

# **BRECON BEACONS NATIONAL PARK AUTHORITY**

## **Statement of Accounts for the year ended 31<sup>st</sup> March 2020**



BRE CON BEACONS NATIONAL PARK AUTHORITY  
STATEMENT OF ACCOUNTS 2019/20

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## NARRATIVE REPORT

### L 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 2019/20 '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 23 June 2020. Significant events after the Balance Sheet date and up to 27 November 2020 have been taken into account in preparing the Statement. The Statement is audited by the Auditor General for Wales 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 07854997516 or email [elaine.standenebeacons-npa.gov.uk](mailto:elaine.standenebeacons-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 Special Purpose Local Authority with effect from 1<sup>st</sup> 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.

- o To promote opportunities for public enjoyment and understanding of the special qualities of the National Park.

**Duty:**

- o 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 2010-2020**. 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 delivering services, as reported to Members during the year for management purposes was £5,920,000. The table below sets out the sources of funding and shows that £62,000 was transferred to General Reserves at the year-end. In addition, £77,000 net was transferred from Earmarked Reserves to fund revenue expenditure. £431,000 net was transferred to Capital Grants reserves for planned capital expenditure.

The Welsh Government sets the Authority's approved 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 2018/19 a late change in the National Park Grant was not applied to the levy which therefore made up just under 24% of total core revenue funding.

**COMPARISON OF ACTUAL INCOME AND EXPENDITURE: CURRENT AND PREVIOUS FINANCIAL YEARS**

	2018/19 £000	2018/19 %	2019/20 £000	2019/20 %
National Park Grant	2,827	47	2,827	47
National Park Levy	892	15	941	16
National Park Project Grant	594	10	444	7
Government Grants and Contributions	375	6	595	10
Fees, Charges and other Service income	1,317	22	1,146	19
Interest Receivable	25	0	29	1
<b>Gross Revenue Funding</b>	<b>6,030</b>	<b>100</b>	<b>5,982</b>	<b>100</b>
Employee Expenses	3,735	70	3,775	68
Other Service Expenses	1,612	30	1,791	32
<b>Total Expenditure</b>	<b>5,347</b>	<b>100</b>	<b>5,566</b>	<b>100</b>
<b>Net Receipts from Asset Sales</b>	0		0	
Transfers to/from Earmarked Reserves	585		354	
<b>Total Expenditure after net transfers to/from Reserves</b>	<b>5,932</b>		<b>5,920</b>	
<b>Net (cost)/income of Services (Contribn to/from General Fund)</b>	<b>98</b>		<b>62</b>	

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 £942,000. Excluding the Pension Fund liability, the Authority's net assets would be £11,604,000. 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 £685,000 which has generated an accounting deficit of £1,149,000 for the year. Last year an actuarial gain of £620,000 was advised; a negative variation between financial years of £1,305,000.

Significant developments affecting the financial position of the Authority

The triennial re-valuation of the Powys Pension Fund took place during 2019/20 and identified an improved position for the Authority as an admitted body in the Fund. As a result, employer contributions to the fund will drop slightly for the next three years from 22.7% to 20.9% as a percentage of salary costs. However, this review took place before the impact of Covid-19 which has had a significant effect on investment values and potentially also actuarial calculations for future pension fund liabilities. Different criteria are used for the calculation of pensions accounting disclosures in accordance with International Accounting Standards for the Statement of Accounts and, as noted above, the disclosed liabilities have increased under this methodology.

In 2019/20 the Authority's core funding from the Welsh Government remained at a cash standstill level. It sought to deploy this to meet its statutory purposes and governmental priorities, supplemented by locally generated income and a range of grant funding. The prospect of continuing real-terms core budget reductions in the medium term has necessitated a range of cost-saving measures.

The Authority is carrying out a review of its senior management structure, affecting second and third tier posts. A full re-assessment of priorities has taken place during the year and a process of re-orientating the structure of the Authority improve the fit between priorities and organisation is in train, which it is hoped will enable the Authority to focus its reducing resources while operating as effectively as possible.

The severe impact of Covid 19 on the restructure process, staff, management, income streams and service delivery of the Authority, which began to be felt in March 2020, could reduce the financial resilience of the organisation and is likely to result in pressure on discretionary reserves during 2020/21. The organisation has been able to adapt in a matter of weeks to a new environment and novel ways of working and decision-making which will affect its priorities and operation for months and possibly years to come. Assumptions about future income levels and the financial environment

are subject to change and budget planning will need to accommodate greater levels of uncertainty and risk going forward. Current values of land and buildings in the Balance Sheet as well as the value of assets held by the Powys Pension Fund, of which the Authority is a member employer, are subject to significant and continuing levels of uncertainty arising from the impacts of both Covid19 and the UK's departure from the European Union.

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; £611,000, was received in October 2019 for a range of capital projects to be delivered in 2019/20 and 2020/21. These include operational improvements such as updated IT systems and electric pool vehicles, as well as peatland restoration and nature recovery initiatives, which are priorities across Wales.

Collaborative multi-partner projects which require significant officer time to launch and sustain are increasingly used to deliver long-term approaches visitor management, biodiversity action and engagement with the farming community. Where funding for such projects is received in advance, substantial earmarked capital and revenue reserves may be accrued until the delivery phase can begin.

Earmarked reserves also 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. They are used where the timing of funding receipts does not match the financial year of the related expenditure.

The Authority's total usable reserves increased slightly between 31 March 2019 and 31 March 2020 from £4.02 to £4.19m. The majority of these are ring-fenced for specific project work and other commitments. Draw-down has been partly affected by delays in project delivery and further impacted by the Covid 19 lockdown.

A simplified comparison between the budgeted and actual income and expenditure account by service for 2019/20 is produced below and shows that the Authority planned to transfer some £163,000 from its General Reserve at the year-end whereas in fact £62,000 was transferred to the Reserve; an net under-spend of £225,000.

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 used to adjust the budget figures to give a comparable total.

## Summary of principal variances between 2019/20 budget as adjusted and the Statement of Accounts.

Net Service Costs	2019/20 Adjusted Budget*	2019/20 Out- turn*	2019/20 Variance against adjusted Budget E000
	<i>E000</i>	<i>E000</i>	<i>E000</i>
Planning and Development Control	939	854	(85)
Countryside Land Management and Communities	2,367	2,155	(212)
Chief Executive's Department	1,472	1,345	(127)
Other Operating Expenditure	574	500	(74)
<b>Adjusted net cost</b>	<b>5,352</b>	<b>4,854</b>	<b>(498)</b>
Interest received	(5)	(29)	(24)
National Park Grant (Welsh Assembly Government)	(2,827)	(2,827)	0
National Park Levy (Constituent Authorities)	(941)	(941)	0
National Park Capital Grant (Welsh Assembly Government)	0	(444)	(444)
Transfer to/(from) Earmarked Reserves	(355)	15	370
Transfer to Capital Receipts Reserve	0	0	0
Transfer to Capital Grants Unapplied Account	0	431	43
	<b>(4,128)</b>	<b>(3,795)</b>	<b>333</b>
Accounting Adjustments reversed	(1,061)	(1,121)	(60)
<b>Net Deficit / (Surplus)</b>	<b>163</b>	<b>(62)</b>	<b>(225)</b>

\*including notional depreciation, accounting standards adjustments for pension costs and other elements required by CIPFA for accounts preparation.

### Significant Variances Reported to Management

#### Chief Executives Department.

Staff vacancies for part of the year, and an extended timetable for the production of the National Park Management Plan as a consequence have caused an underspend in staff costs, and Management Plan production costs. Member salaries and expenses were below the estimate. Overall support and corporate management costs were under-spent by some £127,000.

