NEW FOREST
NATIONAL PARK

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED
31 MARCH 2010

NEW FOREST NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS - YEAR ENDED 31ST MARCH 2010

CHAIRMAN OF THE AUTHORITY
Julian Johnson

CHIEF EXECUTIVE Alison Barnes

CHIEF FINANCE OFFICER Ron Meekings

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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 2010 and the income and expenditure for that year ended.

Ron Meekings

Chief Finance Officer **28 September 2010**

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 24 June 2010 and subsequent revisions agreed at the Resources & Performance Committee meeting held on the 28 September 2010

Julian Johnson

Chairman of the Authority **28 September 2010**

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 2010.

Balance Sheet
Discloses the financial position of the Authority as at 31st March 2010.

Cash Flow Statement
Discloses the inflows and outflows of cash arising from the activities of the Authority for the year ended 31st March 2010.

Statement of Total Recognised Gains and Losses
This statement brings together gains and losses of the Authority for 2009/2010 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 2009/10 revenue budget was £4.806m, which was to be financed partly by contributions of £419,000 from the General Fund Reserve and £65,000 from earmarked reserves. Actual net budget underspends of £418,000 enabled actual contributions of £148,000 to be made to earmarked reserves and the contribution from the General Fund Reserve to be reduced to £214,000. The reserve balances will largely be utilised to fund future years' expenditure.

- Capital Expenditure

During 2009/10 the Authority incurred capital expenditure of £97,113 funded by a contribution from the General Fund and Developers Contributions. Expenditure was incurred as follows:

	2008/09	2009/10
Expenditure:	**£**	**£**
Computer Hardware	14,302	58,414
Computer Software	19,861	13,173
Other Equipment	71,550	12,923
Open Spaces	0	12,603
	105,713	**97,113**
Financed by:		
Revenue Contributions to Capital	(105,713)	(84,510)
Developers Contributions	0	(12,603)
	(105,713)	**(97,113)**

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 2009: 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.

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 2010
Tangible Fixed Assets	
Equipment - ICT Hardware	Up to 4 years
- Other Equipment	Up to 9 years
- Major Plant	6 years
- Vehicle	3 years
Premises (temporary building)	1 year
Intangible Assets	
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; however they may not be retained by the Authority.

4 Investments

The Authority's investments are recorded in the Balance Sheet at fair value. Generally this is the same as the original cost but one loan has been impaired due to partial anticipated default.

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.

Under the 2008 Statement of Recommended Practice, the Authority adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value.

The pension scheme is detailed in note 7 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 31st MARCH 2010

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.

2008/09			2009/10		
Net Expenditure £		Note	Gross Expenditure £	Income £	Net Expenditure £
485,544	Conservation of the Natural Environment		850,835	(350,570)	500,265
745,420	Conservation of Cultural Heritage		861,478	(107,459)	754,019
165,864	Recreation Management and Transport		165,086	(12,603)	152,483
718,972	Promoting Understanding		979,979	(25,600)	954,379
16,530	Rangers, Estates and Volunteers		41,668	(23,340)	18,328
787,662	Development Control		1,210,533	(390,569)	819,964
474,827	Forward Planning and Communities		482,559	0	482,559
671,150	Corporate and Democratic Core		1,000,318	(86,880)	913,439
4,065,969	**Net Cost of Services**		5,592,457	(997,021)	**4,595,436**
624	Interest Payable and Similar Charges	3			80
(158,703)	Interest and Investment Income	3			(64,555)
66,000	Pensions Interest Cost and Expected Return on Pension Assets	7			166,000
0	(Profit)/Loss on Disposal of Fixed Assets	10			417
159,729	Impairment of Investment	8			(6,180)
4,133,619	**Net Operating Expenditure**				**4,691,198**
(4,010,965)	National Park Grant	9			(4,338,766)
122,654	**(Surplus)/Deficit for the year**				**352,432**

R Meekings – Chief Finance Officer **28 September 2010**

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.

2008/09		**2009/10**
122,654	**(Surplus)/Deficit for the year on the Income and Expenditure Account**	**352,432**
109,091	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(138,283)
231,745	(Increase)/Decrease in the General Fund Balance for the year	214,149
(1,932,545)	**General Fund Balance brought forward**	**(1,700,800)**
(1,700,800)	**General Fund Balance carried forward**	**(1,486,651)**
(1,700,800)	Amount of General Fund Balance generally available for new expenditure	(1,486,651)

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

2008/09		2009/10
£		**£**
	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	
(112,017)	Depreciation and Impairment of Fixed Assets	(126,178)
0	Profit/(Loss) on Disposal of Fixed Assets	(417)
0	Revenue expenditure funded from capital under statute	(12,603)
0	Financing of capital expenditure from Developers Contributions	12,603
(363,000)	Net charges made for retirement benefits in accordance with FRS17	(534,000)
(475,017)		**(660,595)**
	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	
105,713	Capital expenditure charged in year to the General Fund	84,510
394,000	Employer's contributions payable to the HCC Pension Fund	419,000
499,713		**503,510**
	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	
84,395	Net transfer to/from(-) earmarked revenue reserves	**18,802**
109,091	**Net additional amount required to be (credited)/debited to the General Fund Balance for the year**	**(138,283)**

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.

