



Northumberland National Park Authority

Statement of Accounts

**For the year ended
31st March 2015**

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Summary of the 2014/15 Financial Year

Overview

In 2014/15 the Authority made significant progress in delivering its future plans with substantial investment in a number of key areas. After focusing on cost reduction for a number of years, in response to government cuts in National Park grant, the Authority has been able to focus its attention on a number of projects essential to the delivery of our statutory purposes and to the future viability of the Authority. This investment is evidence, that even with less government funding, the Authority has lost none of its ambition for the national park as one of England's finest landscapes, we are instead having to find alternative ways of delivering on our shared ambitions.

Key Investments and Projects

The highlight of the year was the award of a £7,748,000 grant by the Heritage Lottery Fund to support the construction of the Sill National Landscape Discovery Centre at Once Brewed on Hadrian's Wall. The Sill is a bold and ambitious project that will transform how people of all ages understand and explore the landscapes, history and heritage of Northumberland and the wider region. This is a key reason why National Parks exist, and by providing a modern visitor destination and a comprehensive education, training and events programme the Sill will attract over 100,000 visitors each year. In order to progress our plans for The Sill, expenditure of £299,500 (net of grants and other income) was incurred during the year. This was financed from reserves which the Authority has built up over several years specifically for this purpose.

Other substantial investments made during the year were:

- Capital expenditure of £153,500 (net capital expenditure during the year reduced to £38,700 after the allocation of capital grant) on the Hexham Enterprise Hub@Eastburn, completing the capital expenditure programme of £205,800 to provide flexible office space for small and start up rural businesses. All the new office space was let during the year, and the Enterprise Hub not only makes best use of our property asset at Eastburn but is also delivering an additional income stream to help fund our core national park purposes.
- The commencement of a £150,000 refurbishment of the Bulby's Wood visitor facilities in the Breamish Valley which will be open in time for the 2015 summer season, £11,700 was incurred during the year.
- Opening of the Sandstone Way mountain bike trail between Berwick upon Tweed and Hexham at a cost of £31,000 which reduced to £1,700 after the receipt of partner grants.

- Launching a new visitor focused website at a cost of £22,000 for the Authority to promote the attractions, activities and facilities to be enjoyed within the National Park and the surrounding market towns. £14,500 of expenditure was incurred during the year.

During the year the Authority worked with partners to secure Arts Council funding of £690,000 for the Hadrian's Wall Cavalry an exciting project that will take place at various sites and museums along the length of Hadrian's Wall. There was no expenditure during the year.

The Authority continues to focus on improving commercial income generation, access to grants and philanthropic fund raising. Key to this has been work towards delivering our commercial income strategy, which was again substantially achieved for the year. A separate Northumberland National Park Charitable Foundation which aims to raise funds to support The Sill project and wider activities within the National Park was established during this year and we look forward to working alongside the Foundation to continue valuable investment in the National Park.

Most pleasing in terms of operational performance is to report that the Authority has managed to achieve or partially achieve 92% of its Corporate Plan work programme compared with an average of 82% over the past three years. Whilst our work programme is necessarily reduced from the pre-budget cuts period, this performance continues to represent a significant achievement and positive impact in the National Park, its communities and businesses.

Financial Performance

As planned, the financial performance in 2014/15 saw a Budget deficit outturn of £290,500 which decreased the General Fund reserves balance. The Authority had taken significant action in prior years to reduce its costs in response to cuts in National Park grant and as a result its net operating expenditure of £2,237,500 was only 88% of National Park grant. The net operating surplus of £303,300, plus the reduction in reserves of £290,500 and interest receivable of £20,800 was used to finance net project costs of £549,300 and net capital expenditure of £65,300.

The Authority's long term pension liability increased by £610,000 to £3,330,000 following the Scheme's actuary's latest review. This is a long term funding liability and the Authority is continuing to reduce its historical liability with fixed annual payments of £77,000.

During the year the General Fund and Useable Reserves decreased by £290,500 to £2,049,500; however after allowing for earmarked reserves the overall level of unallocated reserves reduces to £926,200. This level of unallocated reserves allows the Authority to retain some flexibility to react to any future financial challenges.

Summary

The increased level of investment, partnership funding and an overall delivery of our Corporate Plan show that the National Park Authority continues, with our partners, to improve the National Park in line with our collectively agreed National Park Management Plan, and do so within a framework of sound financial and environmental management.

Tony Gates,
Chief Executive (National Park Officer)

Further details on our plans and performance are provided within the reports that can be found on the Authority's website at:

<http://www.northumberlandnationalpark.org.uk>

Explanatory Foreword

INFORMATION AND FINANCIAL STATEMENTS

The purpose of this foreword is to provide a clear and understandable guide to the most significant matters reported in the financial statements.

Comprehensive Income and Expenditure Statement

This statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the current and prior year. It also brings together all the gains and losses of the Authority for the year and shows the aggregate increase or decrease in net worth.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (those that can be applied to fund expenditure) 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 to the statutory amounts required to be charged to the General Fund Balance.

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; that is those reserves 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and 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 grant income or from recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute towards the Authority's future service delivery.

Statement of Accounting Policies

Discloses the accounting policies used by the National Park Authority in compiling the financial statements.

Notes to the Accounts

Disclose more detailed information on the figures provided in the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and Cash Flow Statement.

FINANCIAL POSITION

Before explaining the 2014/15 financial results it is appropriate to detail the current status of The Sill National Landscape Discovery Centre, this is a major project which, if it is approved to build during the 2015/16 financial year will have a significant impact on the Authority's future accounts.

The Sill National Landscape Discovery Centre

The Authority has modest resources but national expectations. In order to achieve those expectations, reduce dependence on National Park grant and build a modern infrastructure to support the delivery of National Park purposes over the next 30 years the Authority has been developing plans to build the Sill National Landscape Discovery Centre.

The Sill is a bold, ambitious project that will transform how people of all ages understand and explore the landscapes, history and heritage of Northumberland and the wider North East. The Sill will be the UK's first dedicated landscape discovery centre and will form a gateway from which extensive learning, participation and research activities will be provided. It will become a leading education facility for landscape, conservation, countryside management, leisure, and tourism skills. A major purpose of The Sill is to enable the landscapes of Northumberland National Park and surrounding Areas of Outstanding Natural Beauty to be opened up to a broad range of new audiences, including disadvantaged children, families, older people, disabled people and those less confident at exploring natural places.

The Sill will attract more than 100,000 visitors each year to a fully accessible, sustainable, all weather, all year-round landscape interpretation centre that also offers low cost YHA accommodation, retail and café facilities. As well as providing a building with all the facilities expected from modern day visitors The Sill will offer a comprehensive programme of interpretation, education and participation activities that will inspire people of all ages and backgrounds to celebrate value and conserve the unique natural and cultural features of the landscape. The centre will also deliver substantial economic benefits to the area, including a Rural Growth Business Hub to support the development of rural enterprises. Through its wide range of activities and operations The Sill will offer a wide range of volunteering opportunities which will strengthen links with local and regional communities through increased participation opportunities.

Total capital and revenue costs for developing the Sill are £14.8m.

The plans for the building were granted planning permission in September 2014 and a decision to proceed with the construction was taken on the 16th September 2015.

In March 2015 the Full Authority accepted a grant offer of £7,748,000 from the Heritage Lottery Fund (HLF) for The Sill and agreed to continue with the development of the project up to the point where approval to start construction works is required. The Full Authority will take a final decision to commence construction works only when build costs are confirmed with the main contractor and the Authority is satisfied it has the necessary funding in place to complete the project. The project has confirmed funding to cover 89% of the costs; the remaining funding gap is £1.7m. Work will continue to close the funding gap by continuing to approach public, private and charitable organisations as well as individual philanthropists for grants and funding support. A decision to start the construction works was taken on the 16th September 2015.

In order to deliver a project of this scale the Authority has, over the past few years, been careful to build up its cash balances and reserves. As at March 31st 2015 the Authority has no debt, total cash balances (including short term investment) of £2,087,804 and usable reserves of £2,049,468. However useable reserves do reduce to £1,671,668 if non Sill earmarked reserves of £377,800 are deducted. Sill earmarked reserves are £745,500; £295,500 is the Authority's cash funding

contribution agreed with the HLF and £450,000 is to provide a 5% contingency for capital costs, over and above the contingencies included in the project costs.

2014/15 Financial Results

Income in the Comprehensive Income & Expenditure Statement

The Authorities main source of income is National Park Grant from the Department for the Environment Farming and Rural Affairs (Defra) which, at £2,540,900, amounted to 76% of its total income in 2014/15. The Authority has been informed that National Park Grant will reduce by 1.7% in 2015/16 and there is still the potential for further cuts in 2015/16 and future years as a result of the anticipated government funding cuts.

Income for many projects and services continues to be dependent on grants and other sources of income and greater management focus continues on improving commercial income generation and philanthropic fund raising as a way of offsetting the impact of cuts in National Park Grant. One key action, approved by Members on the 19th March 2014, has been to support the establishment of the Northumberland National Park Charitable Foundation, a charitable company limited by guarantee, which will raise charitable funds to support projects which help to achieve the objectives of the National Park. The Authority has provided support to set up of the Charitable Foundation however its Trustees and governance are independent of the Northumberland National Park Authority. The Foundation is fully approved by the Charity Commission, registration number 1161156. No funds were received from the Foundation in 2014/15.

Gross income to support the net Cost of Services in the Comprehensive Income and Expenditure Statement during the year was £668,008, this was £419,891 lower than the previous year due to a £450,804 reduction in project income and a £30,913 increase in operating income. An explanation is given below for project and operating income.

Project Income

The reduction in gross project income was due to the phasing and timing of two major project grants as shown below:

- Reduction of £175,584 in Northumberland Upland Leader programme income. 2014/15 was a year of transition for the programme so no grant funding was available during the year.
- Reduction of £334,714 in The Sill project income. The HLF provided phase 1 grant funding of £399,200 to develop detailed plans for the Sill in advance of the major phase 2 grant awarded in February 2015. Final phase 1 grant of £345,953 was included in the 2013/14 accounts. No HLF phase 2 grant has been recognised in the 2014/15 accounts as no eligible expenditure was incurred. Other small Sill project grants increased by £11,239 in 2014/15.
- Increase in National Trail project income of £65,324. During the year the Authority took over responsibility for managing the Hadrian's Wall National Trail, this increased project income and grants by £128,770, although this was partially offset by a reduction of £63,446 in funding for the Pennine Way National Trail.
- Decrease of £5,830 in other project grants during the year. Within other project grants in 2014/15 was £29,230 to support the creation of the Sandstone Way mountain bike cycle trail between Berwick upon Tweed and Hexham.

