

# BRECON BEACONS NATIONAL PARK AUTHORITY

## DRAFT

### Statement of Accounts

### for the year ended

### 31<sup>st</sup> March 2021



**BRECON BEACONS NATIONAL PARK AUTHORITY  
STATEMENT OF ACCOUNTS 2020/21**

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## NARRATIVE REPORT

### I. INTRODUCTION

The Authority is required by law to produce an annual Statement of Accounts in accordance with proper accounting practices as laid down by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its 2020/21 'Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice' and approved by the Accounting Standards Board.

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

**A Statement of Accounting Policies** - the basis upon which amounts have been included in the accounts using accepted accounting principles.

#### The Core Financial Statements

- **The Comprehensive income and Expenditure Statement** - the income and expenditure during the financial year, accompanied by notes which explain the figures in greater detail as required by the CIPFA code of practice. The CIPFA Code requires that the Statement structure is in line with the objective breakdown of income and expenditure reported to management. For Brecon Beacons National Park Authority this entails an analysis of expenditure and income by Directorate. The CIES is supplemented by the **Expenditure and Funding Analysis** – an explanation of the differences between the net surplus or deficit as calculated in accordance with the CIPFA Code of Practice and the net surplus or deficit calculated in accordance with statute and required to be funded from revenue reserves.
- **The Balance Sheet** - the assets and liabilities, cash held and amounts set aside in reserves at the financial year-end. Notes are provided to give further details of specific balances where required by the CIPFA code of practice.
- **The Statement of Movements in Reserves** – shows the total gains and losses to the Authority during the year, including the effect of actuarial gains and losses on the pension fund and valuation gains and losses on fixed assets.
- **The Cash Flow Statement** - expenditure and income for the financial year, excluding all amounts owed or receivable. Further explanation is provided in the notes to the statement.

The authorisation date of the Statement is 30 June 2021. Significant events after the Balance Sheet date and up to the date of approval will taken into account in preparing the Statement. The Statement is audited by the Auditor General for Wales and a copy of his report is published with the Statement when this becomes available on completion of the audit. The Authority is also required to publish a Governance Statement. For further information and explanation of items in this document, please contact the Authority's Finance Manager [elaine.standen@beacons-npa.gov.uk](mailto:elaine.standen@beacons-npa.gov.uk)

### 2. ABOUT BRECON BEACONS NATIONAL PARK AUTHORITY

The Authority covers 520 square miles and is one of three National Parks in Wales. The Authority became an independent Special Purpose Local Authority with effect from 1<sup>st</sup> April 1996 and has two statutory purposes and one duty:

#### Purposes:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park.

- To promote opportunities for public enjoyment and understanding of the special qualities of the National Park.

**Duty:**

- To foster the economic and social well-being of communities living within the National Park.

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

Each year the Authority is required to publish a Corporate Plan setting out how it intends to employ its resources for the coming year to fulfil the purposes and duty in line with its current National Park Management Plan 2010-2020. A review of the Authority's performance against the Corporate Plan is carried out annually. These documents are published on the Authority's website [www.beacons-npa.gov.uk](http://www.beacons-npa.gov.uk)

### 3. INCOME AND EXPENDITURE

The gross cost to the Authority of providing its services, as reported to Members during the year for management purposes was £5,372,000. The table below summarises expenditure and sources of funding and shows that £82,000 was transferred to General Reserves at the year-end. In addition £143,000 net was transferred to Earmarked Reserves to fund future commitments.

The Welsh Government sets the Authority's approved level of net revenue expenditure for the year, and pays 75% of this in National Park Grant. The remaining 25% can then be raised by the Authority by issuing a levy on the constituent Unitary Authorities. These are: Powys County Council, Carmarthenshire County Council, Monmouthshire County Council, Rhondda Cynon Taff County Borough Council, Merthyr Tydfil County Borough Council, Blaenau Gwent County Borough Council, and Torfaen County Borough Council. In addition the Welsh Government provides specific revenue and capital funding for priority project delivery. Where this cannot be fully applied in the year in which it is received, it is held in an earmarked reserve and applied in future years.

#### COMPARISON OF ACTUAL INCOME AND EXPENDITURE: CURRENT AND PREVIOUS FINANCIAL YEARS

	2019/20	2019/20	2020/21	2020/21
	£000	%	£000	%
National Park Grant	2,827	48	2,827	50
National Park Levy	941	16	941	17
National Park Project Grant	444	8	414	7
Government Grants and Contributions	595	10	652	12
Fees, Charges and other Service income	1,059	18	758	14
Interest Receivable	29	0	7	0
<b>Gross Revenue Funding</b>	<b>5,895</b>	<b>100</b>	<b>5,599</b>	<b>100</b>
Employee Expenses	3,774	68	3,566	66
Other Service Expenses	1,792	32	1,808	34
<b>Total Expenditure</b>	<b>5,566</b>	<b>100</b>	<b>5,374</b>	<b>100</b>
<b>Net Receipts from Asset Sales</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/from Earmarked Reserves	267		143	
<b>Total Expenditure after net transfers to/from Reserves</b>	<b>5,833</b>		<b>5,517</b>	
<b>Net (cost)/income of Services (Contribn to/from General Fund)</b>	<b>62</b>		<b>82</b>	

Locally generated income and specific grants are allocated to individual services and are offset against the expenditure on those headings to arrive at the total net budgets and costs as reported to those responsible for management of the Authority. The table below shows how the net cost of services is derived from gross income and expenditure (see also the Expenditure and Funding Analysis for a reconciliation of amounts reported to management on a departmental basis to the totals reported on the Comprehensive Income and Expenditure Statement.

The net costs for each service in the Comprehensive Income and Expenditure Statement include depreciation (the cost of wear and tear on buildings, equipment, etc.).

Adjustments are also made for pension costs in accordance with the *International Accounting Standard 19: Retirement Benefits* (IAS19). These technical adjustments are intended to bring the Authority's accounts into line with UK Generally Accepted Accounting Policies. They indicate the full cost to the Authority in the relevant financial year of meeting all future commitments to its current and former employees under the Local Government Pension Scheme.

These adjustments do not affect the net revenue spend of the Authority, paid for by the Welsh Assembly Government and local taxpayers, supplemented by income generated by providing services. For a full explanation of the basis for the charges under IAS 19, see Note 31. The adjustments are not included in the budgeted figures as they have no impact on the cost of the Authority's operations for management purposes.

The IAS19 adjustments have a substantial impact on the assets of the Authority as recorded in the Balance Sheet, reducing the Authority's overall net assets to a negative balance of £3.8m. Excluding the Pension Fund liability, the Authority's net assets would be £11.7m. In the Expenditure and Income Statement, the actuarial assessment of the Authority's assets and liabilities in the Fund has produced a net actuarial loss of £4.24m which has generated an accounting deficit of £4.75m for the year. Last year an actuarial loss of £0.68m was advised; a negative variation between financial years of £3.56m.

### **Significant developments affecting the financial position of the Authority**

In 2020/21 the Authority's core funding from the Welsh Government remained at a cash standstill level. It sought to deploy this to meet its statutory purposes and Governmental priorities, supplemented by locally-generated income and a range of grant funding. Substantial additional funding has been received from Welsh Government during the year both to mitigate the impact of the Covid pandemic and support preparation for post-pandemic recovery initiatives.

The Authority is carrying a number of vacancies including a number of second tier management roles, as the structure remains under review. Acting-up and other temporary arrangements are in place, termination costs have been balanced by reduced expenditure on salaries.

The severe impact of Covid19 on the restructure process, income streams and service delivery plans of the Authority, which began to be felt in March 2020, has continued throughout 2020/21. Community development projects, the National Park Management Plan revision, Local Development Plan completion and visitor engagement priorities have all been delayed in consequence of the restrictions in place during the year. Towards the end of the financial year, expenditure on preparation for post-covid recovery and re-engagement began, largely funded by specific grants from Welsh Government. A number of staff in public-facing roles were furloughed and the Authority was able to claim grant to compensate for lost income and additional covid-related costs during the year.

An increasing proportion of total Welsh Government funding for the Authority takes the form of grants for specific revenue and capital projects. A significant amount of funding; £445,000, was received in October 2020 for a range of capital and revenue projects to be delivered, largely in 2021/22. These included peatland restoration for biodiversity and carbon sequestration, improvements to visitor facilities and trails, invasive species control initiatives and investment in volunteer engagement

Earmarked reserves allow the Authority to set aside contingency funds to meet future commitments, such as the costs of the Local Development Plan Enquiry and Sustainable Development Fund grant

commitments. They are used where the timing of funding receipts does not match the financial year of the related expenditure.

The Authority's total usable reserves decreased slightly between 31 March 2020 and 31 March 2021; from £4.18 to £4.05m. The majority of these are ring-fenced for specific project work and other commitments. Application of some reserves has been partly caused by delays to project delivery, the adverse impact of covid restrictions, and senior vacancies arising from the postponement of the planned re-organisation. However, overall some £425,000 of earmarked reserves were applied to fund service delivery in the year, offset by the transfer of £331,000, principally Welsh Government grant receipts and unspent project funds into reserves for planned application in 2021/22.

A simplified comparison between the budgeted and actual income and expenditure account by service for 2020/21 is produced below and shows that the Authority planned to transfer some £69,000 from its General Reserve at the year-end whereas in fact £82,000 was transferred to the Reserve; an net under-spend of £151,000.

The table below is in line with CIPFA's current Code of Practice, which requires authorities to account for expenditure and income in the same objective structure as is used for reporting to management.

To enable comparisons between the revised budget and the outturn, year-end recharges for capital charges (depreciation) and actuarially assessed pension scheme costs (in accordance with international accounting standards) have been applied to the budget figures to give an adjusted total.

