

BRECON BEACONS NATIONAL PARK

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2006**



PARC CENEDLAETHOL BANNAU BRYCHEINIOG

BRECON BEACONS NATIONAL PARK AUTHORITY STATEMENT OF ACCOUNTS 2005/06

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EXPLANATORY FOREWORD

1. INTRODUCTION

The Authority is required by law to produce an annual Statement of Accounts in accordance with proper accounting practices as laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA) and approved by the Accounting Standards Board.

This foreword provides a brief explanation of the more significant matters reported in the accounts. Accounting statements are set out on later pages and consist of:-

- **A Statement of Accounting Policies** - the basis upon which amounts have been included in the accounts using accepted accounting principles.
- **The Consolidated Revenue Account** - the income and expenditure during the financial year and is accompanied by notes which explain the figures in greater detail as required by the CIPFA code of practice.
- **The Balance Sheet** - the assets and liabilities, cash held and amounts set aside in reserves at the financial year-end. Notes are provided to give further details of specific balances where required by the CIPFA code of practice.
- **The Statement of Total Movements in Reserves** - changes in amounts held in reserves during the financial year.
- **The Cash Flow Statement** - expenditure and income for the financial year, excluding all amounts owed or receivable. Further explanation is provided in the notes to the statement.

The statement is audited by the Wales Audit Office and a copy of the auditor's report is published with the Statement when this becomes available on completion of the audit. For the first time in 2005/06, the Authority has been required to produce a Statement of Internal Control with its accounts. This has been included in Appendix 2. For further information and explanation of items in this document, please contact the Finance Manager on 01874 620467 or email finance.manager@breconbeacons.org.

2. ESTABLISHMENT OF BRECON BEACONS NATIONAL PARK AUTHORITY

The Brecon Beacons National Park Authority (the Authority) covers 520 square miles and is one of three National Parks in Wales. The Authority became an independent Local Authority with effect from 1st April 1996 and has two statutory purposes and duties:

Purposes:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park.
- To promote opportunities for the understanding and enjoyment of the special qualities of those areas by the public.

Duties:

- A duty for economic and social well being of the local communities.
- A duty to ensure Best Value

The Authority is the statutory Local Planning Authority for the area and is responsible for preparation of the Unitary Development Plan and determining planning applications.

3. REVENUE EXPENDITURE

In 2005/06 the Authority spent £6.166 million on the provision of services. The table below sets out the sources of funding and shows that it was necessary to transfer £249,507 from reserves at the year end.

The National Park Grant is paid by the Welsh Assembly Government in response to annual funding bids. The Welsh Assembly Government also determines the amount that can be raised by a levy on the constituent Unitary Authorities.

	2004/05	2004/05	2005/06	2005/06
	£000	%	£000	%
National Park Grant	3,060	54.51	3,185	54.04
National Park Levy	997	17.76	1,039	17.63
Locally Generated Income & Service Specific Grants	1,503	26.77	1,653	27.65
Interest Receivable	54	0.96	40	0.68
Gross Revenue Funding	5,614	100.00	5,917	100.00
Contribution (to)/from General Reserves	(56)		249	
Total Funds Used for Service Expenditure	5,558		6,166	

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 includes a notional capital charge in respect of the fixed assets used by services. The charge includes depreciation (the cost of wear and tear on buildings, equipment etc) and notional interest (the calculated cost to the authority of tying up capital in fixed assets).

Adjustments are also made for pension costs in accordance with new accounting requirements, known as Financial Reporting Standard 17: Retirement Benefits. These technical adjustments are intended to bring the Authority's accounts into line with UK Generally Accepted Accounting Policies. They indicate the full cost to the Authority in the relevant financial year of meeting all future commitments to its current and former employees under the Local Government Pension Scheme. These adjustments do not affect the net revenue spend of the Authority paid for by the Welsh Assembly Government and local taxpayers.

Significant developments affecting the financial position of the Authority in 2005/06

The Authority planned to significantly reduce its general reserve in 2005/06, partly to fund priority projects and also to cover the short-term cost of a staff restructuring and the UDP consultation process. In the event, reserves were reduced from £750,000 to just under £500,000 with some expenditure being carried over from 2005/06 to 2006/07. An explanation of the variances between expected and actual expenditure is given after the simplified revenue account below. A further call on reserves to balance the budget for 2006/07 will reduce reserves close to the level recommended by the Section 151 Officer of some £270,000 in 2006/07. Earmarked reserves have been established to provide firstly for the cost of the Local Plan consultation in three years' time and secondly to establish a fund for special conservation projects. The latter was made possible by a generous bequest of £12,604.21 from Mr Lionel Conway Morrison during the year.

Early in 2005/06, a restructuring was implemented which has resulted in a short-term additional pension fund cost to the Authority of some £65,000 per annum over the period 2005/06 to 2007/08. Savings arising from the deletion of four specialist posts from the establishment will release resources for other priorities from 2006/07 onwards.

It has proved difficult to budget accurately for the cost of preparing for and engaging in the triennial production of a unitary development plan, including a public enquiry attended by a representative of the Planning Inspectorate. Actual costs were lower than expected, resulting in a significant underspend.

An area in the west of the Brecon Beacons National Park was granted UNESCO Geopark status during the year, recognising its significance as a world earth heritage site and potentially giving the Authority access to some major sources of grant income to fund partnership projects with other public and private sector organisations. This is expected to have a significant impact on this Authority's resources in future years, if bids are successful.

Proposed changes to the Local Government Pension Scheme, which could have a significant impact on the triennial actuarial review of the Powys Pension Fund, have been the subject of continuing national negotiations. Any changes to the benefits afforded to fund members will affect the Authority's contributions to the fund, which at some £400,000 per annum are a significant component of the Authority's total running costs.

A simplified Revenue Account for 2005/06, detailing the net budget and net out-turn position for the Departments of the Authority, is shown below.

	Budget	Out-turn	Variance
Departmental Service Costs (including adjustments for capital charges and pensions)	£000	£000	£000
Conservation & Community Services	1,285	1,287	3
Countryside Services	2,499	2,333	(166)
Strategy and Policy	405	323	(82)
Corporate and Democratic Costs	690	696	5
Net Cost of Services	4,879	4,639	(240)
Capital expenditure financed from revenue	0	30	30
Funding transferred from earmarked reserves	(3)	0	3
Interest received	(40)	(40)	0
Internal capital & pensions adjustments reversed (non-cash)	(130)	(156)	(26)
Net Expenditure	4,706	4,473	(233)
National Park Grant (Welsh Assembly Government)	(3,185)	(3,185)	0
National Park Levy (Constituent Authorities)	(1,039)	(1,039)	0
Net deficit transferred from reserves	482	249	(233)

Support Services costs and Departmental Management costs have been fully recharged to Services.

The total variance for the year was £232,842 made up of the following items. Where variances occurred in Support Services costs these have been identified separately.

	£000
Delayed appointment of Rural Surveyor Post cut staff costs and spend on Asset Management Plan development.	16
Unbudgeted compensation income from Transco relating to staff time expended on dealing with the issues arising from the proposed pipeline.	23
Development Control income, which is driven by the number of planning applications received, was lower than expected.	-24
The cost of an agreement with Powys County Council to provide joint tourist information at Brecon TIC was less than anticipated.	21
A range of small underspends reduced costs at Craig-y-nos Country Park.	15

Fewer than expected publications were produced for Information and Interpretation due to a staff vacancy, which also generated a saving.	10
The Education Manager post was vacant for an extended period.	7
Staffing in Strategy & Policy cost more than expected due to additional workload arising from new planning requirements.	-10
A number of costs re Statutory Plans have been postponed to 2006/07 due to delays in the process. Costs associated with the Unitary Development Plan Enquiry were reduced as it was briefer than anticipated.	108
Members' expenses and meeting costs were higher than expected	-25
ICT training, software, equipment and licences costs were underspent due to project slippage.	49
Relocation and recruitment spend in Human Resources was less than expected	18
Slippage occurred in staff training programmes.	12
General Office Services costs were contained below the budget.	16
Part of the 2003/04 Service charges re HQ Offices was refunded.	15
An unbudgeted contribution was made to the Powys Pension Fund in relation to the financial effect of the national delay in implementing changes to the Local Government Pension Scheme.	-38
Net effect of other minor variances	20
Total Variance	233

4) CAPITAL EXPENDITURE

This is summarised below.

