

**Pembrokeshire Coast
National Park Authority**



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

**STATEMENT OF ACCOUNTS
2013/14**

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STATEMENT OF ACCOUNTS

2013/14

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 23rd 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 2013/14 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £7,207k. Capital expenditure of £708k, (that is, investment in longer term assets such as land and buildings) was funded £357k from revenue funds & £351k from other grant funding sources.

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

REVENUE BUDGET	2013/14 £ 000	2013/14 %	2012/13 £ 000	2012/13 %
National Park Grant, from the Welsh Government:	3,540	49%	3,555	49%
National Park Levy, against Pembrokeshire County Council:	1,180	16%	1,185	16%
Locally Generated Income (through fees and charges):	1,428	20%	1,370	19%
Service/Project Specific Revenue Grants:	592	8%	516	7%
Earmarked/General Reserves:	467	7%	606	9%
TOTAL REVENUE FUNDING	7,207	100%	7,232	100%

CAPITAL BUDGET	2013/14 £ 000		2012/13 £ 000
Project Specific Capital Grants:	351		674
Use of capital receipts	Nil		Nil
CAPITAL FUNDING	351		674
Plus, funding from the revenue budget (included above)	357		410
TOTAL CAPITAL BUDGET	708		1,084

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 overall revenue funding reduced overall by 0.3 % in 2013/14, with reductions in the National Park Grant, Levy and Service specific grants being compensated by an increase in locally generated income and use of Earmarked Reserves. For 2013/14, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 53p from other sources (2012/13=53p).

Locally Generated Income consisted of:

LOCALLY GENERATED INCOME	2013/14 £000's	2012/13 £000's	% Change
Merchandise Sales and Income from Information Centres	301	312	-4%
Car park charges and concessions income	353	365	-3%
Admissions fees and Activities & Events	182	161	13%
Advertising income	88	77	13%
Planning fees	192	146	31%
Timber sales	109	82	33%
Other : property income & contributions	131	172	-24%
Income from investment properties	56	29	93%
Investment income (spare cash invested)	16	26	-39%
TOTAL LOCAL INCOME	1,428	1,370	4%

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:-**

REVENUE BUDGET	2013/14 £000	2013/14 %	2012/13 £000	2012/13 %
Employees	3,821	53%	3,727	52%
Premises related	647	9%	706	10%
Transport & Travel	184	3%	240	3%
Supplies, Services and Grants	1,745	24%	1,610	22%
Transfers to Earmarked Reserves	447	6%	525	7%
Contribution to capital projects	357	5%	410	6%
Financing charges	3	0%	6	0%
Increase/ (decrease) in General Reserves	3	0%	8	0%
TOTAL REVENUE COST	7,207	100%	7,232	100%

CAPITAL BUDGET	2013/14 £ 000		2012/13 £ 000
Capital projects	708		1,084

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 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).

2013/14 Revenue Account	Net Budget £000	Net out-turn £000	Variance £000	2012/13 Net out-turn £000
Conservation of the Natural Environment	578	511	67	473
Conservation of the Cultural Heritage	177	168	9	167
Development Control	687	611	76	626
Forward Planning & Communities	559	557	2	490
Promoting Understanding	1,814	1,724	90	1,144
Recreation Management & Transport	502	516	-13	233
Rangers, Estates & Volunteers	1,186	1,131	55	1,103
Democratic Representation & Management	709	665	43	595
Service Management & Support Services	66	0	66	
Net cost of services	6,278	5,883	395	4,831
Interest and investment income earned during the year	-15	-17		-26
Other Non Cash Items debited or credited to the Authority Reserves for the year:				8
National Park Grant - Welsh Assembly Government	-3,540	-3,540		-3,555
National Park Levy – Pembrokeshire County Council	-1,180	-1,180		-1,185
Net Operating Surplus	4	23		-73
Less Net Transfer to / from (-) Earmarked Reserves		-20		81
END OF YEAR SURPLUS	4	3		8

**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 (£75k), totalled £1.2m and have been fully reallocated to direct service departments.*

Summary Comment

The outturn Net Cost of Service (N.C.S.) expenditure for the year was £5,883k and compares against a budget N.C.S. of £6,278k and an actual of £4,831k for 2012/13. The main reason for the increase N.C.S. in 2013/14 over 2012/13 was due to a significant revaluation charge of circa £1m on the building at Oriel y Parc. After the various movements to reserves for non cash entries, the End of Year Surplus was £3k which compares to an original budget surplus of £4k and an actual surplus of £8k in 2012/13. The N.C.S. was below the revised budget by £395k and an explanation for the major variances within each service is as follows:

- **Conservation of the Natural Environment (£67k under budget).** A combination of increased internal sales and the savings in the salary costs following the retirement of a member of staff have resulted in an overall underspend at the Cilrhedyn Woodland of £48k. The post of Coed Cymru Officer remained vacant for several months which also contributed to an underspend and although funding from Pembrokeshire County Council for the post (circa £10k) was withdrawn during the year the Authority has managed to absorb this shortfall.
- **Conservation of Cultural Heritage (£9k under budget).** The Authority ran another successful Archaeology day at Pembrokeshire College this year and the income from which contributed to the surplus in this service.
- **Development Management (£76k under budget).** A number of large scale planning applications resulted in planning fees income £187k, £47k above that budgeted. There was also salary savings within development management as a result of departmental restructuring during the year.
- **Forward Planning & Communities (£2k under budget).** The Authority was again awarded a Welsh Government Planning Improvement Fund grant of £76k. Under the Sustainable Development Fund the Authority gave grants totalling £254k during the year and made payments exceeding £10k to the following projects: St Dogmaels Community Association (£13k), Polypembs Ltd (£25k), Regency Hall Community (£36k), Dr Beynon's Bug Farm Ltd (£75k), Thomas Joinery Ltd (£14k), Pembroke 21C CIC (£11k) and Western Solar Ltd (£29k).
- **Promoting & Understanding (£90k under budget).** As shown in the table on page 10 the actual merchandise income for 2013/14 of £281k was on budget but down £8k on 2012/13. Following the refurbishment at Carew Castle admission income was up 25% or £18k on prior year figures and up £6k versus budget. Merchandise sales were up £5k against prior year and down £10k versus budget. At Castell Henllys merchandise sales were down 22% and admission fees down 10% versus budget. However income at Oriol Y Parc, Newport and Tenby TIC's remained ahead of budget. In the Communications budget the Authority received a grant of £26k from Natural Resources Wales to market and promote the All Wales Coast Path. The grant contributed to an under spend in salary costs and there were also savings on the County Show and Web development budgets. The Discovery budget was under spent due to an officer being funded under the Your Park Your Future grant. Following on from the success of Mentro Allan the Authority successfully secured grant funding of £250k over 3 years from the Big Lottery Fund for this community engagement programme. The under spend in the Activities & Events budget was due to savings in the contributors costs of running the A & E events programme. The Flexible Programme budget was due to the receipt of a grant the Ramblers Association of £15k to fund the Walkability Officer. The Walkability project is a scheme to encourage everyone regardless of ability to make use of local opportunities to walk and explore the outdoor environment. Coast to Coast, the Authority's annual publication providing information on the National Park and it's attractions to visitors and residents, generated advertising income for the year of £86k, up £12k from £74k in 2012/13
- **Recreation & Park Management (£13k over budget).** The total Car Park income for the year of £308k was £21k down versus budget and down by £16k on 2012/13. The table on page 10 shows the breakdown by individual car park with notable increases at Poppit, (following significant investment) and Manorbier and reductions in revenues at Saundersfoot and Solva.

- **Rangers, Estates & Volunteers (£55k under budget).** The Ranger Areas ended under budget due to saving on contract hire costs and staff time charged to the storm damage grant. This grant funded by Natural Resources Wales to repair much of the coast areas which were damaged during the unprecedented storms at the beginning of 2014. Within the Estate Management budget there was additional property rental income above budget notably at Freshwater East.
- **Democratic Representation & Management (£43k under budget).** The under spend in Corporate Services was due to savings in job evaluation contingency and staff awards. There was additional income in the form of rebates arising from the Authority's extensive use of credit cards for its general purchases. The Democratic Services budget was under spent due to savings in Conference and Translation costs.
- **Service Management & Support Services (£66k under budget).** The underspend in Service Management & Support Services was due to a number of factors:
 - Salary and postage savings in the Reception and Administration budget.
 - Utility rebates from Renewable Heat Incentive Scheme and Ofgem following the installation of the biomass boiler and the photovoltaic panels. These investments have also contributed to significant saving in the electricity costs in Llanion H.Q.
 - Reduced travelling costs across a range of areas and training savings in Personnel, Health & Staff Training budget.