## Summary of principal variances between 2020/21 budget as adjusted and the Statement of Accounts.

Net Service Costs	2020/21 Adjusted Budget*	2020/21 Out- turn*	2020/21 Variance against adjusted Budget
	£000	£000	£000
Planning, Policy and Development Management	975	959	(16)
Landscape, Nature Recovery, People and Communities	2,239	2,146	(93)
Chief Executive's Department	1,471	1,518	47
Other Operating Expenditure	439	260	(179)
<b>Adjusted net cost</b>	<b>5,124</b>	<b>4,883</b>	<b>(241)</b>
Interest received	(5)	(7)	(2)
National Park Grant (Welsh Assembly Government)	(2,827)	(2,827)	0
National Park Levy (Constituent Authorities)	(942)	(941)	1
National Park Capital Grant (Welsh Assembly Government)	(598)	(601)	(3)
Transfer to/(from) Earmarked Reserves	(188)	28	216
Transfer to Capital Grants Unapplied Account	237	115	(122)
	<b>(4,323)</b>	<b>(4,233)</b>	<b>90</b>
Budget Adjustments reversed	(732)	(732)	0
Accounting Adjustments reversed			
<b>Net Deficit /(Surplus)</b>	<b>69</b>	<b>(82)</b>	<b>(151)</b>

\*including notional depreciation, accounting standards adjustments for pension costs and other elements required by CIPFA for accounts preparation.

### Significant Variances Reported to Management

#### Planning, Policy and Development Management

The Local Development Plan, a major work programme involving a range of staff but principally the Planning Policy team, has been funded both from in-year core grant and earmarked reserves, built up over the interval between adoptions of the Plan. Like many other projects, it has been impacted by Covid 19 and further changes to the consultation and inspection phase are likely to be needed in response to the effect of the restrictions. Some elements of the LDP's production have been re-phased into 2021/22.

Core planning work saw a reduction in planning fee and other income and additional costs relating to Development Management consultancy support, which contributed to a small over-spend for the service. A S106 affordable housing receipt of £24,000 (reserved for future funding under the scheme) contributed to an under-spend for the department as a whole.

#### Landscape, Nature Recovery, People and Communities

The multi-year Black Mountains Land Use Partnership Project came to a successful conclusion and a range of projects included in the Nature Recovery Action Plan were implemented despite vacancies in the Ecology team, which led to an underspend of £37,000. In the People and Communities team, the principal overspend related to the termination costs of a post, while the effect of the pandemic on community groups in general reduced applications for Sustainable Development Fund grant and limited

the delivery of projects already approved; the underspend of some £106,000 in this area, but the committed funds have been set aside in a reserve and it is intended to apply these in 2021/22. Community and partner engagement work has been hampered by the impact of Covid19 restrictions on external organisations and some project expenditure has been re-profiled into 2021/22.

The Warden Service has been heavily involved in managing visitors safely as more people have accessed the Brecon Beacons. This has included working with external providers to greet and advise those arriving at popular sites under the changing levels of covid restrictions. This has increased staff and other costs against the budget, partly offset by additional support from the Welsh Government.

Upland and waterway access improvement projects have continued throughout the year; income received under a partnership with the Canal and Rivers Trust has generated a budget surplus in the Access revenue budget, which will be applied to support further partnership work in 2021/22.

Visitor Services and Education Services have been significantly affected by the pandemic, with cost increases arising from covid safety measures and much-reduced receipts from sales, fees and charges. Government funding from the furlough scheme and support for loss of operating income, as well as specific grants to improve facilities and manage visitors safely has helped the Authority to operate during this difficult period. Much of the impact was reflected in budget revisions in-year but the Education service recorded an overspend of close to £45,000 caused by the cessation of school and college visits. Substantial demand for outdoor educational activities is expected in 2021/22 as part of the post-covid recovery.

#### **Chief Executives Department.**

Overall, support and corporate management costs were very close to the estimate. Within this service area, senior termination payments and a budget deficit on pool vehicles arising from low usage during the covid pandemic were offset by lower than anticipated expenditure on recruitment costs (re-profiled to 2021/22), training and Authority Members' travel, as committee meetings continued to be held online. The role of Public Affairs Manager was vacant during the year, also reducing expenditure despite an acting –up arrangement.

#### **Capital Investment**

A summary of expenditure qualifying as capital for accounting purposes is provided below.



#### 4) CAPITAL EXPENDITURE

	<b>2020/21 Actual £000</b>	<b>2020/21 Actual £000</b>
Visitor Facilities Improvements – Llanthony toilets refurbishment	27	
Peatland Restoration; Craig y Fan Ddu, Waun Rhydd, Ffawddog and Waun Fach	273	
Green Growth Fund – de-carbonisation of estate management equipment and visitor centres	72	
Upland Access Improvement Projects; Carn Pica and Red Barn	68	
Wales Way tourism project infrastructure - enhancing the visitor experience	35	
Investment in IT infrastructure	51	
National Park Visitor Centre Visitor Welcome improvements	25	
Total expenditure classified as capital under accounting definition and policies*		551
Less: Grants & Contributions	(187)	
Transfers from earmarked reserves	(324)	
Use of Capital Receipts Reserve	(36)	
Revenue Financing	(4)	
Net Expenditure		<b>(551)</b>

\*Expenditure which meets the accounting definition of capital has been classified as capital and funded by grants, use of capital receipts, a legacy receipt and an appropriation from the Revenue Account. Expenditure meets the relevant accounting de minimis criteria (as outlined in the Authority's accounting policies). When projects are completed, the resulting asset is included in the Authority's Balance Sheet.

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### **THE AUTHORITY'S RESPONSIBILITIES**

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Chief Financial Officer (Section 151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### **THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES**

The Chief Financial Officer/Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom*.

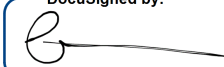
**In preparing the Statement of Accounts, the Chief Financial Officer has:-**

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

**The Chief Financial Officer has also:**

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts gives a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2020. To comply with the Accounts and Audit (Wales) Regulations 2014, the Chief Financial Officer is required to re-certify the Statement immediately before their adoption by the Authority and after the completion of the audit, while the Chairman certifies approval of the audited Statement by the Authority.

DocuSigned by:  
  
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E Standen ACMA  
Section 151 Officer  
Brecon Beacons National Park Authority

Date: 30/06/2021

E Standen ACMA  
Section 151 Officer  
Brecon Beacons National Park Authority

Date:

Chairman  
Brecon Beacons National Park Authority

Date:

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## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Authority's expenditure is funded from taxation, in accordance with regulations, via the National Park Grant and Levy on Constituent Authorities. This may differ from the accounting calculation of operating expenditure. Further information on the adjustments made to the management accounts to comply with the CIPFA Code of Practice are provided in the Expenditure and Funding Analysis on the following pages. The adjustments to the accounting calculation to arrive at the taxation-funded position are further detailed in the Movement in Reserves Statement.

### Comprehensive Income and Expenditure Statement

Expend- iture	2019/20			NOTES	2020/21		Net
	Income	Net			Expend- iture	Income	
£000	£000	£000			£000	£000	£000
1,139	(285)	854	Planning, Policy and Development Management		1,196	(237)	959
3,549	(1,394)	2,155	Landscape, Nature Recovery, People and Communities Chief Executive's Department		3,304	(1,158)	2,146
1,407	(62)	1,345			1,533	(15)	1,518
260	0	260	Other – Past Service Cost	1.6	0	0	0
<b>6,355</b>	<b>(1,741)</b>	<b>4,614</b>	<b>COST OF SERVICES</b>		<b>6,033</b>	<b>(1,410)</b>	<b>4,623</b>
		30	Other Operating Expenditure	8			30
		189	Loss on Revaluation of Fixed assets	11			0
		181	Financing and Investment Income and Expenditure	9			223
		(4,550)	Taxation and Non-Specific Grant Income	10			(4,369)
		<b>464</b>	<b>DEFICIT/(SURPLUS) ON PROVISION OF SERVICES</b>				<b>507</b>
		685	Actuarial (Gains)/Losses on Pension Assets and Liabilities	31			4,240
		<b>1,149</b>	<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>				<b>4,747</b>

## EXPENDITURE AND FUNDING ANALYSIS

The analysis below details the adjustments that have been made to the Authority's management accounts to present them in the CIES in accordance with the requirements of the current CIPFA Code which requires them to include the cost of holding assets and the actuarial assessment of the full cost of the pension scheme for the current year. It reconciles the Income and Expenditure Statement's net deficit/surplus with the net transfer to revenue reserves. Note 21 provides a further subjective analysis of expenditure and income.