Operating Income

- Increase of £30,913 (9.4%) in operating income to £360,373 reflecting further progress in the Authority's objective to increase other sources of income to offset reductions in National Park Grant. The opening of the Hexham Enterprise Hubs@Eastburn during the year generated an additional rental income of £22,562.

Finance and investment income at £20,764 reduced by £16,119 during the year, this was due to a year on year reduction in interest rates.

Non specific grant income at £2,655,682 was £220,418 lower than the previous year due an 8.5% (£236,482) cut in National Park Grant offset by higher capital grants of £16,064.

Expenditure in the Comprehensive Income and Expenditure Statement

The gross Cost of Services in the Comprehensive Income and Expenditure Statement reduced by £305,342 to £3,589,137; this reduction was after an adverse year-on-year asset revaluation movement of £63,887 and a favourable year-on-year IAS19 pension cost movement of £20,000; excluding both of those adjustments the underlying gross Cost of Services reduced by £349,229. The reduction was due to a £321,784 decrease in project expenditure and a £27,445 reduction in non project expenditure.

The underlying gross Cost of Services decreased year-on-year by £349,229, the reasons for this decrease in expenditure are shown below:

Project Costs

- Decrease in Northumberland Upland Leader programme costs of £187,230 due to all of the projects being completed in 2013/14;
- Decrease in Sill project expenditure costs of £192,131, this was due to a gap in expenditure between the end of phase 1 and the start of phase 2 of the project ;
- Decrease in grants and loans payable to local businesses and community groups through the Sustainable Development and Action Area Funds of £53,064;
- Increase in project expenditure on the Hadrian's Wall and Pennine Way National footpath trails of £53,414;
- Increase in other conservation, heritage, cultural and community projects across the National Park of £57,227; including £31,047 on the Sandstone Way cycle trail and, £20,859 to develop plans for improving facilities at the Walltown site.

Operating Costs

- Decrease of £129,089 (7.1%) in non project staff related costs due to the decision not to recruit permanent staff into vacant posts until a number of service reviews had been completed. The majority of service reviews have been completed and posts are now being filled. Non project staff costs are the biggest expenditure item for the Authority with a total cost of £1,691,601 this represents 66.6% of National Park grant.
- Increase in temporary agency staff costs of £47,897 to cover vacant permanent staff positions during the year pending the outcome of the service reviews.

- Increase in staff holiday accrual £12,000 due to timing differences in staff taking their holidays.
- Increase of £16,170 in depreciation reflecting increases in capital investment over the past two years.
- Increase of £25,577 in other non project costs, this reflects improvements to IT systems, start up costs for the Hexham Enterprise Hubs@Eastburn, income generation advice and other minor changes.

Total net operating expenditure, excluding the impact of asset revaluations and the IAS 19 pension adjustment was £2,355,580; this was a decrease of £58,358 on the previous year reflecting the cost savings and improved income generation detailed above.

Capital Expenditure and Assets Revaluations

During the year the Authority had capital expenditure of £165,641, full details are provided in note 21 of the accounts (Property Plant and Equipment).

A further investment of £14,453 was made in Intangible Assets as detailed in note 22 (Intangible Assets)

Following investment at its Eastburn offices to facilitate the new Enterprise Hub on the 31st March 2015 the Authority re-valued both administrative offices in Hexham (Eastburn) and Rothbury (Church House). The Authority also re-valued its phase 1 investment in the Hexham Enterprise Hubs@Eastburn on the same date. The revaluation produced a net increase in asset values of £11,128, as a result of certain assets being re-valued up (£65,044) whilst others were re-valued down (£53,916).

The net asset revaluation gain of £11,128 is reflected in the Revaluation Reserve (a net gain of £37,373) and the Capital Adjustment Account (a net loss £26,245).

Pensions Reserve

The deficit on the Authority's Pension Reserve was increased by £610,000 to £3,330,000 reflecting the latest actuarial statement as detailed in note 10 (Unusable Reserves). The Pension Reserve is a non cash reserve which reflects a long term funding issue to be resolved by all Local Authorities.

Usable and Earmarked Reserves

During the year the level of Usable Reserves reduced by £290,487 to £2,049,468. The £290,847 movement reflects the Outturn Budget Net Expenditure of £2,831,349 (shown on page 31) less the years National Park grant of £2,540,862.

The Usable Reserves of £2,049,468 would reduce to £926,168 if all the Earmarked Reserves totalling £1,123,300 detailed in note 8 were utilised. The Earmarked Reserves include £745,500 for the Sill project; £295,000 being the Authority's cash contribution to the project and £450,000 being a 5% contingency to cover unplanned construction and fit out costs.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the National Park Authority

The National Park Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. At the Northumberland National Park Authority, that officer is the chief financial officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The chief financial officer is responsible for the preparation of the National Park Authority's Statement of Accounts in accordance with the proper practices set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the chief financial officer has:

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

The chief financial officer has also:

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

Statement by the Chief Financial Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Northumberland National Park Authority at the reporting date and its expenditure and income for the year ended 31st March 2015.

..... Chief Financial Officer

..... Date

Governance Statement

Introduction

Northumberland National Park Authority is required to undertake proper practices in relation to its accounts as defined by the Accounts and Audit (England) Regulations 2011. Thus an Annual Governance Statement is required for the year ending 31st March 2015. This needs to be produced alongside the Annual Accounts.

Scope

The Authority is responsible for ensuring its business is conducted in accordance with statutory standards and professional guidance and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Local Government Act 1999 places a statutory responsibility on the Authority to secure continuous improvement in the way its functions are delivered. Therefore the Authority is responsible for ensuring a sound system of internal control is in place to facilitate the delivery of its functions, make arrangements to manage the risk, and to review its work to ensure that it is being delivered in an efficient and effective manner.

The Purpose of the Annual Governance Statement

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically. Risk is managed within the framework and risk appetite set by the Authority.

The system of internal control has been in place for the year ended 31st March 2015 and up to the date of approval of the annual report and accounts and accords with proper practice.

The Internal Control Environment

Establishing and monitoring the achievement of the Authority's objectives

Medium Term Vision and 5 Year Framework

The Authority has a hierarchy of plans, headed by a statutory National Park Management Plan which sets a framework for its work for the next 10 years, with a planned review after 5 years (review to be undertaken in 2015/16). The Management Plan sets out a vision and strategic aims for the National Park which are cascaded into outcomes and objectives for a 5 year period.

Each year the **National Park Management Plan Partnership** (consisting of key public bodies and other stakeholders) agrees a **National Park Management Plan Annual Action Plan** which sets the framework for the annual work programme for the Authority and informs the work programmes of partners.

3 Year Business Plan

A 3-year **Business Plan** is used to provide a medium term framework for the National Park Authority's work programmes to deliver its part of the National Park Management Plan on a rolling three year basis.

The medium term Business Plan is set within the context of strategic aims of the National Park Management Plan. The Authority approved its latest three year Business Plan in March 2013.

The three year Business Plan is updated and aligns with the Medium-Term Budget Plan which is also set across three years and agreed in March each year. 2015/16 is the last year of the 3 Year Business Plan and new arrangements will be agreed for the subsequent years following completion of the review of the National Park Management Plan.

Corporate Plan (Annual Work Programme)

A **Corporate Plan** is prepared annually alongside the annual budget plan. It sets out the detailed annual work programme to deliver the Business Plan (and by extension the National Park Management Plan). These actions are then cascaded into individual manager and staff work plans.

Agreeing Priorities

Not everything within the National Park Management Plan is deliverable within available resources. Strategic priority setting is undertaken by the Authority every three years (last carried out in the autumn of 2012) to inform the medium term three year Business Plan and Budget Plan. The current Plan runs up to the end of 2016/17 and will be reviewed in light of significant financial changes and to reflect the review of the National Park Management Plan.

Policy and decision making

All internal policy is made by the Full Authority Board. The development of policy is assisted by member policy conferences and is supported and informed by task and finish groups of members, staff and partners. These informal conferences and groups report their findings and advice to the National Park Authority at its formal meetings. Thus all the members of the Authority are able to take part in deciding policy. All key policy decisions are therefore recorded in official and publicly available minutes. Any resulting detailed policy is then developed within the departments and this work is always sponsored by a Head of Department or the Chief Executive.

Decision making is regulated by the Authority's Standing Orders, Scheme of Delegation, Financial Procedures and member and officer Codes of Conduct. Following national and internal governance reviews, a new set of Standing Orders and a new Scheme of Delegation were adopted by the Authority in May 2014. The changes aim to further embed good governance within the Authority.

The decision-making process benefits from high level legal and financial advice via the Chief Financial Officer, Monitoring Officer, internal audit service and external legal advisers and specialists. The Chief Executive ensures that the Authority has access to professional services from within and outside the staffing structure to provide specialist policy and legislative advice in key areas such as finance, human resources, health and safety, property and estates, development management, forward planning, historic buildings, ecology, archaeology and recreational access.

Identifying, assessing and monitoring risks

The Authority manages risk through the **Strategic Risk Register**, which identifies areas of highest strategic risk again over the three year period of the Business Plan and Medium-Term Financial Plan. Risk management activity is incorporated, via the Corporate Plan, into work programmes including priority actions for senior managers. In addition the Authority has separate programmes to address health and safety, local resilience, business continuity and equality. Whistle blowing and anti fraud and corruption policies are also in place.

Internal Audit is focussed on corporate risk and systems of control. This is high level advice which is in part influenced by the overall assurance framework but also takes account of the key control systems which underpin an efficient and effective organisation e.g. corporate

governance and budgetary control. The work programme for internal audit is set by the Authority and the Finance and Audit Group. The previous three years of internal audit have provided a very high level of reassurance across the Authority's key work streams. In the next three years the Internal Audit programme will concentrate on areas of highest risk or perceived weaknesses to provide added value.

New work, including a portfolio of externally funded projects, is developed using a nationally recognised project management model. Trained staff use these processes to ensure risk is identified at the outset and that all new work is in line with the Authority's stated priorities.

Members routinely scrutinise work through Review Group meetings. This process provides a programme with a high level of internal support and challenge as part of the Authority's overall assurance framework, and as such is aligned with the Strategic Risk Register.

The proposed £14.2m Sill National Landscape Discovery Centre Project, is being developed in partnership with the Youth Hostel Association, is supported by a team of external specialists who regularly report to senior management and the Sill Project Board which is made up of a small number of Authority Members, supported by senior managers from the Authority and the Youth Hostel Association. The Sill Project Board has delegated authority to take decisions.