12 months to 31st March 2014 Income Versus Budget & Prior Year

Merchandise Sales	Budget	Income	Variance	Prior Year	Variance
Carew Income	65,000	54,795	-10,205	49,464	5,331
Castell Henllys Income	55,022	42,974	-12,048	47,725	-4,751
Oriel Y Parc	118,918	135,816	16,898	145,625	-9,809
Newport Information Centre	21,005	22,479	1,474	20,313	2,166
Tenby Visitor Centre	20,502	24,652	4,150	25,959	-1,307
	280,447	280,716	269	289,086	-8,370
Admission Fees					
Carew Income	83,400	89,279	5,879	71,400	17,879
Castell Henllys	57,500	51,444	-6,056	52,775	-1,331
	140,900	140,723	-177	124,175	16,548
Car Park Income					
Car Park Operations	0	3,722	3,722	9,085	-5,363
Manorbier Car Park	37,387	36,438	-949	30,232	6,206
Little Haven Car Park	28,155	28,454	299	29,505	-1,051
St Davids Car Park	39,758	47,513	7,755	40,895	6,618
Poppit Car Park	20,520	37,009	16,489	25,719	11,290
Saundersfoot Car Park	64,920	57,412	-7,508	70,958	-13,546
Freshwater East Car Park	21,705	17,714	-3,991	18,916	-1,205
Broad Haven Car Park	20,636	21,537	901	15,541	5,998
Newport Car Park	25,752	20,961	-4,791	20,778	182
Newgale Car Park	20,001	17,902	-2,099	16,329	1,573
Solva Car Park	50,000	19,401	-30,599	46,403	-27,002
	328,834	308,065	-20,769	324,365	-16,300

8. Capital Programme

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

	Total Cost 2013/14 £000	Total Cost 2012/13 £000
Conservation of the Cultural Heritage	100	130
Historic Towns Grant Scheme	100	130
Promoting Understanding & Enjoyment	465	790
Car Park Improvements	190	351
Carew Visitor Centre	171	426
Origins	104	13
Recreation & Park Management	121	16
Milton Depot	121	-
Vehicles	-	16
Corporate & Support Services	22	148
Llanion Buildings	-	60
Information & Communications Technology	22	88
TOTAL CAPITAL SPEND	708	1,084
Financed by:		
Financing from the Revenue budget	-357	-410
Financing from Capital Receipts		-
Additional Grants	-351	-674
	-708	-1,084

The total capital spend for 2013/14 was £708k which included £100k which related to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £608k related to assets owned by the Authority and impacted on the fixed asset values held in the Balance Sheet.

Details of the major spend in the 2013/14 programme are:

- Historic Towns Grant Scheme – The scheme is aimed at ensuring the conservation of the buildings within our Conservation Areas, and is jointly managed with Cadw, who help prioritise buildings and architectural themes. As well as raising awareness of our built heritage the scheme generates local employment and helps preserve a local skills base.
- Solva, Porthgain and Poppit Car Park Improvements. The refurbishment work at Poppit Car Park was completed in the year, with total project cost of £213k (£155k in 2013/14 There was additional expenditure Solva & Porthgain Car Parks of £35k for the completion of these projects.
- Carew Castle Development. The project is jointly funded by European convergence grant aid and the Authority's own funds. The expenditure in the year of £171k included the completion of the visitor centre and refurbishment of the Car Park, (total spend to date £630k).

- **Origins.** This is a Heritage Tourism funded project to develop a National Centre and Hub of the Origins and Prehistory of Wales based at Castell Henllys. The contract for the Interpretation Plan for Castell Henllys was awarded to Red Kite Consultancy of Stroud and the main contractor to Dorian Philips & Partners of Whitland. The project is due for completion by the end of August 2014.
- **South Ranger Team Depot.** The purchase of the South Ranger Team depot at Milton was completed in April 2013 and the team formally took over the building at the end of June.
- **Information & Communications Technology.** In addition to the normal cycle of replacement IT equipment the Authority invested in Public Sector Broadband Aggregation, the 'Pobl Y Parc' HR System and a replacement Finance system.

9. Summarised Balance Sheet as at 31 March 2014

	2013/14 £000	2012/13 £000
Fixed Assets	13,116	13,308
Cash in hand/bank	2,173	2,009
Stocks of merchandise and timber	144	161
Debtors – money owed to the Authority	227	563
Creditors – money owed by the Authority	-557	-731
Provisions – for known commitments		
Long-term borrowing (in excess of 1 year)	-4	-6
<i>Cash Reserves:</i>		
Usable Capital Receipts/Unapplied Capital Grants		
Earmarked Reserves – for specific purposes	-1,317	-1,337
General Revenue Reserves	-501	-498
Usable Capital Receipts Reserve	-247	-247
<i>Non-cash:</i>		
Accrued Absences Reserve	54	60
Capital Adjustment Account	-10,712	-10,968
Revaluation Reserve	-2,376	-2,314
Pension Liability	-1,568	-4,916
Pensions Reserve (to balance with liability)	1,568	4,916
BALANCED TO:	0	0

The net value of the Authority's fixed assets employed at the year-end was £13,116k, down from £13,308k as at 31 March 2013, due largely to the downward revaluation of Oriel Y Parc which was undertaken by Carmarthenshire County Council Estates Department. Other revaluations, capital additions, disposals and impairments also impacted the movement in the balance. Capital assets include vehicles and equipment and land/buildings – such as car parks, picnic sites, coastal land, woodlands, information centres and historic sites. Stock, Debtors, Creditors, Provisions and Long Term borrowing balances arise from the normal revenue and capital expenditure activities of the Authority. The balances on Debtors and Creditors reduced during the period due to grants owed to the Authority, and suppliers owed by the Authority, notably on the Carew Castle project, being paid.

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. Usable Capital Receipts are proceeds from sale of Authority assets and can only be used to fund capital expenditure.

The balance on the Capital Receipts Reserve remained unchanged during the year at £247k. During the year the Earmarked Reserves fell from £1,337k to £1,317k. However £460k of the funds brought forward was used to fund the Capital and Revenue expenditure in the year. Increased income and savings from the revenue budget allowed the Authority to create new reserves for works on the Round Houses at Castell Henllys (£100k) and additional staff restructuring reserves (£260k). The surplus was mostly due to additional income from planning fees, Cilrhedyn Woodland Centre timber sales and income from investment properties owned by the Authority such as the Caravan Park at Freshwater East. There were also salary savings due to restructuring and long term illnesses and contract hire savings on the cost for the Authority's vehicle fleet.

The General Reserve balance was up £3k at £501k at the end of the financial year. The Authority's financial position at the end of the 2013/14 remains strong with sizeable cash reserves in place. However given the continued tight fiscal environment in the public sector it is expected that the balances on the General, Capital Receipts & Earmarked Reserves will reduce significantly over the next few years

The Accumulated Absences Reserve relates to staff accrued absences earned but not taken in the year. This reserve reduced by £6k in the year which reflects falling establishment numbers. Due to the way the Authority accounts for capital expenditure the balances on the Capital Adjustment Account and Revaluation Reserve mirror the value of fixed assets employed.

The Pension Fund Liability at the year-end decreased considerably to £1,568k compared with the liability at the close of 2012/13 of £4,916k. This is primarily due to the increase in the discount rate; the discounting future liabilities by a higher discount rate resulted in a lower current value on the liabilities. There has also been a decrease in the pay growth assumptions for active members, which results in a lower value being placed on the accrued liabilities in respect of such members.

10 LOOKING FORWARD

The National Park Grant and associated Levy on Pembrokeshire County Council for 2014/15 has been reduced by 8.7% and is expected to reduce by a further 3.9% for 2015/16. These cuts follow a 2.3% reduction in funding during the last comprehensive spending review period. The Authority's cash backed reserves are relatively strong which equips the Authority well to face the challenge of this significant reduction in funding. During 2013/14 the Authority was able to add further to the restructuring reserve which will help fund any ensuing redundancies. The Authority is currently undertaking a public consultation on the provision of its services to help prioritise the allocation of future funding.

STATEMENT OF ACCOUNTS

- 11 The remainder of this document presents the statutory statements of accounts for the Authority.
- 12 The Statement of Accounting Policies (page 16) explains the principles and bases on which the Authority's accounts have been prepared.
- 13 The Accounts for the year ending 31st March 2014 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 (i.e. borrowing) to the authority.

➤ Notes to the Financial Statements

- 14 The Statement of Responsibilities for the Statement of Accounts (page 59) 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.
- 15 The Annual Governance Statement (page 60) sets out the framework within which financial control is managed and reviewed in the Authority.
- 16 The Auditors’ Report (page 71)

FURTHER INFORMATION

Further information about this Statement of Accounts is available from:

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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 12th 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 relating to changes in the IAS 19 as explained in Note 40

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. Changes in regulations require 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.

9. Group Accounts

Group Accounts are not applicable to the Authority's 2013/14 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, Lloyds 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

Support Services costs are recharged to service users in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2013/14* (BVACOP). The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of; Democratic Representation & Management and Non Distributed Costs – past service costs relating to the Pension Fund. These two cost categories are accounted for as separate headings in the Comprehensive Income and Expenditure Statement. Where an immaterial balance exists after recharging, this is shown separately in the Comprehensive Income & Expenditure Account

14. Employee Benefits

Short term employee benefits include wages and salaries, paid annual leave and paid sick leave and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements, including flexitime, earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services and then reversed out through the Movement in Reserves Statement.

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year. The Statement of Accounts includes a statement to disclose information in relation to exit packages.

The adoption of the 2011 amendments to IAS 19 in for first time in the 2013/14 requires disclosure that new classes of components of defined benefit cost to be recognised in the financial statements (ie net interest on the net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)), and, where there is a material impact, new definitions or recognition criteria for service costs (eg past service costs) and new recognition criteria for termination benefits. The date of change in accounting policy is from 1 April 2013.

The impact the new definitions of components of defined benefits cost (including net defined benefit liability (asset) and remeasurements of the net defined benefit liability (asset)), and (where there is a material impact) any of the new definitions or recognition criteria of service costs (e.g. past service costs) and the new recognition criteria for termination benefits are reflected in the Comprehensive Income and Expenditure Statement and on the Balance Sheet line items (i.e. the pensions asset/liability, pension reserve, and any other relevant line items). The impact of these changes on the financial statements, with prior year comparison, and accompanying notes are contained in Note 40 to the Statement of Accounts

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

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. Revaluations are undertaken by the Authority's qualified Estates Officer, Carmarthenshire County Council 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.

