

REPORT OF FINANCE MANAGER

**SUBJECT:
DRAFT STATEMENT OF ACCOUNTS 2012/13**

Background:

This report is the Draft Statement of Accounts 2012/13. It is for information purposes only and Members are requested to note the contents. The Draft Statement of Accounts were authorised for release to Audit by the Responsible Financial Officer on 28th June 2013. The Draft Statement of Accounts will be available for public inspection from the 29th July 2013 and will be considered by Members in the Audit and Corporate Services Review Committee meeting on 7th August (today). The audited set of Statement of Accounts will be presented to Members on the 18th September by the Wales Audit Office and will be signed off by the Chairman and the Chief Executive.

RECOMMENDATION: To note the Draft Statement of Accounts 2012/13.

Background documents

Draft Statement of Accounts

(For further information, please contact Richard Griffiths, extension 4815 or at Richardg@pembrokeshirecoast.org.uk)

**Pembrokeshire Coast
National Park Authority**



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

**STATEMENT OF ACCOUNTS
2012/13**

INDEX

PAGE

Explanatory Forward & Summarised Accounts: <i>All you need to know from the Statement of Accounts</i>	3
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STATEMENT OF ACCOUNTS *the statutory information*

Statement of Accounting Policies	17
Comprehensive Income & Expenditure Account	24
Balance Sheet	25
Movement in Reserves Statement	26
Cash Flow Statement	27
Notes to the Financial Statements	28

Statement of Responsibilities for the Statement of Accounts	53
Annual Governance Statement	54
Auditors Report	64
Appendix I	66

STATEMENT OF ACCOUNTS

2012/13

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 2012/13 the Authority's funding for revenue expenditure, (that is, day to day operational activities) was £7,232 million. Capital expenditure of £1,084k, (that is, investment in longer term assets such as land and buildings) was funded £410k from revenue funds & £674k from other grant funding sources.

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

REVENUE BUDGET	2012/13 £ 000	2012/13 %	2011/12 £ 000	2011/12 %
National Park Grant, from the Welsh Government:	3,555	49%	3,368	48%
National Park Levy, against Pembrokeshire County Council:	1,185	16%	1,123	16%
Locally Generated Income (through fees and charges):	1,370	19%	1,579	23%
Service/Project Specific Revenue Grants:	516	7%	741	11%
Earmarked/General Reserves:	606	9%	149	2%
TOTAL REVENUE FUNDING	7,232	100%	6,960	100%

CAPITAL BUDGET	2012/13 £ 000		2011/12 £ 000
Project Specific Capital Grants:	674		98
Use of capital receipts	Nil		Nil
CAPITAL FUNDING	674		98
Plus, funding from the revenue budget (included above)	410		141
TOTAL CAPITAL BUDGET	1,084		239

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 increased overall by 3.9 % in 2012/13, with reductions in the National Park Grant, Levy and Service specific grants being compensated by an increase in locally generated income & use of Earmarked Reserves. For 2012/13, for every £1 provided by the National Park Grant and Levy in the year, the Authority generated a further 53p from other sources (2011/12=55p).

Locally Generated Income consisted of:

LOCALLY GENERATED INCOME	2012/13 £000's	2011/12 £000's	% Change
Merchandise Sales and Income from Information Centres	312	297	5%
Car park charges and concessions income	365	390	-6%
Admissions fees and Activities & Events	161	185	-13%
Advertising income	77	88	-13%
Planning fees	146	144	1%
Timber sales	82	126	-35%
Other : property income & contributions	172	285	-40%
Income from investment properties	29	45	-35%
Investment income (spare cash invested)	26	19	37%
TOTAL LOCAL INCOME	1,370	1,579	-13%

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	2012/13 £000	2012/13 %	2011/12 £000	2011/12 %
Employees	3,727	52%	3,867	55%
Premises related	706	10%	701	10%
Transport & Travel	240	3%	260	4%
Supplies, Services and Grants	1,610	22%	1,320	19%
Transfers to Earmarked Reserves	525	7%	662	10%
Contribution to capital projects	410	6%	141	2%
Financing charges	6	0%	4	0%
Increase/ (decrease) in General Reserves	8	0%	5	0%
TOTAL REVENUE COST	7,232	100%	6,960	100%

CAPITAL BUDGET	2012/13 £ 000		2011/12 £ 000
Capital projects	1,084		239

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).

2012/13 Revenue Account	Net Budget £000	Net out-turn £000	Variance £000	2011/12 Net out-turn £000
Conservation of the Natural Environment	510	473	37	587
Conservation of the Cultural Heritage	178	167	11	188
Development Control	611	626	-15	546
Forward Planning & Communities	503	490	13	202
Promoting Understanding	1,205	1,144	61	1,049
Recreation & Transport	233	233	0	284
Rangers, Estates & Volunteers	1,101	1,103	-2	873
Democratic Representation & Management	647	595	52	542
Service Management & Support Services	76		76	
Net cost of services	5,064	4,831	233	4,271
Interest and investment income earned during the year	-5	-26		-20
Other Non Cash Items debited or credited to the Authority Reserves for the year:	-321	8		-279
National Park Grant - Welsh Assembly Government	-3,555	-3,555		-3,368
National Park Levy – Pembrokeshire County Council	-1,185	-1,185		-1,123
Net Operating Surplus	2	-73		519
Less Net Transfer to / from (-) Earmarked Reserves		81		-514
END OF YEAR SURPLUS	2	8		5

**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 (£36k), totalled £1.1m 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 £4,831k and compares against a budget N.C.S. of £5,064k and an actual of £4,271k for 2011/12. The main reasons for the increase N.C.S. in 2012/13 over 2011/12 was due to: the general reduction in locally generated income across a number of services, the inclusion of Sustainable Development Fund Grant into the main National Park Grant, and increased costs in the delivery of Development Control and Democratic Representation & Management. After the various movements to reserves for non cash entries, the End of Year Surplus was £8k and this compares to an original budget surplus of £2k

and an actual surplus of £5k in 2011/12. The N.C.S. was below the revised budget by £233k and an explanation for the major variances within each service is as follows;

- **Conservation of the Natural Environment (£37k 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 £35k. 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 (£11k 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 (£15k over budget).** At £138k planning fees income was the highest since 2008/9 and marginally below budget of £140k. However statutory advertising expenditure of £33k was £17k over budget and land search income of £5k was £15k below budget.
- **Forward Planning & Communities (£13k under budget).** The Authority was again awarded a Welsh Government Planning Improvement Fund grant of £76k grant in 2012/13. The grant was spent on: a cumulative impact evaluation of turbines and consultation arrangements for windfarm applications, a new housing land availability database, ecological advice, the provision of support and assistance to Community Councils with submission of comments on planning applications and a Seascape Character assessment.

Under the Sustainable Development Fund the Authority made payments exceeding £10k to the following projects: Pembrokeshire Mencap Ltd (£39k), Newport Memorial Hall (£46k), Coed Cymru (£36k), Eco Centre Wales (£17k), Pembroke 21C CIC (£12k), Pembrokeshire Coastal Forum (£19k), PCNPA (£12k) and Western Solar Ltd (£18k).

