

COTSWOLDS CONSERVATION BOARD

STATEMENT OF ACCOUNTS

2015/2016

Approved by the Board 30 June 2016

Audited

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Explanatory Foreword

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'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's Business Plan sets out a wide ranging programme of activity associated with the delivery of its purposes. The Board operates to a budget based on the agreed grant aid from the Department for Environment, Food and Rural Affairs, Natural England and local authorities. Additionally, the Board either takes the lead role or actively participates in a range of partnership schemes to secure external funding for additional project work.

The current Cotswolds AONB Management Plan 2013-2018 articulates the Board's vision, objectives and policies for the current and future management of the AONB. A review of the Plan and preparations for the draft of the 2018-23 plan are scheduled for the coming financial year.

The Board will shortly be coming to the end of the third year of the Agency Operational Agreement with the Friends of the Cotswolds. The Agreement devolves to the Board the responsibility of managing the whole Old Prison site including the visitor attractions and a café which opened in November 2013. The long-term agreement provides for the Board to recover set-up costs from future profits. There are also ongoing arrangements for profit sharing.

This Statement of Accounts records the Board's activities for the period 1 April 2015 to 31 March 2016. The Accounts and Audit Regulations 2011 reduced the reporting requirements for smaller relevant bodies i.e. those with a gross income or expenditure below £6.5 million. The Statements included in these accounts are:

Income and Expenditure Account (Page 6): This shows the costs of providing services across the various activities and projects that the Board has supported during the year and how these projects were supported from grants and income. Gross revenue expenditure for the year was £1,077,659 (2014/15 £1,110,238), and income was £1,006,431 (2014/15 £994,200). Taken together, these items show a net deficit for the year of £71,228 (2014/15 deficit of £116,038), mainly as a result of the Board's financing of continued improvements to the café (as part of the development of The Old Prison).

Balance Sheet (Page 7): This details the Board's financial position as at 31 March 2016 listing the value of assets and liabilities.

Statement of Movement on General Fund Balance (Page 7): A net reduction of £37,294 was made to earmarked reserves (2014/15 £22,938), however, the general reserve increased by £13,592 (2014/15 £50,810). An accumulated deficit included in respect of the Agency Operational Agreement of £47,527 was recorded for the current year (2014/15 £40,245). A large proportion of this deficit was down to payment of retrospective VAT charges.

Statement of Movements in Reserves (Page 12): This sets out the movements during the year for the reserves held by the Board.

The Board publishes an Annual Review in July each year describing its activity in the previous year and setting out its performance against its Business Plan. This is available on line at www.cotswoldsaonb.org.uk

Statement of Accounting Policies

The Board is classed as a smaller relevant body for financial reporting purposes. The Board must apply proper practice as set out in the Joint Practitioners Advisory Group's publication: Governance and Accountability for Local Councils – A Practitioners Guide. This guidance is written for local councils specifically and has been updated in 2016 to take account of changes to the Regulations. The guidance does not apply to the Board in its entirety. 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. Where there is uncertainty these accounts have been prudently prepared, that is, 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 proper 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

A proportion of costs of corporate management and administration have been allocated to the other cost heads within the accounts. The Board has adopted the National Park Authority model for the Income and Expenditure Account to enable comparability.

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 2015. 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.

A full list of reserves held by the board is shown under Note 12 to the Accounts:

Related Party Transactions (See also Note 7 to the Accounts)

The Board discloses 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 all grants are made with proper consideration of declaration of interest.

Retirement Benefits and Pensions (See also Note 5 to the Accounts)

Pension contributions are accounted for within the Income and Expenditure Account on cash payment basis.

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. Both accounts are treated as cash at bank.

Value Added Tax

The Board was not registered for Value Added Tax in 2015/16.

Income and Expenditure Account for the Year Ended 31 March 2016

2014/15		2015/16		
*Restated				
Total		Expenditure	Income	
£	Expenditure	£	£	£
Cost of Operations				
211,309	Conservation of Natural Environment	185,657	(65,925)	119,732
(29,232)	Conservation of Cultural Heritage	13,902	(45,794)	(31,892)
95,718	Recreation Management & Transport	197,039	(84,474)	112,565
97,051	Promoting Understanding: Information Interpretation and Education	117,616	(4,945)	112,671
74,385	Volunteers	115,601	(11,026)	104,575
45,657	Forward Planning	93,809	(68,781)	25,028
157,656	Corporate Management and Administration	165,477	(8,090)	157,387
652,545	Net Cost of Services	889,101	(289,036)	600,065
42,245	Agency Operational Agreement (Note 3)	188,558	(141,031)	47,527
Interest				
(4,013)	Interest Receivable		(2,684)	(2,684)
690,777	Net Operating Expenditure			644,908
Income				
(425,600)	DEFRA Contribution*		(425,600)	
(140,885)	Local Authority/Parish Contributions		(140,885)	
(8,254)	Other		(7,195)	
(574,739)	Total Financing			(573,680)
116,038	(Surplus)/Deficit for the Year			71,228

* Restatement: DEFRA income is £425,600 (£425,600 in 2014/15), previously £40,000 per annum was recognised as income under the 'Forward Planning' heading as this was allocated by the Board for the Sustainable Development Fund. The Board continues to make this allocation, however, this is no longer a grant condition and hence the full income is now shown under the DEFRA Contribution heading.

