

**FINANCE MANAGER**

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**SUBJECT:  
STATEMENT OF ACCOUNTS 2010/11**

This report follows on from the Explanatory Foreword that was reported to the National Park Authority meeting held on 22<sup>nd</sup> June 2011 and provides the full Statement of Accounts for 2010/11.

**Recommendation:**

**Members are invited to RECEIVE the Statement of Accounts 2010/11.**

*For further information on this report, please contact Mr Richard Griffiths (Finance Manager)*

**Pembrokeshire Coast  
National Park Authority**



*Helping you understand  
the Authority's income and expenditure*

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**STATEMENT OF ACCOUNTS  
2010/11**

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### STATEMENT OF ACCOUNTS

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# STATEMENT OF ACCOUNTS 2010/11

## EXPLANATORY FOREWORD & SUMMARISED ACCOUNTS

### INTRODUCTION

1. Under the provisions of Section 63 of the Environment Act 1995, and the National Park Authorities (Wales) Order 1995, the Secretary of State for Wales established the Pembrokeshire Coast National Park Authority on 23<sup>rd</sup> November 1995. From 1 April 1996, the National Park ceased to be managed as a committee of Dyfed County Council and became a free-standing, special purpose local authority. Article 17(1) of the Local Government Reorganisation (Wales) (Property etc.) Order 1996 had the general effect of vesting in the new National Park Authority the property rights and liabilities (but not any loan debt) of the former County Council, as it related to the National Park area.
2. The Statement of Accounts is a publication required by law that gives local taxpayers, members of the Authority and other stakeholders clear information about the financial performance and position of Pembrokeshire Coast National Park Authority, in order to facilitate an assessment of the stewardship of public funds and for making economic decisions.
3. This Explanatory Foreword provides an easily understandable guide to the most significant matters reported in the Statement of Accounts. A simplified summarised revenue account is presented, along with supporting information, to clearly demonstrate the cost of services and how these costs are funded. Wherever possible technical terms have been avoided in this Explanatory Foreword.

### EXPENDITURE & FUNDING

4. Each year the National Park Authority is required to submit a bid to the Welsh Government for its funding for the following year. The bid is submitted as a combined Welsh National Parks' Grant Bid document and, following consultation with the Countryside Council for Wales, the Welsh Government determines the National Park Grant for the forthcoming year.
5. In setting the amount of National Park Grant, the Welsh Government also determines, in accordance with statutory powers, the minimum amount that can be raised by the National Park Authority as a Levy against Pembrokeshire County Council. The National Park Grant represents 75% of the Authority's core grant funding, with the remaining 25% represented by the Levy. The net revenue budget accounts for income generated locally by the National Park Authority, for example through car park charges and planning fees, and from other service specific grants, for example for the maintenance of the Coast Path (National Trail). Any balance above or below the approved net budget is managed via the Authority's revenue reserves.

6. In 2010/11 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £7,144 million. Capital expenditure of £185k, (that is, investment in longer term assets such as land and buildings) was funded £16k from Capital Receipts & £169k from other grant funding sources.

(a) **Where the money came from:-**

<b>REVENUE BUDGET</b>	<b>2010/11 £ 000</b>	<b>2010/11 %</b>	<b>2009/10 £ 000</b>	<b>2009/10 %</b>
National Park Grant, from the Welsh Government:	3,463	48%	3,483	49%
National Park Levy, against Pembrokeshire County Council:	1,154	16%	1,161	17%
Locally Generated Income (through fees and charges):	1,339	19%	1,329	19%
Service/Project Specific <i>Revenue</i> Grants:	897	13%	917	13%
Earmarked/General Reserves:	291	4%	129	2%
<b>TOTAL REVENUE FUNDING</b>	<b>7,144</b>	<b>100</b>	<b>7,019</b>	<b>100%</b>

<b>CAPITAL BUDGET</b>	<b>2010/11 £ 000</b>	<b>2009/10 £ 000</b>
Project Specific <i>Capital</i> Grants:	169	163
Use of capital receipts	16	139
<b>CAPITAL FUNDING</b>	<b>185</b>	<b>302</b>
Plus, funding from the revenue budget (included above)	-	-
<b>TOTAL CAPITAL BUDGET</b>	<b>185</b>	<b>302</b>

The Authority's income and expenditure is split for accounting purposes between revenue funds and capital funds in accordance with local authority accounting practice. The Authority is able to use some of its revenue funding to contribute to capital projects, but it cannot use capital grants to contribute to revenue expenditure.

The Authority's revenue funding increased overall by 1.8 % in 2010/11, with reductions in the National Park Grant, Levy and Service specific grants being compensated by an increases in locally generated income & use of Earmarked Reserves. For 2010/11, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 55p from other sources (2009/10=51p).

Locally Generated Income consisted of:

<b>LOCALLY GENERATED INCOME</b>	<b>2010/11 £000's</b>	<b>2009/10 £000's</b>	<b>% Change</b>
Merchandise Sales and income from Information Centres	352	380	-7%
Car park charges and concessions income	309	293	5%
Admissions fees and Activities & Events	172	164	5%
Planning fees	135	141	-4%
Timber sales	91	92	-1%
Other : rents, advertising	269	250	8%
Investment income (spare cash invested)	11	9	22%
<b>TOTAL LOCAL INCOME</b>	<b>1,339</b>	<b>1,329</b>	<b>1%</b>

The Authority is enormously grateful to all the organisations that support its work through providing revenue and capital funding. Further information on revenue grants and a breakdown of capital grants provided can be found in the Statement of Accounts.

(b) **What the money was spent on:-**

<b>REVENUE BUDGET</b>	<b>2010/11 £000</b>	<b>2010/11 %</b>	<b>2009/10 £000</b>	<b>2009/10 %</b>
Employees	4,114	58%	4,126	60%
Premises related	907	13%	728	10%
Transport & Travel	299	4%	335	5%
Supplies, Services and Grants	1,489	21%	1,483	22%
Transfers to Earmarked Reserves	309	4%	391	4%
Financing charges	2	0%	3	0%
Increase/ (decrease) in General Reserves	24	0%	-47	-1%
<b>TOTAL REVENUE COST</b>	<b>7,144</b>	<b>100%</b>	<b>7,019</b>	<b>100%</b>

<b>CAPITAL BUDGET</b>	<b>2010/11 £ 000</b>	<b>2009/10 £ 000</b>
Capital projects	185	302

## 7. Revenue Budget

The Authority manages its revenue budget on a “net” budget basis. This means that locally generated income and specific grants are allocated to individual budget headings and are offset against the expenditure against those headings to arrive at the net budget.

The net budget for each service also includes a “capital charge”. This is based on the assets used by services and is made up of a charge for depreciation (being the value of assets used-up by a service during the year). The capital charges are reversed out of the accounts, as they are non-cash adjustments - that is, they balance to nil and do not need any cash funding.

Similarly, adjustments are made for pension costs in accordance with accounting requirements known as ISA 19 Employee benefits *Retirement Benefits*. Service budgets are charged with a “current service cost” (being the cost of what employees have earned in pension rights during the year) in lieu of the cost of employer contributions (being the actual amount charged to the accounts for contributions in the year to the Pension Fund). These adjustments are also reversed out of the accounts below the Net Cost of Services, via the *Movement on Pensions Reserve*, to revert the cost in the accounts back to the value of employer contributions. These technical, complex adjustments are intended to bring the public services in line with UK Generally Accepted Accounting Practices.

The net budget and net out-turn position are presented below for the Authority’s main service areas, shown within a simplified Income & Expenditure Account (profit/loss account).

<b>2010/11 Revenue Account</b>	<b>Net Budget £000</b>	<b>Net out-turn £000</b>	<b>Variance £000</b>	<b>2009/10 Net Out turn £000</b>
Conservation of the Natural Environment	740	716	24	686
Conservation of the Cultural Heritage	193	180	13	263
Development Control	595	627	-32	566
Forward Planning & Communities	442	407	35	239
Promoting Understanding	1,390	1250	140	1,101
Recreation & Transport	353	389	-36	356
Rangers, Estates & Volunteers	818	844	-27	750
Democratic Representation & Management	605	579	26	708
Service Management & Support Services	66	0	66	0
<b>Net cost of services</b>	<b>5,201</b>	<b>4,992</b>	<b>209</b>	<b>4,669</b>
Interest and investment income earned during the year	-15	-12		-9
<b>Net expenditure</b>	<b>5,186</b>	<b>4,980</b>		<b>4,660</b>
Other Non Cash Items debited or credited to the Authority Reserves during the year:				
Other Non Cash Items debited or credited to the Authority Reserves during the year:	-605	-321		-231
National Park Grant - Welsh Government	-3,463	-3,463		-3,483
National Park Levy – Pembrokeshire County Council	-1,154	-1,154		-1,161
<b>Net Operating Surplus</b>	<b>36</b>	<b>42</b>		<b>215</b>
<b>Less Net Transfer to Earmarked Reserves</b>	<b>18</b>	<b>18</b>		<b>-262</b>
<b>END OF YEAR SURPLUS / (DEFICIT)</b>	<b>18</b>	<b>24</b>		<b>-47</b>

*\*Service Management & Support Services costs cover Heads of Service, reception, performance management, legal, finance, IT, training, projects, building maintenance, and accommodation costs – which are all recharged to users of these services, with any balance shown on the face of the accounts. Support Services net cost, including capital charges (£61,000), revised) and inter-support-recharges (£452,000), totalled £1.4m and have been fully reallocated to direct service departments.*

### **Summary Comment**

Net Cost of Service expenditure for the year was £4,992k against a budget of £5,201k and £4,669k for 2009/10. The surplus for the year at £24k compares to an original budget surplus of £18k for 2010/11 and deficit of £47k in 2009/10.

The Net Cost of Service was below the revised budget by £209k and the explanation for the major variances within each service is as follows;



**Conservation of the Natural Environment (£24k under spend).** The under spend within this service arose from increased Timber Sales at Cilrhedyn due to the supply a wooden footbridge on the Canaston Bridge redevelopment and additional grant income from the Bubble Bee Trust (£14k).

**Conservation of Historic & Cultural Environment (£13k under spend).** The under spend in Conservation of Historic & Cultural Environment was due to reduced travel costs (£3k) & savings in archaeological services (£8k) which were provided by the Authority's own staff.

**Development Control (£32k over budget).** Planning fee income of £134k in the year was down £46k against budget and £4k lower than 2009/10, despite the number of applications being marginally up at 532 versus 529 year on the prior year. The cost of professional services overran budget by £29k due to the costs attached to the Bettws Newydd appeal and enquiry. These overruns were mitigated by salary savings of £24k.

**Development Planning & Communities (£35k under spend).** The under spend within Development Planning arose from savings in the anticipated cost of the inspection of the local Development Plan, coupled with an additional Welsh Government grant of £14k awarded in recognition of the additional work done in delivering the Plan.

**Promoting Understanding & Enjoyment (£140 under spend).** Although the overall attendance at Carew Castle was slightly down on last year, lower school attendance figures were compensated with higher public visitor number. Performance against budget was good with admission income and merchandise sales exceeding budget by £20k and £2k respectively.

Visitor numbers were also down at Castell Henllys although admission income and merchandise sales of £54k were in line with last year's figures. As observed at Carew Castle school numbers were down. However better margins on the higher value merchandise sales added a further £5k to net revenue.

Merchandise income of £19k was down £5k against budget at Tenby TIC whereas Newport TIC's income of £21k was £7k ahead of budget. The OYP Gallery & TIC net operating costs were in line with budget with lower sales, £96k versus a budget of £100k, being off set with salary savings. The decision to close Oriol Y Parc café capped the net operating cost at £24k.

Coast to Coast advertising income at £88k was £10k higher than last year and £8k better than budget. A vacant post during maternity leave in the Communications department contributed to surplus of £45k with other savings from substituting the publication of Park life for air time on Pembrokeshire Radio and the reduced costs of attendance at the County Show. A surplus of £17k was also made within the Education Service from staff reorganisation following the retirement of the Educational Officer and additional income from charging for the schools programme. Work on the Nevern Castle project was completed in the year with a total expenditure of circa £200k being funded from a C.A.D.W grant.

**Recreation and Transport (£36k over spend).** While car park income at £309k for the 12 months was up £15k on last year the Car park management shows a deficit against budget of £40k. Lower income performances at Freshwater East & Newgale and higher car park attendants cost at £37k, up £5k over last year, contributed to the overrun. During the year new car park machines were installed at Freshwater East, Little Haven and at Newgale (£25k), being funded from the Welsh Government capital grant.