#### Countryside Land Management and Community Core Services

Increased staff costs for Wardens, Access and the Education team have been recharged to project (funded) work, reflecting the increased time spent by staff on such activity. Some planned improvements on authority land could not progress as planned pending negotiations with third parties; this spend has been deferred to 2020/21. A poor winter season at the Visitor Centres, as visitor numbers were impacted by poor weather and flooding (and latterly the Covid 19 crisis) reduced receipts and net income. Conversely, visitor pressure at the Waterfalls area required increased expenditure and other site improvements at the Car Parks, reducing net income. Staff vacancies in the public engagement team plus increased demand from schools and colleges for education services

reduced spend against budget and increased income. The impact on these services of Covid 19 will be particularly severe in 2020/21.

### Projects

The Black Mountains Land Use Partnership has been successfully progressing, involving upland ecological improvements, landowner engagement, community projects, tourism and education delivery and a short extension was approved by the funder to allow some of objectives of the project to be delivered in summer 2020/21. Work is continuing on a successor partnership supported by the current project board.

Close to £0.25m was spent on providing Sustainable Development Fund grants to a wide range of community projects during 2019/20 and the funding committed but not claimed at the year end has been reserved for disbursement in 2020/21. Developing projects in biodiversity and nature recovery were interrupted by the lockdown as partner organisations were temporarily shut down; resulting in some work and expenditure being carried over to 2020/21. Significant Welsh Government funding was received for community and visitor management projects in the Waterfalls Country area of the Park, where multiple partners and a range of differing interests have required complex engagement and negotiation; the bulk of physical works and non-staff expenditure have been re-profiled to 2020/21 and beyond. Again, there will be impacts from the Iockdown in the coming year.

Overall the Countryside Land Management and Communities services underspent by £212,000.

### Planning and Development Control

The Local Development Plan, a major workstream for both 2019/20 and the 2020/21 financial years involving a range of staff but principally the Planning Policy team, has been funded both from in-year core grant and earmarked reserves, built up over the interval between iterations of the Plan. Like many other services, it has been impacted by Covid 19 and further changes to the consultation and inspection phase are likely to be needed in response to the virus. Elements of the project have been re-phased into 2020/21 and 2021/22.

In addition to budgeted income, Section 106 receipts of £87,000, were received in the year; These are held in a reserve pending transfer to third parties for affordable housing projects within the Park. This contributed to an under spend of £85,000 for the departments as whole.

## 4) CAPITAL EXPENDITURE

	<b>2019/20 Actual E000</b>	<b>2019/20 Actual E000</b>
Gunpowder Works conservation and interpretation project year 3 (capital element)	86	
Completion of Mountain Centre Health and Safety Improvements	4	
Rights of Way improvements	32	
Upland Access and Peatland Habitat restoration	116	
Inclusive easy access improvements to Rights of Way	21	
Photovoltaic Solar Panel Installations on Authority Buildings	71	

<b>Electric Fleet Vehicle Purchase and EV Charging Point installations on Authority sites</b>	<b>132</b>	
<b>Wales Way tourism project infrastructure - enhancing the visitor experience</b>	<b>86</b>	
<b>Investment in IT infrastructure, remote sensing and training, reproductive equipment for digital records</b>	<b>46</b>	
<b>Geopark Centre Interpretation installation at Craig y nos Country Park</b>	<b>31</b>	
		<hr/>
<b>Total grant-funded project spend classified as capital under accounting rules*</b>		<b>625</b>
<b>Less: Grants &amp; Contributions</b>	<b>(338)</b>	
<b>Transfers from earmarked reserves</b>	<b>(251)</b>	
<b>Use of Capital Receipts Reserve</b>	<b>(4)</b>	
<b>Revenue Financing</b>	<b>(32)</b>	
<b>Net Expenditure</b>		<hr/> <b>(625)</b>

\*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:-

- o 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).
- o Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- o 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:-**

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

**The Chief Financial Officer has also:**

- o Kept proper accounting records which were up to date;
- o 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 2020. 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.

f--- DotuSigned by:



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**E Standen ACMA  
Section 151 Officer  
Brecon Beacons National Park Authority**

**Date: 23/6/20**

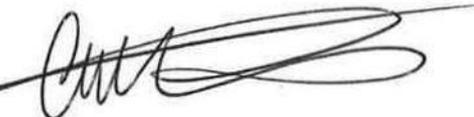
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**E Standen ACMA**

**Date: 27/11/20**



**Cllr Gareth Ratcliffe  
Chairman  
Brecon Beacons National Park Authority**

**Date: 27/11/20**

## **The independent auditor's report of the Auditor General for Wales to the Members of Brecon Beacons National Park Authority**

### **Report on the audit of the financial statements Opinion**

I have audited the financial statements of the Brecon Beacons National Park Authority for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004.

Brecon Beacons National Park Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of Brecon Beacons National Park Authority as at 31 March 2020 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matter - effects of COVID-19 on pension fund property fund asset valuations**

I draw attention to Note 31 of the financial statements, which describes the impact of a material uncertainty disclosed in a pension fund manager report in their year-end valuation report for the UK property fund they manage on behalf of the Powys Pension Fund. The Authority has disclosed this material uncertainty and my audit opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

### **Other information**

The responsible financial officer is responsible for the other information in the statement of accounts. The other information comprises the Narrative Report and the Annual Governance Statement. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

## **Report on other requirements**

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Governance Statement has been prepared in accordance with guidance.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

### **Certificate of completion of audit**

I certify that I have completed the audit of the accounts of the Brecon Beacons National Park Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

### **Responsibilities of the responsible financial officer for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

### **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.



Adrian Crompton  
Auditor General for Wales  
30 November 2020

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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.

**Comprehensive Income and Expenditure Statement**

2018/19			2019/20		
Expend- iture	Income	Net	Expend- iture	Income	Net
£000	£000	£000	£000	£000	£000
1,157	(406)	751	1,139	(285)	854
3,543	(1,258)	2,285	3,549	(1,394)	2,155
1,008	(28)	980	1,407	(62)	1,345
405	0	405	260	0	260
<b>6,113</b>	<b>(1,692)</b>	<b>4,421</b>	<b>6,355</b>	<b>(1,741)</b>	<b>4,614</b>
		20			30
		81			189
		195			181
		(4,768)			(4,550)
		<b>(51)</b>			<b>464</b>
		(620)			685
		<b>(671)</b>			<b>1,149</b>

**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.

**Expenditure and Funding Analysis 2019/20**

	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	<b>TOTAL ADJUST- MENTS</b>	<b>Net expend- iture in CIES</b>
	£000	£000	£000	£000	£000	£000
Planning and Development Control	755	0	99	0	99	854
Countryside, Land Management and Communities	1,785	163	207	0	370	2,155
CEO and Support	1,253	3	89	0	92	1,345
Other	0	0	260	0	260	260
<b>Net Cost of Services</b>	<b>3,793</b>	<b>166</b>	<b>655</b>	<b>0</b>	<b>821</b>	<b>4,614</b>
Pension Fund Administration Costs	0	0	30	0	30	30
Bank interest received	(29)	0	0	0	0	(29)
National Park Grant see NOTE 10	(2,827)	0	0	0	0	(2,827)
Specific Grants Received - Welsh Government SEE NOTE 10	(444)	0	0	0	0	(444)
Capital Grant applied	0	0	0	(338)	(338)	(338)
Levies on Constituent Local Authorities SEE NOTE 10	(941)	0	0	0	0	(941)
Interest on Defined Benefit Liability	0	0	210	0	210	210
Revenue funding of Capital expenditure	32	0	0	(32)	(32)	0
<b>Other Income and Expenditure</b>	<b>(4,209)</b>	<b>0</b>	<b>240</b>	<b>(370)</b>	<b>(130)</b>	<b>(4,339)</b>
Loss on Revaluation of Assets	0	189	0	0	189	189
Actuarial (Gains)/Losses on Pension Assets/ Liabilities	0	0	685	0	685	685
<b>Deficit/(Surplus) before transfers to /from Revenue Reserves</b>	<b>(416)</b>					<b>1,149</b>
<b>Appropsns to Capital Reserves</b>						
Transfers to Capital Receipts unapplied	0					
Transfer to Capital Grants Unapplied (net)	431					
	<b>15</b>					
<b>Movements on Revenue Reserves</b>						
Opening Balance	2,650					
Revenue Surplus/(deficit)	(15)					
<b>Closing Balance on Revenue Reserve</b>	<b>2,635</b>					