Balance Sheet

31 March 2015			31 March 2016	
£		Note	£	£
Current Assets				
61,286	Debtors/Prepayments	8	88,160	
300,000	Short Term Investments	10	250,000	
2,012	Stock		8,247	
95,843	Cash & Cash Equivalents		79,032	
459,141				432,847
Current Liabilities				
(151,145)	Creditors	9	(188,651)	
(9,072)	Receipts in Advance		(16,500)	
(160,217)				(205,151)
298,924	Net Current Assets			227,696
298,924	Total Net Assets			227,696
Financed by				
197,513	General Fund Balance	12		211,106
194,069	Other Reserves	12		156,775
(92,658)	Less: Accumulated Deficit on Agency Operational Agreement	3		(140,185)
298,924	Total Reserves			227,696

Statement of Movement on General Fund Balance

31 March 2015			31 March 2016	
£			£	
116,038	(Surplus)/Deficit for the Year		71,228	
(22,983)	Net Transfer to/(from) earmarked reserves (Note 12)		(37,294)	
(42,245)	Net Transfer to/(from) Deferred Debtors (Note 3)		(47,527)	
50,810	(Increase)/Decrease in General Fund Balance		(13,593)	
(248,323)	General Fund Balance as at 31 March 2015		(197,513)	
(197,513)	General Fund Balance as at 31 March 2016		(211,106)	

Notes to the Accounts

1 Income

The Board received income from the following main sources (excluding income from the Agency Area):

	2014/15	2015/16
	£	£
DEFRA Grant	425,600	425,600
Natural England Grant	90,614	76,143
Rural Payments Agency	18,647	68,781
Local Authority/Parish Contributions	140,885	140,885
Heritage Lottery Funding	50,059	65,925
Other grants and earned income	148,109	88,066

2 Employee Remuneration

The table below shows contracted staff numbers and their respective total remuneration in bandings of £5,000 at the financial year end. Total remuneration includes basic salary, transport allowances and employer's pension contributions.

Banding	2014/15	2015/16
£10,000 - £15,000	1	1
£15,000 - £20,000	4	4
£20,000 - £25,000	-	-
£25,000 - £30,000	1	1
£30,000 - £35,000	1	2
£35,000 - £40,000	3	5
£40,000 - £45,000	2	-
£45,000 - £50,000	1	2
£55,000 - £60,000	-	-
£65,000 - £70,000	1	1
Total	14	16

3 Agency Operational Agreement

Under an Agency Operational Agreement between the Board and the Friends of the Cotswolds (a registered charity), the Board manages the site and the visitor attractions on behalf of the Friends. The Cotswold Lion Café opened in November 2013. The agreement is not limited by date and provides for the Board to recover set-up costs from future profits. Income and expenditure on the Agency Operational Agreement is shown in the Income and Expenditure Account; and the net deficit on the third year of operation has been treated as an accumulated deficit on the Balance Sheet and is shown as a negative balance in the table of reserves at Note 12 to the Accounts. Stock held in the shop and café is valued at historical cost.

4 Audit Costs

Grant Thornton UK LLP was the Board's external auditor for 2015/16 at a cost of £1,920 including VAT (£1,920 in 2014/15).

5 Retirement Benefits and Pensions

The Board is a member of the Local Government Pension Scheme (LGPS) administered by Gloucestershire County Council (GCC). 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.

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

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. The Board made contributions to the fund of 19.5% of salary costs in 2015/16 (19.5% in 2014/15) in addition to a £5,000 per annum deficit reduction payment.

Formal Valuation of the Gloucestershire County Council Pension Scheme (GCCPS)

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. A triennial valuation of the GCCPS fund was carried out as at 31 March 2013 when the actuary valued the Board's share of the fund at £1,623,000, with a deficit against expected liabilities of £70,000.

The next triennial valuation will be carried out at 31 March 2016 and is due to be reported by the actuary in December 2016.

6 Members Allowances

Board members are paid allowances and reimbursed expenses in accordance with a Members Allowances Scheme reviewed annually and published in the Board's Constitution. The total amount of allowances and expenses paid to Board members during 2015/16 was £26,334 (2014/15 £25,918). The amount of expenses paid varied according to the duties and activities of individual members, the frequency of meetings attended and the distance travelled. A list of allowances and expenses by Board Member grouping is set out below.

Table of Members Allowances and Expenses

	2014/15		2015/16	
	Allowance	Expenses	Allowance	Expenses
Board Chair/Vice Chair	4,090	2,034	4,090	1,999
Executive/Sub-Committee Members	13,994	2,616	15,275	3,953
Ordinary Members	2,634	599	999	17

7 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 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 (DEFRA) and Natural England. Other government departments and agencies such as the Rural Payments Agency also fund the Board's activities.

