



STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2006

NEW FOREST NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS - YEAR ENDED 31 MARCH 2006

CHAIRMAN OF THE AUTHORITY

Edward Johnson

CHIEF EXECUTIVE

Lindsay Cornish

CHIEF FINANCE OFFICER

Patricia Higgins

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NEW FOREST NATIONAL PARK AUTHORITY

RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

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.

**Edward Johnson – Chairman
New Forest National Park Authority**

Date

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').

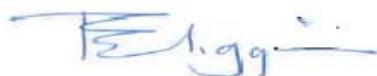
In preparing this statement of accounts, the Chief Finance Officer has:

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

The Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the statement of accounts presents fairly the financial position of the New Forest National Park Authority at 31 March 2006 and the income and expenditure for that year ended.



Patricia Higgins – Chief Finance Officer

Date: 9 June 2006

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.

Consolidated Revenue Account

Discloses the revenue expenditure and income by service for the year ended 31 March 2006.

Consolidated Balance Sheet

Discloses the financial position of the Authority as at 31 March 2006.

Notes to the Accounts

Disclose more detailed information on the figures provided in the Consolidated Revenue Account, Consolidated Balance Sheet and Cash Flow Statement.

Statement of Total Movement in Reserves

This statement brings together all gains and losses of the Authority for 2005/2006 and identifies those which are not reported through the Consolidated Revenue Account.

Cash Flow Statement

Discloses the inflows and outflows of cash arising from the activities of the Authority for the year ended 31 March 2006.

2 Financial Performance During the Year

▪ Consolidated Revenue Account

The 2005/06 revenue budget of £3,517,297 was underspent by £241,956. This will largely be utilised to fund committed items where the goods or services had not been received at 31 March 2006.

- Capital Expenditure

During 2005/06 the Authority incurred capital expenditure of £627,668, which was all funded by a contribution from the Consolidated Revenue Account. Expenditure was incurred as follows:

	£
Office Accommodation	386,680
Computer Hardware	71,769
Computer Software	169,219
	627,668

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 2005: 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.

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 and is applied in the year that the asset is acquired. All depreciation is charged over the life of the asset and using the straight-line method.

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 31.03.06
Tangible Fixed Assets	
Equipment - ICT Hardware	Up to 4 years
Premises (temporary building)	2 years
Intangible Assets	
Equipment - ICT Software	Up to 5 Years

The premises may have a longer useful life than 2 years but this period has been used in the accounts as the Authority has only a 2 year period left on the lease of the main office building. The temporary accommodation above will have a residual value after 2 years but the accommodation may not be retained by the Authority.

4 Asset Rentals

Service revenue accounts are charged with an asset rental for fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional interest rate to net asset values. For 2005/06 the specified rate is 3.5%.

The provision for depreciation is charged to the asset management revenue account, which is credited with the asset rentals charged to services. Capital charges therefore have a neutral impact on the Authority's overall revenue expenditure.

5 Investments

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

6 Interest

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

7 VAT

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

8 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.

9 Pension Costs

New Forest National Park's salaried employees 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 notes 5 to the Consolidated Revenue Account and 9 to the Consolidated Balance Sheet.

10 Reserves

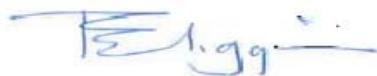
The Authority maintains a General Fund Reserve to meet general needs. Other reserves are either statutory or are held to meet specific future expenditure.

11 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.

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

		Note	2005/06		
STATEMENT OF NET EXPENDITURE			Gross Expenditure £	Income £	Net Expenditure £
Conservation of Natural Environment			58,915	0	58,915
Promoting Understanding – Information, Interpretation and Education			213,156	0	213,156
Development Control			239,824	0	239,824
Forward Planning			82,064	0	82,064
Corporate & Democratic Core			2,107,544	(135)	2,107,409
Training			29,676	0	29,676
Net cost of services			2,731,179	(135)	2,731,044
Transfer from Asset Management Revenue Account	8				(1,975)
Interest Received	9				(57,431)
Pensions Interest Cost and Expected Return on Pensions Assets	5				3,000
Net Operating Expenditure					2,674,638
APPROPRIATIONS					
Financing of Capital Expenditure					627,668
Contribution from Capital Financing Account					(11,100)
Movement on Pensions Reserve	5				(16,000)
Contribution to Revenue Reserve					135
Amount to be met from Government Grant					3,275,341
Financing					
National Park Grant					(3,517,297)
(Surplus)/Deficit for the year					(241,956)
Balance at 1 April 2005					0
Balance at 31 March 2006					(241,956)



Patricia Higgins – Chief Finance Officer

Date: 9 June 2006

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1 Income

New Forest National Park Authority received Parliament approved grant of £3,517,297, from the Department of the Environment, Food and Rural Affairs.

