

COTSWOLDS CONSERVATION BOARD

STATEMENT OF ACCOUNTS

2008/2009

Cotswolds Conservation Board
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Summary of the Period 1 April 2008 to 31 March 2009

The Cotswolds Conservation Board was established as a result of the Countryside and Rights of Way Act 2000. The Board's Establishment Order (SI 1777/2004) was agreed by Parliament in July 2004. The Board was formally established on 14 December 2004 and became operational on 1 February 2005. The Board's statutory purposes are:

- to conserve and enhance the natural beauty of the Cotswolds Area of Outstanding Natural Beauty (AONB), and
- to increase the understanding and enjoyment by the public of the special qualities of the AONB.

In fulfilling these purposes the Board seeks to foster the economic and social well-being of people living in the AONB.

The Board is an independent corporate body. Its thirty-seven members have a responsibility to consider the widest possible interests of the AONB, both nationally and locally. As a result of local government reorganisation in Wiltshire, the number of Government and local authority appointees has reduced from 1 April 2009 to fourteen and fifteen respectively. There are eight parish council appointees. The Board employs fifteen staff and is supported by over three hundred voluntary wardens. The Board secures personnel, legal, administrative, payroll services and IT support through external providers.

The full Board meets four times a year and a smaller Executive Committee meets eight times a year. The Executive Committee has established four sub-committees and they and the Executive Committee operate working groups covering specific tasks or areas of work.

In March 2008, the Board adopted the new Cotswolds AONB Management Plan 2008–2013 which articulates the Board's vision, objectives and policies for the future management of the Cotswolds AONB. Over the course of the year, the Management Plan was endorsed by a range of local authority partners. It is the foundation for the Board's Business Plan, which details actions and activities undertaken by the Board and is the basis for securing resources from funding partners. The Board has delivered a wide ranging programme of activity associated with the delivery of its purposes.

From April 2008, the Board was responsible for the management and promotion of the Cotswold Way National Trail. The initial one-year agreement with Natural England for 2008/09 has been extended until March 2011.

The Cotswold Voluntary Wardens celebrated their 40th anniversary throughout 2008.

The year has seen a series of ongoing improvements to corporate governance. The Board's Establishment Order has been amended to reflect the restructuring of the Board following local government reorganisation in Wiltshire. The Board has also worked with DEFRA to put the Board on the same footing as local authorities in respect of accounting for Financial Reporting Standard 17 on retirement benefits. The Board also successfully introduced a new financial package from the beginning of the 2008/09 financial year and a three-year rolling business plan from the start of 2009/10.

The Cotswolds Conservation Board's Annual Review 2008/09, summarises the achievements over the year. It is published in July and is available on the Board's website www.cotswoldsaonb.org.uk or from the Board's offices.

Martin Lane – Director

Explanatory Foreword

INFORMATION AND FINANCIAL STATEMENTS

The purpose of this foreword is to provide a clear and understandable guide to the most significant matters reported in the financial statements.

Statement of Accounting Policies

This statement discloses the accounting policies used by the Board in compiling the financial statements.

Annual Governance Statement

The Annual Governance Statement reports the Board's evaluation of the effectiveness of its system of internal control.

Income and Expenditure Account

The Income and Expenditure Account is in accordance with the format in the Code of Practice on Local Authority Accounting in the UK 2008 adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) for national parks. The Income and Expenditure Account is restated in accordance with the Best Value Accounting Code of Practice in Note 16 (p31).

The Income and Expenditure Account summarises revenue expenditure and income for all of the Board's services for the year ended 31 March 2009.

Statement on the Movement of General Fund Balances

This statement reflects the transfer of earmarked reserves. The overall balance on the Statement on the Movement of General Fund Balances appears in the Balance Sheet along with the year-end balances on reserves.

Statement of Total Recognised Gains and Losses (STRGL)

This account demonstrates the:

- Surplus/deficit for the year
- Surplus/deficit on disposal of fixed assets (The Board has no fixed assets.)
- Actuarial gains/losses on pension fund assets and liabilities
- Any other gains/losses on STRGL

Balance Sheet

This sets out the financial position of the Board at 31 March 2009.

Cash Flow Statement

This statement shows the inflow and outflow of cash arising from transactions with third parties for revenue purposes in the period. This is different to the Income and Expenditure Account, which uses the accruals method of accounting.

Notes to the Accounts

This statement discloses more detailed information on the figures provided in the Income and Expenditure Account, Balance Sheet and Cash Flow Statement.

Performance for the period 1 April 2008 to 31 March 2009

The Board is funded year on year for its programme of work during that year. The level of funding provided by the Board's principal partners - Natural England and local authorities - determines the level of activity that can be achieved.

The programme of work in the Board's Business Plan consists of projects for the achievement of its statutory purposes together with the Corporate Governance Action Plan. Projects are carried out by the Board itself or in partnership with others. Principal programmes of work in 2008/09 included projects on green tourism, ancient woodlands and farmland birds, celebrating the 40th anniversary of the Cotswold Voluntary Wardens, integrating the Cotswold Way National Trail Team into the Conservation Board and the distribution of the Sustainable Development Fund to grant aided projects.

The Board initially agreed a budget for 2008/09 of £1.16 million.

The Board revised its budgets to £1.13 million in January 2009 to take account of the receipt of final grant offers from Natural England within the year, overall progress within the year and the expected outcome for both finance and project outputs at the year end. The main areas where changes to the budget were made were:

- An increase in the Climate Change budget of £12,000 to bring forward a related Farming & Forestry Study.
- A reduction in Rural Land Management budgets of £11,425 mainly due to the proposed Branching Out project not being implemented in 2008/09.
- A reduction in Enjoying & Exploring budgets of £21,898 of which £13,901 related to the proposed Cotswolds-wide Green Tourism project which was not implemented following an unsuccessful bid for funding to the Heritage Lottery Fund.
- A reduction in the Employees budget of £13,023.