The four year Mentro Allan activities project, helping disadvantaged children in the area, came to end during the year. The project involved expenditure of £238k and was funded by The Big Lottery Fund £219k, and C.C.W. £19k.

The Authority also attracted additional noncore funding for:

- Castlemartin Range Trail. £46k was funded by the Coastal Access Improvement Programme (CCW) and in partnership with the MOD for the Castlemartin Range Trail. The trail provides 10km of off-road horse riding and cycling and forms a much improved alternative route for the Coast Path when the range is closed for firing.
- Pantmaenog Forestry, Rosebush. This project was mainly funded by a grant from the Welsh Government under its Rights of Way Improvement Plan (£35k) to provide new access opportunities for horse riders, walkers and cyclists
- The authority received SPLASH funds, funded by Environment Agency Wales, for Freshwater East marsh (£7.5K) and for the slipway (£2k).

**Ranger, Estate & Volunteers (£27k over spend).** The additional work performed on the coast path funded by CCW resulted in West and South Areas showing a saving of £20k and £5k respectively. These surpluses together with an under spend in the North area allowed the authority to undertake work at Newport Parrog car park (£15k) and to set aside an earmarked reserve (£30k) to match a Green Seas convergence fund program for repairs to the Poppit Sands Cafe in 2011/12. Funds from the Capital grant were also used to fund the St Brides Tower Consolidation Project (£8k) and Madoc's Haven Coast Path Re-alignment Project (£7.5k)

**Democratic Representation & Management (£26k under spend)** A shorter than expected hand over of CEO's coupled with lower travel costs resulted in savings in the Chief Executive's Office (£14k). There were also savings in the Democratic Representation budget (£11k) arising from under spends on members' allowances & expenses and corporate events and conferences.

**Service Management & Support Services (£66k under spend).** The under spends against budget within Support Services were due to a salary saving from later than expected commencement date of the Director of Conservation (£18k), savings in Reception & Admin Services budget (£15k), legal cost (£4k) Finance costs (£6k), Projects costs (£6k) and training (£7k) within Personnel & Health & Safety. Other savings identified across the authority in the year were due to the purchase of additional staff leave (£10k) and travel costs (£22k).

## 8. Capital Programme

The following projects were funded as part of the capital programme for the year:

	<b>Total Cost 2010/11 £</b>	<b>Total Cost 2009/10 £</b>
<b>Conservation of the Cultural Heritage</b>	<b>100.0</b>	<b>101.2</b>
Historic Towns Grant Scheme	100.0	100.0
Carew Castle Design Work		1.2
Green Bridge of Wales		
<b>Promoting Understanding &amp; Enjoyment</b>	<b>40.2</b>	<b>112.7</b>
St.Davids Car Park Toilets	39.7	112.7
Carew Visitor Centre	0.5	
<b>Woodlands</b>		<b>15.0</b>
Crane & Trailer		15.0
<b>Recreation &amp; Park Management</b>		<b>29.8</b>
Car Parking Machines		19.3
LandRover		10.5
<b>Corporate &amp; Support Services</b>	<b>44.7</b>	<b>43.2</b>
Llanion Buildings	10.3	
Information & Communications Technology & SWIFT Planning System	34.4	43.2
<b>TOTAL CAPITAL SPEND</b>	<b>184.9</b>	<b>301.9</b>
<b>Financed by:</b>		
Financing from the Revenue budget		
Financing from capital receipts	-16.2	-139.2
Additional Grants	-168.7	-162.6
	<b>-184.9</b>	<b>-301.9</b>

From the total capital spend of £184,890, £99,962 relates to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £84,928 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

Grants for the Historic Towns were fully allocated and spent with the scheme funded 50% by the Authority and 50% CADW. The I.T. expenditure involved the implementation of the SWIFT, was completed at the end of February 2011, the programme of cyclical replacement of the Authority IT equipment and the virtualisation of the servers. The Llanion Buildings expenditure was on the alterations to the White Room to accommodate operational changes for the Development Management Team. Carew Castle Visitor Centre expenditure was to help to secure Convergence funding for work on the Lesser Hall roof, replacement of the portacabins and development of the car parking facilities. Oriel y Parc Toilets expenditure represents work carried over from 2009/10. £16,155 of the funding was from the Capital Receipts Reserve with the remainder of £168,735 from grant funding.

**9. Authority Balance Sheet as at 31<sup>st</sup> March:**

	<b>2010/11 £000</b>	<b>2009/10 £000</b>
Fixed Assets	13,489	13,599
Cash in hand/bank	1,829	1,732
Stocks of merchandise and timber	135	129
Debtors – money owed to the Authority	208	228
Creditors – money owed by the Authority	-630	-483
Provisions – for known commitments	-8	-38
Long-term borrowing (in excess of 1 year)	-8	0
<b><i>Cash Reserves:</i></b>		
Usable Capital Receipts/Unapplied Capital Grants	0	-37
Earmarked Reserves – for specific purposes	-906	-887
General Revenue Reserves	-484	-460
Useable Capital Receipts Reserve	-215	-231
<b><i>Non-cash:</i></b>		
Accrued Absences Reserve	61	65
Capital Adjustment Account	-11,753	-11,965
Revaluation Reserve	-1,718	-1,652
Pension Liability	-2,020	-4,948
Pensions Reserve (to balance with liability)	2,020	4,948
<b>BALANCED TO:</b>	<b>0</b>	<b>0</b>

The Authority's financial position at the end of the 2010/11 remains strong with sizeable cash reserves in place. During the year the authority moved funds from the General Reserve to create the following Earmarked Reserves; Poppit Sands Car Par £30k, Staff Restructuring £70k, Public Sector Broadband £60k and Miscellaneous Receipts in Advance £149k. The balance on the Capital Receipts Reserve as at the end of the year was £215k, down £16k from last year due to funds being utilised in the 2010/11 Capital Program. In light of the challenging National Park Grant settlement in the immediate future the balances on all three reserves are expected to reduce significantly over the next three years.

The net value of the Authority's capital fixed assets at the year-end was £13,489m (£13,599m at 31 March 2010). Capital assets include owned vehicles and equipment and land/buildings – such as car parks, picnic sites, coastal land, woodlands, information centres and historic sites. Due to the way the Authority accounts for capital expenditure the balance on the Capital Adjustment account and Revaluation Reserve approximately correspond to the value of capital assets employed.

Stock, Debtors, Creditors & Provisions balances arise from the normal revenue and capital expenditure activities of the Authority. Earmarked Reserves are reserves created from current and prior year surpluses and set aside for specific projects. General Reserves are accumulative surpluses available for all Park purposes. Useable Capital Receipts are proceeds from sale of Authority assets and can only be used to fund capital expenditure.

The Accumulated Absences Reserve matches the compensated absences earned but not taken in the year. The Pension Fund Liability at the year-end decreased to £2,020m compared with the liability at the close of 2009/10 of £4,948m. This improvement was due both to an increase in the pension fund assets and a reduction in liabilities due to a shift from R.P.I to C.P.I. for indexation purposes.

### STATEMENT OF ACCOUNTS

- 14 The remainder of this document presents the statutory statements of accounts for the Authority.
- 15 The Statement of Accounting Policies (page15) explains the principles and bases on which the Authority's accounts have been prepared.
- 16 The Accounts for the year ending 31<sup>st</sup> March 2011 consist of:-
  - The Comprehensive Income & Expenditure Statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of the retirement benefits earned by employees in the year.
  - The Authority Movement in Reserves Statement. This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.
  - 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, i.e. 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'.

➤ 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 way of taxation and grant income or from the 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 to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

➤ Notes to the Financial Statements

- 17** The Statement of Responsibilities for the Statement of Accounts (page 53) explains the Authority's responsibilities and the Chief Financial Officer's responsibilities in administering the Authority's financial affairs and preparing the Statement of Accounts.
- 18** The Annual Governance Statement (page 54) sets out the framework within which financial control is managed and reviewed in the Authority.
- 19** The Auditors' Report ([page](#) )

#### *FURTHER INFORMATION*

- 20** Further information about this Statement of Accounts is available from:

*Richard Griffiths A.C.M.A., M.B.A.*  
*Finance Manager,*  
*Pembrokeshire Coast National Park Authority*  
*Llanion Park, Pembroke Dock, Pembrokeshire, SA72 6DY.*  
*Tel: 0845 345 7275*  
*Fax: 01646 689076*  
*Email: [richardg@pembrokeshirecoast.org.uk](mailto:richardg@pembrokeshirecoast.org.uk)*  
*Web: [www.pembrokeshirecoast.org.uk](http://www.pembrokeshirecoast.org.uk)*

# STATEMENT OF ACCOUNTING POLICIES

## 1. General Principles

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

The accounts have been prepared in accordance with:

- ✓ The Code of Practice on Local Authority Accounting in the United Kingdom – which interprets International Financial Reporting Standard (I.F.R.S) guidelines. This document, prepared by CIPFA, pulls together legislative requirements and other guidance notes applicable to the preparation and publication of local authority accounts.
- ✓ The Best Value Accounting Code of Practice.
- ✓ The accounting convention adopted is historic cost with current value for some classes of fixed assets

## 2. Accounting Concepts

The accounts have been prepared in accordance with the following fundamental and pervasive accounting principles and concepts:

- Relevance
- Reliability
- Comparability
- Understandability
- Materiality
- Accruals
- Going concern
- Primacy of legislative requirements

These principles and concepts have been used in the selection and application of accounting policies and estimation techniques and in the exercise of professional judgement.

## 3. Accruals of Income & Expenditure

- Customer and other receipts in the form of sales, fees, charges, rents and grant aid are accrued and accounted for in the period to which they relate. All known uncollectable debts are written off at the time they become uncollectable.
- The full cost of employees is charged to the accounts for the period in which the employee worked. Reimbursed travel expenses are not accrued for the 12<sup>th</sup> month of each year.
- Interest payable on external borrowings and interest income is accrued and accounted for in the accounts for the period to which it relates, in so far as the amounts are material.
- The costs of supplies and services are accrued and accounted for in the period during which they were consumed or received. Quarterly bills (such as utility bills) and the like are not accrued provided that an annual equivalent charge has already been made in the accounts.

#### **4. Contingent Assets and Contingent Liabilities**

Contingent Assets and Liabilities are not recognised within the Financial Statements, but are disclosed by way of a note to the Balance Sheet. The note, where necessary, will identify the nature of the asset or liability and an estimate of its potential financial impact and timing.

#### **5. Events After the balance sheet date**

Where an event after the Balance sheet provides evidence of conditions existing at the balance sheet date occurs, the amounts recognised in the accounts will be adjusted. Where an event occurs after the Balance sheet date and is indicative of conditions that arose after the balance sheet date, amounts recognised in the accounts will not be adjusted and the event will be disclosed by way of a note to the statements, if material. However during the year there have been no such events.

#### **6. Exceptional Items, Extraordinary Items and Prior Year Adjustments**

There were no Exceptional Items, Extraordinary Items and Prior Year Adjustments other than those in connection to the I.F.R.S. restatements.

#### **7. Foreign Currency Translation**

Income and expenditure arising from any transactions denominated in a foreign currency is translated into £ sterling.

#### **8. Grants Received**

Grants received are matched with the expenditure to which they relate. The National Park Grant from the Welsh Government and the Levy from Pembrokeshire County Council, which finance the general activities of the Authority, are credited to the revenue account for the period in respect of which they are payable. Revenue grants for specific services are presented against those services in the Comprehensive Income & Expenditure Account. Where the acquisition of a fixed asset is financed either wholly or in part by a grant from another organisation, the amount of grant is credited to the Capital Adjustment Account.

#### **9. Group Accounts**

Group Accounts are not applicable to the Authority's 2010/11 accounts, as no relationships exist with any subsidiaries, associates or joint ventures as defined for reporting purposes.

#### **10. Intangible Assets**

No intangible assets exist.

#### **11. Investments and Capital Instruments**

The Authority does not hold any investments in listed and unlisted companies. Surplus cash is deposited in short-term money market accounts with the Authority's bankers, HSBC and NatWest. The Authority does not issue or hold any capital instruments that are listed or publicly traded on a stock exchange or market.

#### **12. Leases**



The Authority manages Operating Leases for its main photocopiers and for the majority of its vehicles, including vehicles provided to nominated staff under the Staff Lease Car Scheme.

Lease payments are charged in full according to date payable on a straight-line basis, ensuring an equal annual charge to service revenue accounts throughout the life of the lease. Contributions from staff benefiting from the Lease Car Scheme are credited to the revenue account in the period of receipt.