- **Promoting & Understanding (£61k under budget).** As shown in the table on page 10 although the merchandise income for 2012/13 was up on 2011/12, admission income figures reflect the overall lower visitor numbers to the county for the season. At Carew Castle merchandise sales were down 24% against budget and 18% versus prior year, while admission income is down 15% against budget and 17% against last year. The development of the new visitor centre and work on the Lesser Hall Roof can explain some of the reduction. At Castell Henllys merchandise sales were down by 11% and admission fees down 13% versus budget. Income at Newport was very close to budget while income at Tenby was up 30% and was bolstered by the National Park 60th Anniversary poster sales. At Oriell Parc merchandise sales did particularly well being approximately 35% above that budgeted and up 21% on last year.

In the Communications budget the Authority received a grant from Countryside Commission for 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 under spend in the Activities & Events budget

was due to savings in the contributors costs of running the A & E events programme. The underspend of £4k in the Flexible Programme budget was due to the receipt of a grant from P.C.C. 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 advertising income for the year of £74k was down £12k from £86k in 2011/12. The underspend in Graphic Services was due to savings in photocopying digital aerial costs and income received from PCC for artwork for a mobile beach unit. The Activities & Events and Discovery budget underspends are due to savings in contributor costs and additional income. 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 a community engagement programme, 'Your Park Your Future'.

- **Recreation & Park Management (on budget).** The total Car Park income for the year of £324k was £4k down versus budget and down by £27k on 2011/12. The table on page 10 shows the breakdown by individual car park and notably income from Solva and Manorbier car parks was down considerably against budget and prior years. Other areas within Recreation & Park Management were on budget
- **Rangers, Estates & Volunteers (£2k over budget).** Although income in the Estates Management Budget was below budget the Authority did receive income from filming at Marloes Beach and Carew Castle. The Ranger Areas ended the year very close to budget.
- **Democratic Representation & Management (£52k under budget).** The under spend in Corporate Services was due to savings in job evaluation contingency, staff awards and customer satisfaction survey. The Democratic Services budget was under spent due to savings in Conference and Translation costs. As in 2011/12 the Authority contributed €10k to help fund The Pembrokeshire Iron Man event in 2012/13.
- **Service Management & Support Services (£76k under budget).** The underspend in Service Management & Support Services was due to: salary and postage savings in the Reception and Administration budget, the installation of the new biomass boiler resulted savings in Llanion H.Q. solid fuel heating costs, reduced travelling costs across a range of areas and training savings in Personnel, Health & Staff Training budget. There were also significant savings following the retirement of the Authority's solicitor; the provision of legal services was subsequently jointly provided by Brecon Beacon National Park, the South West Wales Local Authority Legal Framework and Geldards Solicitors.

12 months to 31st March 2013 Income Versus Budget & Prior Year

Merchandise Sales	Budget	Income	Variance	Prior Year	Variance
Carew Income	65,000	49,464	-15,536	61,274	-11,810
Castell Henllys Income	53,679	47,725	-5,954	54,981	-7,256
Oriel Y Parc	108,183	145,625	37,442	120,625	25,000
Newport Information Centre	20,796	20,313	-483	20,858	-545
Tenby Visitor Centre	20,000	25,959	5,959	18,913	7,046
	267,658	289,086	21,428	276,651	12,435
Admission Fees					
Carew Income	85,999	73,323	-12,676	88,857	-15,535
Castell Henllys	57,241	54,798	-2,443	56,167	-1,369
	143,240	128,121	-15,119	145,024	-16,903
Car Park Income					
Car Park Operations	-	9,085	9,085	11,145	-2,059
Saundersfoot Car Park	64,920	70,958	6,038	68,512	2,447
Manorbier Car Park	37,387	30,232	-7,155	42,247	-12,016
Freshwater East Car Park	21,705	18,918	-2,787	22,882	-3,964
Little Haven Car Park	28,155	29,505	1,350	31,190	-1,685
Broad Haven Car Park	20,636	15,541	-5,095	19,994	-4,454
St Davids Car Park	39,758	40,895	1,137	43,105	-2,209
Newport Car Park	25,756	20,778	-4,978	19,785	993
Poppit Car Park	20,525	25,719	5,194	24,700	1,019
Newgale Car Park	20,001	16,329	-3,672	13,273	3,056
Solva Car Park	50,000	46,403	-3,597	54,193	-7,790
	328,843	324,363	-4,480	351,026	-26,663

8. Capital Programme

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

	Total Cost 2012/13 £000	Total Cost 2011/12 £000
Conservation of the Cultural Heritage	130	97
Historic Towns Grant Scheme	130	97
Promoting Understanding & Enjoyment	790	38
Car Park Improvements	351	1
Oriel Y Parc Car Park Toilets	-	4
Carew Castle Development	426	33
Origins	13	
Recreation & Park Management	16	35
Vehicles	16	35
Corporate & Support Services	148	69
Llanion Buildings	60	45
Information & Communications Technology	88	24
TOTAL CAPITAL SPEND	1,084	239
Financed by:		
Financing from the Revenue Budget and Earmarked Reserves	-410	-141
Financing from Capital Receipts	-	-
Additional Grants	-674	-98
	-1,084	-239

The total capital spend for 2012/13 was £1,084k which was significantly up on the previous year's spend of £239k. The £1,084 included £130k which related to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £954k 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 2012/13 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. This year's grant was up £30k on previous years as a result of a grant for a specific project which Cadw asked the Authority to administer.
- Solva, Porthgain and Poppit Car Park Improvements. The refurbishment work at Solva and Porthgain Car Parks was completed with total project cost of £300,000 of which the Authority funded £150,000 and the rest was grant funded. An additional £63,000 was allocated for work on Poppit Sands Car Park and the scheme commenced in March and will be completed in May

- Carew Castle Development. The project is jointly funded by European convergence grant aid and the Authority's own funds. The refurbishment work included a new Lesser Hall Roof and the replacement of the portacabins with a new visitor centre and retail facility. The project is running to budget with interpretation work on the walled garden and improvement car park expected to be completed by Autumn 2013.
- 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 in January 2013 to Red Kite Consultancy of Stroud and the remaining expenditure will be in 2013/14.
- Vehicles. As in previous years, and where it has been cost effective to do so, the Authority purchased two vehicles at the end of their lease contract
- Llanion Buildings. Expenditure on 'greening up' the Llanion building included installation of replacement solar panels for hot water, fitting of photovoltaic panels and the installation of a new biomass boiler. The application for the Renewable Heat Incentive scheme rebate programme was successful and this should yield savings circa £10k per annum.
- Information & Communications Technology. In addition to the normal cycle of replacement IT equipment the Authority invested in Public Sector Broad Band Aggregation, the 'Pobl Y Parc' HR System and replacement Finance & EPOS systems

Summarised Balance Sheet as at 31 March 2013

	2012/13 £000	2011/12 £000
Fixed Assets	13,308	13,239
Cash in hand/bank	2,009	2,401
Stocks of merchandise and timber	161	124
Debtors – money owed to the Authority	563	248
Creditors – money owed by the Authority	-731	-709
Provisions – for known commitments		-8
Long-term borrowing (in excess of 1 year)	-6	-8
<i>Cash Reserves:</i>		
Usable Capital Receipts/Unapplied Capital Grants		
Earmarked Reserves – for specific purposes	-1,337	-1,418
General Revenue Reserves	-498	-490
Usable Capital Receipts Reserve	-247	-249
<i>Non-cash:</i>		
Accrued Absences Reserve	60	60
Capital Adjustment Account	-10,968	-11,213
Revaluation Reserve	-2,314	-1,977
Pension Liability	-4,916	-3,462
Pensions Reserve (to balance with liability)	4,916	3,462
BALANCED TO:	0	0

The net value of the Authority's fixed assets employed at the year-end was £13,308k, up from £13,239k as at 31 March 2012, with capital additions, disposals, revaluations and impairments impacting on 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.