**Expenditure and Funding Analysis 2018/19**

	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	<b>TOTAL ADJUST- MENTS</b>	<b>Net expend- iture in CIES</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Planning and Development	680	10	61	0	71	751
Control Countryside, Land Management and Communities	2,034	142	109	0	251	2,285
CEO and Support	938	13	29	0	42	980
Other	0	0	405	0	405	405
<b>Net Cost of Services</b>	<b>3,652</b>	<b>165</b>	<b>604</b>	<b>0</b>	<b>769</b>	<b>4,421</b>
Pension Fund Administration Costs	0	0	20	0	20	20
Bank interest received	(25)	0	0	0	0	(25)
National Park Grant see NOTE 10	(2,827)	0	0	0	0	(2,827)
Specific Grants Received - Welsh Government SEE NOTE 10	(594)	0	0	0	0	(594)
Capital Grant applied	0	0	0	(455)	(455)	(455)
Levies on Constituent Local Authorities SEE NOTE 10	(892)	0	0	0	0	(892)
Interest on Defined Benefit Liability	0	0	220	0	220	220
Asset sale less cost of sales,	0	0	0	0	0	0
Revenue funding of Capital expenditure	3	0	0	(3)	(3)	0
<b>Other Income and Expenditure</b>	<b>(4,335)</b>	<b>0</b>	<b>240</b>	<b>(458)</b>	<b>(218)</b>	<b>(4,553)</b>
Loss on Revaluation of Assets	0	81	0	0	81	81
Actuarial (Gains)/Losses on Pension Assets/ Liabilities	0	0	(620)	0	(620)	(620)
<b>Deficit/(Surplus) before transfers to /from Revenue Reserves</b>	<b>(683)</b>					<b>(671)</b>
<b>Appropsns to Capital Reserves</b>						
Transfers to Capital Receipts unapplied	0					
Transfer to Capital Grants Unapplied (net)	117					
	<b>(566)</b>					
<b>Movements on Revenue Reserves</b>						
Opening Balance	2,085					
Revenue Surplus/(deficit)	566					
<b>Closing Balance on Revenue Reserve</b>	<b>2,651</b>					

**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'.

**Balance Sheet**

<b>2018/19 (£000)</b>		<b>20 I m p u</b>	<b>2019/20 (£000)</b>
7,228	<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>1</b>	7,452
34	<b>INTANGIBLE ASSETS</b>	<b>12</b>	45
<b>7,262</b>	<b>TOTAL LONG-TERM ASSETS</b>		<b>7,497</b>
34	Inventories		38
58	Long-term Debtors	13	0
818	Short-term Debtors	14	745
3,862	Cash and Cash Equivalents	15	<b>4,112</b>
<b>4,772</b>	<b>CURRENT ASSETS</b>		<b>4,895</b>
825	Short-Term Creditors	17	788
<b>825</b>	<b>CURRENT LIABILITIES</b>		<b>788</b>
9,081	Liability Related to Defined Benefit Pension Schemes	31	10,662
<b>9,081</b>	<b>LONG TERM LIABILITIES</b>		<b>10,662</b>
<b>2,128</b>	<b>NET ASSETS</b>		<b>942</b>
1,205	Capital Grants Unapplied Account		1,385
2,819	Other Usable Reserves	6	2,800
4,024	Total Usable Reserves		4,185
(1,896)	Unusable Reserves	18	(3,243)
<b>2,128</b>	<b>TOTAL RESERVES</b>		<b>942</b>

## 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 2019/20 (L000)

	General Reserve	Welsh Government Revenue Grants received but unapplied	Earmarked reserves - Other	TOTAL REVENUE RESERVES	CAPITAL GRANTS UNAPPLIED ACCOUNT	CAPITAL RECEIPTS RESERVE	TOTAL USABLE RESERVES	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
<b>Balance at 31 March 2019 Carried Forward</b>	<b>1,046</b>	<b>210</b>	<b>751 643</b>	<b>2,650 1,205</b>		<b>169</b>	<b>4,024</b>	<b>(1,896)</b>	<b>2,128</b>
Total Comprehensive Income and Expenditure	<b>(464)</b>					<b>0 0 0 (464)</b>	<b>0 0 (464)</b>	<b>(685)</b>	<b>(1,149)</b>
Surplus or deficit on revaluation of property plant and equipment assets	0	0	0	0	0	0	0	<b>(36)</b>	<b>(36)</b>
Adjustments between accounting basis and funding basis under regulations (NOTE 6)	<b>526</b>		<b>87 (153)</b>	<b>(1 1) 449</b>	<b>431</b>	<b>0</b>	<b>880</b>	<b>(881)</b>	<b>(1)</b>
Transfers between the Capital Grants Unapplied Acct and the Capital Adjustment Acct	0	0	0	0	0	<b>(251)</b>	<b>0</b>	<b>(25 1)</b>	<b>251</b>
<b>Transfers</b> between the Capital Receipts Reserve and the Capital Adjustment Account	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4)</b>	<b>(4)</b>	<b>4</b>	<b>0</b>
Increase/(Decrease) in 2019/20	<b>62</b>	<b>87 (153)</b>	<b>(1 1)</b>	<b>(1 5)</b>	<b>180</b>	<b>(4)</b>	<b>161</b>	<b>(1347)</b>	<b>(1,186)</b>
<b>Balance at 31 March 2020 Carried Forward</b>	<b>1,108</b>		<b>297 598</b>	<b>632 2,635</b>	<b>1,385</b>	<b>165</b>	<b>4,185</b>	<b>(3,243)</b>	<b>942</b>

## Movements in Reserves 2018/19 (E000)

	General Reserve	Affordable Housing/S106 Balances held	Welsh Government Revenue Grants received but unapplied	Earmarked reserves - Other	TOTAL REVENUE RESERVES		CAPITAL RECEIPTS RESERVE	TOTAL USABLE RESERVES	TOTAL UNUSABLE RESERVES	TOTAL RESERVES
<b>Balance at 31 March 2018 Carried Forward</b>	948	31 427	679	<b>2,085</b>	1,258	224	<b>3,567</b>	(3,181)	<b>386</b>	
Total Comprehensive Income and Expenditure	51	0	0	0	<b>51</b>	<b>0</b>	<b>0</b>	<b>51</b>	620	<b>671</b>
Surplus or deficit on revaluation of property plant and equipment assets	0	0	0	0	0	0	0	0	1,071	1,071
Adjustments between accounting basis under regulations (NOTE 6) and funding basis	1 793 24		4 7	(36)	<b>514</b>	117	0	<b>631</b>	(631)	0
Transfers between the Capital Grants Unapplied Acct and the Capital Adjustment Acct	0	0	0	0	0	(170)	0	(170)	170	0
Transfers between the Capital Receipts Reserve and the Capital Adjustment	0	0	0	0	0	0	(55)	<b>(55)</b>	55	0
<b>Account Increase/(Decrease) in 2018/19</b>		98 179 324	(36)	<b>565</b>	(53)	(55)	<b>457</b>	1,285	<b>1,742</b>	
<b>Balance at 31 March 2019 Carried Forward</b>	1,046	210 751	643	<b>2,650</b>	1,205	169	<b>4,024</b>	<b>(1,896)</b>	<b>2,128</b>	