Notable achievements in the year include:

- Adoption and publication of new position statements on Biodiversity Planning, Telecommunications and the Rural Economy, Management of Roadside Verges and the Management of Wild Deer.
- The dry stone walling and North Cotswold hedgelaying competitions held in October and November respectively, and fourteen dry stone walling and hedgelaying training courses, involving over 160 participants.
- The commencement of the Cotswold Farmland Bird Initiative in October.
- Two 'Step into the Cotswolds' walks developed at Stonesfield and Milton-under-Wychwood.
- Six tourism businesses assessed for Green Tourism Business Scheme accreditation – four passed.

- The promotion and management of the Cotswold Way National Trail integrated into the Board's work and the management agreement with Natural England extended to March 2011.

At the end of the year, the final expenditure figure for budget purposes was £1.06 million (£71,808 or 6% variation from the revised budget). The variance between the revised budget and the net cost of services shown in the Income and Expenditure Account is mainly as a result of underspending on employee costs (£32,138) and on the Cotswold Way National Trail (£33,025).

The Income and Expenditure Account shows a surplus for the year of £86,995 (2007/08 £23,086 deficit) before transfers to reserves.

Pension Fund

In accordance with proper accounting practice, the Board must show the present surplus or deficit position on its share of the pension fund as reported by the actuary in his Financial Reporting Standard 17 report. The position has been assessed using an estimate of the pensions that will be payable in future years, taking account of assumptions about mortality rates, salary levels etc.. The position represents a snapshot as at the end of the financial year, based on prevailing market and other economic conditions and assumptions. As such, it may fluctuate markedly from one year to the next.

The net position at 31 March 2009 showed a liability of £69,000 compared to an asset of £27,000 for the previous financial year. This represents a movement from liability to asset of £96,000.

As a result of changes to regulation 30 (retirement benefits) of the Local Government (Capital Finance and Accounting) (England) Regulations 2003 the Board is now able to reverse the effect of Financial Reporting Standard 17 in respect of pension fund adjustments. As a result the Board has been able to release £42,000 previously set aside in the Pension Fund and has added this to its Working Balance at the year end (see below).

Reserves

The Board has increased its earmarked reserves for ongoing and future projects by £17,532 (2007/08 £14,998) to a total of £113,970 (2007/08 £50,438) and the General Fund balance has increased by £65,463 (2007/08 decreased by £38,084) to £82,117 (2007/08 £16,654).

The Director and Finance Officer both consider the Board's reserves to be adequate for the efficient operation of the Board.

Statement of Accounting Policies

The accounts have been prepared, as far as possible, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). They conform to the Accounts and Audit Regulations 2003, Statements of Standard Accounting Practice (SSAP) and Financial Reporting Standards (FRS) as far as they are applicable. This guidance was written for local authorities and national parks and does not take account of the specific circumstances of conservation boards. The Board continues to work with the national parks, the Audit Commission and the Chartered Institute for Public Finance and Accountancy on how the code of practice should be applied to the Board. Where the guidance does not apply or applies differently, the Board has taken a judgement on the treatment of these issues. The Accounting Policies are kept under review and are updated as required.

The accounts are compiled using the historic cost convention.

Accounting Concepts

The following accounting concepts are adopted to ensure that the accounts present fairly:

A) Relevance

The Statement of Accounts provides information about the financial performance and position of the Board that is useful for assessing the stewardship of public funds and for making economic decisions.

B) Reliability

The Statement of Accounts is intended to represent faithfully the financial position and transactions of the Board. This is achieved by complying, in all material respects, with proper accounting practices as far as they apply to the Board.

Where there is uncertainty these accounts have been prudently prepared, that is, that a degree of caution has been applied in exercising judgement and making any necessary estimates.

This statement has been prepared to reflect the reality or substance of the transactions and other events that have taken place.

C) Comparability

Consistent policies are applied both within the accounts for the year and between years. Discretionary changes in accounting policy will only be made on the grounds that the new policy is preferable to the one replaced because it will give a fairer presentation of the transactions and the financial position of the Board. The impact of future changes to accounting policies will, where material, be highlighted.

D) Understandability

The accounts require a reasonable knowledge of accounting if they are to be properly understood. However, all reasonable efforts have been made to make the accounts as easy to understand as possible.

E) Materiality

Strict compliance with CIPFA's Statement of Recommended Practice is not necessary where the amounts involved are not material to the fair presentation of the financial position of the Board and to the understanding of the Statement of Accounts by a reader. Materiality will depend upon the size and nature of the item in question.

F) Accruals

These financial statements, other than cash flow information, are prepared on an accruals basis. This means that income and expenditure is matched to the services provided during the accounting period.

G) Going Concern

The accounts are prepared on the assumption that the Board will continue in operational existence for the foreseeable future. This means that income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operation.

H) Primacy of Legislative Requirements

The Board derives its powers from statute. It is a fundamental principle of accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements will apply.

Accounting Policies**Fixed Assets**

The Board has a policy that only assets with a value of more than £10,000 will be treated as fixed assets in the accounts.

Overheads

Costs of corporate management and administration have not been re-allocated to the other cost heads within the accounts. Although this is not in full compliance with the SORP, the Natural England's grant application process requires Core and Project costs to be accounted for separately and the Board has adopted the National Park's model for the Income and Expenditure Account.