The Authority rents a number of properties in support of its services, and rental costs are accounted for on a straight-line basis in the relevant rental periods. The Authority also rents-out a number of owned properties that are not required for direct service provision. The properties are held as fixed assets in the balance sheet, and income relating to these properties is accounted for on a straight-line basis in the relevant rental periods.

No Finance Leases exist.

### **13. Recharging of Service Management & Support Service Costs**

Service Management & Support Services costs are recharged to service users in accordance with the Best Value Accounting Code of Practice. Where an immaterial balance exists after recharging, this is shown separately in the Comprehensive Income & Expenditure Account.

### **14. Pension Costs**

The Authority's employees have access to the Dyfed Pension Fund, a defined benefit scheme, which is administered by Carmarthenshire County Council.

#### *Pensions Reserve*

The cost of providing pensions for employees is funded in accordance with the statutory requirements governing the scheme in which the Authority participates. However, accounting for these pensions is to be done in accordance with generally accepted accounting practice as interpreted by the Code. Where the payments made for the year in accordance with the scheme requirements do not match the change in the Authority's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount to be met through approved net funding. This is represented by an appropriation to or from the pension's reserve which equals the net change in the pension's liability recognised in the Comprehensive Income & Expenditure Account.

#### *Defined Benefit Scheme*

The assets of the fund are measured at their fair value at the balance sheet date and any liabilities, such as accrued expenses, are deducted. The attributable scheme liabilities are measured on an actuarial basis using the projected unit method. The scheme liabilities comprise:

- Any benefits promised under the formal terms of the scheme; and
- Any constructive obligations for further benefits where a public statement or past practice by the employer has created a valid expectation in the employees those benefits will be granted.

The surplus/deficit in the scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities. The Authority should recognise an asset to the extent that it is able to recover a surplus either through reduced contributions in the future or through refunds from the scheme. The Authority should recognise a liability to the extent that it reflects its legal or constructive obligation.

Any changes in the defined benefit asset or liability is analysed into its component parts.

## **15. Provisions**

Provisions are made and charged to the appropriate revenue account when the Authority has a present obligation based on a past event, where it is probable that a transfer of economic benefit will occur and where a reliable estimate can be made of the value of the benefit. Provisions are charged to the Comprehensive Income & Expenditure, but when expenditure is incurred it is charged direct to the provision. Provisions are reviewed at the end of each period and exclude future operation losses and items where it is no longer probable that a transfer of economic benefit will take place. A provision for bad and doubtful debts is included in the accounts and the carrying amount for debtors has been adjusted accordingly.

## **16. Research & Development**

Expenditure on research and development is regarded as part of the continuing operations of the Authority and is written off as it is incurred.

## **17. Reserves**

Earmarked reserves are amounts set-aside from revenue, with prior approval, for a specific purpose, falling outside the definition of provisions. Transfers to and from Earmarked Reserves are disclosed in the Movement of the Authority's Reserves Statement Balance as Net Transfer to or from earmarked reserves. General reserves are balances held for contingency and cash-flow purposes, and are not earmarked for other specific purposes. Recognition is given to LAAP Bulletin 77 – Guidance Note on Local Authority Reserves & Balances in reviewing and monitoring the levels of reserves. Capital reserves are not available for revenue purposes. The Capital Adjustment Account is non-distributable and held for balance sheet purposes only. The usable capital receipts reserve and unapplied capital grants reserve can only be used for capital expenditure purposes, the latter reflecting capital grants received but not yet applied to capital projects.

## **18. Inventories & Long-term Contracts**

Stocks of merchandise, timber, stamps and bridge tickets are included in the accounts at cost. This is a departure from recommended practice that requires stocks to be shown at the *lower of* actual cost or net realisable value. The difference is not considered to be material. Other immaterial stock, for example stationery, is treated as current expenditure and charged directly to revenue.

Long-term contracts are valued for work completed as at the year-end, and a creditor accrual is entered in the accounts on this basis.

## **19. Non Current Assets**

Fixed assets comprise capital expenditure on:

- All land and buildings purchases.
- Land and buildings enhancement exceeding £10,000.
- All items (such as vehicles and equipment) with a useful life in excess of one year and costing or valued at over £10,000 either individually or collectively.

Repairs and general maintenance expenditure is charged directly to revenue and not capitalised.

Fixed assets are initially measured at cost, but are then revalued on a rolling 5-year revaluation programme in order to ensure that their value is accurately reflected in the Authority's balance sheet. To date, revaluations have been undertaken by the Authority's qualified Estates Officer and by qualified surveyors employed by R.K. Lucas & Son, in accordance with the RICS Appraisal & Valuation Manual and CIPFA guidelines as they relate to Asset Valuations.

When assets are revalued, any difference between the stated values and historic cost is represented in the Revaluation Reserve.

Asset values have been stated in the balance sheet on the following bases:

- *Operational land and buildings and other operational assets* are recorded at the lower of net current replacement cost or net realisable value in existing use (Existing Use Value).
- *Infrastructure and community assets* are recorded at historical cost where known, net of depreciation, or at a nominal value.
- *Non-operational land and properties and other non-operational assets* are recorded at the lower of net current replacement cost or net realisable value (Open Market Value).
- *Non-operational assets in the course of construction/development* are recorded at cost.

Asset values are reviewed at the close of each financial year with a view to identifying whether any impairment in value has been suffered, outside of the normal revaluation process. Where a significant impairment is identified -caused by a clear consumption of economic benefits- that loss shall be recognised in the service revenue account or, for impairments reflecting a general fall in prices, the loss shall be recognised in the Capital Adjustment Account.

Proceeds from the sale of individual assets of £10,000 or less are not treated as capital receipts and are, instead, credited directly to the revenue account. Proceeds above this de-minimus are credited to the Usable Capital Receipts Reserve, on an accruals basis.

Upon disposal of an asset, the net book value of the asset is written off against the Capital Adjustment Account. Where a fixed asset is disposed of for other than a cash consideration, or payment is deferred, an equivalent asset is recognised and included in the balance sheet at its fair value.

Depreciation is charged on all fixed assets with a finite useful life, accounting for estimated residual values. Depreciation rates, on a straight-line basis, are as follows:

- Freehold land is not depreciated
  - Freehold buildings are depreciated over 25 years, or the useful life of the asset as determined under the Asset Valuation Report
  - Car parks are depreciated at 50% over 25 years.
  - Plant and machinery are depreciated over 10 years.
  - IT equipment is depreciated over 4 years.
  - Vehicles and equipment are depreciated over 5 years.
  - Fully depreciated assets are reviewed to ascertain whether their value in the balance sheet and their potential future life-span are appropriately represented. Where necessary, asset depreciable lives are extended or assets are revalued to achieve the appropriate representation.
  - Assets in the course of construction are not depreciated until they are brought into use.
- Depreciation is not charged in the year of acquisition of assets, but is charged in each subsequent year, where applicable, including the year of disposal.

## **20. Capital Charges and other Charges to Revenue**

The cost of services in the Comprehensive Income & Expenditure Account includes a capital charge for all fixed assets used by each service, as recorded in the balance sheet at 31<sup>st</sup> March 2011. These charges equate to the sum of depreciation. The General Fund Balance is adjusted so the overall result is of no financial impact on the amounts raised from the National Park Grant and Local Authority Levy – that is, the adjustments are self-balancing. All expenditure on repairs and maintenance relating to fixed assets is charged to the appropriate service revenue account.

### **21. Deferred Liabilities**

No deferred liabilities have arisen during the year nor been carried forward from previous years.

### **22. Interest Charges and Receipts**

Surplus funds, made available through prudent cashflow management, are invested via HSBC and NatWest Banks and generate interest receipts that are credited to the Comprehensive Income & Expenditure Account.

### **23. Value Added Tax**

The accounts have been prepared on a VAT exclusive basis, to the extent that it is recoverable, in accordance with SSAP 5

### **24. Investment Properties.**

The Authority holds Investment properties which are a separate class of property (land or a building, or part of a building, or both) that is held solely to earn rentals or for capital appreciation, or both, and are carried at their market value.

**Pembrokeshire Coast National Park Authority**  
**Comprehensive Income and Expenditure Statement**

*1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011*

**£000's**

	31 March 2011			31 March 2010		
	Expenditure	Income	Net	Expenditure	Income	Net
Conservation of the Natural Environment	869.9	-153.8	716.2	841.0	-149.8	691.2
Conservation of the Cultural Heritage	284.8	-104.7	180.1	268.3	-1.4	266.9
Development Control	846.0	-218.9	627.2	791.1	-224.4	566.7
Forward Planning & Communities	626.6	-219.5	407.2	464.8	-226.1	238.7
Promoting Understanding	2,015.1	-765.3	1,249.9	1,904.4	-813.2	1,091.2
Recreation & Transport	1,066.2	-677.4	388.8	1,059.0	-723.5	335.5
Rangers, Estates & Volunteers	946.4	-102.2	844.3	801.2	-5.0	796.2
Democratic Representation & Management	633.3	-54.6	578.8	775.5	-58.0	717.5
Fixed Asset Impairment						
Pension Past Service Gain	-1,043.0		-1,043.0			
<b>Cost of Services</b>	<b>6,245.3</b>	<b>-2296.4</b>	<b>3,949.2</b>	<b>6,905.3</b>	<b>-2201.4</b>	<b>4,703.9</b>
Financing and Investment Income and Expenditure (Note 9)			190.0			652.7
<b>Taxation &amp; Non -specific Grant Income</b>			-4,648.5			-4,811.1
<b>(Surplus) or Deficit on Provision of Services</b>			<b>-509.3</b>			<b>545.6</b>
Surplus or deficit on revaluation of fixed assets (Note 11)			-81.5			-267.8
Actuarial gains / losses on pension assets / liabilities ( Note 38)			-2,199.0			1,568.0
<b>Other Comprehensive Income and Expenditure</b>			<b>-2,280.5</b>			<b>1,300.2</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>-2,789.7</b>			<b>1,845.7</b>

**Pembrokeshire Coast National Park Authority**  
**BALANCE SHEET**  
*As at 31<sup>st</sup> March 2011*

**£000's**

<b>As at:</b>	<b>31 March 2011</b>	<b>31 March 2010</b>	<b>1 April 2009</b>
Property, Plant & Equipment (Note 11)	9,868.1	9,928.4	9,684.1
Investment Property (Note 12)	3,608.7	3,671.0	4,064.9
Long Term Debtors (Note 17)	6.9	1.8	0.5
<b>Long Term Assets</b>	<b>13,483.7</b>	<b>13,601.2</b>	<b>13,749.5</b>
Assets held for sale (Note 19)	12.5		
Inventories (Note 16)	134.5	129.5	154.5
Short Term Debtors (Note 17)	215.3	226.4	350.5
Cash and Cash Equivalents (Note 18)	1,828.8	1,731.9	1,512.3
<b>Current Assets</b>	<b>2,191.1</b>	<b>2,087.8</b>	<b>2,017.3</b>
Short Term Creditors (Note 20)	629.4	-483.3	-515.1
Provisions (Note 21)	8.0	-38.3	-58.1
<b>Current Liabilities</b>	<b>637.4</b>	<b>-521.6</b>	<b>-573.2</b>
Long Term Creditors (Note 20)	8.5		
Pension Liability (Note 40)	2,019.9	-4,948.0	-3,128.7
<b>Long Term Liabilities</b>	<b>2,028.4</b>	<b>-4,948.0</b>	<b>-3,128.7</b>
<b>Net Assets</b>	<b>13,008.9</b>	<b>10,219.3</b>	<b>12,064.9</b>
Usable reserves (Note 22)	1,603.3	1,614.8	1,503.4
Unusable Reserves (Note 23)	11,405.6	8,604.5	10,561.5
<b>Total Reserves</b>	<b>13,008.9</b>	<b>10,219.3</b>	<b>12,064.9</b>

**Pembrokeshire Coast National Park Authority**  
**Movement in Reserves Statement**  
*1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011*  
**£000's**