	2004/05 Actual £000	2005/06 Budget £000	2005/06 Actual £000
Capital Expenditure	45	0	30
Less: Capital Receipts Applied	(1)	0	0
Less: Revenue Financing	(44)	0	(30)
Net Expenditure	0	0	0

There were no major capital projects in the year. Expenditure of £29,886 was incurred on upgrading the visitor facilities at Cwm Porth Car Park and the total cost was funded from Revenue.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

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".

In preparing the Statement of Accounts, the Chief Financial Officer has:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- 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.

The Statement of Accounts presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2006.

J Emlyn Watkin C.P.F.A
Chief Financial Officer
Brecon Beacons National Park Authority

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 (the Code)
- The guidance notes issued by CIPFA on the application of accounting standards - Statements of Standard Accounting Practice (SSAP's); Financial Reporting Standards (FRS's); Statements of Recommended Practice (SORP)
- The Local Government Finance Act 1982
- The Accounts and Audit Regulations 2005
- The Best Value Accounting Code of Practice
- The Accounting policies of relevance, reliability, comparability and understandability.
- The basic accounting concepts of materiality, going concern, matching, consistency, primacy of legislative requirements, prudence and substance over form. The concept of the primacy of legislative requirements is given precedence over other concepts where there is a conflict.

2. FIXED ASSETS

These have been valued on the basis laid down in the CIPFA Specification for Commissioning Valuation Services (January 1994). Where an open market value for the existing value of the assets could be assessed this has been applied. Otherwise depreciated replacement cost has been used. FRS 15 requires the Authority to organise regular revaluations (at least 5 yearly intervals) of assets and make appropriate arrangements to depreciate them. The Authority's land and buildings were last valued as at 31st March 2003 to accord with current accounting practice. The Authority's Valuers reviewed the economic lives of buildings individually. All assets, with the exception of land, are being depreciated over their expected useful lives. Advice is sought from the relevant responsible officer on the expected life of the asset at purchase/construction and asset lives are reviewed annually in consultation with the responsible officer. In the absence of specific advice, the default asset lives used are as follows:

Asset	Assumed Life of Asset
Vehicles and Equipment	5 years
IT Equipment	3 years
Community and Infrastructure	20 years

The Authority decided in 2004/05 to set a minimum level of £10,000 for capitalising expenditure, with the exception of land and buildings which are always capitalised. Expenditure below the minimum level is treated as revenue and assets with a net book value of less than £10,000 have been written out of the balance sheet and are no longer included in the total of fixed assets.

Capital financing charges have been applied to service revenue accounts for the use of related assets on the basis of a notional rate of interest as stated in Note 1 to the Balance Sheet.

Impairments to infrastructure assets were identified during 2005/06 arising from faster than expected deterioration to upland footpaths (See Balance Sheet Note 1). There were no impairments to assets in 2004/05.

3. RECEIPTS ARISING FROM THE SALE OF FIXED ASSETS

Receipts arising from sales are shown in the Balance Sheet net of the costs of their sale. As the Authority is debt free, 100% of any such receipts can be used to finance new capital expenditure.

There were no capital receipts during 2005/06 (there were no capital receipts during 2004/05. An amount of £800 received during 2003/04 was applied to finance capital expenditure in 2004/05).

4. CAPITAL EXPENDITURE

This has been accrued where necessary. Government grants used to finance capital expenditure are credited to "Government Grants Deferred" in the Balance Sheet and will be written off to revenue over the life of the assets to which they relate.

5. STOCKS

These have been included in the accounts at cost. This is a departure from the requirements of the Code and SSAP9, which require stocks to be shown at the lower of actual cost or net realisable value, whichever is the lower. The difference is not considered to be material.

6. DEBTORS

Bad debts are written off as soon as they are identified and approved by the Authority. A provision for possible bad debts of £4,411 has been established. In 2004/05 this figure was £4,391.

7. ACCRUALS

These have been included for material expenditure and income relating to 2005/06 but not paid or received in the year. Debts and liabilities for both revenue and capital budgets not covered by invoices despatched or received by the financial year-end are identified by officers and included in the Balance Sheet.

8. GOVERNMENT GRANTS

In accordance with accounting principles, government grants have been matched with the expenditure to which they relate.

9. OPERATING LEASES

Expenditure is charged to revenue evenly over the term of the lease.

10. SUPPORT SERVICES

Costs have been charged to Service Departments in accordance with the CIPFA Best Value Accounting Code of Practice. Democratic Representation and Management and Corporate Management costs have been separately identified in the Consolidated Revenue Account in line with the Code.

11. VALUE ADDED TAX

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

12. PROVISIONS AND EARMARKED RESERVES

Provisions are made and charged to the appropriate Consolidated Revenue Service Account for any liabilities likely or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise. Provisions are charged to the Consolidated Revenue Account but when the expenditure is actually incurred, it is charged direct to the Provision Account.

Earmarked reserves are amounts set-aside with prior approval for a specific purpose, falling outside the definition of provisions. Transfers to and from Earmarked Reserves are disclosed in the Consolidated Revenue Account as an appropriation.

13. DEFERRED CHARGES

These represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. There were no movements during the year.

14. REDEMPTION OF DEBT

As at 31st March 2006 The Authority is debt free.

15. INTEREST CHARGES AND RECEIPTS

As the Authority is debt free there were no charges during the year. Surplus funds, as a result of prudent cash flow management, are invested via the Authority's Bank and generate receipts which are credited to the Consolidated Revenue Account.

16. PENSION COSTS

The Authority is a member of the Powys County Council Pension Fund. In previous years, liabilities in relation to retirement benefits were recognised only when the employer's contribution to the pension fund became payable. The requirements under the Financial Reporting Standard 17 (FRS17 *Retirement Benefits*) are that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. This change in policy has been applied in 2005/06. The new policy better reflects the Authority's commitment in the long term to increase contributions to make up the shortfall in attributable net assets in the pension fund. The change has had the following effects on the results of the prior and current periods:

The overall amount to be met from government grants and the levy has remained unchanged but the employer's pension costs disclosed for individual services in 2005/06 are 4.89% lower. This is after the replacement of employer's contributions to the Pension Fund by current service costs as calculated by the Pension Fund's

actuary (Hewitt Bacon and Woodrow Ltd). Net operating expenditure is 1.41% lower than it would otherwise have been.

The requirement to recognise the net pensions liability in the Balance Sheet has significantly reduced the reported net worth of the Authority. Without the net pensions liability the net worth in 2005/06 would be £3,780,556 compared to £47,870 after the liability; a reduction of 98.7%.

17. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets/liabilities are defined by Financial Reporting Standard 12 as either:

- (a) A possible benefit/obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control, or
- (b) A present benefit/obligation that arises from past events but is not recognised because:
 - (i) It is not probable that a transfer of economic benefits will be required to settle the benefit/obligation, or
 - (ii) The amount of the benefit/obligation cannot be reliably measured.

Where contingent items are identified, the Authority does not include the relevant amounts in the balance sheet or revenue account but reports them as a balance sheet note. No such items have been identified in the year.

18. EXTRAORDINARY AND EXCEPTIONAL ITEMS, PRIOR YEAR ADJUSTMENTS AND POST-BALANCE SHEET EVENTS

An extraordinary item is expenditure or income arising from an event outside the Authority's normal business. It is shown in the Revenue Account below the ordinary activities of the Authority.

An exceptional item is expenditure or income arising from an event within the normal business of the Authority which is so prominent that it should be identified in the Revenue Account to fairly present the finances of the authority.

Prior period adjustments are items of expenditure and income arising from changes in accounting policies or from the correction of material errors relating to earlier years' accounts. They are accounted for by restating the comparative figures from the earlier period in the Statement of Accounts.

After the Statement of Accounts has been approved by the Authority, amendments will only be made for items which are material and with the agreement of the Wales Audit Office. Any such amendments will be approved by the Authority prior to publication.

19. RELATIONSHIPS WITH COMPANIES

The Authority has no interests in companies or other entities that have the nature of subsidiaries, associates or joint ventures and would require it to prepare group accounts.

