**BRECON BEACONS NATIONAL PARK AUTHORITY**

**Statement of Accounts**

**for the year ended**

**31st March 2018**



BRECON BEACONS NATIONAL PARK AUTHORITY

**STATEMENT OF ACCOUNTS 2017/18**

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# NARRATIVE REPORT

1. **INTRODUCTION**

The Authority is required by law to produce an annual Statement of Accounts in accordance with proper accounting practices as laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its 2017/18 ‘Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice’ and approved by the Accounting Standards Board.

This foreword provides a brief explanation of the more significant matters reported in the accounts. Accounting statements are set out on later pages and consist of:-

**A Statement of Accounting Policies** - the basis upon which amounts have been included in the accounts using accepted accounting principles.

**The Core Financial Statements**

* **The Comprehensive income and Expenditure Statement** - the income and expenditure during the financial year, accompanied by notes which explain the figures in greater detail as required by the CIPFA code of practice. The CIPFA Code requires that the Statement structure is in line with the objective breakdown of income and expenditure reported to management. For Brecon Beacons National Park Authority this entails an analysis of expenditure and income by Directorate. The CIES is supplemented by the **Expenditure and Funding Analysis** – an explanation of the differences between the net surplus or deficit as calculated in accordance with the CIPFA Code of Practice and the net surplus or deficit calculated in accordance with statute and required to be funded from revenue reserves.
* **The Balance Sheet** - the assets and liabilities, cash held and amounts set aside in reserves at the financial year-end. Notes are provided to give further details of specific balances where required by the CIPFA code of practice.
* **The Statement of Movements in Reserves** – shows the total gains and losses to the Authority during the year, including the effect of actuarial gains and losses on the pension fund and valuation gains and losses on fixed assets.
* **The Cash Flow Statement** - expenditure and income for the financial year, excluding all amounts owed or receivable. Further explanation is provided in the notes to the statement.

The authorisation date of the Statement is 31 May 2018. Significant events after the Balance Sheet date and up to 29 July 2018 have been taken into account in preparing the Statement. The Statement is audited by the Auditor General for Wales’ Office and a copy of the auditor’s report is published with the Statement when this becomes available on completion of the audit. The Authority is also required to publish a Governance Statement at the same time. For further information and explanation of items in this document, please contact the Finance Manager on 01874 620467 or email elaine.standen@beacons-npa.gov.uk

**2. ABOUT BRECON BEACONS NATIONAL PARK AUTHORITY**

The Authority covers 520 square miles and is one of three National Parks in Wales. The Authority became an independent Local Authority with effect from 1st April 1996 and has two statutory purposes and one duty:

**Purposes:**

* To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park.
* To promote opportunities for public enjoyment and understanding of the special qualities of the National Park.

**Duty:**

* To foster the economic and social well-being of communities living within the National Park.

The Authority is the statutory Local Planning Authority for the area and is responsible for preparation of the Local Development Plan and determining planning applications.

Each year the Authority is required to publish a **Corporate Plan** setting out how it intends to employ its resources for the coming year to fulfil the purposes and duty in line with its current **National Park Management Plan 2010-2030**. A review of the Authority’s performance against the Corporate Plan is carried out annually. These documents are published on the Authority’s website [www.beacons-npa.gov.uk](http://www.beacons-npa.gov.uk)

**3. INCOME AND EXPENDITURE**

The gross cost to the Authority of providing its services, as reported to Members during the year for management purposes was £5,203,000. The table below sets out the sources of funding and shows that £371,000 was transferred from General Reserves at the year end. In addition £1,628,000 net was transferred to Earmarked Reserves and the Capital Receipts Reserve to fund future commitments.

The Welsh Government sets the Authority’s level of net revenue expenditure for the year, and pays 75% of this in National Park Grant. The remaining 25% can then be raised by the Authority by issuing a levy on the constituent Unitary Authorities. These are: Powys County Council, Carmarthenshire County Council, Monmouthshire County Council, Rhondda Cynon Taff County Borough Council, Merthyr Tydfil County Borough Council, Blaenau Gwent County Borough Council, and Torfaen County Borough Council. In the current year, the Welsh Government provided £1,035,000 of funding to the Authority in response to bids for additional resources for a range of projects. £910,000 of the funding was received in March 2018 and has been reserved for expenditure in 2018/19 and beyond.

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| **COMPARISON OF ACTUAL INCOME AND EXPENDITURE: CURRENT AND PREVIOUS FINANCIAL YEARS**  |
|  | **2016/17****£000** | **2016/17****%** | **2017/18****£000** | **2017/18****%** |
| National Park Grant  | 3,936 | 55 | 3006 | 48 |
| National Park Levy | 942 | 13 | 942 | 15 |
| National Park Project Grant  | 0 | 0 | 730 | 12 |
| Government Grants and Contributions | 540 | 8 | 198 | 3 |
| Fees, Charges and other Service income | 1,698 | 24 | 1378 | 22 |
| Interest Receivable | 8 | 0 | 6 | 0 |
| **Gross Revenue Funding** | **7124** | **100** | **6260** | **100** |
|  |  |  |  |  |
| Employee Expenses | 3,715 | 63 | 3,690 | 71 |
| Other Service Expenses | 2,156 | 37 | 1,513 | 29 |
| **Total Expenditure** | **5,871** | **100** | **5,203** | **100** |
| **Net Receipts from Asset Sales** |  |  | -200 |  |
| Transfers to/from Earmarked Reserves | 761 |  | 1,628 |  |
| **Total Expenditure after net transfers to/from Reserves** | **6,632** |  | **6631** |  |
| **Net (cost)/income of Services (Contribn to/from General Fund)** | **492** |  | **(371)** |  |

Locally generated income and specific grants are allocated to individual services and are offset against the expenditure on those headings to arrive at the total net budgets and costs as reported to those responsible for management of the Authority. The table below shows how the net cost of services is derived from gross income and expenditure (see also the Expenditure and Funding Analysis for a reconciliation of amounts reported to management on a departmental basis to the totals reported on the Comprehensive Income and Expenditure Statement.

The net costs for each service in the Comprehensive Income and Expenditure Statement include depreciation (the cost of wear and tear on buildings, equipment, etc.).

Adjustments are also made for pension costs in accordance with the *International Accounting Standard 19: Retirement Benefits* (IAS19). These technical adjustments are intended to bring the Authority’s accounts into line with UK Generally Accepted Accounting Policies. They indicate the full cost to the Authority in the relevant financial year of meeting all future commitments to its current and former employees under the Local Government Pension Scheme.

These adjustments do not affect the net revenue spend of the Authority paid for by the Welsh Assembly Government and local taxpayers. For a full explanation of the basis for the charges under IAS 19, see Note 31. The adjustments are not included in the budgeted figures as they have no impact on the cost of the Authority’s operations for management purposes.

The IAS19 adjustments have a substantial impact on the assets of the Authority as recorded in the Balance Sheet, reducing the Authority’s overall net assets to £680,000. Excluding the Pension Fund liability, the Authority’s net assets would be close to £9,538,000. In the Expenditure and Income Statement, the actuarial assessment of the Authority’s assets and liabilities in the Fund has produced a net actuarial loss of £750,000 which has generated an accounting deficit of £94,000 for the year. Last year an actuarial loss of £2,340,000 was advised; a positive variation between financial years of £1,590,000. Excluding this item, the Authority’s Income and Expenditure account for 2017/18 would show a surplus of £656,000.

**Significant developments affecting the financial position of the Authority**

In 2017/18 the Authority received a reduced level of core funding from the Welsh Government which it sought to deploy efficiently to meet its statutory purposes and Governmental priorities. The prospect of continuing core budget reductions in the medium term has necessitated a range of cost-saving measures, including further senior staffing reductions. There has been a change of Chief Executive at the Authority; the former Director of Countryside having been promoted to the role. This has provided an opportunity to further rationalise the senior management structure.

However, an increasing proportion of the Welsh Government funding for the Authority takes the form of grants for specific revenue and capital projects. A significant amount of funding; £910,000, was received in March 2018 for a range of projects which will be delivered from 2018/19 onwards to improve the visitor experience and the upland path network, protect biodiversity and for community planning and health initiatives within the Park. As a result in the revised outturn and balance sheet there is a substantial variance from the estimate and a large transfer to reserves.

Grant income for other key priorities such as promotion of the Park as a destination, the provision of socially inclusive employment opportunities and the conservation of biodiversity in vulnerable upland habitats have enabled a range of projects to be delivered. Grants from the Heritage Lottery Fund have been an important source of income for an apprenticeship scheme and improvements to a site of industrial archaeology in the south of the Park. A micro hydro scheme is now in operation on Authority land, funded by capital receipts of £222,000. A further capital receipt has been generated by disposing of a bungalow adjacent to the Authority’s Visitor Centre in Libanus.

Earmarked reserves allow the Authority to set aside contingency funds to meet future commitments, such as the costs of the Local Development Plan Enquiry and Sustainable Development Fund grant commitments and are used where the timing of funding receipts does not match the financial year of the related expenditure. Affordable Housing/S106 fund received but not applied in the year have been transferred to reserves for use in future years. The specific revenue and capital funding received from the Welsh Government in 2017 and 2018 for project delivery and not yet applied has been earmarked to ensure accountability. A net transfer of £1,628,000 was made into Earmarked Reserves and Accounts during the year.

The Authority’s total general fund reserves (excluding capital receipts) increased between 31 March 2017 and 31 March 2018 from £2.66m to £3.86m.

A simplified comparison between the budgeted and actual income and expenditure account by service for 2017/18 is produced below and shows that the Authority planned to transfer some £184,000 from its General Reserve at the year-end whereas in fact £371,000 was transferred to the Reserve; an net over-spend of £187,000. However, of this, some £305,000 relates to the management of Welsh Government project funding to ensure traceability of separate tranches of funds. Without these there would be an under-spend of £118,000.

The table below is in line with CIPFA’s current code of practice which requires authorities to account for expenditure and income in the same objective structure as is used for reporting to management.

To enable comparisons between the revised budget and the outturn, year-end recharges for capital charges (depreciation) and actuarially assessed pension scheme costs (in accordance with international accounting standards) have been applied to the budget figures to give an adjusted total.

**Summary of principal variances between 2017/18 budget and outturn**

|  |  |  |  |
| --- | --- | --- | --- |
| **Net Service Costs**  | **2017/18 Adjusted Budget** | **2017/18 Out-turn** |  **2017/18 Variance against adjusted Budget** |
|  | **£000** | **£000** | **£000** |
| Planning and Development Control | 983 | 934 | (49) |
| Countryside Land Management and Communities | 2,222 | 2,032 | (190) |
| Chief Executive’s Department | 1,231 | 1,108 | (123) |
| Other Operating Expenditure | 217 |  243 | 26 |
| **Adjusted net cost**  | **4,653** | **4,317** | **(336)** |
|  |  |  |  |
|  |  |  |  |
| Interest received | (5) | (6) | (1) |
| National Park Grant (Welsh Assembly Government) | (2,826) | (3,006) | (180) |
| National Park Levy (Constituent Authorities) | (942) | (942) | 0 |
| National Park Capital Grant (Welsh Assembly Government) | 0 | (730) | (730) |
| Transfer to/(from) Earmarked Reserves | (3) | 695 | 698 |
| Transfer to Capital Receipts Reserve | 0 | 203 | 203 |
| Transfer to Capital Grants Unapplied Account | 0 | 730 | 730 |
|  |  |  |  |
|  | **(3,776)** | **(3,056)** | **720** |
|  |  |  |  |
| Budget Adjustments reversedAccounting Adjustments | (693) | 0 | 693 |
|  |  | (890) | (890) |
| **Net Deficit**  | **184** | **371** | **187** |
|  |  |  |  |
|  |  |  |  |

**Significant Variances Reported to Management**

**Chief Executives Office**

An HMRC assessment of historic tax and national insurance liability relating to travel by all National Park Authority Members to HQ to attend Committee meetings has led to a one-off increase of £40,000 in the cost of Democratic Services for the year. This has partly been offset by underspend on staff costs, Member salaries and a saving on contributions to the joint body for the three Welsh National Park Authorities and has resulted in a net overspend of £9,000.