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accum Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
Balance at 31 March 2010	459.7	886.7	231.3	37.1	1,614.8	1,651.9	11,965.0	-4,948.0	-64.4	8,604.5	10,219.2
Movement in reserves during 2010/11											
Surplus or (deficit) on provision of services	509.2				509.2						509.2
Other Comprehensive Expenditure and Income	2,280.5				2,280.5						2,280.5
Total Comprehensive Expenditure and Income	2,789.7				2,789.7						2,789.7
Adjustments between accounting basis & funding basis under regulations (Note 7)	-2,747.9		-16.2	-37.1	-2,801.2	66.0	-197.2	2,928.1	4.2	2,801.2	
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>41.8</b>		<b>-16.2</b>	<b>-37.1</b>	<b>-11.5</b>	<b>66.0</b>	<b>-197.2</b>	<b>2,928.1</b>	<b>4.2</b>	<b>2,801.2</b>	<b>2,789.7</b>
Transfers to/from Earmarked Reserves (Note 8)	-17.9	17.9									
Increase/Decrease in Year	23.8	17.9	-16.2	-37.1	-11.5	66.0	-197.2	2,928.1	4.2	2,801.2	2,789.7
Balance at 31 March 2011 carried forward	483.5	904.6	215.1		1,603.3	1,717.9	11,769.9	-2,019.9	-60.2	11,405.7	13,008.9

**Pembrokeshire Coast National Park Authority**  
**Movement in Reserves Statement**  
*1<sup>st</sup> April 2009 – 31<sup>st</sup> March 2010*  
**£000's**

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Account Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
<b>Balance at 31 March 2009</b>	<b>508.4</b>	<b>624.6</b>	<b>370.5</b>		<b>1,503.5</b>	<b>1,400.0</b>	<b>12,349.7</b>	<b>-3,128.7</b>	<b>-59.6</b>	<b>10,561.5</b>	<b>12,065.0</b>
Movement in reserves during 2009/10											
Surplus or (deficit) on provision of services	<b>-1,845.8</b>				<b>-1,845.8</b>						<b>-1,845.8</b>
Other Comprehensive Expenditure and Income											
Total Comprehensive Expenditure and Income	<b>-1,845.8</b>				<b>-1,845.8</b>						<b>-1,845.8</b>
Adjustments between accounting basis & funding basis under regulations (Note 7)	<b>2,059.1</b>		<b>-139.2</b>	<b>37.1</b>	<b>1,957.0</b>	<b>251.9</b>	<b>-384.7</b>	<b>-1,819.4</b>	<b>-4.8</b>	<b>-1,957.0</b>	<b>-1,845.8</b>
Transfers to/from Earmarked Reserves (Note 8)	<b>-262.0</b>	<b>262.0</b>									
Increase/Decrease in Year	<b>-48.7</b>	<b>262.0</b>	<b>-139.2</b>	<b>37.1</b>	<b>111.2</b>	<b>251.9</b>	<b>-385</b>	<b>-1,819.4</b>	<b>-4.8</b>	<b>-1,957.0</b>	<b>-1,845.8</b>
<b>Balance at 31 March 2010 carried forward</b>	<b>459.7</b>	<b>886.7</b>	<b>231.3</b>	<b>37.1</b>	<b>1,614.8</b>	<b>1,651.9</b>	<b>11,965.0</b>	<b>-4,948.1</b>	<b>-64.4</b>	<b>8,604.5</b>	<b>10,219.2</b>



**Pembrokeshire Coast National Park Authority**  
**Cash Flow Statement**  
*1<sup>st</sup> April 2010 – 31<sup>st</sup> March 2011*

**£000s**

	<b>31 March 2011</b>		<b>31 March 2010</b>
Net (surplus) or deficit on the provision of services	<b>-509</b>		<b>546</b>
Adjust net surplus or deficit on the provision of services for noncash Movements (Note 25)	314		-949
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-18		167
Net cash flows from Operating Activities	-184		<b>-236</b>
Investing Activities (Note 26)	75		17
Financing Activities (Note 26)	12		0
Net increase or decrease in cash and cash equivalents	<b>-97</b>		<b>-219</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,732</b>		<b>1,513</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,829</b>		<b>1,732</b>

## Notes to the Financial Statements

### 1. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) BASED CODE RESTATEMENT

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

#### i. Short-term Accumulating Compensated Absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Authority. The most significant benefit covered by this heading is holiday pay. Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Authority is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required. The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used. Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

#### **Opening 1 April 2009 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Accruals/ Sundry Creditors	-318.1	-377.7
Accumulated Absences Account	Nil	59.6

#### **31 March 2010 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Accruals	-220.4	-284.9
Accumulated Absences Account	Nil	64.5

## ii. Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund. As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- A grant was received in 2009/10 but not used. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet.

This has resulted in the following changes being made to the 2009/10 financial statements:

### **Opening 1 April 2009 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Government Grants Deferred Account	-5,287.7	Nil
Capital Adjustment Account	-6,575.6	-11,863.3

### **31 March 2010 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Government Grants Deferred Account	-5,012.7	Nil
Capital Adjustment Account	-11,863.3	-11,478.6

## iii. Accounting for Revenue Grants

Changes in regulations requires that unless any conditions have not been met grants and contributions for revenue purposes must be fully recognised in the Comprehensive Income & Expenditure Account in the period of receipt. Previously income would not be taken to the Comprehensive Income & Expenditure Account until the period of matching expenditure. However authorities may consider earmarking such revenue grant income until it is applied. Transfers from the General Fund to earmarked reserves are accounted for in the Movement in Reserves Statement (MiRS) within the transfers to or from earmarked reserves line. When the grant is applied, an amount equal to the expenditure may then be transferred back from earmarked reserves to the General Fund. The impact on the Authority's balance sheet is to reduce the balances on the Receipts in Advances with a corresponding increase in the Earmarked Reserve balance.

**Opening 1 April 2009 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Earmarked Reserves	-496.0	-624.6
Receipts in advance	-128.6	-nil

**31 March 2010 Balance Sheet**

	2009/10 Statements £000	Balance after adjustments made £000
Earmarked Reserves	-596.0	-886.7
Receipts in advance	-290.7	Nil

iv. Accounting for revenue items associated with Investment Properties. £35,298 of income from rental of Investment properties has been moved from income within the Rangers, Estates & Volunteers Service to the Financing and Investment Income & Expenditure line. Impairments in the value of Investment Properties have been moved from Fixed Asset Impairment also to the Financing and Investment Income & Expenditure line.

The impact of the items i, ii, iii & iv above on the 2009/10 Comprehensive Income and Expenditure Statement Cost of Services (Net) is as follows;

£000's

	Per 2009/10 statement	Accumulative Absences	Government Grant Deferred	Revenue Grants	Investment Properties	Revised Balance
Conservation of the Natural Environment	671.9	3.7	10.1			691.2
Conservation of the Cultural Heritage	261.4	0.1	1.1			266.9
Development Control	558.3	0.9	6.7			566.7
Forward Planning & Communities	309.5	0.6	1.1	-71.8		238.7
Promoting Understanding	1140.9	-1.7	36.2	-74.3		1091.2
Recreation & Transport	370.3	0.3	2.5	-16.9		335.5
Rangers, Estates & Volunteers	744.0	-0.1	6.0	0.0	35.3	796.2
Democratic Representation & Management	704.1	1.0	1.8	0.9		717.5
Fixed Asset Impairment	54.8		339.2		-394.0	0.0
<b>Cost of Services</b>	<b>4815.2</b>	<b>4.8</b>	<b>404.6</b>	<b>-162.0</b>	<b>-358.7</b>	<b>4703.9</b>

v. Investment Properties Revaluation Balances. In accordance with the Code the balance held in the Revaluation Reserve Account in respect of Investment Properties has been transferred to the Capital Adjustment Account.

### Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Balance after adjustments made £000
Revaluation Reserve Account	-1,886.4	-1,400.0
Capital Adjustment Account (after adjusting for the Government Grants Deferred amendment detailed above)	-11,863.3	-12,349.7

### 31 March 2010 Balance Sheet

	2009/10 Statements £000	Balance after adjustments made £000
Revaluation Reserve Account	-2,138.3	-1,651.9
Capital Adjustment Account (after adjusting for the Government Grants Deferred amendment detailed above)	-11,478.6	-11,965.0

## 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

For 2010/11 the only accounting policy change that needs to be reported relates to FRS 30 Heritage Assets. Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historic associations. The authority reclassified the following as heritage assets and a statement of the full impact of the reclassification will be included in the 2011/12 accounts.

Fishguard Old Fort & Cliff	Maidenhall Car Park
Porthgain Hoppers & Tunnels	Poppit Sands - Lynfai
Porthgain Navigation Beacon	Poppit Sands - Landscape
Trefin Trwyn Llwyd cliff land & ruins	Skrinkle Haven Cliff Lands
Porthgain Harbour & Bed	Manorbier East Moor Cliffs
Porthgain Cliff Lands	Strumble Head Observatory
St. Brides Landscape	Saundersfoot Plantation Wood
Manorbier Dunes & Land	Strumble Head Cliffs/Car park

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Other than those disclosed elsewhere in these notes the Authority has not had to make any critical judgements about complex transactions or those involving uncertainty about future events.

#### **4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY.**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The only item in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year is the size of the pension liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. During the year the basis of assessing the future liabilities changed from using Retail Prices Index to Consumer Prices Index. The Authority's actuaries advised the impact of this was a gain in scheme benefits of £1,043k.

#### **5. MATERIAL ITEMS OF INCOME AND EXPENSE**

There are no material items other than those disclosed in the Comprehensive Income and Expenditure Statement

#### **6. EVENTS AFTER THE BALANCE SHEET DATE**

There were no post balance sheet events and the Statement of Accounts was authorised for issue by the Chief Financial Officer on 30<sup>th</sup> June 2011.

#### **7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

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.

**2010/11**  
**ADJUSTMENTS BETWEEN ACCOUNTING BASIS**  
**AND FUNDING BASIS UNDER REGULATION**  
**£000's**

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
<b>Movement in reserves during 2010/11</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non current assets	244.4			244.4
Impairment of Investment Properties	32.0			32.0
Revaluation losses on Property Plant and Equipment	-81.5			-81.5
Amortisation of intangible assets				
Capital grants and contributions applied	-31.6			-31.6
Revenue expenditure funded from capital under statute	100.0			100.0
Revenue expenditure funded from capital grants	-100.0			-100.0
Amounts of non current assets chargeable against future receipts on sale charged to the CIES	21.1			21.1
<b>Adjustments involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to CIES			-37.1	-37.1
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Use of the Capital Receipts Reserve to finance new capital expenditure		-16.2		-16.2
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-2,496.0			-2,496.0
Employer's pensions contributions and direct payments to pensioners payable in the year	-432.1			-432.1
Adjustment involving the Accumulated Absences Account	-4.2			-4.2
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>2,747.9</b>	<b>-16.2</b>	<b>-37.1</b>	<b>-2,801.2</b>

**2009/10**  
**ADJUSTMENTS BETWEEN ACCOUNTING BASIS**  
**AND FUNDING BASIS UNDER REGULATION**  
**£000's**

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
<b>Movement in reserves during 2009/10</b>				
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non current assets	280.2			280.2
Impairment of Assets offset against grant	339.2			339.2
Revaluation losses on Property, Plant and Equipment	-267.8			-267.8
Amortisation of intangible assets				
Capital grants and contributions applied	-166.7		37.1	-129.5
Revenue expenditure funded from capital under statute	100.0			100.0
Revenue expenditure funded from capital grants	-50.0			-50.0
Use of the Capital Receipts Reserve to finance new capital expenditure		-139.2		-139.2
<b>Adjustments involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,238.0			2,238.0
Employer's pensions contributions and direct payments to pensioners payable in the year	-418.6			-418.6
Adjustment involving the Accumulated Absences Account	4.8			4.8
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>2,059.1</b>	<b>-139.2</b>	<b>37.1</b>	<b>1,957.0</b>



## 8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2010/11.

£000's

	Closing Balance	Transfers from Revenue	Transfers to Revenue	Closing Balance	Transfers from Revenue	Transfers to Revenue	Closing Balance
	31 March 09			31 March 10			31 March 11
Asset Management	37.0			37.0			37.0
IT	39.8			39.8			39.8
Llanion Park	69.2			69.2			69.2
Planning	120.0			120.0			120.0
Self-insurance	30.0			30.0			30.0
Carew Castle Dev	200.0			200.0			200.0
Convergence Funding		100.0		100.0			100.0
Receipts in Advance	128.7	290.7	128.7	290.7	148.6	290.7	148.6
Poppit Sands Car park					30.0		30.0
Staff Restructuring					70.0		70.0
Public Sector Broadband					60.0		60.0
<b>TOTAL</b>	<b>624.7</b>	<b>390.7</b>	<b>128.7</b>	<b>886.7</b>	<b>308.6</b>	<b>290.7</b>	<b>904.6</b>

## 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

£000's

Items	2010/11	2009/10
Movement in market value of investment properties	32.0	394.0
Development costs incurred to bring an asset to marketable position. These costs will be offset against future receipts on sale.	21.1	0
Income from Investment properties	-28.5	-35.3
Pensions interest cost and expected return on pensions assets	177.0	303.0
Interest receivable and similar income	-11.6	-9.0
Other investment income	0	0
<b>TOTAL</b>	<b>190.0</b>	<b>652.7</b>

**10. TAXATION AND NON SPECIFIC GRANT INCOMES**

£000's		
Items	2010/11	2009/10
National Park Grant from Welsh Government	3,462.7	3,483.3
Levy on Pembrokeshire County Council	1,154.2	1,161.1
Capital grants and contributions	31.6	166.7
<b>TOTAL</b>	<b>4,648.5</b>	<b>4,811.1</b>

**11. PROPERTY, PLANT AND EQUIPMENT**

Presented below are movements against the Authority's Property, Plant & Equipment Balance Sheet values for the years 2009/10 & 2010/11. These movements consist of additions arising from the capital programme, assets made operational during the year, asset revaluations, depreciation charges where applicable, disposals, impairments and reclassifications of held assets.