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
	£
Advertising staff vacancies	109,393
Other advertising	7,630
Publicity and promotions	111,695
	228,718

3 Employee Remuneration

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

Remuneration	Number of Employees
	2005/06

£50,000 - £59,999	1
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4 Audit Costs

In 2005/06 New Forest National Park Authority incurred the following fees relating to external audit:

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

5 Pensions

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 consolidated revenue account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions have been made in the Consolidated Revenue Account during the year:

	2005/06
	£
Net Cost of Service:	
Current service cost	53,000
Net Operating Expenditure	
Interest Cost	16,000
Expected return on assets in the scheme	(13,000)
Amounts to be met from Government Grants	
Movement on pensions reserve	(16,000)
Actual amount charged against the Consolidated Revenue Account:	
Employers' contributions payable to the scheme	(40,000)

Note 9 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures included in this note.

New Forest National Park's standard contribution rate over the accounting period was 250% of members' contributions. The contribution rates certified at the 31 March 2005 valuation are as follows:

April 2006 to March 2007 275% of members' contributions
April 2007 to March 2008 295% of members' contributions

In 2005/2006 the National Park paid an employer's contribution of £40,000 into the Hampshire County Council Pension Fund.

Further information on the Fund can be obtained from:

The County Treasurer
Hampshire County Council
The Castle
Winchester
SO23 8UJ Telephone: (01962) 841841

6 Members' Allowances

During 2005/06, payments to Members of the National Park amounted to £40,003. This sum includes all allowances plus traveling and subsistence payments.

7 Related Party Transactions

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

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

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

8 Asset Management Revenue Account

	2005/06
	£
Income	
Asset Rentals	(13,075)
Less Expenditure	
External Interest Charges	0
Provision for Depreciation	11,100
Surplus to the Consolidated Revenue Account	(1,975)

9 Interest and Investment Income

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2006

2005/06			
	Notes	£	£
Tangible Fixed Assets	1,3,4		
Land and Buildings		160,692	
Equipment (Hardware)		66,721	
Intangible Assets	2		
Equipment (Software)		167,474	394,887
Current Assets			
Investments		2,265,000	
Debtors	7	177,508	2,442,508
Current Liabilities			
Creditors	8	(949,265)	
Receipts in Advance	8	(1,037,314)	
Bank Overdraft	8	(213,837)	(2,200,416)
Total Assets less Current Liabilities			636,979
Long Term Liabilities			
Pension Liabilities			(197,000)
Total Assets less Liabilities			439,979
Capital Financing Account		616,568	
Fixed Asset Restatement Account		(221,680)	
Pension Reserve	9	(197,000)	
Donations Reserve		135	
General Fund Balance		241,956	
Total Equity			439,979
			439,979



Patricia Higgins – Chief Finance Officer

Date: 9 June 2006

NOTES TO CONSOLIDATED BALANCE SHEET

1 Valuation of Fixed Assets

A full valuation exercise on the premises asset was completed by the New Forest District Council's valuer, R Edwardes-Jones FRICS and implemented in the Authority's accounts at 31 March 2006. It was 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.

Assets, such as vehicles, plant and equipment are valued at historic cost.

Operational, non-specialised properties are valued at existing use value.

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.

Tangible assets are depreciated over the estimated life of the individual item.

2 Intangible Assets

The intangible assets comprise wholly of computer software licences. These are recorded at historic cost and are depreciated over their lives (estimated at 5 years) on a straight line basis. The depreciation charged for intangible assets in 2005/06 was £1,745.

3 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
	£	£
Land and Building	0	165,000
Vehicles Plant and Equipment	71,769	0
Intangible Assets	169,219	0
Total	240,988	165,000

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

4 Movements in Assets during the year

Purchases during the year were as follows:

	Certified	Expenditure	Revaluation s and adjustments	Depreciation	Net Book
	Value at 31 Mar 05 £	£	£	£	Value 31 Mar 06 £
2005/06					
Operational Assets					
Land and Building	0	386,680	(221,680)	(4,308)	160,692
Vehicles, Plant and Equipment	0	71,769	0	(5,048)	66,721
Intangible Assets	0	169,219	0	(1,745)	167,474
Total	0	627,668	(221,680)	(11,101)	394,887

The revaluation and adjustments figure of £221,680 reflects capital expenditure on the premises asset that has not resulted in enhancement in value of the asset.

5 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 2005/06 capital expenditure has been fully financed from the revenue account

This table sets out the transactions required for the financing of capital expenditure for 2005/06.

	2005/06
	£
Opening Capital Financing Requirement	0
Capital Investment	
Operational Assets	458,449
Intangible Assets	169,219
Sources of Finance	
Revenue Provision	(627,668)
Closing Capital Financing Requirement	0

6 Analysis of Assets

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

	2005/06
Administration Buildings	1
ICT Hardware	45
ICT Software	3

7 Debtors and Payments in Advance

An Analysis of the Authority's debtors and payments in advance as of 31 March is shown below

	2005/06
	£
Revenue & Customs	176,957
Accrued Interest	551
	<u>177,508</u>

8 Current Liabilities

An Analysis of the Authority's current liabilities as of 31 March is shown below:

	2005/06
	£
New Forest District Council	180,075
Government Departments (DEFRA)	1,035,147
Other creditors and receipts in advance	771,357
Bank Overdraft	213,837
	2,200,416

9 Pension Assets and Liabilities

Note 5 to the Consolidated Revenue Account contains details of the National Park's participation in the Hampshire County Council Pension Fund.