2008/09		2009/10
£		£
122,654	(Surplus)/Deficit for the year on the Income and Expenditure Account	352,432
0	(Surplus)/Deficit arising from the revaluation of fixed assets	0
1,378,000	Actuarial (gains)/losses on pension fund assets and liabilities	684,000
1,500,654	**Total Recognised (Gains)/Losses for the Year**	**1,036,432**

BALANCE SHEET AS AT 31ST MARCH 2010

2008/09 £	2008/09 £		Notes	2009/10 £	2009/10 £
		Tangible fixed assets			
73,200		Land and Buildings	10	46,000	
124,498	197,698	Equipment (Hardware)	10	144,297	190,297
		Intangible assets			
	112,324	Equipment (Software)	10		77,640
	310,022	**Total fixed assets**			267,937
	299,327	Long - term Investments	23		145,119
	609,349	**Total Long-term assets**			413,055
		Current assets			
2,381,897		Investments	20	2,572,779	
168,726		Debtors	12	165,760	
186		Stock	13	0	
0		Bank	18	29,118	
169	2,550,978	Cash in Hand	18	217	2,767,874
	3,160,327	**Total assets**			3,180,929
		Current liabilities			
(415,808)		Creditors	14	(827,855)	
(17,802)	(433,610)	Bank Overdraft	14/18	0	(827,855)
	2,726,717	**Total assets less current liabilities**			2,353,074
		Long-term liabilities			
(2,212,000)		Pensions Liabilities	7	(3,011,000)	
(161,035)	(2,373,035)	Contributions Deferred	19	(236,824)	(3,247,824)
	353,682	**Total assets less liabilities**			**(894,750)**
		Financed by:			
	310,022	Capital Adjustment Account	15		267,937
	0	Revaluation Reserve	16		0
	(2,212,000)	Pensions Reserve	7		(3,011,000)
	554,860	Earmarked Reserves	22		361,662
	1,700,800	General Fund Balance	21		1,486,651
	353,682	**Total net worth**			**(894,750)**

R Meekings - Chief Finance Officer **28 September 2010**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

2008/09				2009/10	
£	£		Notes	£	£
		REVENUE ACTIVITIES			
		Cash Outflows			
2,733,578		Cash paid to and on behalf of employees		2,720,099	
2,375,109	5,108,687	Other operating cash payments		2,762,930	5,483,029
		Cash Inflows			
(4,010,965)		National Park Grant	9	(4,338,766)	
(831,244)	(4,842,209)	Cash received for goods and services		(1,144,590)	(5,483,356)
	266,478		17		(327)
		RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
		Cash Outflows			
624		Interest paid		80	
		Cash Inflows			
(176,072)	(175,448)	Interest received		(76,079)	(75,999)
		CAPITAL ACTIVITIES			
		Cash Outflows			
105,713		Purchase of fixed assets	11	84,510	
299,327		Acquisition of Long Term Investments	23	0	
0		Developers' Contributions Released	19	12,603	
		Cash Inflows			
0		Long Term Investments		(154,209)	
(104,839)	300,201	Developers' Contributions Received	19	(88,392)	(145,488)
	391,231	**Net cash (inflow)/outflow before financing**			**(221,814)**
		MANAGEMENT OF LIQUID RESOURCES			
	(368,103)	Net increase/(decrease) in liquid resources	20		174,846
		FINANCING			
		Cash Outflows			
450,000		Repayments of amounts borrowed		0	
		Cash Inflows			
(450,000)	0	New short term loans		0	0
	23,128	**Net (increase)/decrease in cash**	18		**(46,968)**

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. Employee Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	Number of Employees 2008/09	Left during 2008/09	Number of Employees 2009/10	Left during 2009/10	Notes
£95,000 - £99,999	1	0	0	1	
£90,000 - £94,999	0	0	0	0	
£85,000 - £89-999	0	0	0	0	
£80,000 - £84-999	0	0	0	0	
£75,000 - £79,999	0	0	0	0	
£70,000 - £74,999	1	0	0	1	**1**
£65,000 - £69,999	1	1	0	0	**2**
£60,000 - £64,999	0	0	1	0	
£55,000 - £59,999	2	1	2	0	**2**
£50,000 - £54,999	1	0	0	0	

Note 1: The employee in pay band £70,000-£74,999 in 2008/09 left during the latter part of 2009/10. However due to the remuneration to that date, they now appear in the £60,000-64,999 category.
Note 2: The leavers in this these categories actually left before the 2009/10 year and their posts were either not filled or the successor does not appear due to their remuneration not exceeding the £50,000 reporting threshold.

NOTES TO THE FINANCIAL STATEMENTS

The following table sets out the remuneration disclosures for Senior Officers whose salary is less than £150,000 but equal to or more than £50,000 for 2009/10:

Post holder information (Post title)	Notes	Salary (including Fees & Allowances)	Bonuses	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2009/10	Pension contribution (18.6%)	Total Remuneration including pension contributions 2009/10
Chief Executive	**1**	38,089	0	N/A	0	38,089	7,085	45,174
Director of Conservation, Recreation & Sustainable Development	**2**	57,687	500	0	0	58,187	10,823	69,010
Director of Conservation, Recreation & Sustainable Development	**3**	4,392	0	0	32	4,424	823	5,247
Director of Strategy & Planning	**4**	15,387	0	0	0	15,387	2,862	18,249
Director of Strategy & Planning	**5**	45,481	0	0	0	45,481	8,459	53,940
Director of Information and Visitor Services		55,854	1,000	0	0	56,854	10,575	67,429

