

THE CAIRNGORMS NATIONAL PARK AUTHORITY

**Accounts for the
period ended
31 March 2004**



CAIRNGORMS
NATIONAL PARK

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FOREWORD

Introduction

This Statement of Accounts, prepared in a form directed by Scottish Ministers in accordance with the National Parks (Scotland) Act 2000, reports on the first period of operation of the Cairngorms National Park Authority (CNPA). The Authority became fully operational on 1 September 2003 when the CNPA was officially opened but prior to that date the Authority had assumed stewardship duties for the area from the Cairngorms Partnership following the creation of the CNPA Board on 25 March 2003.

The period covered has been a transitional one, involving close working and co-operation with the Cairngorms Partnership.

Further details of the Authority's activities will be provided in the Annual Report 2003-04 which is expected to be published in December 2004. Copies will be available from the Authority's offices at 14 The Square, Grantown-on-Spey, PH26 3HG.

Background

National Park Aims

Section 1 of the National Parks (Scotland) Act 2000 sets out four key aims for the Park:

- to conserve and enhance the natural and cultural heritage of the area;
- to promote sustainable use of the natural resources of the area;
- to promote understanding and enjoyment (including enjoyment in the form of recreation) of the special qualities of the area by the public; and
- to promote sustainable economic and social development of the area's communities.

The Cairngorms National Park (CNP) differs from many other national parks around the world in that it has a social and economic development aim alongside the aims of conservation, understanding and enjoyment of the countryside. This is an explicit recognition of the importance of those who live and work in the Park.

The National Park Authority

Under the legislative provisions of the National Parks (Scotland) Act 2000, the Designation Order for CNPA was approved on 7 January 2003. The Order defined the boundaries of the National Park, confirmed the constitution of the Authority, the functions to be exercised by the Authority and identified specific dates on which the CNPA would come into existence and when it would become responsible for full function delivery viz, the establishment date of 25 March 2003 and operational date of 1 September 2003.

The National Park Authority (NPA) has the status of a Non-Departmental Public Body working to the provisions of a Management Statement and Financial Memorandum. The general purpose of the Authority is to ensure that the National Park Aims are collectively achieved in a co-ordinated way, in relation to the National Park.

A full list of Park Authority Members together with a resume of their backgrounds are detailed on pages 3 to 5.

Results and future activities

The accounts for the period ended 31 March 2004 are set out in pages 10 to 12 together with the notes on pages 13 to 18. These show a retained surplus of £14,237.

In the course of the current financial year Members have agreed a Corporate Planning programme for future years and how this will be tied into the National Park Plan process. We have embarked upon a very challenging but certainly rewarding process. The National Park will maintain operational services while putting in place efficient, effective and economic management information systems. A major priority during the course of the coming year will be that of the preparation of the first Draft of a National Park Plan.

Changes in fixed assets

Movements in fixed assets are shown in note 7.

Post Balance Sheet Events

There are no post-balance sheet date events to report for the period ended 31 March 2004.

Charitable Donations

There were no charitable donations made in the year.

Payment Performance

The Authority's payment policy complies with the terms of the Better Payment Practice Code. During the period to 31 March 2004, the time taken to pay creditors achieved an average of 24 days.

Employment policies, consultation and disabled employees

While yet to develop its own employment policies, pay and conditions, the Authority aims to ensure that there is no employment discrimination on the grounds of disability and that access to employment and career development within the Authority is based solely on ability, qualifications and suitability for the work.

Monthly staff meetings are held at which staff are free to raise any matters. In addition individual groups have regular staff meetings and it is intended to form a Staff Council.

Auditors

The accounts of the Authority are audited by an auditor appointed by the Auditor General for Scotland in accordance with paragraph 25 (2) of the National Parks (Scotland) Act 2000. His audit report is on pages 8 and 9 and details of the auditor's remuneration are given in note 5.

Signed on behalf of the Cairngorms National Park Authority.

Jane Hope, Chief Executive

● ● 2004

NATIONAL PARK BOARD MEMBERS

The CNPA's Board comprises 25 members. The Scottish Executive appoints 10 members directly and appoints a further 10 following Council nominations by the four councils in the Park area - Highland, Aberdeenshire, Moray and Angus Councils - and five are elected locally. The members will serve between 18 months and four years.

