

SNOWDONIA NATIONAL PARK AUTHORITY

STATEMENT OF ACCOUNTS



FOR THE YEAR ENDED 31ST MARCH 2010

SNOWDONIA NATIONAL PARK AUTHORITY**STATEMENT OF ACCOUNTS 2009/10****INDEX**

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EXPLANATORY FOREWORD

1. INTRODUCTION

The foreword provides a brief explanation of the more significant matters reported in the accounts and aims to add to and assist the interpretation of the accounting statements which are set out on pages 16 to 21 and consist of :-

- The **Income and Expenditure Account** which shows a summary of the resources generated and consumed by the Authority in the year.
- The **Statement of the Movement on Authority General Fund Balance** is a reconciliation showing how the balance of resources generated/ consumed in the year links in with statutory requirements for raising the National Park Grant.
- **Statement of Total Recognised Gains and Losses (STRGL)** - demonstrating how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.
- The **Balance Sheet** setting out the financial position of the Authority as at 31st March 2010.
- The **Cash Flow Statement** which summarises the inflows and outflows of cash arising from transactions for revenue and capital purposes.

The accounts are supported by the Statement of Accounting Policies and explanatory notes.

2. ESTABLISHMENT OF SNOWDONIA NATIONAL PARK AUTHORITY

Under the provision of Section 63 of the Environment Act 1995 and The National Park Authorities (Wales) Order 1995 the Secretary of State established the Snowdonia National Park Authority on 23rd November 1995

It has the following purposes as defined by the Act:

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

The Authority has responsibility for planning, conservation, countryside management, access and recreation. Services such as schools, highways, social services and other Local Authority duties are carried out by the local Unitary Authority.

The Act goes on to say that in pursuing National Park purposes, the National Park shall seek to foster the economic and social well being of local communities within its boundaries, and shall for that purpose co-operate with local Authorities and public bodies whose functions include the promotion of economic and social development within the area of the Park.

The Authority is a local planning Authority under the Environment Act 1995 for the whole of the National Park, and is responsible for the production of the Local Development Plan and for the determination of planning applications.

The National Park covers 213,200 hectares of varied countryside including mountain, moorland, woodland and coast. About 26,000 people live in the National Park which receives an estimated 10.5 million visitor days each year.

Approximately 65% of the residents of the National Park are Welsh speaking.

3. APPROVED REVENUE EXPENDITURE

Each year the National Park Authority is required to submit a bid to the Welsh Assembly Government for revenue funding. Based on the bid and in consultation with the Countryside Council for Wales, the Assembly determines the National Park Grant (the Grant) for the forthcoming year.

In determining the amount of the Grant, the Assembly also determines, in accordance with the National Park Authorities (Levies)(Wales) Regulations 1995 as amended, the minimum amount that can be raised by the National Park Authority for the financial year by way of levies to be borne by constituent Councils (billing authorities).

The Grant represents 75% of the total net revenue expenditure deemed appropriate by the Assembly for the National Park, while the remaining 25% is raised by way of the levies. A comparison of budgeted expenditure with the actual for 2009/10 are seen below:

2009/10 REVENUE ACCOUNT

	Revised Budget 2009/2010	Actual 2009/2010	Variance
	(£)	(£)	(£)
Conservation and Natural Environment	696,821	669,607	27,214
Conservation and Cultural Heritage	404,751	356,289	48,462
Recreation Management & Traffic and Transport	279,181	210,699	68,482
Understanding	1,539,061	1,509,848	29,213
Wardens, Estate Workers and Volunteers	1,173,358	1,125,354	48,004
Development Control	398,881	400,160	- 1,279
Forward Planning and Communities	558,985	526,774	32,211
Corporate and Democratic	832,749	741,748	91,001
NET COST OF SERVICES	5,883,787	5,540,479	343,308
Interest Earned		- 34,381	
Pensions int. costs and expected rtn. on Pens. Asset		272,000	
NET OPERATING EXPENDITURE		5,778,098	
Items debited/credited to the Authority Fund Balance		171,286	
		5,949,384	
FUNDED FROM			
National Park Grant		- 4,462,038	
Levies to Constituent Councils		- 1,487,346	
		- 5,949,384	

4. REVENUE EXPENDITURE 2009/10

The Authority's net expenditure is arrived at after deducting from gross expenditure fees and charges, service specific grants and making other various deductions as detailed in the Income and Expenditure Account on pages 16-17.

The variance on the 2009/10 Revenue Account of £343,308 together with :

- interest earned on surplus funds of £11,839 over revised budget,
- interest of £4,746 from the finance lease,
- the revenue contribution to capital expenditure balance of £75,700 (before transfers from and to reserves) below budget, and
- transfers from reserves of £55,321 re Hafod Eryri costs reconciles to £490,914 consisting of
 - slippage of £182,557 carried forward from within the 2009/10 budget into the 2010/11 financial year,
 - Dolgellau THI balance of £85,901 transferred to reserve,
 - Bequest of £30,000 transferred to reserve, and
 - the remainder of £192,456 transferred to the specific risks reserve.

5. SUSTAINABLE DEVELOPMENT FUND

An additional Welsh Assembly Government grant was made available to the Authority in 2009/10 from the Sustainable Development Fund (SDF). The purpose of the grant is to allow the Authority to support partnership projects that develop and test ways of achieving a more sustainable way of living in Snowdonia. During the year expenditure from the grant-aided scheme, locally promoted as the Cronfa Arbrofol Eryri, was £220,262 (2008/09: £219,237).

6. MATERIAL ASSETS ACQUIRED AND LIABILITIES INCURRED

Assets acquired in 2009/10 were 2 vehicles purchased for Plas Tan y Bwlch (People Carrier) and the Wardens Service, and items relating to the annual I.T. replacement programme. No material liabilities were incurred during the 2009/10 financial year other than those capital commitments referred to in note 13 to the Financial Statements.

7. PENSION LIABILITY

Snowdonia National Park Authority is a member of the Gwynedd Pension Fund. The accounts fully incorporate the requirements of Financial Reporting Standard 17 (FRS 17).

The policy reflects the commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The net pension liability in the balance sheet reduces the net worth of the Authority by £10.027M as at 31st of March 2010.

8. UNUSUAL CHARGE OR CREDIT IN THE ACCOUNTS

The Hafod Eryri building and land was valued at £500,000 by the District Valuers Office in 2009/10. The capital impairment on valuation of £7,283,748 and associated grant write down of £7,543,502 leaves a net grant income of £259,755 which is reduced by further "revenue" costs in 2009/10 to the £204,632 in the Income and Expenditure Account. The net grant income figure of £259,755 is due to the fact that certain preliminary expenses were not included in the "asset under construction" cost previously recorded in the Balance Sheet.

During 2009/10 an asset has been de-recognised from the balance sheet as it was included erroneously in the 2006/07 property valuation. This has resulted in a capital impairment charge of £145,000 against the Visitor Facilities service in the Income and Expenditure Account.

9. CHANGE IN ACCOUNTING POLICIES

There are no changes in accounting policies for the 2009/10 Statement of Accounts.

10. PROVISIONS AND RESERVES

The General Revenue Reserve target of £400,000 was reviewed and confirmed by the Authority in the meeting on 9th December 2009 and represents over 5% of the gross revenue expenditure for 2009/10 after allowing for the Hafod Eryri capital impairment charge.

In addition the Authority had other specific Funds and Reserves totalling £2,272,597 and these are detailed in note 25 to the financial statements.

11. CAPITAL EXPENDITURE 2009/10

Capital expenditure is expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of the existing fixed asset.

Capital expenditure in the year amounted to £437,557. Details of expenditure within each service area are shown in note 12. The expenditure was financed by grants and contributions from other bodies of £187,088 and direct revenue financing of £250,469.

The completed Hafod Eryri building previously reported as an asset under construction has now been included in the "Land and Buildings" section of the balance sheet. The £102,745 now reported as "asset under construction" relates to the Hydro-electric scheme at Plas Tan y Bwlch and the refurbishment of the Pen y Pass building.

All planned capital expenditure (note 13) will be funded from revenue, external grants and potentially an interest free loan re the hydro-electric scheme.

12. CAPITAL FUNDING

All capital expenditure of the Authority, since being established on 23rd November 1995, has been funded by capital grants and contributions from the Government, European Community and other sources of grants, from capital receipts applied and from the Authority's revenue resources.

As at 31 March 2010 the Authority had no outstanding debts, and as such will continue to be regarded for treasury management purposes a debt-free authority.

13. REVALUATION OF ASSETS

The Authority's land and properties were re-valued during 2006/07 by independent qualified valuers. Apart from the Community assets held which are now valued at historic cost, the revised valuations and revised estimated useful life of the assets have been applied to the relevant asset values recorded in the Authority's accounting statements. The Hafod Eryri building was valued by the District Valuers Service in May 2009.

