

COTSWOLDS CONSERVATION BOARD

STATEMENT OF ACCOUNTS

2009/2010

SUBJECT TO AUDIT
Audit commenced 21 June 2010

Cotswolds Conservation Board
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Summary of the Period 1 April 2009 to 31 March 2010

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 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. It has thirty-seven members; 15 appointed by the constituent local authorities, 14 by the Secretary of State (Defra) and eight by the parish councils. The Board employs fifteen staff and is supported by external advisers and 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 of 12 members meets eight times. The Executive Committee operates four sub-committees and they and the Executive Committee run 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 AONB. The Management Plan has now been endorsed by 13 of the 15 local authority partners. It is the foundation for the Board's Business Plan. The Board has delivered a wide ranging programme of activity associated with the delivery of its purposes.

The importance of climate change and globalisation in the Management Plan was reflected in the commissioning of a Future of Farming and Forestry in the Cotswolds study. The results of the study were the focus of the Board's highly informative Annual Forum in February 2010.

The Board successfully developed its advisory service for farmers and landowners on Higher Level Stewardship and in particular Farm Environment Plans, building upon its associated advisory publication launched at the end of the previous year.

The Board brought its rural grants and rural skills work together to be led by a single officer, securing improved co-ordination of activity and a stronger foundation upon which to develop this work.

While the Board was disappointed that its preferred route for National Grid's natural gas pipeline between Wormington and Sapperton was not selected, it was pleased that its earlier objections led to a more robust assessment of alternative routes. In addition to securing a general community fund for projects in the vicinity of the pipeline, the Board has worked with National Grid to develop a dry stone walling grants scheme to restore and enhance walls within a wider pipeline corridor to be launched in 2010/11. It has also negotiated a grants scheme targeted at a series of Board projects.

In the second half of the year, the Board renewed its efforts to secure external lottery funding for two projects; engaging the urban communities on the doorstep of the AONB and rural skills bursaries.

The Board has developed a new interpretation/information centre at Northleach, to be opened in June 2010. It has also been preparing a submission for the European Charter for Sustainable Tourism, developing a sustainable tourism strategy and action plan for the Cotswolds AONB.

The Cotswolds Conservation Board's Annual Review 2009/10 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 2009 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 (page 30).

The Income and Expenditure Account summarises revenue expenditure and income for all of the Board's services for the year ended 31 March 2010.

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

Balance Sheet

This sets out the financial position of the Board at 31 March 2010.

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 2009 to 31 March 2010

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 2009/10 included projects on farming and forestry, ancient woodlands, higher level stewardship, rural land management and skills, farmland birds, sustainable tourism, publication of the Cotswolds Lion newspaper and other information and interpretation activities, supporting the voluntary wardens, developing and maintaining the Cotswold Way National Trail and distributing Sustainable Development Funds to grant aided projects.

The Board initially agreed a budget for 2009/10 of £1.09 million.

The Board revised its budgets to £1.05 million in January 2010 to take account of 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 Ancient Woodland budget of £10,000 following the receipt of additional funding from Natural England.
- The establishment of a budget for the promotion of Higher Level Stewardship schemes of £16,986 following in-year agreement with Natural England and the Royal Agricultural College on process and funding.
- The removal of the My Countryside project budget of £42,500 because approval from funders was not received during the year.
- The inclusion of a budget of £10,000 for the evaluation of the Board's progress since its establishment.
- A reduction in the Employees budget of £47,706 due to vacancies and budgetary review.

Some notable achievements in the year include:

- Completion of the Farming and Forestry in the Cotswolds study and discussion of the results at the Board's Annual Forum and the Farming Forum.
- Establishment of the Higher Level Stewardship Scheme and the development of six Farm Environment Plans submitted to Natural England for approval.
- Successful dry stone walling and hedgelaying competitions held in October and November with 21 and 27 participants respectively. Eighteen rural skills courses held covering subjects including dry stone walling, hedgelaying, thatching, hurdle making and green woodworking involving over 150 participants.
- Publication of the Board's position statement on the keeping of horses and ponies.