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.

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-minimums 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 to 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. Depreciation is not charged in the year of acquisition or transfer of assets, but is charged in each subsequent year, where applicable, including the year of disposal.

20. Capital Charges and Revenue Expenditure Funded From Capital Under Statute

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 31st March 2014. 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. Payments that under legislation are funded from capital resources but where no fixed assets are created are charged to the appropriate service in the Comprehensive Income & Expenditure Statement. These charges are subsequently reversed out in the Movement in Reserves Statement with an equal charge to the Capital Adjustment 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 cash flow management, are invested via Lloyds 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. Income from rental of Investment properties and impairments in the value of Investment Properties are shown in the Financing and Investment Income & Expenditure line of the Comprehensive Income & Expenditure Statement.

25. Heritage Assets

From 1 April 2010 the Authority is required to separately record Heritage Assets from other assets. Heritage Assets are assets preserved in trust for future generations because of their cultural, environmental or historic associations. Heritage Assets are split between tangible and intangible assets: a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture; an intangible asset with cultural, environmental, or historical significance. Examples of intangible heritage assets include recordings of significant historical events. The Authority does not hold any intangible assets. The review of the impairment, acquisition and disposal of heritage assets is included within the of the Authority's Asset Management Group. Heritage Assets are subject to the Authority's normal revolving five yearly assets revaluations program and are valued on an historical cost basis. Depreciation of Heritage Assets, where appropriate, is in line with the general policy on depreciation.

Pembrokeshire Coast National Park Authority
Comprehensive Income and Expenditure Statement

1st April 2013 – 31st March 2014

£000's

	31 March 2014			31 March 2013		
	Expenditure	Income	Net	Expenditure	Income	Net
Conservation of the Natural Environment	626	-115	511	575	-102	473
Conservation of the Cultural Heritage	273	-106	167	302	-135	167
Development Control	805	-194	611	786	-158	628
Forward Planning & Communities	637	-80	557	584	-93	491
Promoting Understanding	2,472	-747	1,725	1,883	-736	1,147
Recreation & Transport	1,072	-556	516	832	-598	234
Rangers, Estates & Volunteers	1,222	-91	1131	1,188	-83	1,105
Democratic Representation & Management	723	-58	665	652	-56	596
Pension Curtailment (Note 40)				27		27
Cost of Services	7,830	-1,947	5,883	6,829	-1,961	4,868
Financing & Investment Income & Expenditure (Note 8)			-128			1,094
Other Operating Expenditure (Note 9)			36			13
Taxation & Non -specific Grant Income (Note 10)			-4,976			-5,283
(Surplus) or Deficit on Provision of Services			815			692
Surplus or deficit on revaluation of fixed assets (Note 11)			-113			-460
Impairment losses on noncurrent assets charged to the revaluation reserve (Note 11)						75
Actuarial gains / losses on pension assets / liabilities (Note 40)			-3,845			1,128
Other Comprehensive Income and Expenditure			-3,958			743
Total Comprehensive Income and Expenditure			-3,143			1,435

Pembrokeshire Coast National Park Authority

BALANCE SHEET

As at 31st March 2014

£000's

As at:	31 March 2014	31 March 2013
Property, Plant & Equipment (Note 11)	10,173	10,620
Heritage Assets (Note 11)	158	158
Investment Property (Note 12)	2,784	2,531
Long Term Debtors (Note 17)	1	3
Long Term Assets	13,116	13,312
Assets held for sale (Note 19)	0	0
Inventories (Note 16)	144	161
Short Term Debtors (Note 17)	227	559
Cash and Cash Equivalents (Note 18)	2,173	2,009
Current Assets	2,544	2,729
Short Term Creditors (Note 20)	-557	-731
Current Liabilities	-557	-731
Long Term Creditors (Note 20)	-4	-6
Pension Liability (Note 40)	-1,568	-4,916
Long Term Liabilities	-1,572	-4,922
Net Assets	13,531	10,388
Usable reserves (Note 21)	-2,065	2,082
Unusable Reserves (Note 22)	-11,466	8,306
Total Reserves	-13,531	10,388

Movement in Reserves Statement

1st April 2012 – 31st March 2013

£000's

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accumulative Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
Balance at 31 March 2012	490	1,418	249		2,157	1,977	11,213	-3,462	-61	9,667	11,824
Movement in reserves during 2012/13											
Surplus or (deficit) on provision of services	-692				-692						-692
Other Comprehensive Expenditure and Income						384		-1,128		-744	--744
Total Comprehensive Expenditure and Income	-692				-692	384		-1,128		-744	-1,436
Adjustments between accounting basis & funding basis under regulations (Note 6)	619		-1		618	-47	-245	-326		-618	
Net Increase/Decrease before Transfers to Earmarked Reserves	-73		-1		-74	337	-245	-1,454		-1,362	-1,436
Transfers to/from Earmarked Reserves (Note 7)	81	-81									
Increase/Decrease in Year	8	-81	-1		-74	337	-245	-1,454		-1,362	-1,436
Balance at 31 March 2013 carried forward	498	1,337	248		2,083	2,314	10,968	-4,916	-61	8,305	10,388

Movement in Reserves Statement
1st April 2013 – 31st March 2014
£000's

	General Fund Balance	Earmarked GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pensions Reserve	Accumulative Compensation Unusable Reserve	Unusable Reserves	Total Authority Reserves
Balance at 31 March 2013	498	1,337	248		2,083	2,314	10,968	-4,916	-61	8,305	10,388
Movement in reserves during 2013/14											
Surplus or (deficit) on provision of services	-815				-815						-815
Other Comprehensive Expenditure and Income						113		3845		3,958	3,958
Total Comprehensive Expenditure and Income	-815				-815	113		-3,845		3,958	3,143
Adjustments between accounting basis & funding basis under regulations (Note 6)	798				798	-51	-256	-497	6	-798	
Net Increase/Decrease before Transfers to Earmarked Reserves	-17				-17	62	-256	3,348	6	3,160	3,143
Transfers to/from Earmarked Reserves (Note 7)	20	-20									
(Rounding adjustments)			-1		-1				1	1	
Increase/Decrease in Year	3	-20	-1		-18	62	-256	3,348	7	3,161	3,143
Balance at 31 March 2013 carried forward	501	1,317	247		2,065	2,376	10,712	-1,568	-54	11,466	13,531

Cash Flow Statement
1st April 2013 – 31st March 2014
£000s

	31 March 2014		31 March 2013
Net (surplus) or deficit on the provision of services	815		692
Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24)	-1,367		-1,417
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	290		570
Net cash flows from Operating Activities	-262		-155
Investing Activities (Note 25)	105		547
Financing Activities (Note 25)	-7		0
Net increase(-)or decrease in cash and cash equivalents	164		392
Cash and cash equivalents at the beginning of the reporting period	2,009		2,401
Cash and cash equivalents at the end of the reporting period	2,173		2,009

Notes to the Financial Statements

1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The only applicable Accounting Standard issued that has not been adopted by the Authority is IAS1 Presentation of financial Statements

2. 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.

3. 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.

In the Authority's Balance Sheet at 31 March 2014 there is a risk of material adjustment in the forthcoming financial year in 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 2013/14 the Authority's insurers agreed an out of court settlement of the public liability claim relating to an incident dating back to 2006. There is no further potential liability against the Authority in relation to this claim.

4. MATERIAL ITEMS OF INCOME AND EXPENSE

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

5. EVENTS AFTER THE BALANCE SHEET DATE

As at 30th June 2014 there were no post balance sheet events to report.

6. 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:

2013/14
ADJUSTMENTS BETWEEN ACCOUNTING BASIS
AND FUNDING BASIS UNDER REGULATION

£000's

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
Movement in reserves during 2013/14				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	293			-293
Investment Properties	-253			253
Revaluation losses on Property, Plant & Equipment	858			-858
Revenue expenditure funded from capital under statute	100			-100
Revenue expenditure funded from capital grants	-351			351
Amounts of non current assets charged to the CIES on disposal	17			-17
	664			-664
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Capital expenditure charged against the General Fund and HRA balances	-357			357
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	870			-870
Employer's pensions contributions and direct payments to pensioners payable in the year	-373			373
	497			-497
Adjustment involving the Accumulated Absences Account	-6			6
Total Adjustments between accounting basis & funding basis under regulations	798			-798

7. 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 2013/14.