The net cost of corporate management against the estimate has been reduced by unbudgeted Income from bequests, of which £126,000 is currently unspent, after application of part of the legacy receipts to access improvement work in the year. The funding not yet applied has been transferred to a reserve.

**Countryside and Community**

**Core Services**

The cost of Wardens Services was lower than estimated, as additional unbudgeted income in grants and contributions and filming fees was received without a corresponding increase in expenditure

Staff costs in ecology were lower than anticipated and a change to the accounting treatment of funds involving income received and subsequently reserved has increased in-year receipts by £16,000 when compared with the budget.

Public Engagement staff costs were lower than estimated and income generated from Education fees was higher, producing a net underspend of close to £19,000. These underspends have helped to offset the overspend at the National Park Visitor Centre, impacted by lower than expected income from the catering franchisee and poor winter weather led, together with lower income and higher costs on visitor facilities generally, to an over-spend for Visitor Services against budget of some £40,000.

Sustainable Development and Tourism staff recouped more in recharges to externally funded projects than anticipated and a further underspend was caused by staff vacancies and redeployment.

**Projects**

A substantial underspend in Sustainable Development Fund Grants (£100k) was due to delays in the receipt of claims and in project approval by other funders. The committed but unspent grants have been reserved. Funding was received from Dwr Cymru Welsh Water for access and water catchment enhancement projects which could not be completed in the year; transfers to earmarked reserves balance these underspends at Authority level.

**Planning and Development Control**

Cost recovery in relation to an enforcement action of some £9,000 was not budgeted and there were also some staffing savings in Enforcement. Digitisation of planning records was less expensive than expected. These cost reductions generated a saving of £25,000 on core planning costs. One affordable housing payment was received and this was reserved.

**4) CAPITAL EXPENDITURE**

|  |  |  |
| --- | --- | --- |
|   | **2017/18 Actual\*****£000** | **2017/18 Actual\*****£000** |
| Access improvement projects | 104 |  |
| Peatland Restoration projects | 56 |  |
| Gunpowder Works conservation and interpretation project year 2 | 49 |  |
| Micro Hydro Scheme, Afon Clydach year 2 | 61 |  |
| Planning IT system improvements year 2 | 24 |  |
| Mountain Centre Improvements/re-purpose | 98 |  |
| Total grant-funded project spend classified as capital under accounting rules\* |  | **392** |
| Less: Grants & Contributions | (270) |
| Use of Capital Receipts Reserve | (76) |
| Legacy Receipt applied | (13) |
| Revenue Financing | (33) |
|  |  | **-392** |
| **Net Expenditure** |  | **0** |

\*Expenditure which meets the accounting definition of capital has been classified as capital and funded by grants, use of capital receipts, a legacy receipt and an appropriation from the Revenue Account. Expenditure meets the relevant accounting de minimis criteria (as outlined in the Authority’s accounting policies). When projects are completed, the resulting asset is included in the Authority’s Balance Sheet.

# STATEMENT OF RESPONSIBILITIES 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 Financial Officer (Section 151 Officer).
* Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
* Approve the Statement of Accounts.

## THE CHIEF FINANCIAL OFFICER’S RESPONSIBILITIES

The Chief Financial Officer/S151 Officer is responsible for the preparation of the Authority’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom.*

**In preparing the Statement of Accounts, the Chief Financial Officer has:-**

* Selected suitable accounting policies and then applied them consistently;
* Made judgements and estimates that were reasonable and prudent;
* Complied with the Code of Practice.

**The Chief Financial 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.

The Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2017. To comply with the Accounts and Audit (Wales) Regulations 2014, the Chief Financial Officer is required to re-certify the Statement immediately before their adoption by the Authority and after the completion of the audit, while the Chairman certifies approval of the audited Statement by the Authority.

E Standen ACMA Date: 31/5/18

Section 151 Officer

Brecon Beacons National Park Authority

E Standen ACMA Date: 29/7//18

Section 151 Officer

Brecon Beacons National Park Authority

Chairman

Brecon Beacons National Park Authority Date: 29/7//18

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# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Authority’s expenditure is funded from taxation, in accordance with regulations, via the National Park Grant and Levy on Constituent Authorities. This may differ from the accounting calculation of operating expenditure. Further information on the adjustments made to the management accounts to comply with the CIPFA Code of Practice are provided in the Expenditure and Funding Analysis on the following pages. The adjustments to the accounting calculation to arrive at the taxation-funded position are further detailed in the Movement in Reserves Statement.

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| **Comprehensive Income and Expenditure Statement**  |
|  | **2016/17** |  |  |  |  | **2017/18** |  |
| **Expend-iture** | **Income** | **Net** |  | **NOTES** | **Expend-iture** | **Income** | **Net** |
| **£000** | **£000** | **£000** |  | **£000** | **£000** | **£000** |
| 1,299 | (703) | 596 | Planning and Development Control |  | 1,192 | (258) | 934 |
| 3,009 | (1,212) | 1,797 | Countryside, Land Management and Communities |  | 3,170 | (1,138) | 2,032 |
| 1,450 | (119) | 1,331 | Chief Executive’s Department |  | 1,288 | (180) | 1,108 |
|  |  |  |  |  |  |  |  |
| **5,758** | **(2,034)** | **3,724** | **COST OF SERVICES** |  | **5,650** | **(1,576)** | **4,074** |
|  |  | 20 | Other Operating Expenditure | 8 |  |  | (30) |
|  |  | 162 | Financing and Investment Income and Expenditure | 9 |  |  | 184 |
|  |  | (5,106) | Taxation and Non-Specific Grant Income | 10 |  |  | (4,884) |
|  |  | **(1,200)** | **DEFICIT/(SURPLUS) ON PROVISION OF SERVICES** |  |  |  | **(656)** |
|  |  | 2,340 | Actuarial (Gains)/Losses on Pension Assets and Liabilities  | 31 |  |  | 750 |
|  |  | **1,140** | **TOTAL COMPREHENSIVE INCOME AND EXPENDITURE** |  |  |  | **94** |

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**EXPENDITURE AND FUNDING ANALYSIS**

The analysis below details the adjustments that have been made to the Authority’s management accounts to present them in the CIES in accordance with the requirements of the current CIPFA Code which requires them to include the cost of holding assets and the actuarial assessment of the full cost of the pension scheme for the current year. It reconciles the Income and Expenditure Statement’s net deficit/surplus with the net transfer to revenue reserves. Note 21 provides a further subjective analysis of expenditure and income.

|  |
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| **Expenditure and Funding Analysis 2017/18** |
|  | Net Expend-iture Chargeable to General Fund | Adjustments between funding and accounting basis - capital charges | Adjustments between funding and accounting basis - pensions | Adjustments between funding and accounting basis - other | **TOTAL ADJUST-MENTS** | **Net expend-iture in CIES** |
|  | £ | £ | £ | £ | **£** | **£** |
| Planning and Development Control | 876 | 0 | 59 | (1) | **58** | **934** |
| Countryside, Land Management and Communities | 1,676 | 242 | 115 | (1) | **356** | **2,032** |
| CEO and Support | 1,042 | 24 | 43 | (1) | **66** | **1,108** |
| Non Distributed Costs | 0 | 0 | 0 | 0 | **0** | **0** |
| **Net Cost of Services** | **3,594** | **266** | **217** | **(3)** | **480** | **4,074** |
|  |  |  |  |  |  |  |
| Pension Fund Administration Costs | 0 |  | 20 |  | **20** | **20** |
|  Bank interest received | (6) |  |  |  |  | **(6)** |
| National Park Grant see NOTE 10 | (3,006) |  |  |  |  | **(3,006)** |
| Capital Grant Received - Welsh Government SEE NOTE 10 | (730) |  |  |  |  | **(730)** |
| Capital Grant applied  | 0 |  |  | (206) | **(206)** | **(206)** |
| Levies on Constituent Local Authorities SEE NOTE 10 | (942) |  |  |  |  | **(942)** |
| Interest on Defined Benefit Liability | 0 |  | 190 |  | **190** | **190** |
| Asset sale less cost of sales,  | (200) |  |  | 150 | **150** | **(50)** |
| Revenue funding of Capital expenditure  | 33 |  |  | (33) | **(33)** | **0** |
| **Other Income and Expenditure** | **(4,851)** | **0** | **210** | **(89)** | **121** | **(4,730)** |
|  |  |  |  |  |  |  |
| Actuarial (Gains)/Losses on Pension Assets/ Liabilities | 0 |  | 750 |  | **750** | **750** |
|  |  |  |  |  |  |  |
| **Deficit/(Surplus) before transfers to /from Revenue Reserves** | **(1,257)** |  |  |  |  | **94** |
| **Appropns to Capital Reserves** |  |  |  |  |  |  |
| Transfers to Capital Receipts unapplied | 203 |  |  |  |  |  |
| Transfer to Capital Grants Unapplied | 730 |  |  |  |  |  |
|  | **(324)** |  |  |  |  |  |
| **Movements on Revenue Reserves** |  |  |  |  |  |  |
| Opening Balance | 2,250 |  |  |  |  |  |
| Revenue Surplus/(deficit) | (371) |  |  |  |  |  |
| Transfers to Earmarked Reserves  | 695 |  |  |  |  |  |
| **Closing Balance on General Fund** | **2,574** |  |  |  |  |  |
|  |  |  |  |  |  |  |