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 as at the end of the year was £247k, down by £2k due to receipts from the disposal land at Blockett Farm Little Haven (£23k) less expenditure charged in

relation to development costs of land at Sageston (£25k). The Authority also disposed of Portacabins at Carew Castle, land at Plantation Wood Saundersfoot and low value items of Plant Equipment.

During the year the Earmarked Reserves fell from £1,418k to £1,337k. However £606k of the funds brought forward was used to fund the Capital and Revenue expenditure in the year and savings from the revenue budget allowed the Authority to create reserves for the South Ranger Team Depot (£120k) and the Convergence Fund Origins project (£250k). The revenue budget savings were mostly due to a number of positions remaining vacant, savings in contract hire costs for the Authority's vehicle fleet and insurance premium savings.

The General Reserve balance was up £8k at £498k at the end of the financial year. The Authority's financial position at the end of the 2012/13 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 three years.

The Accumulated Absences Reserve relates to staff accrued absences earned but not taken in the year. 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 increased to £4,916k compared with the liability at the close of 2011/12 of £3,462k. This is primarily due to the decrease in the discount rate or bond rate from 4.9% to 4.2% and the result of discounting future liabilities by a lower discount rate is a higher current value on the liabilities. Also, there has been an increase in the mortality assumptions which has also caused an increase in the liabilities, although to a lower extent than that caused by the discount rate (approximately 1% of the period end liabilities). The performance of the Fund assets was greater than expected during 2012-13 and the returns in excess of those expected have helped to alleviate the deficit increase.

10. Looking Forward

2013/14 will be the third year of the current comprehensive spending review during which there will be no increase in the National Park Grant. The Authority is however set to balance the budget for 2013/14 by a combination of salary and efficiency savings. 2014/15 will be first year in the next comprehensive spending review period and current indications are that the National Park Grant may well be reduced. The prospects in the short to medium term therefore look to remain very uncertain. Notwithstanding the Authority's cash backed reserves are fairly strong which positions the Authority well to face the challenge of any significant reduction in 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 17) explains the principles and bases on which the Authority's accounts have been prepared.
- 13** The Accounts for the year ending 31st March 2013 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 52) 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 53) sets out the framework within which financial control is managed and reviewed in the Authority.
- 16** The Auditors' Report (page 63)

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

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 2012/13 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 TSB, HSBC and NatWest. The Authority does not issue or hold any capital instruments that are listed or publicly traded on a stock exchange or market.

12. Leases

The Authority manages Operating Leases for its main photocopiers and for the majority of its vehicles, including vehicles provided to nominated staff under the Staff Lease Car Scheme. Lease payments are charged in full according to date payable on a straight-line basis, ensuring an equal annual charge to service revenue accounts throughout the life of the lease. Contributions from

staff benefiting from the Lease Car Scheme are credited to the revenue account in the period of receipt.

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

No Finance Leases exist.

13. Recharging of Service Management & Support Service Costs

Support Services costs are recharged to service users in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2012/13* (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 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. To date, revaluations have been undertaken by the Authority's qualified Estates Officer and by qualified surveyors employed by R.K. Lucas & Son, in accordance with the RICS Appraisal & Valuation Manual and CIPFA guidelines as they relate to Asset Valuations.

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

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

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

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 until they are brought into use. Depreciation is not charged in the year of acquisition of assets, but is charged in each subsequent year, where applicable, including the year of disposal.

20. Capital Charges and 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 2013. 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 HSBC, Lloyds / TSB 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 Property and Projects 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 2012 – 31st March 2013

£000's

	31 March 2013			31 March 2012		
	Expenditure	Income	Net	Expenditure	Income	Net
Conservation of the Natural Environment	574	-102	472	776	-189	587
Conservation of the Cultural Heritage	302	-135	167	288	-100	188
Development Control	784	-158	626	766	-220	546
Forward Planning & Communities	583	-93	490	416	-214	202
Promoting Understanding	1,880	-736	1,144	1,793	-744	1,049
Recreation & Transport	831	-598	233	952	-669	283
Rangers, Estates & Volunteers	1,185	-83	1,102	1,028	-155	873
Democratic Representation & Management	651	-56	595	602	-60	542
Pension Curtailment (Note 40)	27		27	87		87
Pension Past Service Cost / (Gain) (Note 40)				61		61
Cost of Services	6,817	-1,961	4,856	6,769	-2,351	4,418
Financing & Investment Income & Expenditure (Note 8)			963			125
Other Operating Expenditure (Note 9)			3			-4
Taxation & Non -specific Grant Income (Note 10)			-5,283			-4,491
(Surplus) or Deficit on Provision of Services			539			48
Surplus or deficit on revaluation of fixed assets (Note 11)			-460			-329
Impairment losses on non-current assets charged to the Revaluation Reserve (Note 11)			75			24
Actuarial gains / losses on pension assets / liabilities (Note 40)			1,281			1,386
Other Comprehensive Income and Expenditure			896			1,081
Total Comprehensive Income and Expenditure			1,435			1,129

Pembrokeshire Coast National Park Authority

BALANCE SHEET

As at 31st March 2013

£000's

As at:	31 March 2013	31 March 2012
Property, Plant & Equipment (Note 11)	10,620	9,587
Heritage Assets (Note 11)	158	159
Investment Property (Note 12)	2,531	3,469
Long Term Debtors (Note 17)	3	7
Long Term Assets	13,312	13,222
Assets held for sale (Note 19)	0	24
Inventories (Note 16)	161	124
Short Term Debtors (Note 17)	559	240
Cash and Cash Equivalents (Note 18)	2,009	2,401
Current Assets	2,729	2,789
Short Term Creditors (Note 20)	-731	-709
Provisions (Note 21)	0	-8
Current Liabilities	-731	-717
Long Term Creditors (Note 20)	-6	-8
Pension Liability (Note 40)	-4,916	-3,462
Long Term Liabilities	-4,922	-3,470
Net Assets	10,388	11,824
Usable reserves (Note 22)	-2,082	2,157
Unusable Reserves (Note 23)	-8,306	9,667
Total Reserves	-10,388	11,824