Note 1: The Chief Executive left their post on 30th June 2009, the annualised salary for this post was £86,212 (the severance agreement was subject to a confidentiality clause and is therefore not shown). An Interim Chief Executive was appointed through an agency. In the course of the financial year, the total payments made to the agency in respect of this agreement were £194,605. All costs of the Chief Executive are included in Corporate and Democratic Core.
Note 2: The Director of Conservation, Recreation & Sustainable Development left their post on 26th February 2010; the annualised salary for this post would have been £62,164.
Note 3: The Director of Conservation, Recreation & Sustainable Development took up their post on 1st March 2010; the annualised salary for this post would have been £50,032.
Note 4: The Director of Strategy & Planning left their post on 30th June 2009; the annualised salary for this post would have been £62,164.
Note 5: The Director of Strategy & Planning took up their post on 30th June 2009; the annualised salary for this post would have been £55,854.

NOTES TO THE FINANCIAL STATEMENTS

The following table sets out the comparative position shown in the above table for 2008/09:

Post holder information (Post title)	Notes	Salary (including Fees & Allowances)	Bonuses	Compensation for loss of office	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2008/09	Pension contribution (18.1%)	Total Remuneration including pension contributions 2008/09
Chief Executive		90,544	0	0	0	90,544	16,388	106,932
Director of Conservation, Recreation & Sustainable Development		64,801	0	0	0	64,801	11,729	76,530
Head of Development Control		51,715	0	0	2,957	54,672	9,896	64,568
Director of Corporate Services	**1**	38,067	0	25,635	0	63,702	11,530	75,232
Director of Strategy & Planning	**2**	32,400	0	0	0	32,400	5,864	38,264
Director of Strategy & Planning	**3**	26,532	5,926	0	0	34,458	0	32,458
Director of Information and Visitor Services		50,602	0	0	0	50,602	9,159	59,761

Note 1: The Director of Corporate Services left their post on 12th November 2008 but was not directly replaced; the annualised salary for this post would have been £58,278 for the year.
Note 2: The Director of Strategy & Planning took up their post on 30th September 2008; the annualised salary for this post would have been £61,549.
Note 3: The Director of Strategy & Planning left their post on 30th September 2008; the annualised salary for this post would have been £70,882.

NOTES TO THE FINANCIAL STATEMENTS

3. Interest Payable/Interest and Investment Income

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

4. Members' Allowances

During 2009/10, payments to Members of the National Park amounted to £54,181. This sum includes all allowances plus travel and subsistence payments.

5. Audit Costs

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

	2008/09	2009/10
	£	£
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	22,400	22,400
Fees payable to the Audit Commission for the certification of grant claims	0	0
Fees payable in respect of other services provided by the appointed auditor	0	0
	22,400	**22,400**

6. 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.

NOTES TO THE FINANCIAL STATEMENTS

Hampshire County Council provides legal and financial services to the Authority including the roles of Monitoring Officer, S151 Officer and Internal Audit. The total cost of these legal and financial services in 2009/10 was £185,000, and total expenditure with Hampshire County Council for the year was £288,000

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

7. 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 needs 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 deferred benefit final salary 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:

General Fund Transactions	**2008/09**	**2009/10**
	£	**£**
Income and Expenditure Account		
Net Cost of Service		
Current service cost	239,000	310,000
Past Service Cost	58,000	58,000
Net Operating Expenditure		
Interest Cost	267,000	332,000
Expected return on assets in the scheme	(201,000)	(166,000)
Net Charge to the Income and Expenditure Account	**363,000**	**534,000**
Statement of Movement on the General Fund Balance		
Movement on pensions reserve	31,000	(115,000)
Actual amount charged against the General Fund Employers' contributions payable to the scheme	**394,000**	**419,000**

NOTES TO THE FINANCIAL STATEMENTS

New Forest National Park's standard contribution rate in 2009/10 was 18.6% of members' pay. The contribution rate also certified at the 31 March 2007 valuation for April 2010 to March 2011 is 19.1% of members' pay.

In 2009/2010 the National Park paid an employer's contribution of £419,000 into the Hampshire County Council Pension Fund.

In addition to the recognised losses of £115,000 (gain of £31,000 in 2008/09) included in the Income and Expenditure Account, actuarial losses of £684,000 (£1,378,000 in 2008/09) are included in the Statement of Total Recognised Gains and Losses.

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**	**31 March 2008**	**31 March 2009**	**31 March 2010**
	£	**£**	**£**		**£**
Estimated liabilities in scheme	(718,000)	(1,472,000)	(3,734,000)	(4,928,000)	(7,292,000)
Estimated assets in scheme	521,000	1,208,000	2,869,000	2,716,000	4,281,000
Net asset/(liability)	**(197,000)**	**(264,000)**	**(865,000)**	**(2,212,000)**	**(3,011,000)**

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The total net liability of £3,011,000 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.