### Expenditure and Funding Analysis 2020/21

	Net Expend- iture Chargeable to General Fund	Adjustments between funding and accounting basis - capital charges	Adjustments between funding and accounting basis - pensions	Adjustments between funding and accounting basis - other	<b>TOTAL ADJUST- MENTS</b>	<b>Net expend- iture in CIES</b>
	£000	£000	£000	£000	£000	£000
Planning, Policy and Development Control	818	37	104	0	141	959
Landscape, Nature Recovery, People and Communities	1,731	228	187	0	415	2,146
Chief Executive's Department	1,404	31	83	0	114	1,518
Other						
<b>Net Cost of Services</b>	<b>3,953</b>	<b>296</b>	<b>374</b>	<b>0</b>	<b>670</b>	<b>4,623</b>
Pension Fund Administration Costs	0	0	30	0	30	30
Bank interest received	(7)	0	0	0	0	(7)
National Park Grant see NOTE 10	(2,827)	0	0	0	0	(2,827)
Specific Grants Received - Welsh Government SEE NOTE 10	(414)	0	0	0	0	(414)
Capital Grant applied	0	0	0	(187)	(187)	(187)
Levies on Constituent Local Authorities SEE NOTE 10	(941)	0	0	0	0	(941)
Interest on Defined Benefit Liability	0	0	230	0	230	230
Revenue funding of Capital expenditure	11	0	0	(11)	(11)	0
<b>Other Income and Expenditure</b>	<b>(4,178)</b>	<b>0</b>	<b>260</b>	<b>(198)</b>	<b>62</b>	<b>(4,116)</b>
Loss on Revaluation of Assets	0	0	4,240	0	0	0
Actuarial (Gains)/Losses on Pension Assets/ Liabilities	0	0	0	0	4,240	4,240
<b>Deficit/(Surplus) before transfers to /from Revenue Reserves</b>	<b>(225)</b>					<b>4,747</b>
<b>Approps to Capital Reserves</b>						
Transfers to Capital Receipts unapplied	0					
Transfer to Capital Grants Unapplied (net)	115					
	<b>(110)</b>					
<b>Movements on Revenue Reserves</b>						
Opening Balance	2,635					
Revenue Surplus/(deficit)	110					
<b>Closing Balance on Revenue Reserve</b>	<b>2,745</b>					

### Expenditure and Funding Analysis 2019/20

	Net Expend- iture Chargeable to General Fund	Adjustments between funding and accounting basis - capital charges	Adjustments between funding and accounting basis - pensions	Adjustments between funding and accounting basis - other	<b>TOTAL ADJUST- MENTS</b>	<b>Net expend- iture in CIES</b>
	£000	£000	£000	£000	£000	£000
Planning, Policy and Development Control	755	0	99	0	99	854
Landscape, Nature Recovery, People and Communities	1,785	163	207	0	370	2,155
Chief Executive's Department	1,253	3	89	0	92	1,345
Other	0	0	260	0	260	260
<b>Net Cost of Services</b>	<b>3,793</b>	<b>166</b>	<b>655</b>	<b>0</b>	<b>821</b>	<b>4,614</b>
Pension Fund Administration Costs	0	0	30	0	30	30
Bank interest received	(29)	0	0	0	0	(29)
National Park Grant see NOTE 10	(2,827)	0	0	0	0	(2,827)
Specific Grants Received - Welsh Government SEE NOTE 10	(444)	0	0	0	0	(444)
Capital Grant applied	0	0	0	(338)	(338)	(338)
Levies on Constituent Local Authorities SEE NOTE 10	(941)	0	0	0	0	(941)
Interest on Defined Benefit Liability	0	0	210	0	210	210
Revenue funding of Capital expenditure	32	0	0	(32)	(32)	0
<b>Other Income and Expenditure</b>	<b>(4,209)</b>	<b>0</b>	<b>240</b>	<b>(370)</b>	<b>(130)</b>	<b>(4,339)</b>
Loss on Revaluation of Assets	0	189	0	0	189	189
Actuarial (Gains)/Losses on Pension Assets/ Liabilities	0	0	685	0	685	685
<b>Deficit/(Surplus) before transfers to /from Revenue Reserves</b>	<b>(416)</b>					<b>1,149</b>
<b>Approps to Capital Reserves</b>						
Transfers to Capital Receipts unapplied	0					
Transfer to Capital Grants Unapplied (net)	431					
	<b>15</b>					
<b>Movements on Revenue Reserves</b>						
Opening Balance	2,650					
Revenue Surplus/(deficit)	(15)					
<b>Closing Balance on Revenue Reserve</b>	<b>2,635</b>					

## BALANCE SHEET

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category includes those that the Authority is not able to use to provide services. This includes reserves holding unrealised gains and losses, such as the Revaluation Reserve, where amounts would only become available to provide services if the assets were sold, and also record timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

### Balance Sheet

2019/20 (£000)		NOTES	2020/21 (£000)
7,452	PROPERTY, PLANT AND EQUIPMENT	11	7,718
45	INTANGIBLE ASSETS	12	34
<b>7,497</b>	<b>TOTAL LONG-TERM ASSETS</b>		<b>7,752</b>
38	Inventories		27
0	Long-term Debtors	13	0
745	Short-term Debtors	14	854
4,112	Cash and Cash Equivalents	15	3,892
<b>4,895</b>	<b>CURRENT ASSETS</b>		<b>4773</b>
788	Short-Term Creditors	17	794
<b>788</b>	<b>CURRENT LIABILITIES</b>		<b>794</b>
10,662	Liability Related to Defined Benefit Pension Schemes	31	15,536
<b>10,662</b>	<b>LONG TERM LIABILITIES</b>		<b>15,536</b>
<b>942</b>	<b>NET ASSETS</b>		<b>(3,805)</b>
1,385	Capital Grants Unapplied Account		1,175
2,800	Other Usable Reserves	6	2,875
4,185	Total Usable Reserves		4,050
(3,243)	Unusable Reserves	18	(7,855)
<b>942</b>	<b>TOTAL RESERVES</b>		<b>(3,805)</b>



**MOVEMENTS IN RESERVES STATEMENT**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority. Further details of these transfers are shown in Note 7.

**Movements in Reserves 2020/21 (£000)**

	General Reserve	Affordable Housing/S106 Balances held	Welsh Government Revenue Grants received but unapplied	Earmarked resves - Other	<b>TOTAL REVENUE RESERVES</b>	CAPITAL GRANTS UNAPPLIED ACCOUNT	CAPITAL RECEIPTS RESERVE	<b>TOTAL USABLE RESERVES</b>	<b>TOTAL UNUSABLE RESERVES</b>	<b>TOTAL RESERVES</b>
<b>Balance at 31 March 2020 Carried Forward</b>	1,108	297	598	632	<b>2,635</b>	1,385	165	<b>4,185</b>	<b>(3,243)</b>	<b>942</b>
Total Comprehensive Income and Expenditure	(507)	0	0	0	<b>(507)</b>	0	0	<b>(507)</b>	<b>(4,240)</b>	<b>(4,747)</b>
Surplus or deficit on revaluation of property plant and equipment assets	0	0	0	0	<b>0</b>	0	0	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments between accounting basis and funding basis under regulations (NOTE 6)	589	25	32	(28)	<b>618</b>	114	0	<b>732</b>	<b>(732)</b>	<b>0</b>
Transfers between the Capital Grants Unapplied Acct and the Capital Adjustment Acct	0	0	0	0	<b>0</b>	(324)	0	<b>(324)</b>	<b>324</b>	<b>0</b>
Transfers between the Capital Receipts Reserve and the Capital Adjustment Account	0	0	0	0	<b>0</b>	0	(36)	<b>(36)</b>	<b>36</b>	<b>0</b>
Increase/(Decrease) in 2020/21	82	25	32	(28)	<b>111</b>	(210)	(36)	<b>(135)</b>	<b>(4,612)</b>	<b>(4,747)</b>
<b>Balance at 31 March 2021 Carried Forward</b>	1,190	322	630	604	<b>2,746</b>	1,175	129	<b>(4,505)</b>	<b>(7,855)</b>	<b>(3,805)</b>

	General Reserve	Affordable Housing/S106 Balances held	Welsh Government Revenue Grants received but unapplied	Earmarked reserves - Other	<b>TOTAL REVENUE RESERVES</b>	CAPITAL GRANTS UNAPPLIED ACCOUNT	CAPITAL RECEIPTS RESERVE	<b>TOTAL USABLE RESERVES</b>	<b>TOTAL UNUSABLE RESERVES</b>	<b>TOTAL RESERVES</b>
<b>Balance at 31 March 2019 Carried Forward</b>	1,046	210	751	643	<b>2,650</b>	1,205	169	<b>4,024</b>	(1,896)	<b>2,128</b>
Total Comprehensive Income and Expenditure	(464)	0	0	0	<b>(464)</b>	0	0	<b>(464)</b>	(685)	<b>(1,149)</b>
Surplus or deficit on revaluation of property plant and equipment assets	0	0	0	0	<b>0</b>	0	0	<b>0</b>	(36)	<b>(36)</b>
Adjustments between accounting basis and funding basis under regulations (NOTE 6)	526	87	(153)	(11)	<b>449</b>	431	0	<b>880</b>	(881)	<b>(1)</b>
Transfers between the Capital Grants Unapplied Acct and the Capital Adjustment Acct	0	0	0	0	<b>0</b>	(251)	0	<b>(251)</b>	251	<b>0</b>
Transfers between the Capital Receipts Reserve and the Capital Adjustment Account	0	0	0	0	<b>0</b>	0	(4)	<b>(4)</b>	4	<b>0</b>
Increase/(Decrease) in 2019/20	62	87	(153)	(11)	<b>(15)</b>	180	(4)	<b>161</b>	(1347)	<b>(1,186)</b>
<b>Balance at 31 March 2020 Carried Forward</b>	1,108	297	598	632	<b>2,635</b>	1,385	165	<b>4,185</b>	(3,243)	<b>942</b>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement show how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

### Cash Flow Statement

2019/20 £000		NOTE	2020/21 £000	2020/21 £000	2020/21 £000
464	<b>(Surplus)/Deficit on the provision of services</b>				507
(163)	Depreciation and impairment			(275)	
(3)	Amortisation of intangible assets			(20)	
(189)	Loss on revaluation of Land and Buildings			(0)	
4	Increase/(Decrease) in Stocks		(11)		
(129)	Increase/(Decrease) in Debtors		48		
(2)	(Increase)/Decrease in Creditors		0		
0	(Increase )/Decrease in Creditor re Accrued Employee Benefits		(29)		
(127)				8	
(1,460)	Reversal of Current Service Cost, Pension Interest Cost and Expected Return on Pension Assets		(1,140)		
564	Cash payment to Pension Fund in year		506		
(896)				(634)	
338	Capital Grants taken to Revenue Account			187	
(1,040)	Total Adjustments to net surplus or deficit on the provision of services for non-cash movements				(734)
(576)					(227)
444	Adjustments for items included in the net surplus or deficit on the provision of services that are Investing and Financing activities				237
(132)	<b>Net Cash Flows from Operating Activities</b>	19			10
(118)	Investing Activities	20			210
0	Financing Activities				0
(250)	<b>Net (increase)/ or decrease in cash and cash equivalents</b>				220
(3,862)	Cash and Cash Equivalents at the beginning of the reporting period				(4,112)
(4,112)	<b>Cash and Cash Equivalents at the end of the reporting period</b>	15			(3,892)

## NOTES TO THE ACCOUNTS

### NOTE 1: Accounting Policies:

#### I.1 GENERAL PRINCIPLES

The purpose of the Statement of Accounting Policies is to explain the calculation bases of the figures in the accounts.