Continuous Improvement: Ensuring economical, effective and efficient use of resources

Improvement Planning

The last National Park Authority Performance Assessment (NPAPA), concluded November 2010, found that the Authority had no areas of weakness and had become a high performing National Park Authority in two of its service areas. Since that date the Authority has had to implement budget cuts and income generation programmes to address the loss of 39.3% of core grant from Defra. There are currently no plans to repeat NPAPA in the near future. The outcomes of the most recent NPAPA therefore offers only a very limited level of assurance.

Efficiency

The Authority regularly market-tests many of its procured services; including property services, legal services and internal audit. The Authority's purchasing strategy is being used to drive improved services where the essential criterion is based on gaining best value and not just lowest cost service provision. In 2014/15 all bought-in professional services were assessed after three years of operating the 6 year contracts.

Salary and associated employment costs for non project staff are the most significant resource for the Authority accounting for 65% of National Park grant. The Authority aims to continually develop its staff and has been recognised as an Investor in People for over 15 years, with regular surveys showing increasingly enhanced levels of staff engagement. A new and more regular staff appraisal process was introduced in 2014/15 and found to be more effective than the predecessor. Following significant organisational change a new Human Resources Framework was set in March 2013 with five prioritised strategic objectives for the next three years. A number of service reviews aimed at further enhancing efficiency and effectiveness were concluded in 2014/15 and a smaller number will be completed in 2015/16.

The Authority achieves many of its objectives working with others in the private, public and voluntary sectors. An ever increasing amount of fieldwork is undertaken in partnership with community and voluntary groups. Sharing of costs and pooling of resources through partnership working has ensured exceptionally good value for money in areas such as land management and cross boundary natural environment initiatives, National Trail management, sustainable transport and projects to mitigate climate change. Further improvements are planned in areas such as National Trail maintenance, volunteer services and sharing specialist

staff with skills in the natural environment.

Financial management

The Authority's financial management arrangements conform to the majority of the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010. The notable exception being the Chief Financial Officer does not report directly to the Chief Executive and is not a member of the Leadership Team. In the current staffing structure the Chief Financial Officer reports to the Head of Corporate Services and Monitoring Officer. The Chief Financial Officer reports directly to the full Authority and Finance and Audit Group on significant financial matters including the three year Business Plan, treasury management, financial performance and audit work. Being a small Authority this is deemed the most efficient and effective structure, the Chief Financial Officer does, however, have direct and unfettered access to the Chief Executive and Members as and when required in order to perform the role.

The roles and responsibilities of the Chief Financial Officer and the Head of Corporate Services and Monitoring Officer are set out in the Financial Regulations as adopted by the Authority.

Responsibility for each of the budget heads and projects is given to the Heads of Department, line managers and other staff. All financial areas are audited through a prioritised plan. Annual trading accounts are produced and used to scrutinise and challenge the effective performance of the commercially important Eastburn Enterprise Hub, Once Brewed visitor centre sales operation and the Hadrian's Wall car park charging scheme.

A modern, easy to use, financial monitoring system is accessible by most accountable staff on their desktops, laptops and for remote working. Monthly reports to all budget managers are provided and actively scrutinised. The Leadership Team reviews the budget quarterly with key issues being reported to members. A Finance and Audit Group consisting of members, the Head of Corporate Services and the Chief Finance Officer meet on a quarterly basis to discuss the key financial business of the Authority, including providing a steer from members on the budget strategy and scrutinising the detail of the half and full year financial performance before the formal report is issued to the Authority. All managers are required to keep up to date with their budget and project performance management and report on this on a monthly basis. The Authority receives annual and quarterly financial reports. Key targets and areas of high corporate risk are reported quarterly to the Authority alongside performance of projects.

Performance management

Performance management is applied in a consistent way across the Authority. Key performance indicators, which are a mix of measures of activity, processes, outputs and outcomes are in place for the whole of the Authority's work.

Projects and other key areas of work are examined quarterly by the Leadership Team with significant issues being reported to the Authority. Heads of Department have regular meetings with their managers to progress more detailed areas of work, where lessons learned and activities to correct performance variations are discussed, agreed and implemented.

The Authority receives an annual review of performance and ensures current year's targets are based on previous year's performance. The annual review of performance by the Authority provides a regular check as to how far the annual work programme has contributed to the delivery of the 10-yearly vision as set out in the statutory National Park Management Plan. Performance is publicly reported including through publication of an Annual Report, the Authority's website and an annual public meeting known as the "National Park Forum". Annually, the Authority's performance on some key measures is presented alongside that of the

other English National Park Authorities in order to provide better context which in some cases is helpful.

In addition, the Authority produces a **State of the Park Monitoring Report** which provides high level outcome measures to further inform progress on the overall 'state of health' of the National Park and reflects changes and challenges in the economic, social and environmental setting facing Northumberland National Park.

Review of Effectiveness

The external auditors provide an annual management letter to the Authority following the annual audit. Issues raised within the letter are considered by the Authority, and the Leadership Team to address any areas of weakness.

During the year the Leadership Team consider the findings of each internal audit report, agree the acceptance or otherwise of recommendations and approve the management response. The implementation of recommendations agreed are monitored on a regular basis. The Finance and Audit Group discuss the Annual Report which summarises the work undertaken in year before it is considered by the Authority annually each June.

Significant Internal Control Issues

Internal Audit reported on the following areas in 2014/15:

- Corporate Priorities Capability
- Performance Management
- Pool Vehicles Travel Costs
- Once Brewed Centre: Sales and Income

The internal auditors concluded the Authority has positive levels of assurance in terms of **Governance, Risk Management** and **Control**. In detail, as a result of these audits and a follow-up audit of previous recommendations:

- 7 recommendations were categorised as low priority;
- 10 recommendations were categorised as medium priority; and for the fourth year
- 0 recommendations were made in the high priority category.

No issues were identified which would have a negative impact upon the internal auditors' annual opinion.

This provides a high level of reassurance for board members and the management of the Authority.

..... Chief Executive

..... Chairman

Independent Auditor's Report to the Members of Northumberland National Park Authority

Opinion on the Authority financial statements

We have audited the financial statements of Northumberland National Park Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Statement of Accounting Policies and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Summary of the 2014/15 Financial Year and Explanatory Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Northumberland National Park Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Independent Auditor's Report to the Members of Northumberland National Park Authority

Opinion on other matters

In our opinion, the information given in the Summary of the 2014/15 Financial Year and Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on my responsibilities; and
- our locally determined risk-based work.

As a result, we have concluded there are no matters to report.

Certificate

We certify that we have completed the audit of the accounts of Northumberland National Park Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Celia Craig (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
Newcastle-Upon-Tyne
30 September 2015

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2015

2013/14				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
438,155	(126,941)	311,214	Conservation of Natural Environment	444,604	(76,729)	367,875
125,289	(12,225)	113,064	Conservation of Cultural Heritage	136,457	(8,307)	128,150
220,099	(242,773)	(22,674)	Recreation Management and Transport	386,270	(339,805)	46,465
1,125,638	(437,597)	688,041	Promoting Understanding	954,139	(114,784)	839,355
551,140	(21,086)	530,054	Rangers, Estates and Volunteers	513,598	(23,418)	490,180
224,679	(26,049)	198,630	Development Control	241,490	(30,531)	210,959
866,767	(214,863)	651,904	Forward Planning and Communities	541,807	(61,561)	480,246
342,712	(6,365)	336,347	Corporate Management and Administration	370,772	(12,873)	357,899
3,894,479	(1,087,899)	2,806,580	Cost of Services	3,589,137	(668,008)	2,921,129
180,000	(36,883)	143,117	Financing and investment income and expenditure (Note 3)	100,000	(20,764)	79,236
-	(2,876,100)	(2,876,100)	Non specific grant income (Note 4)	-	(2,655,682)	(2,655,682)
		73,597	(Surplus) /Deficit on the Provision of services			344,683
		(15,621)	Revaluation gain on Land and Buildings revalued on the 31 st March 2014 (Note 21)			(37,373)
		(1,410,000)	Actuarial (gains)/ losses on Pension Fund assets and liabilities (Note 17)			520,000
		(1,425,621)	Other Comprehensive Income and Expenditure			482,627
		(1,352,024)	Total Comprehensive Income and Expenditure			827,310

The above Comprehensive Income and Expenditure Account shows a true and fair view of the income and expenditure of the Authority for the year ended 31st March 2015.

The accounting policies and notes on pages 29 to 61 form an integral part of these financial statements.

..... Chief Financial Officer Date

Movement in Reserves Statement for the Year Ended 31st March 2015

	General Fund Balance £	Earmarked General Fund Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance as at 31 March 2013	1,918,663	364,100	-	2,282,763	(1,790,083)	492,680
Movement in Reserves during 2013/14						
Surplus / (Deficit) on the provision of services	(73,597)	-	-	(73,597)	-	(73,597)
Other comprehensive income and expenditure	-	-	-	-	1,425,621	1,425,621
Total comprehensive income and expenditure	(73,597)	-	-	(73,597)	1,425,621	1,352,024
Adjustments between accounting basis and funding basis under regulations (Note 7)	130,789	-	-	130,789	(130,789)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	57,192	-	-	57,192	1,294,832	1,352,024
Transfers to/ from Earmarked Reserves (Note 8)	(984,700)	984,700	-	-	-	-
Increase/ (Decrease) in 2013/14	(927,508)	984,700	-	57,192	1,294,832	1,352,024
Balance as at 31 March 2014	991,155	1,348,800	-	2,339,955	(495,251)	1,844,704
Movement in Reserves during 2014/15						
Surplus / (Deficit) on the provision of services	(344,683)	-	-	(344,683)	-	(344,683)
Other comprehensive income and expenditure	-	-	-	-	(482,627)	(482,627)
Total comprehensive income and expenditure	-	-	-	-	(482,627)	(827,310)
Adjustments between accounting basis and funding basis under regulations (Note 7)	54,196	-	-	54,196	(54,196)	-
Net Increase/(Decrease) before Transfers to Earmarked Reserves	(290,487)	-	-	(290,487)	(536,823)	(827,310)
Transfers to/ from Earmarked Reserves (Note 8)	225,500	(225,500)	-	-	-	-
Increase/ (Decrease) in 2014/15	(64,987)	(225,500)	-	(290,487)	(536,823)	(827,310)
Balance as at 31 March 2015	926,168	1,123,300	-	2,049,468	(1,032,074)	1,017,394

The accounting policies and notes on pages 29 to 61 form an integral part of these financial statements.