In accordance with the revised FRS17, the assets for the current period are measured at current bid price, whereas in previous years they were valued at mid-market values.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of Present Value of the Scheme Liabilities

	2008/09	2009/10
	£	£
1st April	(3,734,000)	(4,928,000)
Current Service Cost	(239,000)	(310,000)
Interest Cost	(267,000)	(332,000)
Contributions by Participants	(136,000)	(138,000)
Actuarial Gains/(Losses) on Liabilities	(533,000)	(1,501,000)
Net Benefits Paid Out	39,000	(25,000)
Past Service Costs	(58,000)	(58,000)
31st March	**(4,928,000)**	**(7,292,000)**

Reconciliation of Fair Value of the Scheme Assets

	2008/09	2009/10
	£	£
1st April	2,869,000	2,716,000
Expected Return on Assets	201,000	166,000
Actuarial Gains/(Losses) on Assets	(845,000)	817,000
Contributions by the Employer	394,000	419,000
Contributions by Participants	136,000	138,000
Net Benefits Paid Out	(39,000)	25,000
31st March	**2,716,000**	**4,281,000**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. The actual return on assets in the year was a gain of £983,000 (2008/09 was loss of £644,000).

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	**31 March 2009**	**31 March 2010**
	%	**%**
Rate of inflation	3.7	4.0
Rate of increase in salaries	5.2	5.5
Rate of increase in pensions	3.7	4.0
Rate of increase in deferred pensions	3.7	4.0
Rate for discounting scheme liabilities	6.4	5.6

Mortality Assumptions	**31 March 2009**	**31 March 2010**
	Years	**Years**
Future lifetime from age 65 (currently aged 65)		
Males	22.2	22.3
Females	24.2	24.3
Future lifetime from age 65 (currently aged 45)		
Males	24.5	24.7
Females	26.4	26.5

31 March 2009			**Assets**	**31 March 2010**		
£	**%**	**Long-Term Return %**		**£**	**%**	**Long-Term Return %**
1,499,230	55	7.0	Equities	2,624,250	61	8.0
744,190	28	4.0	Government Bonds	1,044,570	25	4.5
105,920	4	5.8	Corporate Bonds	102,740	2	5.5
198,270	7	6.0	Property	261,140	6	8.5
168,390	6	1.6	Other Assets	248,300	6	1.6
		5.7	Average			6.7
2,716,000	**100**		**Total**	**4,281,000**	**100**	

The Authority employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2010.

d) History of Experience Gains and Losses

The actual gains and losses identified as movements on the Pensions Reserve can be analysed into the following categories:

	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 March 2010
	£	**£**	**£**		**£**
Experience gains/(losses) on assets	34,000	(1,000)	1,081,000	(845,000)	817,000
Experience gains/(losses) on liabilities		0	(1,970,000)	(1,000)	6,000
Liability gains/(losses) due to assumption changes	(69,000)	9,000	402,000	(532,000)	(1,507,000)
Total Actuarial Gain/(Loss)	**(35,000)**	**8,000**	**(487,000)**	**(1,378,000)**	**(684,000)**

e) Movement in the Pensions Reserve

2008/09	Pensions Reserve	2009/10
£		**£**
(865,000)	**Net Liability at 1 April**	**(2,212,000)**
	Movement in year:	
	Operating Charge	
(239,000)	Current Service Costs	(310,000)
(58,000)	Past Service Costs	(58,000)
	Contributions	
394,000	Cash paid - Funded Liabilities	419,000
	Finance Income	
201,000	Expected Return on Assets	166,000
(267,000)	Interest on Liabilities	(332,000)
(1,378,000)	**Actuarial Gain/(Loss)**	(684,000)
(2,212,000)	**Net Liability at 31 March**	**(3,011,000)**

8. Impairment

Fixed Assets
The value of each asset is reviewed at the end of each year for evidence of reductions in value. Where impairment is identified the loss is generally charged to the relevant revenue account or written off against any revaluation gains in the revaluation reserve.

Financial Instruments
In 2008/09 an impairment of a financial instrument occurred when an Icelandic bank defaulted on its debt repayment. Although it is anticipated that a substantial amount will be recovered the anticipated loss was included in the Income & Expenditure Account.

The expected impairment has been reduced as payments have been received and an adjustment for 2009/10 of £6,180 has been credited to the Income & Expenditure Account.

9. Grant Income

New Forest National Park Authority received Parliament approved grant of £4,338,766 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 has been revalued each year since, with the last valuation on 31 March 2010. 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.

Vehicles, plant and equipment assets and intangible assets are valued at historic cost and are depreciated over the estimated lives of the individual items.

NOTES TO THE FINANCIAL STATEMENTS

b) Valuation of assets carried at Current Value

The following statement shows the Authority's valuation 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	Change in value in 2008/09	Change in value in 2009/10	Total
	£		£	£	£		£
Land and Buildings		165,000	(37,000)	(30,500)	(24,300)	(27,200)	46,000
Vehicles, Plant and Equipment	293,212						293,212
Intangible Assets	250,840						250,840
Total	544,052	165,000	(37,000)	(30,500)	(24,300)	(27,200)	590,052

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

c) Movements in Assets during the year

Operational Assets 2009/10	**Land & Buildings**	**Plant & Equipment**	**Intangible Assets**	**Total**
	£	**£**	**£**	**£**
Certified valuation at 31 March 2009	73,200	221,875	237,667	532,742
Accumulated depreciation & impairment	-	(97,377)	(125,343)	(222,720)
Net book value of assets at 31 March 2009	**73,200**	**124,498**	**112,324**	**310,022**
Movement in 2009/10				
Additions		71,337	13,173	84,510
Revaluations & Adjustments				
Disposals		(417)		(417)
Impairment	(27,200)			(27,200)
Depreciation		(51,121)	(47,857)	(98,978)
Net book value of assets at 31 March 2010	**46,000**	**144,297**	**77,640**	**267,937**

NOTES TO THE FINANCIAL STATEMENTS

d) Analysis of Assets

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

	2008/09	2009/10
Administration Building	1	1
Vehicle	1	1
Plant	1	1
Other Equipment	13	26
ICT Hardware	108	153
ICT Software	7	8

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 2009/10 was £47,857.