£000's

	Closing Balance 31 March 13	Transfers from Revenue	Transfer	Transfers to Revenue	Closing Balance 31 March 14
Receipts In Advance	174	57		-96	135
Asset Management	37				37
Llanion Park	25				25
Planning: LDP	120				120
Self-Insurance	30				30
Carew Castle Dev	180		-50	-130	
Convergence Funding	4			-4	
Poppit Car Park	46			-46	
Staff Restructuring	80	260			340
Public Sector Broadband / IT	28			-9	19
National Park Wales	30			-8	22
Finance System	25			-6	19
Planning System	100				100
Car Park Integration	77				77
Invasive Species Eradication Programme	15				15
Surface Water Drainage And Sewage System Capacity Project	9				9
South Haven Depot	120			-120	
Origins	237	21	50	-48	260
Memorials		2			2
Archaeology		2			2
Staff Wellbeing		5			5
Round Houses		100			100
Total	1,337	447		-467	1,317

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

£000's		
Items	2013/14	2012/13
Movement in market value of investment properties(- Gain)	-253	984
Development costs incurred to bring an asset to marketable position. These costs will be offset against future receipts on sale.	-	3
Income from Investment properties	-56	-29
Pensions Net Interest Cost	198	162
Interest receivable and similar income	-17	-26
TOTAL	-128	1,094

9. OTHER OPERATING EXPENDITURE / INCOME

£000's		
Items	2013/14	2012/13
Movement on Bad Debt Provision	-	3
Asset Disposal	22	-
Pension Administration Expenses	14	10
TOTAL	36	13

10. TAXATION AND NON SPECIFIC GRANT INCOMES

£000's		
Items	2013/14	2012/13
National Park Grant from Welsh Government	3,541	3,555
Levy on Pembrokeshire County Council	1,180	1,185
Capital grants and contributions	251	543
Other	4	-
TOTAL	4,976	5,283

11. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of capital expenditure during the reporting period, including assets acquired under finance lease, analysed for each category of fixed assets together with the sources of finance and capital financing requirement. The 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.

2012/13 Non Current Assets

£000's

	Operational Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Non op'l Assets In Progress	<i>Total PP&E</i>
COST OR VALUATION						
As at 1 April 2012	9,763	1,051		9	108	10,931
Reclassifications	-48	24			-24	-48
Assets made operational in yr						
Additions	0	164			790	954
Disposals	-6	-11				-17
Impairment						
Revaluations	305					305
As at 31 March 2013	10,014	1,228		9	874	12,125
DEPRECIATION						
As at 1 April 2012	-538	-806				-1,344
Charge for year	-157	-104				-261
Disposals	6	11				17
Reclassification	3					3
Impairment						
Revaluation	80					80
As at 31 March 2013	-606	-899				-1,505
NET VALUE 31/3/12	9,225	245	0	9	108	9,587
NET VALUE 31/3/13	9,408	329	0	9	874	10,620

2013/14 Non Current Assets
£000's

	Operational Land & Buildings	Plant & Equipment	Infrastructure Assets	Community Assets	Non op'l Assets In Progress	<i>Total PP&E</i>
COST OR VALUATION						
As at 1 April 2013	10,014	1,228		9	874	12,125
Reclassifications	1,328				-1,328	0
Assets made operational in yr						0
Additions	4	22			586	612
Disposals	-21					-21
Impairment	0					0
Revaluations	-1,088					-1,088
As at 31 March 2014	10,237	1,250		9	132	11,628
DEPRECIATION						
As at 1 April 2013	-606	-899				-1,505
Charge for year	-149	-144				-293
Disposals	0					0
Reclassification	0					0
Impairment	0					0
Revaluation	343					343
As at 31 March 2014	-412	-1,043				-1,455
NET VALUE 31/3/13	9,408	329	0	9	874	10,620
NET VALUE 31/3/14	9,825	207	0	9	132	10,173

ASSETS MADE OPERATIONAL DURING THE YEAR

The following assets were made operational in the year.

Carew Castle	£634,445
Milton Depot	£120,852
Solva Car park	£195,818
Porthgain Car Park	£152,145
Poppit Car Park	£225,090
Total	£1,328,350

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

Green Bridge Viewing Point	£15,577
Origins Project	£116,472
Total	£132,049

ASSET ADDITION

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

DISPOSAL

The Authority agreed a property exchange at the Solva Car Park, the value of asset disposed of was £21,500 and that acquired £4,000. The site is valued on a discounted income basis consequently the property exchange had not impact on the overall value of the site.

RECLASSIFICATIONS

The only reclassifications are in relation to assets made operational in the year referenced above.

REVALUATIONS & IMPAIRMENT

A number of assets were subject to revaluation during the year as part of the five-year rolling programme of revaluations. Significant revaluations in the year relate to, Llanion, Oriol y Parc Visitor Centre, Freshwater East Caravan Site, and car parks are Solva, Manorbier, Porthgain, Poppit and St.Davids.

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

	2013/14	2012/13
Revaluation of Fixed Assets included in Surplus/Deficit on the Provision of Services	-857,861	-
Downward/ Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	113,407	384,857

Sub total	-744,454	384,857
Revaluation and Impairment of Investment Properties	253,000	-983,900
Total	-491,454	-599,043

A summary of the financial impact (excluding depreciation) of asset revaluations and impairment over the past five years is presented below:

Year	Other Land & Buildings	Community Assets	Non-Operational Assets	NET TOTAL
	£	£	£	£
2013/14	1,403,322			1,403,322
2012/13	304,797			304,797
2011/12	236,902			236,902
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

FINANCING OF FIXED ASSETS

The net cash additions to fixed assets of £612,048 (Additions less transfers from Non Operational Assets) were financed as follows:

£250,957	Grant funding from other sources
£357,091	Funding from revenue grant
£4,000	Other

CAPITAL COMMITMENTS

As at 31st March 2014 the Authority had entered into the following contract for the construction or enhancement of Property, Plant & Equipment:

- Castell Henllys Origins Project £278,805

FIXED ASSET PORTFOLIO

Excluding investment properties and assets held for sale the Authority owns the following types of property and land assets:

Type	Number
Car Parks	27
Historic Sites	14
Coastal land and sites	9
Woodland Sites	11

Other sites	14
Other premises	10
TOTAL	85

CAPITAL PROGRAMME

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

	Total Cost 2013/14 £000	Total Cost 2012/13 £000
Conservation of the Cultural Heritage	100	130
Historic Towns Grant Scheme	100	130
Promoting Understanding & Enjoyment	465	790
Car Park Improvements	190	351
Carew Visitor Centre	171	426
Origins	104	13
Recreation & Park Management	121	16
Milton Depot	121	
Vehicles	-	16
Corporate & Support Services	22	148
Llanion Buildings	-	60
Information & Communications Technology	22	88
TOTAL CAPITAL SPEND	708	1,084
Financed by:		
Financing from the Revenue budget	-357	-410
Financing from Capital Receipts		-
Additional Grants	-351	-674
	-708	-1,084

From the total capital spend of £708,048, £100,000 relates to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £608,048 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

* The additional grants in 2013/14 were received from the following partners:	2013/14 £000's	2012/13 £000's
CADW	50	130
Welsh Government	117	117
Convergence Programme Funds	184	427
TOTAL ADDITIONAL GRANTS	351	674

HERITAGE ASSETS.

The Authority's classification of heritage assets relates to specific buildings, monuments, cliffs, sand dunes, woodlands and other types of property. The following schedule details the tangible heritage assets held by the Authority and their valuation as at the balance sheet date.

Asset	Valuation as at 1/4/12	Valuation as at 31/3/13	Reclassification	Disposals	Revaluations	Impairment	Valuation as at 31/3/14
Fishguard Old Fort & Cliff	12,500	12,500					12,500
Porthgain Hoppers & Tunnels	1	1					1
Porthgain Navigation Beacon	1	1					1
Trefin Trwyn Llwyd cliff land & ruins	1	1					1
Porthgain Harbour & Bed	1	1					1
Porthgain Cliff Lands	4,000	4,000					4,000
St. Brides Landscape	36,000	36,000					36,000
Manorbier Dunes & Land	6,000	6,000					6,000
Maidenhall Car Park	0	0					0
Poppit Sands - Landscape	1	1					1
Skrinkle Haven Cliff Lands	56,160	56,160					56,160
Manorbier East Moor Cliffs	3,500	3,500					3,500
Strumble Head Observatory	1	1					1
Saundersfoot Plantation Wood	3,750	3,750					3,750
Strumble Head Cliffs/Car park	6,000	6,000					6,000
Pilots House Porthgain	1	1					1
Broadhaven Cabin Club Site	30,500	30,500					30,500
Total	158,417	158,417					158,417

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:

	2013/14 £000	2012/13 £000
Rental income from investment property	56	29
Direct operating expenses arising from investment property	-	-3
Net gain/(loss)	56	26

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:

	2013/14 £000	2012/13 £000
Balance at start of the year	2,531	3,469
Reclassification	-	46
Net gains/losses from fair value adjustments	253	-984
Balance at end of the year	2,784	2,531

13. LEASES

Finance Leases

The Authority had no finance leases as at 31st March 2014 (nor as at 31st March 2013).

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 £35,169 for 2013/14 (£64,431 for 2012/13), with the net cost after accounting for contributions from staff for lease cars being £34,935 for 2013/14 (£62,697 for 2012/13).

The Authority rents 17 properties to support its purposes, which includes for example, Tenby T.I.C., Carew Castle & Tidal Mill. The rental costs of these properties for 2013/14 were £40,655 (£47,121 2012/13).

An analysis of the Authority's minimum lease expenditure in future years are:

	£000's					
	As at March 2014			As at March 2013		
	Land & Buildings	Vehicles & Equipment	Total	Land & Buildings	Vehicles & Equipment	Total
	£	£	£	£	£	£
Not Later than one year	33	75	108	33	58	91
Later than one year and not later than five years	102	17	119	119	60	179
Later than 5 years	368	-	368	369	-	369
	503	92	595	521	118	639

The Authority acts as Lessor on 23 properties, generating an income of £75,174 during 2013/14 (£44,649 2012/13). 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 Natural Resources Wales. Some of these property leases exceed 20 years and are valued on a long-leasehold basis. They have a combined net asset value of £948,000 with nil cumulative depreciation.

