

NEW FOREST
NATIONAL PARK

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED
31 MARCH 2007

NEW FOREST NATIONAL PARK AUTHORITY
STATEMENT OF ACCOUNTS - YEAR ENDED 31ST MARCH 2007

CHAIRMAN OF THE AUTHORITY

Clive Chatters

CHIEF EXECUTIVE Lindsay Cornish

CHIEF FINANCIAL OFFICER Patricia Higgins

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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 Financial 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 Financial Officer's Responsibilities

The Chief Financial 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 Financial 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 Financial Officer's Certificate

I certify that the statement of accounts presents fairly the financial position of New Forest National Park Authority at 31 March 2007 and the income and expenditure for that year ended.



Patricia Higgins – Chief Financial Officer

Date 26/6/07

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 28 June 2007.



Clive Chatters – Chairman of the Authority

28/6/07

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 Financial 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 2007.

Balance Sheet

Discloses the financial position of the Authority as at 31st March 2007.

Cash Flow Statement

Discloses the inflows and outflows of cash arising from the activities of the Authority for the year ended 31st March 2007.

Statement of Total Recognised Gains and Losses

This statement brings together gains and losses of the Authority for 2006/2007 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 2006/07 revenue budget of £4.627m was underspent by £1.204m. This will largely be utilised to fund future years' expenditure.

- Capital Expenditure

During 2006/07 the Authority incurred capital expenditure of £70,321, which was all funded by a contribution from the General Fund. Expenditure was incurred as follows:

	2005/06	2006/07
	£	£
Office Accommodation	386,680	13,459
Computer Hardware	71,769	24,512
Computer Software	169,219	23,251
Other Equipment	0	9,099
	627,668	70,321

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 2006: 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 & 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.

Any surplus or deficits arising from revaluations will be recorded in the fixed asset restatement account. 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 31.03.07
Tangible Fixed Assets	
Equipment - ICT Hardware	Up to 4 years
- Other Equipment	10 years
Premises (temporary building)	3 years
Intangible Assets	
Equipment - ICT Software	Up to 5 Years

The premises will have a longer remaining useful life than 3 years 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 3 years 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 MARCH 2007

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.

2005/06		Note	2006/07		
Net Expenditure £			Gross Expenditure £	Income £	Net Expenditure £
58,915	Conservation of the Natural Environment		283,128	(1,640)	281,488
0	Conservation of Cultural Heritage		405,697	(2,196)	403,501
0	Recreation Management		160,547	0	160,547
213,156	Promoting Understanding – Information, Interpretation and Education		424,931	0	424,931
0	Traffic and Transport		99,460	0	99,460
0	Ranger Services		3,650	0	3,650
226,020	Development Control		963,202	(258,308)	704,894
82,064	Forward Planning		333,555	0	333,555
2,004,175	Corporate Management and Administration		1,202,907	0	1,202,907
29,676	Training and Staff Development		18,822	0	18,822
2,614,006	Net Cost of Services		3,895,899	(262,144)	3,633,755
(57,431)	Interest and Investment Income	4			(123,783)
	Pensions Interest Cost and Expected	8			2,000
3,000	Return on Pension Assets				
2,559,575	Net Operating Expenditure				3,511,972
(3,517,297)	National Park Grant	9			(5,022,764)
(957,722)	(Surplus)/Deficit for the year				(1,510,792)



P Higgins – Chief Financial Officer

Date 26/6/07.

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.

