South Downs
National Park Authority

Unaudited Statement of Accounts 2025/26

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Chief Finance Officer's Narrative Report

Authority Overview

The South Downs National Park Authority was established in April 2010 (and fully operational from April 2011). From July 2021, the park's operations expanded to include Seven Sisters Country Park. The South Downs National Park covers the chalk downland, heaths, woodlands and river valleys of the South Downs, Western Weald and Seven Sisters within the three counties of Hampshire, West Sussex, and East Sussex.

As a National Park, the Authority has two statutory purposes which are to conserve and enhance the natural beauty, wildlife, and cultural heritage of the area and to promote opportunities for the understanding and enjoyment of the special qualities of the park by the public. The Authority also has a duty to work in partnership to foster the economic and social wellbeing of local communities within the national park. The Authority is a public body run by a board of 27 members.

The Authority implemented an organisational redesign in 2025/26 driven by governance change, funding pressures and new strategic priorities. The redesign restructured into five new service areas – Growth and Organisational Development, Landscape and Operations, Placemaking, Corporate Services (support services) and Strategic Projects replacing the previous five service areas - Planning, Countryside and Policy Management, Corporate Services (support services), Strategic Projects, and Seven Sisters Country Park.

Partnership Management Plan 2026-2031 and Corporate Plan

The Authority's overarching strategy documents are its Partnership Management Plan 2026-2031, and an annually reviewed Corporate Plan which includes high level targets focused on Nature Recovery, Climate Action and creating 'A National Park for All'. Key Performance Indicators are in place to measure the delivery of these plans. Performance reports monitoring the progress of key projects, plans and actions are reviewed by the Senior Leadership Team and the Policy & Resources Committee at least twice a year. A full annual review of the Authority's performance is reported to the Authority's Policy and Resources Committee annually in June each year. The June 2026 report will narrate the progress towards the Corporate Plan High-Level Targets in 2025/26, which are:

- HLT#1: To secure an additional 13,000ha, or 33% of land managed for nature by 2030 from a baseline of 25%.
- HLT#2: Work to maintain, enhance and/or restore 30% of existing Core Nature sites and support key species recovery within the South Downs National Park (SDNP) by 2030.
- HLT#3: To prepare for and implement Biodiversity Net Gain (BNG).
- HLT#4: South Downs National Park Authority to reduce its carbon footprint by 150 tonnes per annum in line with the 2030 net zero target.
- HLT#5: 5% reduction per annum in the overall carbon footprint of the South Downs National Park from the baseline reported in 2019.
- HLT#6: Increase diversity of those engaging with the South Downs National Park.
- HLT#7: Work to make sure the landscape, scenery and tranquillity of SDNP is available to everyone, no matter what their access needs are.
- HLT#8: Digitally engage 100,000 people per year with the SDNP.

The June 2026 report will also show the Authority's progress towards delivering the Corporate Plan Priorities of:

- CP1: Administer the Community Infrastructure Levy (CIL) and S106 – key income streams for delivery.

- CP2: Provide specialist advice in respect of Conservation, Design and Landscape across the organisation.
- CP3: Aim to raise self-generated income each year.
- CP4: Incubate a number of income generating initiatives, to generate £250k per annum.
- CP5: Facilitate and support the endorsement, actions and key priorities through the process of Whole Estate Plans (WEPs).
- CP6: Deliver the Farming in Protected Landscapes (FiPL) programme in the National Park.
- CP7: Develop the 'Our South Downs' enterprise network.
- CP8: Tourism in the South Downs National Park.
- CP9: Ensure that the organisation is more diverse and representative both in its staff and Members and considers Equity, Diversity and Inclusion (EDI) in service delivery and policy development.