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

£000's		
	As at March 2014	As at March 2013
	£	£
Not Later than one year	22	16
Later than one year and not later than five years	82	59
Later than 5 years	648	603
	752	678

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.

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
Balance outstanding as at 31/3/12	105	16	2	1	124
Purchases	200	27	5	12	244
Recognised as an expense in the year	179	12	5	11	207
Balance outstanding as at 31/3/13	126	31	2	2	161
Purchases	160	31	5	12	208
Recognised as an expense in the year	178	27	6	14	225
Balance outstanding as at 31/3/14	108	35	1	0	144

17. LONG & SHORT TERM DEBTORS

£000's

	2013/14	2012/13
Long Term:		
Staff Car / Green Travel Loans	1	3
TOTAL	1	3
Short Term:		
Central government bodies	136	475
Other local authorities	15	5
Other entities and individuals	27	47
Payment in advance	51	29
Staff Loan	3	8
Debt Impairment Provision	-5	-5
TOTAL	227	559

18. CASH AND CASH EQUIVALENTS

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

£000's

	2013/14	2012/13
Bank accounts & deposits	2,171	2,007
Cash held by the Authority	2	2
TOTAL	2,173	2,009

19. ASSETS HELD FOR SALE

£000's

	2013/14	2012/13
Opening Assets classified as held	-	24
Disposals	-	24
Additions	-	-
Reclassification	-	-
Closing Assets classified as held	-	-

20. LONG & SHORT TERM CREDITORS

£000's

	2013/14	2012/13
Long term		
Central government bodies	-4	-6
TOTAL	-4	-6
Short term		
Central government bodies	-87	-80
Other local authorities	-63	-106
Receipts in Advance	-38	-26
Other entities and individuals	-315	-458
Accumulative Absences	-54	-61
TOTAL	-557	-731

21. USABLE RESERVES

£000's

2013/14		2012/13
501	General Fund : Resources available to meet future running costs of services	498
1,317	Earmarked Reserves : Reserves set aside for specific items	1,337
247	Capital Receipts : Proceeds on fixed asset sales available to meet future capital investment	247
2,065	TOTAL	2,082

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

22. UNUSABLE RESERVES

£000's

2013/14		2012/13
2,376	Revaluation Reserve	2,314
10,712	Capital Adjustment Account	10,968
-1,568	Pensions Reserve	-4,916
-54	Accumulated Absences Account	-60
11,466	TOTAL	8,306

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

2013/14		2012/13
-2,314	Balance at 1 April	-1,977
-668	Upward revaluation of assets	-460
554	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	75
34	Difference between fair value depreciation and historical cost depreciation	29
18	Accumulated gains on assets sold or scrapped	19
-2,376		-2,314

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

£000's

2013/14		2012/13
-10,968	Balance at 1 April	-11,213
293	Charges for depreciation and impairment of non current assets	261
13	Impairment of Investment Assets	1,000
-266	Gain of Investment Assets	-16
858	Revaluation Losses on Property, Plant & Equipment	0
17	Amounts of non current assets written off on disposal	24
-17	Revaluation Reserve balance on disposal	
100	Revenue expenditure funded from capital under statute	130
-34	Depreciation adjusting amounts written out of the Revaluation Reserve	-29
0	Reclassification adjusting amounts written out of the Revaluation Reserve	-19
-351	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-674
0	Amounts of non-current assets chargeable against future receipts on sale charged to the CIES	3
0	Development Costs Charged to Capital Receipts Reserve	-25
-357	Capital expenditure charged against the General Fund balances	-410
-10,712	Balance at 31 March	-10,968

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 pay 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.

2013/14	£000's	2012/13
4,916	Balance at 1 April	3,462
-3,845	Actuarial gains or losses on pensions assets and liabilities	1,128
856	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	697
-373	Employer's pensions contributions and direct payments to pensioners payable in the year	-381
14	Administration Expenses	10
1,568	Balance at 31 March	4,916

23. 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.

2013/14	£000's	2012/13
61	Balance at 1 April	60
(6)	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	1
55	Amounts accrued at the end of the current year	61

24. CASH FLOW STATEMENT –

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

2013/14	£000's	2012/13
-293	Depreciation	-261
-605	Revaluations and Impairments	-984
22	Movement in creditor/stock/debtors	156
-497	Provision of Services costs for post employment benefits	-325
6	Other non-cash items charged to the CIES	-3
-1,367	Total	-1,417

25. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

2013/14	£000's	2012/13
17	Interest received	26
Nil	Interest paid	Nil

Cash Flows from Investing Activities are:

2013/13	£000's	2012/13
-728	Purchase of property, plant and equipment, investment property and intangible assets	-1,038
623	Other receipts from investing activities	491
-105	Net cash flows from investing activities	-547

Cash Flows from Financing Activities are:

2013/14	£000's	2012/13
-8	Travel Loans: advances Less Receipts	-2
1	Repayment of Long Term Loan	2
-7	Net cash flows from investing activities	0

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

There are no outstanding liabilities in respect of acquired or 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 2013/14 (*nor 2012/13*) 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 2013/14 (*nor 2012/13*).

30. AGENCY SERVICES

The Authority did not provide any agency services in 2013/14 (*nor 2012/13*)

31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2013/14 (*nor 2012/13*)

32. MEMBERS ALLOWANCES & EXPENSES PAID IN THE FINANCIAL YEAR 2012/13

Total members' allowances paid during the year amounted to £65,903 (£76,800 in 2012/13) plus reimbursement of travelling, subsistence and other expense payments amounting to £10,216 (£8,929 in 2012/13).

33. OFFICERS 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:

	2013/14 £000	2012/13 £000
	C.E.O.	C.E.O.
Gross Pay	76	76
P11D values	1	1
Employer Pension Contributions	10	10
Total	87	87

The numbers of all exit packages, including pension payments and agreed severances, with total cost per band and total cost are set out in the table below:

	NUMBER OF SETTLEMENTS			COST
	to £20,000	£20,001 to £40,000	£40,001 to £60,000	£000's
2012/13	1	1	-	35
2013/14		1		21

There were no compulsory redundancies in 2013/14 nor 2012/13.

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:

	2013/14 £000	2012/13 £000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor	34	20
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011	18	13
Fees payable to the Wales Audit Office for the certification of grant Claims and returns (estimate)	0	1
W.P.I. Grant	-5	
Redistribution of Wales Audit Office Reserves (estimate)	-5	
Total	42	34

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/14.

	2013/14	2012/13
	£000	£000
Credited to Taxation and Non Specific Grant Income:		
NPA Grant	3,541	3,555
Levy on PCC	1,180	1,185
Other Grant Income	251	543
	4,972	5,283
Credited to Services		
The Welsh Government: major funding towards Planning Improvement Fund, the Historic Towns Scheme	128	138
Natural Resources Wales: contributed funding towards the National Trail/Coast Path management & maintenance; the Coed Cymru Officer post; various woodland schemes and the Castlemartin Ranger post.	298	311
Pembrokeshire County Council: the Walkability Project		15
Ministry of Defence: Castlemartin Ranger	17	17
CADW: Historic Towns Scheme	50	81
Big Lottery: Mentro Allan & Your Park Your Future projects	84	79
Ramblers Association	15	-
Other grants	-	5
TOTAL GRANTS	592	646

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.

The Welsh Government has significant influence over the general operations of the Authority– it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (eg council tax bills, housing benefits). Funding sources of material grants received by the Authority are disclosed in the accounts under *capital expenditure* and *significant revenue grants*.

Members of the Authority have direct control over the council's financial and operating policies. The total of members' allowances paid in 2013/14 is shown in Appendix 1 .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. Actual SDF awards made during the 2013-14 financial year that exceeded £5000 were to the following projects:-

Project Name	Awarded to	Project Description	Amount (£)
Cemaes Himilyan Balsam eradication	St Dogmaels Community Association	SDF funding was used to prevent the spread and contain the growth of the invasive species Himalayan Balsam on approximately 30 acres of land at Cemaes Head.	£13,218
eduCAT	TYF Connect	The eduCAT (education catalyst) project takes actual sustainability challenges, which are being experienced by business or public sector organizations, into the County's secondary schools. Pupils are encouraged and helped to develop innovative and practical solutions to the set challenges that take into account social, economic and environmental considerations. With guidance, their ideas will be developed into a business plan that will be presented back to the challenge setter.	£9,711
Options appraisal for community regeneration	4CG Ltd	A feasibility study and fully business planned options appraisal exercise will determine how best to deliver commercially viable sustainable development for Cardigan and the surrounding areas. The over-riding intention is to support and future proof the local economy, by provision of the most appropriate facilities to support local businesses and producers and to retain finances and resources locally.	£6,091
Waste Paper and Card to Biomass solid fuel	Polypembs Ltd	This project collects waste card and paper from local businesses and will process it into an economical biomass fuel. The high performance fuel in the form of small logs or briquettes will be sold locally in bulk or bag form for use in open fires, log burners, aga's and biomass boilers. It offers a real and cost effective alternative to traditional solid fuels.	£25,000
Dr Beynon's Bug Farm Phase I	Dr Beynon's Bug Farm Ltd	This project is the start- up of an education and outreach programme to provide underlying scientific research to disseminate knowledge and raise awareness of the importance of dung beetles in a sustainable ecosystem. The education and outreach programme will include expert led bug safaris. Research will include a study to map the genetic diversity of dung beetle species and testing beetles for transmissible livestock diseases.	£7,148
Regeneration Regency Hall	Regency Hall Community	Funding contributed towards completion of the sustainable refurbishment of the Hall. The significantly improved facility will ensure that the hall can deliver for its wide range of users. It will enhance social cohesion, promote inter-generational activities and encourage greater inclusivity, all of which are essential for sustainable longer term financial viability.	£36,359