Statement of Accounts 2014/15

Balance Sheet as at 31st March 2015

31 March 2014		Note	31 March 2015
£			£
2,251,718	Property, Plant and Equipment	21	2,322,322
8,933	Intangible Assets	22	20,706
2,260,651	Long Term Assets		2,343,028
9,491	Inventories	24	8,946
301,192	Short Term Debtors	25	194,104
1,051,185	Cash and Cash Equivalents	26.	1,287,804
1,300,000	Short Term Investments	28	800,000
2,661,868	Current Assets		2,290,854
(357,815)	Short Term Creditors	27	(286,488)
(357,815)	Current Liabilities		(286,488)
(2,720,000)	Pensions Liability	17	(3,330,000)
(2,720,000)	Long Term Liabilities		(3,330,000)
1,844,704	Net Assets / (Liabilities)		1,017,394
2,339,955	Usable reserves	8/9	2,049,468
(495,251)	Unusable reserves	10	(1,032,074)
1,844,704	Total Reserves		1,017,394

The above Balance Sheet presents a true and fair financial position of the Authority as at 31st March 2015.

The accounting policies and notes on pages 29 to 61 form an integral part of these financial statements.

..... Chief Financial Officer

..... Date

Cash Flow Statement for the Year Ended 31st March 2015

2013/14		2014/15
£		£
73,597	Net (Surplus) / Deficit on the provision of services	344,683
(313,312)	Adjustments to net surplus on the provision of services for non-cash movements (Note 11)	(251,772)
59,230	Adjustments for items included in the net surplus or deficit on the provision of services that are investing activities	137,330
<u>(180,485)</u>	Net cash flows from Operating Activities (Note 12)	<u>230,241</u>
(147,786)	Investing Activities (Note 13)	(466,860)
(328,271)	Net (Increase) / Decrease in cash and cash equivalents	(236,619)
<u>722,914</u>	Cash and cash equivalents at the beginning of the reporting period	<u>1,051,185</u>
<u>1,051,185</u>	Cash and cash equivalents at the end of the reporting period (Note 26)	<u>1,287,804</u>

The accounting policies and notes on pages 29 to 61 form an integral part of these financial statements.

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Property, Plant and Equipment

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis in the Statement of Accounts. Expenditure on Property, Plant and Equipment is capitalised, provided that the Property, Plant and Equipment yields benefits extending over more than one year to the Authority and is greater in value than £10,000. This excludes expenditure on routine repairs and maintenance of Property, Plant and Equipment which is charged direct to the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment are classified into the following groups, as required by the Code of Practice on Local Authority Accounting 2014/15 issued by CIPFA:

- Land and Buildings are valued on the basis of the Code issued by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Land and Buildings are re-valued every 5 years, or earlier if individual items have a significant change that could impact on their valuation.
- Surplus Land and Buildings are valued on an Existing Use Value as recommended in the Code issued CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors;
- Plant and Equipment - included in the Balance Sheet at the lower of net current replacement cost and net realisable value in their existing use;
- Assets Under Construction are measured at historical cost and are transferred to the relevant asset category when they are deemed complete.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Depreciation

Annual depreciation is calculated on a straight-line basis at valuation or cost less residual value, divided by the estimated useful life of the asset. The useful lives of buildings range between 10 - 50 years and are based on details advised by independent valuers. Equipment useful lives range from 3 - 10 years depending on the type of asset. The charge is time-apportioned in the year of acquisition.

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

Third Party Capital Expenditure

Grants made to third parties to fund expenditure of a capital nature (e.g. sheds, walls, etc.) are immediately written off to the Comprehensive Income and Expenditure Statement if no lasting benefit will accrue to the National Park Authority. Any external grants received to finance this expenditure are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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 (e.g. software programmes) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore 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 Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance 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.

Heritage Assets

Heritage Assets are non-current assets that are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

Where Heritage Assets are held within the Balance Sheet, the carrying amounts will be reviewed where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The acquisition or disposal of a Heritage Asset would require the approval of the Authority, if the criteria for capitalisation was met (i.e. it yields benefits extending over more than one year to the Authority and is greater in value than £10,000). In any other instance the approval of the Leadership Team or the relevant Head of Department would be necessary.

Records in relation to the assets themselves are held in the estates database and the Archaeologist holds separate records regarding the condition of the assets and planned routine maintenance.

If it is agreed to dispose of any Heritage Assets the proceeds are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

The Authority does not currently have any Heritage Assets held within the Balance Sheet.

Where the Authority considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the balance sheet, but included in the accounts as a disclosure.

Stock

Stock for re-sale at visitor centres, has been valued at the lower of cost and net realisable value. In general, obsolete and slow-moving items are written-off against the value of stock shown in the Balance Sheet.

Debtors and Creditors

The revenue and capital accounts of the Authority are, in general, maintained on an accruals basis in accordance with International Accounting Standard (IAS) 18. The accounts reflect sums due to or incurred by the Authority during the year whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for creditors and debtors at 31st March 2015.

Provision for Doubtful Debts

The Authority will recognise and account for bad debt in the financial year that it is recognised that the debt, after all cost-effective methods to recover it have failed, will not be fulfilled. As a result of this policy no provision for doubtful debts is separately maintained.

Charges to Revenue

The Authority has not financed any capital by borrowing and as a result there is no interest charged to revenue.

Overheads

Costs of management and administration have been re-allocated to the other cost headings within the accounts, leaving only corporate management and related costs reported under the heading "Corporate Management and Administration".

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 in no more than three 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.

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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. All other leases are classified as operating leases.

Northumberland National Park Authority has entered into finance leases for property and the net book value of these are included in the land and buildings element of property, plant and equipment section of the balance sheet. There is no corresponding liability under finance leases as the lease payments due are nil or peppercorn. Equipment leases entered into are operating leases, and in these cases the rentals payable are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term.

Capital Receipts

Amounts receivable from the disposal of Property, Plant and Equipment are credited to the Capital Receipts Reserve on an accruals basis.

Grants and Revenue Recognition

Revenue grants and other contributions are accounted for on an accruals basis and recognised in the financial statements when the conditions for their receipt have been complied with and there

is a reasonable assurance that the grant or contribution will be received. Other income is recognised on an accruals basis.

Capital grants that have been received for the acquisition of Property, Plant and Equipment are accounted for on an accruals basis and credited to the Comprehensive Income and Expenditure Statement when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. The grant is then transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement.

Reserves

The Revaluation Reserve records the accumulated gains on Property, Plant and Equipment held by the Authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The Reserve is also debited with amounts equal to the part of depreciation charges on assets that have been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of Property, Plant and Equipment carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Pensions

The pension liabilities of the Authority are accounted for using International Accounting Standard (IAS) 19 "Employee Benefits" principles. Employees, subject to certain qualifying criteria, are eligible to join the Northumberland County Council Pension Fund, administered by Northumberland County Council, which provided members with defined benefits related to pay and service.

The Authority has complied with the requirements of IAS19, and in particular:

- The assets are measured at fair value;
- The attributable liabilities of the scheme are measured on an actuarial basis;
- The scheme liabilities are discounted at a rate that reflects the time value of money and the characteristics of the liability;
- The deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- The current service cost is based on the most recent actuarial valuation at the beginning of the period;
- The interest cost is based on the discount rate and present value of liabilities at the beginning of the period;
- Actuarial gains and losses may arise from a new valuation or updates to the latest valuation;
- Past service costs are disclosed on a straight-line basis over the period the increased benefits vest;
- Gains/losses arising on settlement or curtailment are measured at the date all parties become irrevocably committed to the transaction.

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 event and their estimated financial effect.

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

Financial Instruments

Financial Instruments are formally defined within the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term financial instrument covers both financial assets and financial liabilities and covers the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

The accounting treatment of a financial instrument depends on its classification on initial recognition.

Financial assets are assets which have fixed or determinable payments but are not quoted in an active market. At the year end the only financial instruments held by the Authority are Short-Term Receivables and Short Term Investments being a one year Fixed Term Bond totalling £800,000 (2013/14 two 1 year fixed term bonds of £1,300,000).

Financial assets represented by the fixed term bonds are initially recognised at fair value and then subsequently carried in the balance sheet at amortised cost. Financial assets represented by receivables are short-duration receivables with no stated interest rate and are therefore measured at original invoice amount. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value of the bond.

Financial liabilities are shown within the balance sheet as other liabilities and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for the interest payable are based on the carrying amount of the liability, multiplied by the effective rate of investment for the instrument. Financial liabilities represented by accruals and other payables are short-duration payables with no stated interest rate and are therefore measured at original amount. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value. All accruals and other payables are due to be paid in less than one year.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Notes to the Accounts

1. Critical Judgements in Applying Accounting Policy

In applying the accounting policies set out above, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

2. Accounting Standards that have been issued but have not yet been adopted

Amendments to the 2015/16 Code of Practice on Local Authority Accounting have been reviewed and are not considered to be relevant or are immaterial to the Authority.

3. Financing and Investment income and expenditure

2013/14		2014/15
£		£
180,000	Net interest on the net defined liability / (asset)	100,000
(36,883)	Interest receivable	(20,764)
143,117	Total	79,236

4. Non Specific Grant income

2013/14		2014/15
£		£
(2,777,344)	National Park Grant *	(2,540,862)
(98,756)	Capital Grants and Contributions	(114,820)
(2,876,100)	Total	(2,655,682)

* Northumberland National Park Authority receives its net budget, as approved by Parliament, from the Department of the Environment, Food and Rural Affairs (Defra).

5. Cost of Services income

2013/14		2014/15
£		£
(777,003)	External grants	(309,012)
(310,896)	Sales, fees and charges	(358,996)
<u>(1,087,899)</u>	Total	<u>(668,008)</u>

The National Park Authority receives external grant aid and generates other income, such as car park charges, rental income, planning development fees and visitor centre sales.

6. Segment Analysis

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SerCOP). This is the same basis used to make decisions about resource allocation, which are taken by the Full Authority. However these reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure whereas the Comprehensive Income and Expenditure Statement is charged with depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve;
- Actual capital expenditure and income is reported to the Authority but is not included in the Comprehensive Income and Expenditure Statement, which shows revenue amounts only;
- The cost of retirement benefits is based on cash flows (payment of employers' pension contributions) rather than current service cost of benefits accrued in the year;
- Management and Administration expenditure is budgeted centrally, but is reapportioned in line with SerCOP requirements in the Comprehensive Income and Expenditure Statement.