Pembrokeshire Coast National Park Authority
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	-539				-539						-539
Other Comprehensive Expenditure and Income						384		-1,281		-897	-897
Total Comprehensive Expenditure and Income	-539				-539	384		-1,281		-897	-1,436
Adjustments between accounting basis & funding basis under regulations (Note 6)	466		-1		465	-47	-245	-173		-465	
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

Pembrokeshire Coast National Park Authority

Cash Flow Statement

1st April 2012 – 31st March 2013

£000s

	31 March 2013		31 March 2012
Net (surplus) or deficit on the provision of services	539		48
Adjust net surplus or deficit on the provision of services for noncash Movements (Note 24)	(1,264)		-722
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	570		-1
Net cash flows from Operating Activities	-155		-675
Investing Activities (Note 25)	547		100
Financing Activities (Note 25)	0		3
Net increase or decrease in cash and cash equivalents	392		-572
Cash and cash equivalents at the beginning of the reporting period	2,401		1,829
Cash and cash equivalents at the end of the reporting period	2,009		2,401

Notes to the Financial Statements

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

Revisions have been made to IAS 19 for all fiscal years beginning on or after 1st January 2013 which have been adopted in the 2013/2014 Code, requiring a change in accounting policy from 1st April 2013. The key changes are:

- 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 cashflows 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 (the “corridor approach”). 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. Investment expenses are treated as a loss on asset and so recognised via Other Comprehensive Income and Expenditure

These changes will not be adopted until 2013/14 but for 2012/13 they would have resulted in a £158k increase in the Net Cost of Services contained in the Comprehensive Income and Expenditure Statement.

Other than changes to IAS 19 for the financial year ended 31st March 2013 there are no issued accounting standards that have not been adopted by the Authority.

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 2013 there is a risk of material adjustment in the forthcoming financial year is the size of the pension liability. Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.

During 2011/12 the Authority was notified of personal damages & consequential losses claim due to an incident dating back to June 2006. The financial impact of this potential claim is still yet to be ascertained but Authority had public liability insurance of £5 million at the date of incident.

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 2013 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:

2012/13
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 2012/13				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	261			-261
Investment Properties	984			-984
Revenue expenditure funded from capital under statute	130			-130
Revenue expenditure funded from capital grants	-674			674
Amounts of non current assets chargeable against future receipts on sale charged to the CIES	3			-3
	704			-704
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Capital expenditure charged against the General Fund and HRA balances	-410			410
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		-1		1
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	554			-554
Employer's pensions contributions and direct payments to pensioners payable in the year	-382			382
	172			-172
Adjustment involving the Accumulated Absences Account	-			-
Adjustments between accounting basis & funding basis under regulations	466	-1		-465

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 2012/13.

£000's

	Closing Balance 31 March 12	Transfers from Revenue	Transfers to Revenue	Closing Balance 31 March 13
Receipts In Advance	165	144	-135	174
Asset Management	37			37
IT	40		-40	
Llanion Park	69		-44	25
Planning: LDP	120			120
Self-Insurance	30			30
Carew Castle Dev	300		-120	180
Convergence Funding	100		-96	4
Poppit Car Park	80		-34	46
Staff Restructuring	80			80
Public Sector Broadband	60		-32	28
National Park Wales	25	11	-6	30
HR System	25		-25	
Finance System	35		-10	25
Planning System	100			100
Car Par Integration	77			77
Invasive Species Eradication Program	20		-5	15
Surface Water Drainage And Sewage System Capacity Project	30		-21	9
60 th Anniversary Advertising Campaign	25		-25	
South Haven Depot		120		120
Origins		250	-13	237
Total	1,418	525	-606	1,337

8. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

£000's		
Items	2012/13	2011/12
Movement in market value of investment properties	984	174
Development costs incurred to bring an asset to marketable position. These costs will be offset against future receipts on sale.	3	46
Income from Investment properties	-29	-45
Pensions interest cost and expected return on pensions assets	31	-31
Interest receivable and similar income	-26	-19
TOTAL	963	125

9. OTHER OPERATING EXPENDITURE / INCOME

£000's		
Items	2012/13	2011/12
Movement on Bad Debt Provision	3	-2
Gain on Disposal of Fixed Assets	-	-2
TOTAL	3	-4

10. TAXATION AND NON SPECIFIC GRANT INCOMES

£000's		
Items	2012/13	2011/12
National Park Grant from Welsh Government	3,555	3,368
Levy on Pembrokeshire County Council	1,185	1,123
Capital grants and contributions	543	
TOTAL	5,283	4,491

11. PROPERTY, PLANT AND EQUIPMENT

The following is a summary 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 Fixed Asset Schedule

£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	-99					-99
Revaluations	404					404
As at 31 March 2013	10,014	1,228		9	874	12,125
DEPRECIATION						
As at 1 April 2012	-537	-806				-1,343
Charge for year	-157	-104				-261
Disposals	6	11				17
Reclassification	2					2
Impairment	24					24
Revaluation	56					56
As at 31 March 2013	-606	-899				-1,505
NET VALUE 31/3/12	9,226	245	0	9	108	9,588
NET VALUE 31/3/13	9,408	329	0	9	874	10,620

ASSETS MADE OPERATIONAL DURING THE YEAR

There were no assets transferred from non operational to operational in the year.

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

- Carew Castle Development (£463,794)
- Car Park / Visitor Arrival Point (£29,924)
- Green Bridge Viewing Point (£15,577)
- Solva Porthgain Car Parks Improvement (£293,871)
- Origins (£12,520)
- Poppit Sands Car Park (58,675)

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 disposed of the following assets during the year: land at Blockett Farm Little Haven, Portacabins at Carew Castle and land at Plantation Wood Saundersfoot. The Authority also disposed of low value items of Plant Equipment

RECLASSIFICATIONS

Little Haven Boat Park and Freshwater East Slipway were transferred from Operational Land & Buildings to Investment Properties.

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 Solva, Little Haven and Broad Haven Car Parks and Kilkifeth Woodland. There was also significant impairment in the market value of Car Parks at Newgale, West Angle and Penally and also development land at Sageston.

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

	2012/13	2011/12
Revaluation of Fixed Assets	460,300	328,479
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-75,443	-23,696
Sub total	384,857	304,783
Revaluation and Impairment of Investment Properties	-983,900	-174,249
Total	-599,043	130,534

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
	£	£	£	£
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 additions to fixed assets of £953,881 (Additions less transfers from Non Operational Assets) were financed as follows:

£543,653	Grant funding from other sources
£410,228	Funding from revenue grant

CAPITAL COMMITMENTS

As at 31st March 2013 the Authority had entered into the following contracts for the construction or enhancement of Property, Plant & Equipment:

- Car park refurbishment at Poppit Sands £191,506
- Replacement Finance System £23,845

In addition to the above the Authority is currently planning for a replacement EPOS used at the Information Centres and Heritage Sites. There were capital commitments as at 31st March 2012 for a Replacement of Llanion Boiler system, £28,657 and Design of Porthgain & Solva Car Parks enhancement, £11,279.