14. FURTHER INFORMATION

Further information about this Statement of Account is available from:

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STATEMENT OF ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice 2009 (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Code of Practice requires accounting policies to be applied consistently. The overriding requirement is that the Statement of Accounts 'presents a true and fair view' of the financial performance and position of the Authority.

2. ACCOUNTING CONCEPTS

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

- Relevance
- Reliability
- Comparability
- Understandable
- Materiality
- Accruals
- Going Concern
- Primacy of legislative requirement

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. BASIS FOR THE INCLUSION OF DEBTORS & CREDITORS

The revenue and capital accounts of the Authority are maintained on an accruals basis. All sums due to the Authority are set up in the accounts at the time they are due.

The Debtors appearing in the balance sheet are the balances of those sums outstanding at 31st March 2010.

Creditors are the amounts which are charged in the accounts for goods and services consumed or received, for which invoices had not been paid at 31st March 2010.

4. CONTINGENT LIABILITIES

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

5. ACQUIRED OR DISCONTINUED OPERATIONS

No such items are applicable to the 2009/10 accounts.

6. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance.

7. EXCEPTIONAL ITEMS, EXTRAORDINARY ITEMS AND PRIOR YEAR ADJUSTMENTS

The 2009/10 accounts include two items of an exceptional nature as indicated in the explanatory foreword i.e.

- Hafod Eryri capital impairment charge and associated capital grant write down.
- De-recognition of an asset erroneously included in the balance sheet.

There are no extraordinary items or prior year adjustments.

8. FIXED ASSETS

Recognition: expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Authority and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (eg repairs and maintenance) is charged to revenue as it is incurred.

Measurement: assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Asset values have been stated in the balance sheet on the following basis:-

- **Operational Land & Properties** are recorded at "Existing Use Value" or "Depreciated Replacement Cost" as deemed appropriate.
 - "Existing Use Value" is the valuation basis recommended by the SORP where an asset is operational and there is market evidence to

support value. It is regarded as more appropriate than Market Value as a measure of replacement cost.

- **“Depreciated Replacement Cost”** is the valuation basis recommended by the SORP where an asset is operational and due to its specialised nature there is no market evidence to support value. This form of valuation assesses the net current cost of replacing the service which the property provides to an organisation.

The SORP specifies the basis of “Market Value” as appropriate for those assets deemed to be non-operational. All of the Authority’s “Land and Property” assets are deemed to be operational.

- ❑ **Vehicles, Plant and Equipment** are recorded on a depreciated historic cost as a proxy for Current Cost. Other than for information systems equipment, a de minimis level of £10,000 has been used for the revaluation of assets.
- ❑ **Community assets** are recorded in the balance sheet at historic cost where known and otherwise at a nominal value of £1.

Assets included in the balance sheet at current value are revalued where there have been material changes in value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment: the values of assets in the “Land and Buildings” category of assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits – the loss is charged to the relevant service revenue account
- otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the relevant service revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals: when an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals are credited to the Income and Expenditure Account as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the

Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. The capital receipts are required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow if relevant). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

Depreciation: depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation of fixed assets is charged on a straight line basis to write off their cost less any projected residual value in equal instalments over the expected useful life of the asset using the following bases:-

Operational Land & Property	: between 10 – 60 years
Community Assets	: nil
Information Systems Equipment	: 3 years
Vehicles	: over 5 years to 30% of original value over 7 years to nil value.
Furniture & Other Equipment	: estimated operational life

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

Grants and contributions: where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to the Government Grants Deferred Accounts. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

9. INTANGIBLE FIXED ASSETS

Purchased intangible assets in the form of software licences are accounted for as part of the Information Technology replacement programme, and are written off to revenue in line with depreciation charges.

10. CAPITAL CHARGES

The cost of services on the revenue account includes a capital charge for all fixed assets recorded in the balance sheet at 31st March 2010 and used in the provision of services during the year.

The capital charges made to service revenue accounts equate to the sum of the depreciation attributable to the assets used by the relevant service together with impairment losses attributable to the clear consumption of economic benefits on

tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off.

The General Fund balance is adjusted so that 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.

11. REVENUE GRANTS

Revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of the Authority (e.g. National Park Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

12. LEASES

The Authority manages operating leases for:

- Vehicles, including those to staff under the Staff Lease Car Scheme,
- Photocopiers and snacks & drinks machines.
- Land and buildings

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 also receives rental income from a number of owned properties. The owned properties are held as fixed assets in the balance sheet. The lease income is accounted for on a straight line basis.

The Authority, as lessor, has one finance lease arrangement relating to the Ogwen Snack bar. The lease income is accounted for on a straight line basis.

13. ALLOCATION OF CENTRAL SUPPORT SERVICES COSTS

Central Support Services costs have been fully charged to front-line services in accordance with the Best Value Accounting Code of Practice. The costs of the corporate and democratic core are not recharged and are held in a separate account on the face of the Income and Expenditure Account, as part of Net Cost of Services.

14. PENSIONS COSTS

The Authority's employees have access to the Gwynedd Pension fund, a defined benefit scheme, which is administered by Gwynedd Council.

The Authority has fully adopted Financial Reporting Standard 17 - Retirement Benefits (FRS 17) Accounting for Pension Costs. These accounting policies reflect the Authority's commitment in the long term to make up any shortfall in attributable net assets in the pension fund by increasing employer contributions.

The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial funding valuations. The Authority is awaiting the result of the valuation undertaken for the 31st March 2010 which will determine the recommended employer contribution rate as from 1st April 2011. The valuations 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 that the Authority are required to make in the Income and 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 after Net Operating Expenditure.

The assets of the fund are measured at their fair value at the balance sheet date and liabilities, such as accrued benefits, are deducted. Under the SORP the fair value of investments is taken at the bid price. 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 obligation for further benefits where a public statement or past practice by the employer has created a valid expectation in the employees that such 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 in 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. The Accounts fully reflect the requirements of FRS17.

15. RESERVES & PROVISIONS

Provisions are made and charged to the appropriate revenue account for any liabilities likely to be incurred, or certain to be incurred, but uncertain as to the amounts or the dates on which they will arise.

Reserves are amounts set-aside falling outside the definition of provisions and transfers to and from them are disclosed in the Statement of Accounts as a separate apportionment.

16. STOCKS

Stocks are brought into account at cost price for bar stocks, goods for resale and general provisions at Plas Tan y Bwlch, Study Centre, and for goods for resale at the Authority's Information Centres. This is consistent with the policy adopted in previous years. Recommended practice requires stocks to be shown at the lower of actual cost or net realisable value but the difference in this case is not considered to be material.

17. DEFERRED LIABILITIES

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

18. RESEARCH AND 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.

19. FOREIGN CURRENCY

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

20. INTEREST

Interest earned through the investment of surplus funds have been accrued, in accordance with the 'Code of Practice'.

21. 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.

THE INCOME AND EXPENDITURE ACCOUNT

The **Income and Expenditure Account** shows a summary of the resources generated and consumed by the Authority in the year.

2008/09 Net Expenditure		2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £
	Conservation and Natural Environment			
312,795	Natural Environment and Forestry	282,456	- 12,344	270,112
25,773	Rhododendron Control	10,267	0	10,267
-25,000	Llyn Tegid scheme	0	0	0
265,173	Conservation and Agriculture	407,035	- 17,807	389,228
467,412	Rhaglen Rheoli Tir Eryri	0	0	0
1,046,153		699,758	-30,151	669,607
	Conservation and Cultural Heritage			
226,207	Built Environment	209,578	-3,049	206,529
0	THI Dolgellau	34,968	-15,869	19,099
90,734	Archaeology	109,082	-30,918	78,164
31,308	Bwrlwm Eryri	66,194	-13,697	52,497
348,249		419,822	-63,533	356,289
	Understanding			
552,280	Study Centre	1,084,188	-633,904	450,284
706,715	Information & Education	742,005	-14,417	727,588
323,541	Tourist Information Centres	476,349	-144,373	331,976
1,582,536		2,302,542	- 792,694	1,509,848
	Recreation Management & Traffic and Transport			
217,456	Access	297,965	-85,140	212,825
230,604	General Visitor Facilities (note 2)	447,364	-64,273	383,091
0	Hafod Eryri (note 2)	7,338,870	-7,543,502	-204,632
-161,669	Car Parks	228,480	-406,952	-178,472
-12,390	Llyn Tegid Management	26,295	-53,670	-27,375
8,044	Litter Collection	10,479	0	10,479
34,439	Traffic Management	33,523	-18,740	14,783
316,484		8,382,976	- 8,172,277	210,699
	Wardens, Estate Workers & Volunteers			
657,246	Wardens	785,327	-63,689	721,638
259,886	Estate Workers	403,716	0	403,716
106,541	Snowdon Upland Footpaths Partnership Project	0	0	0
1,023,673		1,189,043	- 63,689	1,125,354
4,317,095	Net Cost of Service c/fd	12,994,141	-9,122,344	3,871,797

THE INCOME AND EXPENDITURE ACCOUNT (CONTINUED)