**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDING
31st MARCH 2006**

2004/05		2005/06	2005/06	2005/06
Net		Expenditure	Income	Net
£		£	£	£
1,423,324	Conservation & Community	2,012,183	(725,261)	1,286,922
2,201,318	Countryside	3,221,490	(888,545)	2,332,945
188,008	Strategy and Policy	323,657	(546)	323,111
648,536	Corporate and Democratic Costs	725,949	(30,124)	695,825
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4,461,186	Net Cost of Services	6,283,279	(1,644,476)	4,638,803
(343,284)	Asset Management Revenue Account (Note 9)			(239,961)
90,000	Non-Distributable Costs			(180,000)
410,000	Pensions Interest Cost			460,000
(310,000)	Expected Return on Pension Fund Assets			(340,000)
(54,398)	Interest receivable			(39,720)
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4,253,504	Net Operating Expenditure			4,299,122
	Appropriations Account:			
(98,326)	Transfers to/from Capital Financing Reserve			(57,120)
0	Appropriation to Conservation Fund			14,718
(622)	Appropriation from Earmarked Reserve to Specific Grant-Aided Projects			(400)
44,673	Revenue Financing of Capital Expenditure			29,886
(197,833)	Pensions Appropriations to Reserves			186,269
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4,001,396	Met from Government Grant and Local Taxpayers			4,472,475
	Levies on Constituent Councils:			
586,456	Powys C.C.			610,918
146,614	Carmarthenshire C. C.			152,728
111,706	Monmouthshire C. C.			116,365
50,866	Rhondda Cynon Taff C.B.C.			52,988
39,895	Merthyr Tydfil C.B.C.			41,559
30,919	Blaenau Gwent C.B.C.			32,208
30,919	Torfaen C.B.C.			32,208
3,060,127	National Park Grant			3,184,927
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4,057,502				4,223,901
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(56,106)	Deficit (Surplus) transferred from (to) Reserves			248,574
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CONSOLIDATED REVENUE ACCOUNT NOTES

1. FINANCE AND OPERATING LEASES

The Authority has no assets held under finance leases.

The Authority uses vehicles and equipment held under operating leases which cost £202,433 in the year as follows:

Class of Asset	2004/2005	2005/2006
	£	£
Land and Buildings	97,000	98,433
Furniture and Equipment	12,253	12,184
Vehicles and Plant	104,454	91,816
	213,707	202,433

Future Leasing Commitments	2004/2005	2005/2006
	£	£
Buildings – Plas y Ffynnon Headquarters	571,166	496,666
- Ffrwdgrech Depot	54,375	31,875
Office Equipment	51,782	39,598
Vehicles	208,200	159,063
Total	885,523	727,202

See Balance Sheet Note 10 for the timing of future lease commitments.

2. SECTION 137 LOCAL GOVERNMENT ACT 1972

(as amended by the Local Government and Housing Act 1989)

Section 137 empowers local authorities, subject to various conditions and limits, to incur expenditure that, in their opinion, is in the interest of and will bring direct benefit to their area or any part of it, or all or some of its inhabitants. Under this section local authorities are required to account separately for any such expenditure.

No such expenditure was incurred by this Authority in the year (as per previous year).

3. EXPENDITURE ON PUBLICITY

Below is the Authority's expenditure on publicity, which must be reported as required by S.5(1) of the Local Government Act 1986:

	2004/2005	2005/2006
	£	£
Recruitment Advertising	34,597	28,039
Planning Related Advertising	11,231	16,450
Other Advertising	50,839	59,121
Other Publicity	6,626	11,845
Total	103,293	115,455

4. OFFICERS WITH TOTAL REMUNERATION EXCEEDING £60,000 PER ANNUM

The number of officers with remuneration in excess of £60,000 in the year was as follows:

Band	2004/2005	2005/2006
£60,000 - £69,999	1	1
£70,000 - £79,999	0	0

5. ALLOWANCES PAID TO AUTHORITY MEMBERS

A total of £72,117 (£48,216 in 2004/2005) in allowances was paid to the Authority's Members in connection with their duties during the year. The rates applicable during the year and the allowances paid to Members are set out below and details of the allowances paid to individual Members in 2005/06 are listed at Appendix 1.

<u>Members' Allowance Scheme</u>	£
Attendance Allowance (per meeting)	50
<u>Other allowances (per annum)</u>	
Basic Allowance (all Members)	12
Special Responsibility Allowances:	
Chair of the Authority	5,000
Deputy Chair of the Authority	2,500
Chair of Development Control Committee	2,050
Deputy Chair of Development Control Committee	1,353
Chair of Corporate Resources, Strategy & Policy, Access & Rights of Way and Events Committees	677
Deputy Chair of Corporate Resources, Strategy & Policy, Access & Rights of Way and Events Committees	446

6. SUPERANNUATION

The Authority participates in the Local Government Pension Scheme, administered on behalf of the Authority by Powys County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The charge the Authority is required to make against the National Park Grant and Levy is based on the actual cash contributions paid in the year. However, the Authority recognises the cost of retirement benefits in the Net Cost of Services when they are

earned by employees, rather than when the benefits are eventually paid as pensions. This real cost of retirement benefits is reversed out of the Consolidated Revenue Account after Net Operating Expenditure. The following transactions relating to pensions have been made in the Consolidated Revenue Account during the year.

	2004/2005	2005/2006
	£	£
Net Cost of Services:		
Current service cost	350,000	380,000
Past service gain		(250,000)
Past service costs	90,000	70,000
Net Operating Expenditure:		
Interest cost	410,000	460,000
Expected return on assets in the scheme	(310,000)	(340,000)
Amount to be met from National Park Grant and Local Authority Levy:		
Movement on pensions reserve	(197,833)	186,269
Actual amount charged against council tax for pensions in the year:		
Employer's contributions payable to the scheme	342,167	506,269

Employer's contributions to the Scheme in 2005/06 included a capital contribution to the cost of early retirements following a restructuring during the year. This cost has been spread over 3 years and cost £68,197 in 2005/06. A contribution to the Scheme of £38,533 has also been paid to provide for the impact of the delay in implementing changes to the National Local Government Pension Scheme which are the subject of ongoing negotiations between local government employers and unions.

Further information on the accounts of the Pension Fund itself can be found in the annual report of Powys County Council's Superannuation Fund, which can be obtained from Powys County Council, County Hall, Llandrindod Wells, Powys LD1 5LG. Balance Sheet Note 4 contains details of the assumptions made in estimating the figures included in this note. Note 1 to the Statement of Total Movements on Reserves details the actuarial loss made during the year together with a breakdown of the factors that have led to the loss.

7. 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 Authority has agreed the materiality level for disclosure of Related Party Transactions at £5,000.

The following matters are provided for information:

- The Welsh Assembly Government has effective control over the general operations of the Authority and is its major funder. Details of government grants received are set out in a note to the cash flow statement.
- Funding grants of a material level are disclosed in the Cash Flow Statement Notes.
- The Authority maintains registers of Members interests. These have been checked and there were no material related party transactions in the year or in 2004/2005.
- There were no material related party transactions in respect of Officers.
- The Authority pays local landowners through signed 'Management Agreements' for conservation purposes and one material payment of £6,562 was made during the year in relation to Gwaun Cefn-y-Garreg.
- The following grants in excess of £5,000 were paid under the Sustainable Development Fund (SDF), the Brecon Town Scheme, the Crickhowell Town Scheme, Historic Building Grants and Village Enhancement Schemes under Article 33 during the year:

<u>Grant Recipient</u>	£
Mr C Powell (Brecon Town Scheme)	35,688
Crickhowell 21 (Article 33 Village Enhancement Scheme)	28,600
Mr D Cousins (Brecon Town Scheme)	24,941
H J & D Webb & Sons (Crickhowell Town Scheme)	21,380
Mrs C Simms (Brecon Town Scheme)	21,166
Crickhowell Community Telecottage (Article 33 Village Enhancement Scheme)	17,007
CPRW (Sustainable Development Fund)	15,524
Arts Alive (Sustainable Development Fund)	15,000
Llangattock Community Council	13,622
SIREN (Sustainable Development Fund)	12,144
The Usk Project (Sustainable Development Fund)	10,000
Awel Aman Tawe (Sustainable Development Fund)	10,000
Brecon Credit Union (Sustainable Development Fund)	9,966
Mr R Huntley (Crickhowell Town Scheme)	9,270
The Bear Hotel (Crickhowell Town Scheme)	8,373
Keep Wales Tidy	7,835
South Powys LETS	7,340
The Henry Vaughan Walk Project	7,216
Pontneddfechan Community Café (Sustainable Development Fund)	7,150
Brecon Advice Centre (Sustainable Development Fund)	5,158
Mr V Philips (Historic Building Grant)	5,000
Gwerin Housing Association (Sustainable Development Fund)	5,000
Brecon Jazz Festival (Sustainable Development Fund)	5,000
Celt Touring Project (Sustainable Development Fund)	5,000

Other than those declared elsewhere in this statement, there were no further material related party transactions in the year.