The Board came into existence on 25 March 2003 and held its first meeting on 15 April 2003. It took its full powers and became fully operational on 1 September 2003. All members served throughout the period covered by these accounts except as noted below. The members will serve between 18 months and four years.

Andrew Thin	(Convenor)	(a)	(F), (S&R)
Eric Baird	(Deputy Convenor)	(a)	(A), (S&R)
Peter Argyle	(until 24 September 2004)	(b)	
Francis (Stuart) Black		(b)	
Duncan Bryden		(a)	(A)
Sally Dowden		(a)	(A)
Basil Dunlop		(b)	
Douglas Glass		(c)	(S&R)
Angus Gordon		(b)	
Lucy Grant		(a)	
David Green		(a)	(S&R)
Marcus Humphrey	(from 25 September 2004)	(b)	
Bruce Luffman		(b)	
Willie McKenna		(c)	
Eleanor Mackintosh		(c)	(F)
Anne MacLean		(a)	(S&R)
Alistair MacLennan		(a)	
Sandy Park	(from 25 September 2004)	(b)	
Andrew Rafferty		(c)	
Gregor Rimell		(c)	(F)
David Selfridge		(b)	(F)
Robert Severn	(until 24 September 2004)	(b)	
Joyce Simpson		(a)	(F)
Sheena Slimon		(b)	(A)
Richard Stroud		(b)	
Susan Walker		(a)	
Bob Wilson		(b)	(A)

- (a) Scottish Executive appointee
- (b) Local Authority nominee
- (c) Locally elected

Committee membership:

- Planning (all Board members sit on the Planning Committee)
- Finance (F)
- Audit (A)
- Staffing & Recruitment (S&R)

Andrew Thin is also a Board Member of the Crofters Commission and holds senior non-executive positions in a number of other charitable, public and private organisations.

Eric Baird is the immediate past convenor of the Cairngorms Community Councils Group and Head Ranger on the Glen Tanar estate. He also has a specialist knowledge of countryside issues.

Peter Argyle (Liberal Democrat Councillor for Aberdeenshire) has a lifelong interest in conservation issues and natural history. He has worked on a local level with the Cairngorms Partnership on projects for the Aboyne area. At one time he was employed as a Countryside Ranger by Aberdeenshire Council.

Francis (Stuart) Black (Scottish Liberal Democrat) is a Board member of North Area Board of Scottish Natural Heritage. He is also Chairman of Explore Abernethy, a community project involving the creation of a local footpath network. He serves on a number of the Highland Council's committees. He is a former member of the Cairngorms Partnership Board. He has been a Strathspey hill farmer for over 40 years.

Duncan Bryden is a self employed Rural Development consultant and has a professional ecological background. He has undertaken a wide range of recreational and tourism-related activities within the Park.

Sally Dowden is one of two managing partners in Speyside Wildlife International, one of Scotland's largest wildlife tour operating companies, and is a Director of the Cairngorms Chamber of Commerce.

Basil Dunlop (Independent Councillor for Highland) is Chairman of Planning for the Badenoch and Strathspey area. In addition to being a member of various Highland Council committees and the Northern Joint Police Board, he is involved in several local groups such as the Grantown Museum and Heritage Trust. He is a chartered forester who has specialised in the native pinewoods of the Cairngorms area. He has lived in the Cairngorms for over 40 years and is a keen hillwalker and photographer.

Douglas Glass was elected for ward 5. He is a full time general practitioner at Ballater clinic since 1986. Lives on Dee Castle Farm, Glentanar, Aboyne. A board member of Crathie Opportunity Holidays and partner on Dee Castle Farm. Interests include farming, medicine and environmental issues.

Angus Gordon (Independent Councillor for Highland) is Chairman of the Badenoch and Strathspey Area Committee of the Licensing Board. He sits on various committees including the Sustainable Development Select Committee and the Land and Environment Select Committee. He is a local tenant farmer and is a member at area and local level of the NFU.

Lucy Grant is a partner in the family livestock farm and has developed a good general knowledge of the area's issues.

David Green lives in the Ross and Cromarty area and is currently Chair of the Crofters Commission. He was a Crofters Commissioner until September 2002 and Convenor of Highland Council until 1 May. He is the Independent member for the Lochbroom Ward. He is not seeking re-election to the Council.