- Publication of two editions of the Cotswold Lion newspaper, a guide to exploring the Cotswolds by public transport and a guide to the Cotswold Way National Trail.
- An extensive and successful walks and activities programme organised and led by the voluntary wardens, including a pilot project with local schools involving over 300 children in fossil hunting, mud sculpture, tree and lichen identification, minibeast hunts and farm visits.
- Continuing development and maintenance of the Cotswold Way including the development of circular walks, and contribution to improved walling at Leckhampton Hill.

A full report on the year's activities is available in the Board's Annual Review circulated to partner organisations and published on its website in July (see page 3).

At the end of the year, the final expenditure figure was £1.01 million (£46,597 or 4% 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 the Geographic Information System (£8,331), the Ancient Woodland project (£17,500), Sustainable Development Fund (£13,683), Voluntary Wardens (£8,334), and Support Costs (£14,806).

The Income and Expenditure Account shows a surplus for the year of £58,528 (2008/09 £86,995 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 2010 showed a liability of £547,000 (2008/09 £69,000). This represents an increase in liability of £478,000. The Board has no influence over these adjustments, which are determined by the actuary.

Reserves

The Board has increased its earmarked reserves for ongoing and future projects by £24,212 (2008/09 £17,532) to a total of £138,182 (2008/09 £113,970) and the General Fund balance has increased by £32,316 (2008/09 £65,463) to £114,433 (2008/09 £82,117).

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 2009 (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 2010. 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

It is the Board's policy to 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.

Voluntary Wardens Fund: contains money held by North and Central Voluntary Wardens to fund social and other activities.

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: contains money to be used to promote and support rural skills in the Cotswolds.

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.

Sustainable Development Fund: contains money to fund projects to promote sustainable development in the Cotswolds.

Management Plan Fund: sets aside money to fund the five-yearly revision of the Management Plan for the Cotswolds Area of Outstanding Natural Beauty.

Ancient Woodland Fund: contains the Board's budget in 2009/10 and income from the Woodland Trust to fund a project to be completed in 2010/11.

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.

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.

Cotswold Way Link Route Fund: contains money earmarked for the provision of waymarking for the National Trail through Bath.

Cotswold Way Walling Grant Fund: contains money set aside by the Board to fund the walling project at Leckhampton Hill to be completed in 2010/11.

Cotswold Way Access Management Fund: contains money set aside to complete the access management project in 2010/11.

Pension Fund: 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 provided by the actuary. Financial Reporting Standard Number 17 has been fully implemented.

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.

Treasury Management Policy

The Board has a treasury management policy to assist with management of cash flows and banking, the effective control of the risks associated with these activities; and the pursuit of optimum performance consistent with these risks.

Surplus funds can be held in a call account or placed on treasury deposit with the Board's bankers or other low risk investment providers.

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 2010 and its income and expenditure for the year ended 31 March 2010.

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 16 to 31 is a relevant Statement of Accounts for 2009/2010 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 24th June 2010.

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 2010 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 2008 - 2013. 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 one of the main yardsticks 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, audit reports and an assessment of the quality of internal audit. The Committee also receives and reviews reports from the Board's internal auditors, CEAC, and the 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, members and staff.
- Members and senior officers identify and attend appropriate development and training opportunities 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. The business of the Board is reported on its website and in meeting papers issued to 5 local newspapers. A Forum for Partners is held twice a year to inform and consult key partners. An Annual Forum enables the Board and its partners to examine topics of interest and relevance to begin to determine and scope the need for future policy development and action. There is continuous dialogue between the Board and its main funding partners, Natural England and local authorities. Numerous activities and opportunities provide clear channels of communication with key stakeholders, all sections of the community and other stakeholders, ensuring accountability and encouraging 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), and 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 as part of the Business Plan.

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
Review staff handbook and officer code of conduct	30.6.10	Director
Review equality policies in the light of new legislation	31.3.11	Director
Publish an environmental performance policy	31.3.11	Director