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	9
TOTAL	84

CAPITAL PROGRAMME

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

	Total Cost 2012/13 £000	Total Cost 2011/12 £000
Conservation of the Cultural Heritage	130	97
Historic Towns Grant Scheme	130	97
Promoting Understanding & Enjoyment	790	38
Car Park Improvements	351	1
Oriel Y Parc Car Park Toilets	-	4
Carew Visitor Centre	426	33
Origins	13	
Recreation & Park Management	16	35
Vehicles	16	35
Corporate & Support Services	148	69
Llanion Buildings	60	45
Information & Communications Technology	88	24
TOTAL CAPITAL SPEND	1,084	239
Financed by:		
Financing from the Revenue budget	-410	-141
Financing from Capital Receipts	-	-
Additional Grants	-674	-98
	-1,084	-239

From the total capital spend of £1,083,881, £130,000 relates to expenditure on fixed assets not owned by the Authority – namely under the Historic Towns Grant Scheme. The remaining £953,881 relates to assets owned by the Authority and impacts on the fixed asset values held in the Balance Sheet.

* The additional grants in 2012/13 were received from the following partners:	2012/13 £000's	2011/12 £000's
CADW	130	48
Welsh Government	117	50
Convergence Programme Funds	427	-
TOTAL ADDITIONAL GRANTS	674	98

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 1/4/11	Valuation as at 1/4/12	Reclassification	Disposals	Revaluations	Impairment	Valuation as at 31/3/13
Fishguard Old Fort & Cliff	12,500	12,500					12,500
Porthgain Hoppers & Tunnels	143,380	1					1
Porthgain Navigation Beacon	1	1					1
Trefin Trwyn Llwyd cliff land & ruins	1	1					1
Porthgain Harbour & Bed	10,000	1					1
Porthgain Cliff Lands	1	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	60	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
Broadhaven Cabin Club Site		30,500					30,500
Total	277,355	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:

	2012/13 £000	2011/12 £000
Rental income from investment property	29	45
Direct operating expenses arising from investment property	-3	-46
Net gain/(loss)	26	-1

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:

	2012/13 £000	2011/12 £000
Balance at start of the year	3,469	3,609
Reclassification	46	34
Net gains/losses from fair value adjustments	-984	-174
Balance at end of the year	2,531	3,469

13. LEASES

Finance Leases

The Authority had no finance leases as at 31st March 2013 (nor as at 31st March 2012).

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 £64,431 for 2012/13 (£88,692 for 2011/12), with the net cost after accounting for contributions from staff for lease cars being £62,697 for 2012/13 (£83,220 for 2011/12).

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 2012/13 were £47,121 (£47,164 2011/12).

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

	£000's					
	As at March 2013			As at March 2012		
	Land & Buildings	Vehicles & Equipment	Total	Land & Buildings	Vehicles & Equipment	Total
	£	£	£	£	£	£
Not Later than one year	33	58	91	27	37	64
Later than one year and not later than five years	119	60	179	100	18	118
Later than 5 years	369		369	235		245
	521	118	639	362	55	417

The Authority acts as Lessor on 22 properties, generating an income of £44,649 during 2012/13 (£66,250 2011/12). Examples of these properties are the lease of land at Freshwater East to the

Caravan Club, and the lease of Llanion Park North Block to the Countryside Council for Wales. 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 2013	As at March 2012
	£	£
Not Later than one year	16	13
Later than one year and not later than five years	59	49
Later than 5 years	603	580
	678	642

14. INTANGIBLE ASSETS

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

15. FINANCIAL INSTRUMENTS

There are no financial instrument are carried in the Balance Sheet.

16. INVENTORIES

£000's					
	Information Centres	Cilrhedyn Woodland Centre	Cleddau Bridge Tickets	Franking Machine	Total
Balance outstanding as at 31/3/11	116	15	2	2	135
Purchases	176	30	8	19	233
Recognised as an expense in the year	-187	-28	-8	-20	-243
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	208
Balance outstanding as at 31/3/13	126	31	2	2	161

17. LONG & SHORT TERM DEBTORS

£000's

	2012/13	2011/12
Long Term:		
Staff Car / Green Travel Loans	3	7
TOTAL	3	7
Short Term:		
Central government bodies	475	154
Other local authorities	5	2
Other entities and individuals	47	62
Payment in advance	29	18
Staff Loan	8	6
Debt Impairment Provision	-5	-2
TOTAL	559	240

18. CASH AND CASH EQUIVALENTS

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

£000's

	2012/13	2011/12
Bank accounts & deposits	2,007	2,399
Cash held by the Authority	2	2
TOTAL	2,009	2,401

19. ASSETS HELD FOR SALE

£000's

	2012/13	2011/12
Opening Assets classified as held	24	13
Disposals	24	13
Additions	-	
Reclassification	-	24
Closing Assets classified as held	-	24

20. LONG & SHORT TERM CREDITORS

£000's

	2012/13	2011/12
Long term		
Central government bodies	-6	-8
TOTAL	-6	-8
Short term		
Central government bodies	-80	-84
Other local authorities	-106	-58
Receipts in Advance	-26	-17
Other entities and individuals	-458	-489
Accumulative Absences	-61	-61
TOTAL	-731	-709

21. PROVISIONS

£000's

	COSTS AWARDED	Total
Balance at 31 March 2012	-8	-8
Amounts used in 2012/13	8	8
Balance at 31 March 2013	0	0

Costs awarded are in respect of legal fees due to a former Member of the Authority which was claimed during the year.

22. USABLE RESERVES

£000's

2012/13		2011/12
498	General Fund : Resources available to meet future running costs of services	490
1,337	Earmarked Reserves : Reserves set aside for specific items	1,418
247	Capital Receipts : Proceeds on fixed asset sales available to meet future capital investment	249
2,082	TOTAL	2,157

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

23. UNUSABLE RESERVES

£000's

2012/13		2011/12
-2,314	Revaluation Reserve	-1,977
-10,968	Capital Adjustment Account	-11,213
4,916	Pensions Reserve	3,462
60	Accumulated Absences Account	61
-8,306	TOTAL	-9,667

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

2012/13		2011/12
-1,977	Balance at 1 April	-1,712
-460	Upward revaluation of assets	-328
75	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	24
29	Difference between fair value depreciation and historical cost depreciation	22
19	Accumulated gains on assets sold or scrapped	17
-2,314		-1,977

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

2012/13		2011/12
-11,213	Balance at 1 April	-11,717
261	Charges for depreciation and impairment of non current assets	268
1,000	Impairment of Investment Assets	282
0	Revaluation Losses on Property, Plant & Equipment	164
-16	Gain of Investment Assets	-107
24	Amounts of non current assets written off on disposal	14
130	Revenue expenditure funded from capital under statute	98
-29	Depreciation adjusting amounts written out of the Revaluation Reserve	-22
-19	Reclassification adjusting amounts written out of the Revaluation Reserve	
-674	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-98
3	Amounts of non-current assets chargeable against future receipts on sale charged to the CIES	46
-25	Development Costs Charged to Capital Receipts Reserve	
-410	Capital expenditure charged against the General Fund balances	-141
-10,968	Balance at 31 March	-11,213

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.