Marcus Humphrey (Scottish Conservative Councillor for Aberdeenshire) is a chartered surveyor and has been involved in farming, forestry, tourism and land management in the Cairngorms area for many years. He is currently Chair of the Marr Area Committee and is on the Infrastructure Services and Policy and Resources Committees. He also serves on COSLA's Economic Development Executive Committee.

Bruce Luffman (Scottish Conservative Councillor for Aberdeenshire) is a member of a number of organisations. These include the North Board of SEPA, The North East Scottish Agricultural Advisory Group and the Strategic Forestry Working Group. He is also a Director of the Aberdeen and Grampian Tourist Board. He has been on the Cairngorms Agricultural Forum for some 4 years and is a member of the National Farmers Union. He and his wife run a guesthouse at Strathdon which is within the Cairngorms National Park.

Willie McKenna was elected for ward 2. He worked locally in the ski-ing business for over twenty years and is now a countryside manager, looking after everyone who enjoys Rothiemurchus Estate. He is currently involved with Aviemore Community Company, the Citizens Advice Information Service and is involved with CRAGG (Cairngorms Rothiemurchus and Glenmore Group) as a member of the community association

Eleanor Mackintosh was elected for ward 4. She worked in the Clydesdale Bank for 25 years, ending up as financial adviser, now helping at home on the farm. She lives in Glenlivet, and has served in the past on various community groups.

Anne MacLean retired from Trade Union work in 1990. She has an interest in measures which promote access for disabled people and is Chairwoman of the Cairngorm Partnership Housing Forum and a Board member of the Highland Society for Blind People. She is an Independent Assessor for Ministerial Appointments.

Alastair MacLennan is a farmer who has diversified into tourism and other business ventures. Mr MacLennan has also been at the forefront of the LEAF initiative (Linking Environment and Farming) and has been a demonstration farmer since 2000. He had formerly served on the Cairngorms Partnership Board.

Sandy Park (Highland Council) is the Provost of Nairn and is Chair of Highland Council's Planning, Development, Europe and Tourism Committee. He also sits on the Council's Transport, Environment and Community Services Committee and the Northern Joint Police Board. He has been involved in outdoor pursuits in the area for over 40 years.

Andrew Rafferty was elected for ward 3. He is the principal vet in the Strathspey Veterinary Centre which covers four out of the five wards in the National Park. Born in Grantown he lives at a smallholding at Invertruim near Aviemore. He is a Director of Anagach Woods Trust.

Gregor Rimell was elected for ward 1. For 12 years he has been sub-postmaster in Kingussie. He lives at Newtonmore.

David Selfridge JP (Scottish National Party Councillor for Angus) He currently serves on a number of bodies including Scottish Enterprise (Tayside), Angus & Dundee Tourist Board and Angus Economic Development Partnership. He is Convenor of the Infrastructure Services Committee (Planning & Transport Policy, Roads and Economic Development) and a member of several other committees. He is formerly an Assistant Director of Water Services with Tayside Regional Council.

Robert Severn Nominated to the Board by Highland Council. Lives in Aviemore. He is a co-opted member of Aviemore Community Council. He is a Director of Dachaidh Care and Support Scheme. He has lived and worked in the area for over 30 years and was a member of the Cairngorms Mountain Rescue Team and is heavily involved in other outdoor sporting pursuits.

Joyce Simpson is a retired solicitor. She is a member of the Scottish Conveyancing and Executry Services Board. She is involved with the Cairngorms Community Councils Group.

Sheena Slimon (Independent Councillor for Highland) was involved in setting up the Laggan Rural Partnership and the Community Information Resource Centre and the Laggan Forrest Trust. She works closely with a number of local agencies and other parties concerned with the wellbeing of the Laggan community. She is also a member of several Highland Council committees including Sustainable Development, Culture and Sport and Environment and is Vice-Chair of Housing & Social Work for Highland Council.

Richard Stroud (Liberal Democrat Councillor for Aberdeenshire) He previously worked with Community Education Service in the Upper Deeside/Donside areas and has considerable contact with community organisations, communities and individuals in these areas through professional work. He is currently Convenor of Aberdeenshire Council's Education and Recreation Committee and an active mountaineer and ski mountaineer.