**2010/11 Fixed Asset Schedule £000's**

	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastr ucture Assets	Community Assets	Surplus Assets	PP&E Under Constructi on	Total PP&E
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2010	9,297.3	961.4	30.7	261.9	47.8	179.5	10,778.6
Additions	10.3	34.4				40.2	84.9
Disposals							0
Assets made operational	169.2					-169.2	0
Revaluations	66.0						66.0
Impairment	-4.5						-4.5
Other reclassifications	-16.6			82.1	-47.8	-30.1	17.8
At 31 March 2011	<b>9,521.7</b>	<b>995.8</b>	<b>30.7</b>	<b>344.0</b>		<b>50.4</b>	<b>10,942.8</b>
<b>Depreciation and Impairment</b>							
At 1 April 2010	313.2	536.9					850.2
Depreciation Charge	88.2	155.4					243.6
Depreciation written out to Revaluation Reserve	-19.1						-19.1
At 31 March 2011	<b>382.3</b>	<b>692.3</b>					<b>1,074.6</b>
<b>Net Book Value</b>							
At 31 March 2011	<b>9,139.5</b>	<b>303.4</b>	<b>30.7</b>	<b>344.0</b>		<b>50.4</b>	<b>9,868.1</b>
At 31 March 2010	<b>8,984.1</b>	<b>424.4</b>	<b>30.7</b>	<b>261.9</b>	<b>47.8</b>	<b>179.5</b>	<b>9,928.4</b>

**2009/10 Fixed Asset Schedule £000's**

	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Infrastr ucture Assets</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>PP&amp;E Under Construct ion</b>	<b>Total PP&amp;E</b>
<b>Cost or Valuation</b>							
At 1 April 2009	9,085.3	873.4	30.7	261.9	47.8	65.6	10,364.7
Additions		88.0				113.9	201.9
Revaluations	212.0						212.0
At 31 March 2010	9,297.3	961.4	30.7	261.9	47.8	179.5	10,778.6
<b>Depreciation and Impairment</b>							
At 1 April 2009	280.0	400.6					680.6
Depreciation Charge	89.1	136.3					225.4
Impairment losses	-55.8						-55.8
At 31 March 2010	313.2	536.9					850.1
<b>Net Book Value</b>							
At 31 March 2009	<b>8,805.3</b>	<b>472.8</b>	<b>30.7</b>	<b>261.9</b>	<b>47.8</b>	<b>65.6</b>	<b>9,684.1</b>
At 31 March 2010	<b>8,984.1</b>	<b>424.4</b>	<b>30.7</b>	<b>261.9</b>	<b>47.8</b>	<b>179.5</b>	<b>9,928.4</b>

**ASSETS MADE OPERATIONAL DURING THE YEAR**

The Oriel Y Parc Toilets became operational in the year and accordingly £169,239 from transferred was Property, Plant & Equipment Under Construction to Other Land & Buildings.

Preliminary expenditure at the year-end, held under the non-operational (under construction) group, consists of:

- Carew Castle Development (£4,934)
- Car Park / Visitor Arrival Point (£29,924)
- Green Bridge Viewing Point (£15,577)

**ASSET ADDITIONS**

This represents capital expenditure in the year impacting on asset values, as explained in the note on Capital Programme.

**RECLASSIFICATIONS**

- There were some minor de minimus disposals of assets but no asset disposals or assets made redundant during the year impacting on the balance sheet.
- Bonvilles Court Car Park was transferred from Other Land & Buildings to Assets Held For Sale.
- There were other reclassifications on various assets between Other Land & Buildings, Community & Surplus Assets

## REVALUATIONS & IMPAIRMENT

A number of assets were subject to revaluation during the year as part of the five-year rolling programme of revaluations. Significant impairments and revaluations in the year relate to Freshwater East slipway/boat, Freshwater East car park and St. Brides Scout Cottages. In line with changes in accounting regulations as from April 2007 assets subject to positive revaluation have been reflected in the Revaluation Reserve and assets with negative revaluation, without a prior revaluations reserve balance, have been charged to the Income & Expenditure Account. Asset values are not altered when the Authority is not aware of any material change in an asset's value.

Amounts in regard to revaluation & impairment included in Other Comprehensive Income & Expenditure are made up as follows:

	2010/11	2009/10
Revaluation of Fixed Assets	81,458	267,824
Impairment of Investment Properties	-32,000	0
<b>Total</b>	<b>49,458</b>	<b>267,824</b>

In addition to the above a net impairment of £800 has been charged to the Cost of Service. A summary of the financial impact (excluding depreciation) of asset revaluations and impairment over the past five years is presented below:

	<b>Other Land &amp; Buildings</b>	<b>Community Assets</b>	<b>Non- Operational Assets</b>	<b>NET TOTAL</b>
Year	£	£	£	£
2010/11	80,658			80,658
2009/10	267,824		-393,955	-126,131
2008/09	-826,575	-8,224	-1,032,550	-1,867,349
2007/08	551,999	-15,000	17,500	554,499
2006/07	173,520		3,440,000	3,613,520

## FINANCING OF FIXED ASSETS

The net additions to fixed assets of £184,890 (Additions less transfers from Non Operational Assets) were financed as follows:

£16,155	Funding from Capital Receipts
£168,735	Grant funding from other sources

## MAJOR CAPITAL SCHEMES

The Authority currently is planning for major capital schemes at Carew Castle and Car Park refurbishment at Porthgain & Solva. Grant applications for these projects have been submitted but to date no contracts awarded.

**FIXED ASSET PORTFOLIO**

The Authority owns the following types of property and land assets:

<u>Type</u>	<u>Number</u>
Car Parks	31
Historic Sites	7
Coastal land and sites	27
Woodland Sites	10
Other sites	15
Other premises	14
<b>TOTAL</b>	<b>115</b>

**CAPITAL PROGRAMME**

The following projects were funded as part of the capital programme for the year:

	<b>Total Cost 2010/11 £</b>	<b>Total Cost 2009/10 £</b>
<b>Conservation of the Cultural Heritage</b>	<b>100.0</b>	<b>101.2</b>
Historic Towns Grant Scheme	100.0	100.0
Carew Castle Design Work		1.2
<b>Promoting Understanding &amp; Enjoyment</b>	<b>40.2</b>	<b>112.7</b>
St.Davids Car Park Toilets	39.7	112.7
Carew Visitor Centre	0.5	
<b>Woodlands</b>		<b>15.0</b>
Crane & Trailer		15.0
<b>Recreation &amp; Park Management</b>		<b>29.8</b>
Car Parking Machines		19.3
Landrover		10.5
<b>Corporate &amp; Support Services</b>	<b>44.7</b>	<b>43.2</b>
Llanion Buildings	10.3	
Information & Communications Technology & SWIFT Planning System	34.4	43.2
<b>TOTAL CAPITAL SPEND</b>	<b>184.9</b>	<b>301.9</b>
<b>Financed by:</b>		
Financing from the Revenue budget		
Financing from capital receipts	-16.2	-139.2
Additional Grants	-168.7	-162.6
	<b>-184.9</b>	<b>-301.9</b>

From the total capital spend of £184,890, £99,962 relates to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £84,928 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet

<b>* The additional grants in 2010/11 were received from the following partners:</b>	<b>2010/11 £000's</b>	<b>2009/10 £000's</b>
CADW	50.0	50.0
Welsh Government	118.7	112.6
<b>TOTAL ADDITIONAL GRANTS</b>	<b>168.7</b>	<b>162.6</b>

## 12. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2010/11 £000</b>	<b>2009/10 £000</b>
Rental income from investment property	28.5	35.3
Direct operating expenses arising from investment property	35.8	0
Net gain/(loss)	<b>(7.3)</b>	<b>35.3</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	<b>2010/11 £000</b>	<b>2009/10 £000</b>
<b>Balance at start of the year</b>	<b>3,670.9</b>	<b>4,064.9</b>
Reclassification	-30.2	
Net gains/losses from fair value adjustments	-32.0	-394.0
<b>Balance at end of the year</b>	<b>3,608.7</b>	<b>3,670.9</b>

## 13. LEASES

### Finance Leases

The Authority had no finance leases as at 31<sup>st</sup> March 2011 (nor as at 31<sup>st</sup> March 2010).

### Operating Leases

The Authority leases the majority of vehicles under Contract Hire agreements, and some photocopiers under long-term Rental Agreements. The gross cost of these arrangements was £94,220 for 2010/11 (£102,926 for 2009/11), with the net cost after accounting for contributions from staff for lease cars being £86,471 for 2010/11 (£95,273 for 2009/10).

The Authority rents 18 properties to support its purposes, which includes for example, Tenby T.I.C., Carew Castle & Tidal Mill. The rental costs of these properties for 2010/11 were £44,109 (£37,460 2009/10).

The Authority acts as Lessor on 20 properties, generating an income of £40,882 during 2010/11 (£47,456 2009/10). Examples of these properties are the lease of land at Freshwater East to the Caravan Club, and the lease of Llanion Park North Block to the Countryside Council for Wales.

An analysis of the Authority's expenditure commitment for operational leases in 2010/11 is as follows:

£000's			
	Land & Buildings	Vehicles & Equipment	Total
	£	£	£
Lease Commitments for the next financial year (2011/12):	27.5	32.7	60.1
Leases expiring next year	0.4	3.0	3.4
Leases expiring in 2-5 year's time	5.1	29.7	34.8
Leases expiring in 6+ year's time	21.9	0.0	21.9
	<b>27.5</b>	<b>32.7</b>	<b>60.1</b>

Some of these property leases exceed 20 years and are valued on a long-leasehold basis. The Authority acts as Lessor on 22 properties, carrying a combined gross asset value of £1,142,320 with cumulative depreciation on one of the properties of £1,680.

#### 14. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generally software.

#### 15. FINANCIAL INSTRUMENTS

There are no financial instrument are carried in the Balance Sheet

#### 16. INVENTORIES

£000's

	Information Centres	Cilrhedyn Woodland Centre	Cleddau Bridge Tickets	Franking Machine	Total
<b>Balance Outstanding as at 31/3/09</b>	<b>112.0</b>	<b>38.1</b>	<b>2.1</b>	<b>2.3</b>	<b>154.5</b>
Purchases	184.0	26.9	5.4	10.4	226.7
Recognised as an expense in the year	186.5	47.5	7.2	10.5	251.7
<b>Balance outstanding as at 31/3/10</b>	<b>109.5</b>	<b>17.5</b>	<b>0.3</b>	<b>2.2</b>	<b>129.5</b>
Written off	0.6				0.6
Purchases	155.5	28.0	0.1	14.9	198.6
Recognised as an expense in the year	148.4	31.0	-1.7	15.2	192.9
<b>Balance outstanding as at 31/3/11</b>	<b>116.0</b>	<b>14.5</b>	<b>2.1</b>	<b>1.9</b>	<b>134.5</b>

**17. LONG & SHORT TERM DEBTORS**

	£000's		
	2010/11	2009/10	2008/09
<b>Long Term:</b>			
Staff Car / Green Travel Loans	6.9	1.8	0.5
<b>TOTAL</b>	<b>6.9</b>	<b>1.8</b>	<b>0.5</b>
<b>Short Term:</b>			
Central government bodies	100.1	141.4	299.8
Other local authorities	13.8	46.1	1.2
Other entities and individuals	76.9	17.4	33.6
Payment in advance	24.2	22.2	16.1
Staff Loan	3.8	2.8	3.3
Debt Impairment Provision	-3.5	-3.5	-3.5
<b>TOTAL</b>	<b>215.3</b>	<b>226.4</b>	<b>350.5</b>