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 2010

2008/09		Gross	2009/10	
Total	Expenditure	Expenditure	Income	Net
£		£	£	Expenditure
				£
	Cost of Operations			
70,702	Conservation of Natural Environment	100,556	(48,003)	52,553
62,906	Conservation of Cultural Heritage	67,353	(24,258)	43,095
87,503	Recreation Management & Transport	354,452	(210,633)	143,819
	Promoting Understanding: Information			
178,655	Interpretation and Education	169,722	(12,217)	157,505
65,950	Volunteers	78,145	(10,715)	67,430
35,458	Forward Planning	79,047	(61,666)	17,381
	Corporate Management and			
131,492	Administration	145,699		145,699
10,000	Non Distributed Costs	0		0
642,666	Net Cost of Services	994,974	(367,492)	627,482
	Costs Affecting the Board			
(8,715)	Interest Receivable		(1,592)	(1,592)
	Interest on Pension Scheme Liabilities			
	less Expected Return on Employer			
(2,000)	Assets (Note 4)	44,000	(34,000)	10,000
631,951	Net Operating Expenditure			635,890
	Income			
(531,760)	Natural England Contribution			(516,260)
(175,564)	Local Authority Contributions			(178,158)
(11,622)	Other			0
(718,946)	Total Financing			(694,418)
(86,995)	(Surplus)/Deficit for the Year			(58,528)

The Income and Expenditure Account has been compiled in accordance with the Statement of Recommended Practice 2009 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

2008/09 £		2009/10 £
(86,995)	(Surplus)/Deficit for the Year	(58,528)
4,000	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.	2,000
17,532	Net Transfer to/(from) earmarked reserves (See Note 11)	24,212
(65,463)	(Increase)/Decrease in General Fund Balance	(32,316)
(16,654)	General Fund Balance as at 31 March 2009	(82,117)
(82,117)	General Fund Balance as at 31 March 2010	(114,433)

Statement of Total Recognised Gains and Losses for the year ended 31 March 2010

2008/09 £		2009/10 £
(86,995)	(Surplus)/Deficit for the year	(58,528)
(100,000)	Actuarial (gains) and losses on Pension Fund Asset/Liability	480,000
13,005	Total Recognised (Gains) and Losses	421,472

Balance Sheet

31 March 2009		Note	£	31 March 2010
£				£
0	Fixed Assets			0
	Current Assets			
35,511	Debtors/Prepayments	7	20,133	
<u>387,350</u>	Short Term Investments	10	409,811	429,944
422,861				
	Current Liabilities			
(129,340)	Creditors	9	(88,702)	
<u>(97,434)</u>	Bank Overdraft/Petty Cash	8	(88,627)	(177,329)
(226,774)				
196,087	Net Current Assets			252,615
	Long Term Pension Asset/(Liability)			
	Asset/(Liability) Related to Defined Benefit			
(69,000)	Pension Scheme	4		(547,000)
127,087	Total Net Assets			(294,385)
	Financed by			
82,117	General Fund Balance			114,433
113,970	Other Reserves	11		138,182
(69,000)	Pension Fund	4		(547,000)
127,087	Total Reserves			(294,385)

Cash Flow Statement

31 March 2009		31 March 2010
£	£	£
(121,874)	Net cash outflow (inflow) from revenue activities (Note 12)	(29,676)
	Management of Liquid Resources	
151,829	Short Term Investments	22,461
	Servicing of Finance	
	Cash inflows:	
(8,715)	Interest received	(1,592)
21,240	(Increase)/Decrease in Cash	8,807
	Movement in cash year on year is (Note 12)	
	Overdrawn 1 April 2009	(97,434)
	Overdrawn 31 March 2010	(88,627)
	Movement	8,807

Notes to the Accounts

1 Income

The Board received income in percentage terms as follows:

	2008/09	2009/10
	%	%
Natural England	75	75
Local Authorities	15	17
Other	10	8

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:

	2008/09	2009/10
£50,000 to £60,000	Nil	Nil
£60,000 to £70,000	One employee	One employee

3 Audit Costs

The Audit Commission costs in 2009/10 were £15,102 (£17,321 in 2008/09).

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 1 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 2010**

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 an annual current service cost basis. The cash payment in respect of the employer's pension contribution is replaced with the current service cost provided by the actuary.

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 liability increased from £69,000 to £547,000.

The pension fund of -£547,000 (2008/09 -£69,000) in the balance sheet reflects the accumulative actuarial loss as at 31 March 2010.