Susan Walker is a Professor of Geography and Environment at Aberdeen University and a part time environmental consultant. She is a specialist in water management and related ecological and conservation issues. She is currently a Board member of Scottish Natural Heritage, the Deer Commission for Scotland, the Scottish Environment Protection Agency, and a member of the Fisheries (Electricity) Committee.

Bob Wilson (Independent for Moray) serves as Chairman of the Grampian Valuation Joint Board. He has been Chairman of the Speyside Way Management Committee since 1999 and is a member of the Speyside Area Management Committee since 1992. He has a keen interest in local community issues and those issues which will fall to the remit of the Park Board.

STATEMENT OF NATIONAL PARK AUTHORITY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under Section 25(1) of the National Parks (Scotland) Act 2000, the Cairngorms National Park Authority (CNPA) is required to prepare financial statements for each financial year in the form and on the basis determined by the Scottish Minister.

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of affairs of the Authority at the financial period end and of the income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing those financial statements, the CNPA is required to:

- *observe the financial statements direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;*
- *make judgements and estimates on a reasonable basis;*
- *state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the CNPA will continue in operation.*

In addition, the CNPA has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the CNPA and to prevent and detect fraud and other irregularities.

The Accountable Officer of the Scottish Executive's Rural Affairs Department designated the Chief Executive of the CNPA as Accountable Officer for the Authority.

The Chief Executive's relevant responsibilities as Accountable Officer for the Authority, including responsibility for propriety and regularity of the public finances and for the keeping of proper records are set out in the Non-Departmental Public Bodies Accountable Officers' Memorandum, issued by the Treasury and published in Government Accounting.

DRAFT

STATEMENT OF INTERNAL CONTROL for the period ended 31 March 2004

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Cairngorms National Park Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Authority's Management Statement. This is achieved by ensuring that I, as Chief Executive, managers within the organisation and members of the Authority receive regular flows of accurate and timely information enabling decisions to be made on an informed and considered basis.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

There was no internal audit function in the period to March 2004 and work on risk assessment was started in the 2004/05 financial year. I expect to have the procedures in place by December 2004 necessary to implement a full assessment of risk and control. This takes account of the time needed to fully embed the processes that the Authority has agreed should be established and improve their robustness.

A risk management workshop, attended by members of the Authority's management team and the Audit Committee Convenor was run in November 2004. The workshop identified and prioritised the risks facing the Authority and following the workshop I aim to produce the Authority's first risk register by December 2004. Thereafter, I will establish a risk management strategy for the Authority identifying an action plan to address key risks and officers responsible for their management. This will be embedded within corporate and operational planning processes. Risk management and internal control will be considered by the full Board at regular intervals.

In June 2004 the NPA appointed Deloitte & Touche LLP as internal auditors. They have wide experience of public sector clients. A preliminary three year flexible audit programme has been identified. This will be altered, if necessary, following further consideration of the outcome of the risk management workshop. Prior to the appointment of the internal auditors the Authority's external auditor reviewed the accounting system and the contents of his report have been noted and acted upon.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Authority's Audit Committee is tasked with monitoring the operation of the internal control function and bringing to the attention of the full Board any material matters. Detailed findings of all the internal audit reviews are to be made available to both management and the Audit Committee and, in addition, an annual report will be produced assessing the adequacy and effectiveness of the Authority's internal controls.

Jane Hope,
Chief Executive
● ● 2004

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CAIRNGORMS NATIONAL PARK AUTHORITY, THE SCOTTISH PARLIAMENT AND THE AUDITOR GENERAL FOR SCOTLAND

I have audited the financial statements on pages 10 to 18 under the National Parks (Scotland) Act 2000. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on page 13.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the National Park Authority, the Chief Executive and Auditor

As described on page 6, the National Park Authority and the Chief Executive are responsible for the preparation of the financial statements and for ensuring the regularity of expenditure and receipts. The National Park Authority and the Chief Executive are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice approved by the Auditor General for Scotland, and guided by the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder and whether, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. I also report if, in my opinion, the Cairngorms National Park Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 7 complies with Scottish Executive guidance on statements on the system of internal control. I report if, in my opinion, it does not comply with the guidances or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Cairngorm National Park Authority's corporate governance procedures or its risk control procedures.