2012/13	£000's	2011/12
3,462	Balance at 1 April	2,020
1,281	Actuarial gains or losses on pensions assets and liabilities	1,385
554	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	597
-381	Employer's pensions contributions and direct payments to pensioners payable in the year	-540
4,916	Balance at 31 March	3,462

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.

2012/13	£000's	2011/12
61	Balance at 1 April	60
-	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
61	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

2012/13	£000's	2011/12
-261	Depreciation	-268
-984	Impairment and downward valuations	-341
156	Movement in creditor/stock/debtors	-58
-172	Provision of Services costs for post employment benefits	-57
-3	Other non-cash items charged to the CIES	2
-1,264	Total	-722

25. CASH FLOW STATEMENT –OPERATING & INVESTING ACTIVITIES

The cash flows for operating activities include the following items:

2012/13	£000's	2011/12
26	Interest received	10
Nil	Interest paid	Nil

Cash Flows from Investing Activities are:

2012/13	£000's	2011/12
-1,038	Purchase of property, plant and equipment, investment property and intangible assets	-241
491	Other receipts from investing activities	141
-547	Net cash flows from investing activities	-100

Cash Flows from Financing Activities are:

2012/13	£000's	2011/12
-2	Travel Loans: advances Less Receipts	2
2	Repayment of Long Term Loan	1
0	Net cash flows from investing activities	3

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 2012/13 (*nor 2011/12*) 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 2012/13 (*nor 2011/12*).

30. AGENCY SERVICES

The Authority did not provide any agency services in 2012/13 (*nor 2011/12*)

31. POOLED BUDGET.

The Authority did not participate in any pooled budget arrangements in 2012/13 (*nor 2011/12*)

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

Total members' allowances paid during the year amounted to £76,800 (£59,349 in 2011/12) plus reimbursement of travelling, subsistence and other expense payments amounting to £8,929 (£6,089 in 2011/12).

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:

	2012/13 £000	2011/12 £000
	C.E.O.	C.E.O.
Gross Pay	76	74
P11D values	1	1
Employer Pension Contributions	10	11
Total	87	86

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
2011/12	4	1	1	125
2012/13	1	1	-	35

There were no compulsory redundancies in 2012/13 nor 2011/12.

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:

	2012/13 £000	2011/12 £000
Fees payable to the Wales Audit Office with regard to external audit services carried out by the appointed auditor	20	20
Fees payable to the Auditor General for Wales in respect of statutory inspections and the LG Measure 2011	13	12
Fees payable to the Wales Audit Office for the certification of grant Claims and returns (estimate)	1	1
Total	34	33

35. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13.

	2012/13	2011/12
	£000	£000
Credited to Taxation and Non Specific Grant Income:		
NPA Grant	3,555	3,368
Levy on PCC	1,185	1,123
Other Grant Income	543	-
	5,283	4,491
Credited to Services		
The Welsh Government: funding in 2012/13 towards Planning Improvement Fund, the Historic Towns Scheme (Sustainability Development Fund 2011/12 only, incorporated into main NPA grant in 2012/13).	138	338
The Countryside Council for Wales: contributed funding in 2012/13 towards the National Trail/Coast Path management & maintenance; the Coed Cymru Officer post; and the Castlemartin Ranger post.	301	330
Pembrokeshire County Council: the Walkability Project	15	24
Visit Wales: miscellaneous	-	10
Forestry Commission: various woodland schemes	10	9
Ministry of Defence: Castlemartin ranger	17	17
CADW: Historic Towns Scheme	81	5
Big Lottery: Mentro Allan & Your Park Your Future projects	79	2
Other grants	5	6
TOTAL GRANTS	646	741

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 2012/13 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 2012-13 financial year that exceeded £5000 were to the following projects:-

Project Name	Awarded to	Project Description	Amount (£)
Pembrokeshire Mencap Ltd	Stackpole Gardens Centre	SDF funding contributed towards the construction of a sustainable new straw baled building that will provide a focal point, serving as a new shop, office, community space, tea room and kitchen.	£38,984
Newport Memorial Hall	Newport Community Energy Project	Grant used to renovate the much used but energy out-dated Newport Memorial Hall.	£46,713
Coed Cymru	Development of Building Components for Ty Unnos	Through partnership and using straightforward manufacturing techniques and basic equipment, the project has successfully produced a cross laminated timber panel from low grade home grown timber.	£35,999
Eco Centre Wales	ReFarm	SDF funding was used for ECW to assist Pembrokeshire farmers to reduce their reliance on fossil fuels, reduce their costs, their impact on the environment and to diversify farm income through renewable electricity and heat generation.	£17,481
Pembroke 21C CIC	Woodlands and Wetlands Project Manager	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.	£12,227
St Dogmaels Community Association	Cemaes Himalayan Balsam eradication Project 2012	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.	£9,431
Pembrokeshire Coastal Forum	Economic Valuation of Marine Recreation Activity	To provide an economic value to mapped areas of marine recreation in two pilot areas of Pembrokeshire.	£18,585
PCNPA	Walking with Wheels	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	£11,522
Wyndrush Wild Products	Wyndrush Wild Meadow Seed	The project is to grow a small business selling wild meadow seed from wildflower meadows for use by locals individuals and organisations wishing to restore similar meadows on their own land.	£7,135
Western Solar Ltd	Affordable Solar Homes	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.	£18,472

37. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority had no PFI and similar contracts in place as at 31/3/13 (nor 31/3/12).

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 2012/13 the Authority provided £12,900 for specific termination benefits, (£48,032 in 2011/12).

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 2010, and are set with the aim of ensuring that the overall liabilities of the fund can be met when matched with employee contributions. Local authorities are required to recognise the costs of retirement in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, this conflicts with the charge the Authority is required to make in the Comprehensive Income & Expenditure Account based on the cash payable in the year to the pension fund, so the real cost of retirement benefits is then reversed out of the accounts in the statement of movement on the general fund balance.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Total post employment benefit charged to Comprehensive Income and Expenditure Statement £000's	£000's	
	2012-13	2011-12
Current service cost	496	480
Interest cost	987	994
Expected Return	956	-1,025
Past service gain / Loss	27	87
Actuarial gain/loss	1281	1,385
	3,747	1,921

Reversal of charges made to surplus/deficit on provision of services in the Movement in Reserves Statement £000's	£000's	
	2012-13	2011-12
Current service cost	-496	-480
Past service gain / loss	-27	-87
Interest cost	-987	-994
Expected Return	956	1,025
	-554	-536

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	
	2012/13	2011/12
Benefit Obligations at beginning of Year	19,976	18,005
Current Service Cost	496	480
Interest On Liabilities	987	994
Member Contributions	171	177
Past Service Gain	27	87
Actuarial (Gains)/Losses on Liabilities	2,605	679
Curtailments	0	61
Benefits Paid	-378	-507
Benefit Obligations at End of Year	23,884	19,976