Grants

Revenue grants and other contributions are accounted for on an accruals basis and recognised in the financial statements when the conditions for their receipt have been complied with and there is a reasonable assurance that the grant or contribution will be received.

Debtors and Creditors

The revenue accounts are prepared on an income and expenditure basis. Provision is therefore made for goods and services supplied to or by the Board, but not paid at 31 March 2009. Debtors and creditors are risk-assessed at the year end and provision made where appropriate.

Partnership/Group Accounts

There were no companies or other organisations for which partnership or group accounts were required.

Capital Financing

The Board finances capital expenditure (grants to outside organisations for projects such as dry stone walling) from revenue within the year and, therefore, does not require a capital financing policy.

Reserves and Provisions

On 27 March 2008, the Board adopted a policy that it will hold reserves sufficient to provide:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to cushion the impact of unexpected events or emergencies;
- a means of building up or holding funds, as earmarked reserves, to meet known or predicted liabilities.

The following reserves have been established:

General Fund: the working balance of unused funds not earmarked for specific purposes.

Countryside Fund: contains income generated by the Board's Voluntary Wardens to help fund their activities or other activity which they wish to support.

Caring for the Cotswolds Fund: contains the balance of funds generated as part of the Caring for the Cotswolds Scheme to be used to support future lottery bids and programmes.

Legacies and Donations: contains money received from donors for use by the Board on the purposes set out by the donor.

Rural Skills Fund: replaces the Ernest Cook Charitable Trust Fund and contains money to be used to promote and support rural skills in the Cotswolds (New at 31.3.09).

Asset Acquisition Fund: contains money set aside to provide for replacement of vehicles, IT and equipment.

Student Placement Fund: contains money to enable the Board to fund the appointment of a twelve month student in advance of grant funding agreements (New at 31.3.09).

Evaluation Project Fund: contains money to fund a project to evaluate the Board's performance (New at 31.3.09).

Cotswold Way Fund: the balance of unused funds provided for maintenance of the Cotswold Way National Trail that has not been earmarked for specific Cotswold Way projects (New at 31.3.09).

Cotswold Way Bath Marker Fund: contains money earmarked for the provision of the marker of the end of the Cotswold Way National Trail in Bath (New at 31.3.09).

Cotswold Way Link Route Fund: contains money earmarked for the provision of waymarking for the National Trail through Bath (New at 31.3.09).

Cotswold Way Cotswold Life Guide Fund: contains money earmarked for the production of a Guide to the Cotswold Way to be published with Cotswold Life (New at 31.3.09).

Pension Fund: Following the change to regulation 30 (retirement benefits) of the Local Government (Capital Finance and Accounting) (England) Regulations 2003, this reserve reflects the actuary's valuation of the Board's pension fund for Financial Reporting Standard 17 purposes, i.e. the opposite entry to the pension asset or liability elsewhere on the balance sheet. The reserve does not hold money available for any other purpose.

Related Party Transactions (See also Note 6 to the Accounts)

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Board, or to be controlled or influenced by the Board. The policy for the purpose of reporting these transactions within the financial statements is that all related party transactions are declared.

The accounting policy of the Board takes into account the fact that the grants are made with proper consideration of declaration of interest.

Pensions (See also Note 4 to the Accounts)

Pensions are accounted for within the Income and Expenditure Account on a current service cost basis. The cash payment in respect of the employer's pension contribution is replaced with the current service cost. Financial Reporting Standard Number 17 has been fully implemented in the 2008/09 accounts.

Revenue Expenditure Funded from Capital Under Statute (Deferred Charges)

Deferred charges represent expenditure that has been properly capitalised but which does not result in tangible assets owned by the Board. Deferred charges are written off in the year that they are incurred. Examples include expenditure on capital grants in respect of dry stone walling.

Investments

In order to maximise income, a policy regarding bank account balances has been formulated. The Board uses two linked accounts at the same bank, one a current account, earning no interest and the other a call account, earning interest. At the close of business each day, an automatic transfer is made between the two accounts to ensure the current account retains a small balance and the call account retains the larger proportion of the Board's money to maximise interest yield. The balance on the call account is treated as a Short Term Investment in the balance sheet.

Value Added Tax

Value Added Tax (VAT) has to be paid in full by the Board. Therefore, all figures within the accounts are, where applicable, inclusive of VAT.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Cotswolds Conservation Board

The Board is responsible for:

- ensuring that its business is conducted in accordance with the law and proper standards;
- ensuring that public money is safeguarded and properly accounted for;
- ensuring that its resources are used economically, efficiently and effectively;
- making arrangements for the administration of its financial affairs and securing that one of its officers has responsibility for the administration of those affairs;
- maintaining an adequate and effective system of internal audit of its accounting records and of its system of internal control; and
- approving the Statement of Accounts including an Annual Governance Statement.

In achieving its overall responsibility, the Board is responsible for maintaining a sound system of internal control that supports the achievement of its objectives and reviews its effectiveness, including arrangements for the management of risk.

Responsibilities of the Finance Officer

The post with designated responsibility for the administration of the Board's financial affairs is the Finance Officer. The Finance Officer is responsible for the preparation of the Board's Statement of Accounts, which, under the terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the "Code of Practice"), is required to present fairly the financial position of the Board at the 31st March 2009 and its income and expenditure for the year ended 31 March 2009.

The Finance Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- complied with the Code of Practice as far as possible and with the requirements of the Board's Establishment Order.
- kept proper accounting records which are up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that the Statement of Accounts on pages 15 to 31 is a relevant Statement of Accounts for 2008/2009 for the Audit Certification and Opinion.