8. EFFECT OF CAPITAL FINANCING CHARGES ON THE CONSOLIDATED REVENUE ACCOUNT

The basis for the notional capital financing charge is 3.5%, for assets carried at value, and 4.95%, for assets carried at historical cost, of the year end value of the assets in the Balance Sheet used by each service. The charge is included in the 'Net Cost of Services' and reversed in the 'Asset Management Revenue Account' so that the effect on the net expenditure met from government grant and local taxpayers is nil.

The total notional capital financing charge for the year is £141,470 (£133,648 in 2004/2005).

9. MOVEMENTS ON THE ASSET MANAGEMENT REVENUE ACCOUNT

	2004/2005	2005/2006
	£	£
Depreciation on Fixed Assets	307,962	149,086
Impairment Charges	0	6,525
	307,962	155,611
Reversal of Capital Charges, Impairment and Depreciation	(441,610)	(297,081)
Write-down of Government Grants Deferred	(209,636)	(98,491)
Transfer to Consolidated Revenue Account	(343,284)	(239,961)

10. LOCAL AUTHORITY (GOODS AND SERVICES) ACT 1970

There was no income or expenditure under the above Act during the year, or during the previous year.

11. FEES PAYABLE TO EXTERNAL AUDITORS

The Authority's external audit service was provided by Wales Audit Office and the Authority paid the following fees during the year for external audit and inspection. The 2004/05 figures have been restated to comply with the current Code of Practice.

	2004/2005	2005/2006
	£	£
Code of Audit Practice: Accounts	6,053	6,353
Code of Audit Practice: Performance Inspection	12,987	13,871
Other Services*	7,888	8,046
Certification of Grants	0	3,000
	500	500
Total	27,428	31,770

* Baseline assessment of the Planning Service (2005)

12. OUTSTANDING UNDISCHARGED OBLIGATIONS ARISING FROM LONG-TERM CONTRACTS

There are no outstanding undischarged obligations arising from long-term contracts (none in 2004/05).

13. SIGNIFICANT TRADING OPERATIONS

There are no significant trading operations (none in 2004/05).

14. SIGNIFICANT AGENCY INCOME AND EXPENDITURE

There is no significant agency income and expenditure (none in 2004/05).

15. TRANSPORT ACT 2000

No schemes under the Transport Act 2000 are operated by the Authority (none in 2004/05).

BALANCE SHEET AS AT 31st MARCH 2006

2004/2005		2005/2006
(£)		(£)
	FIXED ASSETS (BS Note 1)	
2,448,284	Land and Buildings	2,446,811
13,258	Vehicles and Plant	10,606
214,378	Community Assets	171,427
446,530	Infrastructure Assets	408,868
324,853	Furniture and Equipment	251,752
3,447,303	TOTAL FIXED ASSETS	3,289,464
3,447,303	TOTAL LONG TERM ASSETS	3,289,464
	CURRENT ASSETS	
73,821	Stocks	78,765
270,809	Debtors (BS Note 3)	270,434
0	Payments in Advance	26,918
929,225	Cash and Bank	726,615
4,721,158	TOTAL ASSETS	4,392,196
	CURRENT LIABILITIES	
477,833	Creditors (BS Note 3)	546,658
47,067	Receipts in Advance	41,375
524,900		588,033
4,196,258	TOTAL ASSETS LESS CURRENT LIABILITIES	3,804,163
0	Provisions (BS Note 6)	0
(3,491,911)	Liability Related to Defined Benefit Pension Schemes	(3,732,686)
704,347	TOTAL ASSETS LESS LIABILITIES	71,477
2,348,700	Fixed Assets Restatement Account (BS Note 8)	2,316,586
259,140	Capital Financing Account (BS Note 9)	231,906
836,289	Government Grants Deferred (BS Note 7)	737,798
	OTHER FUND BALANCES AND RESERVES	
749,120	Carry-forward Reserve (BS Note 14)	500,546
3,009	Earmarked Reserves	17,327
0	Usable Capital Receipts Reserve	0
(3,491,911)	Pensions Reserve	(3,732,686)
704,347	TOTAL NET WORTH	71,477

BALANCE SHEET NOTES**1. FIXED ASSET TRANSACTIONS**

The Authority's land and buildings were last valued as at 31st March 2003 in line with current accounting practice. The valuation was based on the CIPFA Specification for Commissioning Valuation Services (January 1994). The revaluation was carried out by a qualified Surveyor (F.R.I.C.S.) employed by Powys County Council. Where an open market value for the existing use of the assets could be assessed, this has been provided; otherwise depreciated replacement cost has been used. Rates of 3.5% (for assets carried at value) and 4.95% (for assets carried at historical cost) have been used to charge service accounts with a notional capital financing charge. Asset lives for buildings have been estimated by the Valuers and for other assets by the Chief Financial Officer in consultation with officers responsible for the associated capital works. All assets are fully depreciated on a straight line basis over their estimated useful lives. Impairments to Infrastructure assets occurred during the year owing to deterioration of the Upland Erosion and Access works. The value of the impairments is calculated as £6,525. Officers responsible for the management of particular assets were consulted as to any specific impairment in the year. The Authority is satisfied that the valuations for Fixed Assets have not changed materially during the year.

See Consolidated Revenue Account Note 9 relating to depreciation and capital financing charges applied. In June 2004, the Authority decided to apply a minimum value of £10,000 to all future capital expenditure and to fully depreciate all assets with a net value of less than £10,000 other than land and buildings. Gross and net values of assets as at 1st April 2005 were as follows:

Assets	Gross Value 1/04/05 £	Accumulated Depreciation £	Net Value 1/04/05 £
Operational Assets			
Land & Buildings	2,744,935	296,651	2,448,284
Vehicles & Plant	78,853	65,595	13,258
Community Assets	384,437	170,059	214,378
Infrastructure Assets	596,843	150,313	446,530
Furniture & Equipment	694,138	369,285	324,853
Non-Operational Assets	0	0	0
Total	4,499,206	1,051,903	3,447,303

The assets held by the Authority as at 31 March 2006 can be analysed into the following headings:

Portfolio of Assets Held	Number of items	
	31 March 2005	31 March 2006
Car parks, conservation and amenity land	56	56
Visitor Centres	2	2
Footpaths, trails and associated structures	17	17
Historic sites	8	6
Visitor facilities	3	4
Operational and office equipment	12	12
Community amenities	2	2
Offices	1	1

Movements in operational fixed assets during the year were:

	Balance 31/03/05	Write- offs in year	Additions in year	Impairments in year	Other Depreciation in year	Balance 31/03/06
	£	£	£	£	£	£
Land & Buildings	2,448,284	0	29,886	0	(31,359)	2,446,811
Vehicles & Plant	13,258	0	0	0	(2,652)	10,606
Community Assets	214,378	(29,383)	0	0	(13,568)	171,427
Infrastructure Assets	446,530	0	0	(6,525)	(31,137)	408,868
Furniture & Equipment	324,853	(2,731)	0	0	(70,370)	251,752
Total	3,447,303	(32,114)	29,886	(6,525)	(149,086)	3,289,464

There were no disposals in 2005/06 (or in the previous year) and the Authority holds no non-operational assets.

Finance of Additions:	£	Assets:	£
Capital Grants	0	Operational Assets	29,886
Revenue Financing	29,886		0
Usable Capital Receipts	0		0
Total	29,886		29,886

2. PROVISION FOR CREDIT LIABILITIES

Local Authorities are required to set aside a provision to repay external loans and finance leases and for other limited purposes. The Authority is debt free and has no external loans or finance leases and therefore no provision is required. There was also no provision in 2004/05.