The 2025/26 Corporate Plan was approved at the 27 March 2025 National Park Authority meeting

Future Opportunities

The Authority has a number of significant future opportunities that it may explore, these include:

- Diversified income generation through wider implementation of cost recovery in line with the Authority's current powers and through the recently granted Power of Competence which allows the Authority to act beyond its geographical boundaries and engage in new income generating activities.
- Expanding Green Finance initiatives to deliver nature recovery for the National Park, cost recovery and income generation for the Authority.
- Further development of the visitor experience and other income generation opportunities at Seven Sisters Country Park.
- Appropriate land acquisition opportunities may support further delivery on the National Park's purposes.
- Continued development and expansion of project funding through close partnership with the SDNP Trust.
- Bedding in and greater understanding of the new section 245 duty to 'seek to further' (LURA 2023) across public bodies offers greater opportunity for cooperative working to further the National Park's purposes.
- Greater opportunities to work with partners across the National Park to deliver on the National Park's purposes through the review of the National Park Partnership Management Plan.
- The delivery of the South Downs Local Plan offers the opportunity to deliver appropriate and sustainable growth and development within the National Park, delivering affordable housing, increased biodiversity, opportunities for adaptation to climate change, etc.
- Following on from the success of the Farming in Protected Landscapes programme, (which has now been extended to March 2029) the developing Environmental Land Management Schemes across England may provide the Authority the opportunity to work more closely with farmers and land managers on delivery against the National Park's purposes.
- New funds have been made available from Defra for Capital programmes and for Wildlife Rich Habitats which can be mobilised to support the PMP and Corporate Plan.
- Devolution and local government reorganisation provide the opportunity to strengthen partnership working relationships with local authorities across the National Park and to develop relationships with the new Strategic Mayoral Authorities which have the potential to lead to significant benefits for the National Park.

Opportunities to introduce greater diversity into our governance structures to widen the voices heard in the development of policy and in decision making.

Risks

The Authority has put in place a risk management framework as a key part of its corporate governance and monitors risks and opportunities through its officer body and its Corporate Risk Register which is reported to each meeting of the Policy & Resources Committee providing members with the opportunity to raise questions and issues and consider the proposed mitigation strategies. The Authority has currently identified 12 corporate-level risks.

A key risk relates to Finance and Budgets where potential risks include either the failure of the Defra National Parks Grant to increase in real terms over a period of years, or a reduction of the Defra grant, or a continuation of the lower revenue baseline from 2025/26 arising from the Comprehensive Spending Review (CSR) or an in-year requirement for savings. Similarly, there are risks related to the impacts of increased inflation rates or increased employer pension or national insurance contributions on costs. The mitigations for these risks are set out under Risk 2.1 (Finance and Budgets) in each Policy & Resources Committee report. However, longer term sustainability is also addressed by the Authority's Medium Term Financial Strategy (MTFS) approved by the Authority in March of each year. The MTFS has been developed in line with the Authority's approved Budget Framework and agreed organisational approach which is as follows:

- to be an administratively lean, efficient organisation.
- to work with others (stakeholders and partners).
- to use limited contributions to activities to encourage and lever greater contributions from others.
- to focus on S.M.A.R.T. (specific, measurable, attainable, relevant, time bound) targets and outcomes.
- and to maintain flexibility (for example, able to change quickly if circumstances alter).

The MTFS has been developed using the following principles:

- Identifying and recognising core and short-term commitments and pressures.
- Including planned savings measures and programmes.
- Setting a balanced annual budget and maintaining adequate reserves to meet commitments and identified risks.
- Identifying potential additional savings requirements for future years to enable early action.
- Avoiding aspirations or commitments which are ultimately unaffordable and avoid making ongoing commitments unless they are essential.
- Seeking to secure efficiency gains and improvements in value for money, for example, by contracting out services where appropriate.
- Seeking to maximise income and fund-raising opportunities taking into account any related additional costs.
- Not incorporating contingencies into individual budgets but instead retaining appropriate risk reserves and overall contingency against potential risks.

The Authority has continued to adopt a prudential approach to budget setting with an established permanent staffing structure and temporary posts for short term projects. This approach ensures that the Authority does not recruit to posts that become unaffordable in the longer term and provides some flexibility in resources to fund priorities identified in the Partnership Management Plan and Corporate Plan.