Summary of the Income and Expenditure Account Transactions

The revenue accounting entries for FRS17 in 2009/10 are to:

- a) remove from salaries the cash payment for employer's pension contributions of £37,000 (£44,000 in 2008/09);
- b) replace the cash payment of salaries with a current service cost of £25,000 (£32,000 in 2008/09) and the past service costs settlements and curtailments of £0 (£10,000 in 2008/09); and
- c) charge to the Income and Expenditure Account the interest on pension scheme liabilities less the expected return on employer assets of £10,000 (-£2,000 in 2008/09).

The net effect of these entries is additional income of £2,000 (£4,000 in 2008/09), increasing the surplus on the Income and Expenditure Account from £56,528 to £58,528 (£82,995 to £86,995 in 2008/09).

The following accounting entries in the Statement of Movement on General Fund Balance ensure that there is no impact on the Board's funding:

	2008/09 £	2009/10 £
Reversal of FRS17 Entries	40,000	35,000
Board's Actual Pension Contributions	(44,000)	(37,000)
Contribution from Pension Fund	(4,000)	(2,000)

Information disclosed for SORP Requirements

Disclosure of certain information is specifically required by the CIPFA Statement of Recommended Practice 2009. The following tables are provided by Hymans Robertson LLP in the FRS17 as at 31 March 2010 – Results Schedule.

- a) Investment returns

The return on the Pension Fund in market value terms for the year to 31 March 2010 is based on the actual fund returns as provided by the administering authority, GCC, as follows:

Actual Return for Period from 1 April 2009 to 31 March 2010	40.1%
-------------------------------------------------------------	-------

- b) The following financial assumptions have been applied:

Year Ended:	31 March 2009	31 March 2010
	% p.a.	% p.a.
Inflation/Pension Increase Rate	3.1%	3.8%
Salary Increase Rate	4.6%	5.3%
Expected Return on Assets	5.9%	6.9%
Discount Rate	6.9%	5.5%

Average future life expectancies at age 65		
	Males	Females
Current Pensioners	22.7 years	26.1 years
Future Pensioners	24.8 years	28.3 years

c) Revenue account costs for the year to 31 March 2010:

Recognition in the profit or loss				
Year Ended	31 March 2009		31 March 2010	
	£(000)	% of pay	£(000)	% of pay
Current Service Cost	32	10.2	25	8.0
Interest Cost	44	13.9	44	13.8
Expected Return on Employer Assets	(46)	(14.6)	(34)	(10.7)
Past Service Cost/(Gain)*	10	3.2	-	-
Losses/(Gains) on Curtailments and Settlements	-	-	-	-
Total	40	12.8	35	11.1
Actual Return on Plan Assets	(148)		(230)	

* 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 2009		31 March 2010	
	£(000)		£(000)	
Opening Defined Benefit Obligation	607		617	
Current Service Cost	32		25	
Interest Cost	44		44	
Contributions by Members	21		22	
Actuarial Losses/(Gains)	(96)		676	
Past Service Costs/(Gains)	10		-	
Losses/(Gains) on Curtailments	-		-	
Estimated Benefits Paid	(1)		(1)	
Closing Defined Benefit Obligation	617		1,383	

Reconciliation of fair value of employer assets				
Year Ended:	31 March 2009		31 March 2010	
	£(000)		£(000)	
Opening Fair Value of Employer Assets	634		548	
Expected Return on Assets	46		34	
Contributions by Members	21		22	
Contributions by employer	44		37	
Actuarial Gains/(Losses)	(196)		196	
Benefits Paid	(1)		(1)	
Closing Defined Benefit Obligation	548		836	

Amounts for the current and previous accounting periods					
Year Ended	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09	31 Mar 10
Fair Value of Employer Assets	480	556	634	548	836
Present Value of Defined Benefit Obligat'n	(644)	(665)	(607)	(617)	(1,383)
Surplus/(Deficit)	(164)	(109)	27	(69)	(547)
Experience Gains/(Losses) on Assets	64	(1)	(16)	(196)	196
Experience Gains/(Losses) on Liabilities	(1)	1	(30)	-	-