2008/09 Net Expenditure		2009/10 Gross Expenditure £	2009/10 Gross Income £	2009/10 Net Expenditure £
4,317,095	Net Cost of Service b/fd	12,994,141	-9,122,344	3,871,797
350,928	Development Control	614,674	- 214,514	400,160
	Forward Planning and Communities			
454,014	Strategic Plans and Policy	400,545	- 2,028	398,517
107,940	Community and Environment (incl. CAE)	352,555	- 224,298	128,257
561,954		753,100	- 226,326	526,774
730,660	Corporate & Democratic (including the ANPA conference)	837,133	- 95,385	741,748
183,000	Non-distributable Costs	0	0	0
6,143,637	Net Cost of Service	15,199,048	- 9,658,569	5,540,479
- 111,649	Interest and investment income			- 34,381
63,000	Pension interest cost and expected return on pensions asset			272,000
6,094,988	Net Operating Expenditure			5,778,098
-4,415,958	National Park Grant			-4,462,038
-1,471,986	Levy			-1,487,346
207,044	Surplus (-) / Deficit for the year			-171,286

STATEMENT OF MOVEMENT ON THE AUTHORITY GENERAL FUND BALANCE

The **Statement of the Movement on Authority General Fund Balance** is a reconciliation showing how the balance of resources generated/ consumed in the year links in with statutory requirements for raising the National Park Grant.

2008/09 £		2009/10 £
207,044	Surplus for the year on the Income and Expenditure Account	- 171,286
	Net Additional Amount required by statute and non-statutory proper practices to be debited or credited to the Authority	
- 207,044	Balance for the year	171,286
0	Increase in Authority Balance for the Year	0
- 400,000	Authority Balance brought forward	- 400,000
- 400,000	Authority Balance carried forward	- 400,000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The Statement of Total Recognised Gains and Losses (STRGL) – demonstrates how the movement in net worth in the Balance Sheet is identified to the Income and Expenditure Account surplus/deficit and to other unrealised gains and losses.

2008/09		2009/10
£		£
207,044	Surplus on the Income and Expenditure Account for the Year	- 171,286
- 525,000	Surplus arising on revaluation of fixed assets	- 45,000
2,006,000	Actuarial (gains) / losses on pension fund assets and liabilities	6,579,000
1,688,044	Total recognised gains and losses for the year	6,362,714
-30,726	2008/09 prior period adjustment	0
1,657,318	Total recognised loss since the published Statement of Accounts for 2008/09	6,362,714

THE BALANCE SHEET			
The Balance Sheet states the financial position of the Authority as at 31st March 2010			
2008/09		£	2009/10
£		£	£
	Fixed Assets - note 12 (ii)		
	Operational Assets		
9,478,090	Land & Buildings	9,589,730	
433,460	Vehicles, Plant & Machinery	363,070	
254,250	Community assets	254,250	
	Non-operational Assets		
7,714,750	Assets under construction	102,740	
65,760	Long Term Debtors - note 19	71,360	
17,946,310	TOTAL LONG TERM ASSETS		10,381,150
	Current Assets :-		
105,110	Stocks - note 18	96,470	
396,420	Debtors (falling due within one year) - note 19	414,820	
2,730,590	Short-term Investments - note 20	2,335,610	
0	Cash and Bank	649,560	
3,232,120			3,496,460
	Current Liabilities :-		
-796,250	Creditors - note 21	-857,210	
-47,800	Cash and Bank	0	
-844,050			-857,210
20,334,380	TOTAL ASSETS less CURRENT LIABILITIES		13,020,400
-3,435,100	Pension Fund Liability - note 29		-10,027,610
-302,510	Government Grants-Deferred applied a/c - note 22		-720,710
-8,000,360	Government Grants-Deferred unapplied a/c - note 22		-38,390
8,596,410	TOTAL ASSETS less LIABILITIES		2,233,690
	REPRESENTED BY :-		
9,052,610	Capital Adjustment Account - note 25(ii)		8,988,700
2,049,700	Earmarked Reserves - note 25(i)		2,298,400
525,000	Revaluation Reserve - note 25 (iii)		570,000
4,200	Usable Capital Receipts		4,200
-3,435,100	Pension Fund Reserve		-10,027,610
400,000	General Revenue Balance		400,000
8,596,410	TOTAL EQUITY		2,233,690

CASH FLOW STATEMENT

The **Cash Flow Statement** summarises the inflows and outflows of cash arising from transactions for revenue and capital purposes.

2008/09		£	2009/10
£		£	£
	REVENUE PAYMENTS		
4,667,960	Employee Costs	4,752,020	
5,242,670	Other Operating Costs	2,896,250	
<u>9,910,630</u>			7,648,270
	REVENUE RECEIPTS		
-4,415,960	National Park Grant	-4,462,040	
-1,471,990	Levied Income	-1,487,350	
-61,460	Rent	-47,650	
-2,405,220	Other Government Grants	-395,990	
-950,420	Other Revenue Cash Income	-1,701,390	
			<u>-8,094,420</u>
<u>605,580</u>	NET REVENUE ACTIVITIES		<u>-446,150</u>
	SERVICING OF FINANCE		
-108,380	Interest Received		-32,820
0	Finance Lease interest		-4,750
<u>-108,380</u>			<u>-37,570</u>
225,810	CAPITAL PAYMENTS : Purchase of Fixed Assets		108,260
998,100	Other Capital Payments		171,010
-1,479,180	CAPITAL RECEIPTS : Capital Grants Received		-127,930
0	Other Capital Cash Receipts		0
<u>-255,270</u>	NET CAPITAL ACTIVITIES		<u>151,340</u>
<u>241,930</u>	NET CASH INFLOW (-) / OUTFLOW		<u>-332,380</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACQUIRED, DISCONTINUED OPERATIONS

No such items arose during the year.

2. PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS

There are two items of an exceptional nature in the 2009/10 accounts as follows :

- The Hafod Eryri building and land was valued at £500,000 by the District Valuers Office in 2009/10. The capital impairment on valuation of £7,283,748 and associated grant write down of £7,543,502 leaves a net grant income of £259,755 which is reduced by further “revenue” costs in 2009/10 to the £204,632 in the Income and Expenditure Account. The net grant income figure of £259,755 is due to the fact that certain preliminary expenses were not included in the “asset under construction” cost previously recorded in the Balance Sheet.
- During 2009/10 an asset has been de-recognised from the balance sheet as it was included erroneously in the 2006/07 property valuation. This has resulted in a capital impairment charge of £145,000 against the Visitor Facilities service in the Income and Expenditure Account.

There are no prior period or extraordinary items.

3. CLASSIFICATION OF SERVICES

The classification of services in the Income and Expenditure Account is in accordance with the requirement of the Best Value Accounting Code of Practice.

4. AGENCY INCOME AND EXPENDITURE

There is no agency income / expenditure relevant to the Snowdonia National Park Authority accounts for 2009/10.

5. MEMBERS ALLOWANCES

The allowances paid to members were:-

	2009/10	2008/09
	£	£
Travel & Subsistence	15,000	17,790
Loss of Earnings	420	0
Members Allowances	<u>68,520</u>	<u>69,470</u>
	<u>83,940</u>	<u>87,260</u>

The Authority hosted the ANPA conference during September 2009. The only costs relevant to this note are the travelling costs to and from the Conference for individual members.

Further information on the sums paid to individual members was published in the Caernarfon & Denbigh Herald and Cambrian News dated 20 May 2010.

6. SIGNIFICANT REVENUE GRANTS

The Authority receives a number of revenue grants in addition to the National Park Grant and Local Authority Levy and capital grants during the year. These grants are included in the Income and Expenditure Account as service specific grants :

	2009/10 £	2008/09 £
Welsh Assembly Government		
- Sustainable Development Fund	216,670	216,670
- Planning Delivery Wales	52,200	64,890
- Nant Peris scheme	0	50,000
- Rhododendron Project	0	98,360
- Agricultural Buildings at Risk	0	7,000
- CAE funding for carbon reduction measures at main offices	15,360	0
Countryside Council for Wales		
- Plas Tan y Bwlch Training Courses	42,960	55,920
- Snowdonia Upland Footpaths Project	0	12,700
- Rhododendron Work	15,000	0
- Bwrlwm Eryri projects	10,000	0
CADW		
- Archaeological surveys & works	27,580	0
Welsh European Funding Office		
- Rhaglen Rheoli Tir Eryri	0	745,270
- Snowdonia Upland Footpaths Project	0	675,240
Heritage Lottery Fund		
- Dolgellau Town Heritage Initiative	15,870	21,930
	395,640	1,947,980

7. STAFF REMUNERATION

Regulation 7A of The Accounts and Audit (Wales) Regulations 2010 requires disclosures of employees' remuneration.