Signed:..... Finance Officer. Date:.....

In accordance with regulation 10(3) Accounts and Audit Regulations 2003, the statement of accounts was approved by the Board on 25th June 2009.

Signed:..... Chairman. Date:.....

Annual Governance Statement

Scope of responsibility

The Board 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. The Board also seeks 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.

In discharging this overall responsibility, the Board is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Board has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.cotswoldsaonb.org.uk or can be obtained from the Board's offices. This statement explains how the Board has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Board is directed and controlled, and its activities through which it accounts to and engages with its partners and the community. It enables the Board to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of its statutory purposes.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Board'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.

The governance framework has been in place at the Board for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

Governance Framework

- The Board identifies and communicates its vision of its statutory purposes and intended outcomes in its Management Plan for the Cotswolds Area of Outstanding Natural Beauty. Following extensive consultation, a new five-year plan was published in March 2008. There is a statutory requirement that the Management Plan is reviewed every five years and the next review will commence in 2011.
- The Board's contribution to the Management Plan is set out in its three-year Business Plan. The Business Plan is the basis for agreement of funding from the Board's principal funding partners, Natural England and the local authorities. It is also the yardstick by which the Board measures its success.
- The Board's Constitution sets out roles and responsibilities of the Board, its committees, sub-committees, working groups, members and officers. This document includes clear delegation arrangements and protocols for effective communication, codes of conduct and standards of

behaviour for members and officers and financial regulations. The Constitution is reviewed and amended from time to time to ensure that it reflects good governance. Supporting procedure notes and manuals are reviewed regularly by officers and auditors and, where appropriate, recommendations for changes are considered by the Executive Committee and approved by the Board.

- The core functions of an audit committee are carried out by the Executive Committee, who receive and review strategic audit plans, an annual audit report and an assessment of the quality of internal audit. The Committee also receives and reviews reports from the Board's external auditors, the Audit Commission.
- The Board has a risk management process that identifies and monitors key corporate risks. This is reviewed by the Executive Committee or the Board every six months.
- The Board's Director, Monitoring Officer and Section 151 Officer monitor decisions for compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. The Board has access to legal advice.
- Whistle-blowing, Anti-Fraud and Corruption, Freedom of Information and Comment, Compliment and Complaint policies and procedures are in place for receiving and investigating feedback from the public.
- The development needs of members and senior officers are identified in relation to their strategic roles. Induction training is provided to new members by the Director and to new officers by senior staff.
- The Board is made up of 15 members appointed by the constituent local authorities, 14 members appointed by the Secretary of State and 8 appointed by parish councils, providing key links to the local community. The business of the Board is reported on its website. A Forum for Partners is held twice a year to inform and consult key partners. There is continuous dialogue between the Board and its main funding partner, Natural England. Numerous activities and opportunities provide clear channels of communication with key stakeholders, all sections of the community and other stakeholders, ensure accountability and encourage open consultation.
- Partnership arrangements are integral to the Board's operation. The governance arrangements are embedded in grant and partnership agreements with funding and funded partners.

Review of effectiveness

The Board has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Board who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and partners.

The Board has adopted a Code of Corporate Governance and identified, in its Framework, the key documents and processes that support the core principles of the Code.

The effectiveness of the Board's corporate governance arrangements are under continuous review. Senior officers receive and record information from a variety of sources, including risk management reviews, audit reports (internal and external), observations by partners, members of the public, Board members and officers.

If weaknesses are identified, they are recorded in the Corporate Governance Action Plan along with proposed actions and a timetable for resolution. This is reported to and monitored by the Executive Committee twice a year.

A formal annual review is carried out in preparation for the Annual Governance Statement. This is reported to the Executive Committee and considered by the Board as part of the Statement of Accounts.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Executive Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

Action	Due	Responsibility
Achieve regulation change in respect of FRS17 adjustment	30.6.09*	Director
Publish a pension policy	30.9.09*	Director
Review staff handbook and officer code of conduct	31.12.09	Director
Publish Disability and Race Equality Schemes and Action Plan.	31.3.10	Director
Publish an IT Policy	30.6.09*	Director

*Achieved 25 June 2009

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

Signed:
Chairman of the Board

Signed:
Director

Income and Expenditure Account for the Year Ended 31 March 2009

2007/08 Restated*		Gross	2008/09	
Total	Expenditure	Expenditure	Income	Net
£		£	£	Expenditure
				£
	Cost of Operations			
87,434	Conservation of Natural Environment	79,449	(8,747)	70,702
65,747	Conservation of Cultural Heritage	84,325	(21,419)	62,906
73,598	Recreation Management & Transport	397,155	(309,652)	87,503
	Promoting Understanding: Information			
291,701	Interpretation and Education	187,402	(8,747)	178,655
53,609	Volunteers	71,566	(5,616)	65,950
68,437	Forward Planning	97,124	(61,666)	35,458
	Corporate Management and			
132,202	Administration	131,492		131,492
7,000	Non Distributed Costs	10,000		10,000
779,728	Net Cost of Services	1,058,513	(415,847)	642,666
	Costs Affecting the Board			
(7,790)	Interest Receivable		(8,715)	(8,715)
	Interest on Pension Scheme Liabilities			
	less Expected Return on Employer			
(2,000)	Assets (Note 4)	(44,000)	(46,000)	(2,000)
769,938	Net Operating Expenditure			631,951
	Income			
(547,313)	Natural England Contribution			(531,760)
(176,617)	Local Authority Contributions			(175,564)
(22,922)	Other			(11,622)
(746,852)	Total Financing			(718,946)
23,086	(Surplus)/Deficit for the Year			(86,995)

* Figures for 2007/08 have been restated to reflect income directly attributable to costs of operations thereby providing comparability with 2008/09.