## 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

2018/19 E000	Z 0 <u>1</u> m	2019/20 E000	2019/20	2019/20
			(51)	(Surplus)/Deficit on the provision of 464
<b>services</b>				
<b>(142)</b> Depreciation and impairment				<b>(163)</b>
<b>(23)</b> Amortisation of intangible assets				<b>(3)</b>
<b>(8 1)</b> Loss on revaluation of Land and Buildings				(189)
<b>(5)</b> Increase/(Decrease) in Stocks		<b>4</b>		
<b>342</b> Increase/(Decrease) in Debtors		(129)		
<b>89</b> (Increase)/Decrease in Creditors		<b>(2)</b>		
<b>0</b> (Increase )/Decrease in Creditor re Accrued Employee Benefits		<b>0</b>		
			<b>426</b>	<b>(127)</b>
<b>(1,435)</b> Reversal of Current Service Cost, Pension Interest Cost and Expected Return on Pension Assets		<b>(1,460)</b>		
<b>592</b> Cash payment to Pension Fund in year		<b>564</b>		
<b>(843)</b>			<b>(896)</b>	
<b>455</b> Capital Grants taken to Revenue Account			<b>338</b>	
<b>(208)</b> Total Adjustments to net surplus or deficit on the provision of services for non-cash movements				(1,040)
<b>(259)</b>				<b>(576)</b>
Adjustments for items included in the net surplus or deficit on the provision of services that are Investing and Financing activities				<b>444</b>
<b>(142) Net Cash Flows from Operating Activities</b>				
<b>4 1</b> Investing Activities	20			<b>(118)</b>
<b>0</b> Financing Activities				<b>0</b>
<b>(10 1) Net (increase)/ or decrease in cash and cash equivalents</b>				<b>(250)</b>
<b>(3,761)</b> Cash and Cash Equivalents at the beginning of the reporting period				<b>(3,862)</b>
<b>(3,862) Cash and Cash Equivalents at the end of the reporting period</b>	15			<b>(4,112)</b>

## NOTES TO THE ACCOUNTS

### NOTE I: 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 relevant service 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.

Due to the impact of Covid 19 on public authorities and increased economic uncertainty, and the national delays in publication, audit and approval of the 2019/20 Statement of Accounts, there is an increased risk that adjusting events occur between the publication of the draft Statement and the approval of the Audited Statement.

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 there is reasonable certainty that 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 Capital Grants Received in Advance. Where it has been applied, it is posted to the Capital Adjustment Account.

### **I .1 0 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.

### **I.1 I 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.

### 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.

#### 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). Depreciation 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	S	y e a r s	3
equipment IT equipment		y e a r s	2 0
Community and Infrastructure		y e a r s	
assets			
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

IAS (International Accounting Standard) 16 relating to the accounting treatment of leases would, if implemented, have a material impact on the value of Property, Plant and Equipment recorded on the Balance Sheet, as well as the value of Liabilities recorded. CIPFA has taken the decision to delay implementation of the Standard until 1 April 2021.

Accounting Standards issued and not adopted are:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- 

### 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 beyond the 2020/21 financial year. 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 valuation of the Authority's land and buildings took place before the Covid19 pandemic, which may impact on both property values and income generation potential at visitor centres. It is possible that material changes may need to be made to the values of both land and operational buildings in the light of experience during 2020/21.



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 <u>known for many years.</u>
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 I I 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. As a result of both the economic impact of Covid I 9 and the departure of the UK from the European Union, there is significantly more uncertainty in 2019/20 in relation to property values, including agricultural land. These impacts are potentially <u>material but not yet quantifiable.</u>

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

The Statement of Accounts was authorised for issue by Chief Financial Officer on 31 May 2020. 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 2020, 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. Details of the adjustments are provided below.

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

2018/19			2019/20		
General	Move- Reserve ments in Unusable E000 Reserves £000	Move- ments in Capital Reserves £000	General	Move- Reserve me nts in Unusable E000 Reserves E000	Move- ments in Capital Reserves
<b>E000</b>					
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
(165)	165		(166)	166	
0	0		0	0	
(81)	81		(189)	189	
455	(455)		338	(338)	
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>					
3	(3)		32	(32)	
<b>Adjustments primarily involving the Capital Receipts Reserve</b>					
0	0		0	0	
<b>Adjustments primarily involving the Capital Grants Unappd account</b>					
117		(117)	431		(431)
<b>Adjustments primarily involving the Pensions Reserve</b>					
(1,435)	1,435		(1,460)	1,460	
592	(592)		564	(564)	
<b>Adjustments Primarily involving the Accumulated Absences Account</b>					
0	0		0	0	
514	(631)	(117)	(450)	881	(431)
<b>TOTAL ADJUSTMENTS</b>					

## NOTE 7: TRANSFERS BETWEEN EARMARKED RESERVES AND THE GENERAL FUND

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 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 and year-end balances to the nearest £ 1000 are described below.

**S 106 Affordable Housing Reserve (1297,000)**

This reserve has been established to retain 5106 sums payable to the Authority in relation to property development pending their allocation to applicants for the provision of affordable housing. Affordable Housing receipts which have conditions attached and are potentially repayable to the developer have been treated as Receipts in Advance.

**National Grid Staffing Reserve (132,000)**

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 (1 1 2 3 , 0 0 0 )**

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 (144,000)**

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.

**Welsh Government Specific Revenue Funding 2019 (431,000)**

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 2018/19.

**Conservation Fund Reserve (188,000)**

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 (1 1 5 0 , 0 0 0 )**

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 (123,000)**

This fund provides 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 (127,000)**

The Reserve has been set aside for 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 (L23,000)**

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 (£ 134,000)**

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 (L15,000)**

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 (L40,000)**

This reserve represents funding commitments agreed by the Grant Allocation Panel but not claimed by the grantee at the financial year end.

**Black Mountains Land Use Partnership Project Reserve (L31,000)**

This reserve is to cover project financial risks in years 3 and 4 arising from the grant claims process and the grant scheme's hypothecation of administrative costs.

**Reserve provision for termination costs of temporary project officer posts (i50,000)**

Established in recognition of the increasing proportion of employees who are temporarily employed for specific projects, to cover potential unfunded expenses incurred at termination of contracts.

Details of the adjustments for the last two financial years are provided below.