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| **Expenditure and Funding Analysis 2016/17** |
|  | Net Expend-iture Chargeable to the General FundSEE NOTE 21 | Adjustments between funding and accounting basis - capital charges | Adjustments between funding and accounting basis - pensions | Adjustments between funding and accounting basis - other | **TOTAL ADJUST-MENTS** | **Net expend-iture in CIES** |
|  | £ | £ | £ | £ | **£** | **£** |
| Planning and Development Control | 578 | 2 | 18 | (1) | **19** | **597** |
| Countryside, Land Management and Communities | 1,648 | 112 | 38 | (2) | **148** | **1,796** |
| CEO and Support | 1,290 | 24 | 18 | (1) | **41** | **1,331** |
| Non Distributed Costs | 74 | 0 | (74) | 0 | **(74)** | **0** |
| **Net Cost of Services** | **3,590** | **138** | **0** | **(4)** | **134** | **3,724** |
|  |  |  |  |  |  |  |
| Pension Fund Administration Costs | 0 | 0 | 20 | 0 | **20** | **20** |
|  Bank interest received | (8) | 0 | 0 | 0 | **0** | **(8)** |
| National Park Grant see NOTE 10 | (3,937) | 0 | 0 | 0 | **0** | **(3,937)** |
| Capital Grant - Welsh Government SEE NOTE 10 | 0 | 0 | 0 | (227) | **(227)** | **(227)** |
| Levies on Constituent Local Authorities SEE NOTE 10 | (942) | 0 | 0 | 0 | **0** | **(942)** |
| Interest on Defined Benefit Liability | 0 | 0 | 170 | 0 | **170** | **170** |
| Asset sale less cost of sales,  | 0 | 0 | 0 | 0 | **0** | **0** |
| Revenue funding of Capital expenditure  | 44 | 0 | 0 | (44) | **(44)** | **0** |
| **Other Income and Expenditure** | **(4,843)** | **0** | **190** | **(271)** | **(81)** | **(4,924)** |
|  |  |  |  |  |  |  |
| Actuarial (Gains)/Losses on Pension Assets/ Liabilities | 0 | 0 | 2,340 | 0 | **2,340** | **2,340** |
| **Deficit/(Surplus) before transfers to /from Revenue Reserves** | **(1,253)** |  |  |  |  | **1,140** |
| **Movements on General Fund**  |  |  |  |  |  |  |
| Opening Balance | 1,406 |  |  |  |  |  |
| Revenue Surplus/(deficit) | 492 |  |  |  |  |  |
| Transfer to Capital Receipts unapplied account | 605 |  |  |  |  |  |
| Transfers to Earmarked Reserves  | 156 |  |  |  |  |  |
| Closing Balance: | 2,659 |  |  |  |  |  |

# BALANCE SHEET

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category includes those that the Authority is not able to use to provide services. This includes reserves holding unrealised gains and losses, such as the Revaluation Reserve, where amounts would only become available to provide services if the assets were sold, and also record timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

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| --- |
| **Balance Sheet**  |
| **2016/17****(£000)** |  | **NOTES** | **2017/18****(£000)** |
|  |  |  |  |
| 5,733 | PROPERTY, PLANT AND EQUIPMENT | 11 | 5,697 |
| 45 | INTANGIBLE ASSETS | 12 | 57 |
| **5,778** | TOTAL LONG-TERM ASSETS |  | **5,754** |
|  |  |  |  |
| 30 | Inventories | 13 | 39 |
| 713 | Short-term Debtors  | 14 | 572 |
| 2,813 | Cash and Cash Equivalents | 15 | 3,761 |
| **3,556** | **CURRENT ASSETS** |  | **4,372** |
|  |  |  |  |
| 806 | Short-Term Creditors  | 17 | 588 |
| 73 | Capital Grants Received in Advance |  | 0 |
| **879** | **CURRENT LIABILITIES** |  | **588** |
|  |  |  |  |
|  |  |  |  |
| 7,681 | Liability Related to Defined Benefit Pension Schemes | 31 | 8,858 |
| **7,681** | **LONG TERM LIABILITIES** |  | **8,858** |
| **774** | **NET ASSETS** |  | **680** |
|  |  |  |  |
| 605 | Capital Grants Unapplied Account | 6 | 1,258 |
| 2,152 | Other Usable Reserves | 6 | 2,603 |
| 2757 | Total Usable Reserves |  | 3,861 |
| (1,983) | Unusable Reserves | 18 | (3,181) |
| **774** | **TOTAL RESERVES** |  | **680** |

# MOVEMENTS IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority. Further details of these transfers are shown in Note 7.

**Movements in Reserves 2017/18 (£000)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | General Reserve | Affordable Housing/S106 Balances held | Welsh Government Revenue Grants received but unapplied | Earmaked resves - Other | **TOTAL REVENUE RESERVES** | CAPITAL GRANTS UNAPPLIED ACOOUNT | CAPITAL RECEIPTS RESERVE | **TOTAL USABLE RESERVES** | **TOTAL UNUSABLE RESERVES** |  | **TOTAL RESERVES** |
|  |  |  |  |   |  |  |   |  |   |  |  |
| **Balance at 31 March 2017 Carried Forward** | 1,319 | 301 | 0 | 434 | **2,054** | 605 | 98 | **2,757** | (1,983) |  | **774** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total Comprehensive Income and Expenditure | 656 | 0 | 0 | 0 | **656** | 0 | 0 | **656** | (750) |  | **(94)** |
| Adjustments between accounting basis and funding basis under regulations (NOTE 6) | (1,027) | 24 | 427 | 245 | **(331)** | 730 | 202 | **601** | (601) |  | **0** |
| Transfers between the Capital Grants Unapplied Acct and the Capital Adjustment Acct | 0 | 0 | 0 | 0 | **0** | (77) | 0 | **(77)** | 77 |  | **0** |
| Transfers between the Capital Receipts Reserve and the Capital Adjustment Account | 0 | 0 | 0 | 0 | **0** | 0 | (76) | **(76)** | 76 |  | **0** |
| Increase/(Decrease) in 2017/18 | (371) | 24 | 427 | 245 | **325** | 653 | 126 | **1,104** | (1,198) |  | **(94)** |
| **Balance at 31 March 2018 Carried Forward** | 948 | 325 | 427 | 679 | **2,379** | 1,258 | 224 | **3,861** | (3,181) |  | **680** |

**Movements in Reserves 2016/17 (£000)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | General Reserve | Affordable Housing/S106 Balances held | Earmaked resves - Other | TOTAL REVENUE RESERVES | CAPITAL GRANTS UNAPPLIED ACOOUNT | CAPITAL RECEIPTS RESERVE | **TOTAL USABLE RESERVES** | **TOTAL UNUSABLE RESERVES** |  | **TOTAL RESERVES** |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |   |  |  |   |  |   |  |  |
| **Balance at 31 March 2016 Carried Forward** | 828 | 179 | 399 | 1,406 | 0 | 252 | **1,659** | 255 |  | **1,914** |
|  |  |  |  |  |  |  |  |  |  |  |
| Total Comprehensive Income and Expenditure | 1,200 | 0 | 0 | 1,200 | 0 | 0 | **1,200** | (2,340) |  | **(1,140)** |
|  |  |  |  |  |  |  |  |  |  |  |
| Adjustments between accounting basis and funding basis under regulations (NOTE 6) | (708) | 121 | 35 | (552) | 605 | 0 | **53** | (53) |  | **0** |
| Transfers between the Capital Receipts Reserve and the Capital Adjustment Account | 0 | 0 | 0 | 0 | 0 | (154) | **(154)** | 154 |  | **0** |
| Increase/(Decrease) in 2016/17 | 492 | 121 | 35 | 648 | 605 | (154) | **1,099** | (2,239) |  | **(1,140)** |
| **Balance at 31 March 2017 Carried Forward** | 1,319 | 301 | 434 | 2,054 | 605 | 98 | **2,757** | (1,983) |  | **774** |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |   |  |   |  |   |  |  |

#

# CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement show how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

**Cash Flow Statement**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2016/17****£000** |  | **NOTE** | **2017/18****£000** | **2017/18****£000** | **2017/18****£000** |
|  |  |  |  |  |
| (1,200) | **(Surplus)/Deficit on the provision of services** |  |  | (656) |
| (123) | Depreciation |  |  | (266) |  |
| (15) | Amortisation of intangible assets |  |  | (150) |  |
| 0 | Impairments |  |  | 0 |  |
| 0 | Loss on valuation of asset held for sale |  |  | 0 |  |
| 0 | Loss on revaluation of Land and Buildings |  |  | 0 |  |
|  |  |  |  |  |  |
| (25) | Increase/(Decrease) in Stocks |  | 9 |  |  |
| 213 | Increase/(Decrease) in Debtors |  | (157) |  |  |
| 481 | (Increase)/Decrease in Creditors |  | 329 |  |  |
|  4 | (Increase )/Decrease in Creditor re Accrued Employee Benefits |  | 3 |  |  |
| 672 |  |  |  | 184 |  |
|  |  |  |  |  |  |
| (750) | Reversal of Current Service Cost, Pension Interest Cost and Expected Return on Pension Assets |  | (980) |  |  |
| 559 | Cash payment to Pension Fund in year |  | 553 |  |  |
| (191) |  |  |  | (427) |  |
| 227 | Capital Grants taken to Revenue Account |  |  | 206 |  |
| 570 | Total Adjustments to net surplus or deficit on the provision of services for non-cash movements |  |  |  | (453) |
| (630) |  |  |  |  | (1,109) |
| 0 | Adjustments for items included in the net surplus or deficit on the provision of services that are Investing and Financing activities |  |  |  | 930 |
| **(630)** | **Net Cash Flows from Operating Activities** | 19 |  |  | **(179)** |
|  |  |  |  |  |  |
| (477) | Investing Activities | 20 |  |  | (769) |
| 0 | Financing Activities |  |  |  | 0 |
| (1,107) | **Net (increase)/ or decrease in cash and cash equivalents** |  |  |  | (948) |
| (1,706) | Cash and Cash Equivalents at the beginning of the reporting period |  |  |  | (2,813) |
| (2,813) | **Cash and Cash Equivalents at the end of the reporting period** | 15 |  |  | (3,761) |

# NOTES TO THE ACCOUNTS

**NOTE 1: Accounting Policies**:

##### 1.1 GENERAL PRINCIPLES

The purpose of the Statement of Accounting Policies is to explain the calculation bases of the figures in the accounts.

The accounts have been prepared in accordance with:

* The current year’s Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice as it applies to National Parks.
* The guidance notes issued by CIPFA on the application of International Financial Reporting Standards (IFRS’s); International Accounting Standards (IAS’s); Statements of Recommended Practice (SORP)
* The Local Government Finance Act 1982
* The Accounting principles of relevance, reliability, comparability and comprehensibility.
* The basic accounting concepts of materiality, going concern, matching, consistency, primacy of legislative requirements, prudence and substance over form. The concept of the primacy of legislative requirements is given precedence over other concepts where there is a conflict.

##### 1.2 ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year in which it occurs, not simply when cash payments are made or received. In particular:

* Revenue from the sales of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
* Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
* Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
* Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is reduced and a charge is made to the expenditure and income account for the income that might not be collected.

##### 1.3 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority’s cash management.

##### 1.4 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority’s financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

**1.5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

* Depreciation attributable to the assets used by the relevant service
* Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off
* Amortisation of intangible fixed assets attributable to the service

The Authority is not required to fund depreciation, revaluations and impairment losses or amortisations from the revenue grant or levies. As the Authority is debt-free it is not required to make an annual contribution from revenue to reduce its overall borrowing requirement as would otherwise be the case.

**1.6 EMPLOYEE BENEFITS**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made on an estimated basis at the rates of pay applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises the costs of a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Income and Expenditure Account to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

**Post-employment benefits** are earned by employees during their working life in return for services to their employer. Employees of the Authority are members of the Local Government Pension Scheme, administered by Powys County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority and is accounted for as a defined benefits scheme.

The liabilities of the Powys Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirements benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.

Liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. The assets of the Powys pension fund attributable to the Authority are included in the Balance Sheet at their fair value.

* quoted securities – current bid price
* unquoted securities – professional estimate
* unitised securities – current bid price
* property – market value

The change in the net pensions liability is analysed into the following components:

* Service cost comprising:
* current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
* past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
* net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
* Re-measurements comprising:
* the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
* actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
* Contributions paid to the Powys Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

**1.7 EVENTS AFTER THE REPORTING PERIOD**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

* Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
* Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**1.8 FOREIGN CURRENCY TRANSLATION**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting material gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

**1.9 GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to Receipts in Advance - Capital Grants. Where it has been applied, it is posted to the Capital Adjustment Account.