Dr Beynon's Bug Farm Phase II	Dr Beynon's Bug Farm Ltd	The project is to assist the purchase and development of farm buildings to provide a permanent base for development of Dr Beynon's Bug Farm, and will deliver conservation through research, innovation and education and provide a wet weather tourist attraction.	£75,000
Passive Window and Door Manufacturing Area	Thomas Joinery Ltd	The project will maintain and grow a sustainable business. This necessitates increasing manufacturing capability and reducing energy consumption and associated costs. It will also safeguard and create employment, contribute to the local economy and provide training opportunities in the manufacture and supply of high quality sustainable products. To achieve these objectives SDF support will contribute towards extending an existing workshop area, putting in place 'greener' energy solutions and modernising a spray shop facility.	£13,947
Woodlands and Wetlands Project Manager	Pembroke 21C CIC	SDF funding was used to employ a project manager to further develop a woodland and wetland training programme and volunteering opportunities at a woodland and willow coppice site.	£11,097
Walking with Wheels	PCNPA	Funding was used to increase the number of participants and reduce some of the barriers the less mobile have to overcome in order to enjoy and appreciate the outdoors, with potential benefits for their physical and mental well being as well	£8,004
Affordable Solar Homes	Western Solar Ltd	SDF funding was aimed to develop low density affordable housing and microgeneration in an integrated unit and source 80% of materials and expertise in Wales and create local employment.	£28,528

37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority had no PFI and similar contracts in place as at 31/3/14 (nor 31/3/13).

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 2013/14 the Authority provided £21,000 for specific termination benefits, (£12,900 in 2012/13).

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 31st March 2013, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

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.

Under International Accounting Standards 19 (IAS 19) the accounting for pension's schemes has been revised for all fiscal years beginning on or after 1st January 2013 and these changes reflected in the 2013/14 financial statements includes interest on Assets. The expected return on assets is replaced with the "interest on assets". This is the interest on assets held at the start of the period and cash flows occurring during the period, calculated using the discount rate at the start of the year. The pension cost under the revised IAS 19 will see the interest cost and expected return on assets replaced with the "net interest cost". This will be calculated as interest on pension liabilities less the interest on assets.

The revised IAS 19 guidance requires that all actuarial gains and losses be recognised in the year of occurrence via Other Comprehensive Income and Expenditure and can no longer be deferred. Actuarial gains and losses on liabilities due to changes in actuarial assumptions will need to be split between the effect of changes in financial assumptions and changes in demographic assumptions. Administration expenses are recognised as a separate item within the pension cost.

The adoption of the revised ISA19 has necessitated a restatement of the Comprehensive Income & Expenditure Statement, Movement in Reserves Statement and Cash Flow Statements for 2012/13 and a reconciliation between those published and the revised prior year figures shown below:

Comprehensive Income and Expenditure Statement

1st April 2012 – 31st March 2013

£000's

	Per Published Statement	Current Service Cost Adjustment	Net Interest Adjust ment	Administration Expenses Adjustment	Remeasurement of Assets & liabilities Adjustment	Revised Prior Year
Conservation of the Natural Environment	472	1				473
Conservation of the Cultural Heritage	167					167
Development Control	626	2				628
Forward Planning & Communities	490	1				491
Promoting Understanding	1,144	3				1,147
Recreation & Transport	233	1				234
Rangers, Estates & Volunteers	1,102	3				1,105
Democratic Representation & Management	595	1				596
Pension Curtailment	27					27
Pension Past Service Cost / (Gain)						0
Cost of Services	4,856	12				4,868
Financing & Investment Income & Expenditure	963		131			1,094
Other Operating Expenditure	3			10		13
Taxation & Non -specific Grant Income	-5,283					-5,283
(Surplus) or Deficit on Provision of Services	539	12	131	10		692
Surplus or deficit on revaluation of fixed assets	-460					-460
Impairment losses on non-current assets charged to the Revaluation Reserve	75					75
Actuarial gains / losses on pension assets / liabilities -- - Remeasurement	1,281				-153	1,128
Other Comprehensive Income and Expenditure	896	0	0	0	-153	743
Total Comprehensive Income and Expenditure	1,435	12	131	10	-153	1,435

MOVEMENT IN RESERVES STATEMENT	General Fund Balance	Pensions Reserve
	£000's	
Published Surplus or (deficit) on provision of services	-539	-1,281
IAS 19 Adjustments	-153	153
Revised Surplus or (deficit) on provision of services	-692	-1,128
Published Adjustments between accounting basis & funding basis under regulations	466	-173
IAS 19 Adjustments	153	-153
Revised Adjustments between accounting basis & funding basis under regulations	619	-326

CASH FLOW STATEMENT	31 March 2013 £000s Original	31 March 2013 £000s Revised
Net (surplus) or deficit on the provision of services	539	692
Adjust net surplus or deficit on the provision of services for noncash movements	(1,264)	(1,417)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	570	570
Net cash flows from Operating Activities	(155)	(155)

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:

Total post employment benefit charged to Comprehensive Income and Expenditure Statement £000's	£000's		
	2013-14	2012-13 IAS 19 Adjusted	2012-13
Service Costs:			
Current service cost	658	508	496
Past Service Cost		27	27
Financing & Investment Income & Expenditure:			
Interest cost on Liabilities	996	975	987
Interest on Plan Assets	-798	-813	-956
Net Interest On Pension	198	162	31
Other Operating Income & Expenditure			
Administration Costs	14	10	
Total Post-Employment Benefits charged to Surplus / Deficit on Provision of Services	870	707	554
Other Post Employment Benefits charged to Comprehensive Income & Expenditure:			
Return on plan assets (excluding the amount included in the net interest expense)	484	1,477	1,324
Actuary Experience gain/(loss)	1,141		
Actuary Gain / (Loss) on financial assumptions	2,355	-2,357	
Actuary Gain / (Loss) on demographic assumptions	-135	-248	
Other (Actuarial Gains & Losses)			-2,605
Total Post-employment Benefits charged / credited to the Comprehensive Income and Expenditure Statement	3,845	-1,128	-1,281
Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement			
Current service cost	-658	-508	-496
Past service gain / loss		-27	-27
Interest cost on Liabilities	-996	-975	-987
Interest on Plan Assets	798	813	956
Administration Costs	-14	-10	
Actual Amount charged against General Fund	-870	-707	-554
Employer Contributions	373	381	381

Assets and Liabilities in Relation to Post-employment Benefits

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

	Funded liabilities: Local Government Pension Scheme £000's		
	2013/14	2012-13 IAS 19 Adjusted	2012/13
Benefit Obligations at beginning of Year	23,884	19,976	19,976
Current Service Cost	658	508	496
Interest On Pension Liabilities	996	975	987
Member Contributions	175	171	171
Past Service Gain		27	27
Actuarial (Gains)/Losses on Liabilities			2,605
Remeasurement of Liabilities:			
Experience (gain)/loss	-1,141		
(Gain) / Loss on financial assumptions	-2,355	2,357	
(Gain) / Loss on demographic assumptions	135	248	
Curtailments			
Benefits Paid	-484	-378	-378
Benefit Obligations at End of Year	21,868	23,884	23,884

Reconciliation of Present value Scheme Assets:

	Local Government Pension Scheme £000's		
	2013/14	2012-13 IAS 19 Adjusted	2012/13
Fair Value at beginning of Year	18,968	16,514	16,514
Interest on / Expected Return on Plan Assets	798	813	956
Remeasurement / Actuarial Gains/(Losses) on Assets	484	1,477	1,324
Administration Expenses	-14	-10	
Employer Contributions	373	381	381
Member Contributions	175	171	171
Benefits/transfers paid	-484	-378	-378
Fair Value at End of Year	20,300	18,968	18,968
Actual return on scheme assets	1,203	2,290	2,280

Statement of Recognised Gains & Losses

	2013/14 £000's	2012-13 IAS 19 Adjusted	2012/13 £000's
Restatements / Actuarial (Gains)/Losses	2,877	1,128	1,281
Total pension cost recognised in MiRS	2,877	1,128	1,281

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). The *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 31st March 2013. *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 31st March 2014 are as follows:

DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2014	
£000	
Present Value of Funded Benefits Obligations	21,815
Present Value of Unfunded benefit obligations	53
Total present value of Benefit Obligations	21,868
Fair Value of Plan Assets	(20,300)
Unrecognised Past Service	0
Deficit/Surplus	1,568

Prior Year Scheme Values

Scheme Year	Present value Scheme Liabilities(£000)	Fair Value of Scheme Assets (£000)
31st March 2013	23,884	18,968
31 st March 2012	19,976	16,514
31 st March 2011	18,005	15,986
31 st March 2010	19,339	14,391
31 st March 2009	13,266	10,137
31 st March 2008	15,436	12,187
31 st March 2007	14,076	12,297

The main assumptions are set out below:

ACTUARIAL ASSUMPTIONS <i>Financial Assumptions</i>	End of Year	Start of year
Rate of CPI inflation	2.4%	2.4%
Rate of increase in salaries	3.9%	4.15%
Rate of increase in pensions	2.4%	2.4%
Discount rate	4.5%	4.2%

Detailed assets breakdown are as follows.