The financial assumptions underpinning the current Medium Term Financial Strategy are:

- DEFRA National Park Grant allocation assumed for 2025/26 as 8.2% reduction on 2024/25 allocation and no confirmation for future years.
- All costs have been inflated using the latest information provided by the Office of Budget Responsibility. (UK CPI inflation forecast 2024 | Statista)
- From 2026/27 additional levels of income have been included, based on activity expected to happen over the coming year to allow the Authority to generate more income. This is through raising income following the appointment of the new Director, allowing for more income generated through the Trust and other miscellaneous income received.
- Gradual increase of 2.5% per annum of capitalised costs, growth based on understanding of the capitalisation process.

South Downs National Park Trust

The South Downs National Park Trust was established by the Authority in April 2017 to raise funds to benefit the National Park. The Trust is governed by an independent board of nine trustees who oversee its work, two of which are members of the Authority. Not more than one or one third of the Trustees, whichever is the higher number, shall be members of the Authority.

In 2025/26 the South Downs National Park Trust made contributions to the Authority of £1.012 million (£1.009 million 2024/25) to fund various project costs. The creditors balance of the Authority at 31 March 2026 includes £0.406 million (£0.314 million 2024/25) relating to the South Downs National Park Trust.

2025/26 Budget Setting

The Authority set a 2025/26 revenue budget of £10.136 million funded by £9.626 million of Department for Environment, Food and Rural Affairs (DEFRA) national park grant and a £0.510 million contribution to reserves. The Authority also agreed a 5-year capital programme of £0.692 million funded wholly by DEFRA NPA (National Parks and Areas of Outstanding Natural Beauty) grant.

The Budget Setting Report 2025/26 (including the Capital Strategy 2025/26, Treasury Management Strategy 2025/26 and the Medium-Term Financial Strategy) was approved at the 27 March 2025 National Park Authority meeting.

2025/26 Outturn

Revenue

The revenue outturn is an overall underspend of £0.078 million below budget, which represents approximately 0.66% of the revised service net budget.

Spending on Services by Operating Segment			
Segments	Budget £'000	Actual £'000	Variance £'000
Corporate Strategy	3,052	2,751	**(300)**
Growth & Organisational Development	1,178	1,240	**62**
Landscape & Operations	3,148	3,415	**268**
Placemaking	4,426	3,817	**(609)**
Strategic Projects	43	43	**0**
Total	**11,846**	**11,267**	**(580)**
National Park Grant	(9,626)	(9,626)	**(0)**
Contributions to/(from) reserves	(2,220)	(1,719)	**502**
Total Underspend	**0**	**(78)**	**(78)**

Capital

The Authority made £3.763 million of capital investment in 2025/26. Note 11 Capital Investment and Capital Financing provides further details

Full 2025/26 outturn details will be reported to the National Park Authority meeting in June 2026.

Cash Flow Management

The Authority regularly reviews its cash flow requirements and approves an annual Treasury Management Strategy as part of its budget setting report which sets parameters within which the Authority's cash balances and reserves will be invested. Please see the relevant section of the Budget Setting Report 2025/26 approved at the 27 March 2025 National Park Authority meeting.

Budget Planning 2026/27 and Beyond

The Authority set a 2026/27 revenue budget of £12.764 million funded primarily by the National Park Grant of £9.626m (representing 75% of gross expenditure), a contribution from reserves of £0.369m (3% of gross expenditure), and other income totalling £2.769 million (22% of gross expenditure). The Authority also approved the capital strategy including new capital projects totalling £3.479m and capital reprofiles of £2.785m, a total of £6.264m of capital investment for 2026/27.

The Budget Setting Report 2026/27 (including the Revenue Budget, Capital Strategy, Treasury Management Strategy and the Medium-Term Financial Strategy covering 2026/27 – 2030/31) was approved at the 20 March 2026 National Park Authority meeting.

Revaluations of Property, Plant and Equipment

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment (PPE). It represents a shift from previous, more varied valuation practices across the local government accounting sector to a standardised 5-year rolling cycle supported by annual indexation.

The Code required local authorities to revalue their assets every five years, with annual indexation applied to assets during the four intervening years.

The Authority previously revalued its operational land & buildings annually and for 2025/26 this practice remains in place due to valuations already been commissioned. The Code requirements on indexation will be implemented by the Authority in 2026/27. The impact of this is not considered material and in fact makes the balance sheets more materially correct than if indexation had been applied.