I read the other information contained in the Foreword, and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinions

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, which requires compliance with relevant United Kingdom Auditing Standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts shown in the financial statements. It also includes an assessment of the significant estimates and judgements made by the National Park Authority and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the National Park Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that, in all material respects, the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

Financial statements

In my opinion the financial statements give a true and fair view of the state of affairs of the Cairngorms National Park Authority at 31 March 2004 and of the surplus, total recognised gains and losses and cash flows for the period then ended and have been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder.

Regularity

In my opinion, in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Signature

Robert W Clark FCCA
Senior Audit Manager
Audit Scotland
Ballantyne House
84 Academy Street
Inverness
IV1 1LU

● ● 2004

DRAFT

INCOME AND EXPENDITURE ACCOUNT for the period ended 31 March 2004

	<i>Note</i>	<i>2004</i> £
Income		
Grant in Aid	2	1,494,290
Released from Government Grant Reserve	11	44,042
Programme income		386,663
		<u>1,924,995</u>
 Expenditure		
Board members and staff costs	3	675,438
Programme contributions	4	512,885
Other operating costs	5	679,531
Notional costs	6	3,202
Depreciation	7	44,042
		<u>1,915,098</u>
Surplus on operating activities		9,897
Bank interest received		1,138
Surplus on ordinary activities		11,035
Add back: Notional costs	6	3,202
Retained surplus for the period	12	<u>14,237</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the period ended 31 March 2004

	<i>Note</i>	<i>2004</i> £
Surplus for the period	12	14,237
Total recognised gains		<u>14,237</u>

No activities were discontinued during the year.

The accounting policies and notes on pages 13 to 18 form part of these accounts.

BALANCE SHEET
as at 31 March 2004

	<i>Note</i>	<i>2004</i> £
Fixed Assets		
Tangible assets	7	<u>401,603</u>
Current Assets		
Debtors	8	159,776
Cash at bank and in hand	9	<u>193,272</u>
		353,048
Creditors: amounts falling due within one year	10	<u>(338,811)</u>
Net Current Assets		<u>14,237</u>
		<u><u>415,840</u></u>

Financed by:

Government Grant Reserve	11	401,603
Reserves	12	<u>14,237</u>
		<u><u>415,840</u></u>

Signed on behalf of the National Park Authority

Jane Hope

Chief Executive

● ● 2004

The accounting policies and notes on pages 13 to 18 form part of these accounts.

**CASH FLOW STATEMENT
 for the period ended 31 March 2004**

	<i>Note</i>	<i>2004</i> £
Net cash inflow from operating activities	13	126,682
Returns on investments		
Bank interest received		1,138
Investing activities		
Purchase of fixed assets		(366,258)
Net cash (outflow) from operating activities		<u>(238,438)</u>
Financing		
Grants received to be applied to purchase fixed assets		431,710
Increase in cash		<u>193,272</u>
 Reconciliation of net cash flow to movement in net funds		
Increase in cash for the period		193,272
Net funds at start of period		-
Net funds at end of period		<u>193,272</u>

The accounting policies and notes on pages 13 to 18 form part of these accounts

NOTES TO THE ACCOUNTS for the period ended 31 March 2004

1. Accounting Policies

(a) *Basic Accounting*

The accounts have been prepared under the historical cost convention modification in a form determined by Scottish Ministers. The particular accounting policies adopted are described below and are applied consistently within the accounts.

Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and accounting standards issued and adopted by the Accounting Standards Board in so far as those requirements are appropriate.

(b) *Accounting Period*

The first accounting period of the CNPA ended on 31 March 2004.

(c) *Fixed Assets*

Fixed assets are valued at initial cost less accumulated depreciation.

Depreciation is provided on all fixed assets at rates calculated to write-off the cost evenly over the asset's expected useful life, as follows:

Leasehold improvements	Over length of lease
Office equipment	5 years
IT equipment	3 years

(d) *Value Added Tax*

Irrecoverable VAT is charged to the Income and Expenditure Account in the period in which it is incurred.

(e) *Leases*

Operating lease rentals are charged to the Revenue Account over the term of the lease.