Investment Category	Quoted	Start of year	End of Year
	(Y/N)	£000's	
Equities:			
UK	Y	7,534	8,321
Canada	N	101	97
US	N	2,031	2,286
Europe	N	1,066	1,157
Japan	N	694	731
Pacific Rim	N	673	637
Emerging Markets	N	1,529	1,411
Bonds:			
UK Government indexed	Y	1,976	1,910
UK Corporate	N	1,963	1,892
Property:			
UK	N	63	57
Overseas	Y	17	16
Overseas	N	30	45
Property Funds	N	1,242	1,807
Cash:			
Cash instruments	Y	190	20
Cash accounts	Y	93	91
Net current assets	N	(235)	(179)
Total		£18,968	£20,300

Asset category	Sub-category	Quoted (Y/N)	31 March 2013	31 December 2013
			% holding	% holding
Equities:	UK quoted	Y	39.72	40.99
	Canada	N	0.53	0.48
	US	N	10.71	11.26
	Europe	N	5.62	5.70
	Japan	N	3.66	3.60
	Pacific Rim	N	3.55	3.14
	Emerging Markets	N	8.06	6.95
Bonds:	UK Government indexed	Y	10.42	9.41
	UK Corporate	N	10.35	9.32
Property:	UK	N	0.33	0.28
	Overseas	Y	0.09	0.08
	Overseas	N	0.16	0.22
	Property Funds	N	6.55	8.90
Cash:	Cash instruments	Y	1.00	0.10
	Cash accounts	Y	0.49	0.45
	Net current assets	N	-1.24	-0.88
Total:			100.00	100.00

Post Retirement mortality assumptions

	End of Year	Start of Year
Non-retired members	S1PA CMI_2012_1.5% Tables Males - 95% Females - 94%	S1PA_CMI_2009_1.25% Tables Males - 99% Females - 93%
Retired members	S1PA_CMI_2012_1.5% Tables Males - 95% Females - 94%	S1PA_CMI_2009_1.25% Tables Males - 99% Females - 93%

Life Expectancy

	End of Year	Start of Year
Of males (female) future pensioner aged 65 in 20 year's time	25.4 (28) years	24.2 (27) years
Of males (female) current pensioner aged 65	23.2 (25.7) years	22.4 (25) years

Risk and Pension Sensitivity Analysis

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table below. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

	£000's				
	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+0.1% p.a. discount rate	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 Year increase in life expectancy
Disclosure Item					
Liabilities	21,868	21,459	22,286	21,979	22,286
Assets	-20,300	-20,300	-20,300	-20,300	-20,300
Deficit (Surplus)	1,568	1,159	1,986	1,679	1,986
Projected Service Costs for next year	554	537	571	554	566
Projected Net Interest Costs for Next year	62	45	81	67	81

History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2013/14 can be analysed into the following categories.

	2013/14 %	2012/13 %	2011/12 %	2010/11 %	2009/10 %	2008/09 %	2007/08 %
Actuarial (gains) / losses on Assets	(2.4)	(7.8)	(4.3)	(3.9)	(22.2)	(31.5)	(10.1)
Actuarial (gains) / losses on liabilities	(16.6)	(10.9)	(3.4)	8.8	24.6	27.4	5.1

Market value of whole fund assets (£millions)

End of Year	Start of year
1,666	1,440

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/13. The corresponding split of assets at the start of the year has been calculated as at 31/3/13. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2013 actuarial valuation assumption, other than the financial assumptions which are shown above. A deduction of £14,000 in respect of expenses was made for the year.

The forecasted employer's contribution for 2014/15 is £359,000, implied service cost including interest £554,000, net interest cost £62,000, and administration cost of £14,000. The projected deficit as at 31/3/15 is expected to be £1,825,000.

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

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 2013/14* presents a true and fair view of the financial position of the Authority at 31st March 2014 and its income and expenditure for the year ended 31st March 2014

R.E.GRIFFITHS
Chief Financial Officer

Date

2013/14 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. The Governance framework

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), 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 agree policies relating to the management of 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.

Audit and Corporate Services Review Committee

The role of the Audit and Corporate Services Review Committee is to consider the level of corporate risks, governance matters facing the Authority (including reviewing the Annual Governance Statement), budget management 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 Government Grant letter.

Conservation and Planning Review Committee

Conservation and Planning Review Committee considers the risks and performance in areas covered by the Director for Conservation and Planning. This includes issues such as climate change, the Natural Environment Framework as well as the performance of Development Management.

Recreation and Tourism Review Committee

Recreation and Tourism Review Committee considers the risks and performance in areas covered by the Director for Tourism, Communications and Marketing. This Committee oversees the work of centres such as Oriel y Parc, Carew Castle and Castell Henllys.

Each Performance Review Committee has a standard item relating to items of concern with performance that can be delegated to the Continuous Improvement Group for further consideration.

Continuous Improvement Group

The Continuous Improvement Group consists of five members of the Authority including the CEO. The membership includes the Chairman and Vice Chairman of the Authority along with the Chairmen of the three Performance Review Committees. 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 one of the Performance Review Committees.
- To monitor the Authority's response to the Welsh 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.

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. Following a recommendation from the Wales Audit Office a request was made to our Internal Auditors for them to provide an audit opinion on our governance arrangements. However, they were of the view that it was difficult for them to provide this. A discussion on this issue was undertaken and a number of suggestions made by the Internal Auditors on how the Authority could improve its governance arrangements.

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 Finance Manager is also a member of the Authority's Core Management Team.

The Executive

An Executive structure for decision making for officers is based on a Senior Management Team of three members, a Leadership Team of twelve officers and a Core Management Team of five officers supplemented on a rotating basis by other members of the Leadership Team. The Core Management Team meets weekly while the Leadership Team meets once a month.

Principles of Governance

The review of the effectiveness of the Authority systems of governance is undertaken in accordance with the following 6 principles.

- 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
- Members and officers working together to achieve a common purpose, with clearly defined functions and roles.
- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of Members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability.
-

IV. Actions Taken During The Year

Previously identified Significant Governance Issues, the actions taken to tackle these issues and their evaluations are shown in the table below:

Governance Issues Identified	Actions proposed	Evaluation
<ul style="list-style-type: none"> ● Development Management Performance 	Building on recent improvements the Authority will develop a greater customer focus in the delivery of its planning function. Additional funds have been allocated in the 2013/14 budget to cover additional work load related to renewable energy applications.	DM performance has continued to improve as evidenced by quarterly WG planning statistics.
<ul style="list-style-type: none"> ● Introducing Customer service standards 	Using the Customer Quality Charter criteria we will assess the service standards across all services	Limited progress against Quality Charter criteria however, some in-house and externally provided staff training undertaken, and customer surveys undertaken, all showing high levels of satisfaction.
<ul style="list-style-type: none"> ● Consultation Policy 	The review of the CIPFA guidance on delivering good governance identified potential weaknesses in engaging local people and stakeholders. A thorough review will be undertaken	New consultation strategy being drafted prior to undertaking a major consultation exercise regarding reduction in funding.
<ul style="list-style-type: none"> ● Effectiveness of Scrutiny Committee 	The work of the Scrutiny Committee will be evaluated during 2013/14.	A scrutiny exercise on affordable housing recently completed with recommendations agreed

		by NPA. A fourth scrutiny exercise in partnership with Snowdonia NPA is now underway. Review of process will be undertaken on completion.
<ul style="list-style-type: none"> • Policies 	All of the Authority's policies will be reviewed and a review schedule implemented	Review schedule prepared and policies reviewed according to schedule.
<ul style="list-style-type: none"> • Golden Thread 	Standardised format for summary team plans are being established which will link to business/service plans and Improvement Objectives	Introduced. Team plans available in use.
<ul style="list-style-type: none"> • PI Data 	The Authority will work with Welsh Government and consultants to develop outcome based PI's.	Authority commented on WG report, but no further progress from WG.

V. 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.

Demonstrating Strategic Leadership

National Park purposes and vision for the Park are set in the National Park Management Plan (NPMP) 2009 - 2013, developed following full consultation with partners, stakeholders and communities setting out policies and longer term objectives. Members agreed in October to extend the life of the current NPMP while awaiting the new Policy Statement and further guidance from Welsh Government.

Corporate Strategy/ Annual Improvement Plan

In April the NPA approved the Corporate Strategy which sets out the objectives and work programme for a one to two year period. Performance against targets in its document is reported to the relevant

Review Committees. Wales Audit Office report on the success or failure to comply with the Local Government Measure.

Quality of Service

The Authority carries out surveys of the effectiveness of its service delivery through customer satisfactions surveys, performance against quality standards and by monitoring formal complaints which remain at a low level.

Ffynnon System

The Authority has continued to adopt 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. Performance review committee reports are prepared directly from Ffynnon.

Budget Pressures / Joint working

Work has continued to reduce costs and to identify options for joint working. Discussions are on-going with a number of other Authorities to identify efficient ways of delivering our services.

Principle 2

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

Reduction in National Park Grant and Levy

In October 2013 the Welsh Government published its draft budget and as anticipated it showed an unprecedented reduction in the funding of the National Park Grant (NPG) for the three Welsh National Park Authorities. The budget identified a funding cut of 8.76% for 2014/15 followed a further cut of 4.32% for 2015/16. However the Welsh Government confirmed that the capital grant for 2014/15 would remain at the same level as 2013/14. In light of this it was agreed at the October meeting to hold Members' workshop following each full Authority meeting to consider a longer term strategy to deliver the services within the budget available.