**1.10 INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost and carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Reserve. The gains and losses are therefore reversed out of the General Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**1.11 INVENTORIES**

These have been included in the accounts at cost. This is a departure from the requirements of the CIFPA Code of Practice, which require stocks to be shown at the lower of actual cost or net realisable value, whichever is the lower. The difference is not considered to be material.

**1.12 LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee and the value of the item of property, plant or equipment leased exceeds the de minimis threshold of £10,000 – see item 1.14 below. All other leases are classed as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

**1.13 OVERHEADS AND SUPPORT SERVICES**

In accordance with the current CIPFA Code of Practice, the cost of support services is accounted for in the same format as presented to Authority Members in the management accounts. Support services and departmental management costs are shown in the department under which they are managed. This is a change in presentation from previous years and the comparative 2015/16 Comprehensive Income and Expenditure Statement has therefore been revised to provide comparative information. The remaining element which is not shown in the relevant department is Non-Distributed Costs.

**1.14 PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

**Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. The Authority has set a minimum level of £10,000 for capitalising expenditure, with the exception of land and buildings which are always capitalised. Expenditure below the minimum level is treated as revenue and assets with a net book value of less than £10,000 have been written out of the balance sheet and are no longer included in the total of fixed assets.

**Measurement**

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are then carried in the Balance Sheet using the following measurement bases:

* Infrastructure, community assets and assets under construction: depreciated historical cost.
* All other assets: fair value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

* where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
* where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

**Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

* where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
* where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
* where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

**Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction). Deprecation is calculated on the following bases:

* dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
* vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer
* infrastructure (rights of way, trails and associated structures – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer

In the absence of specific advice, the estimated asset lives used are as follows:

|  |  |
| --- | --- |
| Vehicles and other equipment | 5 years |
| IT equipment | 3 years |
| Community and Infrastructure assets | 20 years |
| Intangible Assets | 3 years |

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. As the Authority is debt free, 100% of any such receipts can be used to finance new capital expenditure

The written-off value of disposals is not a charge against taxation, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**Surplus Assets**

Where an asset is no longer being used for operational purposes but is not being actively marketed, abandoned or scrapped, it is classified as a surplus asset. Surplus assets are valued at fair value (ie the price which would be received in an orderly transaction between market participants at the measurement date.

**1.15 CONTINGENT LIABILITIES AND CONTINGENT**

**ASSETS**

**Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts where they are material.

**Contingent Assets**

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential and they are material.

**1.16 RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies*.* Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against taxation for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

**1.17 VALUE ADDED TAX**

The accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable.

**NOTE 2: Accounting Standards Issued and Not Adopted**

There are not considered to be any material impacts on the Statement of Accounts from 2017/18 accounting standards issued but not adopted.

**NOTE 3: Critical Judgements In Applying Accounting Policies**

In applying the Authority’s Accounting Policies, certain judgements have been made involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

* There is uncertainty about future levels of funding for National Park Authorities in Wales. However, the assumption has been made that the Authority’s principal functions will continue and that the Authority will continue to exist as a ‘going concern’. The most significant implication of this is that the Authority’s future liabilities to the Powys Pension Fund will not crystallise in the short term and are being met by contribution levels set by the Fund’s actuary.

**NOTE 4: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures which are based on assumptions made by the Authority about the future or are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority’s Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

|  |  |  |
| --- | --- | --- |
| **Item** | **Uncertainties** | **Effect If Actual Results Differ From Assumptions** |
| Pensions liability/Asset | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to corporate bond yields, the discount rate used, projected rates of salary increase, changes to the Local Government Pension Scheme itself, future retirement ages, mortality rates and expected returns on pension fund assets. AON Hewitt provides the Authority with actuarial advice on the assumptions to be applied and their effect – see Note 31. | Changes in assumptions may interact in a number of ways but may have a large impact on the Financial Statement. The accounting standard governing the accounting basis for Pension Scheme costs is known to cause volatility in estimates of assets and liabilities between years and hence large swings in both the CIES total and net assets. The Powys Pension Fund holds a significant proportion of growth asset which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures. The actual cost of pension benefits accrued by current Authority employees will not be known for many years. |
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be carried out on individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Valuations ascribed to Property by the Authority’s valuers are affected by market values which are substantially dependent on economic factors outside the Authority’s control. | A reduction in useful life or identification of impairment increases the charge on the Cost of Services and reduces the value of assets in the Balance Sheet. See Note 12 for details of depreciation and impairment in the year.Changes in the market value of assets may result in the Authority’s land and buildings being under- or over-valued. |

**NOTE 5: Events after the Balance Sheet date**

The Statement of Accounts was authorised for issue by Chief Financial Officer on 31 May 2018. Events taking place after this date are not reflected in the Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the Statements and notes have been adjusted in all material respects to reflect the impact of this information.

**NOTE 6: Adjustments between accounting basis and funding basis under**

**Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. Below is a description of the General Reserve, against which the adjustments are made.

**General Reserve**

The General Reserve is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Reserve, which is not necessarily in accordance with proper accounting practice. The General Reserve therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment.

**Earmarked Reserves**

These reserves are amounts set aside by the Authority out of its revenue resources to meet future costs whose timing and extent are uncertain. They are held until required or until such time as the Authority decides that the anticipated costs will not arise, when they can be transferred, via the appropriations account, into the General Reserve. The purposes of the principal earmarked reserves are described below.

|  |
| --- |
| **S106 Affordable Housing Reserve**This reserve has been established to retain S106 sums payable to the Authority in relation to property development pending their allocation to applicants for the provision of affordable housing. |
| **National Grid Staffing Reserve**This reserve was set up to receive funding for additional posts in relation to a one-off payment from Transco to help mitigate the impact of the construction of a gas pipeline across the National Park. The grant was intended to cover payroll and other associated costs for a number of years for a Warden and an Ecologist. The reserve continues to be used to support the work of the Ecology team. Amounts are transferred into the revenue account as required. |
| **Welsh Government Specific Revenue Funding 2017**This reserve holds the unspent portion of revenue funding for a range of specific projects, provided to the Authority in addition to its core grant in 2016/17. This will facilitate reporting on the use of the funding. |
| **Welsh Government Specific Revenue Funding 2018**This reserve holds the unspent portion of revenue funding for a range of specific projects, provided to the Authority in addition to its core grant in 2017/18. This will facilitate reporting on the use of the funding. |
| **Conservation Fund Reserve**Fees received by the Authority from organisations using Authority land for filming, net of any related costs, are set aside for use on environmental improvement projects and other expenditure to benefit the National Park. |
| **Local Development Plan Enquiry Reserve**The Authority is legally required to publish a Local Development Plan periodically. This involves extensive consultation and data collection, a public enquiry held by an external Planning Inspector, and publication costs at intervals of 3-5 years. Funds were set aside each year to help fund these recurring costs. The current Plan was adopted in 2014 and is currently being reviewed. |
| **Tourism and Information Publications Reserve**This fund is used to provide for the cost of refreshing and reprinting Authority information publications and is credited with the net income generated by sales of the publications. |
| **Tourism Projects Reserve**The Reserve has been set aside to cover contingencies and exchange rate losses arising from the projects has been reserved for use to support future grant bids and tourism initiatives.  |
| **Tourism Destination Partnership Reserve**This reserve holds funds received from members of the Sustainable Destination Partnership until they are applied on tourism projects for the Partnership. |
| **Legacy receipts Reserve**This new reserve was set up to earmark funding received in the form of bequests until it can be appropriately used to benefit the National Park. |
| **Dwr Cymru-Welsh Water Reserve**Funds received from DCWW for agreed programmes of work in water catchment areas such as peatland restoration and environmental study and data collection but not yet applied have been reserved for use in future years. |
| **Sustainable Development Fund Earmarked Sums** This reserve represents funding commitments agreed by the Grant Allocation Panel but not claimed by the grantee at the financial year end. |

**Adjustments between accounting basis and funding basis under Regulations in the year**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2016/17** |  |  |  |  | **2017/18** |  |
| **General Reserve****£000** | **Move- ments in Unusable Reserves****£000** | **Move-ments in Capital Reserves £000**  |  |  | **General Reserve****£000** | **Move- ments in Unusable Reserves****£000** | **Move-ments in Capital Reserves £000**  |
|  |  |  |  | **Adjustments primarily involving the Capital Adjustment Account** |  |  |  |
| (122) | 122 |  |  | Charges for depreciation and impairment of non-current assets | (266) | 266 |  |
| 0 | 0 |  |  | Amounts of non-current assets written off on disposal as part of gain/loss on disposal shown in CIES | (150) | 150 |  |
| 0 | 0 |  |  | Revaluation losses on Property, Plant and Equipment | 0 | 0 |  |
| (15) | 15 |  |  | Amortisation of intangible assets |  |  |  |
| 227 | (227) |  |  | Capital grants and contributions applied | 206 | (206) |  |
|  |  |  |  | **Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement** |  |  |  |
| 44 | (44) |  |  | Capital expenditure charged against the General Fund | 33 | (33) |  |
|  |  |  |  | **Adjustments primarily involving the Capital Receipts Reserve** |  |  |  |
| 0 | 0 |  |  | Transfer of cash sale net proceeds credited as part of the gain/loss on disposal to the CIES and financing of disposal costsand financing cost of disposal from Cap Receipt | 203 |  | (203) |
|  |  |  |  | **Adjustments primarily involving the Capital Grants Unappd account** |  |  |  |
| (605) | 0 | 605 |  | Grants received but unapplied in year transferred to Capital Grants Unapplied Account | 730 |  | (730) |
|  |  |  |  | **Adjustments primarily involving the Pensions Reserve** |  |  |  |
| (750) | 750 |  |  | Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see NOTE 31)  | (980) | 980 |  |
| 559 | (559) |  |  | Employers’ pension contributions and direct payments to pensioners payable in the year | 553 | (553) |  |
|  |  |  |  | **Adjustments Primarily involving the Accumulated Absences Account** |  |  |  |
| 4 | (4) |  |  | Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruals basis is different from that chargeable in the year in accordance with statutory requirements | 3 | (3) |  |
| **(658)** | **53** | **605** |  | **TOTAL ADJUSTMENTS** | **332** | **601** | **(933)** |

**NOTE 7: Transfers between Earmarked Reserves and the General Fund**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Balance at 31 March 2016** | **Transfers out** | **Transfers in** | **Balance at 31 March 2017** | **Rounding** **Adjustment** | **Transfers out** | **Transfers in** | **Balance at 31 March 2018** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Welsh Government Specific revenue grants committed to projects | 0 | 0 | 0 | 0 | 0 | (58) | 485 | 427 |
| S106/Affordable Housing sums received by the Authority but not yet applied | 179 | (59) | 180 | 301 | 0 | (1) | 25 | 325 |
| Other Earmarked Reserves | 399 | (144) | 179 | 434 | 1 | (88) | 332 | 679 |
| **Total** | **579** | **(203)** | **359** | **735** | **1** | **(147)** | **842** | **1,431** |

**NOTE 8: Other Operating Expenditure**

|  |  |  |
| --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** |
| 0 | (Gains)/losses on the disposal of non-current assets | (50) |
| 20 | Pension Fund Administration Costs | 20 |
| 20 | Total | (30) |