Further details on the revaluation of property, plant and equipment are provided in Note 10 Property, Plant and Equipment.

Explanation of the Financial Statements

The Statement of Accounts sets out the Authority's income and expenditure for the year, and its financial position at 31 March 2026. It comprises core and supplementary statements together with disclosure notes. The Statement of Accounts has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

The four core statements are:

- The **Comprehensive Income and Expenditure Statement (CIES)** which records the Authority's income and expenditure for the year. The top half of the statement provides an

analysis by service area (operating segment). The bottom half of the statement deals with corporate transactions and funding.

- The **Movement in Reserves Statement (MiRS)** is a summary of the changes to the Authority's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
- The **Balance Sheet** is a "snapshot" of the Authority's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Authority's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).
- The **Group Accounts** show the Authority's single entity financial statements combined with the assets and liabilities of group companies and similar entities, which the Authority either controls or significantly influences.

The notes to these financial statements provide further detail about the Authority's accounting policies and individual transactions. A glossary of key terms can be found at the end of this publication.

Further Information

These financial statements have been prepared by Brighton & Hove City Council in accordance with the terms of the Financial Services contract with South Downs National Park Authority. Further information about the financial statements is available from Brighton & Hove City Council. In addition, interested members of the public have a statutory right to inspect the financial statements and their availability is advertised on the South Downs National Park Authority's website.

Craig Garoghan FCCA
Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 Officer)

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

(i) 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 Finance Officer.

(ii) manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

(iii) approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom. The Chief Finance Officer is required to sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the Authority at the 31 March and its income and expenditure for the financial year.

In preparing this Statement of Accounts the Chief Finance Officer has:

(i) selected suitable accounting policies and then applied them consistently.

(ii) made judgements and estimates that were reasonable and prudent.

(iii) complied with the local authority Code.

The Chief Finance Officer has also:

(i) kept proper accounting records which were up to date.

(ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the South Downs National Park Authority as at 31 March 2026 and its income and expenditure for the financial year ended 31 March 2026.

Craig Garoghan FCCA
Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 Officer)
Date: 23 June 2026

Certification by Chair

I confirm that this Statement of Accounts was approved by the Policy & Resources Committee at a meeting held on [date of meeting]

Signed on behalf of the South Downs National Park Authority

Vanessa Rowlands
Chair, Authority Meeting
Date: [date approved]

South Downs
National Park Authority

Core Financial Statements 2025/26

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) records the Authority's revenue income and expenditure for the year.

Comprehensive Income and Expenditure Statement						
Year Ended 31 March 2025				Year Ended 31 March 2026		
Gross Expenditure Restated	Gross Income Restated	Net Expenditure Restated		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,030	(440)	1,590	Growth and Organsiational Development	2,141	(627)	1,515
2,912	(343)	2,569	Landscape and Operations	2,711	(334)	2,378
7,254	(3,917)	3,337	Placemaking	8,614	(6,282)	2,332
3,593	(224)	3,370	Corporate Services	5,854	(140)	5,714
3,037	(1,028)	2,009	Strategic Projects	940	(897)	43
18,825	**(5,952)**	**12,874**	**Net Cost of Services**	**20,261**	**(8,280)**	**11,981**
		Other operating expenditure				
		(5)	(Gains)/losses on the disposal of non-current assets			**0**
		(5)	**Total Other Operating Expenditure**			**0**
		Financing and investment income and expenditure				
		(2)	Net interest on the net defined benefit pension liability			**(14)**
		11	Interest payable			**21**
		(838)	Interest receivable			**(754)**
		(829)	**Total Financing and Investment Income and Expenditure**			**(747)**
		Non-specific grant income				
		(10,736)	National Park grant			**(9,626)**
		(2,146)	Capital grants and contributions			**(3,627)**
		(12,882)	**Total Non-Specific Grant Income**			**(13,253)**
		(842)	**(Surplus)/Deficit on the Provision of Services**			**(2,019)**
		Items that will not be reclassified to the (Surplus) / Deficit on the Provision of Services				
		(466)	(Surplus)/deficit on the revaluation of non-current assets			**(758)**
		146	Remeasurements of the net defined benefit liability			**492**
		(320)	**Other Comprehensive Income and Expenditure**			**(266)**
		(1,163)	**Total Comprehensive Income and Expenditure**			**(2,285)**

The comparative figures have been restated due to an organisation restructure in 2025/26. See Note 24 Organisation Restructure for further details. The prior year comparatives have also been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in year on reserve balances held by the Authority.