The Income and Expenditure Account has been compiled in accordance with the Statement of Recommended Practice 2008 and reformatted into new expenditure and income service headings in accordance with the Standard Expenditure Analysis used by National Parks. Any reader of the accounts who requires more information on the compilation of the above statements should telephone 01451 862000 and more details will be forwarded.

Statement of Movement on General Fund Balance

2007/08 £		2008/09 £
23,086	(Surplus)/Deficit for the Year	(86,995)
	Net additional amount required to be debited to the General Fund Balance as a result of charges made for retirement benefits in accordance with FRS17 less employer's contributions payable to the Gloucestershire County Council Pension Fund and retirement benefits payable direct to pensioners.	4,000
14,998	Net Transfer to/(from) earmarked reserves (See Note 11)	17,532
38,084	(Increase)/Decrease in General Fund Balance	(65,463)
(54,738)	General Fund Balance as at 31 March 2008	(16,654)
(16,654)	General Fund Balance as at 31 March 2009	(82,117)

Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

2007/08 £		2008/09 £
23,086	(Surplus)/Deficit for the year	(86,995)
(162,000)	Actuarial (gains) and losses on Pension Fund Asset/Liability	100,000
(138,914)	Total Recognised (Gains) and Losses	13,005

Balance Sheet

31 March 2008				31 March 2009
£		Note	£	£
0	Fixed Assets			0
	Current Assets			
53,182	Debtors/Prepayments	7	35,511	
<u>235,521</u>	Short Term Investments		387,350	422,861
288,703				
	Current Liabilities			
(99,417)	Creditors	9	(129,340)	
<u>(76,194)</u>	Bank Overdraft/Petty Cash	8	(97,434)	(226,774)
(175,611)				
113,092	Net Current Assets			196,087
	Long Term Pension Asset/(Liability)			
	Asset/(Liability) Related to Defined Benefit			
27,000	Pension Scheme	4		(69,000)
140,092	Total Net Assets			127,087
	Financed by			
16,654	General Fund Balance			82,117
50,438	Other Reserves	11		113,970
73,000	Pension Fund	4		(69,000)
140,092	Total Reserves			127,087

Cash Flow Statement

31 March 2008		31 March 2009
£	£	£
(62,198)	Net cash outflow (inflow) from revenue activities (Note 12)	(121,874)
	Management of Liquid Resources	
(11,072)	Short Term Investments	151,829
	Servicing of Finance	
	Cash inflows:	
(7,790)	Interest received	(8,715)
(81,060)	(Increase)/Decrease in Cash	21,240
	Movement in cash year on year is (Note 12)	
	Overdrawn 1 April 2008	(76,194)
	Overdrawn 31 March 2009	(97,434)
	Movement	(21,240)

Notes to the Accounts

1 Income

The Board received income in percentage terms as follows:

	2007/08	2008/09
	%	%
Natural England	41	75
Heritage Lottery Fund	37	0
Local Authorities	12	15
Other	10	10

2 Employee Remuneration

The number of employees whose remuneration (including employers' contributions in respect of National Insurance Contributions and Superannuation Contributions) exceeded £50,000 pro rata during the year was as follows:

	2007/08	2008/09
£50,000 to £60,000	Nil	Nil
£60,000 to £70,000	One employee	One employee

3 Audit Costs

The Audit Commission costs in 2008/09 were £17,321 (£16,852 in 2007/08).

4 Financial Reporting Standard Number 17 – Retirement Benefits and Pensions

The Board joined the Local Government Pension Scheme (LGPS) administered by Gloucestershire County Council (GCC) and was fully funded on an ongoing funding basis at the operative date of 1st February 2005. The Scheme is a defined benefit scheme, meaning that the retirement benefits are determined independently of the investments in the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits. The provisions of the LGPS cover present and past employees. This is statutory and should be fully funded on an ongoing funding basis.

Name of Fund: **Gloucestershire County Council Pension Fund**

Reporting of FRS17 Pension Costs for the year ending on which the amounts in the financial statements are based: **31 March 2009**

Name of Fund: **Defined Benefit**

Participating Authority: **Cotswolds Conservation Board**

The Local Government Pension Scheme is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended). It is contracted out of the State Second Pension.

Pensions are accounted for within the Income and Expenditure Account on a current service cost basis. The cash payment in respect of the employer's pension contribution is replaced with the current service cost. The Income and Expenditure Account reflects the annual current service cost.

FRS17 requires that a report be prepared annually by an Actuary - Hymans Robertson LLP in the case of the Board - to undertake pension expense calculations.

The estimated pension fund moved from an asset of £27,000 to a liability of £69,000.

The pension fund of -£69,000 (2007/08 £73,000) in the balance sheet reflects the accumulative actuarial loss as at 31st March 2009.

Summary of the Income and Expenditure Account Transactions

The revenue accounting entries for FRS17 in 2008/09 are to:

- a) remove from salaries the cash payment for employer's pension contributions of £44,000 (£35,000 in 2007/08);
- b) replace the cash payment of salaries with a current service cost of £32,000 (£56,000 in 2007/08) and the past service costs settlements and curtailments of £10,000 (£7,000 in 2007/08); and
- c) charge to the Income and Expenditure Account the expected return on employer assets less the interest on pension scheme liabilities of £2,000 (£2,000 in 2007/08).

The net effect of these entries is additional income of £4,000 (additional expenditure of £26,000 in 2007/08), increasing the surplus on the Income and Expenditure Account from £82,995 to £86,995.