2005/06		2006/07
(957,722)	(Surplus)/Deficit for the year on the Income and Expenditure Account	(1,510,792)
600,703	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	134,534
(357,019)	Increase in the General Fund Balance for the year	(1,376,258)
0	General Fund Balance brought forward	(357,019)
(357,019)	General Fund Balance carried forward	(1,733,277)
(357,019)	Amount of General Fund Balance generally available for new expenditure	(1,733,277)

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

2005/06		2006/07
£		£
	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	
(11,100)	Depreciation	(84,060)
(56,000)	Net charges made for retirement benefits in accordance with FRS17	(305,000)
(67,100)		(389,060)
	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	
627,668	Capital expenditure charged in year to the General Fund	70,321
40,000	Employers' contributions payable to the HCC Pension Fund	230,000
667,668		300,321
	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	
135	Net transfer to or from(-) earmarked revenue reserves	223,273
600,703	Net additional amount required to be (credited)/debited to the General Fund balance for the year	134,534

BALANCE SHEET AS AT 31 MARCH 2007

2005/06		Notes	2006/07	
£			£	£
160,692		10	128,000	
66,721	227,413	10	77,889	205,889
	167,474	10		154,955
	394,887			360,844
2,265,000		19	2,950,000	
177,508		12	227,023	
0	2,442,508	17	126	3,177,149
	2,837,395			3,537,993
(1,871,516)		13	(1,174,462)	
(213,837)	(2,085,353)	13/17	(29,219)	(1,203,681)
	752,042			2,334,312
(197,000)		8	(264,000)	
0	(197,000)	18	(16,783)	(280,783)
	555,042			2,053,529
616,568		14		602,829
(221,680)		15		(241,985)
(197,000)		8		(264,000)
	135	21		223,408
357,019		20		1,733,277
	555,042			2,053,529


P Higgins - Chief Financial Officer

Date 26/6/07

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

2005/06		Notes	2006/07	
£	£		£	£
		REVENUE ACTIVITIES		
		Cash Outflows		
362,407		Cash paid to and on behalf of employees	1,191,098	
1,570,388	1,932,795	Other operating costs	2,280,534	3,471,632
		Cash Inflows		
(4,552,444)		National Park Grant	(4,002,617)	
(2,302)	(4,554,746)	Cash received for goods and services	(282,504)	(4,285,121)
	(2,621,951)			(813,489)
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		Cash Outflows		
0		Interest paid	0	
		Cash Inflows		
(56,880)	(56,880)	Interest received	(109,793)	(109,793)
		CAPITAL ACTIVITIES		
		Cash Outflows		
627,668		Purchase of fixed assets	70,321	
		Cash Inflows		
0	627,668	Developers' Contributions received	(16,783)	53,538
	(2,051,163)	Net cash (inflow)/outflow before financing		(869,744)
		MANAGEMENT OF LIQUID RESOURCES		
	2,265,000	Net increase/(decrease) in liquid resources		685,000
		FINANCING		
		Cash Outflows		
0		Repayments of amounts borrowed	0	
		Cash Inflows		
0	0	New short term loans	0	0
	213,837	Net (increase)/decrease in cash		(184,744)

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.

2005/06		2006/07
£		£
(957,722)	Surplus for the year on the Income and Expenditure Account	(1,510,792)
221,680	(Surplus)/Deficit arising from the revaluation of fixed assets	20,305
181,000	* Actuarial (gains)/losses on pension fund assets and liabilities	(8,000)
(555,042)	Total Recognised (Gains)/Losses for the Year	(1,498,487)

* The figure for 05/06 includes an opening liability of £146,000 in respect of transferred staff at the inception of the Authority. The in year actuarial loss was £35,000.

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 on a functional strategy basis as set out in the National Park Authorities, England, Grant Memorandum (Revised) 2007.

The analysis adopted does not fully comply with the BVACOP. The departure is justified because BVACOP does not match the operational and reporting requirements of National Park Authorities as laid down in the Grant Memorandum. However, the National Park Authorities, CIPFA, Audit Commission and Defra are currently consulting on a new and specific service expenditure analysis for National Parks which will be included in the BVACOP for 2007/08.

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.

	2005/06	2006/07
	£	£
Advertising staff vacancies	109,393	21,476
Other advertising	7,630	3,650
Publicity and promotions	111,695	37,664
	228,718	62,790

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 2005/06	Number of Employees 2006/07
£80,000 - £89,999	0	1
£70,000 - £79,999	0	0
£60,000 - £69,999	0	2
£50,000 - £59,999	1	0

In 2005/06 and 2006/07 employees whose annual remuneration would have fallen within the above bandings only commenced employment part way through the year and therefore actual remuneration received in that year is reflected in a lower banding.