Scrutiny Committee

Members and officers have been developing the scrutiny process, particularly through the recent review of affordable housing policies, the recommendations of which are now being taken forward as part of the review of the Local Development Plan.

Development management committee

The Development Management Committee is responsible for carrying out the Authority's statutory planning functions in relation to the determination of applications, appeals and enforcement matters, and allied issues relating to development and the regulation of uses and activities.

Review of Committees

A review of the three Performance Review Committees has been undertaken and the recommendations will be implemented in 2014-15. During the year the Authority has reviewed the effectiveness of these three committees and decided to merge the Conservation and Planning Review Committee and the Tourism and Recreation Review Committee from 2014-2015 onwards. The Audit and Corporate Services Review Committee will remain. Each of the committees will have nine members. The Terms of Reference of the committees will be reviewed in early 2014-2015.

Consultations

Members have contributed their comments to responses to Welsh Government consultation papers including Protected Landscapes Policy Statement, Environment Bill White Paper, Heritage Bill White Paper and the Planning Bill White Paper.

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. The Monitoring Officer provides an Annual Report of his work to both the Standards Committee and the National Park Authority.

Public Sector Ombudsman for Wales

The Public Service Ombudsman for Wales has jurisdiction over the Authority's functions by virtue of the Public Service Ombudsman (Wales) Act 2005. He has not made any investigation into the Authority either in relation to any alleged breaches of the Members' Code of Conduct adopted by the Authority on 25 June 2008, or any alleged maladministration causing a member of the public hardship or injustice through maladministration or service failure on the part of Authority, under either Sections 16 or 21 of that Act.

Staff Members

Issues relating to the conduct of staff are normally considered in accordance with the Authority's Disciplinary procedures, which are normally reviewed in accordance with the Human Resources Strategy. All Authority staff have annual and interim performance appraisals

Whistle Blowing Policy

In the Public Interest Disclosure Act 1998 the Government has given statutory protection to employees who 'blow the whistle' by speaking out against corruption and malpractice at work. It protects them against victimisation and dismissal. The Authority has approved and adopted such a policy in 2002 which was updated in 2009. In its commitment to the highest standards of openness, probity and accountability, it says "The authority encourages employees and others with serious concerns about the Authority's work to come forward and raise their concerns with the Authority". This was reviewed during the past year and is in the public domain

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.

Scrutiny Project

Following a pilot undertaken with the Brecon Beacons National Park Authority, the Authority has created two Scrutiny Committees. The first Scrutiny Committee reviewed “The Implementation of our Affordable Housing Policies”. Members agreed that the next Scrutiny exercise would focus on our work to support the local economy and would be run in partnership with Snowdonia National Park Authority.

Risk Management

The Risk Register is presented to each Audit & Corporate Service Review Committee and annually to the full NPA. Following a number of changes in Members, the allocation of risks to Members is being revised.

Performance Management

Staffs are now updating the Ffynnon system directly with information to update performance reporting.

Upgrading systems infrastructure

During 2013/14 the Authority has made significant investments and improvements to its core systems and infrastructure with a new finance system, and HR systems and upgraded wide area network all installed and operational with evaluation of document management systems underway. Procurement of the finance software was successfully evaluated by the Authority’s internal auditors.

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 2013/14 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Creditor Computer Assisted Audit Techniques
- Conservation Area Grants
- IT Risk
- Employee Costs
- National Trail

The Internal Audit report including findings, recommendations and the Authority’s responses are presented to the Audit and Corporate Review Committee.

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.

Committees

Individual service team leaders update Members of their respective Review Committee with details of the work in progress within the team. There is a clear documenting of decisions, meeting agenda and minute process. Members therefore make decisions based on timely and accurate, although some decisions are deferred to allow members for considered decisions

Wales Audit Office Reports

Wales Audit Office passes an opinion on their review the Authority's performance and Statements of Accounts which is recorded in the WAO Improvement Assessment Letter and the ISA 260 report.

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

In June Members approved the Members' Development Strategy following their personal development reviews. A Members' Development Working Group has met to help prepare a training programme prior to submitting an application for the Members' Charter.

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 Improvement Plan to the Departmental Plans and Individual targets.

Staff Development

All new staff attend an in-depth induction course both locally and an all UK National Park induction event. The Authority arranged a temporary secondment of an experienced Learning Adviser from PCC who arranged a series of management development courses for senior staff including

- Myers Briggs Personality Profiling
- Managing Change Successfully
- ILM Level 3 Workplace Coaching

A repeat staff survey by Best Companies resulted in a minor reduction in the overall score, but did not indicate any specific shortcomings.

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. Following last year's survey of community councils training sessions on planning have been provided to all who requested it.

The Authority proposes to undertake extensive consultation with residents, visitors, organisations and other stakeholders on a long term strategy on service delivery on the reducing funding anticipated over the next few years.

Partnership working arrangements

The Authority works with a number of external bodies helping to improve value for money and in communicating with various other interest groups to deliver a number of common projects, e.g:

- Carmarthenshire County Council; SLA's Payroll / Pension. Minerals
- Pembrokeshire County Council; Internal Audit
- South Wales Local Authority Purchasing Group; Legal Services Provision
- Brecon Beacons & Snowdonia National Parks Authorities, brokerage Insurance / joint finance systems procurement and Mosaic project

VI. Significant Governance Issues

Governance Issues Identified	Action to be taken
The ICT User Policy should be updated as soon as possible to ensure it remains current and up to date.	IT User policy will be reviewed and updated
The process of removing access for all leavers should be improved so reliance is not placed on managers informing IT.	New procedure introduced when leaver process by payroll
Procedures should be established to ensure that personal and confidential data sent electronically is adequately protected	Investigation into appropriate protection will be undertaken.
The ICT Disaster Recovery Plan should be reviewed and updated	The ICT Disaster Recovery Plan will be reviewed and updated
Appointment of new Internal Auditors and Chief Audit Executive following PCC indicating that they were unwilling to undertake this crucial role in 2014/15.	Tender exercise will be undertaken for the full provision of Internal Audit Services
No plans to make Authority meetings available as a webcast	Layout and structure of committee meeting room makes webcast impractical.
The significant reduction in the National Park Grant.	In light of the significant reduction in the National Park Grant, and ensuing fall in levy on Pembrokeshire County Council, officers and members are to continue to work together to prioritise and manage the Authority's budget.

VII. OPINION

We propose over the coming year to take steps to address the matters referred to in part IV 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 _____

Independent auditor's report to the Members of Pembrokeshire Coast National Park Authority

I have audited the accounting statements and related notes of Pembrokeshire Coast National Park Authority for the year ended 31 March 2013 under the Public Audit (Wales) Act 2004.

Pembrokeshire Coast National Park Authority's accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on International Financial Reporting Standards (IFRSs).

Respective responsibilities of the responsible financial officer and the independent auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts [set out on page 54], the responsible financial officer is responsible for the preparation of the statement of accounts, which gives a true and fair view.

My responsibility is to audit the accounting statements and related notes in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounting statements

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements and related notes sufficient to give reasonable assurance that the accounting statements and related notes are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Pembrokeshire Coast National Park Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the responsible financial officer and the overall presentation of the accounting statements and related notes.

In addition, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited accounting statements and related notes. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the accounting statements of Pembrokeshire Coast National Park Authority

In my opinion the accounting statements and related notes:

- give a true and fair view of the financial position of Pembrokeshire Coast National Park Authority as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In my opinion, the information contained in the Explanatory Foreword for the financial year for which the accounting statements and related notes are prepared is consistent with the accounting statements and related notes.

Matters on which I report by exception

I have nothing to report in respect of the Governance Statement on which I report to you if, in my opinion, it does not reflect compliance with ‘Delivering Good Governance in Local Government: Framework’ published by CIPFA/SOLACE in June 2007, or if the statement is misleading or inconsistent with other information I am aware of from my audit.

Certificate of completion of audit

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

Anthony Barrett – Appointed Auditor
24 Cathedral Road
Cardiff
CF11 9LJ

Date

Appendix I

Schedule of Members Allowances & Expenses Paid in the Financial Year 2013/14

<u>NAME</u>	Basic Salary	Senior salary	Travel & subsistence	% of attendance
Mr D Ellis	3,550		40	95%
Cllr JA Brinsden *		-253	505	100%
Cllr M Williams	3,550		32	81%
Cllr PJ Morgan	3,550		311	100%
Cllr DGM James	592	6,609	1,709	81%
Mrs GM Hayward	592	4,360	843	77%
Mr AE Sangster	887	4466	881	81%
Ms CM Gwyther	3,550		11	67%
Mr AG Archer	3,550		1,233	91%
Mrs MJ Thomas	3,550		1,539	71%
Cllr Mrs LM Jenkins	3,550		585	100%
Cllr Mrs A Lee	3,550		210	67%
Cllr NP Harries	3,550		793	100%
Cllr A Wilcox*	592			50%
Cllr RS Owens	3,550		63	81%
Cllr DWM Rees	3,550		652	91%
Cllr RP Kilmister	3,550		519	90%
Cllr O James *	2,500		249	71%
Cllr ST Hudson *	2,958		41	47%
Cllr R Lewis				86%
Total	50,721	15,182	10,216	81%
* Part year attendance due to changes in Pembrokeshire County Council representation.				