11. Capital Expenditure and Financing

Capital expenditure may be paid for (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.

This table sets out the transactions required for the financing of capital expenditure for 2009/10.

	2008/09	2009/10
	£	£
Opening Capital Financing Requirement	0	0
Capital Investment		
Operational Assets	85,852	71,337
Intangible Assets	19,861	13,173
Revenue Expenditure funded from Capital under statute	0	12,603
Sources of Finance		
Revenue Provision	(105,713)	(84,510)
Developers Contributions	0	(12,603)
Closing Capital Financing Requirement	**0**	**0**

NOTES TO THE FINANCIAL STATEMENTS

12. Debtors and Payments in Advance

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

	2008/09	2009/10
	£	£
HM Revenues & Customs	53,594	78,115
Payments in Advance	84,275	60,122
Accrued Interest Receivable	16,036	-
Other Debtors	14,821	27,523
	168,726	**165,760**

13. Stock

At 31 March 2010 the Authority held no goods for resale.

14. Current Liabilities

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

	2008/09	2009/10
	£	£
New Forest District Council	10,575	19,023
Hampshire County Council	44,412	54,574
Accrued Interest Payable	0	4
Other creditors and receipts in advance	360,821	754,254
Bank Overdraft	17,802	0
	433,610	**827,855**

NOTES TO THE FINANCIAL STATEMENTS

15. Capital Adjustment Account

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

Capital Adjustment Account	**2008/09**	**2009/10**
	£	**£**
Balance 1 April	(316,326)	(310,022)
Depreciation Charge	87,717	98,978
Impairment Charge	24,300	27,200
Disposal of Fixed Assets	0	417
Revenue Expenditure funded from Capital under statute	0	12,603
Financing of Capital Expenditure from Revenue Resources	(105,713)	(84,510)
Financing of Capital Expenditure from Developers Contributions	0	(12,603)
Balance 31 March	**(310,022)**	**(267,937)**

16. Revaluation Reserve

The Revaluation Reserve was a new requirement in 2007/08. As there have been no revaluation gains in 2007/08, 2008/09 or 2009/10 the balance on the account remains as zero.

NOTES TO THE FINANCIAL STATEMENTS

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.

	2008/09	2009/10
	£	£
Revenue Deficit/(Surplus) for the year	122,654	352,432
Non Cash Transactions		
Depreciation and Impairment of Fixed Assets	(112,017)	(126,178)
Profit/(Loss) on Disposal of Fixed Assets	0	(417)
Additional retirement charges in accordance with FRS17	31,000	(115,000)
Items in Income & Expenditure Account relating to another section of the cash flow		
Interest Received	176,072	76,079
Interest Paid	(624)	(80)
Accruals:		
Increase/(Decrease) in debtors	(169,677)	13,070
(Increase)/Decrease in creditors	219,356	(200,047)
Increase/(Decrease) in stocks	(286)	(186)
Net cash inflow from revenue activities	**266,478**	**(327)**

18. Movement of Cash

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

	At 1 April 2009	Cash change in year	At 31 March 2010
	£	£	£
Cash in hand	169	48	217
Cash in bank / (overdraft)	(17,802)	46,920	29,118
	(17,633)	**46,968**	**29,335**

NOTES TO THE FINANCIAL STATEMENTS

19. Contributions Deferred

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

	2008/09	2009/10
	£	£
Balance 1 April	**(56,196)**	**(161,035)**
Contributions Received	(104,839)	(88,392)
Contributions Released	0	12,603
Balance 31 March	**(161,035)**	**(236,824)**

20. Financing and Management of Liquid Resources

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

	Balance at 1 April 2009	Movement in year	Balance at 31 March 2010
	£	£	£
Temporary Investments	2,381,897	190,882	2,572,779
	2,381,897	**190,882**	**2,572,779**

21. Movement in General Fund Reserve

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

	Balance at 1 April 2009	Net Movement in year	Balance at 31 March 2010
	£	£	£
General Fund	(1,700,800)	214,149	(1,486,651)
Total	**(1,700,800)**	**214,149**	**(1,486,651)**

NOTES TO THE FINANCIAL STATEMENTS

22. Movement in Earmarked Reserves

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

	Balance 1 April 2009	Net Movement in year	Balance 31 March 2010
	£	**£**	**£**
Sustainable Development	(277,725)	(45,939)	(323,664)
Local Development Framework	(65,000)	65,000	0
Donations	(135)	0	(135)
SSSI Restoration	(212,000)	212,000	0
Maritime Archaeology	0	(2,817)	(2,817)
Historic Buildings	0	(35,046)	(35,046)
Total	**(554,860)**	**193,198**	**(361,622)**

SSSI Restoration project funding was incorrectly classified as an earmarked reserve in the 2008/09 accounts; these pooled funds are now shown as a creditor at year-end and have therefore been removed from the above table.