Reconciliation of Present value Scheme Assets:

	Local Government Pension Scheme £000's	
	2012/13	2011/12
Fair Value at beginning of Year	16,514	15,986
Expected Return on Plan Assets	956	1,025
Actuarial Gains/(Losses) on Assets	1,324	-707
Employer Contributions*	381	540
Member Contributions	171	177
Benefits/transfers paid	-378	-507
Fair Value at End of Year	18,968	16,514
Actual return on scheme assets	2,280	319

Statement of Recognised Gains & Losses

	2012/13 £000's	2011/12 £000's
Actuarial (Gains)/Losses	1,281	1,386
Total pension cost recognised in MiRS	1,281	1,386

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

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. These assumptions are made by the Fund's actuaries, William M Mercer Ltd, and are based on the actuarial valuation report at 31st March 2010. *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 2013 are as follows:

DYFED PENSION FUND (Pembrokeshire Coast National Park Authority) 31 March 2013	
	£000
Present Value of Funded Benefits Obligations	23,803
Present Value of Unfunded benefit obligations	81
Total present value of Benefit Obligations	23,884
Fair Value of Plan Assets	(18,968)
Unrecognised Past Service	0
Deficit/Surplus	4,916

Prior Year Scheme Values

Scheme Year	Present value Scheme Liabilities(£000)	Fair Value of Scheme Assets (£000)
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%	2.5%
Rate of increase in salaries	4.15%	4.25%
Rate of increase in pensions	2.4%	2.5%
Discount rate	4.2%	4.9%

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

INVESTMENTS CATEGORIES	Assets at 31 March 2013	Assets at 31 March 2012
Equities	70.3%	69.2%
Government Bonds	10.8%	11.1%
Other Bonds	10.3%	11.2%
Property	7.5%	7.1%
Other	1.1%	1.4%
TOTAL	100.00%	100.00%

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

	End of Year	Start of year
Equities	7.0%	7.0%
Government Bonds	2.8%	3.1%
Other Bonds	3.9%	4.1%
Property	5.7%	6.0%
Cash / Liquidity	0.5%	0.5%
Other	7.5%	7.0%
Expenses Reduction	0.32%	0.32%
Overall Expected return	5.74%	5.76%

Post Retirement mortality assumptions

	End of Year	Start of Year
Non-retired members	S1PA CMI_2009_1.25% Tables Males - 99% Females - 93%	S1PA_CMI_2009_1% Tables Males - 99% Females - 93%
Retired members	S1PA_CMI_2009_1.25% Tables Males - 99% Females - 93%	S1PA_CMI_2009_1% 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	24.2 (27) years	23.4 (26.1) years
Of males (female) current pensioner aged 65	22.4 (25) years	22 (24.6) years

History of experience gains and losses

The actual gains identified as movement on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as percentages of Assets or liabilities as at 31 March 2010.

	2012/13 %	2011/12 %	2010/11 %	2009/10 %	2008/09 %	2007/08 %	2006/07 %
Differences between the expected and actual returns on assets	(7.0)	(4.3)	(3.9)	(22.2)	(31.5)	(10.1)	(0.3)
Experience gains and losses on liabilities	(10.9)	(3.4)	8.8	24.6	27.4	5.1	0.0

Commutation of pension for lump sum at retirement

End of Year	Start of year
50% take maximum cash 50% take 3/80ths cash	50% take maximum cash 50% take 3/80ths cash

Market value of whole fund assets (£millions)

End of Year	Start of year
1,440	1,381

The end of year figures for the market value of the assets and the split between investments categories have been calculated as at 31/12/12. The corresponding split of assets at the start of the year has been calculated as at 31/3/12. The actuarial assumptions used in the calculation of the end of year balance sheet liabilities are based on the 2010 actuarial valuation assumption, other than the financial assumptions which are shown above. The expected returns are gross of expenses. A deduction of 0.32% in respect of expenses is made in calculating the expected return for the year. The forecasted employer's contribution for 2013/14 is £356,000. The cumulative amount of actuarial losses recognised in the MiRS is £3,523,000.

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 2012/13* presents a true and fair view of the financial position of the Authority at 31st March 2013 and its income and expenditure for the year ended 31st March 2013.

R.E.GRIFFITHS
Chief Financial Officer

Date

2012/13 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. Actions Taken During The Year

The following have previously been identified as Significant Governance Issues and action has been taken to tackle these issues:

Governance Issues Identified	Actions taken
Strengthen its assessment of success by incorporating data from other sources, such as the State of Wildlife in Pembrokeshire report by the Pembrokeshire Biodiversity Partnership	The Authority included the following to improve its assessment of success; Best Companies Survey of Employee Engagement and the Improvement Plan Part II includes data from other National Parks.
The Authority needs to review the options to ensure the effective use Oriely Parc in delivering park objectives.	After lengthy discussion in the December 2012 NPA Meeting members approved the revised the service level agreement (SLA) between the Authority and the National Museum of Wales. This was approved by NMW in January 2013 and is due to signed off by both parties in February 2013
The Authority's data on its improvement plan should include bench marking data.	See above
Strengthen its risk assessments to take account of the risks of impact on the delivery of priorities.	The Authority has reviewed its Risk Management procedures and developed service level risks allocated National Park Authority member to be responsible for each risk.
The Authority's policies, procedures and standing orders regulate the internal control and relevant and up to date	The Authority continually reviews its policies, procedures and standing orders to ensure that they are up-to-date and fit for purpose. During 2012/13 the Authority adopted or revised the following: The Authority's Financial Standards, Social Inclusion Strategy and Strategic Equalities Plan. The Authority has developed a policy mapping register which is reported to the Authority's monthly Leadership group meeting for monitoring.

IV. 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.

Planning the Work of the Authority

An exercise has been undertaken to ensure that all the policies and strategies of the Authority contribute to the delivery of the National Park Management Plan. As part of this process we have been reviewing our policies and strategies and evaluating whether they are still fit for purpose and how they can contribute towards the delivery of the National Park Management Plan and the associate Action Plan.

Corporate Strategy

During 2010-2011 the Authority undertook an extensive exercise to consult on a three year Corporate Strategy. This strategy saw a move away from an objective based strategy to an outcome based strategy in an attempt to focus more on what the Authority delivers for the area.

2012-2013 represented the second year of this Strategy. Following a review of the Strategy it was decided to only make minimal changes to the 2012-2013 Corporate Strategy. This was largely due to a delay in the Welsh Government producing its Policy Statement for Protected Areas, which will set the strategic direction for the Authority over the next four years. Allied to the Policy Statement the Welsh Government have undertaken a project to identify Outcome Indicators for National Park Authorities. The Policy Statement and Outcome Indicators were agreed in 2013 and will feed into a revision of the Corporate Strategy for 2014-2015.

Annual Improvement Plan

The Corporate Strategy will provide the basis for the Annual Improvement Plan required to make sure the Authority fulfils its requirements under the Local Government Measure. For the 2013-2014 Annual Improvement Plan the Authority has decided reduce the number of outcomes from eight to four and to develop its Improvement Objectives from these four Improvement Outcomes.