DEFRA

DEFRA is responsible for determining the general level of Government funding that the Board receives by approving and agreeing to support the Board's Annual Business Plan. Total funding is shown in Note 1.

Natural England

Natural England determined the general level of Government funding that the Board receives to support the Cotswold Way National Trail by approving and agreeing to support the Cotswold Way National Trail Business Plan. Total funding is shown in Note 1.

Rural Payments Agency

The Rural Payments Agency reimburses the Board's eligible expenditure incurred for the development and running of the LEADER Grants Programme. Total income is shown in Note 1.

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. Total contributions are shown in Note 1.

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 and provided direct grant support to the Board of £50 in 2015/16 (£50 in 2014/15).

Friends of the Cotswolds

The Friends of the Cotswolds act as the Board's landlord and share an Agency Area Agreement with the Board for the management of the Cotswolds Discovery Centre at the Old Prison. In addition to this, the Friends have been joint signatories to grant bids and a number of Board Members sit on the Joint Project Board for the site influencing decisions. Expenditure with the Friends is set out on page 11.

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 and are 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. The following related party transactions were identified.

Related Party	Expenditure Transaction Value £
Friends of the Cotswolds*	28,552
The Little Pickle - Alexander Edgecombe	1,714

*This value includes the payment of current and retrospective VAT charges for the Cotswold Lion Café.

8 Debtors and Prepayments

	2014/15	2015/16
	£	£
Local Authority	5,625	0
Rural Payments Agency	0	40,447
Natural England	22,893	19,036
Miscellaneous	31,892	28,652
Prepayments	876	25
	61,286	88,160

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

9 Creditors

	2014/15	2015/16
	£	£
Local Authorities & Other Public Bodies	136,797	147,754
Sustainable Development Fund & Climate Change	1,980	0
Miscellaneous	12,367	40,897
Receipts in Advance*	9,072	16,500
Total	160,217	205,151

*Receipts in advance for 2015/16 contains a grant of £7,500 received from the Summerfield Trust for the Cotswolds@50 project that is to be recognised and spent in 2016/17.

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

10 Short Term Investments

At the year end, the Board held short term investments totalling of £250,000. This included a term deposit of £200,000 with Clydesdale Bank and two deposits of £25,000 held with Lloyds Bank.

11 Post Balance Sheet Events

There are no post balance sheet events.

12 Reserves

Fund	Opening Balance 1 April 2015	Expenditure and Transfers to Other Reserves	Income or Transfer from Other Reserves	Carried Forward 31 March 2016
General Fund	-197,513	720,762	-734,355	-211,106
National Grid Pipeline Project	-9,329	9,329	0	0
Countryside Fund	-31,476	8,837	-9,076	-31,715
Voluntary Wardens	-5,808	0	0	-5,808
Caring for the Cotswolds	-18,814	0	0	-18,814
Legacies and Donations	-2,135	0	0	-2,135
Asset Acquisition	-14,838	0	0	-14,838
Sustainable Development	-42,168	33,219	-40,000	-48,949
Rural Skills	0	2,500	-2,500	0
Student Placement	-8,000	2,500	0	-5,500
Management Plan	-6,249	0	0	-6,249
AONB 50 th Anniversary	-20,000	14,803	0	-5,197
Cotswold Way	-13,231	91,137	-86,058	-8,152
Cotswold Way Resource	-15,000	15,000	0	0
Visitor Giving Scheme Fund	-7,022	1,016	-3,413	-9,419
Accumulated Deficit on Agency				
Operational Agreement	92,658	188,558	-141,031	140,185
Total	-298,924	1,087,660	-1,016,432	-227,696

A description of the purposes of each fund is set out on page 13.

The total movement on all reserves is a decrease of £71,228 (2014/15 £116,038)

Movement on Earmarked Reserves in the year was a decrease of £37,294 (2014/15 £22,983).

Movement on Accumulated Deficit in the year was an increase of £47,527 (2014/15 £42,245)

Movement on General Fund in the year was an increase of £13,592 (2014/15 £50,810)

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

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

National Grid Pipeline Project Fund: contains money received from The National Grid to fund specific projects agreed between The National Grid and the Board, most recently the ‘Save our Magnificent Meadows’ Project run in conjunction with Plantlife and the Heritage Lottery Fund.

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.

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

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.

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

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

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

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

Student Placement Fund: contains money to enable the Board to fund the appointment of a student placement in advance of grant funding agreements.

AONB 50th Anniversary Fund: contains money set aside to fund the celebration of the 50th anniversary of the establishment of the Area of Outstanding Natural Beauty in 2016 and its legacy.

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 Resources Fund: money set aside to safeguard the Board from costs that may arise in the event of further reductions in grant aid support from Natural England.

Visitor Giving Scheme Fund: Money received from the scheme not yet distributed as a grant.

Accumulated Deficit on Agency Operational Agreement: represents the cost of establishing, equipping and staffing the Cotswold Lion Café under the Agency Operational Agreement with the Friends of the Cotswolds. The Agreement provides for recovery of these costs from future profits.