NOTES TO THE FINANCIAL STATEMENTS

4. Interest and Investment Income

This item represents the gross interest receivable on all investments and banking transactions.

5. Members' Allowances

During 2006/07, payments to Members of the National Park amounted to £43,111. This sum includes all allowances plus travel and subsistence payments.

6. Audit Costs

In 2006/07 New Forest National Park Authority incurred the following fees relating to external audit:

	2005/06	2006/07
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	12,661	21,524
Fees payable to the Audit Commission for the certification of grant claims	0	4,679
Fees payable in respect of other services provided by the appointed auditor	3,526	0
	16,187	26,203

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.

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	2005/06	2006/07
	£	£
Net Cost of Service		
Current service cost	53,000	303,000
Net Operating Expenditure		
Interest Cost	16,000	52,000
Expected return on assets in the scheme	(13,000)	(50,000)
Amounts to be met from Government Grants		
Movement on pensions reserve	(16,000)	(75,000)
Actual amount charged against the General Fund		
Employers' contributions payable to the scheme	(40,000)	(230,000)

New Forest National Park's standard contribution rate in 2006/07 was 275% of members' contributions. The contribution rate also certified at the 31 March 2005 valuation for April 2007 to March 2008 is 295% of members' contributions.

In 2006/2007 the National Park paid an employer's contribution of £230,000 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:

Assets and Liabilities	31 March 2006	31 March 2007
	£	£
Estimated liabilities in scheme	(718,000)	(1,472,000)
Estimated assets in scheme	521,000	1,208,000
Net asset/(liability)	(197,000)	(264,000)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £264,000 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.

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, Bacon and Woodrow, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 1 April 2005.

The main assumptions used in their calculations have been:

Financial Assumptions	2005/06	2006/07
	%	%
Rate of inflation	3.0	3.2
Rate of increase in salaries	4.5	4.7
Rate of increase in pensions	3.0	3.2
Rate of increase in deferred pensions	3.0	3.2
Rate of discounting scheme liabilities	4.9	5.3

NOTES TO THE FINANCIAL STATEMENTS

March 2006			Assets	31 March 2007		
£	%	Long-Term Return %		£	%	Long-Term Return %
366,106	70	7.3	Equities	809,360	67	7.7
107,222	21	4.3	Government Bonds	253,680	21	4.7
0	0		Corporate Bonds	36,240	3	5.3
20,788	4	6.3	Property	48,320	4	6.7
26,884	5	4.6	Other Assets	60,400	5	5.6
		6.5	Average			6.9
521,000	100		Total	1,208,000	100	

Changes to the Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the Council's pension liabilities by about 3%. We have accounted for this as a gain resulting from a change in assumptions and as a result the impact of this item is shown in the Statement of Total Movement in Reserves.

d) Movement in the Pensions Reserve

2005/06	Pensions Reserve	2006/07
£		£
(146,000)	Net Liability at 1 April	(197,000)
	Movement in year:	
	Operating Charge	
(53,000)	Current Service Costs	(303,000)
	Contributions	
40,000	Cash paid - Funded Liabilities	230,000
	Finance Income	
13,000	Expected Return on Assets	50,000
(16,000)	Interest on Liabilities	(52,000)
(35,000)	Actuarial Gain/(Loss)	8,000
(197,000)	Net Liability at 31 March	(264,000)

NOTES TO THE FINANCIAL STATEMENTS

9. Grant Income

New Forest National Park Authority received Parliament approved grant of £5,022,764 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. Both 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	Valued at Current value in 2006/07	Total
	£	£	£	£
Land and Buildings	0	165,000	-37,000	128,000
Plant and Equipment	105,380	0	0	105,380
Intangible Assets	192,470	0	0	192,470
Total	297,850	165,000	-37,000	425,850