23. Long-Term Investments

Money Market Investment

Under capital accounting rules the Authority is permitted to lend a proportion of its funds for more that 364 days. Although the Authority has not invested any funds for longer than this, the default of an Icelandic Bank has meant that repayment will be delayed and the anticipated cash flow will mean that some of the principal repayment will be in a period in excess of one year from 31 March 2010.

	31 March 2009	31 March 2010
	£	**£**
Money Market Investments	299,327	145,119

24. Contingent Liabilities

The Authority is aware of a potential future claim regarding damage to an underground power cable during an event held by the Authority at the prospective claimants' property. The cost of repair is estimated at around £6,000. The matter will be defended.

NOTES TO THE FINANCIAL STATEMENTS

25. Financial Instruments Balances

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

	Long-Term		Current	
	31 March 2009	**31 March 2010**	**31 March 2009**	**31 March 2010**
	£	**£**	**£**	**£**
Financial liabilities at amortised cost	0	0	0	0
Trade Creditors	0	0	418,610	742,961
Total Borrowings	**0**	**0**	**418,610**	**742,961**
Loans and Receivables	299,327	145,119	2,381,897	2,568,264
Accounting Adjustment	0	0	0	4,516
Trade Debtors	0	0	168,726	165,760
Loans & receivables at amortised cost	**299,327**	**145,119**	**2,550,623**	**2,738,540**
Financial Assets at fair value through the I&E a/c	0	0	0	0
Total Investments	**299,327**	**145,119**	**2,550,623**	**2,738,540**

The balances for 31 March 2010 include the anticipated figures relating to the impaired investment with the Icelandic bank in default.

Trade Creditors and Trade Debtors were not included in the above table in the audited 2008/09 accounts but have been shown here for comparative purposes.

26. Allowance for Credit Losses

The gains and losses recognised in the Income and Expenditure Account and Statement of Recognised Gains and Losses in relation to financial instruments are set out in the following table:-

Any impairment of a financial asset is to be reflected in the carrying amount with the impairment loss being charged to the Income and Expenditure Account.

In October 2008 an investment was held with an Icelandic bank which failed. Guidance from CIPFA has recommended that a recovery figure of 80% be used to calculate an impairment figure for inclusion in the Income and Expenditure Account.

	2008/09		2009/10	
	Financial Liabilities – amortised cost £	**Loans and Receivables £**	**Financial Liabilities – amortised cost £**	**Loans and Receivables £**
Interest Expense	624		80	
Impairment Losses		159,729		(6,180)
Interest Income		(158,703)		(64,555)
Net Gain/(Loss) for the year	**624**	**1,026**	**80**	**(70,735)**

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

28. Overall Procedures for Managing Risk

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

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

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

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

29. Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services. The Annual Investment Strategy also imposes a maximum amount and period for which investments can be made with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria.

The following analysis summarises the Authority's maximum exposure to credit risk. The table (using composite defaults from Fitch, Standard & Poors and Moody's) gives details of global corporate financial average cumulative default rates (including financial organisations) for the period 1990 – 2009. Defaults shown are by long-term rating category for investments of up to 1 year, which were the most commonly held investments during the year.

Deposits with banks and financial institutions:	**Amount at 31 March 2010 £**	**Historical experience of default %**	**Market Conditions at 31 March 2010 %**	**Estimated maximum exposure to default £**
AAA rated counterparties	0	0.00%	0.00%	0
AA rated counterparties	550,000	0.03%	0.03%	165
A rated counterparties	0	0.08%	0.08%	4,680
BBB+ rated counterparties	1,950,000	0.24%	0.24%	91,050
Other counterparties	213,382	42.67%	42.67%	0
Bonds – AAA rates	0	0.00%	0.00%	0
Trade Debtors	165,760	0.00%	0.00%	0
Total	**2,879,142**			**95,895**

Whilst the current credit crisis in international markets has raised the overall possibility of default, the Authority maintains strict credit criteria for investment counterparties.

The Authority also uses non credit rated institutions (for instance smaller building societies). In these circumstances investments held have been classified as 'BBB+' although no UK Building Society has ever defaulted.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Authority had £500,000 invested in this sector at that time. In accordance with accounting practice the Authority has been notified of objective evidence that impairment has occurred and the investment has been impaired according to accounting requirements.

The investment with the Icelandic bank in default is shown at its impaired value within the category for ''other counterparties''.

All of the Authority's deposits are made through the London Money markets and all were allocated to institutions domiciled in the UK.

The Authority does not generally allow credit for its trade debtors, such that all of the balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2009 £	**31 March 2010 £**
Less than three months	168,726	165,760
Three months to one year	0	0
More than one year	0	0
Total	**168,726**	**165,760**

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

30. Liquidity Risk

The Authority manages its liquidity position through the risk management procedures set out in note 28 (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), and through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

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.

31. Refinancing and Maturity Risk

The Authority maintains an investment portfolio. Whilst the cash procedures set out in earlier notes 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 financial assets.

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

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

	31 March 2009 £	**31 March 2010 £**
Less than one year	2,381,897	2,568,264
Between one and two years	136,943	76,805
Between two and three years	67,704	33,182
More than three years	94,680	35,132
Total	**2,681,224**	**2,713,382**

The cash flow expectations, in relation to the investment with the Icelandic bank in default, are reflected in the phasing of repayments identified in the table above.