**18. CASH AND CASH EQUIVALENTS**

The balance of Cash and Cash Equivalents is made up of the following elements:

	£000's		
	2010/11	2009/10	2008/09
Bank current accounts	1,827.1	1,730.1	1,510.9
Cash held by the Authority	1.7	1.8	1.4
<b>TOTAL</b>	<b>1,828.8</b>	<b>1,731.9</b>	<b>1,512.3</b>

**19. ASSETS HELD FOR SALE**

	£000's		
	2010/11	2009/10	2008/09
Opening Assets classified as held			
Additions	Nil	Nil	Nil
Disposals			
Reclassification	12.5	Nil	Nil
<b>Closing Assets classified as held</b>	<b>12.5</b>	<b>Nil</b>	<b>Nil</b>

**20. LONG & SHORT TERM CREDITORS**

	£000's		
	2010/11	2009/10	2008/9
<b>Long term</b>			
Central government bodies	8.5	0	0
<b>TOTAL</b>	<b>8.5</b>	<b>0</b>	<b>0</b>
<b>Short term</b>			
Central government bodies	-82.2	-121.4	-73.7
Other local authorities	-140.5	-77.1	-61.7
Receipts in Advance	-7.3	0	0
Other entities and individuals	-339.2	-220.4	-320.1
Accumulative Absences	-60.2	-64.4	-59.6
<b>TOTAL</b>	<b>-629.4</b>	<b>-483.3</b>	<b>-515.1</b>



**21. PROVISIONS**

£000's

	COSTS AWARDED	SDF PROJECTS	Total
<b>Balance at 1 April 2009</b>		<b>-58.1</b>	<b>-58.1</b>
Additional provisions made in 2009/10	-8.0	-30.3	-38.3
Amounts used in 2009/10		58.1	58.1
<b>Balance at 1 April 2010</b>	<b>-8.0</b>	<b>-30.3</b>	<b>38.3</b>
Amounts used in 2010/11		30.3	30.3
<b>Balance at 31 March 2011</b>	<b>-8.0</b>	<b>0</b>	<b>-8.0</b>

Costs awarded are in respect of legal fees due to a Member of the Authority which remain unclaimed.

**22. USABLE RESERVES**

£000's

2010/11		2009/10	2008/9
483,539	<b>General Fund</b> : Resources available to meet future running costs of services	459,674	508,360
904,576	<b>Earmarked Reserves</b> : Reserves set aside for specific items	886,668	624,648
215,143	<b>Capital Receipts</b> : Proceeds on fixed asset sales available to meet future capital investment	231,298	370,485
0	<b>Capital Grants Unapplied</b> : Reflecting capital grants received but not applied to capital projects	37,140	0
<b>1,603,258</b>	<b>TOTAL</b>	<b>1,614,780</b>	<b>1,503,493</b>

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

**23. UNUSABLE RESERVES**

£000's

2010/11		2009/10	2008/9
-1,717.9	Revaluation Reserve	-1,651.9	-1,400.0
-11,767.9	Capital Adjustment Account	-11,965.1	-12,349.7
2,019.9	Pensions Reserve	4,948.0	3,129.0
60.2	Accumulated Absences Account	64.4	59.6
<b>-11,405.7</b>	<b>TOTAL</b>	<b>-8604.5</b>	<b>-10,561.1</b>

**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, or
- disposed of and the gains are realised.

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

## £000's

2010/11		2009/10
<b>-1,651.9</b>	<b>Balance at 1 April</b>	<b>-1,400.0</b>
-81.5	Upward revaluation of assets	-267.8
15.4	Difference between fair value depreciation and historical cost depreciation	15.9
<b>-1,718.0</b>		<b>-1,651.9</b>

**CAPITAL ADJUSTMENT ACCOUNT**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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 accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains 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 details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## £000's

2010/11		2009/10
<b>-11,965.0</b>	<b>Balance at 1 April</b>	<b>-12,349.7</b>
244.4	Charges for depreciation and impairment of noncurrent assets	225.4
32.0	Impairment of Investment Assets	394.0
100.0	Revenue expenditure funded from capital under statute	100.0
-15.4	Adjusting amounts written out of the Revaluation Reserve	-15.9
-31.7	Capital financing applied in the year	-129.5
-16.1	Use of the Capital Receipts Reserve to finance new capital expenditure	-139.2
-100.0	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-50.0
-37.2	Application of grants to capital financing from the Capital Grants Unapplied Account	0
21.1	Amounts of non current assets chargeable against future receipts on sale charged to the CIES	0
	Capital expenditure charged against the General Fund balances	0.0
<b>-11,767.9</b>	<b>Balance at 31 March</b>	<b>-11,964.9</b>

**PENSIONS RESERVE**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and 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.

£000's

2010/11		2009/10
<b>4,948.0</b>	<b>Balance at 1 April</b>	<b>3,128.7</b>
-2,199.0	Actuarial gains or losses on pensions assets and liabilities	1,567.0
-297.0	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	671.0
-432.1	Employer's pensions contributions and direct payments to pensioners payable in the year	-418.6
<b>2,019.9</b>	<b>Balance at 31 March</b>	<b>4,948.0</b>

#### ACCUMULATED ABSENCES ACCOUNT

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

£000's

2010/11		2009/10
<b>64.4</b>	<b>Balance at 1 April</b>	<b>59.6</b>
-4.2	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	4.8
<b>60.2</b>	<b>Amounts accrued at the end of the current year</b>	<b>64.4</b>

#### 25. CASH FLOW STATEMENT –

Adjustment of net surplus or deficit on the provision of services for noncash movements

2010/11 £000's		2009/10 £000's
-243.6	Depreciation	-225.4
-32.8	Impairment and downward valuations	-394.0
-144.3	Movement in creditor/stock/debtors	-29.3
6.0	Staff Loans	0.9
729.1	Provision of Services costs for post employment benefits	-251.3
0.0	Other non-cash items charged to the CIES	-50.0
<b>314.3</b>	<b>Total</b>	<b>-949.1</b>

## 26. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

2010/11 £000's		2009/10 £000's
11.6	Interest received	9.0
Nil	Interest paid	Nil

Cash Flows from Investing Activities are:

2010/11 £000's		2009/10 £000's
-221	Purchase of property, plant and equipment, investment property and intangible assets	-378
145	Other receipts from investing activities	361
<b>-76</b>	<b>Net cash flows from investing activities</b>	<b>-17</b>

## 26. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. Similarly the information used by the Authority for decision making is also prepared under the Best Value Accounting Code of Practice. Accordingly there is no requirement under this note for reconciliation between the Comprehensive Income and Expenditure Statement and amounts reported for resource allocation decisions

## 27. ACQUIRED AND DISCONTINUED OPERATIONS

During the year the Authority closed the Café facility at Oriel Y Parc. There are no outstanding liabilities in respect of this discontinued operation

## 28. TRADING OPERATIONS

The Authority provides services as part of its objective to promote understanding and enjoyment and generates income from a number of sources including the tourist information centres, heritage centres and car parks. However there were no trading operations undertaken at risk during 2010/11 (*nor 2009/10*) as determined under the definitions of this note.

## 29. SCHEMES UNDER THE TRANSPORT ACT 2000

The Authority has not undertaken any schemes under this Act during 2010/11 (*nor 2009/10*).

## 30. AGENCY SERVICES

The Authority did not provide any agency services In 2010/11 (*nor 2009/11*)

## 31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2010/11 (*nor 2009/11*)

## 32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2010/11

Total member's allowances paid during the year amounted to £60,268 (£58,515 in 2009/11) plus reimbursement of travelling, subsistence and other expense payments amounting to £6,509 (£5,738 in 2009/10).

**33. STAFF REMUNERATION**

The number of staff with remuneration in excess of £60,000 – earnings subject to Pay as You Earn taxation and pension contributions - was as follows:

<b>Remuneration Band</b>	<b>Number of Employees</b>	
	<b>2010/11</b>	<b>2009/10</b>
£5,000 - £9,999	<b>1</b>	
£80,000-£84,999	<b>1</b>	<b>-</b>
£95,000- £99,999		<b>1</b>

<b>Analysis of Remuneration for Chief Executive Officers</b>				
	2010/11 £000		2009/10 £000	
	Outgoing C.E.O.	Incoming C.E.O.	Outgoing C.E.O.	Incoming C.E.O.
Gross Pay	6.5	71.7	82.7	8.7
P11D values	.2	1.1	1.7	.1
Employer Pension Contributions	1.0	10.4	11.8	1.2
<b>Total</b>	<b>7.7</b>	<b>83.2</b>	<b>96.2</b>	<b>10.0</b>

Included in the outgoing C.E.O. gross pay for 2009/10 is backdated pay for 2007/8 & 2008/9

**34. AUDIT COSTS**

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	<b>2010/11 £000</b>	<b>2009/10 £000</b>
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor	20.4	25.7
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2010	12.4	
Fees payable to the Wales Audit Office for the certification of grant Claims and returns (estimate)	1.0	1.0
<b>Total</b>	<b>33.8</b>	<b>26.7</b>

### 35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2010/11.

	2010/11	2009/10
	£000	£000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
NPA GRANT	3,462.7	3,483.3
Levy on PCC	1,154.2	1,161.1
Welsh Government Capital Grant	31.6	166.7
	<b>4,648.5</b>	<b>4,811.1</b>
<b>Credited to Services</b>		
The Welsh Government contributed funding in 2010/11 towards the Sustainable Development Fund; Planning: Delivering for Wales	372.1	290.5
The Countryside Council for Wales contributed funding in 2010/11 towards the National Trail/Coast Path management & maintenance; the Coed Cymru Officer post; and the CastleMartin Ranger post.	312.5	350.0
Pembrokeshire County Council , Coed Cymru Officer	10.9	13.7
Visit Wales, miscellaneous	8.0	20.1
Forestry Commission , various woodland schemes	11.1	9.4
Ministry of Defence, Castle Martin ranger	16.3	17.1
CADW, building maintenance & buildings at risk survey	106.4	137.9
PLANED, Access Grants		23.6
Waterloo Foundation, Oriel y Parc art work		10.0
Big Lottery, Mentro Allan	51.3	36.7
SPLASH Evironment Agency	8.7	
Others		7.8
<b>TOTAL GRANTS</b>	<b>897.3</b>	<b>916.8</b>

### 36. 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. Funding grants of a material level received by the Authority are disclosed in the accounts under *capital expenditure* and *significant revenue grants*.

The Authority maintains registers of Members' and Officers' interests and Gifts & Hospitality. There are no issues to report arising from the entries in these registers, and the Authority's ability to control or influence another party as result of the recorded interests is considered highly unlikely. The Authority administered the Sustainable Development Fund (SDF) on behalf of the Welsh Government. In awarding grants to organisations, the SDF Committee of the Authority imposes special grant conditions, which include linking financial performance with achieving agreed milestones.

Two new SDF grants were approved during the 2010/11 Financial Year: -

Project Name	Awarded to
Bee Farm Building Coedcanlas	The Wild Honey Co
Ty Unnos Sustainable Living Demonstration Project	Coed Cymru

The actual SDF payments during the year exceeding £5,000 were:

- £7,315 for Sustainable Agri-Networks project which aims to increase the confidence and knowledge of farming families so that larger numbers will participate in economic and environmental activities which will contribute to the sustainable development of the area.
- £46,169 for The People's Power Station which is part funded by the Pembrokeshire Sustainable Development Fund and delivered by the West Wales Eco Centre. The aim is to assist communities with the development of community owned and community scale renewable energy systems. The project will allow people to invest in their community and in a low carbon future.
- £87,979 for the Wild Honey Company to further develop a sustainable bee farm by constructing a sustainable agricultural building. This building is essential for the future success of the business and breeding queen bees adapted to local conditions and disease resistance. The building will be wood and have a biomass boiler and solar panels to meet heating needs. The project will also raise awareness of the value of honey bees and all pollinating insects, which leads to an understanding of the food chain, biodiversity and our survival in an ever changing environment. In addition it will provide pollination, local honey, employment and preserve a traditional agricultural activity in an innovative and contemporary way
- £17,999 for Ramsey Power Project awarded to the new renewable energy wind turbine and photo-voltaic array on their Ramsey Island Reserve. By securing a more reliable source of power from nature, the RSPB have reduced their reliance on fossil fuels and consequently their fuel costs and carbon dioxide emissions, without compromising the great natural beauty and wildlife on the island.
- £34,939 for Far Offshore Renewable the project aims to develop a floating offshore wind turbine platform and tower. SDF funding is to be used to construct, install and commission a ¼ scale prototype of a semi-submersible floating wind turbine platform, (250 kw turbine), following on from 1:10 and 1:15 scale models that the company has built and launched already. The full size floating wind turbine is designed to be located in deep waters far offshore.