3. DEBTORS AND CREDITORS BALANCES AS AT 31st MARCH 2006

The principal components of these balances are shown below:

31/03/05		31/03/06
£		£
	Debtors	
179,518	Government/Agency Departments	152,177
43,639	Local Government/Public Authorities	63,815
52,043	Other Debtors	58,853
(4,391)	Less: Bad Debts Provision	(4,411)
270,809		270,434

Creditors

108,552	Government/Agency Departments	107,341
116,060	Local Government/Public Authorities	230,486
253,221	Other Creditors	208,831
477,833		546,658

4. DISCLOSURE OF INFORMATION ABOUT THE MOVEMENTS IN THE NET PENSIONS LIABILITY

Note 6 to the Consolidated Revenue Account provides details of the Authority's participation in the Local Government Pension Scheme (administered by Powys County Council). In accordance with Financial Reporting Standard No. 17 – Retirement Benefits (FRS 17) disclosure of certain information concerning assets, liabilities, income and expenditure related to pension schemes is required. The latest actuarial valuation of the Powys County Council Pension Fund (the Fund) took place on 31 March 2004. The principal assumptions used by the independent, qualified actuaries Hewitt, Bacon and Woodrow in updating the latest valuations of the Fund for FRS 17 purposes were:

	31st March 2005 % per annum	31st March 2006 % per annum
Rate of inflation	2.9	3.0
Rate of general long-term increase in salaries	4.4	4.5
Rate of increase in pensions in payment	2.9	3.0
Discount rate for scheme liabilities	5.3	3.0
Discount rate for pension cost over following year	5.3	4.9

The actuaries were informed that the market value of the assets of the Fund at 31st December 2005 was £255.23 million. The assets as at 31 March 2006 have been estimated using index returns. Further details are set out below.

	Long-term rate of return expected at 31st March 2005 % per annum	Estimated value at 31st March 2005 £m	Long-term rate of return expected at 31st March 2006 % per annum	Estimated value at 31st March 2006 £m
Equities	7.7	105.92	7.3	133.61
Property	6.7	9.42	6.3	12.23
Government Bonds	4.7	48.82	4.3	64.97
Corporate Bonds	5.3	49.67	4.9	50.11
Other Assets	4.8	4.53	4.6	2.81

Total	6.4	218.36	6.0	263.73
<u>Funding Position</u>			31st March 2005	31st March 2006
			(£m)	(£m)
Share of assets			5.15	6.52
Estimated funded liabilities			(8.50)	(10.14)
Estimated unfunded liabilities			(0.06)	(0.07)
Surplus(Deficit)			(3.41)	(3.69)
<u>Analysis of amount charged to Net Service Cost</u>			For year ending 31st March 2005	31st March 2006
			£m	£m
Current service cost			0.35	0.38
Past service costs			0.09	0.07
Past service gain			0.00	(0.25)
Curtailments/settlements			0.00	0.00
Total charged to net services cost			0.44	0.20
<u>Analysis of amount credited to other finance income</u>			For year ending 31st March 2005	31st March 2006
			£m	£m
Expected return on pension scheme assets			0.31	0.34
Interest on pension scheme liabilities			(0.41)	(0.46)
Net return			(0.10)	(0.12)
<u>Analysis of amount recognised in Statement of Total Movements in Reserves</u>			For year ending 31st March 2005	For year ending 31st March 2006
			(£m)	(£m)
Actual return less expected return on pension scheme assets			0.12	0.66
Experience gains and losses arising on the scheme liabilities			(0.12)	0.00
Changes in assumptions underlying the present value of the scheme liabilities			(1.72)	(1.09)
Total actuarial gain (loss)			(1.72)	(0.43)

Analysis of movements in deficit during the year

	For year ending 31st March 2005	For year ending 31st March 2006
	(£m)	(£m)
Deficit in scheme at beginning of the year	(1.57)	(3.41)
Current service cost	(0.35)	(0.38)
Contributions (including 'unfunded' pensions paid)	0.42	0.47
Past service costs	(0.09)	(0.07)
Past service gain	0.00	0.25
Curtailments/settlements	0.00	0.00
Other finance income	(0.10)	(0.12)
Actuarial gain/(loss)	(1.72)	(0.43)
Deficit in scheme at end of the year	(3.41)	(3.69)

History of experience gains and losses

	For year ending 31st March 2005	For year ending 31st March 2006
Difference between expected and actual return on scheme assets: Amount (£m)	0.12	0.66
Percentage of scheme assets	2.3%	10.1%
Experience losses on scheme liabilities: Amount (£m)	(0.12)	0.00
Percentage of the present value of the scheme liabilities	-1.5%	0.0%
Changes in assumptions: Amount (£m)	(1.72)	(1.09)
Percentage of the present value of the scheme liabilities	-20.0%	-1.07%
Total amount recognised in STRGL: Amount (£m)	(1.72)	(0.43)
Percentage of the present value of the scheme liabilities	-20%	-4.2%

Impact of FRS17 calculations on the Balance Sheet

The actuary has compared the Authority's assets in the pension fund with its projected long-term liabilities for retirement benefits at 31st March and these are as follows:

	31/03/05	31/03/06
	£000	£000
Share of Assets	5,150	6,520
Estimated Funded Liabilities	(8,500)	(10,140)
Estimated Unfunded Liabilities	(60)	(70)
Net Liability	(3,410)	(3,690)

The total liability recognised in the balance sheet of £3,732,686 reflects the underlying liability above as well as accounting entries relating to the difference between the actual expenditure on pension costs and the actuarial view of the pension costs attributable to the year. It has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in an overall net worth of £47,870 which is 98.7% less than the net worth before this liability is taken into account. The deficit will be met over time as employer contributions are adjusted triennially to take future liabilities into account. Any increase in actual contributions will have an impact on the Consolidated Revenue Account.

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. The independent firm of actuaries used is Hewitt Bacon and Woodrow and estimates for the Powys County Council Fund are based on the latest full valuation of the scheme as at 31st March 2004

5. THE EURO

The Authority has not yet formulated a policy in relation to the Euro.

6. PROVISIONS

There were no movements in provisions during the year.

7. GOVERNMENT GRANTS DEFERRED ACCOUNT

This account represents capital grants received for the financing of capital expenditure.

	£
Balance as at 1st April 2005	836,289
Capital Grants received	0
Less:	
Grants written back to revenue	(98,491)
Balance as at 31st March 2006	737,798

8. FIXED ASSET RESTATEMENT ACCOUNT

This account represents the increase or decrease in the stated value of the fixed assets in the Balance Sheet, as a result of revaluations undertaken in compliance with capital accounting regulations. Where the revaluation is greater than the original cost, the increase in value is added to the reserve. Any increase in value does not create a surplus to the Authority as this is not a cash backed reserve. The reserve is written down by the net book value of assets on disposal and on any fall in the value of fixed assets.

	£
Balance at 1st April 2005	2,348,700
Revaluations: Land and Buildings increases in value	0

Disposals of Fixed Assets	0
Fixed Assets written off	32,114
	<hr/>
Balance at 31st March 2006	2,316,586
	<hr/>

9. CAPITAL FINANCING ACCOUNT

This account contains the amount of capital expenditure financed from revenue and capital receipts, depreciation and a write down of government grants deferred.

	£
Balance at 1st April 2005	259,140
2005/06 Capital Financing:	
Capital Receipts	0
Revenue	29,886
2005/06 Depreciation	(149,086)
Impairment Loss	(6,525)
2005/06 Write-down of Government Grants Deferred	98,491
	<hr/>
Balance at 31st March 2006	231,906
	<hr/>

10. LEASES

Under SSAP21 the Authority is required to make certain disclosures relating to assets held under finance and operating leases. The Authority has no assets under finance leases. Lease payments committed in 2006/07 are £97,000 (land and buildings) and £96,601 for other leases. The equivalent amounts in 2005/06 are £98,433 (Land and Buildings) and £104,000 for Other Leases.

The following disclosures apply to 2006/07 commitments under the operating leases to which the Authority is currently a party.

	Leases ending in 2006/07	Leases ending 07/08– 11/12	Leases ending after 31/03/12
	£	£	£
Leases of Land & Buildings	0	22,500	74,500
Other Leases	18,030	78,571	0
	<hr/>	<hr/>	<hr/>
Total	18,030	101,071	74,500
	<hr/>	<hr/>	<hr/>

11. CAPITAL COMMITMENTS

There are no estimated payments due to contractors under capital contracts by 31st March 2006.