Movement in Reserves Statement					
	Balance as at 1 April	Total Comprehensive Income and Expenditure	Adjustments between Accounting Basis and Funding Basis under Regulations	(Increase) / Decrease in Year	Balance as at 31 March
	£'000	£'000	£'000	£'000	£'000
2025/26					
Working balance and earmarked reserves	(6,224)	(2,019)	2,035	16	(6,208)
Capital receipts reserve	(39)	0	0	0	(39)
Capital contributions unapplied	(7,414)	0	(838)	(838)	(8,252)
Usable Reserves	(13,677)	(2,019)	1,197	(822)	(14,499)
Pensions reserve	0	492	(492)	0	0
Accumulated absences account	82	0	3	3	85
Revaluation reserve	(4,152)	(758)	21	(737)	(4,889)
Capital adjustment account	(4,906)	0	(729)	(729)	(5,636)
Unusable Reserves	(8,976)	(266)	(1,197)	(1,463)	(10,440)
Total Reserves	(22,653)	(2,285)	0	(2,285)	(24,938)
2024/25 Restated					
Working balance and earmarked reserves	(5,631)	(842)	249	(593)	(6,224)
Capital receipts reserve	(34)	0	(5)	(5)	(39)
Capital contributions unapplied	(7,948)	0	535	535	(7,414)
Usable Reserves	(13,614)	(842)	779	(63)	(13,677)
Pensions reserve	0	146	(146)	0	0
Accumulated absences account	79	0	3	3	82
Revaluation reserve	(3,708)	(466)	22	(444)	(4,152)
Capital adjustment account	(4,248)	0	(658)	(658)	(4,906)
Unusable Reserves	(7,876)	(320)	(779)	(1,099)	(8,976)
Total Reserves	(21,490)	(1,163)	0	(1,163)	(22,653)

The prior year comparatives have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Balance Sheet

The balance sheet shows the values of assets and liabilities held by the Authority. The net assets are matched by the reserves.

Balance Sheet			
As at 31 March 2025 Restated	Note		As at 31 March 2026
£'000			£'000
Long Term Assets			
11,061	10	Property, plant and equipment	12,333
0		Long term investment	108
100		Investment in subsidiary	0
11,161		**Long Term Assets**	**12,441**
Current Assets			
12,751	12	Short term investments	11,698
37		Inventories	42
2,596	12,13	Short term debtors	3,088
3,791	12	Cash and cash equivalents	4,661
19,175		**Current Assets**	**19,489**
Current Liabilities			
(2,889)	12,14	Short term creditors	(3,277)
(946)	12	Short term borrowing	(35)
(2,816)	15	Revenue grants and contributions receipts in advance	(2,159)
(6,651)		**Current Liabilities**	**(5,471)**
Long Term Liabilities			
(700)	12	Long term borrowing	(665)
(102)	12,16	Lessee Lease Liability	(74)
(230)	15	Capital grants and contributions receipts in advance	(781)
0	20	Pension liability	0
(1,033)		**Long Term Liabilities**	**(1,521)**
22,653		**Net Assets**	**24,938**
(13,677)	8	Usable reserves	(14,499)
(8,976)	9	Unusable reserves	(10,439)
(22,653)		**Total Reserves**	**(24,938)**

The prior year comparatives have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

The unaudited Statement of Accounts was authorised for issue on 23 June 2026 by the Head of Finance - City Operations, Corporate Services, South Downs National Park Authority (Interim Section 151 Officer) Craig Garoghan FCCA

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as relating to operating, investing, or financing activities.