The Authority pays local landowners through signed "Management Agreements" for conservation purposes, but there were no individual material transactions undertaken during the year. The Authority's membership of the Association of National Parks cost £15,324 in 2010/11. Other than those declared elsewhere in this statement, or those that are purely of a customer/supplier nature, there was no further material related party transactions during the year.

### **37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS**

The Authority had no PFI and similar contracts in place as at 31/3/11 (nor 31/3/10).

### **38. IMPAIRMENT LOSSES**

These disclosures are consolidated in the notes on the movement over the year in the Property, Plant and Equipment.

### **39. TERMINATION BENEFITS**

During the year 2010/11 the Authority provided for £53,121 for specific termination benefits and an earmarked reserve of £70,000 for non specific future staff restructuring costs.

### **40. DEFINED BENEFIT PENSION SCHEMES**

The Authority offers defined retirement benefits to staff, relating to pay and service, under the Dyfed Pension Fund (Local Government Pension Scheme), being a funded scheme administered by

Carmarthenshire County Council. Although these benefits will not actually be payable until employees retire, the Authority has a current commitment to make the benefits payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, the most recent of which was at 31<sup>st</sup> March 2010, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. Local authorities are required to recognise the costs of retirement in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, this conflicts with the charge the Authority is required to make in the Comprehensive Income & Expenditure Account based on the cash payable in the year to the pension fund, so the real cost of retirement benefits is then reversed out of the accounts in the statement of movement on the general fund balance.

### Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	£000's	
	2010/11	2009/10
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	764	1,631
Movements in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	729	-251
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
employers' contributions payable to scheme	429	415
retirement benefits payable to pensioners	3	3
<i>Employer's contribution rate of pensionable pay</i>	<i>14.9</i>	<i>14.3</i>
<i>Employee's contribution rate range pensionable pay</i>	<i>5.5% to 7.25</i>	<i>5.5% to 7.25%</i>



### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	<b>Funded liabilities: Local Government Pension Scheme £000's</b>	
	<b>2010/11</b>	<b>2009/10</b>
Benefit Obligations at beginning of Year	<b>19,339</b>	<b>13,266</b>
Current Service Cost	569	367
Interest On Liabilities	1,089	955
Member Contributions	249	192
Past Service Gain	-1,043	
Actuarial (Gains)/Losses on Liabilities	-1,583	4,757
Benefits Paid	-615	(198)
Benefit Obligations at End of Year	<b>18,005</b>	<b>19,339</b>

### Reconciliation of Present value Scheme Assets:

	<b>Local Government Pension Scheme £000's</b>	
	<b>2010/11</b>	<b>2009/10</b>
<b>Fair Value at beginning of Year</b>	<b>14,391</b>	<b>10,137</b>
Expected Return on Plan Assets	912	652
Actuarial Gains/(Losses) on Assets	616	3,190
Employer Contributions	433	418
Member Contributions	249	192
Benefits/transfers paid	-615	(198)
<b>Fair Value at End of Year</b>	<b>15,986</b>	<b>14,391</b>
<b>Actual return on scheme assets</b>	<b>1,165</b>	<b>3,842</b>

### Statement of Recognised Gains & Losses

	2010/11	2009/10
	£000's	£000's
Actuarial (Gains)/Losses	-2,199	1,567
<b>Total pension cost recognised in MiRS</b>	<b>-2,199</b>	<b>1,567</b>

The *current service costs* reflect the increase in liabilities expected to arise from employee service in the current period. The *past service costs* reflect the increase in liabilities related to employee service in prior periods arising from the improvement of retirement benefits in the current period. The *curtailment/settlement costs* reflect changes in liabilities relating respectively to actions that relieve the employer of primary responsibility for a pension obligation (e.g. a group of employees being transferred to another scheme) or events that reduce the expected years of future service of employees or reduce the accrual of defined benefits over their future service for some employees (e.g. closing a business unit).

*Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The *expected return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme.

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. These assumptions are made by the Fund's actuaries, William M Mercer Ltd, and are based on the actuarial valuation report at 31<sup>st</sup> March 2010.

The *expected return on assets* reflects the average rate of return expected on the actual assets held in the pension scheme. *Interest on pension liabilities* reflects the expected increase during the year in the present value of liabilities because the benefits are one year closer to settlement. The underlying assets and liabilities for retirement benefits attributable to the Authority as at 31<sup>st</sup> March 2010 are as follows:

<b>DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2011</b>	
<b>£000</b>	
Present Value of Funded Benefits Obligations	17932
Present Value of Unfunded benefit obligations	73
<b>Total present value of Benefit Obligations</b>	<b>18,005</b>
Fair Value of Plan Assets	(15,986)
Unrecognised Past Service	0
<b>Deficit/Surplus</b>	<b>2,019</b>

### Prior Year Scheme Values

<b>Scheme Year</b>	<b>Present value Scheme Liabilities(£000)</b>	<b>Fair Value of Scheme Assets (£000)</b>
31 <sup>st</sup> March 2010	£19,339	£14,391
31 <sup>st</sup> March 2009	£13,266	£10,137
31 <sup>st</sup> March 2008	£15,436,	£12,187
31 <sup>st</sup> March 2007	£14,076	£12,297
31 <sup>st</sup> March 2006	£13,573	£11,286

**The main assumptions are set out below:**

<b>ACTUARIAL ASSUMPTIONS</b> <i>Financial Assumptions</i>	Start of Year	End of year
Rate of RPI inflation	3.3%	3.4%
Rate of CPI inflation	2.8%	2.9%
Rate of increase in salaries	5.05%	4.65%
Rate of increase in pensions	3.3%	2.9%
Discount rate	5.6%	5.5%

**Assets are valued at fair value, principally market value for investments.**

<b>INVESTMENTS CATEGORIES</b>	Assets at 31 March 2011	Assets at 31 March 2010
Equities	70.5%	69.8%
Government Bonds	12.1%	14.6%
Other Bonds	11.2%	14.4%
Property	4.5%	0%
Other	1.7%	1.2%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

**The Expected Rate of Return on these assets is as follows (gross of expenses):**

	Start of Year	End of Year
Equities	7.5%	7.5%
Government Bonds	4.5%	4.4%
Other Bonds	5.2%	5.1%
Cash / Liquidity	0.5%	0.5%
Expenses Reduction	0.32%	0.32%

**Post Retirement mortality assumptions**

	Start of Year	End of Year
Non-retired members retiring in the normal health	PA92mc YoB Tables + 1year	Males - 99% S1PMA CMI_2009_M (1%)
		Females - 93% S1PFA CMI_2009_F (1%)
Current Pensions(retired in normal health)	PA92mc YoB Tables + 1year	Males – 99% S1PMA CMI_2009_M (1%)
		Females – 93% S1PFA CMI_2009_F (1%)

**Life Expectancy**

	Start of Year	End of Year
Of males (female) future pensioner aged 65 in 20 years time	22.2 (25.0) years	23.3 (26.1) years
Of males (female) current pensioner aged 65	21.2 (24.1) years	21.9 (24.5) years

### History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2010/11 can be analysed into the following categories, measured as percentages of Assets or liabilities as at 31 March 2010

	2010/11 %	2009/10 %	2008/09 %	2007/08 %	2006/07 %	2005/06	2004/5
Differences between the expected and actual returns on assets	(3.9%)	(22.2)	(31.5)	(10.1)	(0.3)	12.7	3.8
Experience gains and losses on liabilities	8.8%	24.6	27.4	5.1	0.0	(3.2)	0.1

### Commutation of pension for lump sum at retirement

Start of Year	End of Year
50% take maximum cash	50% take maximum cash

### Market value of total fund assets (£millions)

Start of Year	End of Year
1,331	1,164

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/10. The corresponding split of assets at the start of the year has been calculated as at 31/12/09. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2010 actuarial valuation assumption, other than the financial assumptions which are shown above. The expected returns are gross of expenses. A deduction of 0.32% in respect of expenses is made in calculating the expected return for the year. The forecasted employer's contributions for 2010/11 is £433,000. The cumulative amount of actuarial losses recognised in the MiRS is £857,000.

Further information on the Dyfed Pension Fund, such as the annual report, is available from the Fund administrators at Carmarthenshire County Council, or on-line at [www.dyfedpensionfund.org.uk](http://www.dyfedpensionfund.org.uk)

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Authority's responsibilities for the accounts under local government legislation and other requirements are:**

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer.
- to manage its affairs to secure economic, efficient, effective and best value use of resources and to safeguard its assets.
- to approve the statement of accounts by the statutory deadline.

Chairman.....

Date.....

### **The Chief Financial Officer's legal and professional responsibility for the accounts:**

The Chief Financial Officer is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

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

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

The Chief Financial Officer has also:

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

### **Chief Financial Officer's Certificate**

I hereby certify that the *Statement of Accounts 2010/11* presents a true and fair view of the financial position of the Authority at 31<sup>st</sup> March 2011 and its income and expenditure for the year ended 31<sup>st</sup> March 2011.

**R.E.GRIFFITHS** .....  
**Chief Financial Officer**

**Date** .....

# ANNUAL GOVERNANCE STATEMENT

## I. Introduction

The Pembrokeshire Coast National Park Authority (“the Authority”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. It is a Welsh improvement authority under section 1 of the Local Government (Wales) Measure 2009 and as such has a general duty under section 2 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In 2010/11 the Authority approved a Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework ‘Delivering Good Governance in Local Government’. This guidance recommends that the review of effectiveness of the system of internal control that local authorities are required to undertake in accordance with the Accounting and Audit Regulations should be reported in an Annual Governance Statement. In Wales the inclusion of the Annual Governance Statement in the Statement of Accounts is voluntary. In 2009/10 CIPFA also published an “Application Note to Delivering Good Governance in Local Government: A Framework”. This note has been developed to advise on the application of the “Statement of the Role of the Chief Financial Officer on Local Government” under the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. The Authority has decided to adopt the CIPFA framework and Annual Governance Statement approach for 2010/11

## II. The purpose of the Governance framework

The governance framework comprises the committees, systems and processes, cultures and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. 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 and the impact should they be realised, and to manage them efficiently, effectively and economically.

## III. Review of Effectiveness

The Authority is responsible for conducting an annual review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of the Authority’s, Members and its Committees, internal and external auditors, other review agencies (as appropriate) and senior managers who have responsibility for the development and maintenance of the internal control environment. The review of effectiveness of governance can be divided into the following.

The review is based on the six principles of the Code of Corporate Governance.

## **Principle 1.**

### **Focusing on the Authority's purpose, on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.**

The Authority has been focusing on developing work to ensure that it is 'fit for Purpose' to meet the challenges of the future.

#### Corporate Strategy

During the past ten months the Authority undertook an extensive exercise to develop a new Corporate Strategy. This process saw the clarification of our purpose and the identification of 8 Outcomes that will drive our work in the future. The strategy was developed through extensive consultation and engagement with Members, Staff, external organisations and members of the public.

The decision to move away from an objective based strategy to an outcome based strategy was taken in an attempt to focus more on what the Authority delivers for the area and seeks to move our work programme from an inward focused programme to a programme that focuses on external impact.

#### Ffynnon System

The Authority has adopted the Ffynnon system to ensure that we develop and manage a robust system of performance information to highlight the impact of the work undertaken by the Authority.

#### Value for Money Study

The Authority co-operated with the Brecon Beacons National Park Authority and the Snowdonia National Park Authority to develop a set of robust performance indicators for the Development Management Service. These have been included in our performance management system.

#### Budget Pressures / Joint working

In June 2010 the Chief Executive presented a report to the Continuous Improvement Group on financial and political climate and the need for Joint Working. In response to this scenario, officers discussed a variety of approaches to combat these reductions, including seeking to reduce costs, re-evaluating the Authority's approach to providing services, increasing income, taking opportunities to reduce staff numbers and seeking to make efficiency savings through joint working.