As a result of changes to regulation 30 (retirement benefits) of the Local Government (Capital Finance and Accounting) (England) Regulations 2003, the Board is now able to reverse the effect of Financial Reporting Standard 17 in respect of pension fund adjustments. Consequently, the Board has been able to release £42,000 previously set aside in the Pension Fund and has added this to its Working Balance at the year end, increasing it from £40,117 to £82,117 (£16,654 in 2007/08). The following accounting entries in the Statement of Movement on General Fund Balance ensure that there is no impact on the Board's funding (not required in 2007/08):

	2008/09 £
Reversal of FRS17 Entries	40,000
Board's Actual Pension Contributions	(44,000)
Contribution from Pension Fund	(4,000)

Information disclosed for SORP Requirements

Disclosure of certain information is specifically required by the CIPFA Statement of Recommended Practice 2008. The following tables are provided by Hymans Robertson LLP in the FRS17 as at 31 March 2009 – Results Schedule.

a) Investment returns

The return on the Pension Fund in market value terms for the year to 31 March 2009 is based on the actual fund returns as provided by the administering authority, GCC as follows:

Actual Return for Period from 1 April 2008 to 31 March 2009	(22.1%)
Estimated Return for Period from 1 April 2008 to 31 March 2009	(22.1%)

b) The following financial assumptions have been applied:

Year Ended:	31 March 2008	31 March 2009
	% p.a.	% p.a.
Inflation/Pension Increase Rate	3.6%	3.1%
Salary Increase Rate	5.1%	4.6%
Expected Return on Assets	6.9%	5.9%
Discount Rate	6.9%	6.9%

Average future life expectancies at age 65		
	Males	Females
Current Pensioners	20.4 years	23.4 years
Future Pensioners	22.6 years	25.5 years

c) Revenue account costs for the year to 31 March 2009:

Recognition in the profit or loss				
Year Ended	31 March 2008		31 March 2009	
	£(000)	% of pay	£(000)	% of pay
Current Service Cost	56	17.9	32	10.2
Interest Cost	38	12.1	44	13.9
Expected Return on Employer Assets	(40)	(12.6)	(46)	(14.6)
Past Service Cost/(Gain)*	-	-	10	3.2
Losses/(Gains) on Curtailments and Settlements	7	2.2	-	-
Total	61	19.6	40	12.8
Actual Return on Plan Assets	(28)		(148)	

* Past Service Costs includes £10,000 in respect of retrospective changes to member benefits that came into effect on 1 April 2008.

Reconciliation of defined benefit obligation		
Year Ended:	31 March 2008	31 March 2009
	£(000)	£(000)
Opening Defined Benefit Obligation	665	607
Current Service Cost	56	32
Interest Cost	38	44
Contributions by Members	19	21
Actuarial Losses/(Gains)	(178)	(96)
Past Service Costs/(Gains)	-	10
Losses/(Gains) on Curtailments	7	-
Estimated Benefits Paid	-	(1)
Closing Defined Benefit Obligation	607	617

Reconciliation of fair value of employer assets		
Year Ended:	31 March 2008	31 March 2009
	£(000)	£(000)
Opening Fair Value of Employer Assets	556	634
Expected Return on Assets	40	46
Contributions by Members	19	21
Contributions by employer	35	44
Actuarial Losses/(Gains)	(16)	(196)
Benefits Paid	-	(1)
Closing Defined Benefit Obligation	634	548

Amounts for the current and previous accounting periods					
Year Ended	31 Mar 05	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09
Fair Value of Employer Assets	-	480	556	634	548
Present Value of Defined Benefit Obligat'n	-	(644)	(665)	(607)	(617)
Surplus/(Deficit)	-	(164)	(109)	27	(69)
Experience Gains/(Losses) on Assets	-	64	(1)	(16)	(196)
Experience Gains/(Losses) on Liabilities	-	(1)	1	(30)	-

Amounts Recognised in Statement of Total Recognised Gains and Losses (STRGL)					
Year Ended	31 Mar 05	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09
Actuarial Gains and Losses	-	(57)	70	162	(100)
Increase/(Decrease in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	-	(57)	70	162	(100)
Cumulative Actuarial Gains and Losses	-	(57)	13	175	75

d) Balance sheet disclosures as at 31 March 2009

Fair value of employer assets and expected return by asset category				
Year Ended:	31 March 2008		31 March 2009	
	Assets £(000)	Expected Returns %	Assets £(000)	Expected Returns %
Equities	397	7.7	274	7.0
Bonds	168	5.7	137	5.4
Property	58	5.7	44	4.9
Cash	11	4.8	93	4.0
Total	634	-	548	-

The above asset values as at 31 March 2009 are at bid value as required under FRS17. In previous accounting periods, the value of assets may have been reported at mid-market value. The fair value of assets was taken as mid-market value at 31 March 2008 and on the grounds of materiality, the figures for previous accounting periods have not been restated. However, it should be noted that the move to bid value of assets will result in an actuarial loss in the revenue accounts.

d) Projected pension expense for the year to 31 March 2010

Analysis of projected amount to be charged to the Revenue account for the year to 31 March 2010		
Year Ended:	31 March 2010	
	£(000)	% p.a.
Projected Current Service Cost	29	8.0
Interest on Obligation	44	12.2
Expected Return on Plan Assets	(34)	(9.4)
Past Service Cost	-	-
Losses/(Gains) on Curtailments and Settlements	-	-
Total	39	10.8%

The actuary's estimate of the Employer's contributions for the year to 31 March 2010 is approximately £42,000.

e) There are no material prepayments or accrued pension contributions at 31 March 2009.

f) The Board made contributions to the fund of 11.7% of salary costs in 2008/09 (11.7% in 2007/08).