There are no senior or other employees, as defined in the Regulations, whose remuneration excluding employers pension contributions exceeded £60,000 in 2008/09 or 2009/10 other than those disclosed below:

2009/10			2008/09	
Chief Executive Officer	Chief Finance Officer (Section 151) *		Chief Executive officer	Chief Finance Officer (Section 151) *
75,012	3,670	Salary (including fees and allowances)	75,012	3,670
2,750	0	Benefits in kind	3,145	0
77,762	3,670	Total remuneration (excluding employers pension contributions)	78,157	3,670
15,152	767	Employers Pension Contribution	15,152	767
92,914	4,437	Total remuneration (including employers pension contributions)	93,309	4,437

* Part time post at a rate that would equate to remuneration in excess of £60,000 for the full time equivalent.

8. 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. Disclosures 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 adopted a materiality level of £5,000 for disclosure of Related Party Transactions relevant to Members and Staff.

Funding grants of a material level received by the Authority are disclosed in the Accounts in the Income and Expenditure Account on pages 16-17, note 6 on Significant Revenue Grants and note 12(i) on the Capital Programme.

The Authority is required to disclose all material related transactions between the Authority and its Members and Chief Officers (including members of their close families). Further to the disclosure on Members Allowances (note 5) and Staff Remuneration (note 7), related transactions for 2009/10 were:-

- i) One of the Chief Officers has declared an interest in a public body which has dealings with the Authority. The Authority received a total of £1.168m from the body during 2009/10.
- ii) The Authority had contracts with Gwynedd Council to provide the following services during 2009/10:-
 - a) Pension Fund Administration
 - b) Payroll Support Service
 - c) Internal Audit Service
- iii) The Authority's Chief Finance Officer is also Gwynedd Council's Head of Finance.

The Authority is responsible for administering the Cronfa Arbrofol Eryri (C.A.E.) grant monies on behalf of the Welsh Assembly Government. In awarding grants to organisations, the C.A.E. panel imposes special grant conditions, which include linking financial performance to achieving agreed milestones. During the 2009/10 financial year there were 13 awards approved to 10 bodies that were each in excess of £10,000.

The Authority has "Management Agreements" with local landowners relating to the use of land. In the 2009/10 financial year there was one new agreement spanning 2 financial years worth more than £10,000.

9. AUDIT COSTS

The following amounts were payable to the Welsh Audit Office for the year :-

Regulatory area	2009/10 (£)	2008/09 (£)
Fees payable to the WAO with regard to external audit services carried out by the appointed auditor	27,471	24,735
Fees payable to the WAO in respect of Statutory Inspection	0	9,371
Fees payable to WAO for the certification of grant claims and returns	1,000	3,840
Total	28,471	37,946

The 2008/09 fee of £9,371 for statutory inspection relates to the inspection of the Planning service.

10. EXPLANATION OF THE SIGNIFICANCE OF THE STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE.

The Statement of Movements represents part of the process of reconciling the surplus / deficit on the Income and Expenditure Account with the movement in the Authority's net worth.

The outturn position for 2009/10 is that a balance is carried forward to 2010/11 of £182,557. There is no allocation from this sum to the General Fund, and therefore no movement in the Fund Balance.

11. NOTE ON RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON THE AUTHORITY GENERAL FUND BALANCE

2008/09			2009/10
£			£
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the Authority Balance		
- 508,084	Depreciation and impairment of fixed assets	- 7,882,975	
129,449	Government Grants Deferred amortisation	7,656,698	
-103,898	Revenue expenditure funded from Capital under statute	- 88,106	
- 695,000	Net charges made for retirement benefits in accordance with FRS 17	- 726,000	
- 1,177,533			- 1,040,383
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the Authority Balance for the year		
321,035	Capital Expenditure charged in-year to the Authority Fund Balance	250,469	
	Employer's contributions payable to the Gwynedd Pension Fund and retirement benefits payable direct to pensioners		
738,167		712,496	
1,059,202			962,965
	Transfers to or from the Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year.		
- 88,713	Net Transfer to or from earmarked reserves	248,704	
- 88,713			248,704
- 207,044	Net Additional Amount required by statute and non-statutory proper practices to be debited or credited to the Authority Balance for the year		171,286

12. SUMMARY OF CAPITAL EXPENDITURE AND FIXED ASSET DISPOSALS**12 (i) CAPITAL PROGRAMME**

Project	Total Cost 2009/10	Total Cost 2008/09
Conservation & Cultural Heritage		
Built Environment	88,594	180,159
Archaeology	0	20,000
Recreation Management		
Bryn y Felin Footbridge	0	10,888
Cae Garnedd car park & toilet	0	21,002
Access Improvements	35,000	30,299
Green Key	18,740	0
"Tramper" wheelchair and trailer	0	6,555
Pont Clogwyn Fawr	19,934	0
Pen y Pass - building	90,010	0
Hafod Eryri	29,199	857,035
Understanding		
Study Centre - bedrooms	26,289	19,985
Study Centre - new boiler & zoning system	14,389	60,280
Study Centre - kitchen development	0	29,863
Study Centre - new windows	19,172	0
Study Centre - people carrier	12,006	0
Study Centre - hydro-electric scheme	7,535	5,200
Sign making equipment	0	15,268
Warden & Estate Workers		
Vehicle Purchase	12,429	85,200
Plant & machinery	0	216,333
Development Control		
New Planning Application System	0	15,256
Support Services		
General Replacement Programme	52,628	42,451
Headquarters	11,632	29,271
TOTAL EXPENDITURE	437,557	1,645,045
FINANCING		
Direct Revenue Financing	250,469	321,035
Grants & Contributions	187,088	1,324,010
TOTAL INCOME	437,557	1,645,045

The relevant funding above was provided by :

	2009/10	2008/09
Welsh European Funding Office	0	630,627
Welsh Assembly	166,666	572,995
Visit Wales	0	21,967
CADW	422	81,705
National Trust	0	5,444
Conwy County Borough Council	20,000	0
Countryside Council for Wales	0	11,272
	187,088	1,324,010

From the total capital spend of £437,557 , £162,268 relates to expenditure on fixed assets not owned by the Authority namely Built Environment schemes (£88,594), Access Improvements (£35,000), Green Key contribution (£18,740) and Pont Clogwyn Fawr (£19,934) - the related grants and contributions finance amounts to £74,162. The net revenue expenditure funded from capital under statute is therefore £88,106.

12 (II) MOVEMENT ON FIXED ASSETS DURING THE YEAR

	Land and Buildings	Vehicles, Plant & Equipment	Community	Assets under construction	Total
Cost or valuation					
At 1 April 2009	10,199,500	1,502,361	254,250	7,714,750	19,670,861
Additions	7,810,230	77,060	0	126,740	8,014,030
Disposals		-78,000	0	-7,738,750	-7,816,750
Revaluations	45,000		0		45,000
At 31 March 2010	18,054,730	1,501,421	254,250	102,740	19,913,141
Depreciation and impairments					
At 1 April 2009	721,410	1,068,901	0	0	1,790,311
Charge for 2009/10		0			0
- depreciation	219,200	147,450			366,650
- impairment	7,513,010				7,513,010
Disposals		-78,000			-78,000
Revaluations	11,380	0			11,380
At 31 March 2010	8,465,000	1,138,351	0	0	9,603,351
Balance sheet amount at 31 March 2010	9,589,730	363,070	254,250	102,740	10,309,790
Balance sheet amount at 1 April 2009	9,478,090	433,460	254,250	7,714,750	17,880,550

13. COMMITMENTS UNDER CAPITAL CONTRACTS

The Authority has the following significant capital commitments:

1. **Dolgellau THI project** - the Authority has committed a contribution of £420,000 towards the estimated cost of £1,780,000 expected to be incurred over the 5 years to 2014/2015. the project's main objectives are to:
 - restore certain buildings of heritage significance
 - reinstate currently disused floor space back into use
 - raise awareness of the historic environment£90,410 of the Authority's baseline has been committed to the scheme for 2010/11. CADW and the Heritage Lottery Fund will be contributing to the scheme, and Gwynedd Council may contribute to the reinstating of empty residential units.
2. **Pen y Pass Cafe** - The Authority is currently part way through the refurbishment of the kitchen and café area which is estimated to cost £137,000. Expenditure of £47,000 will be required to complete the work in 2010/11 of which the Authority is responsible for contributing £30,000 from the Property Programmed Maintenance budget. The remaining £17,000 being grant finance arranged through the tenant.
3. **Plas Tan y Bwlch** - the programme of upgrading the facilities at the study centre will require further use of the Welsh Assembly Government Capital Grant in 2010/11. Currently £20,926 of the grant has been allocated to this work for 2010/11.
4. **Plas Tan y Bwlch** - subject to planning consent, the hydro electric scheme will require an estimated £160,000 to complete. The Authority will be looking to secure grant funding and/or an interest free loan from the Carbon Trust (administered through Salix Finance) to partly fund the scheme.
5. **Penrhyndeudraeth Depot** - the Authority is currently in the process of purchasing additional land from Gwynedd Council for £25,000 at its Penrhyndeudraeth depot for the purpose of building a storage facility so that the archived files can be moved from the leased storage facility in Porthmadog.
6. **Betws y Coed** - The Authority has agreed to commit £7,000 towards a potential rural development scheme on visitor facilities worth circa £70,000 under the Conwy Rural Development Programme.

