<b>(264,000)</b>	<b>Net Liability at 31 March</b>	<b>(865,000)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Grant Income

New Forest National Park Authority received Parliament approved grant of £3,973,725 from the Department of 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 2005/06	Change in value in 2006/07	Change in value in 2007/08	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
<b>Total</b>	<b>353,829</b>	<b>165,000</b>	<b>-37,000</b>	<b>-30,500</b>	<b>451,329</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### c) Movements in Assets during the year

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

### d) Analysis of Assets

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

	2006/07	2007/08
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 2007/08 was £42,629.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2007/08.

	<b>2006/07</b>	<b>2007/08</b>
	<b>£</b>	<b>£</b>
<b>Opening Capital Financing Requirement</b>	0	0
<b>Capital Investment</b>		
Operational Assets	47,070	30,643
Intangible Assets	23,251	25,336
<b>Sources of Finance</b>		
Revenue Provision	(70,321)	(55,979)
<b>Closing Capital Financing Requirement</b>	<b>0</b>	<b>0</b>

### 12. Debtors and Payments in Advance

An analysis of the Authority's debtors and payments in advance as at 31<sup>st</sup> 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.

	<b>2006/07</b>	<b>2007/08</b>
	<b>£</b>	<b>£</b>
Revenues & Customs	168,731	56,508
Payments in Advance	43,751	33,837
Other Debtors	0	198,700
	<b>212,482</b>	<b>289,045</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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<sup>st</sup> 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.

	2006/07	2007/08
	£	£
New Forest District Council	847,349	247,443
Other creditors and receipts in advance	327,113	387,721
Bank Overdraft	29,219	0
	<b>1,203,681</b>	<b>635,164</b>

### 15. Capital Adjustment Account

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

Capital Adjustment Account	2006/07	2007/08
	£	£
<b>Balance 1 April</b>	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)
<b>Balance 31 March</b>	<b>(360,844)</b>	<b>(316,326)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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 2007/08.

### 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.

	<b>2006/07</b>	<b>2007/08</b>
	<b>£</b>	<b>£</b>
Revenue Deficit/(Surplus) for the year	(1,510,792)	(287,807)
<b>Non Cash Transactions</b>		
Depreciation and Impairment	(84,060)	(100,497)
Additional retirement charges in accordance with FRS17	(75,000)	(114,000)
<b>Items in Income &amp; Expenditure Account relating to another section of the cash flow</b>		
Interest Received	109,801	150,521
Interest Paid	(8)	(896)
<b>Accruals:</b>		
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
<b>Net cash inflow from revenue activities</b>	<b>(813,489)</b>	<b>298,471</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Movement of Cash

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

	<b>At 1 Apr 2007</b>	<b>Cash change in year</b>	<b>At 31 Mar 2008</b>
	£	£	£
Cash in hand	126	17	143
Bank overdraft	(29,219)	34,571	5,352
	<b>(29,093)</b>	<b>34,588</b>	<b>5,495</b>

### 19. Contributions Deferred

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

	<b>2006/07</b>	<b>2007/08</b>
	£	£
<b>Balance 1 April</b>	<b>0</b>	<b>(16,783)</b>
Contributions Received	(16,783)	(39,413)
Contributions Released	0	0
<b>Balance 31 March</b>	<b>(16,783)</b>	<b>(56,196)</b>

### 20. Financing and Management of Liquid Resources

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

	<b>Balance at 1 Apr 07</b>	<b>Balance at 31 Mar 08</b>	<b>Movement</b>
	£	£	£
Temporary Investments	2,950,000	2,750,000	(200,000)
Accrued Interest Receivable	14,541	49,358	34,817
	2,964,541	2,799,358	(165,183)

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

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

### 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.

	<b>Balance 1 April 2007</b>	<b>Net Movement in year</b>	<b>Balance 31 March 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>
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)
<b>Total</b>	<b>(223,408)</b>	<b>(247,057)</b>	<b>(470,465)</b>

### 23. Financial Instruments

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 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;

## NOTES TO THE FINANCIAL STATEMENTS

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 (TMPs). These TMPs 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	Adj 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

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.