Notes	Cash Flow Statement		
	2024/25 Restated		2025/26
	£'000		£'000
	842	**Net surplus/(deficit) on the provision of services**	2,019
10	256	Non-current asset charges - depreciation and revaluation	356
	(116)	Increase/(decrease) in creditors	448
	1,041	(Increase)/decrease in debtors	(333)
	(27)	(Increase)/decrease in inventories	(5)
20	(146)	Movement in the pension liability (element charged to the surplus/(deficit) on the provision of services)	(492)
	1,008	**Adjustment to surplus/(deficit) on the provision of services for non-cash movements**	(27)
15	(1,811)	Capital grants applied to the surplus/deficit on provision of services	(3,627)
	(1,811)	**Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities**	(3,627)
	39	**Net Cash Flows from Operating Activities**	(1,635)
10	(838)	Purchase of non-current assets (including the movement in capital creditors)	(844)
	1,478	Capital Grants Received	3,302
12	(18,000)	Purchase of short term investments	(15,608)
12	10,500	Proceeds from sale of short term investments	18,000
	(6,860)	**Net Cash Flows from Investing Activities**	4,850
12	(35)	Repayment of deferred liability	(35)
	27	Equity investment in South Downs Commercial Operations Ltd	100
	(8)	**Net Cash Flows from Financing Activities**	65
12	4,411	Reclassification of investments from short term to cash equivalents	(2,410)
	(2,418)	**Net Increase/(Decrease) in Cash and Cash Equivalents**	870
	56	Bank current accounts	55
	6,153	Short term deposits	3,737
	6,209	**Cash and Cash Equivalents as at 1 April**	3,791
	55	Bank current accounts	52
	3,737	Short term deposits	4,608
	3,791	**Cash and Cash Equivalents as at 31 March**	4,661
	(2,418)	**Movement in Cash and Cash Equivalents**	869

The prior year comparatives have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Notes to the Core Financial Statements

1. Accounting Policies (summary)

The Accounts and Audit Regulations 2015 (SI 2015 No 234 as amended) require the Authority to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2025/26, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) supported by International Financial Reporting Standards (IFRS)
- the Service Reporting Code of Practice 2025/26 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. The detailed accounting policies are set out at the end of this document.

In 2025/26, the Authority has changed its accounting policy in respect of depreciating additions for non-current assets. The Authority previously applied a depreciation charge in the first full year of owning any given asset; however, this is not compliant with the Code. The Authority has therefore amended its accounting policy to depreciate additions in the year of purchase (i.e. applies depreciation on an asset from the time in which it comes into use). The Authority has applied this change retrospectively and has restated the prior year comparatives; this has had the following impact on the core financial statements:

Balance Sheet

	2024/25 as Previously Reported	Adjustment	2024/25 Restated
	£'000	£'000	£'000
Property, Plant & Equipment	11,104	(43)	11,061
Long Term Assets	**11,204**	**(43)**	**11,161**
Net Assets	**22,696**	**(43)**	**22,653**
Unusable reserves	(9,019)	43	(8,976)
Total Reserves	**(22,696)**	**43**	**(22,653)**

Comprehensive Income and Expenditure Statement

	2024/25 as Previously Reported	Adjustment	2024/25 Restated
	£'000	£'000	£'000
Corporate Services	3,327	43	3,370
Net Cost of Services	**12,831**	**43**	**12,874**
(Surplus)/Deficit on the Provision of Services	**(885)**	**43**	**(842)**
Total Comprehensive Income and Expenditure	**(1,206)**	**43**	**(1,163)**

Movement in Reserves Statement

	2024/25 as Previously Reported	Adjustment	Adjustment	2024/25 Restated
	£'000	£'000	£'000	£'000
Working balance and earmarked reserves	(5,631)	43	(43)	(6,224)
Usable Reserves	0	43	(43)	(13,677)
Capital adjustment account	(4,248)	0	43	(4,906)
Unusable Reserves	(9,019)	0	43	(8,976)
Total Reserves	(22,696)	43	0	(22,653)

Cash Flow Statement

	2024/25 as Previously Reported	Adjustment	2024/25 Restated
	£'000	£'000	£'000
Net surplus/(deficit) on the provision of services	885	(43)	842
Non-current asset charges - depreciation and revaluation	213	43	256
Adjustment to surplus/(deficit) on the provision of services for non-cash movements	965	43	1,008
Net Cash Flows from Operating Activities	39	0	39
Net Increase/(Decrease) in Cash and Cash Equivalents	(2,418)	0	(2,418)

2. Accounting Standards that have been Issued but not yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2026/27:

a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.

b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.

c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is likely there will be limited application by local authorities of items a) to d), therefore it is anticipated that this will have no impact on the council's financial statements.