(f) *Grant in Aid Receivable*

The Authority receives government Grant in Aid to finance its net expenditure. Grant in aid used to purchase fixed assets is credited to a Government Grant Reserve Account and an amount equivalent to the historical depreciation charge is released to the Income and Expenditure Account over the expected useful life of the relevant assets.

(g) *Notional Costs*

In line with HM Treasury's Fees and Charges Guide, the Authority includes notional costs for cost of capital.

(h) *Pension Costs*

The Authority is a member of the Principal Civil Service Pension Scheme (PCSPS). The expected cost of providing staff pensions is recognised through monthly payment of Accruing Superannuation Liability Charges contributions to the PCSPS.

(i) *Debtors*

All material amounts due as at 31 March 2004 have been brought into the Income and Expenditure Account irrespective of when actual payments were received.

(j) *Creditors*

All material amounts outstanding as at 31 March 2004 have been brought into the Income and Expenditure Account irrespective of when actual payments were made.

2. Grant in Aid	<i>2004</i>
	£
Grant in Aid received	1,926,000
less: amounts designated as Government Grant Reserve (note 11)	(431,710)
	<u>1,494,290</u>

3. Board members and staff costs	<i>2004</i>
	£
<i>Summary</i>	
Board members	183,456
Staff - Core	491,982
	<u>675,438</u>

Project staff's salary details are included in note 4.

<i>Board members</i>	
Fees	175,775
Social security costs	7,681
Pension costs (note 14)	-
	<u>183,456</u>

<i>Analysis of Board members' fees and expenses</i>		<i>Fees</i>	<i>Expenses</i>
		£	£
Andrew Thin	(Convenor)	18,439	5,611
Eric Baird	(Deputy Convenor)	9,219	1,062
Peter Argyle		6,383	1,058
Francis (Stuart) Black		6,383	-
Duncan Bryden		6,383	1,075
Sally Dowden		6,383	754
Basil Dunlop		6,383	103
Douglas Glass		6,383	57
Angus Gordon		6,383	90
Lucy Grant		6,792 *	395
David Green		6,383	2,476
Bruce Luffman		6,383	1,499
Willie McKenna		6,383	123
Eleanor MacKintosh		6,383	437
Anne MacLean		6,383	118
Alistair MacLennan		6,383	364
Andrew Rafferty		6,383	238
George Rimell		6,383	726
David Selfridge		6,383	2,382
Robert Severn		6,383	653
Joyce Simpson		6,383	82
Sheena Slimon		6,383	25
Richard Stroud		6,383	502
Susan Walker		7,282 *	911
Bob Wilson		6,383	1,279
		<u>175,775</u>	<u>22,020</u>

* additional amounts over the standard fees of £6,383 relate to child care payments. Expenses are included in other operating costs (see note 5).

3.	Board members and staff costs (continued)	<i>2004</i>
	<i>Staff - Core</i>	<i>£</i>
	Salaries	414,182
	Social security costs	31,009
	Pension costs	46,791
		491,982

<i>Average numbers employed during period</i>	<i>No.</i>
Park Authority Board Members	25
Core employees (including three on secondment to CNPA)	20

At 31 March 2004 there were a total number of 27 Core employees.

The emoluments of the Chief Executive, Jane Hope (age 50) were £56,372 including employer pension costs of £7,572. Prior to 1 June 2004 Mrs Hope was the Interim Chief Executive on secondment from the Scottish Executive and became the permanent Chief Executive on that date.

4. Programme contributions

During the year the Authority made contributions to 37 projects. The major contributions are listed below:

	<i>2004</i>
	<i>£</i>
Leader+ Moorlands	130,447
L+000 Administration costs	79,645
Community Survey	59,790
Visitor Survey	34,849
Affordable Health and Fitness	30,995
Land Based Training	21,647
Community Councils Support Officer	20,528
John Muir Award	19,062
LBAP (Local Biodiversity Action Plan) Officer	18,049
Forest of Spey	12,735
	12,624
	440,371
Other projects (individually less than £10,000)	72,514
	512,885

The above project expenditure includes the following salary costs:

<i>Staff - Project</i>	
Salaries	96,562
Social security costs	8,459
Pension costs	8,990
	114,011

At 31 March 2004 there were a total number of seven Project employees and the average number of Project employees throughout the year was five.