In 2004/05, estimated payments due to contractors by 31st March 2006, in connection with the project to stabilise and protect the Crannog in Llangorse Lake, totalled £49,658 (including retention). The scheme was fully funded with a grant from CADW.

12. CONTINGENT LIABILITY

There are no contingent liabilities for 2005/06. A contingent liability for pension fund strain and redundancy payments relating to restructuring was noted in the 2004/05 financial statement. This has now materialised and has been reflected in the accounts.

13. POST BLANCE SHEET EVENTS

There are no significant Post Balance Sheet Events (none in 2004/05).

14. ANALYSIS OF CARRY-FORWARD RESERVE

	2004/05	2005/06
	£	£
General Fund	749,120	500,546
Earmarked Funds	3,009	17,327
Total	752,129	517,873

STATEMENT OF TOTAL MOVEMENTS IN RESERVES IN THE YEAR TO 31st MARCH 2006

The Statement of Total Movements in Reserves brings together all the recognised gains and losses of the Authority during the year.

	2004/2005	2005/2006
	£	£
Surplus in Consolidated Revenue Account	56,106	(248,574)
Deduct transfer from specific revenue reserve	(622)	14,318
Appropriation for asset impairment loss charged to revenue	0	(6,525)
Appropriations from Pensions Reserve	(197,833)	189,225
Appropriation from Capital Financing Account	(98,326)	(50,595)
Actuarial Gains and (Losses) relating to Pensions	(1,720,000)	(430,000)
Total Increase/ (Decrease) in Revenue Resources (STMR Note 1)	(1,960,675)	(532,151)
Increase/(Decrease) in Usable Capital Receipts	(800)	0
Increase/(Decrease) in Unapplied Capital Grants/Contributions	0	0
Total Increase/(Decrease) in Realised Capital Resources (STMR Note 2)	(800)	0
Gains/(Losses) on Revaluation of Fixed Assets	0	(32,114)
Total Increase/(Decrease) in unrealised Value of Fixed Assets (STMR Note 3)	0	(32,114)
Value of Assets Sold, Disposed of or Decommissioned (STMR Note 4)	0	0
Capital Resources set aside for capital investment	800	0
Revenue Resources set aside for capital investment	44,673	29,886
Movement on Government Grants Deferred	(209,636)	(98,491)
Total Increase/(Decrease) set aside to finance Capital Investment (STMR Note 5)	(164,163)	(68,605)
Total Recognised Gains and Losses	(2,125,638)	(632,870)

NOTES TO STATEMENT OF TOTAL MOVEMENTS IN RESERVES

1. MOVEMENT IN REVENUE RESOURCES

	General Fund Balances £	Pensions Reserve £
Surplus to Consolidated Revenue Account	(248,574)	
Appropriation to(from) Specific Revenue Reserves	14,318	189,225
Actuarial loss relating to Pensions*		(430,000)
Total Increase/(Decrease) in Revenue Resources	(234,256)	(240,775)
Balance brought forward at 1 st April 2005	752,129	(3,491,911)
Balance carried forward 31st March 2006	517,873	(3,732,686)

* The Actuarial Pensions Loss can be further analysed as follows:

	£	%
Actual return less expected return on assets	660,000	10.1% of scheme assets
Experience gains and losses on pension liabilities	0	0.0% of pension liabilities
Changes in assumptions underlying the present value of pension liabilities	(1,090,000)	-10.7% of pension liabilities
Total	(430,000)	-4.2% of pension liabilities

Analysis of Actuarial Pensions Loss over previous financial years:

Analysis of actuarial Pensions loss over previous financial years	Actual return less expected return on assets		Experience gains and losses on pension liabilities		Changes in assumptions underlying the present value of pension liabilities	
	£	% of Assets	£	% of Liabilities	£	% of Liabilities
2002/03	(710,000)	18.7	0	0	30,000	0.5
2003/04	430,000	8.8	0	0	10,000	0.2
2004/05	120,000	2.3	(120,000)	-1.5	1,720,000	-20.1

2. MOVEMENTS IN REALISED CAPITAL RESOURCES

	Useable Capital Receipts £	Unapplied Capital Grants & Contributions £
Amounts Receivable	0	0
Amounts Applied to Finance New Capital Investment	0	0
Total Decrease in Realised Capital Resources	0	0

3. MOVEMENTS IN UNREALISED VALUE OF FIXED ASSETS

	Fixed Asset Restatement Reserve £
Gains/(Losses) on Revaluation of Fixed Assets	(32,114)
Impairment Losses on Fixed Assets due to General Changes in Prices	0
Gains/(Losses) on Part-Exchange of Fixed Assets	0
Gains/(Losses) on Capitalisation of Previously Uncapitalised Fixed Assets	0
Total Increase/(Decrease) in Unrealised Capital Resources	(32,114)

4. VALUE OF ASSETS SOLD, DISPOSED OF OR DECOMMISSIONED

	£
Gains/(Losses) on Revaluation of Fixed Assets	0
Amounts Written off Fixed Asset Balances for Disposals	0
Total Movement on Reserve	(32,114)
Balance brought forward at 1 st April 2005	2,348,700
Balance carried forward 31st March 2006	2,316,586

5. MOVEMENTS IN AMOUNTS SET ASIDE TO FINANCE CAPITAL INVESTMENT

	Capital Financing Account £	Government Grants Deferred £	Total £
Capital Receipts set aside	0	0	0
Amounts credited to Asset Management Revenue Account	0	(98,491)	(98,491)
Appropriations to/from Revenue	(50,595)	0	(50,595)
Revenue Resources: Capital Expenditure Financed from Revenue	29,886	0	29,886
Grants Applied to Capital Investment			
Impairment loss charged to revenue	(6,525)	0	(6,525)
Total Decrease set aside to Finance Capital Investment	(27,234)	(98,491)	(125,725)
Balance brought forward 1 st April 2005	259,140	836,289	1,095,429
Balance carried forward 31st March 2006	231,906	737,798	969,704

6. RECONCILIATION OF TOTAL MOVEMENTS ON RESERVES TO NET WORTH

	£
Total Movements on Reserves	(534,379)
Plus Movement on Government Grants Deferred Account	(98,491)
Decrease in Net Worth	(632,870)

CASH FLOW STATEMENT FOR THE YEAR TO 31st MARCH 2006

2004/2005		£	£	2005/2006
£		£	£	£
	REVENUE ACTIVITIES			
	Expenditure			
3,421,007	Cash paid to and on behalf of employees	3,473,612		
2,284,639	Other Operating Cash Payments	2,567,856		
5,705,646			6,041,468	
	Income			
3,620,364	Government Grants (Note 3)		3,712,335	
997,375	Levies on Constituent Authorities		1,038,974	
809,881	Cash Received for Goods & Services		831,861	
86,655	Other Operating Cash Receipts		256,988	
5,514,276			5,840,158	
				201,310
191,370	Net Cash Flow on Revenue Activities (Note 1)			
	SERVICING OF FINANCE			
	Expenditure			
0	Interest Paid		0	
0	Interest Element of Finance Lease Rentals		0	
0				
	Income			
63,293	Bank Interest Received			(39,720)
(63,293)				
	CAPITAL ACTIVITIES			
	Expenditure			
41,818	Purchase of Fixed Assets		41,020	
0	Payment of Capital Grants		0	
41,818				
	Income			
0	Sale of Fixed Assets		0	
3,003	Capital Grants Received		0	
3,003				
38,815	Net Cash Flow on Capital Activities			41,020
166,892	NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING			202,610
0	FINANCING			0
(166,892)	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			(202,610)

CASH FLOW STATEMENT NOTES**1) RECONCILIATION OF NET SURPLUS ON CONSOLIDATED REVENUE ACCOUNT TO REVENUE ACTIVITIES NET CASH FLOW**

	£	£	£
Surplus on Consolidated Revenue Account			(248,574)
Non Cash Transactions:			
Transfer from Reserves		44,204	
			44,204
Accruals items:			
Increase in Stocks	(4,944)		
Increase in Revenue Debtors	(53,461)		
Increase in Revenue Creditors	68,575		
Increase in Payments in Advance	26,918		
Decrease in Receipts in Advance	5,693	42,780	
Items classified Elsewhere in Cash Flow Statement:			
Less Interest Received		(39,720)	
			3,060
Net Cash Flow on Revenue Activities			(201,310)

2) MOVEMENTS IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent all balances held by the Authority's bankers in business accounts, to which the Authority has immediate access, plus cash floats and imprests held by officers of the Authority.