14. INFORMATION ON ASSETS HELD

The portfolio of "Property and Land Assets" held by the Authority according to the Asset Register as at the 31st March 2010 is as follows :

Type	Number	
	2009/10	2008/09
"Operational" Property and Land Assets		
Historic Site	1	1
Workshops and Stores	2	2
Study Centre	1	1
Visitor Centres / TICs	2	2
Car Parks	33	33
Visitor Facilities (including Llyn Tegid foreshore and buildings)	7	7
National Park Office	1	1
Warden Service centres	3	3
Snowdon Summit Building and Land	1	1
Dolgellau Wardens office (expenditure on a leased property)	1	1
"Community" Property and Land Assets		
Woodland	14	14
Llyn Tegid Lake	1	1
Visitor Facilities	4	4
Total	71	71

The community assets held are as follows :

14 Woodland sites :

- Panorama Amenity Area
- Land near Snowdon Ranger
- Cae Jel, Dolgellau
- Coed Hafod y Bryn, Llanbedr
- Farchynys Woodland and Picnic Site
- Graienyn Wood, Llangywair
- Nyrs Cae Seren Woodland
- Y Winllan
- Coed Mawr, Maentwrog
- Bronaber Woodland, Trawsfynydd
- Coed Hafod Woodland, Bro Garmon
- Coed Bryn Brethynnau
- Coed Felin Blwm, Trefriw
- Abergwynant Woods, near Dolgellau

Llyn Tegid Lake

4 Visitor facilities :

- Sygun Terrace
- Craig yr Aderyn
- Parc Lead Mine, Trefriw
- Llyn y Dywarchen

15. ASSETS HELD UNDER LEASES**Finance Leases**

The Authority, as lessor, has one finance lease as at 31st March 2010. This lease, previously treated as an operational lease, has been reclassified as a finance lease in 2009/10.

The rental receivable on the current finance lease arrangement is £5,250. The net investment as at 1/4/2004 is valued at £10,580. The site was purchased for £350 in 1980 and leased to the current tenant's family. The current tenancy runs for 21 years from 1/4/2004.

Operating Leases

Payments on Operating Leases are under the terms of the operating leases charged in equal instalments to the relevant revenue account. The 2009/10 total for "land & buildings" shown below does include £39,120 worth of payments for the hire of hotel rooms and conference venue relating to the ANPA Conference. The payments were :-

	2009/10	2008/09
	£	£
Land & Buildings	124,630	78,370
Office Equipment	12,790	11,200
Car Leasing - Employees	22,920	26,570
Vehicle Leasing - Authority	<u>6,330</u>	<u>25,540</u>
	<u>166,670</u>	<u>141,680</u>

An analysis of the Authority's expenditure commitment for operational leases as at 31st March 2010 is as follows :

	Land & Buildings	Vehicles & Equipment	Total
Lease commitments for the next financial year (2010/11)	<u>69,220</u>	<u>38,810</u>	<u>108,030</u>
Leases expiring next year	23,770	17,680	41,450
Leases expiring in 2 - 5 years time	10,600	21,130	31,730
Leases expiring in 5+ years time	<u>34,850</u>	<u>0</u>	<u>34,850</u>
	<u>69,220</u>	<u>38,810</u>	<u>108,030</u>

In 2009/10 the Authority acted as lessor on 12 properties (wholly or partly). The income generated in 2009/10 was £98,380 (2008/09 £61,570). The associated depreciation charge on the relevant assets is £6,760. These figures include the sums relevant to the finance lease as noted above.

16. VALUATION INFORMATION

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

- **Operational Land & Properties** are recorded at “Existing Use Value” or “Depreciated Replacement Cost” as deemed appropriate.

All of the Authority’s land and properties are deemed to be operational. They were valued during the 2006/07 financial year by an independent qualified valuer, working on behalf of J.H .Jones Chartered Surveyors, Estate Agents, Valuers and Auctioneers. A second opinion on a sample of properties was obtained from the District Valuer. As a result, the final valuation includes figures from both valuers.

The Hafod Eryri building was valued by the District Valuers Service in May 2009.

There are no instances of impairment according to the impairment review undertaken at the year end.

- **Vehicles, Plant and Equipment** are recorded on a depreciated historic cost as a proxy for Current Cost. Other than for information systems equipment, a de minimis level of £10,000 has been used for the revaluation of assets. These assets are not revalued
- **Community assets** are recorded in the balance sheet at “Historic Cost” where known, or otherwise at a nominal value of £1.

17. INTANGIBLE FIXED ASSETS

Purchased intangible assets in the form of software licences are accounted for as part of the Information Technology replacement programme, and are written off to revenue in line with depreciation charges.

18. STOCKS

Stocks are brought into account at cost price. Stocks held on 31st March 2010 consisted of:-

	2009/10	2008/9
	£	£
Plas Tan Y Bwlch, Study Centre : Bar	2,110	2,660
Plas Tan Y Bwlch, Study Centre : Goods for Resale	2,750	3,000
Plas Tan Y Bwlch, Centre : Catering & Cleaning Stock	2,670	3,170
Information Centres : Goods for Resale	88,940	83,280
Boardwalks	0	13,000
	96,470	105,110

19. DEBTORS

	2009/10	2008/09
	£	£
Amounts falling due within one year :		
Sundry Debtors Outstanding	121,950	56,550
Debtor Reserves :		
Government Departments - Grants	75,180	192,540
Government Departments - HM Revenue & Customs	72,430	49,050
Local Government Authorities	43,170	35,710
Other Debtor Reserves	19,650	30,170
Prepayments	96,770	52,400
	429,150	416,420
less Bad Debt Provision	-14,330	-20,000
	414,820	396,420
LONG TERM DEBTORS (amounts falling due after one year)		
Finance lease	7,560	0
Car Loans to Employees	63,800	65,760
	71,360	65,760

20. SHORT-TERM INVESTMENTS

The Authority is able to invest and earn interest on its surplus funds. During 2009/10 funds have earned interest in Bank Deposit Accounts. Total interest earned during 2009/10 has been £29,635 (2008/09: £111,649).

21. CREDITORS

	2009/10	2008/09
	£	£
Sundry Creditors Control	-265,960	-203,960
Next Year's Courses Deposits	-19,220	-22,480
Sundry Creditors Reserve	-429,250	-449,330
Receipts in Advance	-128,760	-92,860
Other Reserves & Deposits	-14,020	-27,620
	-857,210	-796,250

22. GOVERNMENT GRANTS-DEFERRED

Capital grants received and associated with depreciable assets are credited to the government grants-deferred accounts. Those attributable to completed depreciable assets are shown in the Government Grants Applied a/c and released to the relevant service revenue account over the life of the assets to which they relate.

Those grants attributable to assets under construction and therefore not subject to depreciation i.e. Pen y Pass refurbishment and initial design fees for the hydro-electric development at Plas Tan y Bwlch are shown in the Government Grants Unapplied a/c.

Government Grants Deferred (Applied)	2009/10	2008/09
	£	£
Balance at 1st April 2009	-302,510	-77,320
Capital Grants & Contributions	-489,130	-354,630
Write-down for Depreciation	70,930	96,950
Other capital grants written-down	0	32,490
Balance at 31st March 2010	-720,710	-302,510

Government Grants Deferred (Unapplied) A/c	2009/10	2008/09
	£	£
Balance at 1st April 2009	-8,000,360	-7,148,430
Capital Grants & Contributions	-36,530	-851,930
Capital Grants & Contributions applied	7,998,500	
Balance at 31st March 2010	-38,390	-8,000,360

23. INTERESTS IN COMPANIES

The Authority does not hold investments in subsidiary and associated companies.

24. PROVISIONS

A provision of £14,330 has been made for doubtful debts (£20,000 provision in 2008/09). This represents around 10% of the total debtors as at 31 March 2010 excluding government departments and local authorities' debts. In 2009/10 a sum of £5,670 was utilised for the write off of bad debts.