**NOTE 9: Financing and Investment Income and Expenditure**

|  |  |  |
| --- | --- | --- |
| **2016/17****£000** |  | **207/18****£000** |
| 170 | Interest on Pension Scheme net defined benefit liability | 190 |
| (8) | Interest receivable and similar income | (6) |
| 162 | Total | 184 |

**NOTE 10: Taxation and Non-Specific Grant Income** (see also Note 25 - Total Grant Income)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2016/17****£000** | **2016/17****£000** |  | **2017/18****£000** | **2017/18****£000** |
|  |  | **Levies on Constituent Local Authorities** |  |  |
| 554 |  | Powys County Council | 554 |  |
| 138 |  | Carmarthenshire County Council | 138 |  |
| 106 |  | Monmouthshire County Council | 106 |  |
| 48 |  | Rhondda Cynon Taff County Borough Council | 48 |  |
| 38 |  | Merthyr Tydfil County Borough Council | 38 |  |
| 29 |  | Blaenau Gwent County Borough Council | 29 |  |
| 29 |  | Torfaen County Borough Council | 29 |  |
|  | 942 |  |  | 942 |
|  | 3,937 | Non-Specific Grant Income – National Park Grant |  | 3006 |
|  |  | Funding Pressures Grant Income – Welsh Government |  | 730 |
|  | 227 | Capital Grants and Contributions applied in year |  | 206 |
|  | 5,106 | **Total** |  | 4884 |

**NOTE 11: Property, plant and equipment**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and Buildings | Vehicles, Plant, Furniture and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets under Construction | Total Property, Plant and Equipment |
| **Movements in 2017/18** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Cost or Valuation:** |  |  |  |  |  |  |  |
| At 1 April 2017 | 4,567 | 1,041 | 1,598 | 292 | 150 | 220 | 7,868 |
| Additions | 97 | 0 | 104 | 50 | 0 | 116 | 367 |
| Valuation increases/(decreases) recognised in the Revaln Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Valuation increases/(decreases) recognised in the CIES\* | (98) | 0 | 0 | 0 | 0 | 0 | (98) |
| De-recognition of fully depreciated assets | 0 | (965) | (499) | (132) | 0 | 0 | (1,596) |
| Disposals |  |  |  |  | (150) |  | (150) |
| Assets reclassified (to)/from held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in cost or valuation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2018 | 4,566 | 76 | 1,203 | 210 | 0 | 336 | 6,391 |
| **Accumulated depreciation and Impairment** |  |  |  |  |  |  |  |
| At 1 April 2017 | 39 | 991 | 828 | 277 | 0 | 0 | 2,135 |
| Depreciation written out to the revaluation reserve | 21 | 0 | 0 | 0 | 0 | 0 | 21 |
| Depreciation written out to the surplus/deficit on the provision of services | 18 | 21 | 87 | 8 | 0 | 0 | 134 |
| **Total depreciation charge for the year** | 39 | 21 | 87 | 8 | 0 | 0 | 155 |
| Impairment losses/(reversals) recognised in the revaluation reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/(reversals recognised in the surplus/deficit on the provision of services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition – disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition – other\*\* | 0 | (964) | (500) | (132) | 0 | 0 | (1,596) |
| **At 31 March 2018** | 78 | 48 | 415 | 153 | 0 | 0 | 694 |
| **Net Book Value** |  |  |  |  |  |  |  |
| *At 31 March 2017* | *4,528* | *50* | *770* | *15* | *150* | *220* | *5,733* |
| At 31 March 2018 | 4,488 | 28 | 788 | 57 | 0 | 336 | 5,697 |
| ‘\* Expenditure on improvements to office space and visitor facilities at the National Park Visitor Centre has been written down in the year as it is considered to be non-enhancing..‘\*\* The entries under ‘de-recognition- other’ relate to historic accumulated depreciation for assets which had reached the end of their useful lives and has therefore been written out of both the gross asset value and the accumulated depreciation total. There is no impact on the net value of Property, Plant and Equipment shown in the balance sheet. |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Land and Buildings | Vehicles, Plant, Furniture and Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets under Construction | Total Property, Plant and Equipment |
| **Movements in 2016/17** |  |  |  |  |  |  |  |
| **Cost or Valuation:** | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2016\* | 4,717 | 1,041 | 1,409 | 292 | 0 | 0 | 7,459 |
| Additions | 0 | 0 | 189 | 0 | 0 | 220 | 409 |
| Valuation increases/(decreases) recognised in the Revaln Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Valuation increases/(decreases) recognised in the CIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition/disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assets reclassified (to)/from held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements in cost or valuation | (150) | 0 | 0 | 0 | 150 | 0 | 0 |
| At 31 March 2017 | 4,567 | 1,041 | 1,598 | 292 | 150 | 220 | 7,868 |
| **Accumulated depreciation and Impairment** |  |  |  |  |  |  |  |
| At 1 April 2016\* | 0 | 975 | 768 | 269 | 0 | 0 | 2,012 |
| Depreciation written out to the revaluation reserve | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| Depreciation written out to the surplus/deficit on the provision of services | 17 | 16 | 60 | 8 | 0 | 0 | 101 |
| **Total depreciation charge for the year** | 39 | 16 | 60 | 8 | 0 | 0 | 123 |
| Impairment losses/(reversals) recognised in the revaluation reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment losses/(reversals recognised in the surplus/deficit on the provision of services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition – disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| De-recognition – other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **At 31 March 2017** | 39 | 991 | 828 | 277 | 0 | 0 | 2,135 |
| **Net Book Value** |  |  |  |  |  |  |  |
| *At 31 March 2016* | *4,717* | *66* | *641* | *23* | *0* | *0* | *5,447* |
| *At 31 March 2017* | *4,528* | *50* | *770* | *15* | *150* | *220* | *5,733* |
|  |  |  |  |  |  |  |  |

**Depreciation:** All assets except land are depreciated, in line with the Authority’s Statement of Accounting Policies.

**Capital Commitments**: As at 31 March 2018 the Authority had the following capital commitments.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Land and Buildings** **£000** | **Vehicles, Furniture, Plant and Equipment** **£000** | **Infra-structure Assets** **£000** | **Community Assets** **£000** | **TOTAL** **£000** |
| Capital commitments at 31/3/18 | 25 | 10 | 0 | 393 | **428** |
| Capital commitments at 31/3/17 | 82 | 69 | 0 | 0 | **151** |

**Revaluations:**  The Authority carries out a revaluation at least every 5 years to ensure that all Property, Plant and Equipment required to be measured at fair value is accurately valued. The Authority’s land and buildings were last valued as at 31th March 2016 by qualified external valuers in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Other Property, Plant and Equipment is valued at historic cost. Valuations of land and buildings were reviewed on an interim basis by the Authority’s external valuers in April 2017.

**NOTE 12: Intangible Assets**

|  |  |  |
| --- | --- | --- |
|  | **2016/17 £000** | **2017/18 £000** |
|  | Intangible Assets | Intangible Assets under construction | Intangible Assets | Intangible Assets under construction |
| **Balance at start of year** |  |  |  |  |
| Gross Carrying amounts | 64 |  | 64 | 16 |
| Less Accumulated amortisation on de-recognised asset |  |  | (12) |  |
| Accumulated amortisation | (19) |  | (35) | 0 |
| Less Accumulated amortisation on de-recognised asset |  |  | 12 |  |
| Net carrying amount at start of year | 45 | 0 | 29 | 16 |
| Additions – Purchases | 0 |  | 25 |  |
| New Intangible Assets under construction |  | 16 |  | 0 |
| Intangible Assets under construction transferred to Intangible Assets |  | 0 | 16 | (16) |
| Amortisation for the period | (16) |  | (13) | 0 |
| **Net carrying amount at end of year** | **29** | **16** | **57** | **0** |
|  |  |  |  |  |

**Intangible Assets Capital Commitments**: As at 31 March 2018 the Authority had the following capital commitments relating to intangible assets.

|  |  |
| --- | --- |
|  | **Intangible Assets** **£000** |
| Capital commitments at 31/3/18 | 0 |
| Capital commitments at 31/3/17 | 24 |

**NOTE 13: Inventories**

|  |  |
| --- | --- |
|  | **Consumable Stores** **£000** |
| **2016/17** |  |
| **Balance at start of year** | 56 |
| Purchases | 144 |
| Recognised as an expense in the year | (170) |
| Written off balances | 0 |
| Reversals of write-offs | 0 |
| **Balance at end of year** | **30** |
|  |  |
| **2017/18** |  |
| **Balance at start of year** | 30 |
| Purchases | 78 |
| Recognised as an expense in the year | (69) |
| Written off balances | 0 |
| Reversals of write-offs | 0 |
| **Balance at end of year** | **39** |

**NOTE 14: Debtors**

|  |  |  |
| --- | --- | --- |
|  | **31 March 2017****£000** | **31 March 2018****£000** |
|  |  |  |
| Central Government Bodies | 138 | 183 |
| Other Local Authorities | 20 | 65 |
| Bodies external to general government | 555 | 324 |
| **Total** | **713** | **572** |

**NOTE 15: Cash and Cash Equivalents**

|  |  |  |
| --- | --- | --- |
|  | **31March 2017****£000** | **31March 2018****£000** |
| Cash held by the Authority | 2 | 2 |
| Bank Current Accounts | 2,811 | 1,759 |
| Notice Accounts | 0 | 2,000 |
| **Total** | **2,813** | **3,761** |

**NOTE 16: Assets Held For Sale**

There were no assets held for sale in March 2018 or in March 2017. An asset was sold during the year.

**Note 17: Creditors**

|  |  |  |
| --- | --- | --- |
|  | **31March 2017****Sundry Creditors\*** | **31March 2018****Sundry Creditors** |
|  | **£000** | **£000** |
| Central Government Bodies | 175 | 222 |
| Other Local Authorities | 348 | 98 |
| Other Entities and Individuals | 356 | 268 |
| **Total** | **879** | **588** |

‘\* Capital Grant received in advance has now been included with Sundry Creditors to simplify presentation.