	Balance at 1 st April 2005	Movement in Year	Balance at 31 st March 2006
	£	£	£
Cash & Bank plus Temporary Lending	929,225	(202,610)	726,615

3) ANALYSIS OF GOVERNMENT GRANTS

	£
National Park Grant (Welsh Assembly Government)	3,252,768
European Union	27,132
Countryside Council for Wales	11,175
Wales Tourist Board	44,873
Forestry Commission	3,500
CADW	111,073
WDA	16,650
Countryside Agency	(4,836)
Environmental Development Fund	250,000
Total Grants shown in Cash Flow Statement	3,712,335

INDEPENDENT AUDITOR'S REPORT TO BRECON BEACONS NATIONAL PARK AUTHORITY

I have audited the accounting statements of Brecon Beacons National Park Authority for the year ended 31 March 2006 under the Public Audit (Wales) Act 2004. The accounting statements comprise the Consolidated Revenue Account, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. The accounting statements have been prepared under the accounting policies set out in the statement of accounts.

This report is made solely to Brecon Beacons National Park Authority in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 42 of the Statement of Responsibilities of Appointed Auditors, and Inspectors, and of Audited and Inspected Bodies (2005) prepared by the Auditor General for Wales.

The maintenance and integrity of the Brecon Beacons National Park Authority web site is the responsibility of the PR and Communications Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Respective responsibilities of the Chief Finance Officer and Auditors

The Chief Finance Officer's responsibilities for preparing the statement of accounts in accordance with relevant legal and regulatory requirements and the SORP on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities for the statement of accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and ISA (UK and Ireland).

I report to you my opinion as to whether the accounting statements present fairly the financial position of the Authority in accordance with relevant legal and regulatory requirements and the SORP on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA's guidance. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounts. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my audit in accordance with the Public Audit (Wales) Act 2004 , the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and ISA (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements.

Opinion

As I stated in my report dated 25th October 2006, in my opinion the statement of accounts present fairly the financial position of the Brecon Beacons National Park Authority as at 31st March 2006 and its income and expenditure for the year then ended.

Certificate

My report dated 25th October 2006 contained an audit opinion on the 2005/2006 accounts and explained that the audit could not be formally concluded until my assessment of the arrangements that the Brecon Beacons National Park Authority had in place for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2006 has been completed. That assessment is now complete.

My conclusion on the Brecon Beacons National Park Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2006 has been reported separately in the published Relationship Manager Annual Letter.

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

Mr Ceri Stradling
Wales Audit Office
2-4 Park Grove
Cardiff
CF10 3PA

Date:

APPENDIX 1: INDIVIDUAL MEMBERS ALLOWANCES 2005/06

Authority Member	Attendance Allowance £	Special Responsibility Allowance £	Total Allowance £
P.J. Ashton Powys (St Mary's Brecon)	2,812.00	0.00	2,812.00
A. Baynham: CHAIR RIGHTS OF WAY Merthyr Tydfil (Vaynor)	2,262.00	677.04	2,939.04
A.W. Breeze: CHAIR CORPORATE RESOURCES Monmouthshire (Cantref)	2,662.00	677.04	3,339.04
A.R. Carrington: DEP. CHAIR STRAT & POLICY (to 24/06/05) Monmouthshire (Llanelly Hill)	2,112.00	102.84	2,214.84
J. Charlton: DEPUTY CHAIR DEVELOPMENT CONTROL Wales Assembly Government Nominee	3,312.00	1,143.90	4,455.90
I.J. Evison Wales Assembly Government Nominee	713.00	0.00	713.00
P. Hopkins Blaenau Gwent (Tredgar Central & West)	1,462.00	0.00	1,462.00
J. Horton McNichol (finished 31/03/05, claim re previous year) Wales Assembly Government Nominee	154.00	0.00	154.00
D. H. Morgan Carmarthenshire (Llangadog)	1,912.00	0.00	1,912.00
E.T. Morgan: CHAIR DEVT CONTROL (from 24/06/05) Powys (Maescar/Llywel)	4,812.00	1,889.27	6,701.27
G.J. Morris: CHAIR STRATEGY & POLICY Powys (Crickhowell)	2,962.00	677.04	3,639.04
M.E. Morris: CHAIR AUTHORITY (from 24/06/05) Powys (Glasbury)	5,062.00	4,423.63	9,485.63
K. Pathak Powys (Tawe Uchaf)	2,962.00	0.00	2,962.00
W.D. Powell: DEPUTY CHAIR EVENTS (from 24/06/05) Powys (Talgarth)	2,312.00	343.20	2,655.20
M.D. Reece Torfaen (St Dials)	1,162.00	0.00	1,162.00
P. Seaman: DEP CHAIR STRAT & POLICY (from 24/06/05) Wales Assembly Government Nominee	2,961.57	343.20	3304.77
K.S. Silk Powys (Bwlch)	1,812.00	0.00	1,812.00
J.C. Suter: DEP CHAIR CORP. RESOURCES (from 24/06/05) Wales Assembly Government Nominee	1,512.00	343.20	1855.20
M. Taylor: CHAIR DEVELOPMENT CONTROL: DEPUTY CHAIR AUTHORITY (from 24/06/05) Wales Assembly Government Nominee	5,912.00	2,396.21	8,308.21
C.P. Thomas : CHAIR EVENTS (from 24/06/05) Wales Assembly Government Nominee	2,212.00	623.78	2,835.78
G.P. Thomas Rhondda Cynon Taff (Rhigos)	362.00	0.00	362.00
T.M. Thomas Wales Assembly Government Nominee	0.00	0.00	0.00
M. Tunncliffe Powys (Llangors)	2,212.00	0.00	2,212.00
E. Williams: DEPUTY CHAIR RIGHTS OF WAY Carmarthenshire (Quarter Bach/Llynfell/Brynaman)	2,862.00	446.04	3,308.04
C.M. Young Wales Assembly Government Nominee	1,512.00	0.00	1,512.00
TOTAL	58,030.57	14,086.39	72,116.96

APPENDIX 2: STATEMENT OF INTERNAL CONTROL

I. Scope of Responsibility

The Brecon Beacons 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 also has a duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised, having regard to economy, efficiency and effectiveness.

The Authority is also responsible for ensuring that there is a sound system of internal control, facilitating the effective exercise of its functions including risk management.

2. The Purpose of the System of Internal Control

The Authority’s system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can only provide reasonable and not absolute assurance of effectiveness. The Authority’s system is based on a continuous process designed to:

- identify and prioritise risks to its policies, aims, and objectives;
- evaluate the likelihood of those risks being realised and the impact if they are: and
- manage them efficiently, effectively and economically.

The system of internal control has been in place at the Authority for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts.

3. The Internal Control Environment

The Authority has examined the scope of internal control across the whole range of its activities and describes the internal control environment under four headings:

- Policies, Aims and Objectives;
- Corporate Governance;
- Financial Management and Use of Resources;
- Performance and Risk Management.

Policies, Aims and Objectives

The Authority has established its principal obligations which are:

- Statutory Purposes and Duty;
- Advice from WAG and the Countryside Council for Wales;
- Role in contributing to the Welsh Assembly Government’s objectives for modernising and improving public services;

- Unitary planning authority for the Brecon Beacons National Park;
- Relevant authority under the Countryside and Rights of Way Act 2000;
- Best Value Authority.

The Authority also has strategies in place for: consultation: communication; and community engagement. It undertakes an ongoing training programme for members linked to purposes, policies and current issues. Area Advisory Forums are convened twice a year in three areas of the Park (these comprise representatives from public bodies, tourism, farming, and community councils). The Community Development team hold regular meetings with community councils and other community representatives, and regular forums are held to seek the views of tourism operators across the Park.

From these inputs we derive corporate goals and organisational objectives.

Corporate Governance

As a public body the Authority has in place the following:

- A Chief Executive Officer/Head of Paid Service/National Park Officer
- A Chief Financial Officer (Section 151) Officer and a Monitoring Officer;
- A Solicitor;
- Documented Standing Orders and other policies, including anti-fraud and corruption, staff policies covering conduct, health and safety, remuneration and behaviour;
- A planning protocol
- A published Code of Conduct for Members, Members Information Handbook, development programme and a Standards Committee;
- Published terms of reference and delegated powers to Committees and Officers;
- A complaints procedure and a register of declared interests and gifts;
- Decisions taken at Committee requiring an officer report that includes an assessment of policy implications.