## NOTES TO THE FINANCIAL STATEMENTS

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

	£000
Less than one year	<u>2,750</u>
Between one and two years	0
Between two and three years	0
More than three years	0
	<u>2,750</u>

All trade and other payables are due to be paid in less than three months and the trade debtors of £0.338m 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 2007/08 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.

## NOTES TO THE FINANCIAL STATEMENTS

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.

<b>Effect in 2007-08 of a 1% higher interest rate</b>	<b>£000</b>
Increase in interest payable on variable rate investments	0
Increase in interest receivable on variable rate investments	-31
<b>Impact on Income and Expenditure Account</b>	<b>-31</b>

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 26 September 2008.

## **NEW FOREST NATIONAL PARK AUTHORITY ANNUAL GOVERNANCE STATEMENT**

### **1. Scope of responsibility**

- 1.1 New Forest National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 1.2 The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Authority's functions and which includes arrangements for the management of risk.
- 1.4 On 18 May 2006, the Authority approved and adopted a Code of Corporate Governance, which is consistent with the guidance issued by CIPFA/Solace. A review of compliance with the Code is carried out on an annual basis by the Chief Executive, Monitoring Officer and Chief Finance Officer. A copy of the Code is published on the Authority's website and can be obtained from Member Services. This statement explains how the Authority has complied with the Code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### **2. The purpose of the governance framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic priorities and to consider whether these priorities have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 2.3 The system of internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of the Authority's aims, objectives and policies, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.4 The system of internal control has been in place within the Authority for the year ended 31 March 2008 and up to the date of approval of the annual report and Statement of Accounts.

### **3. Community focus**

- 3.1 Through carrying out its general statutory duties and responsibilities in connection with the two national park purposes, the Authority seeks to work for and with the local community to foster the social and economic wellbeing of communities within the National Park.
- 3.2 Through the publication of its annual accounts for the year 2007-2008, the Authority provides for explicit accountability to stakeholders for its performance, effectiveness in the delivery of services, and the sustainable use of resources.
- 3.3 The Authority sets out its high level priorities and objectives for the National Park in a national park management plan. The Strategy for the New Forest 2003 was adopted as the interim National Park Management Plan in May 2005. During 2007-2008 the Authority has been preparing the successor document – the National Park Plan – which will combine both the new national park management plan and the Local Development Framework Core Strategy. Following extensive community engagement throughout the autumn and winter of 2007/2008, a consultation draft of the National Park Plan will issue in summer 2008.
- 3.4 The Authority's annual Corporate Plan translates the aim and objectives from the Management Plan into priority objectives, actions and operational and service targets for the Authority's own work. The Corporate Plan for 2007-2008 was published at the end of June 2007 and was reviewed quarterly by the Management Board and by the Resources and Performance Committee on 28 August 2007. The Plan presents an objective and understandable account and assessment of the Authority's activities, alongside the separate reports of its financial position and performance.
- 3.5 The Authority has been subject to a full and independent audit of the financial management arrangements in place for 2007–2008. Reports issued by external auditors are considered by the Authority's Resources and Performance Committee.
- 3.6 The Authority has developed and maintained a range of relationships and arrangements with other agencies in the public, private and voluntary sectors, to ensure that they are able to engage with and contribute to the work of the Authority.