Amounts Recognised in Statement of Total Recognised Gains and Losses (STRGL)					
Year Ended	31 Mar 06	31 Mar 07	31 Mar 08	31 Mar 09	31 Mar 10
Actuarial Gains and Losses	(57)	70	162	(100)	(480)
Increase/(Decrease in Irrecoverable Surplus from Membership	-	-	-	-	-
Actuarial Gains/(Losses) recognised in STRGL	(57)	70	162	(100)	(480)
Cumulative Actuarial Gains and Losses	(57)	13	175	75	(405)

d) Balance sheet disclosures as at 31 March 2010

Fair value of employer assets and expected return by asset category				
Year Ended:	31 March 2009		31 March 2010	
	Assets £(000)	Expected Returns %	Assets £(000)	Expected Returns %
Equities	274	7.0	560	7.8
Bonds	137	5.4	201	5.0
Property	44	4.9	50	5.8
Cash	93	4.0	25	4.8
Total	548	-	836	-

The above asset values as at 31 March 2010 are at bid value as required under FRS17.

e) Projected pension expense for the year to 31 March 2011

Analysis of projected amount to be charged to the Revenue account for the year to 31 March 2011		
Year Ended:	31 March 2011	
	£(000)	% of pay
Projected Current Service Cost	67	21.6
Interest on Obligation	78	25.2
Expected Return on Plan Assets	(60)	(19.4)
Past Service Cost	-	-
Losses/(Gains) on Curtailments and Settlements	-	-
Total	85	27.4%

The actuary's estimate of the Employer's contributions for the year to 31 March 2011 is approximately £36,000.

f) There are no material prepayments or accrued pension contributions at 31 March 2010.

g) The Board made contributions to the fund of 11.7% of salary costs in 2009/010 (11.7% in 2008/09).

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 when the actuary valued the fund at £611,000, a surplus over expected liabilities of £22,000. The next triennial valuation will be carried out as at 31 March 2010 and is due to be reported by the actuary in December 2010.

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 2009/10 was £22,508 (2008/09 £23,246). A list of these allowances is set out below:

Name	2008/09 £	2009/10 £
Abbott P J	217	0
Banks M	910	520
Betteridge K	780	780
Bird E	520	520
Bleaken H	0	173
Boon A	520	520
Burton J P	780	1040
Charley R L	520	520
Clark A	325	455
Curwen D N	2600	2145
Darby M G	-96	0
Doyle P	650	232
Eyre E	520	845
Evetts J	286	520
Gray S	325	520
Hill T E B	520	455
Hodges E	0	325
Holliday N	390	780
Hope S	780	780
Hunt V	390	780
Lloyd R	1127	1040
Manley W	520	520
Matthews J	520	520
Moore S	953	975
Phillips A	562	520
Phillips A G	780	195
Plaister I	520	263
Randall S J C	455	325
Reynolds G	520	520
Saint C	520	520
Seale D R	520	520
Shine C	477	520
Soden C	260	0
Soutter J	260	0
Stout J	455	260
Surgenor L M	805	845
Topple C	780	780
Webb J	455	260
West J	1820	2015
Total	23,246	22,508

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 fourteen members 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 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. (£790,185 in 2009/10 and £856,311 in 2008/09)

Local Authorities

The fifteen local authorities 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.

	2008/09	2009/10
Local Authority	£	£
South Gloucestershire Council	11,286	11,286
Bath & North East Somerset Council	7,820	7,820
Gloucestershire County Council	39,202	39,202
Cotswold District Council	30,850	30,850
Cheltenham Borough Council	3,610	3,718
Stroud District Council	10,279	10,587
Tewkesbury Borough Council	5,000	5,150
Worcestershire County Council	4,909	5,056
Wychavon District Council	4,861	5,007
Oxfordshire County Council	11,520	11,866
Cherwell District Council	2,318	2,388
West Oxfordshire District Council	11,520	11,866
Warwickshire County Council	6,334	6,524
Stratford-on-Avon District Council	7,255	7,473
Wiltshire Council *	0	19,365
Wiltshire County Council *	7,757	0
North Wiltshire District Council *	7,417	0
West Wiltshire District Council *	3,626	0
Total	175,564	178,158

* The Wiltshire authorities became a unitary authority, Wiltshire Council, from 1 April 2009.

Members & Officers

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 declaration forms and two 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	6,466
Northleach Institute	1,977
Talbot Audit & Review Services Ltd	35,280

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 2009/10 are not material to these accounts.