5. Other operating costs	2004
	£
Board and staff costs (exc. salary costs)	336,509
Office running costs	117,073
Information technology	25,109
Consultants' fees	61,468
Publicity, information and communication	139,372
	<u>679,531</u>
The following expenditure is included in the above costs:	£
Audit fees (external audit)	8,900
Operating lease rentals - land and buildings	38,764
- vehicles and office equipment	<u>5,081</u>
6. Notional Costs	2004
	£
Cost of capital (calculated @ 3½%)	<u>3,202</u>

7. Fixed Assets			
	<i>Leasehold improvements</i>	<i>Office equipment</i>	<i>Total</i>
	£	£	£
<i>Cost</i>			
Opening balance	-	-	-
Transfer from Cairngorms Partnership	29,924	13,935	43,859
Additions	280,326	151,384	431,710
Disposals	(29,924)	-	(29,924)
Closing balance	<u>280,326</u>	<u>165,319</u>	<u>445,645</u>
<i>Depreciation</i>			
Opening balance	-	-	-
Provided in year	(13,628)	(30,414)	(44,042)
Disposals	-	-	-
At 31 March 2004	<u>(13,628)</u>	<u>(30,414)</u>	<u>(44,042)</u>
<i>Net book value</i>			
At 31 March 2004	<u>266,698</u>	<u>134,905</u>	<u>401,603</u>

8. Debtors	2004
	£
Project income debtors	144,146
Other debtors	15,630
	<u>159,776</u>

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9. Cash at bank and in hand	2004 £
Bank accounts	192,972
Cash imprest accounts	300
	193,272
10. Creditors	2004 £
Trade creditors	73,503
Project income received in advance	156,440
Payroll taxes	20,094
Accruals	88,774
	338,811
11. Government Grant Reserve	2004 £
Opening balance	-
Transferred in from Cairngorms Partnership	13,935
Grant in Aid designated as Government Grant Reserve	431,710
Released to Income and Expenditure Account	(44,042)
Closing balance	401,603
12. Reserves	2004 £
Opening balance	-
Surplus for the period	14,237
Closing balance	14,237
13. Reconciliation of operating surplus on ordinary activities to net cash flow from ordinary activities	2004 £
Surplus on operating activities	9,897
Depreciation charge	44,042
Notional costs	3,202
Transferred from Government Grant Reserve	(44,042)
(Increase)/decrease in debtors	(159,776)
Increase/(decrease) in creditors	273,359
	126,682

14. Pensions

The Authority is a member of the Principal Civil Service Scheme (PCSPS). This is an un-funded multi-employer defined benefit scheme and accords with guidance contained in “Non-Departmental Bodies: A Guide for Departments”. The Authority is unable to identify its share of the underlying assets and liabilities of the scheme. A full actuarial valuation was carried out as at 31 March 2003 details of which can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2003-04 employer’s contributions of £18,392 were payable to the PCSPS. The contributions were payable at one of four rates ranging from 12.0% to 18.5% of pensionable pay, based on salary bands. The contribution rates reflect benefits as they are accrued and reflect past experience of the scheme. For 2004-05 the employer’s contribution rates in the four bands remain the same but increase to between 16.2% and 24.6% for 2005-06 and between 17.1% and 25.5% for 2006-07.

During the year employees who were previously employed by the Cairngorms Partnership continued to have 8% of their pensionable pay paid into personal pension plans and did not participate in the PCSPS. One employee, as a result of previous pension arrangements with the Scottish Executive received contributions of 16.5% into a personal pension plan. A total of £20,664 was paid into employee’s personal pension plans in respect of former employees of the Cairngorms Partnership who worked for the CNPA.

Effective 1 April 2004, all employees previously employed by the Cairngorms Partnership transferred into the PCSPS and all new employees have the opportunity to join the scheme.

15. Related party transactions

The Authority is a Non-Departmental Public Body of the Scottish Executive. The Authority’s sponsoring Department is the Scottish Executive Environment and Rural Affairs Department (SEERAD)

SEERAD is regarded as a related party with which there have been various material transactions during the year.

In addition the Authority has had a number of material transactions with other Government Departments and other Non-Departmental Public Bodies. Most of these transactions have been with Scottish Natural Heritage.