3. Critical Judgements and Assumptions Made

In preparing the statement of accounts, the Authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income, and expenses. The estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. Estimates and underlying assumptions are regularly reviewed by the Authority.

The statement of accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors that are considered to be reasonable. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the Authority's most difficult, subjective or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

Pension Liability / (Asset)

Estimation of the net pension liability (asset) depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The actuaries provided the Authority with the estimate of the pension fund assets / liabilities including the asset ceiling considerations. The underlying assumptions and the application of the asset ceiling are set out in Note 20 Defined Benefit Pensions Schemes. The effects on the net pension liability / (asset) of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions made by the actuaries are also set out in Note 20 Defined Benefit Pensions Schemes.

Property, Plant and Equipment (PPE)

The balance sheet value is highly sensitive to estimates of value. The Authority engages appropriately qualified valuers to value land and property assets.

For 2025/26, the Authority has chosen to continue valuing its operational land and building assets on an annual basis with the required transition to applying indices to assets being delayed for one year.

More details are set out in Note 10 Property, Plant & Equipment. A 1% movement in the estimate of value for property assets would result in a £1.233 million movement in the balance sheet value.

4. Events after the Reporting Period

There are no significant post balance sheet events which might impact on the Authority's 2025/26 Statement of Accounts or the understanding of the Authority's financial position and status.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the Authority has used available funding for the year (i.e. government grants, rents) in providing services, in comparison with those resources that the Authority has consumed or earned in accordance with generally accepted accounting practices.

	2025/26					2024/25 Restated				
	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES	As reported for resource management	Adjustments to arrive at expenditure charged to reserve balances	Expenditure chargeable to reserves balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Growth and Organsiational Development	1,240	158	**1,398**	117	**1,515**	1,566	(133)	**1,434**	156	**1,590**
Landscape and Operations	3,415	(1,218)	**2,198**	180	**2,378**	2,553	(228)	**2,325**	244	**2,569**
Placemaking	3,415	(1,306)	**2,110**	222	**2,332**	3,787	(745)	**3,042**	295	**3,337**
Corporate Services	2,751	2,497	**5,248**	466	**5,714**	2,068	830	**2,897**	472	**3,370**
Strategic Projects	43	(31)	**12**	31	**43**	1,955	27	**1,982**	27	**2,009**
Net Cost of Services	**10,864**	**101**	**10,966**	**1,016**	**11,981**	**11,928**	**(249)**	**11,679**	**1,195**	**12,874**
Other Income and Expenditure/Financing	(10,864)	(85)	**(10,950)**	(3,050)	**(14,000)**	(11,928)	(343)	**(12,272)**	(1,445)	**(13,716)**
(Surplus)/Deficit on Provision of Services	**0**	**16**	**16**	**(2,035)**	**(2,019)**	**(0)**	**(593)**	**(593)**	**(249)**	**(842)**

The prior year comparatives have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

	2025/26				2024/25			
	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource management	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource management
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Working Balance	(1,403)	(198)	**(1,601)**	(78)	(1,058)	(345)	**(1,403)**	(730)
General Fund Earmarked Reserves	(4,821)	214	**(4,607)**	0	(4,573)	(248)	**(4,821)**	0
Total Revenue Reserves	**(6,224)**	**16**	**(6,208)**	**(78)**	**(5,631)**	**(593)**	**(6,224)**	**(730)**