7 Debtors and Prepayments

Debtors	2008/09	2009/10
	£	£
Natural England	22,805	10,000
Local Authorities	7,820	0
Miscellaneous	4,886	10,133
Total	35,511	20,133

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

8 Cash

	2008/09	2009/10
	£	£
Petty Cash	800	800
Bank Balances	5,000	9,643
Less cheques to be presented as at 31st March	(103,234)	(99,070)
(Overdrawn)/In Hand	(97,434)	(88,627)

9 Creditors

	2008/09	2009/10
	£	£
Local Authorities & Other Public Bodies	67,135	53,819
Sustainable Development Fund	23,120	0
Miscellaneous	39,085	34,883
Total	129,340	88,702

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 £409,811 (2008/09 £387,350) in a Lloyds TSB Bank call account in accordance with its Accounting Policy (page 10). The Board does not consider this investment to be at significant risk (See Note 15).

11 Reserves

Fund	Opening Balance 1 April 2009	Expenditure and Transfers to Other Reserves	Income or Transfer from Other Reserves	Carried Forward 31 March 2010
General	82,117	788,864	821,180	114,433
Countryside	15,854	5,599	5,344	15,599
Voluntary Wardens	0	731	5,374	4,643
Caring for the Cotswolds	18,814	0	0	18,814
Legacies and Donations	500	0	500*	1,000
Asset Acquisition	10,500	6,162	2,500*	6,838
Sustainable Development	0	0	10,000*	10,000
Rural Skills	18,520	0	0	18,520
Student Placement	15,000	0	0	15,000
Evaluation Project	5,000	5,000	0	0
Management Plan	0	0	2,500*	2,500
Ancient Woodland	0	0	17,500*	17,500
Cotswold Way	8,782	188,696	186,517	6,603
Cotswold Way Bath Marker	7,000	1,922	0	5,078
Cotswold Way Link Route	4,000	0	0	4,000
Cotswold Way Guide	10,000	10,000	0	0
Cotswold Way Walling Grant	0		6,300#	6,300
Cotswold Way Access Mgmt	0	0	5,787#	5,787
Pension Fund	(69,000)	480,000	2,000	(547,000)
Total	127,087	1,486,974	1,065,502	(294,385)

A description of the purposes of each fund is set out in the Statement of Accounting Policies (p 9).

* Transferred from General Fund

Transferred from Cotswold Way Fund

Total Movement on Reserves in the year: -£421,472 (2008/09 £13,005). This includes -£478,000 revaluation of the Pension Fund following the actuary's FRS17 Report (2008/09 -£100,000) – see Note 4.

The total movement on reserves excluding the Pension Fund adjustment is £56,528 (2008/09 £82,995)

Movement on Earmarked Reserves in the year: £24,212 (2008/09 £17,532).

The Finance Officer considers general fund and earmarked reserves to be adequate to the efficient operation of the Board.

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

2008/09		2009/10
£		£
(86,995)	Deficit/(Surplus) on Income and Expenditure Account	(58,528)
	Adjust for:	
(29,923)	(Increase)/Decrease in Creditors	40,638
(17,671)	Increase/(Decrease) in Debtors	(15,378)
4,000	FRS17 Adjustment	2,000
8,715	Investment Interest	1,592
(121,874)	Net Cash Outflow (Inflow) from revenue activities	(29,676)

b. Net Movement in Cash

Movement in cash year on year is	Overdrawn 1 April 2009	£ (97,434)
	Overdrawn 31 March 2010	(88,627)
	Movement	8,807

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 under statute was £14,765 (2008/09 £54,004) being a grant paid in respect of dry stone walling in a Sustainable Development Fund project (£1,055), and improvements to the Cotswold Way of £13,710 (2008/09 £37,776).

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.

2008/09 Net Expend	Best Value Accounting Code of Practice		National Parks Standard Expenditure Analysis	
		Net Expend	2009/10	Net Expend
£		£		£
70,702			Conservation of Natural Environment	52,553
62,906			Conservation of Cultural Heritage	43,095
87,503			Recreation Management & Transport	143,819
178,655			Promoting Understanding: Information, Interpretation and Education	157,505
65,950			Volunteers	67,430
35,458			Forward Planning	17,381
131,492			Corporate Management and Administration	145,699
632,666	Other Expenditure	627,482		627,482
10,000	Non Distributed Costs	0	Non Distributed Costs	0
642,666	Net Cost of Services	627,482	Net Cost of Services	627,482