The accounts have been prepared in accordance with:

- The current year's Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Service Reporting Code of Practice as it applies to National Parks.
  - The guidance notes issued by CIPFA on the application of International Financial Reporting Standards (IFRS's); International Accounting Standards (IAS's); Statements of Recommended Practice (SORP)
  - The Local Government Finance Act 1982
  - The Accounting principles of relevance, reliability, comparability and comprehensibility.
  - The basic accounting concepts of materiality, going concern, matching, consistency, primacy of legislative requirements, prudence and substance over form. The concept of the primacy of legislative requirements is given precedence over other concepts where there is a conflict.
- #### I.2 ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year in which it occurs, not simply when cash payments are made or received. In particular:

- Revenue from the sales of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is reduced and a charge is made to the expenditure and income account for the income that might not be collected.

#### I.3 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

#### **I.4 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **I.5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service

The Authority is not required to fund depreciation, revaluations and impairment losses or amortisations from the revenue grant or levies. As the Authority is debt-free it is not required to make an annual contribution from revenue to reduce its overall borrowing requirement as would otherwise be the case.

#### **I.6 EMPLOYEE BENEFITS**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made on an estimated basis at the rates of pay applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises the costs of a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Income and Expenditure Account to be charged with the amount payable to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them

with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

**Post-employment benefits** are earned by employees during their working life in return for services to their employer. Employees of the Authority are members of the Local Government Pension Scheme, administered by Powys County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority and is accounted for as a defined benefits scheme.

The liabilities of the Powys Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirements benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees. Liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. The assets of the Powys pension fund attributable to the Authority are included in the Balance Sheet at their fair value.

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Powys Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **1.7 EVENTS AFTER THE REPORTING PERIOD**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Due to the impact of Covid19 on public authorities and increased economic uncertainty, and the national delays in publication, audit and approval of the 2020/21 Statement of Accounts, there is an increased risk that adjusting events occur between the publication of the draft Statement and the approval of the Audited Statement.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.8 FOREIGN CURRENCY TRANSLATION**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting material gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **1.9 GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable certainty that conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to Capital Grants Received in Advance. Where it has been applied, it is posted to the Capital Adjustment Account.

### **1.10 INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost and carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Reserve. The gains and losses are therefore reversed out of the General Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **1.11 INVENTORIES**

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

### **1.12 LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee and the value of the item of property, plant or equipment leased exceeds the de minimis threshold of £10,000 – see item 1.14 below. All other leases are classed as operating leases.

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the



lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

CIPFA LASAAC Local Authority Accounting Code Board has agreed to defer the implementation of IFRS16 Leases in the Code of Practice on Local Authority Accounting in the United Kingdom until the 2022/23 financial year.

### **1.13 OVERHEADS AND SUPPORT SERVICES**

In accordance with the current CIPFA Code of Practice, the cost of support services is accounted for in the same format as presented to Authority Members in the management accounts. Support services and departmental management costs are shown in the department under which they are managed.

### **1.14 PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie repairs and maintenance) is charged as an expense when it is incurred. The Authority has set a minimum level of £10,000 for capitalising expenditure, with the exception of land and buildings which are always capitalised. Expenditure below the minimum level is treated as revenue.

#### **Measurement**

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction: depreciated historical cost.
- All other assets: fair value, determined as the amount that would be paid for the asset in its existing use (existing use value).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction). Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer
- infrastructure (rights of way, trails and associated structures – straight-line allocation over the useful life of the asset as advised by a suitably qualified officer

In the absence of specific advice, the estimated asset lives used are as follows:

Vehicles and other equipment	5 years
IT equipment	3 years
Community and Infrastructure assets	20 years
Intangible Assets	3 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement. As the Authority is debt free, 100% of any such receipts can be used to finance new capital expenditure

The written-off value of disposals is not a charge against taxation, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Surplus Assets**

Where an asset is no longer being used for operational purposes but is not being actively marketed, abandoned or scrapped, it is classified as a surplus asset. Surplus assets are valued at fair value (ie the price which would be received in an orderly transaction between market participants at the measurement date.

## **1.15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts where they are material.

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential and they are material.

### **1.16 RESERVES**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against taxation for the expenditure.

Certain reserves are maintained to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies and are described as ‘unusable reserves’

### **1.17 VALUE ADDED TAX**

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

### **NOTE 2: Accounting Standards Issued and Not Adopted**

Accounting Standards issued and not adopted are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark reform: Amendments to IFRS9, IAS 39 and IFRS7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

### **NOTE 3: Critical Judgements In Applying Accounting Policies**

In applying the Authority’s Accounting Policies, certain judgements have been made involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is uncertainty about future levels of funding for National Park Authorities in Wales beyond the 2021/22 financial year. However, the assumption has been made that the Authority’s principal functions will continue and that the Authority will continue to exist as a ‘going concern’. The most significant implication of this is that the Authority’s future liabilities to the Powys Pension Fund will not crystallise in the short term and are being met over the longer term by the contribution levels set by the Fund’s actuary.

### **NOTE 4: Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures which are based on assumptions made by the Authority about the future or are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The valuation of the Authority’s land and buildings took place before the Covid19 pandemic, which may impact on both property values and income generation potential at visitor centres. It is possible that material changes may need to be made to the values of both land and operational buildings in the aftermath of the pandemic as property valuations continue to be volatile.



Item	Uncertainties	Effect If Actual Results Differ From Assumptions
Pensions liability/Asset	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to corporate bond yields, the discount rate used, projected rates of salary increase, changes to the Local Government Pension Scheme itself, future retirement ages, mortality rates and expected returns on pension fund assets. AON Hewitt provides the Authority with actuarial advice on the assumptions to be applied and their effect – see Note 31.</p>	<p>Changes in assumptions may interact in a number of ways but may have a large impact on the Financial Statement. The accounting standard governing the accounting basis for Pension Scheme costs is known to cause volatility in estimates of assets and liabilities between years and hence large swings in both the CIES total and net assets. The Powys Pension Fund holds a significant proportion of growth asset which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures. The actual cost of pension benefits accrued by current Authority employees will not be known for many years.</p>
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be carried out on individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Valuations ascribed to Property by the Authority’s valuers are affected by market values which are substantially dependent on economic factors outside the Authority’s control.</p>	<p>A reduction in useful life or identification of impairment increases the charge on the Cost of Services and reduces the value of assets in the Balance Sheet. See Note 11 for details of depreciation and impairment in the year.</p> <p>Changes in the market value of assets may result in the Authority’s land and buildings being under- or over-valued. As a result of both the economic impact of Covid19 and the departure of the UK from the European Union, there is significantly more uncertainty in 2019/20 and 2020/21 in relation to property values, including agricultural land. These impacts are potentially material but not yet quantifiable.</p>

**NOTE 5: Events after the Balance Sheet date**

The Statement of Accounts was authorised for issue by Chief Financial Officer on 30 June 2021. Events taking place after this date are not reflected in the Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the Statements and notes have been adjusted in all material respects to reflect the impact of this information.

**NOTE 6: Adjustments between accounting basis and funding basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. Below is a description of the General Reserve, against which the adjustments are made.

**General Reserve**

The General Reserve is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Reserve, which is not necessarily in accordance with proper accounting practice. The General Reserve therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment. Details of the adjustments are provided below.

### Adjustments between accounting basis and funding basis under Regulations in the year

2019/20				2020/21		
General Reserve £000	Movements in Unusable Reserves £000	Movements in Capital Reserves £000		General Reserve £000	Movements in Unusable Reserves £000	Movements in Capital Reserves £000
			<b>Adjustments primarily involving the Capital Adjustment Account</b>			
(166)	166	0	Charges for depreciation and impairment of non-current assets	(296)	296	0
0	0	0	Amounts of non-current assets written off on disposal as part of gain/loss on disposal shown in CIES	0	0	0
(189)	189	0	Revaluation losses on Property, Plant and Equipment	0	0	0
338	(338)	0	Capital grants and contributions applied	187	(187)	0
			<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>			
32	(32)	0	Capital expenditure charged against the General Fund	11	(11)	0
			<b>Adjustments primarily involving the Capital Receipts Reserve</b>			
0	0	0	Transfer of cash sale net proceeds credited as part of the gain/loss on disposal to the CIES and financing of disposal costs and financing cost of disposal from Cap Receipt	0	0	0
			<b>Adjustments primarily involving the Capital Grants Unappd account</b>			
431	0	(431)	Grants received but unapplied in year transferred to Capital Grants Unapplied Account	237	0	(237)
			Revenue Expenditure funded from Capital Grants Unapplied (non-qualifying items not capitalised)	(123)	0	123
			<b>Adjustments primarily involving the Pensions Reserve</b>			
(1,460)	1,460	0	Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see NOTE 31)	(1,140)	1,140	0
564	(564)	0	Employers' pension contributions and direct payments to pensioners payable in the year	506	(506)	0
			<b>Adjustments Primarily involving the Accumulated Absences Account</b>			
0	0	0	Amount by which officer remuneration charged to the Comprehensive income and Expenditure Statement on an accruals basis is different from that chargeable in the year in accordance with statutory requirements	0	0	0
<b>(450)</b>	<b>881</b>	<b>(431)</b>	<b>TOTAL ADJUSTMENTS</b>	<b>(618)</b>	<b>732</b>	<b>(114)</b>



## **NOTE 7: TRANSFERS BETWEEN EARMARKED RESERVES AND THE GENERAL FUND**

These reserves are amounts set aside by the Authority out of its revenue resources to meet future costs whose timing and extent are uncertain. They are held until required or until the Authority decides that the anticipated costs will not arise, when they can be transferred, via the appropriations account, into the General Reserve. The purposes of all earmarked reserves with a value of more than £30,000 and their year-end balances to the nearest £1000 are described below.