25. RESERVES**(i) EARMARKED RESERVES**

Reserves earmarked for specific purposes by the Authority as at 31st March 2010 were as follows:-

	2009/10	2008/09
	£	£
1 Earmarked Revenue & Capital reserves (Amount approved as earmarked revenue and capital expenditure)	182,557	235,259
2 Specific Risks Reserve (to meet probable budget pressures)	619,108	378,288
3 Public Inquiries Reserve (To meet costs of Public Inquiry)	200,000	200,000
4 Match Funding Revenue Reserve (For Convergence Fund Purposes)	805,148	805,148
5 Match Funding Reserve - CCW (For Convergence Fund purposes)	9,455	9,455
6 Insurance Reserve (To meet self-insured liabilities)	12,750	12,750
7 Hafod Eryri Reserve (For risks associated with the Hafod Eryri Project)	325,000	325,000
8 Hafod Eryri Funding Reserve (For specific risks relating to the project)	28,478	83,800
9 Dolgellau Town Heritage Initiative	85,901	-
10 Bequest (for Public Access purposes)	30,000	-
	2,298,397	2,049,700
11 Usable Capital Receipts Reserves :	4,200	4,200
	2,302,597	2,053,900

(ii) CAPITAL ADJUSTMENT ACCOUNT

The Account accumulates (on the debit side) the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition. The balance on the Account thus represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

	2009/10	2008/09
	£	£
Balance at 1st April 2009	9,052,610	9,214,120
Revaluation	-145,000	0
Adjustment for difference between expenditure and value	-71,480	-65,400
Lease reclassification	-4,720	
Impairment	-7,283,750	0
Depreciation provision	-378,020	-442,683
Direct Revenue Financing	250,470	321,035
Plus : Write down of capital grants	7,656,700	129,438
Less : Write down of revenue expenditure funded from capital under statute	-88,110	-103,900
Balance at 31st March 2010	8,988,700	9,052,610

(iii) THE REVALUATION RESERVE

The Revaluation Reserve records the accumulated gains on the fixed assets held by the authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The Reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred only because the asset has been revalued. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the Reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost. Whilst these gains arising from revaluations increases the net worth of the Authority they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated.

The £45,000 increase in the reserve relates to the land value included in the Hafod Eryri valuation.

	2009/10	2008/09
	£	£
Balance at 1st April 2009	525,000	0
additions	45,000	525,000
Balance at 31st March 2010	570,000	525,000

(iv) PENSIONS RESERVE

This is a balancing account to allow for the inclusion of the Pension Liability in the Balance Sheet

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No specific contingent assets have been identified as at the year end.

The Hafod Eryri project is physically complete and a final account has been received but not agreed. An obligation has arisen from the project but no such expenditure has been charged to the accounts, because the amount of the obligation cannot be measured with sufficient reliability.

27. EVENTS AFTER THE BALANCE SHEET DATE

The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pension increases. In accordance with paragraph 21 of Financial Reporting Standard 21 (Events after the balance sheet date), this change is deemed to be a non-adjusting post balance sheet event. It is estimated that this change will reduce the value of an average employer's FRS17 liabilities in the Gwynedd Pension Fund by around 6-8% i.e. £1.5m - £2m for this Authority. This estimate is based on an employer with a "typical" membership profile.

The audited accounts were authorised by the Chief Finance Officer and approved by the Authority on the 15th September 2010. As at the date of the audit opinion all events since 31/3/2010 have been considered for their impact on the Statement of Accounts.

28. TRUST FUNDS

The Authority does not hold any Trust Funds as at the year end.

29. PENSION FUND

A defined benefit statutory funded scheme is maintained by Gwynedd Council on behalf of the Authority's employees under the Local Government Pension Scheme Regulations 1997 as amended.

These regulations require the Authority to maintain a fund for the benefit of its employees. In 2009/10 employees contributed to the funds at rates of between 5.5% and 7.5% dependent on salary. Manual workers who were paying at 5% prior to 31st March 1998 contributed at 5.5%.

The Authority's contribution rates are determined by the Fund's professionally qualified actuaries based on triennial valuations of the Fund, and are set with the aim that the overall liabilities of the fund can be met when matched with employee contributions.

During 2009/10 employers' contributions of £683,529 were made (2008/09: £672,850), at the rate of 20.2% (2008/09: 20.2%) of pensionable pay. There were no discretionary increases agreed in pension payments during 2009/10. Payments by the Authority during 2009/10 relating to discretionary increases awarded in earlier years amounted to £28,967 (2008/09: £28,942).

Recognition in the Income and Expenditure Account

Year ended :	31 March 2010		31 March 2009	
	£'000	% of pay	£'000	% of pay
Current service cost ¹	454	11.1%	449	13.3%
Interest cost	968	23.7%	977	29%
Expected return on employer assets	(696)	(17.0%)	(914)	(27.2%)
Past service cost / (gain) ²	0	0%	183	5.4%
Losses / (Gains) on curtailments and settlements	0	0%	0	0%
Total	726	17.8%	695	20.6%
Actual return on plan assets	4,186		(2,631)	

¹ The service cost figures include an allowance for administration expenses of 0.4% of payroll.

² The past service cost figure of £183,000 relates to retrospective changes to member benefits that came into effect on 1 April 2008.

Liabilities have been assessed on an actuarial basis, estimating the pensions that will become payable in future years dependant on assumptions about mortality rates, salary levels, etc. Under the projected unit method of calculating liabilities the current service cost will increase as the members of the scheme approach retirement.

The table below shows the estimated net pension liability of £10.027M for the year ended 31 March 2010.

Balance Sheet

Year Ended :	31 March 2010	31 March 2009
	£(000)	£(000)
Fair value of Employers Assets	15,254	10,394
Present value of Funded Liabilities	(24,759)	(13,391)
Net (Under) / Overfunding in funded plans	(9,505)	(2,997)
Present value of unfunded liabilities	(522)	(438)
Unrecognised Past Service Cost	0	0
Net Asset / (Liability)	(10,027)	(3,435)
Amount in Balance sheet -Liabilities	10,027	3,435
Net Asset / (Liability)	(10,027)	(3,435)

The following additional disclosures include those required under FRS17.

a) Investment returns

The return on the fund in market value terms for the year to 31 March 2010 is estimated based on the actual Fund returns as provided by the Administering Authority and index returns where necessary.

Actual return for the period from 1 April 2009 to 31 December 2009	30.0%
Estimated return for the period from 1 April 2009 to 31 March 2010	39.2%

b) The major categories of plan assets as a percentage of total plan assets

Year Ended :	31 March 2010		31 March 2009	
	£000's	%	£000's	%
Equities	11,748	77	7,559	72.7
Bonds	2,288	15	1,450	14
Property	915	6	828	8
Cash	303	2	557	5.3
Total	15,254	100	10,394	100

c) Main Financial Assumptions as at 31st March 2010

Assumptions as at:	31 st March 2010 % per annum	31 st March 2009 % per annum	31 st March 2008 % per annum	31 st March 2007 % per annum
Price increases	3.8%	3.1%	3.6%	3.2%
Salary increases	5.3%	4.6%	5.1%	4.7%
Pension increases	7.2%	6.5%	7.2%	3.2%
Discount rate	5.5%	6.9%	6.9%	5.4%

d) Expected return on assets by category

Year ended :	31 st March 2010 % per annum	31 st March 2009 % per annum
Equities	7.8%	7.0%
Bonds	5%	5.4%
Property	5.8%	4.9%
Cash	4.8%	4.0%

e) Mortality

Life expectancy is based on the PMA92/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% p.a. underpin.

Based on these assumptions, the average future life expectancies at age 65 are summarised as follows :

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

f) Historic Mortality

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is as follows :

Year ended	Prospective Pensioners	Pensioners
31 March 2010	year of birth, medium cohort and 1% p.a. minimum improvements from 2007	year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 March 2009	Calendar year 2033	Calendar year 2017
31 March 2008	Calendar year 2033	Calendar year 2017
31 March 2007	Calendar year 2017	Calendar year 2004
31 March 2006	Calendar year 2004	Calendar year 2004

Age ratings are applied to the above tables based on membership profile.

g) Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

h) Net Pension Asset

Net Pension Assets as at :	31/3/10 £ '000	31/3/09 £ '000	31/3/08 £ '000	31/3/07 £ '000	31/3/06 £ '000
Fair value of Employer Asset	15,254	10,394	12,424	12,507	11,160
Present Value of Defined Benefit Obligation	(25,281)	(13,829)	(13,896)	(16,490)	(16,220)
Surplus / (Deficit)	(10,027)	(3,435)	(1,472)	(3,983)	(5,060)
Experience Gains / (Losses) on Assets	22.9%	(34.4%)	(11.8%)	0.1%	13.5%
Experience Gains / (Losses) on Liabilities	0%	0%	4.6%	0.1%	0.1%

i) Reconciliation of Present value Scheme Liabilities:

Year Ended :	31 March 2010	31 March 2009
	£000's	£000's
Benefit Obligations at beginning of Year	13,829	13,896
Current Service Cost	454	449
Interest On Liabilities	968	977
Member Contributions	247	217
Actuarial (Gains)/Losses on Liabilities	10,068	(1,569)
Past service costs	0	183
Unfunded benefits paid	(29)	(29)
Benefits Paid	(256)	(237)
Benefit Obligations at End of Year	25,281	13,829

j) Reconciliation of Present value Scheme Assets:

Year Ended :	31 March 2010	31 March 2009
	£000's	£000's
Fair Value at beginning of Year	10,394	12,424
Expected Return on Plan Assets	696	914
Member Contributions	247	217
Employer Contributions	684	709
Contributions in respect of Unfunded Benefits	29	29
Actuarial Gains/(Losses) on Liabilities	3,489	(3,575)
Unfunded benefits paid	(29)	(29)
Benefits paid	(256)	(295)
Fair Value at End of Year	15,254	10,394

k) Amount Recognised in the Statement of Total Recognised Gains and Losses (STRGL)

Year Ended :	31 March 2010	31 March 2009	31 March 2008	31 March 2007	31 March 2006
	£000's	£000's	£000's	£000's	£000's
Actuarial Gains/ (Losses)	(6,579)	(2,006)	2,439	1,193	(694)
Increase / (Decrease) in Irrecoverable Surplus from Membership fall and other factors	0	0	0	0	0
Actuarial Gains / (Losses) recognised in the STRGL	(6,579)	(2,006)	2,439	1,193	(694)
Cumulative Actuarial Gains and Losses	(8,826)	(2,247)	(241)	(2,680)	(3,873)

1) Projected amount to be charges to be paid to the scheme for the year to 31 March 2011

Year Ended :	31 March 2011	
	£ (000)	% of pay
Projected Current Service Cost	802	24.1%
Interest on Obligation	1,408	42.3%
Expected Return on Plan Assets	(1,118)	(33.6%)
Past Service cost	0	0
Losses / (Gains) on Curtailments and Settlements	0	0
Total	1,092	32.8%

The employer's contributions for the year to 31 March 2011 are estimated at £672,000. The estimated current service cost includes an allowance for administration expenses of 0.4% of pay

30. NOTES RELATING TO THE CASH FLOW STATEMENT

2008/09		2009/10
£		£
	Management of Liquid Resources :	
88,350	Increase (-) / Decrease in Cash in Hand and at Bank	-697,360
153,580	Increase (-) / Decrease in Short Term Investments	394,980
<u>241,930</u>		<u>-302,380</u>
	Reconciliation of Surplus to Net Revenue Activities :	
£		£
88,710	Net Contributions from / to (-) Reserves	-248,700
1,229,330	Increase (-) / Decrease in Creditors	-67,340
-661,820	Increase / Decrease (-) in Debtors	33,320
17,880	Increase / Decrease (-) in Stock	-8,640
-280,800	Revenue Contributions to Capital Expenditure	-250,470
103,900	Revenue expenditure funded from capital under statute	88,110
<u>497,200</u>		<u>-453,720</u>
	Analysis of Capital Grants Received :	
£		£
6,970	Visit Wales	15,000
542,690	Welsh Assembly Government	112,930
5,380	CCW	0
774,140	WEFO	0
150,000	Snowdon Mountain Railway	0
<u>1,479,180</u>		<u>127,930</u>

THE 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. For Snowdonia National Park Authority, that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts.

These accounts were approved by the Authority on the 15th September 2010

Cllr E. Caerwyn Roberts
Chairman

Date : 15th September 2010

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance 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 SORP).

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority SORP.

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 FINANCE OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the Local Government Accounts and Audit Regulations and gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2010.

D.L.Edwards
Chief Finance Officer

Date : 2nd September 2010

Independent Auditor's report to the Members of Snowdonia National Park Authority

I have audited the accounting statements and related notes of:

- **Snowdonia National Park Authority**

for the year ended 31 March 2010 under the Public Audit (Wales) Act 2004. Snowdonia National Park Authority's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash Flow Statement. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Snowdonia 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 46 of the *Statement of Responsibilities* prepared by the Auditor General for Wales.

Respective responsibilities of the responsible financial officer and the independent auditor

The responsible financial officer's responsibilities for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009:

- the financial position of the local government body and its income and expenditure for the year

I review whether the Statement on Internal Control reflects compliance with 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' published by CIPFA in April 2004. 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. 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 local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and related notes and consider whether it is consistent with the audited accounting statements and related notes. This other information comprises only 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 and related notes. 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 Practice issued by the Auditor General for Wales, and International Standards on Auditing (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 and related notes. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the accounting statements and of whether the accounting policies are appropriate to the local government body'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 and related notes 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 and related notes.

Opinion on the accounting statements of Snowdonia National Park Authority

In my opinion the accounting statements and related notes give a true and fair view, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2009, the financial position of Snowdonia National Park Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

My conclusion on Snowdonia National Park Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010 will be reported separately in the published Annual Audit Letter.

Certificate of completion

I certify that I have completed the audit of the accounts of Snowdonia 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.

Ceri Stradling – **Appointed Auditor**

24 Cathedral Road,
Cardiff
CF11 9LJ

Date 29th September 2010

(The maintenance and integrity of the Snowdonia National Park Authority web site is the responsibility of the Authority; 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 statement of accounts since it was initially presented on the web site)

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

- 1.1 Snowdonia National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Snowdonia National Park Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Authority is also an “improvement authority” with regard to the Local Government (Wales) Measure 2009 which creates an obligation on authorities to publish their improvement objectives at the start of the financial year and for the second stage information to be published before 31st October in the financial year after the year to which the information relates.
- 1.2 In discharging this overall responsibility, Snowdonia National Park Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Snowdonia National Park Authority’s functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Snowdonia National Park 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.
- 2.2 The system of internal control has been in place at the Authority for the year ended 31st March 2010 and up to the date of approval of the annual report and accounts.

3. THE INTERNAL CONTROL ENVIRONMENT

3.1 Establishing and Monitoring the Achievement of the Authority's Objectives

Outlined below is how the Snowdonia National Park Authority sets its vision and improvement objectives.

The National Park Authority establishes its strategic direction through the adoption of a number of documents. The Corporate Vision and the Authority's Priority Outcomes and Corporate Objectives are reflected in all the plans and documents and feeds into the whole of the Authority's work

The National Park Authority, established by the Environment Act 1995 comprises eighteen Members. The Authority is the governing body of the National Park and establishes the Vision and the Priority Outcomes and Corporate Objectives of the Park. It also has overall responsibility for performance review.

The Performance and Resources Committee comprises 9 members. It oversees the delivery of Wales Programme for Improvement within the Authority. The committee convened 3 times in 2009/2010 .

In 2009/10 there was one Member/Officer Working Group which replaced the previous Project and Policies working group and the Scrutiny, Performance, Staff and Member Development working group

In 2009/10 the working group was scheduled to meet six times or more often if necessary. It comprised of all the Members of the Authority and each is charged with working closely and in partnership with the officers to discuss in detail the work of the Authority. The Working Group has the following functions :

- To advise upon the formulation of policy
- To advise on proposed projects and initiatives
- To prepare reports and recommendations on any matter referred to the Working Group as a Task and Finish Group by the Authority or any Committee of the Authority.
- Within its terms of reference to promote and advise on the implementation and application of principles of sustainable development and social inclusion across the activities of the National Park Authority.

The work programme for the Member Working Group in 2009/10 was approved by the Performance and Resources Committee on the 24th June 2009.

3.2 Ensuring Compliance with Policies, Procedures, Laws and Regulations

The Authority has designated the Director of Corporate and Legal Services as Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. If the Monitoring Officer considers that any proposal, decision or omission would give rise to

unlawfulness or maladministration the Monitoring Officer will report the matter to the full Authority. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

3.3 Risk Management

The Authority, through the actions of the officer based Risk Management Group, undertakes a systematic risk identification and evaluation process, designed to give the Authority a clear focus and priorities for risk reduction and mitigation.

Marsh initially reported on the Authority's position in 2002, and have subsequently reviewed the Authority's position in 2006, assessing the progress made during this period and identifying, where appropriate, new risks.

The risks identified have been nominated to 'risk owners' to identify current and future risk mitigation measures. Risks have further been classified with four relative priority ratings of High, Medium, Low and Continuous. For the first three the ranking is used over a three year period with high priority risks being considered in the first year, medium in the second and low in the third.

The Risk Management Group meets quarterly and reviews the Authority's Risk Register which entails :

- reviewing progress in mitigating risks previously identified,
- moving those risks which have been mitigated as fully as possible to that section of the Risk Register denoted as "Risks Removed",
- and identifying new risks and the mitigating actions required.

The main risks identified for the Authority are incorporated into the annual Corporate Work Programme and responsibility for their mitigation allocated to specific officers. Progress in their mitigation is reported to each meeting of the Performance and Resources Committee via a report on the Corporate Work Plan. In addition, the complete risk profile is reported to the Authority in February each year.

3.4 Wales Programme for Improvement

Through review by external auditors, Internal Audit, the Members and its Management Team the Authority constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement and efficiency savings in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness as required by the Wales Programme for Improvement.

3.5 Financial Management

Our financial management system comprises

- An annual framework for budget setting, including the production of three year forecasts, based on indicative figures provided by the Welsh Assembly Government for planning purposes.
- Regular in-year management and monitoring information provided to Managers with summaries provided to Committees.
- Administrative procedures including segregation of duties and a system of delegation and accountability.
- Accurate financial information (including Statutory Accounts) that are relevant to the internal and external users.
- Documented Financial Regulations, procedures and policies.
- Internal and External Audit review.