**NOTE 18: Unusable Reserves**

|  |  |  |
| --- | --- | --- |
|  | **31 March 2017 (£000)** | **31 March 2018 (£000)** |
| Revaluation Reserve | 2,594 | 2,474 |
| Capital Adjustment Account | 3,170 | 3,266 |
| Accumulated Absences Account\* | (66) | (63) |
| Pensions Reserve\* | (7,681) | (8,858) |
| **Total** | **(1,983)** | **(3,181)** |
|  |
| ‘\* negative reserves are established for accounting purposes to balance liabilities set up to comply with the CIPFA Accounting Code of Practice requirements relating to pensions and staff benefits. |

**18.1 Revaluation Reserve**

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

* revalued downwards or impaired and the gains are lost
* used in the provision of service and the gains are consumed through depreciation, or

disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since it was established on 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

|  |  |  |  |
| --- | --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** | **2017/18****£000** |
|  |  |  |  |
| 2,615 | **Balance at 1 April** |  | 2,594 |
|  | Rounding correction |  | 1 |
| 0 | Upward revaluation of assets | 0 |  |
| 0 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 0 |  |
| 0 | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services |  | 0 |
| (21) | Difference between fair value depreciation and historical cost depreciation | (21) |  |
| 0 | Accumulated gains on assets sold or scrapped | (100) |  |
| (21) | Amount written off to the Capital Adjustment Account |  | (121) |
|  |  |  |  |
| **2,594** | **Balance at 31 March** |  | **2,474** |

**18.2 Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

|  |  |  |  |
| --- | --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** | **2017/18****£000** |
| 2,861 | **Balance at 1 April** |  | 3,170 |
|  | Rounding Adjustment |  | 1 |
|  | Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement. |  |  |
| (123) | * Charges for depreciation and impairment of non-current assets
 | (155) |  |
| 0 | * Revaluation losses on Property, Plant and Equipment
 | 0 |  |
| (15) | * Amortisation of intangible assets
 | (13) |  |
| 0 | * Revenue Expenditure funded from capital under statute
 | 0 |  |
| 0 | * Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement
 | (150) |  |
| (138) |  |  | (318) |
| 21 | Adjusting amounts written out of the Revaluation Reserve |  | 21 |
| (117) | Net amount written out of the cost of non-current assets consumed in the year. |  | (297) |
|  | Capital financing applied in the year |  |  |
| 154 | * Capital Receipts applied to finance capital expenditure
 | 76 |  |
|  | * Use of the Capital Grants Unapplied Account to finance Capital Expenditure
 | 77 |  |
| 227 | * Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing
 | 206 |  |
| 44 | * Capital expenditure charged against the General Fund
 | 33 |  |
| 425 |  |  | 392 |
| **3,170** | **Balance at 31 March** |  | **3,266** |

**18.3 Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and in the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

|  |  |  |
| --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** |
| (5,151) | **Balance at 1 April** | (7,681) |
| (2,340) | Actuarial gains/( losses) on pensions assets and liabilities | (750) |
| (750) | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (980) |
| 559 | Employer’s pension contributions and direct payments to pensioners payable in the year | 553 |
| **(7,681)** | **Balance at 31 March** | **(8,858)** |

**18.4 The Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement due but untaken at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

|  |  |  |
| --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** |
| (70) | **Balance at 1 April** | (66) |
| 4 | Net change in Accrual; amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 3 |
| **(66)** | **Balance at 31 March** | **(63)** |

**NOTE 19: Cash Flow Statement: Operating Activities**

|  |  |  |  |
| --- | --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** | **2017/18****£000** |
|  | **Cash Inflows from Operating Activities** |  |  |
| 3,378 | Government grants | 3,010 |  |
| 942 | Levies on Constituent Authorities | 942 |  |
| 998 | Cash received for goods and services | 705 |  |
| 8 | Interest received | 6 |  |
| 725 | Other operating cash receipts | 923 |  |
| 6,051 |  |  | 5,586 |
|  | **Cash Outflows on Operating Activities** |  |  |
| (3,723) | Cash paid to and on behalf of employees | (3,651) |  |
| (1,698) | Other operating cash payments | (1,756) |  |
| (5,421) |  |  | (5,407) |
| **630** | **Net Cash flow on Operating Activities** |  | **179** |

**NOTE 20: Cash Flow Statement - Investing Activities**

|  |  |  |
| --- | --- | --- |
| **2016/17****£000** |  | **2017/18****£000** |
| (403) | Purchase of property, plant and equipment and intangible assets | (374) |
|  | Proceeds from the sale of property, plant and equipment and intangible assets | 200 |
| 880 | Other receipts from investing activities (Capital Grants) | 943 |
| 477 | **Net cash flows from investing activities** | 769 |

**NOTE 21: Subjective Analysis of Authority Expenditure as reported to Management**

Following the revision of the CIPFA code in 2016/17, the reporting of income and expenditure as required for the Comprehensive Income and Expenditure Statement (CIES) now follows the structure of the management accounts as reported to the Authority. The Expenditure and Funding Analysis outlines the adjustments between the management accounts and the CIES. This note provides further detail of the subjective breakdown of income and expenditure within the Authority’s principal Directorates as recorded the management accounts.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Directorate Income and Expenditure 2017/18** | **Planning** | **Countryside and Community** | **Chief Executive’s Office** | **Other\*** | **Total** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
| Fees, charges and other service income | (258) | (940) | (180) | 0 | **(1,378)** |
| Interest and Investment income | 0 | 0 | 0 | (6) | **(6)** |
| Grants and Contributions |  | (198) | 0 | 0 | **(198)** |
| Income from Non-Specific Grants and Levies |  |  |  | (4,678) | **(4,678)** |
| **Total Income** |  |  |  |  |  |
|  | **(258)** | **(1,138)** | **(180)** | **(4,684)** | **(6,260)** |
|  |  |  |  |  |  |
| Employee expenses | 981 | 1,859 | 850 | 0 | **3,690** |
| Other service expenses | 153 | 955 | 372 | 33 | **1,513** |
| Transfers to/(from) reserves |  |  |  | 1,628 | **1,628** |
| Net proceeds from asset sales |  |  |  | (200) | **(200)** |
|  |  |  |  |  |  |
| **Total Expenditure** | **1,134** | **2,814** | **1,222** | **1,461** | **6,631** |
|  |  |  |  |  |  |
| **Net Expenditure** | **876** | **1,676** | **1,042** | **(3,223)** | **371** |
|  |  |  |  |  |  |
|  |  |  |
| **Directorate Income and Expenditure 2016/17** | **Planning** | **Countryside and Community** | **Chief Executive’s Office** | **Other\*** | **Total** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
| Fees, charges and other service income | (700) | (846) | (151) | 0 | **(1,697)** |
| Interest and Investment income | 0 | 0 | 0 | (8) | **(8)** |
| Grants and Contributions | (5) | (520) | (15) | 0 | **(540)** |
| Income from Non-Specific Grants and Levies |  |  |  | (4,879) | **(4,879)** |
| **Total Income** |  |  |  |  |  |
|  | **(705)** | **(1,366)** | **(166)** | **(4,887)** | **(7,124)** |
|  |  |  |  |  |  |
| Employee expenses | 870 | 1,931 | 839 | 74 | **3,714** |
| Other service expenses | 412 | 1,084 | 617 | 44 | **2,157** |
| Transfers to/(from) reserves |  |  |  | 761 | **761** |
|  |  |  |  |  |  |
| **Total Expenditure** | **1,282** | **3,015** | **1,456** | **879** | **6,632** |
|  |  |  |  |  |  |
| **Net Expenditure** | **577** | **1,649** | **1,290** | **(4,008)** | **(492)** |
|  |
|  |  |  |

\* Other includes National Park Grant and Levies, Transfers to and from Earmarked reserves, and Interest Income.

**NOTE 22: Members’ Allowances**

The Authority paid the following amounts to members of the Authority during the year. Further details are published in an appendix to the Statement of Accounts.

|  |  |  |
| --- | --- | --- |
|  | **2016/17 £000** | **2017/18 £000** |
| Allowances | 101 |  94 |
| Expenses | 14 | 18 |
| **Total** | **115** | **112** |

**NOTE 23: Officers’ Remuneration and termination benefits**

The remuneration paid to the Authority’s senior employees who received remuneration (in total or pro-rata) of more than £60,000 per for the year is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Salary** | **Expenses** | **Employer’s Pension Contribution** | **Total** |
|  |  | **£000** | **£000** | **£000** | **£000** |
| **2017/18** |  |  |  |  |  |
| Chief Executive to 31/1/18 |  | 66 | 0 | 15 | **81** |
| Director of CLM Department, then Chief Executive from 1/2/18 |  | 60 | 0 | 14 | **74** |
|

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2016/17** |  |  |  |  |  |

 |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2017/18** |  |  |  |  |  |

 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2017/18** |  |  |  |  |  |

 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2017/18** |  |  |  |  |  |

 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2017/18** |  |  |  |  |  |

 |
| Chief Executive |  | 77 | 0 | 15 | **92** |
|  |  |  |  |  |  |

There were no other senior employees receiving remuneration of more than £60,000 per annum (none in 2016/17).

The annual salary of the Chief Executive Officer as a multiple of the median salary of an Authority employee (£23,398) is 3 (3 in 2016/17 of the median salary of £23,166).

**Termination Benefits**

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exit package cost band (including special payments)** | **Number of compulsory redundancies** | **Number of other departures agreed** | **Total number of exit packages by cost band** | **Total cost of exit packages in each band**  |
| **£** | **2016/17** | **2017/18** | **2016/17** | **2017/18** | **2016/17** | **2017/18** | **2016/17****£000** | **2017/18****£000** |
| **0-20,000** | 5 | 0 | 3 | 2 | 8 | 2 | 66 | 6 |
|  |  |  |  |  |  |  |  |  |

**NOTE 24: External Audit Costs**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Authority’s external auditors.

|  |  |  |
| --- | --- | --- |
| **Fees payable to external auditors for:** | **2015/16****£000** | **2016/17** **£000** |
| Financial Audit Fee | 28 | 27 |
| Adjustments and rebates re prior years |  | (1) |
| Performance Audit fee (statutory inspections) | 17 | 17 |
| **Total** | **45** | **43** |
|  |  |  |

**NOTE 25: Grant Income**

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

|  |  |  |
| --- | --- | --- |
|  | **2016/17****£000** | **2017/18****£000** |
| **Credited to Taxation and Non-Specific Grant Income** |  |  |
| National Park Grant | 3,937 | 3,006 |
|  National Park Capital Grant | 227 | 206 |
|  National Park Capital Project s Grant | 0 | 730 |
|  Levies – Powys County Council | 554 | 554 |
| Carmarthenshire County Council | 138 | 138 |
| Monmouthshire County Council | 106 | 106 |
|  Rhondda Cynon Taff County Borough Council | 48 | 48 |
| Merthyr Tydfil County Borough Council | 38 | 38 |
| Blaenau Gwent County Borough Council | 29 | 29 |
| Torfaen County Borough Council | 29 | 29 |
|  **Total** | **5,106** | **4,884** |
|  **Credited to Services** |  |  |
| EU Grants | 0 | 24 |
| WG Access and Nature Fund Grants | 107 | 50 |
| Visit Wales and Tourism Partnership Grants | 50 | 0 |
| Other Government Grants | 0 | 124 |
| Other Local Authority Grants and Contributions | 92 | 154 |
| Heritage Lottery Fund Grant | 205 | 142 |
| Other Grants | 77 | 0 |
| Donations | 9 | 133 |
| **Total credited to services** | **540** | **627** |
| **Total Grants, Contributions and Donations** | **5,646** | **5,511** |

**NOTE 26: Related Parties**

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 operate independently or might have secured the ability to limit another party’s ability to bargain freely with the Authority.

**26.1 Central Government**

The Welsh Assembly Government has effective control over the general operations of the Authority – it provides the majority of its funding in the form of grants and by determining the total Levy which the Authority may make on its Constituent Local Authorities. It also sets objectives for the Authority by means of the Memorandum of Understanding and the annual Strategic Grant Letter. The Authority’s operations and management are also controlled by a statutory framework encompassing a range of legislation which includes a definition of its statutory purposes and duty. Government grant receipts in the years to 31 March 2018 and 2017 are included in Note 28 and Note 30.

**26.2 Members**

The 24 Members of the Authority have direct control over the Authority’s financial and operating policies. The total of members’ allowances paid in 2016/17 and in 2017/18 is shown in Note 27. These are further itemised in Appendix I. Where members are personally affected by decisions made by the Authority they are required to declare an interest and refrain from taking part in those decisions and discussions relating to them. Details of members’ interests are recorded in the Register of Members’ Interests, open to public inspection at the Authority’s offices during working hours.