### **S106 Affordable Housing Reserve (£322,000)**

This reserve has been established to retain S106 sums payable to the Authority in relation to property development pending their allocation to applicants for the provision of affordable housing. Affordable Housing receipts which have conditions attached and are potentially repayable to the developer have been treated as Receipts in Advance.

### **Welsh Government Specific Revenue Funding 2017 (£107,000)**

This reserve holds the unspent portion of revenue funding for a range of specific projects, provided to the Authority in addition to its core grant in 2016/17. This will facilitate reporting on the use of the funding.

### **Welsh Government Specific Revenue Funding 2019 (318,000)**

This reserve holds the unspent portion of revenue funding for a range of specific projects, provided to the Authority in addition to its core grant in 2018/19.

### **Welsh Government Specific Revenue Funding 2020 (177,000)**

This reserve holds the unspent portion of revenue funding for a range of specific projects, provided to the Authority in addition to its core grant in 2020/21.

### **Conservation Fund Reserve (£88,000)**

Fees received by the Authority from organisations using Authority land for filming, net of any related costs, are set aside for use on environmental improvement projects and other expenditure to benefit the National Park.

### **Local Development Plan Enquiry Reserve (£110,000)**

The Authority is legally required to publish a Local Development Plan periodically. This involves extensive consultation and data collection, a public enquiry held by an external Planning Inspector, and publication costs at intervals of 3-5 years. Funds were set aside each year to help fund these recurring costs. The current Plan was adopted in 2014 and is currently being reviewed.

### **Legacy receipts Reserve (£134,000)**

This new reserve was set up to earmark funding received in the form of bequests until it can be appropriately used to benefit the National Park.

### **Canal and Rivers Trust joint projects reserve (£52,000)**

This new reserve was established for a net budget surplus generated by work carried out by the Authority in partnership with the Canal and Rivers Trust. The reserve will be applied to continue canal-side improvement projects.

### **Sustainable Development Fund Earmarked Sums (£58,000)**

This reserve represents funding commitments agreed by the Grant Allocation Panel but not claimed by the grantee at the financial year end.

**Reserve provision for termination costs of temporary project officer posts (£50,000)**

Established in recognition of the increasing proportion of employees who are temporarily employed for specific projects, to cover potential unfunded expenses incurred at termination of contracts.

**A summary of transfers to and from earmarked reserves for the last two financial years are provided below.**

	Balance at 31 March 2019	Transfers out	Transfers in	Balance at 31 March 2020	Rounding correction	Transfers out	Transfers in	Balance at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000	£000
Welsh Government Specific revenue grants committed to projects	751	(153)	0	598		(146)	177	629
S106/Affordable Housing sums received by the Authority but not yet applied	210	0	87	297	1	0	24	322
Other Earmarked Reserves	643	(157)	146	632		(158)	130	604
<b>Total</b>	<b>1,604</b>	<b>(310)</b>	<b>233</b>	<b>1,527</b>	<b>1</b>	<b>(304)</b>	<b>331</b>	<b>1,555</b>

**NOTE 8: Other Operating Expenditure**

2019/20 £000		2020/21 £000
0	(Gains)/losses on the disposal of non-current assets	0
20	Pension Fund Administration Costs	30
<u>20</u>	<b>Total</b>	<u>30</u>

**NOTE 9: Financing and Investment Income and Expenditure**

2019/20 £000		2020/21 £000
210	Interest on Pension Scheme net defined benefit liability	230
(29)	Interest receivable and similar income	(7)
<u>181</u>	<b>Total</b>	<u>223</u>

**NOTE 10: Taxation and Non-Specific Grant Income** (see also Note 25 - Total Grant Income)

2019/20 £000	2019/20 £000		2020/21 £000	2020/21 £000
		<b>Levies on Constituent Local Authorities</b>		
554		Powys County Council	554	
138		Carmarthenshire County Council	138	
105		Monmouthshire County Council	105	
48		Rhondda Cynon Taff County Borough Council	47	
38		Merthyr Tydfil County Borough Council	38	
29		Blaenau Gwent County Borough Council	29	
29		Torfaen County Borough Council	29	
	941			941
	2,827	Non-Specific Grant Income – National Park Grant		2,827
	0	Revenue Grant Income – Welsh Government received and not applied		177
	338	Capital Grants and Contributions applied in year		187
	444	Capital Grants and Contributions received and not applied at year end		237
	<b>4,550</b>	<b>Total</b>		<b>4,369</b>

## NOTE 11: Property, plant and equipment

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
<b>Movements in 2020/21</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation:</b>							
At 1 April 2020	5,474	439	1,193	727	0	127	7,961
rounding correction	0	0	1	0	0	0	0
Additions	52	134	68	273	0	0	527
Valuation increases/(decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Valuation increases/(decreases) recognised in the surplus/deficit on the provision of services* De-recognition (disposals and write-offs)	0	0	0	0	0	0	0
Transfers (assets re-classified)	0	104	17	20	0	(127)	14
<b>At 31 March 2021</b>	<b>5,526</b>	<b>677</b>	<b>1,279</b>	<b>1,020</b>	<b>0</b>	<b>0</b>	<b>8,502</b>
<b>Accumulated depreciation and Impairment</b>							
At 1 April 2020	32	46	405	26	0	0	509
Rounding correction							1
Less accumulated depreciation written out on revaluation/disposals	0	0	0	0	0	0	0
Depreciation written out to the revaluation reserve	10	0	0	0	0	0	10
Depreciation written out to the surplus/deficit on the provision of services	22	61	101	25	0	0	209
Other movements in depreciation and impairment	56	0	0	0	0	0	56
<b>Total depreciation charge for the year</b>	<b>88</b>	<b>61</b>	<b>101</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>276</b>
<b>At 31 March 2021</b>	<b>120</b>	<b>107</b>	<b>506</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>786</b>
<b>Net Book Value</b>							
At 31 March 2020	5,442	393	789	701	0	127*	7,452
At 31 March 2021	5,406	570	773	969	0	0	7,718

\* An asset under construction as at 31 March 2020 with a value of £14,247 was reclassified from an intangible item to equipment. It was excluded from this note in the 2019/20 statement of accounts but included in the total of physical assets in the balance sheet. In 2020/21 this has been corrected on the asset transfers line in the above note.

### Asset Valuations as at 31 March 2021

Brecon Beacons National park Authority's freehold and long leasehold properties were last valued on 1<sup>st</sup> April 2019 by External Valuers, Chris Hyde MSc MRICS FAAV and Elizabeth Hill BSc MRICS of Cooke & Arkwright Chartered Surveyors. The valuations were in accordance with the requirement of the RICS Valuation – Global Standards 2017 (The Red Book) and the International Valuation Standards 2017 (IVS) and the RICS Valuation, Global Standards 2017 – UK national supplement. The valuation of each property was on the bases and assumptions:

1. For Owner Occupied non specialist property plant and equipment: Valued to Existing Use Value assuming that the property would continue in existing use.
2. for Owner Occupied specialist property, plant and equipment: Valued to Existing Use Value using Depreciated Replacement Cost assuming that the properties would continue in existing use or
3. For investment Properties: Valued to Fair Value assuming that the properties would be sold subject to any existing leases.

Gross Value as at last valuation	Land and Buildings	Vehicles, Furniture, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Carried at historic cost	56	677	1,279	1,020	0	0	3,032
Valued at fair value as at 1 April 2019	5,470	0	0	0	0	0	5,470
<b>TOTAL</b>	<b>5,526</b>	<b>677</b>	<b>1,279</b>	<b>1,020</b>	<b>0</b>	<b>0</b>	<b>8,502</b>

See also Note 4 in relation to uncertainty affecting asset values.

	Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total Property, Plant and Equipment
<b>Movements in 2019/20</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation:</b>							
At 1 April 2019	5,749	132	1,225	271	0	610	7,987
Rounding Adjustment	2	0	0	(2)	0	0	0
Additions	4	281	149	86	0	92	612
Valuation increases/(decreases) recognised in the Revaluation Reserve	(36)	0	0	0	0	0	(36)
Valuation increases/(decreases) recognised in the surplus/deficit on the provision of services*	(245)	0	0	0	0	0	(245)
De-recognition (disposals and write-offs)	0	(33)	(181)	(143)	0	0	(357)
Transfers (assets re-classified)	0	59	0	515	0	(574)	0
At 31 March 2020	5,474	439	1,193	727	0	128	7,961
<b>Accumulated depreciation and Impairment</b>							
At 1 April 2019	56	56	490	157	0	0	759
Less accumulated depreciation written out on revaluation/disposals	(56)	(33)	(181)	(143)	0	0	(413)
Depreciation written out to the revaluation reserve	10	0	0	0	0	0	10
Depreciation written out to the surplus/deficit on the provision of services	22	23	96	12	0	0	153
<b>Total depreciation charge for the year</b>	<b>32</b>	<b>23</b>	<b>96</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>163</b>
<b>At 31 March 2020</b>	<b>32</b>	<b>46</b>	<b>405</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>509</b>
<b>Net Book Value</b>							
At 31 March 2019	5,693	76	736	113	0	610	7,228
At 31 March 2020	5,442	393	789	701	0	127	7,452

\*\*\* The entries under 'de-recognition- other' relate to historic accumulated depreciation for assets which had reached the end of their useful lives and has therefore been written out of both the gross asset value and the accumulated depreciation total. There is no impact on the net value of Property, Plant and Equipment shown in the balance sheet.