Formal Valuation of the Gloucestershire Local Government Pension Scheme (GLGPS)

Under the Local Government Pension Scheme Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The first triennial valuation of the Board's sector of the GLGPS fund for the purpose of setting employers' contributions was carried out as at 31 March 2007. The actuary valued the fund at £611,000, a surplus over expected liabilities of £22,000.

A full copy of the reports from the actuary are available by ringing 01451 862000.

5 Members Allowances

The total amount of allowances paid to Board members during 2008/09 was £23,246 (2007/08 £22,314). A list of these allowances is set out below:

Name	2007/08 £	2008/09 £
Abbott P J	446	217
Banks M	616	910
Betteridge K	765	780
Bird E	510	520
Boon A	510	520
Burton J P	297	780
Charley R L	510	520
Clark A	0	325
Curwen D N	2,550	2600
Darby M G	201	-96
Doyle P	416	650
Eyre E	510	520
Evetts J	0	286
Folkes D	0	0
Gray S	118	325
Hill T E B	701	520
Holliday N	0	390
Hope S	956	780
Hunt V	638	390
Lloyd R	1,020	1127
Manley W	149	520
Matthews J	510	520
Millington J R H	718	0
Moore S	638	953
Phillips A	510	562
Phillips A G	765	780
Plaister I	203	520
Randall S J C	510	455
Reynolds G	510	520
Saint C	510	520
Seale D R	510	520
Shine C	510	477
Soden C	255	260
Soutter J	638	260
Steele C	64	0
Stout J	319	455
Surgenor L M	765	805
Todd R	47	0
Topple C	765	780
Tufnell M	359	0
Vines R	0	0
Webb J	510	455
West J	1785	1820
Total	22,314	23,246

6 Related Party Transactions

The principal issue in determining whether or not a person or an organisation is a related party is the degree of control exerted by one party over the other. This can arise during a financial period where:

- one party has direct or indirect control of the other party;
- one party has influence over the financial and operational policies of the other party; or
- the parties are subject to common control or influence from the same source.

The objective is to identify any transactions that may have taken place as a result of the control or influence exercised by one party over another. The concern is that such transactions may not be, or may not be perceived to be, in the best interests of the Board.

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Board, or to be controlled or influenced by the Board.

The Government

The Government has influence over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates. The Secretary of State appoints fifteen members (fourteen from 1 April 2009) of the Board under arrangements set out in the Board's Establishment Order. The Government provides a large proportion of the Board's funding in the form of grants channelled through the Department for the Environment, Food and Rural Affairs (DEFRA) and Natural England. Other government departments and agencies also have the ability to fund the Board's work directly.

Natural England

Natural England determines the general level of Government funding that the Board receives by approving and agreeing to support the Board's Annual Business Plan. (£856,311 in 2008/09 and £627,271 in 2007/08)

Local Authorities

The seventeen local authorities (fifteen from 1 April 2009) covered by the Cotswolds area each appoint a Board member under the terms of the Board's Establishment Order. The local authorities provide a significant source of income to the Board. The details are listed on page 26.

Parish Councils, Town Councils and Parish Meetings

Parish Councils, Town Councils and Parish Meetings appoint eight members of the Board in accordance with the arrangements set out in the Establishment Order.

	2007/08	2008/09
Local Authority	£	£
South Gloucestershire Council	11,065	11,286
Bath & North East Somerset Council	7,592	7,820
Gloucestershire County Council	39,202	39,202
Cotswold District Council	30,850	30,850
Cheltenham Borough Council	3,505	3,610
Stroud District Council	9,980	10,279
Tewkesbury Borough Council	8,870	5,000
Worcestershire County Council	4,766	4,909
Wychavon District Council	4,720	4,861
Oxfordshire County Council	11,185	11,520
Cherwell District Council	2,251	2,318
West Oxfordshire District Council	11,185	11,520
Warwickshire County Council	6,150	6,334
Stratford-on-Avon District Council	7,044	7,255
Wiltshire County Council	7,531	7,757
North Wiltshire District Council	7,201	7,417
West Wiltshire District Council	3,520	3,626
Total	176,617	175,564

Members & Chief Officer

The Board approved Codes of Conduct for members and officers as part of its Constitution. The Codes include requirements to disclose and record interests where they may have, or appear to have, an influence on the decisions of the Board. The Codes have been circulated to members and officers. The Board's procedural rules impose quorums on meetings to ensure decisions are not taken in isolation and require members to disclose interests at each meeting before the matter in which they have an interest is discussed. A public register of these interests is maintained by the Board's Monitoring Officer.

In addition to the above, Board members and officers have been invited to sign and return related party transaction forms and three board members and a contractor declared related party transactions to which a value could be attached, as follows.

Related Party	Transaction Value
	£
Friends of the Cotswolds	6,395
P Burgon	860
Northleach Institute	472
Talbot Audit & Review Services Ltd	34,122

Board members may declare an interest in any item on the agenda of meetings of the Board, the Executive Committee and Sub-Committees and procedural rules determine what action should be taken then. Declarations of interest at meetings in 2008/09 are not material to these accounts.

7 Debtors and Prepayments

Debtors	2007/08	2008/09
	£	£
Natural England	22,458	22,805
Local Authorities	29,593	7,820
Miscellaneous	1,131	4,886
Total	53,182	35,511

A review of debtors was carried out and the Board expects to receive all debtors in full. Therefore, a provision for bad and doubtful debts is not required (see Note 15).