32. Market Risk

Interest rate risk – The Authority is exposed to 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 2009/10 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 would rise; and

- Investments at fixed rates – the fair value of the assets would fall. Where investments are straight forward fixed rate investments the investment will be valued at amortised cost, effectively the principal investment, and the interest is 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 would 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 effect the General Fund Balance pound for pound. Movements in the fair value of any fixed rate investments that have a quoted market price will be reflected in the Statement of Recognised Gains and Losses, unless the investments have been designated as Fair Value through the Income and Expenditure Account, in which case gains and losses will be posted to the Income and Expenditure Account.

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.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:-

	£
Increase in interest payable on variable rate borrowings	54
Increase in interest receivable on variable rate investments	(43,326)
Impact on Income and Expenditure Account	**(43,272)**

	£
Increase in fair value of fixed rate investment assets	0
Impact on Statement of Recognised Gains and Losses	**0**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in note 33 – Fair value of Assets and Liabilities carried at Amortised Costs.

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.

NOTES TO THE FINANCIAL STATEMENTS

33. Fair value of Assets and Liabilities carried at Amortised Cost

Financial assets are represented by loans and receivables and are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:-

For loans receivable prevailing benchmark market rates have been used to provide the fair value.

No early repayment or impairment is recognised other than the impairment issues with the Icelandic bank in default.

Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the invoiced or billed amount.

The fair values calculated are as follows:-

	31 March 2009		**31 March 2010**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	£	£	£	£
Financial liabilities at amortised cost	0	0	0	0
Trade Creditors	418,610	418,610	742,961	742,961
Total Borrowings	**418,610**	**418,610**	**742,961**	**742,961**
Money Market Investments shorter than 1 year	2,381,897	2,381,897	2,568,264	2,568,264
Money Market Investments longer than 1 year	299,327	299,327	145,118	145,118
Bonds	0	0	0	0
Trade Debtors	168,726	168,726	165,760	165,760
Total Loans and Receivables	**2,849,950**	**2,849,950**	**2,879,142**	**2,879,142**

Trade Creditors were not included in the above table in the audited 2008/09 accounts but have been shown here for comparative purposes.

Any differences are attributable to fixed interest instruments receivable being held by the authority whose interest rate is higher/lower than the prevailing rate estimated to be available at 31 March. This increases/decreases the fair value of loans and receivables.

These fair values have been calculated by using comparative market rates prevailing at each balance sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

34. Events after the Balance Sheet Date:
FRS 17 Pension Liabilities in the Hampshire County Council Pension Fund

In its budget on 22 June 2010 the Government announced that future increases in public sector pensions will reflect movements in the Consumer Price Index (CPI), effective from April 2011. Increases are currently determined by reference to the Retail Price Index (RPI).

The rate at which pensions will increase is one of the key factors in determining the liabilities of defined benefit pension funds. Any change in the rate at which pensions will increase will therefore affect the value of pension fund liabilities. The CPI differs from, and tends to be lower than, the RPI. The change from RPI to CPI is therefore expected to result in a reduction in the pensions liabilities and therefore the pension deficit on the Balance Sheet. The change will also impact upon the income and expenditure account over the next accounting period.

Hewitt Associates Limited, an independent firm of actuaries, have estimated that the impact on the Balance Sheet if the CPI change had occurred at the accounting date would have been to reduce the value of the liabilities on the Balance Sheet by between 8% and 10%. Hewitt have based this estimate on the FRS 17 assumptions applicable at the accounting year end, and allowing for CPI increases being lower than RPI increases by around 0.7% per annum in the long term (Hewitt's best estimate of the differential at the accounting date). The actual figure will also reflect the date of measurement and assumptions used when producing next year's figures.

It is anticipated that the reduction in liabilities will be accounted for as a (negative) past service cost i.e. this change constitutes a change to benefits since pension scheme members will expect a lower benefit following the change than before the change.

It is also anticipated that the move to CPI will reduce the interest cost and current service cost calculated for the next accounting period compared to the position if pension increases remained linked to the RPI.

NOTES TO THE FINANCIAL STATEMENTS

35. 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 September 2010.

ANNUAL GOVERNANCE STATEMENT
NEW FOREST NATIONAL PARK AUTHORITY
2009-2010

1 Scope of responsibility

1.1 The 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.

1.5 The CIPFA/Solace guidance was revised in March 2010 and the Authority will review its governance arrangements in the light of this guidance.

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 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. This ongoing process includes reviewing the system of control. In the course of 2009/10 revisions to the Authority's Financial Regulations and Standing Orders as to Contracts were approved.

2.4 The system of internal control has been in place within the Authority for the year ended 31 March 2010 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 2009-2010, 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 long term priorities and objectives for the National Park in a national park management plan. Following extensive community engagement the National Park Plan was issued in December 2009.

3.4 The Authority's annual Corporate Plan translates the aim and objectives from the National Park Plan into priority objectives, actions and operational targets for the Authority's work. The Corporate Plan for 2009-2010 was published at the end of June 2009 and performance against targets and indicators was reviewed regularly by the Management Board and Resources and Performance Committee. The Plan presents an account and assessment of the Authority's activities, alongside the separate reports of its financial position and performance.