The breakdown of the income and expenditure of the Authority as recorded in the Outturn Budget Report is as follows:

2014/15	Employee Expenses £	Service Expenses £	Total Expenditure £	Sales, Fees and Charges £	Grants £	Total Income £	Net Expenditure £
Conservation of the Natural Environment	198,322	43,660	241,982	(6,366)	(52,363)	(58,729)	183,253
Conservation of the Cultural Heritage	55,243	23,334	78,577	(226)	(2,081)	(2,307)	76,270
Recreation Management and Transport	97,382	209,960	307,342	(172,453)	(160,352)	(332,805)	(25,463)
Promoting Understanding	265,770	421,862	687,632	(52,395)	(41,389)	(93,784)	593,848
Rangers, Estates and Volunteers	265,937	59,528	325,465	(9,418)	0	(9,418)	316,047
Development Control	121,166	15,711	136,877	(21,531)	0	(21,531)	115,346
Forward Planning and Communities	153,407	249,660	403,067	(14,388)	(35,173)	(49,561)	353,506
Management and Administration	852,042	601,957	1,453,999	(102,983)	(132,474)	(235,457)	1,218,542
Total	2,009,269	1,625,672	3,634,941	(379,760)	(423,832)	(803,592)	2,831,349

2013/14	Employee Expenses £	Service Expenses £	Total Expenditure £	Sales, Fees and Charges £	Grants £	Total Income £	Net Expenditure £
Conservation of the Natural Environment	184,275	148,874	333,149	(21,573)	(155,598)	(177,171)	155,978
Conservation of the Cultural Heritage	53,385	24,936	78,321	(1,125)	(9,100)	(10,225)	68,096
Recreation Management and Transport	40,038	162,623	202,661	(166,033)	(74,740)	(240,773)	(38,112)
Promoting Understanding	272,663	627,990	900,653	(42,665)	(382,932)	(425,597)	475,056
Rangers, Estates and Volunteers	290,868	61,622	352,490	(10,086)	-	(10,086)	342,404
Development Control	115,159	17,706	132,865	(34,524)	-	(34,524)	98,341
Forward Planning and Communities	249,402	399,555	648,957	-	(202,863)	(202,863)	446,094
Management and Administration	871,681	436,388	1,308,069	(85,248)	(50,526)	(135,774)	1,172,295
Total	2,077,471	1,879,694	3,957,165	(361,254)	(875,759)	(1,237,013)	2,720,152

Reconciliation of the net expenditure from the outturn report to the Cost of Services in the Comprehensive Income and Expenditure Statement

2013/14		2014/15
£		£
2,720,152	Net Expenditure in the breakdown of the Outturn Budget Report Analysis	2,831,349
(111,444)	Remove capital expenditure capitalised in the financial statements but included in the outturn budget report	(180,094)
(360,000)	Remove employers' cash pension contributions included in the outturn budget report but not included in the financial statements	(300,000)
98,756	Remove capital income included in the outturn budget report but capitalised in the financial statements	114,820
36,883	Remove interest and investment income included in outturn budget reporting but excluded from the Cost of Services in the Comprehensive Income and Expenditure Statement (income and investment income included as part of the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement instead)	20,764
370,000	Include employers pension contributions accrued in the financial statements but excluded from the outturn budget report	290,000
(2,800)	Include impact of employee accrual for leave	9,200
89,995	Include depreciation charges on non-current assets included in the financial statements but excluded from the outturn budget report	106,165
2,680	Include amortisation of intangible assets included in the financial statements but excluded from the outturn budget report	2,680
(37,642)	Include impairment charges included in the financial statements but excluded from the outturn budget report	26,245
2,806,580	Cost of Services in the Comprehensive Income and Expenditure Statement	2,921,129

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the outturn budget reporting analysis relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15	Outturn Budget Report Analysis (OBRA) £	Amounts included in the OBRA but not in the Cost of Services in the CIES £	Amounts included in the Cost of Services in the CIES but not in the OBRA £	Allocation of reappportioned management and admin costs £	Amounts reported below the Cost of Services in the CIES £	Total £
Sales, fees and charges	(358,996)	-	-	-	-	(358,996)
Interest and Investment Income	(20,764)	20,764	-	-	(20,764)	(20,764)
National Park Grant	-	-	-	-	(2,540,862)	(2,540,862)
External grants and contributions	(309,012)	-	-	-	-	(309,012)
Capital Grants and Donated Assets	(114,820)	114,820	-	-	(114,820)	(114,820)
Total Income	(803,592)	135,584	-	-	(2,676,446)	(3,344,454)
Employee Expenses	2,009,269	(300,000)	299,200	(714,900)	100,000	1,393,569
Other Service Expenses	1,625,672	(180,094)	-	(332,800)	-	1,112,778
Reapportion management & admin costs	-	-	-	1,047,700	-	1,047,700
Depreciation, amortisation and impairment	-	-	135,090	-	-	135,090
Total Expenditure	3,634,941	(480,094)	434,290	-	100,000	3,689,137
(Surplus)/Deficit on the Provision of Services	2,831,349	(344,510)	434,290	-	(2,576,446)	344,683

2013/14	Outturn Budget Report Analysis (OBRA) £	Amounts included in the OBRA but not in the Cost of Services in the CIES £	Amounts included in the Cost of Services in the CIES but not in the OBRA £	Allocation of reapportioned management and admin costs £	Amounts reported below the Cost of Services in the CIES £	Total £
Sales, fees and charges	(324,371)	13,475	-	-	-	(310,896)
Interest and Investment Income	(36,883)	36,883	-	-	(36,883)	(36,883)
National Park Grant	-	-	-	-	(2,777,344)	(2,777,344)
External grants and contributions	(777,003)	-	-	-	-	(777,003)
Capital Grants and Donated Assets	(98,756)	98,756	-	-	(98,756)	(98,756)
Total Income	(1,237,013)	149,114	-	-	(2,912,983)	(4,000,882)
Employee Expenses	2,077,471	(360,000)	367,200	(735,600)	180,000	1,529,071
Other Service Expenses	1,879,694	(124,919)		(289,400)		1,465,375
Reapportion management & admin costs	-			1,025,000		1,025,000
Depreciation, amortisation and impairment	-	-	55,033	-	-	55,033
Total Expenditure	3,957,165	(484,919)	422,233	-	180,000	4,074,479
(Surplus)/Deficit on the Provision of Services	2,720,152	(335,805)	422,233	-	(2,732,983)	73,597

7. 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.

2014/15	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
Adjustment primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	106,165	-	(106,165)
Charges for impairment of non-current assets	26,245	-	(26,245)
Amortisation of intangible assets	2,680	-	(2,680)
Capital grants and contributions applied	(114,820)	-	114,820
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	(65,274)	-	65,274
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	390,000	-	(390,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(300,000)	-	300,000
Adjustment primarily involving the Accumulated Absences Account:			
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	9,200	-	(9,200)
Total Adjustments	54,196	-	(54,196)

2013/14	Usable Reserves		
	General Fund Balance (£)	Capital Receipts Reserve (£)	Movement in Unusable Reserves (£)
Adjustment primarily involving the Capital Adjustment Account:			
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation of non-current assets	89,995	-	(89,995)
Charges for impairment of non-current assets	(37,642)	-	37,642
Amortisation of intangible assets	2,680	-	(2,680)
Capital grants and contributions applied	(98,756)	-	98,756
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged against the General Fund Balance	(12,688)	-	12,688
Adjustment primarily involving the Pensions Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	550,000	-	(550,000)
Employer's pension contributions and direct payments to pensioners payable in the year	(360,000)	-	360,000
Adjustment primarily involving the Accumulated Absences Account:			
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	(2,800)	-	2,800
Total Adjustments	130,789	-	(130,789)

8. Transfers to/ from Earmarked Reserves

	Balance at 1 st April 2014	Transfers out 2014/15	Transfers in 2014/15	Balance at 31 st March 2015
<u>2014/15</u>	£	£	£	£
Visitor Centre Refurbishment	73,800	(73,800)	-	-
IT Capital Replacements	75,000	-	-	75,000
Planning Contingency	150,000	-	-	150,000
Bulby's Wood	150,000	(150,000)	-	-
Eastburn Boiler Replacement	-	-	80,000	80,000
Legacy Donation Fund	-	-	72,800	72,800
Sill Phase 2 Investment	250,000	-	45,500	295,500
Sill Phase 2 Working Balances	600,000	(150,000)	-	450,000
Temporary Visitor Centre Hadrian's Wall	50,000	(50,000)	-	-
Total Earmarked Reserves	1,348,800	(423,800)	198,300	1,123,300

	Balance at 1 st April 2013	Transfers out 2013/14	Transfers in 2013/14	Balance at 31 st March 2014
<u>2013/14</u>	£	£	£	£
The Sill Phase 1	69,100	(69,100)	-	-
Visitor Centre Refurbishment	70,000	-	3,800	73,800
IT Capital Replacements	75,000	-	-	75,000
Planning Contingency	150,000	-	-	150,000
Bulby's Wood	-	-	150,000	150,000
Sill Phase 2 Investment	-	-	250,000	250,000
Sill phase 2 Working Balances	-	-	600,000	600,000
Temporary Visitor Centre Hadrian's Wall	-	-	50,000	50,000
Total Earmarked Reserves	364,100	(69,100)	1,053,800	1,348,800

Transfer as per Movement in Reserves Statement £ (225,500).

Further details on the purpose of each earmarked reserve are given below.

Visitor Centre Refurbishment

The visitor centre refurbishment reserve was to cover the future cost of major refurbishment and improvements to visitor interpretation displays and fixture and fittings at the Authority's visitor centre on Hadrian's Wall. Given the Authority's intention to build the Sill National Landscape Discovery Centre on the site there is no longer a requirement for this earmarked reserve.

IT Capital Replacements

The earmarked reserve is to cover the future capital replacement cost of the Authority's IT capital equipment and infrastructure where the timing of future investment and the pace of

technology improvements is too uncertain to include as a specific budget cost in the three year Business Plan.

Planning Contingency

The earmarked reserve is to cover the potential future legal costs of challenging or defending major planning decisions where it is not possible to know what might happen over the three year Business Plan period.

Bulby's Wood

During the year the Authority approved construction works to improve public facilities at Bulby's Wood in the Ingram Valley so the earmarked reserve is no longer required.

Eastburn Boiler

The hot water and central heating boiler at the Eastburn site is reaching the end of its economic life. The Authority has approved an earmarked reserve of £80,000 to cover the replacement of the boiler and improvements to the heating system in order to reduce operating costs and carbon omissions.

Legacy Donation Fund

The Authority has been the recipient of two legacies totalling £72,800, which have been placed in an earmarked reserve by the Authority as it wants to use the amounts received to fund projects that are appropriate to the donor's interests. When suitable projects come forward for approval the funds will be released from the earmarked reserve. The two legacies did not impose any restriction on how the funds could be used.

Sill Phase 2 Investment

During the year the Authority submitted a successful grant application to the Heritage Lottery Fund to help fund the construction of the Sill National Landscape Discovery Centre. The grant application committed the Authority to contribute £295,500 in cash to the project; this was £45,500 higher than the earmarked reserve of £250,000 included in the prior year accounts.