**26.3 Other Public Bodies**

The Constituent Local Authorities, within whose boundaries the Authority’s own boundary runs, contribute to the finances of the Authority by means of a statutory levy, determined by the Welsh Assembly Government. Each of these authorities provides a number of councillors to serve as members of the National Park Authority, broadly in proportion to the size of the levy they contribute and their area within the National Park. The authority represented by each member is shown in Appendix 1 of the Statement of Accounts. Grants for specific purposes are also received from or via local authorities and the total of these is shown in Note 25.

**26.4 Senior Management**

The Chief Executive and Directors of the Authority are in a position to influence the Authority’s policies and allocation of its resources. Payments to senior officers with a remuneration of greater than £60,000 per annum are identified in Note 26. All staff are required to declare gifts and hospitality received.

**26.5 Entities Controlled or Significantly Influenced by the Authority**

The Authority gives grants for specific purposes to organisations under the Sustainable Development Fund Grant Scheme but it is not considered that the Authority has control, joint control or significant influence over the entities assisted. The Authority has historically given an annual subscription to the Welsh Association of National Park Authorities, which exists to promote the interests of the 3 Welsh National Parks. This was £nil in 2016/17 and 2017/18 as contributions were waived.

The Authority set aside a reserve for future funding of £10,000, towards the National Parks Partnership in 2017/18. This is a Limited Liability Partnership formed by all 15 UK National Park Authorities to generate commercial sponsorship and other funding for the benefit of all the Authorities equally. The Chief Executive is one of 10 Board members of the Partnership.

**NOTE 27: Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. If capital expenditure were to be financed in future years by charges to revenue as assets were used by the Authority, the expenditure would require a calculation of the Capital Financing Requirement. As the Authority is currently debt-free, this calculation is not required.

|  |  |  |
| --- | --- | --- |
|  | **2016/17****£000** | **2017/18****£000** |
| **Opening capital financing requirement** | 0 | 0 |
| **Capital investment** |  |  |
| Property, Plant and Equipment | 409 | 367 |
| Intangible Assets | 16 | 25 |
|  | 425 | 392 |
| **Less: Sources of finance**  |  |  |
| Government grants and other contributions | (227) | (206) |
| Capital Grants Account Applied | 0 | (77) |
| Capital Receipts Applied | (154) | (76) |
| Direct revenue contributions |  (44) |  (33) |
| **Closing Capital Financing Requirement** | 0 | 0 |

**NOTE 28: Leases**

**28.1 The Authority as Lessee**

Finance Leases: the Authority currently has no material leases which are classified as finance leases under the terms of the CIPFA Code of Practice.

Operating Leases: The Authority’s headquarters, some office equipment and its vehicle fleet have been acquired under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

|  |  |  |
| --- | --- | --- |
| **Total Commitments Under Operating Leases** | **31 March** **2017****£000** | **31 March 2018****£000** |
| **Payments within 1 year** |  |  |  |  |
| Buildings | 19 |  | 22 |  |
| Office Equipment | 0 |  | 3 |  |
| Vehicles | 65 |  | 50 |  |
| **Total** |  | 84 |  | 75 |
| **Payments 2-5 years** |  |  |  |  |
| Buildings | 80 |  | 59 |  |
| Office Equipment | 0 |  | 3 |  |
| Vehicles | 55 |  | 7 |  |
| **Total** |  | 135 |  | 69 |
|  |  |  |  |  |
| **Payments after 5 years** |  | 0 |  | 0 |
|  |  |  |  |  |
| **Total Commitments** |  | **219** |  | **144** |

**28.2 The Authority as Lessor**

Finance Leases: the Authority does not lease out property under terms which would be classified as finance leases under the terms of the CIPFA Code of Practice. (There were none in 2016/17)

Operating Leases:the Authority leases out parts of its premises at the Craig y nos Country Park but lessees do not have security of tenure.

The future minimum lease payments receivable under non-cancellable leases in future years are:

|  |  |  |
| --- | --- | --- |
| **Total Receivables Under Operating Leases ending:-** | **31 March 2017****£000** | **31 March 2018****£000** |
| **Not later than one year** |  |  |
| Buildings |  0 |  | 0 |  |
| **Later than one year and not later than 5 years** |  |  |  |  |
| Buildings | 0 |  | 0 |  |
| **Total Receivables** |  | **0** |  | **0** |

**NOTE 29: Impairment Losses**

The CIPFA Code of Practice requires the Authority to disclose any impairment losses or reversals charged to the Surplus or Deficit on the Provision of services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 11 and 12, reconciling the movement in the year in the Property, Plant and Equipment and Intangible Asset balances.

There were no impairments identified during 2017/18 (none in 2016/17). Land and Buildings were revalued as at March 2016 and their asset lives reassessed. A review of the asset valuation to identify any material changes to existing values was carried out by the Authority’s valuers as at 1 April 2017.

**NOTE 30: Termination Benefits**

The Authority terminated the contracts of 2 employees in 2017/18 incurring liabilities of £6,161. In 2016/17 it terminated the contracts of 8 employees incurring liabilities of £65,658. See also note 23.

**NOTE 31: Defined Benefit Pension Schemes**

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that must be disclosed at the time when employees earn their future entitlement. In accordance with International Accounting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

**FUNDED SCHEMES**

The disclosures below relate to the funded liabilities within the Powys County Council Pension Fund (“the Fund”) which is part of the Local Government Pension Scheme (the “LGPS”). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a career average revalued earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the ‘LGPS Regulations 2013’ and the ‘LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014’.

The funded nature of the LGPS requires Brecon Beacons National Park Authority and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in ‘LGPS Regulations 2013’ and the Fund’s ‘Funding Strategy Statement’. In order to calculate the level of contributions required to meet its share of the Fund’s liabilities and to obtain the disclosures and calculations required to complete the annual Statement of Accounts, the Authority uses the services of a qualified actuary; AON Hewitt Limited.

The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund’s Rates and Adjustment Certificate. The Fund Administering Authority, Powys County Council is responsible for the management of the Fund.

The Authority recognises gains and losses immediately in full through entries in ‘Other Comprehensive Income and Expenditure. International Accounting Standards require disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes. There have been significant changes in assets and liabilities as a result of the 2016 actuarial valuation.

Contributions for the period ending 31 March 2018:The Authority’s regular contributions to the Fund for the accounting period to 31st March 2018 are estimated to be £0.57m. Additional contributions may also become due in respect of any employer discretions to enhance members’ benefits in the Fund over the next accounting period. The duration of funded liabilities is 20.6 years.

**UNFUNDED PENSION ARRANGEMENTS**

Unfunded arrangements arise from termination benefits paid on a discretionary basis upon early retirement in respect of member of the LGPS. Brecon Beacons National Park Authority recognises gains and losses in full, immediately through Other Comprehensive Income and Expenditure. The date of the last full actuarial valuation of the employer’s LGPS unfunded benefits was 31st March 2016.

In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required. Contributions for the accounting period ended 31 March 2018: In this period, the Authority expects to pay £0.00m directly to beneficiaries.

**PENSION FUND ASSETS**

The assets allocated to the Employer in the fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer’s liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments.

The Administering Authority may invest in a small proportion of the Fund’s investments in the assets of some of the employers participating in the fund if it forms part of their balanced investment strategy.

**RISKS ASSOCIATED WITH THE FUND IN RELATION TO ACCOUNTING**

**Asset volatility**

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform, this yield will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which are expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

**Changes in bond yield**

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

**Inflation risk**

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

**Life Expectancy**

The majority of the Fund’s obligations are to provide benefits for the life of the member following retirement, so increase in life expectancy will result in an increase in the liabilities.

**Exiting employers**

An employer who leaves the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment, the liability may in certain circumstances fall on the other employers in the Fund. Further, the assets at exit in respect of ‘orphan’ liabilities’ may in retrospect not be sufficient to meet the liabilities. This risk may also fall on other employers in the Fund. ‘Orphan liabilities’ are currently a small proportion of the overall liabilities in the Fund.

**Key Financial assumptions for funded and unfunded arrangements (% per annum)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **31 March 2016** | **31 March 2017** | **31 March 2018** |
|  |  |  |  |
| Discount rate  | 3.5 | 2.6 | 2.6 |
| RPI Inflation | 2.9 | 3.1 | 3.2 |
| CPI Inflation (Pension Increases) | 1.8 | 2.0 | 2.1 |
| Salary increases | 3.3 | 3.3 | 3.6 |
|  |  |  |  |  |  |
|  |  |  |  |

**Mortality assumptions for funded and unfunded arrangements**

|  |  |  |  |
| --- | --- | --- | --- |
| **Post-retirement mortality****(retirement in normal health)** | **31 March 2016** | **31 March 2017** | **31 March 2018** |
| **Males** |  |  |  |
| Future lifetime from age 65 (currently aged 65) | 23.1 | 23.0 | 23.1 |
| Future lifetime from age 65 (currently aged 45) | 25.3 | 24.8 | 24.9 |
| **Females** |  |  |  |
| Future lifetime from age 65 (currently aged 65) | 25.6 | 25.7 | 25.8 |
| Future lifetime from age 65 (currently aged 45) | 28.0 | 27.5 | 27.6 |

**Asset allocation for funded and unfunded arrangements**

|  |  |  |
| --- | --- | --- |
|  | **Value at 31/3/2017** | **Value at 31/3/2018****%** |
|  | Total | Quoted | Unquoted | Total |
| Equities | 51.8 | 47.8 | 4.2 | 5.2 |
| Property | 11.9 | 11.9 | 0.0 | 11.9 |
| Government Bonds | 14.8 | 14.3 | 0.0 | 14.3 |
| Corporate Bonds | 6.9 | 6.6 | 0.0 | 6.6 |
| Cash | 1.5 | 1.1 | 0.0 | 1.1 |
| Other | 13.1 | 14.1 | 0.0 | 14.1 |
| **Total** | **100** | **95.8** | **4.2** | **100** |

**Reconciliation of funded status to Balance Sheet**

|  |  |  |
| --- | --- | --- |
|  | **Value as at 31 March 2017** | **Value as at 31 March 2018** |
|  |  |  |
| Fair value of assets | 20.15 | 20.88 |
| Present value of funded defined benefit obligation | 27.78 | 29.69 |
| Pension asset/(liability) recognised on the Balance Sheet as per Actuary | **(7.63)** | **(8.81)** |
| Accrued payment into the Fund for pension fund strain not included in actuary calculation of fair value of assets for the year. | 0.00 | 0.00 |
| **Pension asset/(liability) recognised on the Balance Sheet (funded liability)\*** | **(7.63)** | **(8.81)** |
|  |  |  |
| \*See also unfunded liability later in this note. |

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members 38%

Deferred Pensioners 27%

Pensioners 35%

**Amounts recognised in profit and loss and other comprehensive income**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017** | **Period ending 31March 2018** |
|  | **£m** | **£m** |
| **Operating Cost** |  |  |
| Current service cost(1) | 0.57 | 0.57 |
| Past service costs | 0.00 | 0.00 |
| Settlement cost | 0.00 | 0.00 |
| **Financing Cost** |  |  |
| Interest on net defined benefit liability | 0.17 | 0.17 |
|  |  |  |
| **Pension expense recognised in profit and loss** | **0.74** | **0.74** |
|  |  |  |
| **Remeasurement in Other Comprehensive Income and Expenditure** |  |  |
| Return on plan assets (in excess of)/below that recognised in net interest. | (2.86) | (2.86) |
| Actuarial (gains)/losses due to changes in financial assumptions. | 5.82 | 5.82 |
| Actuarial (gains)/losses due to changes in demographic assumptions. | (0.30) | (0.30) |
| Actuarial (gains)/losses due to changes in liability experience | (0.32) | (0.32) |
| **Total Amount Recognised in Other Comprehensive Income and Expenditure** | **2.34** | **2.34** |
|  |  |  |
| **Total Amount Recognised**1. *The current service cost includes an allowance for the administration expenses of £0.02m*
 | **3.08** | **3.08** |

