

Cairngorms National Park Authority
NOTES TO THE ACCOUNTS
For the Year Ended 31 March 2010

Statement of Accounting Policies

1. In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these accounts have been prepared in compliance with the principles and disclosure requirements of the *Government Financial Reporting Manual*, which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by Cairngorms National Park Authority are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.
2. The accounts are prepared using accounting policies and, where necessary, estimation techniques which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

Accounting Convention

3. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

Change of Accounting Policy – Prior Year Adjustments

4. These financial statements have been prepared under International Financial Reporting Standards for the first time and the comparatives have been restated from UK Generally Accepted Accounting Policy (UK GAAP) where required. The reconciliation to IFRS from the previously published UK GAAP accounts is summarised at Note X.
5. New Financial Instruments Standards FRS 25, FRS 26 and FRS 29 as interpreted and adapted by the Government Financial Reporting Manual (FReM) were adopted under UK GAAP in 2008-09. Prior year comparatives were restated to reflect these standards. These standards are identical to their equivalent IFRS standards, IAS 32, IAS 39 and IFRS 7. Therefore the financial statements have not been restated for financial instruments.

Accounting Period

6. The accounting period commenced on 1 April 2009 and ended on 31 March 2010.

Non Current Assets - Property, Plant and Equipment (PPE)

Recognition

7. All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale

8. Assets classified as under construction are recognised in the balance sheet to the extent that money has been paid or a liability has been incurred.

Capitalisation

9. The minimum levels for capitalisation of a property, plant, or equipment asset within Cairngorms National Park Authority equipment and vehicles is £500; Information and Communications Technology (ICT) systems are capitalised where the pooled value exceeds £500; substantial improvements to leasehold properties are also capitalised.

Valuation

10. From 1 April 2007, plant and equipment assets that have short useful lives or low values or both are no longer revalued using indices but are reported at depreciated historic cost as a proxy for fair value.
11. Losses in value reflected in valuations are accounted for in accordance with International Financial Reporting Standard 11, *Impairment of Assets*. The consumption of economic benefits is taken to the revaluation reserve to the extent of any previous gain and any further loss is charged to the Outturn Statement.

Subsequent Cost

12. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probably that future economic benefits associated with the item will flow to Cairngorms National Park Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the operation cost statement during the financial period to which they are incurred.

Depreciation

13. Depreciation is provided at rates calculated to write off the valuation of buildings and other PPE assets by equal instalments over their estimated useful lives, which are normally in the following ranges:

Park Entry Markers	25 years
Office equipment	5 years
ICT equipment	3 years
Leasehold improvements	Over the length of the lease
Motor vehicles	5 years

14. Assets under construction are not depreciated.

Financial Instruments

15. The Park Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are Financial Assets in the form of cash, trade receivables and accrued income and Financial Liabilities in the form of trade payables and accruals.
16. Financial instruments are recognised in accordance with IAS 37, IAS 39 and IFRS 7 as interpreted and adapted by the FReM, initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Park Authority will be unable to collect an amount due in accordance with agreed terms.

Inventories

17. The cost of stationery and publications is charged as an expense within the Operating Cost Statement.

Income

18. Operating income is income that relates directly to the operating activities of Cairngorms National Park Authority. It includes fees and charges for services provided to external customers.

Grant in Aid

19. The Authority receives grant in aid from the Scottish Government to finance its net expenditure. Following financial reporting guidance, grant in aid is credited to the General Fund and net expenditure on activities funded by grant in aid is charged to this fund.

Cost of Capital Charge

20. A charge, reflecting the cost of capital utilised by Cairngorms National Park Authority is included in outturn expenditure. The charge for each item in the balance sheet is calculated on the basis of the average net book value of that item over the year. For 2009-10 the charge is calculated at the Government's standard rate of 3.5% (2008-09: 3.5%) in real terms on all assets less liabilities.

Pension Costs

21. Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme. The Authority recognises the expected cost of providing pensions for their employees on a systematic and rational basis over the period during which they benefit from their services by payment to the PCSPS of amounts calculated on an accruing basis. (Relevant disclosures are reported in Note 2.) Liability for the payment of future benefits is a charge to the PCSPS.
22. In respect of any defined contribution schemes, the Authority recognises the contributions payable for the year.

Leases

23. Where substantially all the risks and rewards of ownership of a leased property are borne by the entity, it is recorded as a non-current asset and a corresponding creditor recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the outturn statement. Rentals payable in respect of operating leases will be charged to the outturn statement on a straight- line basis over the term of the lease.

Value Added Tax (VAT)

24. Most of the activities of Cairngorms National Park Authority are outside the scope of VAT, and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

Trade Receivables

25. All material amounts due as at 31 March 2010 have been brought into the Operating Cost Statement irrespective of when actual payments were received.

Cash and Cash Equivalents

26. Cash and cash equivalents include cash in hand and deposits held at call with banks.

Trade Payables

27. All material amounts outstanding as at 31 March 2010 have been brought into the Operating Cost Statement irrespective of when actual payments were made.

Short Term Employee Benefits

28. A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result an accrual has been made for holidays earned but not taken.

Segmental Reporting

29. IFRS 8 *Segmental Reporting* requires operating segments to be identified on the basis of internal reports about components of Cairngorms National Park Authority that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and assess their performance. Cairngorms National Park Authority reports on ten segments, seven drawn from the current National Park Plan and three from the Park Authority's current Corporate Plan.