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
	£	£	£	£
Certified valuation at 31 March 2006	165,000	71,769	169,219	405,988
Accumulated depreciation & impairment	(4,308)	(5,048)	(1,745)	(11,101)
Net book value of assets at 31 March 2006	160,692	66,721	167,474	394,887
Movement in 2006/07				
Additions	13,459	33,611	23,251	70,321
Revaluations & Adjustments	(20,304)	0	0	(20,304)
Disposals	0	0	0	0
Depreciation	(25,847)	(22,443)	(35,770)	(84,060)
Net book value of assets at 31 March 2007	128,000	77,889	154,955	360,844

The revaluation and adjustments figure of £20,304 reflects capital expenditure of £13,459 on the premises asset that has not resulted in enhancement in value of the asset and the downwards revaluation of the asset at 31 March 2007 by £6,845.

d) Analysis of Assets

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

	2005/06	2006/07
Administration Buildings	1	1
Plant	0	1
ICT Hardware	45	80
ICT Software	3	3

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 2006/07 was £35,770.

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 2006/07.

	2005/06	2006/07
	£	£
Opening Capital Financing Requirement	0	0
Capital Investment		
Tangible Assets	458,449	47,070
Intangible Assets	169,219	23,251
Sources of Finance		
Revenue Provision	(627,668)	(70,321)
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 31st 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.

	2005/06	2006/07
	£	£
Revenue & Customs	176,957	168,731
Payments in Advance	0	43,751
Accrued Interest	551	14,541
	177,508	227,023

NOTES TO THE FINANCIAL STATEMENTS

13. Current Liabilities

An analysis of the Authority's current liabilities as of 31st 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.

	2005/06	2006/07
	£	£
New Forest District Council	180,075	847,349
Government Departments (Defra) *	1,035,147	0
Other creditors and receipts in advance	656,294	327,113
Bank Overdraft	213,837	29,219
	2,085,353	1,203,861

* Relates to grant received from Defra in 2005/06 for use in 2006/07

14. Capital Financing Account

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

Capital Financing Account	2005/06	2006/07
	£	£
Balance 1 April	0	616,568
Financing of capital expenditure from revenue	627,668	70,321
Depreciation for the year	(11,100)	(84,060)
Balance 31 March	616,568	602,829

NOTES TO THE FINANCIAL STATEMENTS

15. Fixed Asset Restatement Account

This account records the change in the valuation of assets under capital accounting rules. The account will be written down by the net book value of assets as they are disposed of and debited or credited with the deficits or surpluses arising on future revaluations

Fixed Asset Restatement Account	2005/06	2006/07
	£	£
Balance 1 April	0	(221,680)
Asset Revaluations	0	(6,846)
Capital expenditure not enhancing asset value	(221,680)	(13,459)
Balance 31 March	(221,680)	(241,985)

16. 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.

	2005/06	2006/07
	£	£
Revenue Deficit/(Surplus) for the year	(957,722)	(1,510,792)
Non Cash Transactions		
Depreciation	(11,100)	(84,060)
Additional retirement charges in accordance with FRS17	(16,000)	(75,000)
Items in Income & Expenditure Account relating to another section of the cash flow		
Interest received	56,880	109,793
Accruals:		
Increase/(Decrease) in debtors	177,508	49,515
(Increase)/Decrease in creditors	(1,871,516)	697,053
Rounding	(1)	2
Net cash inflow from revenue activities	(2,621,951)	(813,489)

NOTES TO THE FINANCIAL STATEMENTS

17. Movement of Cash

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

	At 1st April 2006	Cash change in year	At 31st March 2007
	£	£	£
Cash in hand	0	126	126
Bank overdraft	(213,837)	184,618	(29,219)
	(213,837)	184,744	(29,093)

18. Contributions Deferred

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

	2005/06	2006/07
	£	£
Balance 1 April	0	0
Contributions Received	0	(16,783)
Contributions Released	0	0
Balance 31 March	0	(16,783)

19. Financing and Management of Liquid Resources

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

	Balance at 1 Apr 06	Balance at 31 Mar 07	Movement
	£	£	£
Temporary Investments	2,265,000	2,950,000	685,000

NOTES TO THE FINANCIAL STATEMENTS

20. 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 2006	Net Movement in year	Balance 31 March 2007
	£	£	£
General Fund	357,019	1,376,258	(1,733,277)
Total	357,019	1,376,258	(1,733,277)

21. 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 2006	Net Movement in year	Balance 31 March 2007
	£	£	£
Sustainable Development	0	158,273	158,273
Local Development Framework	0	65,000	65,000
Donations	135	0	135
Total	135	223,273	223,408

22. 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 28 June 2007.