**Depreciation:** All assets except land are depreciated, in line with the Authority's Statement of Accounting Policies.

**Capital Commitments:** As at 31 March 2021 the Authority had the following capital commitments.

	Land and Buildings £000	Vehicles, Furniture, Plant and Equipment £000	Infra-structure Assets £000	Community Assets £000	Intangible Assets £000	TOTAL £000
Capital commitments at 31/3/21	0	66	0	0	7	73
Capital commitments at 31/3/20	0	4	261	0	0	265

**NOTE 12: Intangible Assets**

	2019/20 £000		2020/21 £000		
	Intangible Assets	Intangible Assets	Intangible Assets	Intangible Assets	Intangible Assets under construction
<b>Balance at start of year</b>					
Gross Carrying amounts	93		53		
Less carrying amount of de-recognised asset	(40)	53	(13)	40	0
Accumulated amortisation	59		23		
Less Accumulated amortisation on de-recognised asset	(40)	19	(13)	10	0
Net carrying amount at start of year		34		30	0
Additions – Purchases		0		0	0
Intangible Assets under construction transferred to Intangible Assets		0		0	24
Amortisation for the period		(3)		(20)	0
<b>Net carrying amount at end of year</b>		<b>31</b>		<b>10</b>	<b>24</b>

**NOTE 13: Long-Term Debtors**

	31 March 2020 £000	31 March 2021 £000
<b>Debtors falling due in 3-5 years</b>		
Other	0	0
<b>Total Debtors falling due in 3-5 years</b>	<b>0</b>	<b>0</b>

#### NOTE 14: Short-Term Debtors

	31 March 2020 £000	31 March 2021 £000
<b>Debtors falling due in less than one year</b>		
Central Government Bodies	466	546
Other Local Authorities	139	18
Other	140	290
<b>Total Short-Term Debtors</b>	<b>745</b>	<b>854</b>

#### NOTE 15: Cash and Cash Equivalents

	31 March 2020 £000	31 March 2021 £000
Cash held by the Authority	2	2
Bank Current Accounts	2,076	1,097
Notice Accounts	2,034	2,793
<b>Total</b>	<b>4,112</b>	<b>3,892</b>

#### NOTE 16: Assets Held For Sale

There were no assets held for sale at 31 March 2021 nor at 31 March 2020.

#### Note 17: Creditors

	31 March 2020 Sundry Creditors £000	31 March 2021 Sundry Creditors £000
Central Government Bodies	87	115
Other Local Authorities	125	83
Other Entities and Individuals	576	596
<b>Total</b>	<b>788</b>	<b>788</b>

#### NOTE 18: Unusable Reserves

	31 March 2020 (£000)	31 March 2021 (£000)
Revaluation Reserve	3,470	3,460
Capital Adjustment Account	4,012	4,284
Accumulated Absences Account*	(63)	(63)
Pensions Reserve*	(10,662)	(15,536)
<b>Total</b>	<b>(3,243)</b>	<b>(7,855)</b>

\* negative reserves are established for accounting purposes to balance liabilities set up to comply with the CIPFA Accounting Code of Practice requirements relating to pensions and staff benefits.



## 18.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of service and the gains are consumed through depreciation, or disposed of and the gains are realised.

The Reserve contains only net revaluation gains accumulated since it was established on 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019/20 £000		2020/21 £000	2020/21 £000
<b>3,516</b>	<b>Balance at 1 April</b>		<b>3,470</b>
603	Upward revaluation of assets	0	
(639)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0	
(36)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		
(10)	Difference between fair value depreciation and historical cost depreciation	(10)	
0	Accumulated gains on assets sold or scrapped	0	
(10)	Amount written off to the Capital Adjustment Account		(10)
			<b>3,460</b>
<b>3,470</b>	<b>Balance at 31 March</b>		

## 18.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000		2020/21 £000	2020/21 £000
<b>3,732</b>	<b>Balance at 1 April</b>		<b>4,012</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement.		
(163)	• Charges for depreciation and impairment of non-current assets	(276)	
(189)	• Revaluation losses on Property, Plant and Equipment	0	
(3)	• Amortisation of intangible assets	(20)	
0	• Revenue Expenditure funded from capital under statute	0	
0	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	
<u>(355)</u>		<u>(296)</u>	
10	Adjusting amounts written out of the Revaluation Reserve		10
<u>(345)</u>	Net amount written out of the cost of non-current assets consumed in the year.		<u>(286)</u>
	Capital financing applied in the year		
4	• Capital Receipts applied to finance capital expenditure	36	
251	• Use of the Capital Grants Unapplied Account to finance Capital Expenditure	324	
338	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	187	
32	• Capital expenditure charged against the General Fund	11	
<u>625</u>			<u>558</u>
<b>4,012</b>	<b>Balance at 31 March</b>		<b>4,284</b>

### 18.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and in the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20		2020/21
(9,081)	<b>Balance at 1 April</b>	(10,662)
(1,060)	Actuarial gains/( losses) on pensions assets and liabilities	(4,290)
375	Actuarial Gain reversing MclCloud judgement adjustment made 2018/19	0
	Adjustmet for historic unfunded liability no longer applicable	50
(1,460)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,140)
564	Employer's pension contributions and direct payments to pensioners payable in the year	506
<b>(10,662)</b>	<b>Balance at 31 March</b>	<b>(15,536)</b>

### 18.4 The Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement due but untaken at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2019/20 £000		2020/21 £000
(63)	<b>Balance at 1 April</b>	(63)
0	Net change in Accrual; amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0
<b>(63)</b>	<b>Balance at 31 March</b>	<b>(63)</b>

**NOTE 19: Cash Flow Statement: Operating Activities**

2019/20 £000		2020/21 £000	2020/21 £000
	<b>Cash Inflows from Operating Activities</b>		
3,539	Government grants	3,649	
941	Levies on Constituent Authorities	941	
720	Cash received for goods and services	387	
29	Interest received	7	
523	Other operating cash receipts	335	
5,752			5,319
	<b>Cash Outflows on Operating Activities</b>		
(3,786)	Cash paid to and on behalf of employees	(3,535)	
(1,834)	Other operating cash payments	(1,794)	
(5,620)			(5,329)
<b>132</b>	<b>Net Cash flow on Operating Activities</b>		<b>(10)</b>

**NOTE 20: Cash Flow Statement - Investing Activities**

2019/20 £000		2020/21 £000
(603)	Purchase of property, plant and equipment and intangible assets	(528)
0	Proceeds from the sale of property, plant and equipment and intangible assets	0
721	Other receipts from investing activities (Capital Grants)	318
<b>118</b>	<b>Net cash flows from investing activities</b>	<b>(210)</b>

## NOTE 21: Subjective Analysis of Authority Expenditure as reported to Management

This note provides further detail of the subjective breakdown of income and expenditure within the Authority's principal departments as recorded the management accounts.

<b>Departmental Income and Expenditure 2020/21</b>	<b>Planning</b>	<b>Countryside and Community</b>	<b>Chief Executive's Office</b>	<b>Other*</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fees, charges and other service income	(215)	(528)	(15)	0	<b>(758)</b>
Interest and Investment income	0	0	0	(7)	<b>(7)</b>
Grants and Contributions	(22)	(630)	0	0	<b>(652)</b>
Income from Non-Specific Grants and Levies	0	0	0	(3,768)	<b>(3,768)</b>
Welsh Government Specific Grants	0	0	0	(414)	<b>(414)</b>
<b>Total Income</b>	<b>(237)</b>	<b>(1,158)</b>	<b>(15)</b>	<b>(4,189)</b>	<b>(5,599)</b>
Employee expenses	898	1,688	980	0	<b>3,566</b>
Other service expenses	157	1,201	439	11	<b>1,808</b>
Transfers to/(from) reserves	0	0	0	143	<b>143</b>
Net proceeds from asset sales	0	0	0	0	<b>0</b>
<b>Total Expenditure</b>	<b>1,055</b>	<b>2,889</b>	<b>1,419</b>	<b>154</b>	<b>5,517</b>
<b>Net Expenditure</b>	<b>818</b>	<b>1,731</b>	<b>1,404</b>	<b>(4,035)</b>	<b>(82)</b>

<b>Departmental Income and Expenditure 2019/20</b>	<b>Planning</b>	<b>Countryside and Community</b>	<b>Chief Executive's Office</b>	<b>Other*</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fees, charges and other service income	(285)	(817)	(44)	0	<b>(1,146)</b>
Interest and Investment income	0	0	0	(29)	<b>(29)</b>
Grants and Contributions	0	(577)	(18)	0	<b>(595)</b>
Income from Non-Specific Grants and Levies	0	0	0	(3,768)	<b>(3,768)</b>
Welsh Specific Grants	0	0	0	(444)	<b>(444)</b>
<b>Total Income</b>	<b>(285)</b>	<b>(1,394)</b>	<b>(62)</b>	<b>(4,241)</b>	<b>(5,982)</b>
Employee expenses	898	1,938	939	0	<b>3,775</b>
Other service expenses	142	1,241	376	32	<b>1,791</b>
Transfers to/(from) reserves	0	0	0	354	<b>354</b>
Net proceeds from asset sales	0	0	0	0	<b>0</b>

\* Other includes National Park Grant and Levies, Transfers to and from Earmarked reserves, and Interest

## NOTE 22: Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

	2019/20 £000	2020/21 £000
Allowances	106	88
Expenses	14	1
<b>Total</b>	<b>120</b>	<b>89</b>

## NOTE 23: Officers' Remuneration and termination benefits

The remuneration paid to the Authority's senior employees who received remuneration (in total or pro-rata) of more than £60,000 per for the year is as follows:

	Salary £000	Expenses £000	Employer's Pension Contribution £000	Termin- ation Benefit £000	Total £000
<b>2020/21</b>					
Chief Executive	84	0	17	85	186
<b>2019/20</b>					
Chief Executive	77	0	17	0	94
Delivery Director (to 31/12/19)	48	0	11	0	59

There were no other senior employees receiving remuneration of more than £60,000 per annum (none in 2018/19). The Chief Executive left the Authority on 31 March 2021.