	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Welsh Government Specific revenue grants committed to projects	427	(131)	455	751	(153)	598
S 1 06/Affordable Housing sums received by the Authority but not yet applied	31	(2)	181	210	0	297
Other Earmarked Reserves	679	(148)	112	643	(157)	632
<b>Total</b>	<b>1,137</b>	<b>(281)</b>	<b>748</b>	<b>1,604</b>	<b>(310)</b>	<b>233</b>
						<b>1,527</b>

**NOTE 8: Other Operating Expenditure**

2018/19  
£000

2019/20  
£000

0	(Gains)/losses on the disposal of non-current assets	0
20	Pension Fund Administration Costs	<b>30</b>
<hr/>		<hr/>
20	Total	<b>30</b>

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

2018/19 4000		2019/20 4000
220	Interest on Pension Scheme net defined benefit liability	210
(25)	Interest receivable and similar income	(29)
<hr/>		<hr/>
195	Total	181

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

2018/19 E000	2018/19 4000		2019/20 4000	2019/20 4000
<b>Levies on Constituent Local Authorities</b>				
525		Powys County Council	554	
131		Carmarthenshire County Council	138	
100		Monmouthshire County Council	105	
45		Rhondda Cynon Taff County Borough Council	48	
36		Merthyr Tydfil County Borough Council	38	
28		Blaenau Gwent County Borough Council	29	
27		Torfaen County Borough Council	29	
<hr/>			<hr/>	
	892			941
	2,827	Non-Specific Grant Income — National Park Grant		2,827
	455	Funding Pressures Grant Income — Welsh Government		0
	455	Capital Grants and Contributions applied in year		338
	139	Capital Grants and Contributions received		444
<hr/>			<hr/>	
	4,768	<b>Total</b>		4,550

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

	E000	£000	£000	£000	£000	E000	E000
<b>Movements in 2019/20</b>							
<b>Cost or Valuation:</b>							
At 1 April 2019	5,749	132	1,225	271	0	610	7,987
Rounding Adjustment	2	0	0	(2)	0	0	0
Additions	4	281	149	86	0	92	612
Valuation increases/(decreases) recognised in the Revaluation Reserve (effective revaluation date was 1/4/19)	(36)	0	0	0	0	0	(36)
Valuation increases/(decreases) recognised in the surplus/deficit on the provision of services*	(245)	0	0	0	0	0	(245)
De-recognition (disposals and write-offs)	0	(33)	(181)	(143)	0	0	(357)
Transfers (assets re-classified)	5,474	439	1,193	727	0	128	7,961
	U	59	U	515	U	(5/4)	U
At 31 March 2020							
<b>Accumulated depreciation and Impairment</b>							
At 1 April 2019	56	56	490	157	0	0	759
Less accumulated depreciation written out on revaluation/disposals	(56)	(33)	(181)	(143)	0	0	(413)
Depreciation written out to the revaluation reserve	10	0	0	0	0	0	10
Depreciation written out to the surplus/deficit on the provision of services	22	23	96	12	0	0	153
<b>Total depreciation charge for the year</b>	<b>32</b>	<b>23</b>	<b>96</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>163</b>
<b>At 31 March 2020</b>	<b>32</b>	<b>46</b>	<b>405</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>509</b>
<b>Net Book Value</b>							
At 31 March 2019	5,693	76	736	113	0	610	7,228
At 31 March 2020	5,442	393	788	701	0	128	7,452

**Asset Valuations as at 31 March 2020**

Brecon Beacons National Park Authority's freehold and long leasehold properties were valued on 1 April 2019 by External Valuers, Chris Hyde MSc MRICS FAAV and Elizabeth Hill BSc MRICS of Cooke & Arkwright Chartered Surveyors. The valuations were in accordance with the requirement of the RICS Valuation — Global Standards 2017 (The Red Book) and the International Valuation Standards 2017 (IVS) and the RICS Valuation, Global Standards 2017 — UK national supplement. The valuation of each property was on the bases and assumptions:

1. *For Owner Occupied non specialist property plant and equipment: Valued to Existing Use Value assuming that the property would continue in existing use.*
2. *For Owner Occupied specialist property, plant and equipment: Valued to Existing Use Value using Depreciated Replacement Cost assuming that the properties would continue in existing use or*
3. *For investment Properties: Valued to Fair Value assuming that the properties would be sold subject to any existing leases.*

Gross Value as at last valuation	Land and Buildings	Vehicles, Furniture, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	0	439	1,193	727	0	128	2,487
Valued at fair value as at 1 April 2019	5,474	0	0	0	0	0	5,474
<b>TOTAL</b>	<b>5,474</b>	<b>439</b>	<b>1,193</b>	<b>727</b>	<b>0</b>	<b>128</b>	<b>7,961</b>

	£000	£000	£000	£000	£000	£000	£000
<b>Movements in 2018/19</b>							
<b>Cost or Valuation:</b>							
At 1 April 2018	4,781	76	1,203	210	0	121	6,391
Rounding adjustment	1	0	0	1	0	0	2
Additions	55	56	22	60	0	489	682
Valuation increases/(decreases) recognised in the Revaluation Reserve (effective revaluation date was 1/4/18)	1,071	0	0	0	0	0	1,071
Accumulated depreciation adjustment on revalued assets	(78)	0	0	0	0	0	(78)
Valuation increases/(decreases) recognised in the surplus/deficit on the provision of services*	(81)	0	0	0	0	0	(81)
<b>At 31 March 2019</b>	<b>5,749</b>	<b>132</b>	<b>1,225</b>	<b>271</b>	<b>0</b>	<b>610</b>	<b>7,987</b>
<b>Accumulated depreciation and Impairment</b>							
At 1 April 2018	78	48	415	153	0	0	694
Rounding adjustment	0	(1)	2	0	0	0	1
Accumulated depreciation written out on revaluation	(78)	0	0	0	0	0	(78)
Depreciation written out to the revaluation reserve	28	0	0	0	0	0	28
Depreciation written out to the surplus/deficit on the provision of services	28	9	73	4	0	0	114
<b>Total depreciation charge for the year</b>	<b>56</b>	<b>9</b>	<b>73</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>142</b>
<b>At 31 March 2019</b>	<b>56</b>	<b>56</b>	<b>490</b>	<b>157</b>	<b>0</b>	<b>0</b>	<b>759</b>
<b>Net Book Value</b>							
At 31 March 2018	4,703	28	788	57	0	121	5,697
At 31 March 2019	5,693	76	736	113	0	610	7,228

"" 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 tota I. There is no impact on the net value of Property, Plant and Equipment shown in the balance sheet.

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

**Capital Commitments:** As at 31 March 2020 the Authority had the following capital commitments.

	Buildings E000	Land Vehicles, and Furniture, Plant and Assets Equipment E000	Infra- structure E000	Community Assets E000	TOTAL £000
Capital commitments at 31/3/20		4	261	0	265
Capital commitments at 31/3/19	0	128	9	36	173

#### NOTE 12: Intangible Assets

	2018/19 £000	Intangible Assets under construction	2019/20 £000	Intangible Assets under construction
<b>Balance at start of year</b>				
Gross Carrying amounts	93	0	93	0
Less carrying amount of de-recognised asset	0	0	0	0
Accumulated amortisation	(36)	0	(59)	0
Less Accumulated amortisation on de- recognised asset	0	0	0	0
<b>Net carrying amount at start of year</b>	<b>57</b>	<b>0</b>	<b>34</b>	<b>0</b>
Additions — Purchases	0	0	0	0
New Intangible Assets under construction	0	0	0	14
Intangible Assets under construction transferred to Intangible Assets	0	0	0	0
Amortisation for the period	(23)	0	(3)	0
<b>Net carrying amount at end of year</b>	<b>34</b>	<b>0</b>	<b>31</b>	<b>14</b>

#### NOTE 13: Long-Term Debtors

	31 March 2019 £000	31 March 2020 £000
<b>Debtors falling due in 3-5 years</b>		

<b>Other</b>	<b>58</b>	<b>0</b>
<b>Total Debtors falling due in 3-5 years</b>	<b>58</b>	<b>0</b>

## NOTE 14: Short-Term Debtors

	31 March 2019 E000	31 March 2020 £000
Debtors falling due in less than one year		
Central Government Bodies	536	466
Other Local Authorities	18	139
Other	264	140
Total Short-Term Debtors	<u>818</u>	<u>745</u>

## NOTE 15: Cash and Cash Equivalents

	31 March 2019 E000	31 March 2020 £000
Cash held by the Authority	2	2
Bank Current Accounts	1,845	2,076
Notice Accounts	2,015	2,034
Total	<u>3,862</u>	<u>4,112</u>

## NOTE 16: Assets Held For Sale

There were no assets held for sale at 31 March 2020 nor at 31 March 2019.