3.6 Performance Management

The Authority has an effective performance management framework which is driven by its Business and Improvement Plan. The Business and Improvement Plan focuses attention on the Authority's Priority Outcomes and Corporate Objectives and sets out key targets for the forthcoming year that aim to ensure that the Authority is achieving its Priority Outcomes and Corporate Objectives. Performance is recorded against indicators set by the Welsh Assembly Government, all 3 Welsh National Parks and the Authority. This is cascaded down to the Corporate Work Plan which is prepared at the beginning of each financial year and outlines the major work targets for each section in the Authority. The Authority through its Performance and Resources Committee monitors and scrutinises progress against targets and performance in priority areas affecting relevant service area, and consider and approve corrective action where necessary.

The Authority's Priority Outcomes and Corporate Objectives and risks recorded on the Authority's Risk Register are matched with the Authority's Corporate Work Programme to ensure consistency. In addition, the Authority continues to make progress with the process of implementing the pan Wales Performance Management System known as "Ffynnon" which will ensure that there is regular reporting on targets, and will assist with the development of a balanced set of Performance Indicators with the other two Parks.

4. REVIEW OF EFFECTIVENESS

4.1 Snowdonia National Park Authority has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 The Authority

The full Authority has primary responsibilities for the National Park Authority's functions. It has delegated decision making powers to Committees and Sub-Committees and Officers in order to permit swift and effective policy and decision making by officers within a framework of accountability to Government and local people. It has also appointed a Working Group of Members to advise it on the exercise of its functions and other Forums to engage with the community and interested bodies on issues relating to the management of the National Park.

The scheme in general is operated to avoid multiple handling of business. Powers are substantially delegated to incur expenditure or raise income for approved purpose, within policy and budget, subject to strict control by the Financial Regulations. All the members of the Authority are members of the Planning and Access Committee.

4.3 The Performance and Resources Committee

In 2009/10 the Performance and Resources Committee had terms of reference in areas of Financial, Improvement, Staff, Property Risk Management, Plas Tan y Bwlch and Internal Audit. Its membership comprises of 6 Local Authority and 3 National Assembly Appointed Members.

4.4 The Standards Committee

The general function of the standards committee is to promote and maintain high standards of conduct by members and co-opted independent members of the Authority, and to assist members and co-opted members of the Authority to observe the code of conduct. Membership comprises two Local Authority, one National Assembly and three Independent members.

4.5 **Internal Audit**

An Audit Plan is agreed annually with the Internal Audit Service (provided by Gwynedd Council) to review the system of internal control. The aims of the Internal Audit Service is to provide assurance to the Chief Finance Officer, and consequently to the whole Authority, that those resources which are available are managed and used appropriately, with transparency.

In 2009/10 Internal Audit carried out audits on the Authority's Carbon Footprint, Fleet Management, Travelling Allowances and Expenses and "Green" Purchasing (this audit to span both 2009/10 and 2010/11).

The Head of Internal Audit's annual report, presented to the Performance and Resources Committee in June 2010, stated that Snowdonia National Park Authority has, in his opinion, a framework of internal controls that give reasonable assurance regarding the security of resources and the ability of the Authority to achieve its objectives.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

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 and Corporate Managers who have responsibility for the development and maintenance of the internal control environment. The following have been identified as significant internal control issues:

Issue	Action
<p>Assembly grant settlements for the next three year funding cycle will result in financial pressure on the Authority in the context of inevitably increasing future costs.</p>	<p>It is a statutory duty on the Authority to set a balanced budget. The Authority currently produces a budget forecast on three year planning figures from the Assembly. Decisions to incur expenditure on a baseline (continual) or one-off basis are guided by the future availability of financial resources, according to current information about National Park Grant, expenditure and income estimates. Following the initial report to the Authority on 11th February 2009 the Chief Executive has led on a budget review exercise for each service and the savings identified were reported to the Authority on the 30th September 2009. Those savings approved by the Authority have been incorporated into the 2010/11 budget and 3 year budget forecast. The Authority has noted one of its priority outcomes for 2010-2013 as <i>"The Authority continues to operate effectively and provides a service for all within the resources it has available"</i>. The Authority will continue to consider and prioritise budget allocation with a view to setting a sustainable and balanced budget.</p>
<p>The Hafod Eryri project presents significant financial and non-financial risks for the Authority</p>	<p>The project is complete, however, clarification on the contractual position is ongoing.</p>
<p>The Authority needs to continue to monitor the impact of the Pension Fund deficit which represents a significant financial risk.</p>	<p>The deficit is monitored according to the actuary's annual report and reviewed in detail by the triennial valuation. The Authority's contribution rate is in accordance with the actuary's recommendation, which was anticipated to bring the Authority to a fully-funded position over 20 years. The deficit, as measured in accordance with 'FRS17' as noted in this Statement of Accounts has increased significantly since 31/3/2009, but such movement in all employers' 'FRS17' figures between 31 March 2009 and 31 March 2010 is primarily due to the use of corporate bond yields (when calculating the "real discount rate" in accordance with standard accounting rules) as a valuation basis, and unprecedented and irregular turbulence in the corporate bond markets over 2009/10.</p>

	<p>Whilst further voluntary increases in the contribution rate could reduce the risk with a view to funding the deficit prior to the end of the 20 year recovery period, the current and foreseen level of Assembly grant settlement makes it unlikely that the Authority can make any such voluntary increase in its contribution rate in the foreseeable future. It is also necessary to take a very long term view with regard to pensions provision, and a measured professional assessment is required (rather than a knee-jerk reaction to the “snapshot” as at 31 March 2010. The Authority therefore awaits the outcome of the triennial valuation undertaken in March 2010 and the contribution rates to be recommended by the Actuary for implementation from 1/4/2011. A prudent estimate of the increase in contributions was included in the Authority’s 3 year budget forecast as presented in the Authority’s meeting on the 9th December 2009.</p>
<p>The Authority has made some improvements in its performance management framework however, further improvements can be achieved. The areas for further improvement are :</p> <ol style="list-style-type: none"> 1. Whilst some objectives have actions which satisfy SMART (Specific, Measurable, Attainable, Relevant, and Time based) criteria, many identified actions cannot be viewed in this way. This makes it difficult for the Authority to demonstrate it has achieved the objectives it has set itself. 2. Performance reporting needs to be improved by using a wider range of both national and local PIs. 3. Comparative data with both other national parks and other relevant organisations could be improved to better demonstrate the Authority’s performance improvement. 	<ol style="list-style-type: none"> 1. During 2009-10 the Authority undertook a review of its corporate objectives. A new set of Priority Outcomes has been devised for the period 2010-2013 and these are supported by a range of Corporate Objectives which are SMART. The Authority has now ensured that the annual actions set out in the Corporate Work Plan support the Priority Outcomes and Corporate Objectives and are themselves SMART. 2. As part of the continuing development of Ffynnon, the Authority is currently in the process of agreeing a number of HR, financial and ICT PIs with the other two Parks that will ensure effective benchmarking. This will add to the core performance indicators that are already collected by the three Welsh Parks and so will enable a better cross Park analysis to be made. The results will be regularly reported to the Performance and Resources Committee. 3. See comment above

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| <p>4. The structure of the Improvement Plan could be improved with better links between the different elements of the document. For example there are specific sections within the Plan relating to objectives, financial information, performance information, measures and targets. However, the reader of the document would have a better understanding of the Authority's performance if there were specific links between the different sections of the document.</p> | <p>4. The Local Government (Wales) Measure 2009 creates an obligation on authorities to publish their improvement objectives at the start of the financial year and for the second stage information to be published before 31st October in the financial year after the year to which the information relates. This will involve change to the format of the Improvement Plan, and has been discussed with the Wales Audit Office.</p> |
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The internal control systems set out in this document are those embedded within our management practices and processes. The Senior Management Team has agreed the actions to be taken to address issues identified and to ensure continuous improvement of the systems in place.

We have been advised on the implications of the results of the review and of the effectiveness of the system of internal controls. To the best of our knowledge the internal control environment identified above has been effectively operated during the year.

Aneurin Phillips

E. Caerwyn Roberts

Chief Executive

Chairman

Date:	23rd of June 2010		23rd of June 2010
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GLOSSARY OF TERMS

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

CAPITAL CHARGE

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of service.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

COMMUNITY ASSETS

Assets that the authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure classified as capital for funding purposes but which does not result in the expenditure being carried on the balance sheet as a fixed asset. These items are generally grants and expenditure on property not owned by the Authority.

DEFINED BENEFIT SCHEME

A pension scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

FINANCE LEASE

A lease that transfers all of the risk and rewards of ownership of a fixed asset to the lessee.

OPERATING LEASE

A lease other than a finance lease.

FIXED ASSETS

Tangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

USEFUL LIFE

The period over which the authority will derive benefits from the use of a fixed asset.

ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
FRS	Financial Reporting Standard
ANPA	Association of National Park Authorities