8 Cash

	2007/08	2008/09
	£	£
Petty Cash	800	800
Bank Balance	5,424	5,000
Less cheques to be presented as at 31st March	(82,418)	(103,234)
(Overdrawn)/In Hand	(76,194)	(97,434)

9 Creditors

	2007/08	2008/09
	£	£
Local Authorities & Other Public Bodies	35,773	67,135
Sustainable Development Fund	29,124	23,120
Miscellaneous	34,520	39,085
Total	99,417	129,340

A review of creditors was carried out and the Board has sufficient funds to pay all accounts when due (See Note 15).

10 Investments

At the year end, the Board held short term investments of £387,350 in a call account in accordance with its Accounting Policy (p 10). The Board does not consider this investment to be at significant risk (See Note 15).

11 Reserves

Fund	Opening Balance 1 April 2008	Expenditure and Transfers to Other Reserves	Income or Transfer from Other Reserves	Carried Forward 31 March 2009
General	16,654	853,542	919,005	82,117
Countryside	15,104	4,866	5,616	15,854
Caring for the Cotswolds	18,814	0	0	18,814
Legacies and Donations	500	0	0	500
Asset Acquisition	2,500	0	8,000†	10,500
Ernest Cook Trust	13,520	13,520	0	0
Rural Skills	0	0	18,520*	18,520
Student Placement	0	0	15,000#	15,000
Evaluation Project	0	0	5,000#	5,000
Cotswold Way General	0	254,103	262,885	8,782
Cotswold Way Bath Marker	0	0	7,000+	7,000
Cotswold Way Link Route	0	0	4,000+	4,000
Cotswold Way Guide	0	0	10,000+	10,000
Pension Reserve^	46,000	46,000	0	0
Pension Fund^	27,000	100,000\$	4,000	(69,000)
Total	140,092	1,272,031	1,259,026	127,087

^ Pension Fund restated separately as Pension Reserve and Pension Fund.

A description of the purposes of each fund is set out in the Statement of Accounting Policies.

* Transferred from General Fund (£5,000) and Ernest Cook Trust Fund (£13,520)

Transferred from General Fund

† Transferred from General Fund (£5,000) and Cotswold Way Fund (£3,000)

+ Transferred from Cotswold Way Fund

\$ Actuarial Loss recognised in Statement of Total Recognised Gains and Losses plus £42,000 released to the Working Balance as a result of FRS17 adjustment (see Note 4).

Total Movement on Reserves in the year: £13,005 (includes -£100,000 revaluation of the Pension Fund following the FRS17 review – see Note 4)

Movement on Earmarked Reserves in the year: £17,532.

The Finance Officer considers these reserves to be adequate to the efficient operation of the Board.

12 Cash Flow**a. Reconciliation of net cash inflow from revenue activities**

2007/08		2008/09
£		£
23,086	Deficit/(Surplus) on Income & Expenditure Account	(86,995)
	Adjust for:	
(25,394)	(Increase)/Decrease in Creditors	(29,923)
(41,680)	Increase/(Decrease) in Debtors	(17,671)
(26,000)	FRS17 Adjustment	4,000
7,790	Investment Interest/Investments	8,715
(62,198)	Net Cash Outflow (Inflow) from revenue activities	(121,874)

b. Net Movement in Cash

		£
Movement in cash year on year is	Overdrawn 1 April 2008	(76,194)
	Overdrawn 31 March 2009	(97,434)
	Movement	(21,240)

13 Post Balance Sheet Events

There are no post balance sheet events.

14 Revenue Expenditure Funded from Capital under Statute

Revenue expenditure in the year funded from capital by statute was £54,004 (2007/08 £203,111). This represents the grants paid out in respect of rainwater harvesting installation (£13,770) and creation of public amenity space (£2,458) in two Sustainable Development Fund projects, and improvements to the Cotswold Way (£37,776) (2007/08 £203,111, all for dry stone walling grants).

15 Disclosure of nature and extent of risks arising from financial instruments

The Board's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Board
- liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Board as a result of changes in such measures as interest rates

The Board's overall risk management programme seeks to minimise potential adverse effects on the resources available to fund services.

Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to the Board's customers. Deposits are not made with banks and financial institutions unless they are rated independently within a score of AAA.

The Board does not have significant customers. Income is derived from grant contribution from Natural England and local authorities and other grant providers. Risk to this funding is controlled through the funding agreements.

The Board does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Liquidity risk

The Board is debt free. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market risk

Changes in interest receivable on variable rate investments will be posted to the Income and Expenditure Account and affect the General Fund Balance.

The Board has no investments in equity shares and is therefore not exposed to losses arising from movements in the prices of shares

The Board has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movement in exchange rates.

16 Best Value Accounting Code of Practice Summary Statement

As mentioned earlier, the accounts are not fully compliant with the Statement of Recommended Practice but this table reconciles the Best Value Accounting Code of Practice requirements with the National Park headings adopted by the Board.

2007/08		Best Value Accounting Code of Practice		National Parks Standard Expenditure Analysis	
Net Expend		Net		2008/09	Net
Restated		Expend			Expend
£		£			£
87,434				Conservation of Natural Environment	70,702
65,747				Conservation of Cultural Heritage	62,906
73,598				Recreation Management & Transport	87,503
				Promoting Understanding: Information,	
291,701				Interpretation and Education	178,655
53,609				Volunteers	65,950
68,437				Forward Planning	35,458
				Corporate Management and	
				Administration	131,492
132,202					
772,728	Other Expenditure	632,666			632,666
7,000	Non Distributed Costs	10,000		Non Distributed Costs	10,000
779,728	Net Cost of Services	642,666		Net Cost of Services	642,666