## 2019. Note 17: Creditors

	31 March 2019 Sundry Creditors £000	31 March 2020 Sundry Creditors £000
Central Government Bodies	123	87
Other Local Authorities	III	125
Other Entities and Individuals	591	576
Total	<u>825</u>	<u>788</u>

## NOTE 18: Unusable Reserves

	31 March 2019 (E000)	31 March 2020 (£000)
Revaluation Reserve	3,516	3,470
Capital Adjustment Account	3,732	4,012
Accumulated Absences Account*	(63)	(63)
Pensions Reserve*	(9,081)	(10,662)
Total	<u>(1,896)</u>	<u>(3,243)</u>

\* 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 net 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.

2018/19 E000		2019/20 E000	2019/20 £000
	<b>2,473 Balance at 1 April</b>		<b>3,516</b>
<b>1,076</b>	Upward revaluation of assets	<b>603</b>	
<b>(5)</b>	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<b>(639)</b>	
<b>1,071</b>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		<b>(36)</b>
<b>(28)</b>	Difference between fair value depreciation and historical cost depreciation	<b>(10)</b>	
	<b>0</b> Accumulated gains on assets sold or scrapped	<b>0</b>	
<b>(28)</b>	Amount written off to the Capital Adjustment Account		<b>(10)</b>
	<b>3,516 Balance at 31 March</b>		<b>3,470</b>

**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.

2018/19 £000		2019/20 £000	2019/20 £000
3,267			<b>Balance at 1</b>
<b>April 3,732</b>			
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement.		
(142)	• Charges for depreciation and impairment of non-current assets	(163)	
(81)	• Revaluation losses on Property, Plant and Equipment	( 1 89)	
(23)	• Amortisation of intangible assets	(3)	
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	0	
	<u>Income and Expenditure Statement</u>		
(246)			(355)
<u>28</u>	Adjusting amounts written out of the Revaluation Reserve		<u>10</u>
(218)	Net amount written out of the cost of non-current assets consumed in the year.		(345)
	Capital financing applied in the year		
55	• Capital Receipts applied to finance capital expenditure	4	
170	• Use of the Capital Grants Unapplied Account to finance Capital Expenditure	251	
455	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	338	
3	• Capital expenditure charged against the General Fund	32	
<u>683</u>			<u>625</u>
<b><u>3,732</u></b>	<b>Balance at 31 March</b>		<b><u>4,012</u></b>

### 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.

<b>2018/19</b>		<b>201<sup>9</sup>/20</b>
(8,858)	<b>Balance at 1 April</b>	(9,081)
620	Actuarial gains/( losses) on pensions assets and liabilities	(1,060)
<b>0</b>	Actuarial Gain reversing McICloud judgement adjustment made 20 1 <b>8/</b> 19	375
<b>(1,435)</b>	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	(1,460)
592	Employer's pension contributions and direct payments to pensioners payable in the year	564
<b>(9,081)</b>	<b>Balance at 31 March</b>	<b>(10,662)</b>

### 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.

<b>2018/19</b> <b>£000</b>		<b>2019/20</b> <b>£000</b>
(63)	<b>Balance at 1 April</b>	(63)
0	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	0
<b>(63)</b>	<b>Balance at 31 March</b>	<b>(63)</b>

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

2018/19 E000		2019/20 E000	2019/20 000
	<b>Cash Inflows from Operating Activities</b>		
3,287	Government grants	3,539	
892	Levies on Constituent Authorities	941	
819	Cash received for goods and services	720	
25	Interest received	29	
511	Other operating cash receipts	523	
5,534			5,752
	<b>Cash Outflows on Operating Activities</b>		
(3,766)	Cash paid to and on behalf of employees	(3,786)	
(1,626)	Other operating cash payments	(1,834)	
(5,392)			(5,620)
<b>142</b>	<b>Net Cash flow on Operating Activities</b>		<b>132</b>

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

2018/19 E000		2019/20 E000
(710)	Purchase of property, plant and equipment and intangible assets	(603)
0	Proceeds from the sale of property, plant and equipment and intangible assets	0
669	Other receipts from investing activities (Capital Grants)	721
(41)	<b>Net cash flows from investing activities</b>	118

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

This note provides further detail of the subjective breakdown of income and expenditure within the Authority's principal departments as recorded the management accounts.

<b>Departmental Income and Expenditure 2019/20</b>	<b>Planning</b>	<b>Countryside and Community</b>	<b>Chief Executive's Office</b>	<b>Other*</b>	<b>Total</b>
	<b>000</b>	<b>E000</b>	<b>E000</b>	<b>E000</b>	<b>E000</b>
Fees, charges and other service income	(285)	(817)	(44)	0	(1,146)
Interest and Investment income	0	0	0	(29)	(29)
Grants and Contributions	0	(577)	(18)	0	(595)
Income from Non-Specific Grants and Levies	0	0	0	(3,768)	(3,768)
Welsh Specific Grants	0	0	0	(444)	(444)
<b>Total Income</b>	<b>(285)</b>	<b>(1,394)</b>	<b>(62)</b>	<b>(4,241)</b>	<b>(5,982)</b>
Employee expenses	898	1,938	939	0	3,775
Other service expenses	142	1,241	376	32	1,791
Transfers to/(from) reserves	0	0	0	354	354
Net proceeds from asset sales	0	0	0	0	0
<b>Total Expenditure</b>	<b>1,040</b>	<b>3,179</b>	<b>1,315</b>	<b>386</b>	<b>5,920</b>
<b>Net Expenditure</b>	<b>755</b>	<b>1,785</b>	<b>1,253</b>	<b>(3,855)</b>	<b>(62)</b>

<b>Departmental Income and Expenditure 2018/19</b>	<b>Planning</b>	<b>Countryside and Community</b>	<b>Chief Executive's Office</b>	<b>Other*</b>	<b>Total</b>
	<b>E000</b>	<b>£000</b>	<b>£000</b>	<b>E000</b>	<b>£000</b>
Fees, charges and other service income	(406)	(883)	(28)	0	(1,317)
Interest and Investment income	0	0	0	(25)	(25)
Grants and Contributions	0	(375)	0	0	(375)
Income from Non-Specific Grants and Levies	0	0	0	(4,313)	(4,313)
<b>Total Income</b>	<b>(406)</b>	<b>(1,258)</b>	<b>(28)</b>	<b>(4,338)</b>	<b>(6,030)</b>
Employee expenses	987	2,095	653	0	3,735
Other service expenses	99	1,197	313	3	1,612
Transfers to/(from) reserves	0	0	0	585	585
Net proceeds from asset sales	0	0	0	0	0
<b>Total Expenditure</b>	<b>1,086</b>	<b>3,292</b>	<b>966</b>	<b>588</b>	<b>5,932</b>
<b>Net Expenditure</b>	<b>680</b>	<b>2,034</b>	<b>938</b>	<b>(3,750)</b>	<b>98</b>

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

## NOTE 22: Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

	2018/19 E000	2019/20 E000
<b>Allowances</b>	<b>104</b>	106
Expenses	<b>14</b>	<b>14</b>
<b>Total</b>	<b>118</b>	<b>120</b>

## 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 E000	Expenses E000	Employer's Pension Contribution E000	Total L000
<b>2019/20</b>				
Chief Executive	77	0	17	<b>94</b>
Delivery Director (to 31/12/19)	48	0	1	<b>59</b>
<b>2018/19</b>				
Chief Executive	73	0	16	<b>89</b>
Delivery Director (from 28/1/19)	9	0	2	<b>11</b>

There were no other senior employees receiving remuneration of more than £60,000 per annum (none in 2018/19).