Sill Phase 2 Working Balances

In March 2015, following the award of a Heritage Lottery Fund grant, the Authority agreed to proceed with plans to develop and construct the Sill National Landscape Discovery Centre at its Once Brewed site along Hadrian's Wall subject to confirmation of construction costs and project funding from other grant providers. During the year plans have been developed in more detail, as a result the earmarked reserve has been reduced by £150,000. The reserve of £450,000 provides a 5% contingency to cover unplanned construction and fit out costs on the new building; this is in addition to normal contingencies contained within the detailed project costs.

Temporary Visitor Centre Hadrian's Wall

The earmarked reserve was to cover the additional costs of providing a temporary visitor centre in the Hadrian's Wall Area following the closure and demolition of the Once Brewed Visitor Centre site in advance of the Sill National Landscape Discovery Centre construction works. The development of more detailed plans has enabled the temporary visitor centre at the Walltown site to be funded from the net cost savings resulting from the closure of the Once Brewed site, plus additional trading and car park income from operating out of the Walltown site.

9. Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement, Note 7 and the table below.

2013/14		2014/15
£		£
2,282,763	Opening Balance	2,339,955
(73,597)	Surplus / (Deficit) on the Provision of Services	(344,683)
130,789	Adjustments between accounting and funding basis (Note 7)	54,196
2,339,955	Total Usable Reserves	2,049,468

10. Unusable Reserves

2013/14		2014/15
£		£
847,474	Revaluation Reserve	875,384
1,403,175	Capital Adjustment Account	1,457,642
(2,720,000)	Pensions Reserve	(3,330,000)
(25,900)	Accumulated Absences Account	(35,100)
(495,251)	Total Unusable Reserves	(1,032,074)

Revaluation Reserve

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

- Revalued downwards, or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation;
- Disposed of and the gains are realised.

The reserve only contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date were consolidated into the balance on the capital adjustment account.

The revaluation reserve during the year was increased by £37,373 to reflect the net valuation gain on assets following the revaluation of both the Authority's administrative offices and the Hexham Enterprise Hub@Eastburn as at the 31st March 2015.

2013/14		2014/15
£		£
841,316	Balance at 1 April	847,474
(9,463)	Difference between fair value depreciation and historical cost depreciation	(9,463)
25,478	Upward revaluation of assets	37,373
(9,857)	Downward revaluation of assets	-
15,621	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus / Deficit on the Provision of Services	37,373
847,474	Balance at 31 March	875,384

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 amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a 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 gains recognised on donated assets that have yet to be recognised by the Authority.

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

Note 7 provides the detail of all transactions posted to the Capital Adjustment Account, other than the adjusting amounts written out of the Revaluation Reserve.

2013/14		2014/15
£		£
1,337,301	Balance at 1 April	1,403,175
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(89,995)	• Charges for depreciation of non-current assets	(106,165)
37,642	• Net revaluation gains and (charges for impairment) of non-current assets	(26,245)
(2,680)	• Amortisation of intangible assets	(2,680)
12,688	• Capital Expenditure charged against the General Fund Balance	65,274
(42,345)		(69,816)
9,463	Adjusting amounts written out of the Revaluation Reserve	9,463
(32,882)	Net written out amount of the cost of non-current assets consumed in the year	(60,353)
	Capital financing applied in the year:	
98,756	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	114,820
98,756		114,820
1,403,175	Balance at 31 March	1,457,642

Pensions Reserve

The Pensions Reserve absorbs the timing difference 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 Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and 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.

2013/14		2014/15
£		£
(3,940,000)	Balance at 1 April	(2,720,000)
1,410,000	Actuarial gains or (losses) on pensions assets and liabilities	(520,000)
(550,000)	Reversal of items relating to the retirement benefits debited or credited to the Surplus or Deficit on the Provisions Services in the Comprehensive Income and Expenditure Statement	(390,000)
360,000	Employer's pensions contributions and direct payments to pensioners payable in the year	300,000
(2,720,000)	Balance at 31 March	(3,330,000)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for holidays or other compensated absences earned but not taken in the year, e.g. annual leave entitlement as a result of the annual leave year differing to the financial year. Statutory arrangements require the impact on the General Fund Balance is neutralised by transfers to or from the account.

2013/14		2014/15
£		£
(28,700)	Balance at 1 April	(25,900)
28,700	Cancellation of accrual made at the end of the preceding year	25,900
(25,900)	Amounts accrued at the end of the current year	(35,100)
2,800	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	(9,200)
(25,900)	Balance at 31 March	(35,100)

11. Cash Flow Statement – Non Cash Movements

2013/14		2014/15
£		£
(89,995)	Depreciation Property Plant and Equipment	(106,165)
(2,680)	Amortisation Intangible Assets	(2,680)
37,642	Impairment Property Plant and Equipment	(26,245)
(190,000)	IAS19 charges for Retirement Benefits	(90,000)
	<u>Items on an accruals basis:</u>	
(3,102)	• Decrease in stock	(545)
(16,510)	• Decrease in Debtors	(107,088)
(72,524)	• (Increase)/ Decrease in Creditors	71,327
-	• Increase in Capital Accruals	9,624
23,857	• Decrease in Provisions	-
(313,312)	Total Non Cash Movements	(251,772)

12. Cash Flow Statement – Operating Activities

2013/14		2014/15
£		£
1,958,458	Cash paid to and on behalf of employees	1,846,583
1,849,114	Operating cash payments	1,671,753
(2,777,344)	National Park Grant	(2,540,862)
(851,437)	Other external revenue grants (Note 14)	(377,854)
(303,408)	Other operating cash receipts	(339,656)
(55,868)	Bank interest received	(29,723)
(180,485)	Total cash flow from Operating Activities	230,241

13. Cash Flow Statement – Investing Activities

2013/14		2014/15
£		£
111,444	Cash paid to purchase property, plant and equipment	170,470
(59,230)	Cash inflow Capital Grants	(137,330)
(1,500,000)	Maturing fixed term bonds	(1,300,000)
1,300,000	Investment of funds in one year fixed term bonds	800,000
(147,786)	Total cash flow from Investing Activities	(466,860)

14. Cash Inflow – Other External Grants (Revenue)

2013/14		2014/15
£		£
175,886	Natural England	108,948
289,510	National Lottery Funds	78,156
214,629	Leader Funding	-
6,000	Dept for Environment, Farming and Rural Affairs (DEFRA)	45,223
38,813	Modernisation Fund (DEFRA)	-
47,450	Local Authorities	67,969
18,398	Environment Agency	-
32,551	Charities	42,069
11,150	Arts Council	26,350
-	Other Grants	6,000
17,050	Private Sector Funding	3,139
851,437		377,854

15. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

		Salary/ Fees, and Allowances £	Pension Contribution £	Total £
Chief Executive (National Park Officer)*	2014/15	75,657	11,424	87,081
	2013/14	75,657	10,743	86,400
Head of Corporate Services and Monitoring Officer	2014/15	51,608	7,760	59,368
	2013/14	Lower than the disclosure limit of £50,000 salary		

* A pay-rise of £5,943 was approved for the Chief Executive post year end by the full Authority, in June 2015, to be effective from 1 April 2014. Therefore a one-off backdate will be made in July 2015. This will be apparent in the Officers' Remuneration note in the 2015/16 Statement of Accounts.

The number of employees (including the Chief Executive) whose remuneration, excluding pension contributions that fell in each £5,000 band over £50,000 was:

2013/14		2014/15	
1	£50,000 - £54,999	1	
-	£55,000 - £59,999	-	
-	£60,000 - £64,999	-	
-	£65,000 - £69,999	-	
-	£70,000 - £74,999	-	
1	£75,000 - £79,999	1	

The number of exit packages with total costs per band are set out in the table below. Note there were no compulsory redundancies.

Exit package cost band	Total number of exit packages per cost band		Total cost of exit packages in each band	
	2013/14	2014/15	2013/14	2014/15
£0 - £30,000	2	2	£16,000	£34,366

16. Audit Costs

In 2014/15 Northumberland National Park Authority incurred the following fees relating to external audit:

2013/14		2014/15	
£		£	
11,568	Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor	11,568	
(1,583)	Audit Commission direct rebate of fees	(1,189)	
9,985		10,379	

17. Pensions

Introduction

The disclosures below relate to the funded liabilities within the Northumberland County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS") and related unfunded liabilities which have been included in the disclosure where appropriate.

The LGPS is a funded defined benefit plan with benefits earned up to 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 Local Government Pension Scheme Regulations 2013' and 'The Local

Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'.

The unfunded pension arrangements relate to termination benefits made on a discretionary basis upon early retirement in respect of members of the Local Government Pension Scheme under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations.

Funding / Governance Arrangements of the LGPS

The funded nature of the LGPS requires Northumberland 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 the LGPS Regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2013 and the contributions to be paid until 31 March 2017 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. An actuarial valuation of the Fund will be carried out at 31 March 2016 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the period three year period from 1 April 2017.

The Fund Administering Authority, Northumberland County Council is responsible for the governance of the Fund.

Key assumptions

	31 st March 2015 % p.a.	31 st March 2014 % p.a.	31 st March 2013 % p.a.
Discount rate	3.3%	4.3%	4.5%
Pension increases	1.9%	2.4%	2.8%
Pension accounts revaluation rate	1.9%	n/a	n/a
Salary increases	3.4%	3.9%	4.7%

The principal assumptions used by the actuary in updating the latest valuation of the unfunded benefits vary to a small degree to those set out above but do not warrant disclosure on the basis of materiality.

Mortality assumption

	31 st March 2015	31 st March 2014
<u>Males</u>		
Member aged 65 at accounting date	23.0	22.9
Member aged 45 at accounting date	25.2	25.1
<u>Females</u>		
Member aged 65 at accounting date	25.5	25.4
Member aged 45 at accounting date	27.8	27.7

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 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.

Asset Allocation

	Value at 31st March 2015			Value at 31st March 2014	Value at 31st March 2013
	Quoted £m	Unquoted £m	Total £m	Total £m	Total £m
Equities	6.66	0.60	7.26	6.34	6.40
Property	0.47	-	0.47	0.41	0.41
Govt. bonds	1.87	-	1.87	1.60	1.43
Corporate bonds	0.94	-	0.94	0.89	0.94
Cash	0.01	-	0.01	-	0.07
Other	-	0.13	0.13	0.10	0.06
Total	9.95	0.73	10.68	9.34	9.31

The fund is large and largely liquid and as a consequence there will be no significant restriction on realising assets if a large payment is required to be paid (e.g. bulk transfer value payment).