The annual salary of the Chief Executive as a multiple of the median salary of an Authority employee (£27,041) is 3. (3 in 2019/20 of the median salary of £26,317).

## Termination Benefits

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. Bands have been combined where required to ensure confidentiality, except where disclosure is a statutory requirement.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	£	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000
0-20,000	1	2	0	1	1	3	14	49
80,001-100000	0	0	0	1	0	1	0	93
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>14</b>	<b>142</b>

## NOTE 24: External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Authority's external auditors.

	2019/20 £000	2020/21 £000
<b>Fees payable to external auditors for:</b>		
Financial Audit Fee	27	27
Adjustments and rebates re prior years	0	(1)
Performance Audit fee (statutory inspections)	17	17
<b>Total</b>	<b>44</b>	<b>43</b>

## NOTE 25: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year.

	2019/20 £000	2020/21 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
National Park Grant	2,827	2,827
National Park Capital Grant included in the Income and Expenditure Account	338	187
National Park Specific Projects Grant	444	414
Levies – Powys County Council	554	554
Carmarthenshire County Council	138	138
Monmouthshire County Council	105	106
Rhondda Cynon Taff County Borough Council	48	47
Merthyr Tydfil County Borough Council	38	38
Blaenau Gwent County Borough Council	29	29
Torfaen County Borough Council	29	29
<b>Total</b>	<b>4,550</b>	<b>4,369</b>
<b>Credited to Services</b>		
EU-funded Grants	339	291
Other Government Grants	256	528
Other Local Authority Grants and Contributions	204	82
Heritage Lottery Fund Grant	27	(7)
Other Grants	129	70
Donations and Legacies	11	2
<b>Total credited to services</b>	<b>966</b>	<b>966</b>
<b>Total Grants, Contributions and Donations</b>	<b>5,516</b>	<b>5,335</b>

## NOTE 26: Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

## 26.1 Central Government

The Welsh Assembly Government has effective control over the general operations of the Authority providing the majority of its funding in the form of grants and by determining the total Levy which the

Authority may make on its Constituent Local Authorities. It also sets objectives for the Authority by means of the Memorandum of Understanding and the annual Strategic Grant Letter. The Authority's operations and management are also controlled by a statutory framework encompassing a range of legislation which includes a definition of its statutory purposes and duty. Government grant receipts in the years to 31 March 2020 and 2021 are included in Note 25.

## 26.2 Members

The 18 Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2019/20 and in 2020/21 is shown in Note 21. Where members are personally affected by decisions made by the Authority they are required to declare an interest and refrain from taking part in those decisions and discussions relating to them. Details of members' interests are recorded in the Register of Members' Interests, available on the Authority's website, together with further details of expenses paid to Members for the year. No material transactions between the Authority and parties where Members were in a position of joint control or influence, other than those referred to elsewhere in this note, were identified.

## 26.3 Other Public Bodies

The Constituent Local Authorities, within whose boundaries the Authority's own boundary runs, contribute to the finances of the Authority by means of a statutory levy, determined by the Welsh Assembly Government. Each of these authorities provides a number of Councillors to serve as members of the National Park Authority, broadly in proportion to the size of the levy they contribute and their area within the National Park. The authority represented by each member is shown in Appendix I of the Statement of Accounts. Grants for specific purposes are also received from or via local authorities and the total of these is shown in Note 25.

## 26.4 Senior Management

The Chief Executive and senior management of the Authority are in a position to influence the Authority's policies and allocation of its resources. Payments to senior officers with a remuneration of greater than £60,000 per annum are identified in Note 23. All staff are required to declare gifts and hospitality received.

## 26.5 Entities Controlled or Significantly Influenced by the Authority

The Authority gives grants for specific purposes to organisations under the Sustainable Development Fund Grant Scheme but it is not considered that the Authority has control, joint control or significant influence over the entities assisted. The Authority has historically given an annual subscription to the Welsh Association of National Park Authorities, which exists to promote the interests of the 3 Welsh National Parks. This was £nil in 2020/21 and 2019/20 as contributions were waived.

The Authority made a payment of £10,000, towards the National Parks Partnership in 2019/20. A further payment of £10,000 was made in 2020/21. This is a Limited Liability Partnership formed by all 15 UK National Park Authorities to generate commercial sponsorship and other funding for the benefit of all the Authorities. The Chief Executive is one of 10 Board members of the Partnership.

## NOTE 27: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. If capital expenditure were to be financed in future years by charges to revenue as assets were used by the Authority, the expenditure would require a calculation of the Capital Financing Requirement. As the Authority is currently debt-free, this calculation is not required.

	2019/20 £000	2020/21 £000
Opening capital financing requirement	0	0
Capital investment		



Property, Plant and Equipment	611	527
Intangible Assets	14	24
	625	551
<b>Less: Sources of finance</b>		
Capital Grants Account Applied	(251)	(324)
Government grants and other contributions	(338)	(187)
Capital Receipts Applied	(4)	(36)
Direct revenue contributions	(32)	(4)
<b>Closing Capital Financing Requirement</b>	0	0

## NOTE 28: Leases

### 28.1 The Authority as Lessee

Finance Leases: the Authority currently has no material leases which are classified as finance leases under the terms of the CIPFA Code of Practice.

Operating Leases: The Authority's headquarters, some office equipment and its vehicle fleet have been acquired under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

<b>Total Commitments Under Operating Leases</b>	<b>31 March 2020 £000</b>	<b>31 March 2021 £000</b>
<b>Payments within 1 year</b>		
Buildings	22	22
Vehicles	56	61
<b>Total</b>	78	83
<b>Payments 2-5 years</b>		
Buildings	16	89
Vehicles	122	86
<b>Total</b>	138	175
<b>Payments after 5 years</b>	<b>0</b>	<b>0</b>
<b>Total Commitments</b>	<b>216</b>	<b>258</b>

### 28.2 The Authority as Lessor

Finance Leases: the Authority does not lease out property under terms which would be classified as finance leases under the terms of the current CIPFA Code of Practice. (Nor in 2019/20)

Operating Leases: the Authority leases out parts of its premises at the Craig y nos Country Park and the National Park Visitor Centre to catering providers, small businesses and a private tenant. Due to the impact of Covid19, including closure of the Centres for significant parts of the year and the operation of Covid regulations, income receivable has been reduced by agreement with tenants. The minimum amount receivable is estimated to be £1,718 within 1 year.

## NOTE 29: Impairment Losses

The CIPFA Code of Practice requires the Authority to disclose any impairment losses or reversals charged to the Surplus or Deficit on the Provision of services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Notes 11 and 12, reconciling the movement in the year in the Property, Plant and Equipment and Intangible Asset balances.

There were no impairments identified during 2020/21 (none in 2019/20). Land and Buildings were revalued as at 1 April 2019 and their asset lives reassessed. Any changes to asset lives have been taken into account when calculating depreciation. See separate note on sources of uncertainty as relating to asset values as a result of the Covid pandemic.

### **NOTE 30: Termination Benefits**

The Authority compulsorily terminated the contract of two employees in 2020/21, incurring liabilities of £33,708. Two further departures were agreed, incurring liabilities of £108,079. In 2019/20, four contracts were terminated, incurring liabilities of £14,344. See also note 23.

### **NOTE 31: Defined Benefit Pension Schemes**

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not be payable until employees retire, the Authority has a commitment to make the payments that must be disclosed at the time when employees earn their future entitlement. In accordance with International Accounting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

### **FUNDED SCHEMES**

The disclosures below relate to the funded liabilities within the Powys County Council Pension Fund (“the Fund”) which is part of the Local Government Pension Scheme (the “LGPS”). The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a career average revalued earnings scheme. Details of the benefits to be paid for the period covered by this disclosure are set out in the ‘LGPS Regulations 2013’ and the ‘LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014’.

The funded nature of the LGPS requires Brecon Beacons National Park Authority and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in ‘LGPS Regulations 2013’ and the Fund’s ‘Funding Strategy Statement’. In order to calculate the level of contributions required to meet its share of the Fund’s liabilities and to obtain the disclosures and calculations required to complete the annual Statement of Accounts, the Authority uses the services of a qualified actuary: AON Hewitt Limited.

The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund’s Rates and Adjustment Certificate. The Fund Administering Authority, Powys County Council is responsible for the management of the Fund.

The Authority recognises gains and losses immediately in full through entries in ‘Other Comprehensive Income and Expenditure. International Accounting Standards require disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes. There have been significant changes in assets and liabilities as a result of the 2019 actuarial valuation.

Contributions for the period ending 31 March 2022: The Authority’s regular contributions to the Fund for the accounting period to 31<sup>st</sup> March 2022 are estimated to be £0.53m. Additional contributions may also become due in respect of any employer discretions to enhance members’ benefits in the Fund over the next accounting period. The duration of funded liabilities is 21.8 years.

### **UNFUNDED PENSION ARRANGEMENTS**

Unfunded arrangements arise from termination benefits paid on a discretionary basis upon early retirement in respect of member of the LGPS. Brecon Beacons National Park Authority recognises gains and losses in full, immediately through Other Comprehensive Income and Expenditure. The date of the last full actuarial valuation of the employer’s LGPS unfunded benefits was 31<sup>st</sup> March 2019. In accordance with International Financial Reporting Standards, disclosure of certain information concerning assets, liabilities, income and expenditure

relating to pension schemes is required. There is no further liability in relation to unfunded benefits as of 2020/21 and no disclosure is made in relation to unfunded benefits in the year of account.