**NEW FOREST NATIONAL PARK AUTHORITY
STATEMENT OF INTERNAL CONTROL YEAR ENDING 31 MARCH 2007**

1 Scope of responsibility

- 1.1 As Chairman and Chief Executive of New Forest National Park Authority, and because the Authority receives public funds, we have a statutory duty to ensure that this money is used economically, efficiently and effectively and is safeguarded and properly accounted for. The Authority has to conduct its business in accordance with the law and with regard to proper standards. The Authority also has to strive for continuous improvement in the way it runs its operation.
- 1.2 To achieve the above, the Authority has responsibility for ensuring sound financial management and a sound system of internal control and internal audit that supports the achievement of its objectives and reviews its effectiveness.
- 1.3 This statement sets out how the Authority has sought to meet these requirements for the financial year ended 31 March 2007.

2 The purpose of the system of internal control

- 2.1 The system of internal control is based on an ongoing process of risk management designed to manage risk to provide a reasonable but not absolute assurance of effectiveness. The risk management process is designed to :
- identify the principal risks to the achievement of the Authority's policies and objectives;
 - evaluate the nature and extent of those risks, including the likelihood and potential impact of their being realised; and
 - manage them efficiently, effectively and economically.

3 The internal control environment

- 3.1 The Authority was established by Order made under the Environment Act 1995 on 1 April 2005 and assumed its full powers and responsibilities on 1 April 2006. In addition to managing all of its statutory functions consistently with its statutory requirements, some resources have been devoted during its first year of being fully operational to trying to complete the development of the infrastructure and corporate policies required by a new organisation.

- 3.2 The Authority has recognised the need for a strong control environment in the course of developing the principles on which it will conduct its business. Factors that influence the control environment include integrity, ethics, operating style and the way that management and members assign responsibility and authority.
- 3.3 Key elements of the Authority's control environment are set out below.

Establishing and monitoring the Authority's Objectives

- 3.4 The Authority publishes its objectives in a variety of plans, taking as its starting point the two purposes of national parks, and the socio-economic duty, enshrined in national park legislation. The principal plan is the National Park Management Plan – the Authority adopted the Strategy for the New Forest 2003 as its interim National Park Management Plan in May 2005. The Authority's second Corporate Plan (Best Value Performance Plan) was approved on 24 April 2007 and translates the aim and objectives from the Management Plan into priority objectives, actions and operational and service targets for the Authority's workplan for 2007/08 and beyond. Revenue and capital budgets set out the Authority's spending plans (see below).
- 3.5 Business Plans which are linked to the objectives in the Corporate Plan, are developed each year for individual Directorates and Units.
- 3.6 Progress with Business Plans is monitored by the Management Board and Resources and Performance Committee receives regular reports on progress in meeting Corporate Plan objectives and targets.

Policy and decision making

- 3.7 The Authority's Standing Orders and Scheme of Delegation to Committees and officers, and other corporate policies, describe how it operates and how decisions are made through the Authority and its committees. Other than the powers delegated to the Standards, Planning Development Control and Resources and Performance Committees, all other policy issues are referred to the full Authority for decision. The roles of the Standards Committee, the Planning Development Control Committee and the Resources and Performance Committee are defined.
- 3.8 The development of policy has been facilitated by meetings with members and other stakeholders. Engagement with the public has been promoted through varied timing and venues for all Authority and Committee meetings. The prime objectives are to operate effectively, efficiently, transparently and accountably within the law.