The annual salary of the Chief Executive Officer as a multiple of the median salary of an Authority employee (L26,317) is 3. (3 in 2018/19 of the median salary of £24,657).

## 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. Bands have been combined where required to ensure confidentiality.

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		
		2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	
E 0-60,000	4	1	0	0	4	1	63	14

**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.

	2018/19	2019/20
	£000	£000
<b>Fees payable to external auditors for:</b>		
Financial Audit Fee	27	27
Adjustments and rebates re prior years	(3)	0
Performance Audit fee (statutory inspections)	17	17
<b>Total</b>	<b>41</b>	<b>44</b>

**NOTE 25: Grant Income**

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

	2018/19	2019/20
	£000	£000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
National Park Grant	2,827	2,827
National Park Capital Grant taken to Revenue	455	338
National Park Specific Projects Grant	594	444
Levies — Powys County Council	525	554
Carmarthenshire County Council	131	138
Monmouthshire County Council	100	105
Rhondda Cynon Taff County Borough Council	<b>45</b>	<b>48</b>
Merthyr Tydfil County Borough Council	36	<b>38</b>
Blaenau Gwent County Borough Council	28	29
Torfaen County Borough Council	27	29
<b>Total</b>	<b>4,768</b>	<b>4,550</b>
<b>Credited to Services</b>		
EU-funded Grants	400	339
Other Government Grants	22	256
Other Local Authority Grants and Contributions	133	204
Heritage Lottery Fund Grant	115	27
Other Grants	37	129
Donations and Legacies	26	11
<b>Total credited to services</b>	<b>733</b>	<b>966</b>
<b>Total Grants, Contributions and Donations</b>	<b>5,501</b>	<b>5,516</b>

**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 providing 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 2020 and 2019 are included in Note 25.

### **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 2018/19 and in 2019/20 is shown in Note 21. 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, available on the Authority's website, together with further details of expenses paid to Members for the year. The following material transactions between the Authority and parties where Members were in a position of joint control or influence were:-

- Mr Ian Rowat was a member of the Brecon Beacons Park Society which provided contributions to Authority's Gunpowder Works project of £78,000
- Cllr E Durrant held an office as Trustee of Black Mountains College which was in receipt of a Sustainable Development Fund Grant of £45,000.

### **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 I 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 23. All staff are required to declare gifts and hospitality received. A member of the Senior Management Team is related to the Artistic Director of Brecon Festival Ballet which received a grant of £10,000 from the Authority's Sustainable Development Fund in 2019/20. Decisions on the allocation of the Fund are overseen by the Grants Panel, supported by the Sustainable Communities team and the manager concerned took no part in this process.

### **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 2018/19 and 2019/20 as contributions were waived.

The Authority also contributes to National Parks UK Ltd, a limited company set up to foster collective working and raise the profile of the 15 UK National Parks. The Chairs of all National Park Authorities are Directors of the Company. The company, through the National Parks Portal, provides a vehicle for National Park Authorities to jointly procure and fund common web-based resources and IT services such as the file servers and to co-ordinate IT. In 2018/19 the Authority contributed £2,535 to the Portal and £7,750 to National Parks UK Ltd. In 2019/20 the Company was placed into liquidation and its functions distributed between member National Park Authorities.

The Authority made a payment of £10,000, towards the National Parks Partnership in 2018/19. A further payment of £10,000 was made in 2019/20. 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. 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.

	2018/19 E000	2019/20 E000
<b>Opening capital financing requirement</b>	<b>0</b>	<b>0</b>
<b>Capital investment</b>		
Property, Plant and Equipment	683	611
Intangible Assets	0	14
	<hr/> 683	<hr/> 625
<b>Less: Sources of finance</b>		
Capital Grants Account Applied	(170)	(251)
Government grants and other contributions	(455)	(338)
Capital Receipts Applied	(55)	(4)
Direct revenue contributions	(3)	(32)
<b>Closing Capital Financing Requirement</b>	<hr/> <b>0</b>	<hr/> <b>0</b>

### 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:

<b>Total Commitments Under Operating Leases</b>	<b>31 March 2019 E000</b>	<b>31 March 2020 E000</b>
<b>Payments within 1 year</b>		
Buildings	22	22
Office Equipment	3	0
Vehicles	61	56
	<hr/>	<hr/>

<b>Total</b>		86	78
<b>Payments 2-5 years</b>			
Buildings	37	16	
Office Equipment	0	0	
Vehicles	160	122	
<b>Total</b>		<b>197</b>	138
<b>Payments after 5 years</b>		0	0
<b>Total Commitments</b>		<b>283</b>	<b>216</b>

## 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 current CIPFA Code of Practice. (There were none in 2018/19)

Operating Leases: the Authority leases out parts of its premises at the Craig yn nos Country Park and the National Park Visitor Centre to catering providers, craftspeople and a private tenant. Due to the impact of Covid 19, including closedown of the Centres from March, income receivable has been reduced. In the absence of the Covid19 restrictions and closures, the minimum amount receivable would be £4,000 within 1 year.

### 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 2019/20 (none in 2018/19). Land and Buildings were revalued as at 1 April 2019 and their asset lives reassessed. Any changes to asset lives have been taken into account when calculating depreciation.

### NOTE 30: Termination Benefits

The Authority terminated the contract of 1 employee in 2019/20 incurring liabilities of £ 14,344. In 2018/19 it terminated the contracts of 4 employees incurring liabilities of £62,850. 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 2019 and the contributions to be paid until 31 March 2023 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 2019 actuarial valuation.

The Coronavirus (COVID-19) pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, the year-end valuation reports provided to Powys Pension Fund include a statement that there is a material valuation uncertainty in respect of pooled property investments managed on behalf of the pension fund as at 31 March 2020. The total value of these affected investments as at 31 March 2020 is £61 m, of which £2.074m (3.4%) is attributable to the Authority.

Contributions for the period ending 31 March 2020: The Authority's regular contributions to the Fund for the accounting period to 31 March 2020 are estimated to be £0.58m. 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 31 March 2019. 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 2020: 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 2018	31 March 2019	31 March 2020
Discount rate	2.6	2.4	2.3
CPI Inflation	2.1	2.2	1.9
Pension Increases	2.1	2.2	1.9
Pension Accounts revaluation rate	2.1	2.2	1.9
Salary increases	3.6	3.7	3.4

### Mortality assumptions for funded and unfunded arrangements

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2016 valuation and allow for expected future mortality improvements. Sample life expectancies as at 65 resulting from these mortality assumptions are shown below.