None of the Board Members, Management Team, or other related parties have undertaken any material transactions with the Authority during the year. Material transactions cover payments made under contract for goods or services.

16. Capital commitments, contingent liabilities and operating leases

There were no contracted capital commitments outstanding and not included in the balance sheet, nor were there any contingent liabilities existing at the balance sheet date.

Commitments under non-cancellable operating leases are as follows:

	<i>Land & buildings</i> £	<i>Motor vehicles & office equipment</i> £
<i>Operating leases which expire:</i>		
Within one year	-	-
Within two to five years	46,325	12,463
After five years	-	-
	46,325	12,463
	46,325	12,463



CAIRNGORMS NATIONAL PARK AUTHORITY

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of The National Parks (Scotland) Act 2000, hereby give the following direction.

2. The statement of accounts which it is the duty of the Cairngorms National Park Authority to prepare in respect of the financial year ended 31 March 2004 and in respect of any subsequent financial year, shall comprise:

- 2.1 a foreword;
- 2.2 an income and expenditure account;
- 2.3 a balance sheet;
- 2.4 a cash flow statement;
- 2.5 a statement of total recognised gains and losses;
- 2.6 a statement of accountable officer's responsibilities; and
- 2.7 a statement on the system of internal control.

including such notes as may be necessary for the purposes referred to in the following paragraphs.

3. The statement of accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year and the state of affairs as at the end of the financial year. Subject to this requirement, the accounts shall be prepared in accordance with:

- 3.1 the accounting and disclosure requirements of the Companies Act for the time being in force; and
- 3.2 generally accepted accounting practice in the UK, including accounting standards issued or adopted by the Accounting Standards Board; and
- 3.3 guidance which Scottish Ministers may issue from time to time in respect of accounts which are required to give a true and fair view;
- 3.4 the accounting and disclosure requirements given in "Executive NDPBs: Annual Reports and Accounts Guidance", as amended or augmented from time to time;

insofar as these are appropriate to the Cairngorms National Park Authority and are in force for the financial year for which the statement of accounts is to be prepared.

4. Clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.

5. The income and expenditure account and balance sheet shall be prepared under the historical cost convention modified by the inclusion of:

5.1 fixed assets at their value to the business by reference to current costs; and

5.2 stocks valued at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.

6. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated

20th April 2004

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SCHEDULE 1

APPLICATION OF THE ACCOUNTING AND DISCLOSURE REQUIREMENTS OF THE COMPANIES ACT AND ACCOUNTING STANDARDS

Companies Act

1. The disclosure exemptions permitted by the Companies Act shall not apply.
2. The Companies Act requires certain information to be disclosed in the Director's Report. To the extent that it is appropriate, the equivalent information relating shall be contained in the foreword.
3. When preparing its income and expenditure account the Cairngorms National Park Authority shall have regard to the profit and loss account format 2 prescribed in Schedule 4 to the Companies Act.
4. When preparing its balance sheet the Cairngorms National Park Authority shall have regard to the balance sheet format 1 prescribed in Schedule 4 to the Companies Act.
5. The Cairngorms National Park Authority is not required to provide the additional information required by paragraph 33(3) of Schedule 4 to the Companies Act.
6. The foreword and balance sheet shall be signed and dated by the Cairngorms National Park Authority Accountable Officer.

Accounting Standards

7. The Cairngorms National Park Authority is not required to include a note showing historical cost profits and losses as described in FRS3
8. The Cairngorms National Park Authority shall not adopt the Financial Reporting Standard for Smaller Entities.

SCHEDULE 2

ADDITIONAL DISCLOSURE REQUIREMENTS

1. The foreword shall, *inter alia*:
 - 1.1 state that the statement of accounts have been prepared in a form directed by the Scottish Ministers in accordance with The National Parks (Scotland) Act 2000.
 - 1.2 include a brief history of the Cairngorms National Park Authority and its statutory background.
2. The notes to the accounts shall include:
 - 2.1 details of any key corporate financial targets set by the Scottish Ministers together with an indication of the performance achieved, and
 - 2.2 details of the pension arrangements operated by the Cairngorms National Park Authority and confirmation that the scheme accords with the guidance contained in “Non-Departmental Public Bodies: A guide for Departments”.

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