Ensuring compliance with established policies, procedures, laws and regulations

3.9 To ensure compliance with established policies, procedures, laws and regulations, the Authority has supplemented the Standing Orders or established procedures as follows :

- **monitoring and compliance roles are embedded in the responsibilities of both the Authority's Monitoring Officer and Section 151 Officer, both of which are provided externally to the Authority;**
- **Financial Regulations and definition of the role of the Chief Finance Officer;**
- **Treasury Management Policy and Prudential Code for Capital Finance;**
- **approved Scheme of Delegations;**
- **approved Code of Practice for Corporate Governance and agreed arrangements for monitoring compliance by the Authority;**
- **Codes of Conduct for members and staff and local protocols on member/officer relations and planning matters;**
- **professional training for both staff and members;**
- **appointment of independent member to chair the Standards Committee which promotes good practice and compliance by members with relevant codes and protocols;**
- **internal and external audit opinion on the legality of transactions and governance arrangements;**
- **risk assessment for all programmes and projects.**

Financial management and reporting

3.10 The arrangements for financial management and reporting are now established in the Authority.

3.11 In preparing its budget for its second full year of operation - 2007/08 - the Authority adopted an expenditure planning process which required all bids to be supported by a business case that identified its link to the Corporate Plan. All proposals for savings and expenditure were scrutinised by the Management Board prior to formal proposals being considered by the Resources and Performance Committee on behalf of the Authority. The Financial Strategy and budget forecast for the third financial year was considered and approved by the Authority in February 2007.

3.12 The Authority's main source of finance is an annual grant from its sponsor Department, Defra, with some additional income from planning fees and services and interest on investments. Quarterly claim forms showing forecasts and actual expenditure incurred are returned to Defra for monitoring purposes. In addition, for the purpose of financial monitoring, regular financial reports were available to officers and members, showing the latest forecast spend for the year and actual costs and income received.

3.13 The Authority is discussing the sustainability of its budget in the longer term with Defra and will factor the outcomes of those discussions and the implications of the Comprehensive Spending Review settlement for Defra into a new three-year strategy to be completed later in 2007.

3.14 The financial control function includes:

- a comprehensive budgetary control process which ensures budgets are set within the financial limits of the Authority and that variations are reported;
- strategic financial planning and treasury management;
- maintenance of the Authority's main accounting system;
- ensuring Financial Regulations are enforced;
- setting approved expenditure parameters within the Authority's accounting system;
- management of financial reporting processes to officer and member meetings;
- member access to regular financial information.

3.15 Financial management has been delegated by the Authority to the Resources and Performance Committee, established in July 2006.

Ensuring the economic, effective and efficient use of resources and securing continuous improvement

3.16 As a new organisation, the Authority has adopted the principle of achieving best value from the resources it has available for the delivery of services. This principle has been endorsed by members through the Corporate Plan process. Many of the objectives of the Authority will be achieved through working with partner organisations and the voluntary sector.

3.17 The Authority continues to develop and manage its resources within its financial constraints and in the spirit of continuous improvement. During the year, a review of the planning administration function was undertaken to optimise use of resources and improve efficiency in procedures. Also, as part of the expenditure planning process towards preparation of the budget for 2007/08, all service costs were subject to review to ensure resources were directed to meet key objectives of the Authority. Consideration was also given to the senior management structure.

Performance management

3.18 The Authority has continued to develop a formal performance review process involving regular reports to Resources and Performance Committee and an annual report to the Authority. Among other things, this includes an full appraisal process for staff (rolled out in May 2007) supported by individual objectives and targets linked back to section Business Plans and the Corporate Plan, which will be monitored by the individual staff and their line managers.

3.19 The Authority published an annual Best Value Performance Plan (Corporate Plan) and submits annual returns to government.

4 Review of effectiveness of internal control

4.1 The Authority will review the effectiveness of its systems of internal control at least annually, informed among other things by the work of internal audit and the managers in the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments from the external auditors in their annual governance report to the Authority.

4.2 The Resources and Performance Committee and the Standards Committee both have a role in monitoring aspects of corporate governance within the Authority.