## **Principle 2**

### **Members and officers working together to achieve a common purpose, with clearly defined functions and roles.**

There is clear definition of the roles of Members and Officer and a clear committee and decision making structure. This is based on:

#### The Authority

The Authority comprises 18 members and will meet at least 6 times a year and its main functions are:

- To approve the development of the Authority's strategic corporate planning framework through the National Park Management Plan (every five years), the Local Development Plan (every five years), the Corporate Plan (every 3 years) and the Business and Improvement Plan (annually).
- To determine all policy matters in support of its strategic planning objectives. The Authority may receive advice from the permanent Advisory Group and may also set up task and finish advisory groups to investigate and advise on specific matters.
- To determine all Service Standards, and the Authority's Welsh Language Scheme,
- To manage the Authority's resources i.e. finance, staffing and assets; and to approve the budget, levy, charges, and the Annual Accounts
- To ensure that the NPA complies with all legislation affecting its services.
- To determine membership of other committees, task & finish groups, working groups and advisory groups, within the NPA, and their terms of reference, and the Authority's representation on external bodies and organisations.
- To determine the delegation of the Authority's responsibilities to other committees of the Authority and when appropriate to the Chief Executive

#### Performance Review Committee

Performance Review Committee contains all member of the National Park Authority and is responsible for the monitoring and review of performance toward meeting the targets set in the National Park Management Plan, Corporate Plan, other plans and projects, and on other performance indicators. The Committee considers:

- Quarterly reports on financial performance and budgetary matters
- Quarterly reports on performance towards targets, projects and PIs where relevant
- Systems development
- Annual reports from the Wales Audit Office (W.A.O.) on Financial Aspects of Corporate Governance, Wales Programme for Improvement, the Annual Audit Letter and any other Audit Commission reports
- Reports from Internal Audit on financial systems and controls and other reports prepared by Internal Audit.
- Annual reports on achievements towards targets set in the Business and Improvement Plan and the National Park Management Plan.

#### Continuous Improvement Group

The Continuous Improvement Group consist of six core members, three members appointed by the Authority, representative of the two appointing constituencies, and three officers, including the CEO. The group have the power to invite attendance of other members or officers if the work programme indicates that their attendance or experience would add value to its work

The terms of reference for the group are:



- To review aspects of the Authority's governance arrangements, to include relevant policies and procedures, as directed by the Authority.
- To oversee the improvement process arising out of risks identified by the Authority and / or the Performance Review Committee.
- To monitor the Authority's response to the Welsh Assembly Government's Improvement Agenda, by identifying opportunities for collaboration, partnership and customer centred working.
- To identify additional outcome /qualitative measures to help assess the Authority's performance across its service areas.
- To report progress, outcomes and recommendations of the Group to the Performance Review Committee for initial consideration on a quarterly basis

### Internal Audit

The review of the effectiveness of the system of internal control and governance arrangements is informed by the work of the Internal Auditors and their reporting to the Authority. This work is undertaken by Pembrokeshire County Council's Internal Audit Department who structure their work based on a rolling 5 year audit program. The terms of reference for internal audit require that work is conducted in accordance with standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.

### External Audit

Wales Audit Office act as the Authority's external audit and make comments following their financial accounts and performance work and in the annual audit letter. They also express an opinion on the adequacy of internal audit work.

### Section 151 Officer

In the Authority the Finance Manager also acts as the Section 151 Officer. The Authority complies with the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government".

### The Executive

The Senior Management Team meets at least weekly and comprises of the Chief Executive Officer, the Director of Communication & Recreational Management, the Director of Conservation, Head of Legal Services, Head of Business Management, Head of Administrative Service and the Section 151 Officer.

During the year Members agreed a process for managing staff, with all decisions regarding individual staff matters, with the exception of Directors and statutory offices such as Monitoring Officer and Section 151 Officer delegated to the Chief Executive.

## **Principle 3**

### **Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

A Code of Conduct for Members and a Code of Conduct for Officers is in place. Issues relating to breaking the Code of Conduct are dealt with by the following:

#### The Standards Committee

It is the responsibility of the Authority's Standards Committee to promote high standards of conduct by Members and Officers. It does this by advising on and promoting awareness and understanding of the

code of conduct for Members and the code of conduct for officers, both of which are documented in the Authority's Constitution

### Monitoring Officer

The statutory Monitoring Officer functions set out in Section 5 of the Local Government and Housing Act 1989 (as amended) i.e., in short, to report to the Authority if the Monitoring Officer considers that any proposal, decision, or omission by the Authority may give rise to unlawfulness or maladministration.

### Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures, who are normally reviewed in accordance with the Human Resources Strategy.

## **Principle 4**

### **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

The Authority has taken the following action to improve its processes and structures and also to tackle identified issues of risk.

#### Review of Committee Structure

During the past year the Authority has undertaken a review of its Committee Structure. As a result of this review the Current Performance Review Committee will be replaced by the following three committees:

- Audit and Corporate Services Review Committee – looking at corporate risks, governance and issues relating to the work of the Chief Executive Officer and departments reporting to him such as HR, Finance, IT, Communications, performance management. In addition, this Committee will look at performance against the Welsh Assembly Government Grant letter.
- Conservation and Planning Review Committee – looking at risks and performance in areas covered by the Director for Conservation and Planning. This will include issues such as climate change, the Natural Environment Framework as well as the performance of Development Management.
- Recreation and Tourism Review Committee – looking at risks and performance in areas covered by the Director for Tourism, Communications and Marketing. This Committee will oversee the work of centres such as Oriol y Parc, Carew Castle and Castell Henllys.

All three Committees will report to the NPA and have a membership of six (four members nominated by Pembrokeshire County Council and two nominated by the Welsh Assembly Government).

It is considered that these proposals will improve on the current system through:

- Providing Members with more opportunity to scrutinise the work of the Authority;
- Where currently areas of work are considered once a year or less frequently by the Performance Review Committee, the new system will provide an opportunity to consider performance on a more regular basis;
- Members will develop a better understanding of areas of work of the Authority;
- In some cases it will allow officers to benefit from greater Member input into their work.

### Scrutiny Project

The Authority is currently working with the Brecon Beacons National Park Authority on a project to develop a Scrutiny process for National Park Authority. The project will continue over the next year and seeks to ensure that the Authority meets the scrutiny requirements of the Local Government measure while at the same time developing a process to improve its effectiveness.

### Delivery of Development Management Service

Following the Wales Audit Office report in 2009 on the Authority's planning service, an internal Development Management Board was established to devise and implement an Improvement Plan to address the issues raised. This work had been supervised by the Continuous Improvement Group, who had received reports on progress, and regular meetings had also been held with relevant officials from the Welsh Assembly Government, who subsequently kept the Minister for the Environment, Sustainability and Housing informed of progress. The Authority had also published Service Standards for the planning service, and had adopted a Code of Practice for Members and Officers, both of which had been required by the Wales Audit Office report.

### Oriel y Parc Café

At extraordinary meeting held in October 2010 members considered a detailed report from the Director of Recreation, Marketing and Communications on the operation of the café at Oriel y Parc, St Davids. The report contained background information on the extension of the original Visitor Centre in 2008 to incorporate a gallery and café, together with details of the original business plan, and went on to present financial information relating to actual café sales over the last three years. Following a detailed discussion, it was agreed that the café facility at Oriel y Parc be closed. Additionally officers be authorised to explore all options regarding the future use of the space.

### Pembrokeshire County Council Internal Audit Report

As part of the Authority's corporate governance programme, an audit of all services is carried out on a five year rolling programme by the County Council's Internal Audit Service. During 2010/11 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Payroll
- Estates Management
- SAM Stock System (at Information Centres)
- Sustainable Development Fund (SDF) Grant
- IT: PC / File / Internet / Firewall and Website Controls

The audit process uses the standard CiPFA auditing guidelines and other best practices with the aim of identifying potential weaknesses in controls. Each of these potential weaknesses is then assessed jointly with the auditors to consider the likely risk and scale of impact, and the alternative controls and potential improvements within the resources of the Authority. .

No significant failings were identified in the internal audit programme, although a number of minor improvements were suggested.

### Bettws Newydd

The Authority has come to the end of a long and difficult planning case in Newport. The Chairman and Chief Executive asked the Monitoring Officer to undertake a review of all aspects of the case to ensure that the Authority learns lessons from the case.

## **Principle 5**

**Developing the capacity and capability of Members and officers to be effective.**

The Authority has undertaken the following to develop the capacity and capability of Members:

Wales Charter for Member Support and Development

The Authority has been awarded the Wales Charter for Member Support and Development to recognise its work in supporting Member Development.

Wales Advanced Charter for Member Support and Development

The Authority is currently working towards the Advanced Charter. As part of this process we are introducing Member discussions, which provide Members with an opportunity to discuss issues with either the Chairman of the Authority or a Senior Member. In addition, this provides an opportunity for Members to discuss their training and development needs and identify areas they wish to develop or develop an improved understanding.

The Authority has undertaken the following to develop the capacity and capability of Members:

Performance Management

The Performance Management process has been reviewed and changes made to link the Staff Performance Appraisal process to the Corporate Strategy. We are now undertaking work to further develop the “Golden Thread” that ensures a clear line of accountability from the Targets and Outcomes identified in the Corporate Strategy to the Departmental Plans and Individual targets.

As there isn’t a strong culture of Performance Appraisal within the Authority we have engaged the services of Pembrokeshire College to support staff undertaking appraisals.

**Principle 6**

**Engaging with local people and other stakeholders to ensure robust public accountability.**

During the past year the Authority has sought to engage with local people and stakeholders through a range of consultations. Various approaches were taken to promote these consultations such as organising events, discussions with specific groups such as Community Councils, promotion on local radio, articles in newspapers and discussions with 6<sup>th</sup> Form pupils.

The Authority took the decision to develop a pilot project to take some of the meetings of the Authority to some of the communities of the National Park. This will enable residents of the National Park to gain a better understanding of the decision making process. The first meeting recently held in St David’s was successful and we are looking at options to further role out the scheme.

**IV. Significant Governance Issues**

Governance Issues Identified	Action to be taken
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<p>The Annual Improvement Report from the Auditor General for Wales highlights three area in need of consideration.</p>	<p>The Authority will work towards</p> <ol style="list-style-type: none"> <li>1) ensure all the Authority’s policies and strategies are up to date</li> <li>2) ensure medium-term financial planning is closely linked to, and supports delivery of, the Authority’s priorities</li> <li>3) ensure the Authority uses data more effectively to manage performance</li> </ol>
<p>Better linking of the budget to the improvement Objectives to help ensure resources are not allocated to lower priority areas.</p>	<p>The Authority recognises the need to ensure that all of its existing commitments and objectives are fully funded. Whilst many of the actions identified to meet Improvement Objectives can be undertaken from existing budgets the Authority recognises that this will not always be so. The Authority will therefore ensure that all future new budget allocations will be subject to proof that the allocation of resources will assist in the implementation of an Improvement Objective.</p>
<p>Improved linking of policies and strategies</p>	<p>Ensure that all policies and strategies are linked to and contribute to the delivery of the Corporate Strategy. We will develop a mapping exercise and templates that ensure that this action is delivered.</p>
<p>Improve the staff appraisal scheme. The revised staff appraisal scheme us still in its infancy and there is still a need to demonstrate clear links between staff targets and corporate objectives.</p>	<p>The revised staff appraisal scheme contains clear links to both the Authority’s Improvement Objectives and Corporate Work Programme. Ongoing monitoring will ensure that a golden thread is maintained between staff targets, improvement objectives and the Corporate Strategy.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

SIGNED \_\_\_\_\_  
Chairman

DATED \_\_\_\_\_

SIGNED \_\_\_\_\_  
Chief Executive

DATE \_\_\_\_\_

SIGNED \_\_\_\_\_  
Section 151 Officer

DATE \_\_\_\_\_

**APPENDIX 1**  
**Schedule of Members Allowances & Expenses Paid**  
**in the Financial Year 2010/11**

<u>NAME</u>	<u>Basic Allowance</u>	<u>Special Responsibility Allowance</u>	<u>Travel &amp; subsistence</u>	<u>% of attendance</u>
Cllr JA Brinsden	2,664	2,578	461	85%
Cllr M Williams	2,664	2,165	475	89%
Mr RWG Howells	2,664	5,156	489	93%
Cllr DGM James	2,664		1,326	100%
Cllr RR Evans	2,664		620	89%
Cllr SL Hancock	2,664	1,429	436	89%
Cllr J Allen-Mirehouse	2,664			81%
Mrs F Lanc	2,664		314	59%
Ms CM Gwyther	2,664			63%
Mr PJ Morgan	2,664		334	96%
Cllr D Ellis	2,664	329	377	93%
Cllr HM George	2,664			89%
Cllr RN Hancock	2,664			48%
Cllr R Lewis	2,664		416	74%
Cllr ML Evans	2,664	658		78%
Mr AE Sangster	2,664		760	78%
Mrs GM Hayward	2,664		502	85%
Cllr WL Raymond	2,664			70%
<b>Totals</b>	<b>47,952</b>	<b>12,316</b>	<b>6,509</b>	<b>81% Average</b>