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

	31 March 2006
	£
Estimated liabilities in scheme	(718,000)
Estimated assets in scheme	521,000
Net asset/(liability)	(197,000)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total liability of £197,000 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.

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.

	£
Net Liability at 1 April	(146,000)
Movement in year:	
Operating Charge	
Current Service Costs	(53,000)
Contributions	
Cash paid - Funded Liabilities	40,000
Finance Income	
Expected Return on Assets	13,000
Interest on Liabilities	(16,000)
Actuarial Gain/Loss	(35,000)
Net Liability at 31 March	(197,000)

The main assumptions used in their calculations have been:

	2005/06
	%
Rate of inflation	3.0
Rate of increase in salaries	4.5
Rate of increase in pensions	3.0
Rate of increase in deferred pensions	3.0
Rate of discounting scheme liabilities	4.9

	31 March 2006		
	£	%	Long-Term Return %
Equity Investments	366,106	70	7.3
Bonds	107,222	21	4.3
Property	20,788	4	6.3
Other Assets	26,884	5	4.6
Average			6.5
Total	521,000		

STATEMENT OF TOTAL MOVEMENT IN RESERVES

The following statements bring together all the recognised gains and losses of the authority during the period by identifying the movements during the year on both capital and revenue reserves.

CAPITAL RESERVES	Balance 1 Apr 05	Financing of Capital Assets	Unrealised gains/ (losses) from fixed asset revaluations and depreciation	Balance 31 Mar 06
			£	£
Capital Financing Account	0	627,668	(11,100)	616,568
	0	0	(221,680)	(221,680)
0		627,668	(232,780)	394,888

REVENUE RESERVES	Balance 1 Apr 05	Expenditure	Receipts	Net surplus/ deficit for the year	Balance 31 Mar 06
		£	£	£	
General Fund	0	0	0	241,956	241,956
	(146,000)			(51,000)	(197,000)
Donations	0	0	135	0	135
	(146,000)	0	135	190,956	45,091

Total Movement in Reserves	Balance 1 Apr 05	Movement In Year	Balance 31 Mar 06
	£	£	£
Capital Reserves	0	394,988	394,888
Revenue Reserves	(146,000)	191,091	45,091
Total Reserves	(146,000)	585,979	439,979

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

	2005/06
	£
Balance 1 April 2005	0
Capital expenditure not enhancing asset value	(221,680)
Balance 31 March 2006	(221,680)

Capital Financing Account

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

	2005/06
	£
Balance 1 April 2005	0
Financing of capital expenditure from revenue	627,668
Depreciation for the year	(11,100)
Balance 31 March 2006	616,568

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2005/06	
		£	£
REVENUE ACTIVITIES			
Cash Outflows			
Cash paid to and on behalf of employees		362,407	
Other operating costs		1,570,388	1,932,795
Cash Inflows			
National Park Grant		(4,552,444)	
Cash received for donations, goods and services		(2,302)	(4,554,746)
	1		(2,621,951)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Cash Outflows			
Interest paid		0	
Cash Inflows			
Interest received		(56,880)	(56,880)
CAPITAL ACTIVITIES			
Cash Outflows			
Purchase of fixed assets		627,668	627,668
Net cash (inflow)/outflow before financing			(2,051,163)
MANAGEMENT OF LIQUID RESOURCES			
Net increase/(decrease) in liquid resources	3		2,265,000
FINANCING			
Cash Outflows			
Repayments of amounts borrowed		0	
Cash Inflows			
New short term loans		0	0
Net (increase)/decrease in cash	2		213,837

NOTES TO CONSOLIDATED CASH FLOW

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

	2005/06 £
Revenue Deficit/(Surplus) for the year	(241,956)

Non Cash Transactions

Revenue Financing of Capital Expenditure	(627,668)
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Accruals:

Increase/(Decrease) in debtors	177,508
(Increase)/Decrease in creditors	(949,265)
(Increase)/Decrease in receipts in advance	(1,037,314)

Contribution to Reserves	(135)
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Interest received	56,880
Rounding	(1)

Net cash inflow from revenue activities	(2,621,951)
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2 Movement of Cash

	At 1st April 2005	Cash change in year	At 31st March 2006
	£	£	£
Cash at bank and in hand	0	0	0
Bank overdraft	0	213,837	213,837
	213,837	213,837	213,837

3 Financing and Management of Liquid Resources

	Balance at 1 Apr 05	Balance at 31 Mar 06	Movement
	£	£	£
Temporary Investments	0	2,265,000	2,265,000