4.3 In line with good practice and advice given by the Chartered Institute of Public Finance and Accountancy (CIPFA) the Resources and Performance Committee's terms of reference were amended during the financial year to take on the responsibilities of an 'audit committee'.

4.4 An audit plan was agreed with the Authority's external auditor for the audit for 2006/07 and the results of the work during the year were reported to the Resources and Performance Committee. The governance letter to the Authority, which is produced at the end of the audit for 2006/07, will be considered by the Committee.

4.5 The effectiveness of the Authority's systems of internal control can be further demonstrated through:

- the Corporate Governance annual review and report to the Resources and Performance Committee;
- an effective Internal Audit service, as reviewed by the external auditor;
- the imposition of controls together with effective operational management by the Management Board.

5 The role of Internal Audit

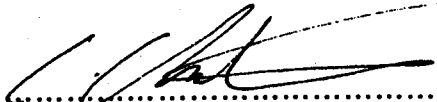
- 5.1 Internal Audit is a mandatory function whose primary aim is to ensure that the Section 151 Officer's responsibilities, to maintain proper control over the Authority's financial affairs as defined by S151 of the Local Government Act 1972, are fully met. The Internal Audit service will be subject to a triennial review by the Authority's external auditors during 2007/08.**
- 5.2 The primary functions of Internal Audit are to:**
- **act as an independent appraisal function for the review of the internal control mechanisms adopted by the Authority;**
 - **undertake to review, on a regular basis, all fundamental financial and business systems to ensure good stewardship of assets and probity is maintained;**
 - **review, appraise and report upon the extent to which the Authority's assets and interests are accounted for and safeguarded from losses of all kinds. Such losses may arise from fraud and other offences, waste, extravagance, inefficient administration, poor value for money or any other cause;**
 - **comment on the suitability and reliability of financial and other management data developed by the Authority;**
 - **liaise with the Audit Commission responsible for the Authority's external audit service on at least an annual basis to formulate agreed audit action plans and to complement working arrangements.**
- 5.3 The annual performance and monitoring report on the activities of internal audit was reported to the Resources and Performance Committee in March 2007.**

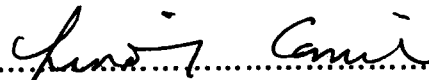
6 Corporate governance

- 6.1 The Authority's Monitoring Officer and Section 151 Officer are able to provide assurance as to the effectiveness of its corporate governance arrangements. This follows the annual review on the adequacy of these arrangements, measured against the local code of practice as reported to the Resources and Performance Committee in June 2007.**
- 6.2 The review identified further development of the current Business Continuity plan as an area for improvement to further enhance effectiveness in 2007/8. This will be monitored and reported on at the next review.**

Conclusion

We are pleased to report that the New Forest National Park Authority has sound levels of internal control and is fully committed to the principles of continuous improvement. There are no matters of consequence to report.


.....Clive Chatters, Chairman


.....Lindsay Cornish, Chief Executive

28 June 2007

Independent auditors' report to the Members of New Forest National Park Authority

Opinion on the financial statements

I have audited the financial statements of New Forest National Park Authority for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, 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 financial statements have been prepared under the accounting policies set out within them.

This report is made solely to 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 auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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 financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. I report if it does not comply with proper practices specified by CIPFA 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 statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 and its income and expenditure for the year then ended.



K.L. Handy
District Auditor
Audit Commission, North Wing, Southern House, Sparrowgrove, Otterbourne,
Winchester, Hampshire. SO21 2RU

Date 28/9/07

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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the Authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

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 2007, except that it did not put in place:

- arrangements to monitor the quality of its published performance information, and to report the results to members;
- arrangements to manage its significant business risks; and
- arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.

Best Value Performance Plan

I issued my statutory report on the audit of the Authority's best value performance plan for the financial year 2006/07 on 20 April 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, North Wing, Southern House, Sparrowgrove, Otterbourne,
Winchester, Hampshire. SO21 2RU

Date 28/9/07