- 3.7 The Authority has appointed member representatives on the Court of Verderers, the Hampshire and Isle of Wight Local Government Association and its Improvement Board, the Central Hampshire and New Forest Leaders' Group, New Forest District Local Strategic Partnership, North Solent Shoreline Management Plan – Members' Group and the South East England Regional Assembly. Reports from the New Forest Access Forum and New Forest Consultative Panel are received regularly at meetings of the Authority, and considered by members. Partnership arrangements have been developed with the Ninth Centenary Trust for joint delivery of interpretation facilities in Lyndhurst, and with the Forestry Commission, Hampshire County Council and the National Trust for the provision of community rangers. The governance arrangements for the partnership with the Ninth Centenary Trust have been considered and approved by the Authority.
- 3.8 The Authority has adopted a Statement of Community Involvement, detailing how interested persons can participate in consultation on planning policies and applications within the National Park. Between October 2007 and March 2008 the Authority organised nine events, entitled 'New Forest, New Chapter' with community representatives on the development of policies for the National Park Plan and Recreation Management Strategy, which involved over 100 individuals from over 70 organisations.
- 3.9 The Authority has adopted and maintained a complaints procedure to enable complaints about the Authority's activities to be considered and responded to. Information on how to use the complaints procedure is available via a complaints leaflet and the Authority's website. Information on complaints received is considered by the Authority's Management Board, Resources and Performance Committee and Standards Committee. Lessons for service improvement are identified wherever practicable.

#### **4. Service delivery arrangements**

- 4.1 The Authority aims to be clearly accountable for the effective delivery of services, through setting targets and measuring performance.
- 4.2 The Authority has adopted an appropriate management structure to deliver economic, efficient and effective services. Lead management responsibility for each service is allocated to the Chief Executive, a Director or Head of Unit, and management of services generally is overseen by the Authority's Management Board. Business Plans are developed for each service, and performance reviewed against targets specified.

- 4.3 A review of the provision of the Authority's financial services, including Chief Finance Officer, strategic financial advice, internal audit and accounting systems was completed and new arrangements were put in place initially on 1 January 2008 and in full on 15 May 2008 with some elements on a trial basis. An internal review of the Authority's planning enforcement and compliance procedures was completed and new staff arrangements put in place.
- 4.4 Management information is produced to assist with the measurement of performance. Budgetary control reports are reviewed monthly by the Management Board and on a regular basis by Resources and Performance Committee. The Chief Executive reports to the Authority on the development and performance of the Authority overall.

## **5. Structures and processes**

- 5.1 The Authority has adopted arrangements to define the responsibilities of members and officers to ensure clarity and accountability in its business. A protocol on member and officer relations has been adopted, and training provided for members and officers.
- 5.2 Major strategic plans and policies receive consideration by members. Comprehensive scheme of delegation to officers has been approved by members, and makes clear that the role of officers is to implement and give effect to strategies and policies approved by the Authority.
- 5.3 In 2007-2008 the Authority held eight full meetings of the Authority, all of which were open to members of the press and public to attend (save for individual items of a sensitive nature properly considered in confidential session). Agendas and minutes of meetings are available for inspection by the public both at the Authority's offices and via the Authority's website.
- 5.4 The Authority has maintained arrangements to ensure that its dealings are lawful and comply with financial regulations. The Authority continues to receive legal services from Hampshire County Council's Legal Practice under a service level agreement. The Legal Practice is Lexcel-accredited with the Law Society, confirming compliance with best practice requirements, and was most recently subject to independent inspection in December 2007. Solicitors consider all reports considered by members, and are present at meetings to give advice to members as required.
- 5.5 Until December 2007, financial advice and financial accounting services were provided by New forest District Council. With effect from January 2008, the Authority has appointed Hampshire County Council to provide the services of Chief Finance Officer, and provision of strategic financial advice and internal audit. New Forest District Council continues to provide accountancy services on a trial basis.
- 5.6 There have been a number of informal briefing and training sessions for members on various aspects of their responsibilities and developing policies.

- 5.7 The Authority has designated the roles of statutory officers. Lindsay Cornish, as Chief Executive, is National Park Officer and Head of Paid Service. Kevin Gardner, Head of Legal Practice with Hampshire County Council, is Monitoring Officer. Paul Carey-Kent, Deputy County Treasurer with Hampshire County Council, is Chief Finance Officer.