Post-retirement mortality (retirement in normal health)	31 March 2019	31 March 2020
<b>Males</b>		
Member aged 65 at accounting date	22.4	21.8
Member aged 45 at accounting date	23.7	23.2
<b>Females</b>		
Member aged 65 at accounting date	24.8	25.0
Member aged 45 at accounting date	26.2	26.4

**Asset allocation for funded and unfunded arrangements**

	Value at 31/3/2019	Value at 31/3/2020 %		
		Quoted	Unquoted	Total
	Total			
Equities	52.5	37.5	6.2	43.7
Property	9.7	9.5	0.0	9.5
Government Bonds	14.7	16.3	0.0	16.3
Corporate Bonds	6.0	6.5	0.0	6.5
Cash	2.1	3.2	0.0	3.2
Other	15.0	18.7	2.1	20.8
<b>Total</b>	<b>100</b>	<b>91.7</b>	<b>8.3</b>	<b>100.0</b>

**Reconciliation of funded status to Balance Sheet**

	Value as at 31 March 2019	Value as at 31 March 2020
Fair value of assets	23.03	21.94
Present value of funded defined benefit obligation	31.69	32.55
Pension asset/(liability) recognised on the Balance Sheet as per Actuary	<b>(8.66)</b>	<b>(10.61)</b>
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
Accounting adjustment in relation to the McCloud judgement (see note 1.6)	0.38	0
<b>Pension asset/(liability) recognised on the Balance Sheet (funded liability)*</b>	<b>(9.08)</b>	<b>(10.61)</b>

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

Active Members	45%
Deferred Pensioners	27%
Pensioners	28%

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

Period ending 31 March 2019 Em	Period ending 31 March 2020 Em
<b>Operating Cost</b>	
Current service cost(')	0.81
Past service costs	0.03
Adjustment relating to McCloud judgement to Past Service Cost	0.38
Settlement cost	0.00
<b>Financing Cost</b>	
Interest on net defined benefit liability	0.22

Pension expense recognised in profit and loss	1.44	1.46
Re-measurement in Other Comprehensive Income and Expenditure		
Return on plan assets (in excess of)/below that recognised in net interest.	(1.30)	1.78
Actuarial (gains)/losses due to changes in financial assumptions (Funded Schemes).	1.90	(1.32)
Actuarial (gains)/losses due to changes in financial assumptions. (Unfunded Schemes)	0.0	(0.24)
Actuarial (gains)/losses due to changes in demographic assumptions.	(1.27)	0.84
Actuarial (gains)/losses due to changes in liability experience	0.05	0.00
Total Amount Recognised in Other Comprehensive Income and Expenditure	(0.62)	1.06
Total Amount Recognised	0.82	2.52

*) The current service cost includes an allowance for the administration expenses of f0.02m in 2019 and f0.03m in 2020.*

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

	Period ending 31 March 2019 Ern	Period ending 31 March 2020 Lm
Opening defined benefit obligation	29.69	31.69
Current service cost	0.81	0.99
Interest expense on defined benefit obligation	0.77	0.76
Contributions by participants	0.16	0.17
Actuarial (gains)/losses on liabilities - financial <u>assumptions. Net</u> of adjustment relating to Mc	2.28	(1.32)
Cloud judgement.		
Actuarial (gains)/losses on liabilities - demographic assumptions	(1.27)	(0.24)
Actuarial (gains)/losses on liabilities - experience	0.05	0.84
Net benefits paid out	(0.45)	(0.60)
Past service costs including curtailments	0.03	0.26
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing defined benefit obligation</b>	<b>32.07</b>	<b>32.55</b>

**Changes to the fair value of assets**

	Period ending 31 March 2019 Lm	Period ending 31 March 2020 Lm
<b>Opening fair value of assets</b>	<b>20.88</b>	<b>23.03</b>
Interest Income on assets	0.55	0.55
Re-measurement gains/(losses) on assets	1.30	(1.78)
Contributions by the employer	0.59	0.57
Contributions by participants	0.16	0.17
Net benefits paid out	(0.45)	(0.60)
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing fair value of assets</b>	<b>23.03</b>	<b>21.94</b>

**Actual return on assets**

	Period ending 31 March 2019 Lm	Period ending 31 March 2020 Lm
Interest Income on assets	0.55	0.55
Re-measurement gains/(losses) on assets	1.30	(1.78)
Actual return on assets	1.85	(1.23)

**Reconciliation of unfunded scheme to balance sheet**

	Value as at 31 March 2019 (Lm)	Value as at 31 March 2020 (Ern)
Present value of defined benefit obligation	0.05	0.00
<b>Asset(/Liability) recognised on the balance sheet</b>	<b>(0.05)</b>	<b>(0.00)</b>

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

	Period ending 31 March 2019 £m	Period ending 31 March 2020 £m
Actuarial (gains)/losses due to liability experience	0.00	<b>(0.05)</b>
<b>Total Amount Recognised</b>	<b>0.00</b>	<b>(0.05)</b>

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

	Period ending 31 March 2019 £m	Period ending 31 March 2020 £m
Opening unfunded defined benefit obligation	0.05	<b>0.05</b>
Actuarial (gains)/losses due to liability experience	0.00	<b>(0.05)</b>
<b>Closing unfunded defined benefit obligation</b>	<b>0.05</b>	<b>0.00</b>

**Estimated pension expense in future periods**

	Period ending 31 March 2020
Current service cost	<b>0.96</b>
Interest on net defined benefit liability/(asset)	<b>0.24</b>
<b>Total estimated pension expense</b>	<b>1.20</b>

**Allowance for administration expenses included in Current Service**

**Cost: £0.03m** Estimated pensionable payroll over the period: £2.58m

**Sensitivity Analysis**

**The approximate impact of changing the** key assumptions on the present value of the funded defined benefit obligation at 31 March 2020 and the projected service cost for the period ending 31 March 2021 is set out below.

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

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

	+0.1% p.a.	Base Figure	-0.1% p.a.
<b>Discount Rate Assumption</b>			
<b>Adjustment to discount rate</b>			
Present value of total obligation (£m)	<b>31.85</b>	<b>32.55</b>	<b>33.27</b>
% change in present value of total obligation	<b>-2.2</b>		<b>2.2</b>
Projected service cost (£m)	<b>0.93</b>	<b>0.96</b>	<b>0.99</b>
Approximate % change in projected service cost	<b>-3.4</b>		<b>3.5</b>

<b>Rate of general Increases in salaries Adjustment to salary increase rate</b>	<b>+0.1% p.a.</b>	<b>Base Figure</b>	<b>-0.1% p.a.</b>
Present value of total obligation (£m)	32.64	32.55	32.46
% change in present value of total obligation	0.3		-0.3
Projected service cost (£m)	0.96	0.96	0.96
Approximate % change in projected service cost	0.0		0.0
<b>Rate of increase to pensions in payment, deferred pensions assumption and rate of revaluation of pension accounts assumption Adjustment to pension increase rate</b>	<b>-I year</b>	<b>Base Figure</b>	<b>+ I year</b>
Present value of total obligation (£m)	33.19	32.55	31.92
% change in present value of total obligation	2.0		-1.9
Projected service cost (£m)	0.99	0.96	0.93
Approximate % change in projected service cost	3.5		-3.4
<b>Post retirement mortality assumption Adjustment to mortality age rating assumption*</b>	<b>-I year</b>	<b>Base Figure</b>	<b>+ I year</b>
Present value of total obligation (£m)	33.59	32.55	31.52
% change in present value of total obligation	3.2		-3.2
Projected service cost (£m)	I	0.96	0.92
	3.8		-3.7

\* a rating of + I year means that members are assumed to follow the mortality pattern of the base table for an individual that is I 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 13: Debtor Balances and Note 14 Long-Term Debtor Balances).

As the Authority has funds in a mixture of immediately accessible bank accounts, short-term deposits and fixed notice accounts it has some limited exposure to liquidity risk. Interest rates and cash balances are regularly

reviewed and consideration given to placing further 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 3 I for further details.

**NOTE 33: CONTINGENT LIABILITIES**

None were identified in 2019/20