## **PENSION FUND ASSETS**

The assets allocated to the Employer in the fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments.

The Administering Authority may invest in a small proportion of the Fund's investments in the assets of some of the employers participating in the fund if it forms part of their balanced investment strategy.

## **RISKS ASSOCIATED WITH THE FUND IN RELATION TO ACCOUNTING**

### **Asset volatility**

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform, this yield will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which are expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

### **Changes in bond yield**

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

### **Inflation risk**

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

### **Life Expectancy**

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increase in life expectancy will result in an increase in the liabilities.

### **Exiting employers**

An employer who leaves the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the employer (or guarantor) is not able to meet this exit payment, the liability may in certain circumstances fall on the other employers in the Fund. Further, the assets at exit in respect of 'orphan' liabilities' may in retrospect not be sufficient to meet the liabilities. This risk may also fall on other employers in the Fund. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

## **Key Financial assumptions for funded and unfunded arrangements (% per annum)**

	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2021</b>
Discount rate	2.4	2.3	2.1
CPI Inflation	2.2	1.9	2.7
Pension Increases	2.2	1.9	2.7
Pension Accounts revaluation rate	2.2	1.9	2.7
Salary increases	3.7	3.4	4.2

### Mortality assumptions for funded and unfunded arrangements

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2016 valuation and allow for expected future mortality improvements. Sample life expectancies as at 65 resulting from these mortality assumptions are shown below.

<b>Post-retirement mortality (retirement in normal health)</b>	<b>31 March 2020</b>	<b>31 March 2021</b>
<b>Males</b>		
Member aged 65 at accounting date	21.8	21.9
Member aged 45 at accounting date	23.2	23.3
<b>Females</b>		
Member aged 65 at accounting date	25.0	25.1
Member aged 45 at accounting date	26.4	26.5

### Asset allocation for funded and unfunded arrangements

	<b>Value at 31/3/2020</b>	<b>Value at 31/3/2021</b>		
		<b>%</b>		
	Total	Quoted	Unquoted	Total
Equities	43.7	48.8	5.4	54.2
Property	9.5	8.4	0.0	8.4
Government Bonds	16.3	11.9	0.0	11.9
Corporate Bonds	6.5	18.4	0.0	18.4
Cash	3.2	3.4	0.0	3.4
Other	20.8	5.5	-1.8	3.7
<b>Total</b>	<b>100.0</b>	<b>96.4</b>	<b>3.6</b>	<b>100.0</b>

### Reconciliation of funded status to Balance Sheet

	<b>Value as at 31 March 2020</b>	<b>Value as at 31 March 2021</b>
Fair value of assets	21.94	25.90
Present value of funded defined benefit obligation	32.55	41.43
Pension asset/(liability) recognised on the Balance Sheet as per Actuary	<b>(10.61)</b>	<b>(15.53)</b>
Accrued payment into the Fund for pension fund strain not included in actuary calculation of fair value of assets for the year.	0.00	0.00
<b>Pension asset/(liability) recognised on the Balance Sheet (funded liability)*</b>	<b>(10.61)</b>	<b>(15.53)</b>

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active Members	45%
Deferred Pensioners	27%
Pensioners	28%

### **Amounts recognised in profit and loss and other comprehensive income**

	Period ending 31 March 2020 £m	Period ending 31 March 2021 £m
<b>Operating Cost</b>		
Current service cost(1)	0.99	0.91
Past service costs	0.26	0.00
Adjustment relating to McCloud judgement to Past Service Cost	0.00	0.00
Settlement cost	0.00	0.00
<b>Financing Cost</b>		
Interest on net defined benefit liability	0.21	0.23
<b>Pension expense recognised in profit and loss</b>	<b>1.46</b>	<b>1.14</b>
<b>Re-measurement in Other Comprehensive Income and Expenditure</b>		
Return on plan assets (in excess of)/below that recognised in net interest.	1.78	(3.42)
Actuarial (gains)/losses due to changes in financial assumptions (Funded Schemes).	(1.32)	8.03
Actuarial (gains)/losses due to changes in financial assumptions. (Unfunded Schemes)	(0.24)	0.00
Actuarial (gains)/losses due to changes in demographic assumptions.	0.84	0.00
Actuarial (gains)/losses due to changes in liability experience	0.00	(0.32)
<b>Total Amount Recognised in Other Comprehensive Income and Expenditure(2)</b>	<b>1.06</b>	<b>4.29</b>
<b>Total Amount Recognised</b>	<b>2.52</b>	<b>5.43</b>

(1) The current service cost includes an allowance for the administration expenses of £0.03m in 2020 and £0.03m in 2021.

(2) The total amount recognised in the Income and Expenditure Account also includes a reduction of £50,000 in the financial liability in relation to historic unfunded benefits. This is also identified in Note 18.3

### Changes to the present value of defined benefit obligation during the accounting period

	Period ending 31 March 2020 £m	Period ending 31 March 2021 £m
Opening defined benefit obligation	<b>31.69</b>	<b>32.55</b>
Current service cost	0.99	0.91
Interest expense on defined benefit obligation	0.76	0.74
Contributions by participants	0.17	0.16
Actuarial (gains)/losses on liabilities – financial assumptions. Net of adjustment relating to Mc Cloud judgement.	(1.32)	8.03
Actuarial (gains)/losses on liabilities – demographic assumptions	(0.24)	0.00
Actuarial (gains)/losses on liabilities – experience	0.84	(0.32)
Net benefits paid out	(0.60)	(0.64)
Past service costs including curtailments	0.26	0.00
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing defined benefit obligation</b>	<b>32.55</b>	<b>41.43</b>

### Changes to the fair value of assets

	Period ending 31 March 2020 £m	Period ending 31 March 2021 £m
<b>Opening fair value of assets</b>	<b>23.03</b>	<b>21.94</b>
Interest Income on assets	0.55	0.51
Re-measurement gains/(losses) on assets	(1.78)	3.42
Contributions by the employer	0.57	0.51
Contributions by participants	0.17	0.16
Net benefits paid out	(0.60)	(0.64)
Net increase in liabilities from disposals/acquisitions	0.00	0.00
Settlements	0.00	0.00
<b>Closing fair value of assets</b>	<b>21.94</b>	<b>25.90</b>

### Actual return on assets

	Period ending 31 March 2020 £m	Period ending 31 March 2021 £m
Interest Income on assets	0.55	0.51
Re-measurement gains/(losses) on assets	(1.78)	3.42
<b>Actual return on assets</b>	<b>(1.23)</b>	<b>3.93</b>

### Estimated pension expense in future periods

	Period ending 31 March 2022
Current service cost	1.32
Interest on net defined benefit liability/(asset)	0.32
<b>Total estimated pension expense</b>	<b>1.64</b>

Allowance for administration expenses included in Current Service Cost: £0.03m  
Estimated pensionable payroll over the period: £2.52m

### Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation at 31 March 2021 and the projected service cost for the period ending 31 March 2022 is set out below. In each case only the assumption mentioned is altered; all other assumptions remain the same and are summarised in Section 1.

	+0.1% p.a.	Base Figure	-0.1% p.a.
<b>Discount Rate Assumption</b>			
<b>Adjustment to discount rate</b>			
Present value of total obligation (£m)	40.52	41.43	42.34
% change in present value of total obligation	-2.2		2.2
Projected service cost (£m)	1.28	1.32	1.36
Approximate % change in projected service cost	-3.3		3.4
<b>Rate of general increases in salaries</b>			
<b>Adjustment to salary increase rate</b>			
Present value of total obligation (£m)	41.55	41.43	41.31
% change in present value of total obligation	0.3		0.3
Projected service cost (£m)	1.32	1.32	1.32
Approximate % change in projected service cost	0.0		0.0
<b>Rate of increase to pensions in payment, deferred pensions assumption and rate of revaluation of pension accounts assumption</b>			
<b>Adjustment to pension increase rate</b>			
Present value of total obligation (£m)	42.22	41.43	40.64
% change in present value of total obligation	1.9		-1.9
Projected service cost (£m)	1.36	1.32	1.28
Approximate % change in projected service cost	3.4		-3.3
<b>Post retirement mortality assumption</b>			
<b>Adjustment to mortality age rating assumption*</b>			
Present value of total obligation (£m)	42.92	41.43	39.94
% change in present value of total obligation	3.6		-3.6
Projected service cost (£m)	1.37	1.32	1.27
	4.1		-4.0

\* a rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than they are.

## **NOTE 32: NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Authority has no financial instruments of its own but its activities expose it to three principal financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority, being debt-free and placing its surplus funds, in accordance with its Treasury Management Strategy, in instantly accessible accounts or on short-term deposit, with a bank which has a very high credit rating has minimised its exposure to the risk of failure by another party to repay funds deposited.

The risk of losses from the failure of customers to pay the Authority is minimised through the Authority's debt management procedures. The majority by value of the Authority's debtors are other public bodies which are considered to have good credit ratings. (See Note 13: Long-Term Debtors and Note 14: Short-Term Debtors).

As the Authority has funds in a mixture of immediately accessible bank accounts, short-term deposits and fixed notice accounts it has some limited exposure to liquidity risk. Interest rates and cash balances are regularly reviewed and consideration given to placing further funds on deposit should interest rates become more favourable.

The Authority is not exposed to market risk except in relation to its share of the Powys Pension Fund. See Note 31 for further details.

## **NOTE 33: CONTINGENT LIABILITIES**

None were identified in 2020/21, nor in 2019/20.