Reconciliation of funded status to Balance Sheet

	31st March 2015 £m	31st March 2014 £m	31st March 2013 £m
Fair value of assets	10.68	9.34	9.31
Present value of funded defined benefit obligation	(13.88)	(11.94)	(13.12)
Present value of unfunded defined benefit obligation	(0.13)	(0.12)	(0.13)
Asset / (liability) recognised on the Balance Sheet	(3.33)	(2.72)	(3.94)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	40%
Deferred Pensioners	25%
Pensioners	35%

Breakdown of amounts recognised in the Surplus or Deficit on the Provision of Services and Other Comprehensive Income (OCI)

	For the year ended 31st March 2015 £m	For the year ended 31st March 2014 £m
Operating cost		
Current service cost*	0.28	0.35
Past service cost – incl. Curtailments	0.01	0.02
Financing Cost		
Interest on net defined liability / (asset) – funded	0.10	0.17

pension scheme		
Interest on net defined liability / (asset) – unfunded pension scheme	-	0.01
Pension expense recognised in the Surplus or Deficit on the Provision of Services	0.39	0.55
Remeasurements in Other Comprehensive Income		
Return on plan assets (in excess of) / below that recognised in net interest	(0.74)	0.64
Actuarial (gains) / losses due to changes in financial assumptions – funded pension scheme	1.32	(0.84)
Actuarial (gains) / losses due to changes in financial assumptions - unfunded pension scheme	0.02	(0.01)
Actuarial (gains) / losses due to changes in demographic assumptions	-	(0.37)
Actuarial (gains) / losses due to liability experience	(0.08)	(0.83)
Total Amount recognised in Other Comprehensive Income	0.52	(1.41)
Total Amount recognised	0.91	(0.86)
* Allowance for administration expenses included in current service cost (£M)	0.01	0.01

Changes to the present value of the defined benefit obligation- funded pension scheme

	For the year ended 31st March 2015	For the year ended 31st March 2014
	£m	£m
Opening defined benefit obligation	11.94	13.12
Current service cost	0.28	0.35
Interest expense on defined benefit obligation	0.51	0.59
Contributions by participants	0.09	0.09
Actuarial (gains) / losses due to changes in financial assumptions	1.32	(0.84)
Actuarial (gains) / losses due to changes in demographic assumptions	-	(0.37)
Actuarial (gains) / losses due to liability experience	(0.08)	(0.83)
Net benefits paid out #	(0.19)	(0.19)
Past service cost (incl. curtailments)	0.01	0.02
Closing present value of liabilities	13.88	11.94

Consists of net benefits cash-flow out of the Fund in respect of the employer, including an approximate allowance for the expected cost of death in service lump sums and Fund administration expenses.

Changes to the present value of the defined benefit obligation- unfunded pension scheme

	For the year ended 31st March 2015	For the year ended 31st March 2014
	£m	£m
Opening defined benefit obligation	0.12	0.13
Interest expense on defined benefit obligation	-	0.01
Actuarial (gains) / losses due to changes in financial assumptions	0.02	(0.01)
Net benefits paid out	(0.01)	(0.01)
Closing present value of liabilities	0.13	0.12

Changes to the fair value of assets during the accounting period

	For the year ended 31st March 2015	For the year ended 31st March 2014
	£m	£m
Opening fair value of assets	9.34	9.31
Interest income on assets	0.41	0.42
Remeasurement gains / (losses) on assets	0.74	(0.64)
Contributions by the employer	0.29	0.35
Contributions by participants	0.09	0.09
Net benefits paid out	(0.19)	(0.19)
Closing fair value of assets	10.68	9.34

Actual return on assets

	For the year ended 31st March 2015	For the year ended 31st March 2014
	£m	£m
Interest income on assets	0.41	0.42
Remeasurement gain / (loss) on assets	0.74	(0.64)
Actual return on assets	1.15	(0.22)

The Authority's contributions to the fund for the accounting period ending 31 March 2016 are estimated to be £0.29m. In addition unfunded benefits paid by the Authority directly to beneficiaries were £0.01m in 2014/15 and is expected to be £0.01m for the accounting period ending 31 March 2016.

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 this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets 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.

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 increases in life expectancy will result in an increase in the liabilities.

Exiting Employees

Employers who leave 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 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 fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31st March 2015 and the projected service cost for the year ending 31st March 2016 is set out below.

In each case, only the assumption mentioned is altered, all the other assumptions remain the same and are summarised above.

Sensitivity of the unfunded benefits has not been included on the basis of materiality.

Funded LGPS Benefits

Discount rate assumption

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to discount rate			
Present value of total obligation (£M's)	13.6	13.88	14.17
% change in present value of total obligation	-2.0%		2.1%
Projected service cost (£M's)	0.33	0.34	0.35
Approximate % change in projected service cost	-3.2%		3.3%

Rate of general increases in salaries

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to salary increase rate			
Present value of total obligation (£M's)	13.95	13.88	13.2
% change in present value of total obligation	0.5%		-0.5%
Projected service cost (£M's)	0.34	0.34	0.34
Approximate % change in projected service cost	0.0%		0.0%

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption

	+0.1% pa	Base Figure	-0.1% pa
Adjustment to pension increase rate			
Present value of total obligation (£M's)	14.10	13.88	13.66
% change in present value of total obligation	1.6%		-1.6%
Projected service cost (£M's)	0.35	0.34	0.33
Approximate % change in projected service cost	3.3%		-3.2%

Post retirement mortality assumption

	- 1 year	Base Figure	+ 1 year
Adjustment to mortality age rating assumption*			
Present value of total obligation (£M's)	14.25	13.88	13.51
% change in present value of total obligation	2.6%		-2.6%
Projected service cost (£M's)	0.35	0.34	0.33
Approximate % change in projected service cost	3.4%		-3.4%

* A rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

18. Members Allowances

The total Northumberland National Park Authority Members allowances paid in the year was £39,841 (2013/14 £37,332).

The total Northumberland National Park Authority Members travel and subsistence paid in the year was £8,024 (2013/14 £7,696).

19. Financial commitments

Operating Leases

The amount paid to lessors under the National Park Authority's operating leases in 2014/15 was £51,216 (2013/14 £42,729).

As at the balance sheet date, 31st March 2015, the National Park Authority had total future minimum lease payments under non-cancellable leases of £49,989 (31st March 2014 £38,185):

	31st March 2015		31st March 2014	
	Land and Buildings	Vehicles	Land and Buildings	Vehicles
Operating leases:	£	£	£	£
Payments due within one year	-	28,198	-	27,987
Payments due within two and five years	-	21,791	-	10,198
		<u>49,989</u>		<u>38,185</u>

Steel Rigg car park should be noted as an operating lease despite no annual rent being payable under the agreement. A profit sharing arrangement exists with the owners of the land, the National Trust. There is no defined end date to this arrangement and it will continue as long as both parties are agreeable.

20. Related Party Transactions

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

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates and provides the majority of its funding in the form of the "National Park Grant" from the Department of the Environment, Food and Rural Affairs (DEFRA). Note 4 sets out the amount of "National Park Grant" received during the year 2014/15.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in Note 18. Community and Sustainable Development Fund grants or invoices for the procurement of goods and services were paid to a number of organisations in which members were either trustees or had positions on the governing body. Details are set out in the following table. In all instances the relevant members did not take part in any discussion or decision relating to the award of the grants.

Northumberland County Council

Of the eighteen Authority members who served during the year, six were nominated by Northumberland County Council. The Authority made and received payments for various services (excluding those relating to business rates and the pension fund) to Northumberland County Council during 2014/15. Details are set out in the following table.

Payments to related parties		Payments to related party 2014/15	Due to related party at 31.3.15	Payments to related party 2013/14	Due to related party at 31.3.14
	Nature of relationship	£	£	£	£
Northumberland County Council	a.	49,784	8,860	34,218	20,235
Bardon Mill & Henshaw Village Hall	b.	-	-	25,379	-
Elsdon Village Hall Trust	b.	-	-	720	-
Glendale Agricultural Society	b.	11,550	-	2,918	-
Glendale Gateway Trust	b.	75	-	5,700	-
Greenhead Village Hall	b.	787	-	350	-
Tarset Village Hall	b.	424	70	-	-
Tynedale Agricultural Society	b.	16	-	1,277	-
North Tyne & Redesdale Community Partnership	b.	850	-	-	-
Thropton Village First School	b.	2,925	-	-	-

Receipts from related parties		Receipts from related party 2014/15	Due from related party at 31.3.15	Receipts from related party 2013/14	Due from related party at 31.3.14
	Nature of relationship	£	£	£	£
Northumberland County Council (includes grants administered by Northumberland as the accountable body)	a.	253,058	18,486	298,154	52,320

Nature of relationship:

- a. Council with member representation on National Park Authority
- b. Authority member or linked to an Authority member

21. Property, Plant and Equipment

Movements in Property, Plant and Equipment during 2013/14:

	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
Cost / valuation as at 1st April 2013	1,826,497	344,018	302,275	-	2,472,790
Movement in assets under construction	-	-	-	-	-
Reclassification	272,840	(272,840)	-	-	-
Additions	-	-	59,230	52,214	111,444
De-recognition & Disposals	-	-	-	-	-
Revaluation increases / (decreases) recognised in the Revaluation Reserve	15,621	-	-	-	15,621
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(7,059)	-	-	-	(7,059)
Cost / Valuation as at 31st March 2014	2,107,899	71,178	361,505	52,214	2,592,796
Accumulated Depreciation as at 1st April 2013	43,738	12,250	239,796	-	295,784
Reclassification	23,062	(23,062)	-	-	-
Depreciation Charge	43,738	12,250	34,007	-	89,995
De-recognition & Disposals	-	-	-	-	-
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(44,701)	-	-	-	(44,701)
Accumulated depreciation as at 31 March 2014	65,837	1,438	273,803	-	341,078
Net Book Value as at 31st March 2013	1,782,759	331,768	62,479	-	2,177,006
Net Book Value as at 31st March 2014	2,042,062	69,740	87,702	52,214	2,251,718

Additions to Property, Plant and Equipment, have been financed through revenue and capital grants in 2013/14.

Following a change in charges all pay and display car parks were re-valued as at the 31st March 2014; also on that date the former Ingram Visitor Centre was no longer classified as a surplus asset and was re-valued. The re-valuations were carried out by James Ramsey, MRICS BSc (Hons) a Senior Surveyor of Newcastle City Council. The valuation was performed in accordance with the regulations set out by the International Financial Reporting Standards (IFRS) using the valuation methodology applicable to the asset classification. The Authority is not aware of any material change in the value of any other Property, Plant and Equipment as at 31 March 2014.