3.5 The Authority's accounts are subject to a full and independent external audit of the financial management arrangements. 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 appointed member representatives on the Court of Verderers, the Hampshire and Isle of Wight Local Government Association, the Central Hampshire and New Forest Leaders' Group, New Forest District Local Strategic Partnership, North Solent Shoreline Management Plan, New Forest Local Access Forum, New Forest Ninth Centenary Trust – Trustee and Campaign for National Parks.

3.8 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 and Hampshire County Council 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. The Authority also established five additional Local Information Points (bringing the total to eight) in partnership with local businesses to provide information about the national park for local communities and visitors. The Authority is also supporting the MOSAIC partnership which helps strengthen links between black and ethnic minority groups and national parks.

3.9 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. There has been significant effort to involve the community in the drafting the National Park Plans and Core Strategy planning documents. This included over 3,000 written responses from members of the public. Public drop-in sessions and workshops were initiated to create draft documents before finalising the completed versions. Stakeholder meetings have been introduced with the cycling, horse riding, dog walking and tourism community groups to allow their say in how the National Park will be managed in the future. A steering group committee has been formed to get the recreational groups involved in and understanding how recreation can have a positive or negative impact resulting in the promotion of best behaviour. Information centres called local information points (LIP's) have been created in shops and post offices in 8 towns and villages to help promote the National Park and get feedback. Events at 77 schools and education centres have taken place to help promote the understanding of the New Forest and engage with children. The Authority has been instrumental in assisting local Parish and Town Councils in developing a communication structure to engage with the public and assist in training for Council members. It routinely consults Parish Councils for their views on all planning applications by providing them with an initial planning officer assessment alongside details of the application. The Authority has recently initiated a twitter forum on the internet that now has 700 followers and has introduced an e-newsletter. The Authority also issues over 90,000 copies of a magazine called Park Life twice per year.

3.10 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. Objectives and targets are developed for each service, and performance reviewed against these.

4.3 Service Level Agreements with Hampshire County Council and New Forest District Council for the provision of financial and legal services were reviewed. Hampshire County Council continues to provide the services of Chief Finance Officer, provision of strategic financial advice and internal audit, as well as all legal advice. New Forest District Council continues to provide accountancy services.

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 Committee also considers the Authority's medium term financial position. 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. A 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 2009-2010 the Authority held nine full meetings of the Authority, all of which were open to members of the press and public to attend and make presentments to (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 provision of legal services by Hampshire County Council has been reviewed a result of which a number of service efficiency improvements. It is anticipated that the Authority will benefit from these under a renewed arrangement for legal services provision. The Legal Practice is Lexcel-accredited with the Law Society, confirming compliance with best practice requirements. Solicitors consider all reports considered by members, and are present at meetings to give advice to members as required.

5.5 There have been a number of workshops for members on various aspects of their responsibilities and developing policies.

5.6 The Authority has designated the roles of statutory officers. Alison Barnes, as Chief Executive, is National Park Officer and Head of Paid Service. Barbara Beardwell Deputy Head of Legal Services with Hampshire County Council was Monitoring Officer until December 2009. Julia Mutlow, Solicitor with Hampshire County Council, was appointed Monitoring Officer from January 2010. Paul Carey-Kent, Deputy County Treasurer with Hampshire County Council, was Chief Finance Officer during the 2009-2010 financial year.

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 regularly 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.

6.2 Business continuity plans have been audited and reviewed 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 2009-2010 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 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 Hampshire County 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. Internal audit coverage in 2009-2010 was wide-ranging, but though control weaknesses were identified in some areas these were not considered fundamental to the operation of the Authority. The Internal Audit Annual Opinion did state: “we are only able to test systems up to the point that data transfers to (New Forest District Council). Our internal audit opinion is therefore limited to the work carried out at the New Forest National Park Authority”. However, the District Council has the robust systems of internal control that one would expect of a public body, and in addition any concerns about the integrity of financial information would also emerge as part of the Authority’s budget monitoring processes.

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. 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 In May 2008, the Authority's Standards Committee assumed responsibility for assessing and determining allegations of failure to comply with the Members' Code of Conduct. In 2009-2010 this committee has dealt with 3 allegations. Two of these complaints were not proceeded with and investigation of the third complaint is ongoing.

7.4 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.

7.5 The Authority has also adopted policies on Anti-fraud and Corruption and Whistleblowing. Standing Orders on Contracts and Financial Regulations are in place.

7.6 A Staff Code of Conduct is in place.

8 Significant governance issues

8.1 No significant governance issues have been identified.

Signed: J Johnson Chairman

Signed: A Barnes Chief Executive

Date: 28 September 2010

Independent auditor’s report to the Members of New Forest National Park Authority

Opinion on the accounting statements

I have audited the Authority's accounting statements and related notes of New Forest National Park Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses 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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Chief Financial Officer and Auditor

The Executive Officer (Finance) responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting 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 give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

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 accounting 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 accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword and the content of the Annual Report. 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 accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 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 for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. 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.

Qualified Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice. In so doing, I identified the following:

- Weaknesses in the governance arrangements for approving payments made in respect of former Chief Executives.

Having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, 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 2010 except for:

Promoting and demonstrating the principles and values of good governance.

Delay in certification of completion of the audit

The audit cannot be formally concluded and an audit certificate issued until I have finalised my review of payments made in respect of former Chief Executives. I am satisfied that the matters arising from my review do not have a material effect on the financial statements.

Patrick Jarvis

District Auditor
Audit Commission
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