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. Members are being encouraged to access and use the system. The Authority has commenced the process of reviewing its Performance Management System. As part of this process we have sought the advice and assistance of the Wales Audit Office. Despite an initial meeting with representatives of the Wales Audit Office we have made limited progress with this work.

Zero Based Budgeting exercise

For the second consecutive year the Authority adopted a Zero-based budgeting exercise to ensure that its expenditure linked to the delivery of the outcomes identified in the Corporate Strategy.

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.

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

The Authority

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

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

As a result of Local Government elections held in May 2012, there has been a significant change in the Membership of the Authority. Seven new Members were appointed from Pembrokeshire County Council and two new Members were appointed by the Welsh Government in December 2011. An extensive process of induction has been undertaken to support the new Members.

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 Oriol 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.

Work has been undertaken to identify who can make decisions and how these are recorded.

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.

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 and can be found on <http://parcnet/staff/CodeFiles/StaffHandbook/StaffHandbookOverview.aspx>

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 has been reviewing “The Implementation of our Affordable Housing Policies”. This Committee is due to report in May 2013. The lack of Member and staff capacity means that the second Scrutiny Committee will not commence its work until the first one has completed its work. We expect the second Scrutiny Committee to look at our work in relation to Social Inclusion.

During the pilot project with the Brecon Beacons National Park Authority a joint scrutiny of Public Rights of Way was undertaken. A programme of work was agreed following this exercise to deal with issues and weaknesses highlighted as part of the Scrutiny exercise.

Risk Management

During the past year a review of our Risk Management process has led to greater involvement from Members of the Authority in our Risk Management. All risks on the Risk Register have been allocated to Members to monitor. In addition, work has been undertaken to identify different types of risk, including risks associated with various services.

Performance Management

Following a critical report on our Performance Indicators, the Authority has responded by allocating responsibility for each Performance Indicator to a member of its Leadership Team and any new Performance Indicator is required to have the approval of the Performance Indicator Group.

HR Information System

The Authority has installed a new HR Information System. This will improve the management of our HR function with all employees having remote access to their records and relevant HR functions including training. Managers will be able to monitor leave and sickness records and produce reports. All HR policies and procedures will be available from the system’s document library.

Finance System

The Authority has undertaken a procurement exercise to change its Finance and EPOS System. This was undertaken as a joint exercise with the Snowdonia National Park Authority. The new system will lead to greater efficiencies in raising and processing purchase orders together with the authorisation and coding of invoices. It should also result in better centre stock control and monitoring of merchandise sold across the Authority.

Equalities

In March 2012, the Authority agreed its Single Equality Plan. During the past year the Leadership Team has undertaken training to ensure that it meets its statutory requirements and also to manage our equalities function in a strategic way to contribute towards the delivery of the outcomes of the organisation.

Internal Support Service Reviews

The Authority has commenced a series of Internal Reviews of Support Service functions. The first one to be undertaken focused on the use of Global Positioning Systems (GPS) within the Authority. The outcome of the review highlighted a programme of action to increase understanding of the potential of GPS across the organisation and a programme to improve the accuracy and dependability of our data. We have commenced work on a review of our Graphics function and as mentioned above are hoping to work with the Wales Audit Office on our Performance Management work.

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 2012/13 the audit concentrated on:

- Review of Previous Year Agreed Action Plan
- Delivery Department
- Oriol y Parc
- Car Park Management
- Planning Income
- Payroll
- Purchase Cards

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.

Principle 5

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

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

Wales Charter for Member Support and Development

The Authority has been awarded the Wales Charter for Member Support and Development to recognise its work in supporting Member Development. During the year the Authority decided to re-apply for the 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 Corporate Strategy to the Departmental Plans and Individual targets.

People Strategy

The Authority has approved a People Strategy which included as outcomes “handling issues from the 2011 Staff Survey and to improve staff engagement and to ensure that our managers and leaders have and use the right skills and capabilities to make change effective and to deliver performance”

Principle 6

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

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

The Authority has undertaken a survey of Community Councils relating to planning issues and undertaken a programme to provide training and support on planning issues for Community Councils. In addition the Authority agreed to hold bi-annual meetings with PALC the umbrella body for Community Councils in Pembrokeshire.

The Authority has signed up to the WG’s ‘National Principles for Public Engagement in Wales’. <http://www.participationcymru.org.uk/advicesupport/national-principles-for-public-engagement-in-wales/organisations-that-have-endorsed-the-national-principles-for-public-engagement>

IV. Significant Governance Issues

Governance Issues Identified	Action to be taken
<ul style="list-style-type: none"> DM Performance 	Building on recent improvements the Authority will develop a greater customer focus in the delivery of it’s planning function. Additional funds have been allocated in the 2013/14 budget to cover additional workload related to renewable energy applications.
<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
<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
<ul style="list-style-type: none"> Effectiveness of Scrutiny Committee 	The work of the Scrutiny Committee will be evaluated during 2013/14.
<ul style="list-style-type: none"> Policies 	All of the Authority’s policies will be reviewed and a review schedule implemented
<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
<ul style="list-style-type: none"> PI Data 	The Authority will work with Welsh Government and consultants to develop outcome based PI's.

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

SIGNED _____
Chairman

DATED _____

SIGNED _____
Chief Executive

DATE _____

SIGNED _____
Section 151 Officer

DATE _____

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 51], 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 1

Schedule of Members Allowances & Expenses Paid in the Financial Year 2012/13

NAME		Basic Salary	Senior salary	Travel & subsistence	% of attendance
Mr D Ellis		3373	71	131	95%
Cllr JA Brinsden		3373	8,131	751	92%
Cllr M Williams		3373		32	85%
Cllr PJ Morgan		3373		124	71%
Cllr DGM James		3373	4,736	1,090	100%
Mrs GM Hayward		3373	5,022	1,033	85%
Mr AE Sangster		3373		493	90%
Ms CM Gwyther		3373			62%
Mr AG Archer		3373		1,185	95%
Mrs MJ Thomas		3373		1,845	85%
Cllr Mrs LM Jenkins		2936		511	95%
Cllr Mrs A Lee		2936			84%
Cllr NP Harries		2936		601	95%
Cllr A Wilcox		2936			84%
Cllr RS Owens		2936		106	95%
Cllr DWM Rees		2936		543	95%
Cllr RP Kilmister		2936		463	100%
Cllr R Lewis	*	533	516		67%
Cllr J Allen-Mirehouse	**	444			
Cllr RN Hancock	**	444			
Cllr SL Hancock	**	444	361	21	
Cllr WL Raymond	**	444			
Cllr RR Evans	**	444			
Cllr ML Evans	**	444	40		
Cllr HM George	**	444			
Total		57,923	18,877	8,929	Average 88%
* As of June 2012 no longer eligible to receive salary from the Authority as he receives a Band 1 Senior Salary from Pembrokeshire County Council.					
** As of 30 th June 2012 no longer a member of the Authority					