## **6. Risk management and internal control**

- 6.1 The Authority has established a systematic strategy, framework and processes for managing risk. A risk register is maintained, and reviewed on a monthly basis by the Management Board, and at meetings of the Resources and Performance Committee. This enables relevant risks to be identified and evaluated, with consideration given to appropriate mitigation strategies. The Financial Strategy and Budgets for 2008-2009 were subject to a specific risk assessment by the Chief Finance Officer.
- 6.2 Business continuity plans have been developed but have yet to be subject to a 'live test'.
- 6.3 As indicated above, solicitors consider all reports considered by members, and are present at meetings to give advice to members as required. This assists in ensuring that the Authority discharges its functions in accordance with the law. In 2007-2008 no formal reports by the Monitoring Officer, further to S.5 Local Government and Housing Act 1989, were necessary.
- 6.4 Members have a key role in providing assurance that the Authority's funds are used economically, efficiently and effectively in accordance with agreed policies. The financial strategy and budget is agreed annually by the Authority following scrutiny by, and budget monitoring reports are considered at meetings of, the Resources and Performance Committee. The Authority's accounts are subject to external audit on an annual basis and reported to the Authority at a public meeting.
- 6.5 Internal audit coverage was provided under a service level agreement by New Forest District Council's Internal Audit Service. The Authority's external auditors, the Audit Commission, review the appropriateness of internal audit arrangements and accordingly place reliance on the work done. The coverage in 2007/2008 concentrated on review of the main financial systems, ie general ledger, bank reconciliations, treasury management, accounts payable and payroll. No significant control weaknesses were identified.
- 6.6 The Authority has included the functions of an Audit Committee within the terms of reference of the Resources and Performance Committee.

## **7. Standards of Conduct**

- 7.1 The Authority adopted a revised members' Code of Conduct in September 2007, and training for members on its implications was provided by the Monitoring Officer. Following detailed scrutiny by Standards Committee in December 2007, the Authority has also revised its Local Protocol for Members and Officers Dealing with Planning Matters, and Protocol on Member and Officer Relations, to reflect the provisions of the revised Code.
- 7.2 All member meetings of the Authority commence with an item regarding declaration of personal and prejudicial interests, with signed records of interests declared kept with the minutes of the meeting. A Register of Members' Interests is maintained, in accordance with the Local Government Act 2000.
- 7.3 The Authority has also adopted policies on Anti-fraud and Corruption and Whistleblowing. Standing Orders on Contracts and Financial Regulations are in place.
- 7.4 A Staff Code of Conduct is in place.

## **8. Action plan**

- 8.1 The Authority will be carrying out a Peer Review of its governance and associated arrangements (following completion of two years as a fully operational authority) during late summer/autumn 2008, which is intended to lead to the development of a 'continuing development /improvement plan'.
- 8.2 The Authority will also be reviewing the provision of Legal Services during 2008, as the arrangements agreed with Hampshire County Council for the provision of this service are due to expire in 2009.

## **9. Significant governance issues**

- 9.1 No significant governance issues have been identified.
- 9.2 We propose over the coming year to implement the above 'action plan' to further enhance our governance arrangements. We are satisfied that these steps will address any need for improvement arising from the two reviews and we will monitor implementation and operation as part of our next annual review.

Signed: Clive Chatters Chairman

Signed: L Cornish Chief Executive

Date: 26 June 2008

## **Independent auditor's report to the Members of New Forest National Park Authority**

### **Opinion on the financial statements**

I have audited the accounting statements and related notes of New Forest National Park Authority for the year ended 31 March 2008 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of New Forest National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### **Respective responsibilities of the Chief Finance Officer and auditor**

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly the financial position of the Authority and its income and expenditure for the year, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

## **Opinion**

In my opinion:

- the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

## **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, New Forest National Park Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

## **Best Value Performance Plan**

I have issued our statutory report on the audit of the Authority's best value performance plan for the financial year 2007/08 on 21 December 2007. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

K L Handy  
District Auditor,

Audit Commission,  
Collins House,  
Bishopstoke Road,  
Eastleigh,  
Hampshire,  
SO50 6AD.

26 September 2008