Movements in Property, Plant and Equipment during 2014/15:	Land and Buildings £	Surplus Land and Buildings £	Plant, Furniture and Equipment £	Assets Under Construction £	Total £
Cost / valuation as at 1st April 2014	2,107,899	71,178	361,505	52,214	2,592,796
Movement in assets under construction	52,214	-	-	(52,214)	-
Reclassification	-	-	-	-	-
Additions	153,547	-	-	12,094	165,641
De-recognition & Disposals	-	-	(14,902)	-	(14,902)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	37,373	-	-	-	37,373
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(131,867)	-	-	-	(131,867)
Cost / Valuation as at 31st March 2015	2,219,166	71,178	346,603	12,094	2,649,041
Accumulated Depreciation as at 1st April 2014	65,837	1,438	273,803	-	341,078
Reclassification	-	-	-	-	-
Depreciation Charge	65,426	719	40,020	-	106,165
De-recognition & Disposals	-	-	(14,902)	-	(14,902)
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	(105,622)	-	-	-	(105,622)
Accumulated depreciation as at 31 March 2015	25,641	2,157	298,921	-	326,719
Net Book Value as at 31st March 2014	2,042,062	69,740	87,702	52,214	2,251,718
Net Book Value as at 31st March 2015	2,193,525	69,021	47,682	12,094	2,322,322

Additions to Property, Plant and Equipment, have been financed through revenue and capital grants in 2014/15.

Following the completion of investment in the Hexham Enterprise Hub@Eastburn both the Authority's administrative offices and the Enterprise Hub, were re-valued as at the 31st March 2015. The re-valuations were carried out by James Ramsey, MRICS BSc (Hons) a Senior Surveyor of Newcastle City Council. The valuation was performed in accordance with the regulations set out by the International Financial Reporting Standards (IFRS) using the valuation methodology applicable to the asset classification. The Authority is not aware of any material change in the value of any other Property, Plant and Equipment as at 31 March 2015.

Property owned or partially owned by the National Park Authority includes the following:

	31/03/2014	31/03/2015
Administrative offices	2	2
Rural Business Enterprise Hub	-	1
Visitor centres / tea rooms	3	3
Historic sites / buildings	3	3
Farms	1	1
Woods, parks, picnic sites	5	5
Car parks / toilets	6	6

Acquisitions

Hexham Enterprise Hub@Eastburn

£153,547 of expenditure was capitalised during 2014/15, this was the cost of works to complete the Hexham Enterprise Hubs@Eastburn as part of Defra's North East Rural Growth Network Programme. The works were part funded by grant (£114,820) and part funded by revenue (£38,727).

With all the business units fully let during the year the Authority has approved further investment in two new business pods, a total of £439 has been included in assets under construction at year end, all the expenditure has been funded by revenue.

Bulby's Wood Site

During the year the Authority took the decision to improve the visitor facilities at the Bulby's Wood site in the Breamish valley. At year end £11,655 was included in assets under construction, all the expenditure has been funded by revenue.

Outstanding Capital Commitments

As at the 31st March 2015 the Authority had outstanding capital commitments on the following projects as shown below:

Committed but not yet spent:

Bulby's Wood	£ 950
Hexham Enterprise Hubs@Eastburn	£ 27,030

Approved but not yet committed

Bulby's Wood	£ 137,395
Hexham Enterprise Hubs@Eastburn	£ 7,531
The Sill	£ 820,000

The expenditure on Bulby's Wood and the Hexham Enterprise Hubs@Eastburn will be funded from revenue. Expenditure on the Sill will be funded from revenue and capital grant.

In March 2015, following the award of a Heritage Lottery Fund grant, the Authority agreed to proceed with plans to develop and construct the Sill National Landscape Discovery Centre at its Once Brewed site along Hadrian's Wall subject to confirmation of construction costs and project funding from other grant providers. In order to develop the plans further in advance of taking a decision to proceed with construction the Authority approved £820,000 in March 2015.

Uncertainties and Effect if Actual Results Differ from Assumptions

Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to 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.

If the useful life of the asset is reduced, depreciation charges will increase and the carrying amount of the asset will fall.

It is estimated that the annual depreciation charge for buildings will increase by £3k for every year that useful lives had to be reduced.

22. Intangible Assets

The Authority accounts for software as an intangible asset to the extent that the software is not an integral part of a particular IT hardware system and accounted for as part of the Property, Plant and Equipment.

Movements in Intangible Assets during 2013/14 and 2014/15 were as follows:

	2013/14	2014/15
	£	£
Cost / valuation balance as at 1 st April	13,400	13,400
Assets under construction	-	14,453
Acquisitions	-	-
Cost / valuation balance at as 31 st March	<u>13,400</u>	<u>27,853</u>
Cumulative Amortisation balance as at 1st April	1,787	4,467
Amortisation for the year	2,680	2,680
Cumulative Amortisation Balance as at 31 March	<u>4,467</u>	<u>7,147</u>
Net Book Value as at 31st March	<u><u>8,933</u></u>	<u><u>20,706</u></u>

An external IT company developed an IT software programme specifically for Development Management. The software programme came into use on the 1st August 2012 at a cost of £13,400 and has been amortised from that date.

During the year an external company worked on developing new website software for the Authority which was in use but not complete at year end. The cost incurred during the year was £14,453 with a balance approved and committed of £7,528 outstanding at year end; further expenditure of £3,072 was approved but not committed at year end.

23. Heritage Assets

The *Code of Practice on Local Authority Accounting in the United Kingdom 2011/12* introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation.

The Authority does not currently have any heritage assets held within the Balance Sheet.

There are assets owned or leased on a long term basis by the Authority which are considered to fall within the category of Heritage Assets. These have not been valued due to the nature of the assets they are difficult to place a reliable value on and obtaining full valuations would

involve a disproportionate cost in comparison to the benefits to the users of the financial statements.

The assets below are scheduled ancient monuments with the exception of the lime kiln which is a non designated heritage asset.

- Harbottle Castle, where the Authority has entered into a 40 year lease expiring in the year 2035;
- Woodhouses Bastle, where the Authority has entered into a 99 year lease expiring in the year 2092;
- Thirlwall Castle, where the Authority has entered into a 99 year lease expiring in the year 2098; and
- Tosson Lime Kiln, where the Authority has entered into a 40 year lease expiring in the year 2036.

Payments due under these leases are at peppercorn rates as per the lease agreements and there are no restrictions on public access to the sites above.

In addition within the Hareshaw Linn site owned by the Authority is part of a scheduled ancient monument. It is the remains of a 19th century dam used at Bellingham iron works which historically formed part of the site. This is not part of the valuation placed on the site.

24. Inventories

There was no work in progress. Stocks held were as follows:

31.03.14	31.03.15
£	£
273 Confectionery	590
2,277 Books	1637
- Alcohol	66
2,122 Maps	1,777
3,719 Souvenirs	3,471
158 Hot Drinks Vending Machine	139
942 Clothing	1,266
9,491 Total Goods for Resale	8,946

There was no write off of obsolete stock during the financial year (there was no obsolete stock write off in 2013/14).

25. Debtors

31.03.14		31.03.15
£		£
8,686	Trade debtors	9,531
189,192	Grant claims	78,598
35,512	Other taxation	29,079
67,802	Other debtors and accrued income	76,896
301,192		194,104

Further analysis of debtors total at year end by organisation type

31.03.14		31.03.15
£		£
37,095	Central Government Bodies	29,079
52,320	Local Authorities	20,913
211,777	Other entities and individuals	144,112
301,192		194,104

26. Cash and cash equivalents

31.03.14		31.03.15
£		£
1,001,493	Bank Deposits	1,259,013
48,692	Bank Accounts	27,363
1,000	Petty cash	1,428
1,051,185		1,287,804

27. Creditors

31.03.14		31.03.15
£		£
31,010	Other tax and social security	29,264
211,553	Accruals	150,998
79,860	Receipts in advance – external grants	60,618
4,880	Receipts in advance – sales, fees and charges	5,354
4,612	Other creditors	5,154
25,900	Provision for accumulated absences	35,100
357,815		286,488

Further analysis of creditors at year end by organisation type

31.03.14		31.03.15
£		£
31,010	Central government bodies	29,264
58,046	Other local authorities	40,734
268,759	Other entities and individuals	216,490
357,815		286,488

28. Financial Instruments

28.1 Financial Assets

Financial assets are assets which have fixed or determinable payments but are not quoted in an active market. At the year end the only financial instruments held by the Authority are Short-Term Receivables totalling £194,104 (2013/14 £301,192) and Short Term Investments being a 1 year Fixed Term Bonds totalling £800,000 (2013/14 two 1 year fixed term bonds totalling £1,300,000).

Financial assets represented by the fixed term bonds are initially included at fair value but subsequently are carried in the balance sheet at amortised cost. Financial assets represented by short-term receivables have no stated interest rate and are therefore measured at cost. There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value of the bond.

The only financial assets held by the Authority are classified as loans and receivables.

28.2 Financial Liabilities

Long term Financial liabilities are shown within the balance sheet as Pensions Liability £3,330,000 (2013/14 £2,720,000) and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for the interest payable are based on the carrying amount of the liability, multiplied by the effective rate of investment for the instrument.

Short-Term Financial liabilities represented by accruals and other payables are short-duration payables with no stated interest rate and are therefore measured at cost. All accruals and other payables totalling £286,488 (2013/14 £357,815) are due to be paid in less than one year.

There have been no revaluations of financial instruments in the period so there are no gains or losses recognised in the accounts; hence there is no variation between the carrying value and fair value.

The only financial liabilities held by the Authority are classified as other payables.

28.3 Liquidity Risk

The Authority will ensure it has adequate though not excessive cash resources to enable it at all times to have the level of funds available which is necessary for achievement of its activities.

28.4 Interest Risk

The Authority is not exposed to any significant risks in terms of interest rate risk due to the Authority having no borrowings. However, the Authority is exposed to risk in changes in interest receivable on short term deposits, as interest is posted to the Comprehensive Income and Expenditure Statement and affects the General Fund balance pound for pound.

28.5 Exchange Risk

The Authority as far as possible limits its exposure to exchange rate fluctuations by ensuring transactions are carried out in sterling. The Authority has no financial assets, or liabilities, denominated in foreign currencies and therefore has no exposure to losses arising from movements in foreign exchange.

28.6 Credit Risk

This arises from deposit with banks and financial institutions, as well as credit exposures to the Authority's customers. The Authority has little exposure in this area as deposits are only placed on a short term to medium term basis therefore the risk is minimal.

No credit limits were exceeded during the period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to short term deposits.

The Authority has not noted any problems with collection of debts and receives debts on a timely basis.

In relation to trade debtors at 31st March there were no overdue invoices.

29. Events after the Balance Sheet Date

Under IAS 10 – Events after the Balance Sheet Date, the Authority is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the statement of accounts.

No events after the Balance Sheet date up to the authorisation date have been considered in the preparation of these accounts.