Financial Management

The Authority's financial management system comprises:

- A framework of budget setting followed by regular financial management and budget monitoring information to Managers and Committees;
- Administrative procedures including segregation of duties and a system of delegation and accountability;
- Accurate financial information (including the Statutory Accounts) that is relevant to the internal or external end users;
- Documented Financial Regulations, procedures and policies;
- Internal and external audit review.

Performance and Risk Management

The Authority's approach to performance management is to:

- Maintain a system of devolved responsibility for performance information;
- Have an officer responsible for collating performance information for use in the Business Improvement Plan: empowered to require information considered necessary; and required to bring to the attention of the Chief Executive any failure to supply the information;
- Conduct an annual Performance Management Review for staff to set objectives and review training and development needs;
- Have a continuous improvement programme to meet staff training and development needs;
- Publish an annual Business Improvement Plan.

The Authority's approach to risk management is to:

- Adopt a project management methodology, which incorporates risk analysis;
- Include risk analysis as a key element of corporate planning;
- Have the Corporate Management Team accountable for monitoring and mitigating significant strategic risks.

4. Review of Effectiveness

The Authority is responsible for conducting an annual review of the effectiveness of its systems of internal control. This review is informed by the work of the Authority's internal and external auditors, the Authority's members and its Committees, other review agencies (as appropriate) and Corporate Managers who have responsibility for the development and maintenance of the internal control environment. Internal audit have

inspected individual areas of the Authority's work considered of significant risk in accordance with an agreed audit plan. The internal controls have been divided into the following categories:

- Committees
- Strategic Plans
- Documented Policies and Procedures
- Roles and Accountabilities
- Financial Framework
- Performance Framework.

Control	Review of Effectiveness
Committees	
In accordance with Standing Orders, the Authority appoints members to its committees at the annual meeting. Membership of Standing Committees is as stated in the Members Information Handbook and is updated periodically when vacancies arise. The Authority may vary its standing committees, or change their terms of reference, but the committee structure enables the Authority to meet its statutory obligations.	During 2005/06 the Authority commenced a review of its committee structures to enable it to deliver its governance arrangements more effectively. This will include a simpler structure, with fewer committees and clearer lines of accountability.
Strategic Plans	
Future Directions is the Authority's strategic vision and action. The Authority's Development Plan. National Park Management Plan.	The Authority reviews the effectiveness of its strategic plans annually and in light of such review it produces its Corporate Objectives.
Documented Policies and Procedures	
The minutes of Authority meetings are the official record of its policies, including approval of: <ul style="list-style-type: none"> ○ Staff Policy ○ Financial Regulations ○ Standing Orders ○ Communication Strategy ○ Community Engagement ○ Scheme of delegation ○ Complaints Procedure. Supporting these are internally generated documents including the Members Information Handbook Note: These lists are illustrative rather than exhaustive	<p>The Authority currently has no formal mechanism to review its policies. However, it is undertaking a review of its Standing Orders, Terms of Reference and Scheme of Delegation, the role of members and its procedures to prevent money laundering.</p> <p>The Authority has undertaken a review of Financial Regulations and Procedures and has approved an updated version during 2005/6</p>

Roles and Accountabilities	
<p>The Authority has job descriptions identifying accountabilities and competencies. All these are evaluated under a Job Evaluation Scheme. In addition to role profiles there are statutory posts that carry specific responsibilities:</p> <ul style="list-style-type: none"> ○ Head of paid service/Chief Executive ○ Monitoring Officer ○ Chief Financial (Section 151) Officer. 	<p>The Performance Review system addresses the Annual Review of:</p> <ul style="list-style-type: none"> ○ Personal objectives, which are set annually for each role ○ Training and development needs ○ Amendments needed to role profile. ○ The Authority has delivered a training course for Chairmen and Vice Chairmen facilitated by the WLGA <p>The Authority has a Member training programme to ensure that its members are effective in their role. This annual programme ensures the correct knowledge and skills base.</p>
Financial Framework	
<p>The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:</p> <ul style="list-style-type: none"> ○ A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Authority ○ The Authority's own integrated accounting system. ○ Regular review by the Corporate Management Team and the Corporate Resources Committee of periodic and annual financial performance against budget ○ A control framework, based on Committee approval, for capital expenditure ○ The Wales Audit Office reports to the Chief Executive and to the Authority on an annual basis on corporate governance, performance and finance. 	<p>The work of internal audit is informed by the annual internal audit plan agreed with the S151 Officer and the internal audit team. This is based on an analysis of the financial risks. Formal reports are provided at the conclusion of each audit setting out the internal audit opinion on the adequacy and effectiveness of the systems of internal financial control.</p> <p>To improve the effectiveness of internal control, the Authority needs to develop more rigorous monitoring of the implementation of the recommendations of the Wales Audit Office.</p> <p>The Authority has adopted the statutory Prudential Code for Capital Finance in Local Authorities.</p>

Performance Management Framework	
<p>The performance management framework is currently being further developed to ensure that outputs are regularly monitored against targets from a number of different perspectives.</p> <p>The Authority produces and publishes an annual Business Improvement Plan setting out how improvement is to be achieved and comparing actual performance against targets for a series of indicators, including statutory; family of National Park; and local indicators.</p>	<p>The development of a performance management framework has been based on a series of workshops run for the Authority by the Wales Audit Office. The work on performance indicators and improvement is subject to scrutiny by the Wales Audit Office. Any recommendations made as a result of this process have to be responded to within 30 days.</p> <p>The outcome of this process is reported to the Corporate Resources Committee on a quarterly basis.</p>

The internal control systems set out in this document are those embedded within our management practices and processes. The following actions are required to address the weaknesses identified above and by the Wales Audit Office and to ensure continuous improvement of the systems in place. The Authority's Corporate Management team will establish an Action Plan to address the weaknesses including a timetable and responsibilities.

Identified weakness	Action to be taken
The Authority does not have a formal mechanism for the conduct of periodic risk assessments.	An Operations Support Management Team should conduct periodic risk assessments for key activities and locations.
The Authority does not have a review body which is charged with critically reviewing this Statement and its supporting documentation.	To set up a Committee with clear responsibilities for the review of this Statement and its supporting documentation.
The Authority does not have a Procurement Strategy.	Develop and adopt a Procurement Strategy.
The Authority does not have a Fundamental Performance Review Methodology.	Develop an integrated approach to reporting performance and finance linked to the achievement of the Corporate Plan to include a management methodology. Develop risk monitoring arrangements with a view to having a holistic approach to monitoring organisational performance.
To improve the effectiveness of internal control the Authority needs to develop more rigorous monitoring of the implementation of recommendations.	The progress against internal and external recommendations will be formally reported to a Committee.

The Authority does not have a comprehensive register of its policies.	Produce a comprehensive register of all its policies to be available internally and externally.
In addition, the Wales Audit Office have further identified the following:	
The Authority does not have a policy in response to the new Money Laundering Act.	Develop and adopt a money laundering policy.
The Authority needs to ensure a robust records management system is in place.	To undertake a review of the file management system.
Staff should be reminded that other than for very small amounts, all purchases should have purchase orders.	Orders in a form approved shall be issued by all departments for all works, goods and services required, except for supplies of utilities, rent, rates, credit card purchases and petty cash disbursements. Such orders will be signed by an authorised signatory approved by the Chief Executive and included on the register of authorised signatories maintained by the Finance Manager. Where, as a matter of urgency, goods or services are ordered verbally, a written official confirmation order shall be issued on the same day or on the following working day. Where paper order books have been used, a copy order will be supplied to the Finance Section with the authorised invoice.
The Authority should develop an Asset Management Strategy.	Produce an Asset Management Strategy.
The Anti-fraud and Corruption Policy should be reviewed and updated.	Review and up-date the Anti-fraud and Corruption Policy.
Performance Management arrangements need to be improved in some areas.	Improve the Performance Management system as identified.

SIGNED: _____
(Chief Executive)

DATED: _____

SIGNED: _____
(Chairman)

DATED: _____