**Changes to the present value of defined benefit obligation during the accounting period**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017** | **Period ending 31 March 2018** |
|  | **£m** | **£m** |
| Opening defined benefit obligation | **21.55** | **27.78** |
| Current service cost | 0.57 | 0.79 |
| Interest expense on defined benefit obligation | 0.75 | 0.72 |
| Contributions by participants | 0.17 | 0.16 |
| Actuarial (gains)/losses on liabilities – financial assumptions. | 5.82 | 0.57 |
| Actuarial (gains)/losses on liabilities – demographic assumptions | (0.30) | 0.00 |
| Actuarial (gains)/losses on liabilities – experience | (0.32) | 0.15 |
| Net benefits paid out# | (0.46) | (0.48) |
| Past service costs including curtailments | 0.00 | 0.00 |
| Net increase in liabilities from disposals/acquisitions | 0.00 | 0.00 |
| Settlements | 0.00 | 0.000.00 |
| **Closing defined benefit obligation** | **27.78** | **29.69** |

**Changes to the fair value of assets during the accounting period**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017****£m** | **Period ending 31March 2018****£m** |
| **Opening fair value of assets** | **16.44** | **20.15** |
| Interest Income on assets | 0.58 | 0.53 |
| Re-measurement gains/(losses) on assets | 2.86 | (0.03) |
| Contributions by the employer | 0.56 | 0.55 |
| Contributions by participants | 0.17 | 0.16 |
| Net benefits paid out  | (0.46) | (0.48) |
| Net increase in assets from disposals and acquisitions | 0.00 | 0.00 |
| Settlements | 0.00 | 0.00 |
| **Closing fair value of assets** | **20.15** | **20.88** |

**Actual return on assets**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017****£m** | **Period ending 31 March 2018****£m** |
| Interest Income on assets | 0.58 | 0.53 |
| Re-measurement gains/(losses) on assets | 2.86 | (0.03) |
| Actual return on assets | 2.44 | 0.50 |

**Reconciliation of unfunded scheme to balance sheet**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Value as at 31March****2017****(£m)** | **Value as at 31 March****2018****(£m)** |
|  |  |  |  |
|  |  |  |  |
| Present value of defined benefit obligation |  | 0.05 | 0.05 |
| **Asset(/Liability) recognised on the balance sheet** |  | **(0.05)** | **(0.05)** |
|  |  |  |  |

**Amounts recognised in profit and loss and other comprehensive income and expenditure for unfunded schemes**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017** | **Period ending 31 March 2018** |
|  | **£m** | **£m** |
|  |  |  |
| **Total Amount Recognised**  | **0.00** | **0.00** |

**Changes to the present value of unfunded benefit obligations during the accounting period**

|  |  |  |
| --- | --- | --- |
|  | **Period ending 31 March 2017****£m** | **Period ending 31 March 2018****£m** |
| Opening unfunded defined benefit obligation | 0.07 | 0.05 |
| Actuarial (gains)/losses due to liability experience | (0.02) | 0.00 |
| **Closing unfunded defined benefit obligation** | **0.05** | **0.05** |
|  |  |  |

**Estimated pension expense in future periods**

|  |  |
| --- | --- |
|  | **Period ending 31March 2019** |
| Current service cost | 0.84 |
| Interest on net defined benefit liability/(asset) | 0.22 |
| **Total estimated pension expense** | **1.06** |

Allowance for administration expenses included in Current Service Cost: £0.02m

Estimated pensionable payroll over the period: £2.54m

**Sensitivity Analysis**

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation at 31 March 2018 and the projected service cost for the period ending 31 March 2019 is set out below.

In each case only the assumption mentioned is altered; all other assumptions remain the same and are summarised in Section 1.

There is no sensitivity analysis of unfunded benefits on materiality grounds.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **+0.1% p.a.** | **Base Figure**  | **-0.1% p.a.** |
| **Discount Rate Assumption****Adjustment to discount rate** |  |  |  |
| Present value of total obligation (£m) | 29.08 | 29.69 | 30.31 |
| % change in present value of total obligation | -2.0% |  | 2.1% |
| Projected service cost (£m) | 0.81 | 0.84 | 0.87 |
| Approximate % change in projected service cost | 3.1% |  | 3.2% |
| **Rate of general Increases in salaries Adjustment to salary increase rate** |  |  |  |
| Present value of total obligation (£m) | 29.83 | 29.69 | 29.55 |
| % change in present value of total obligation | 0.5% |  | -0.5% |
| Projected service cost (£m) | 0.84 | 0.84 | 0.84 |
| Approximate % change in projected service cost | 0.0% |  | 0.0% |
| **Rate of increase to pensions in payment, deferred pensions assumption and rate of revaluation of pension accounts assumption Adjustment to pension increase rate** |  |  |  |
| Present value of total obligation (£m) | 30.17 | 29.69 | 29.22 |
| % change in present value of total obligation | 1.6% |  | -1.6% |
| Projected service cost (£m) | 0.87 | 0.84 | 0.81 |
| Approximate % change in projected service cost | 3.2% |  | -3.1% |
| **Post retirement mortality assumption Adjustment to mortality age rating assumption\*** | **-1 year** | **Base Figure**  | **+ 1 year** |
| Present value of total obligation (£m) | 30.58 | 29.69 | 28.80 |
| % change in present value of total obligation | 3.0% |  | -3.0% |
| Projected service cost (£m) | 0.87 | 0.84 | 0.81 |
|   | 3.6% |  | -3.6% |
| ‘\* a rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than they are. |  |  |  |

**NOTE 32: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL**

**INSTRUMENTS**

The Authority has no financial instruments of its own but its activities expose it to three principal financial risks:

* 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
* Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority, being debt-free and placing its surplus funds, in accordance with its Treasury Management Strategy, in instantly accessible accounts or on short-term deposit, with a bank which has a very high credit rating has minimised its exposure to the risk of failure by another party to repay funds deposited.

The risk of losses from the failure of customers to pay the Authority is minimised through the Authority’s debt management procedures. The majority by value of the Authority’s debtors are other public bodies which are considered to have good credit ratings. (See Note 15: Debtor Balances).

As the Authority has funds in immediately accessible bank accounts and in short-term deposits, it has limited exposure to liquidity risk. Interest rates are regularly reviewed and consideration given to placing funds on deposit should interest rates become more favourable.

The Authority is not exposed to market risk except in relation to its share of the Powys Pension Fund. See Note 31 for further details.

# APPENDIX 1: ALLOWANCES/SALARIES PAID TO AUTHORITY MEMBERS 2017/18

Membership of the Authority is subject to change during the year. The total number of Members serving at any one time is no more than 24.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Authority Member** | **Basic salary £** | **Senior salary £** | **Expenses £** | **Total Payments £** |
| **Powys County Council Members:** |  |  |  |  |
| Cllr David Meredith | 3,624.96 |  | 0.00 | 3,624.96  |
| Cllr Edwin Roderick | 3,157.22 |  | 597.05 | 3,754.27  |
| Cllr Emily Durrant | 3,157.22 |  | 699.32 | 3,856.54  |
| Cllr Evan T Morgan | 478.75 | 316.13 | 98.31 | 893.19  |
| Cllr Gareth Ratcliffe | 3,157.22 |  | 124.19 | 3,281.41  |
| Cllr Geraint Hopkins | 467.74 | 309.68 | 306.25 | 1,083.67  |
| Cllr Gwilym Williams | 477.48 |  | 27.00 | 504.48  |
| Cllr Jeff Holmes | 477.48 |  | 86.40 | 563.88  |
| Cllr Karen Laurie-Parry | 3,157.22 |  | 0.00 | 3,157.22  |
| Cllr Michael Jones | 3,624.96 |  | 1,069.20 | 4,694.16  |
| Cllr Paul Ashton | 477.48 |  | 0.00 | 477.48  |
| Cllr Phil Pritchard | 3,624.96 |  | 672.65 | 4,297.61  |
| Cllr Sarah Lewis | 3,157.22 |  | 0.00 | 3,157.22  |
| **Blaenau Gwent County Borough Council Members:** |  |  |  |
| Cllr Bernard Willis | 545.69 |  | 168.16 | 713.85  |
| Cllr John Hill | 3,089.01 |  | 402.66 | 3,491.67  |
| **Carmarthenshire County Council Members:** |  |  |  |  |
| Cllr Andrew James | 3,624.96 |  | 503.55 | 4,128.51  |
| Cllr Glynog Davies | 785.41 | 520.00 | 790.03 | 2,095.44  |
| Cllr Kevin Madge | 334.45 |  | 0.00 | 334.45  |
| **Merthyr Tydfil County Borough Council Members:** |  |  |  |  |
| Cllr Raymond Thomas | 467.74 |  | 59.50 | 527.24  |
| Cllr Tony Rogers | 2,348.43 |  | 107.25 | 2,455.68  |
| **Monmouthshire County Council Members:** |  |  |  |  |
| Cllr Martin Hickman | 477.48 |  | 137.70 | 615.18  |
| Cllr Mathew Feakins | 3,157.22 |  | 0.00 | 3,157.22  |
| Cllr Mrs Ann Webb | 3,624.96 | 1,880.00 | 945.90 | 6,450.86  |
| **Rhondda Cynon Taff County Borough Council Member:** |  |  |  |
| Cllr Graham Thomas | 3,098.76 |  | 393.30 | 3,492.06  |
| Cllr Mrs Jane Ward | 535.95 |  | 241.31 | 777.26  |
| **Torfaen County Borough Council Members:** |  |  |  |  |
| Cllr Alun Furzer | 526.20 |  | 70.20 | 596.40  |
| Cllr Giles Davies | 2,884.38 |  | 144.78 | 3,029.16  |
|  |  |  |  | Cont/- |
|  | **Basic salary £** | **Senior salary £** | **Expenses £** | **Total Payments £** |
| **Welsh Assembly Government Nominees:** |  |  |  |  |
| Mr Edward Evans | 3,624.96 | 1,880.00 | 1,241.35 | 6,746.31  |
| Mr Ian Rowat | 3,624.96 |  | 2,408.14 | 6,033.10  |
| Mr James Marsden | 3,624.96 |  | 1,712.66 | 5,337.62  |
| Mr Julian Stedman | 3,624.96 |  | 436.00 | 4,060.96  |
| Mrs Margaret Underwood | 0.00 |  | 80.55 | 80.55  |
| Mrs Melanie Doel | 3,624.96 | 8,700.00 | 1,974.37 | 14,299.33  |
| Ms Deborah Perkin | 3,624.96 |  | 1,949.03 | 5,573.99  |
| Prof Alan Lovell | 3,624.96 |  | 358.75 | 3,983.71  |
|  | **79,915.27** | **13,605.81** | **17,805.56** | **111,326.64** |