	2025/26				2024/25 Restated			
	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Growth and Organsiational Development	0	116	1	**117**	0	158	(2)	**156**
Landscape and Operations	0	178	2	**180**	0	241	3	**244**
Placemaking	0	218	5	**222**	0	299	(3)	**295**
Corporate Services	356	113	(3)	**466**	318	152	2	**472**
Strategic Projects	0	32	(1)	**31**	0	24	3	**27**
Net Cost of Services	**356**	**657**	**3**	**1,016**	**318**	**874**	**3**	**1,195**
Other Income and Expenditure/Financing	(1,902)	(1,149)	0	**(3,050)**	(425)	(1,020)	0	**(1,445)**
Difference between surplus/deficit and the CIES surplus/deficit on Provision of Services	**(1,546)**	**(492)**	**3**	**(2,035)**	**(107)**	**(146)**	**3**	**(249)**

The comparative figures in tables 1 and 3 above have been restated due to an organisation restructure in 2025/26. See Note 24 Organisation Restructure for further details. The prior year comparatives have also been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Explanatory Notes

Adjustments for Capital Purposes

These adjustments include items charged to services in relation to non-current assets (depreciation and revaluation gains and losses) and adjustments for grants - revenue grants are adjusted from grants received in year to those which are received in year without conditions or for which conditions were satisfied during the year.

Net Change for the Pensions Adjustments

These adjustments relate to the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income. For services (operating segments) this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs. For other income and expenditure this represents the net interest on the defined benefit liability (asset) charged to the CIES.

Other Differences

This column includes other statutory adjustments between amounts debited / credited to the CIES and amounts payable/receivable to be recognised under statute and includes adjustments to the General Fund surplus/deficit for employees' paid absences.

6. Adjustments between an accounting basis and a funding basis under regulation

The resources available to the Authority in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases.

Adjustments between Accounting Basis and Funding Basis under Regulations				
2025/26	General Reserves	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
	£'000	£'000	£'000	£'000
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements				
Pension costs (transferred to / (from) the pensions reserve)	492	0	0	492
Employees' paid absences (transferred to the accumulated absences account)	(3)	0	0	(3)
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	(356)	0	0	(356)
Capital grants and contributions credited to the CIES that have been applied to capital funding (CAA)	3,627	0	0	3,627
Adjustments to Revenue Resources	**3,760**	**0**	**0**	**3,760**
Non-current asset sale proceeds	0	0	0	0
Revenue expenditure funded from capital under statute	(2,789)	0	0	(2,789)
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	126	0	0	126
Adjustments between Revenue and Capital Resources	**(2,663)**	**0**	**0**	**(2,663)**
Use of earmarked reserves to finance capital expenditure	48	0	0	48
CIL contributions applied to finance capital expenditure	0	0	52	52
Transfer in respect of community infrastructure levy (CIL) receipts	889	0	(889)	0
Total Adjustments to Capital Resources	**938**	**0**	**(838)**	**100**
Total Adjustments	**2,035**	**0**	**(838)**	**1,197**

Adjustments between Accounting Basis and Funding Basis under Regulations				
2024/25	General Reserves	Capital Receipts Reserve	Capital Contributions Unapplied	Total Adjustments
	£'000	£'000	£'000	£'000
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements				
Pension costs (transferred to / (from) the pensions reserve)	146	0	0	146
Employees' paid absences (transferred to the accumulated absences account)	(3)	0	0	(3)
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the capital adjustment account)	1,828	0	0	1,828
Adjustments to Revenue Resources	1,971	0	0	1,971
Non-current asset sale proceeds	5	(5)	0	0
Capital expenditure financed from revenue balances (transfer from the capital adjustment account)	(1,878)	0	0	(1,878)
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	117	0	0	117
Adjustments between Revenue and Capital Resources	(1,757)	(5)	0	(1,762)
Use of earmarked reserves to finance capital expenditure	173	0	0	173
Application of capital grants to finance capital expenditure	0	0	397	397
Transfer in respect of community infrastructure levy (CIL) receipts	(138)	0	138	0
Total Adjustments to Capital Resources	35	0	535	570
Total Adjustments	249	(5)	535	779

7. Expenditure and Income by Nature

The Authority's expenditure and income subjectively analysed is as follows:

Expenditure and Income analysed by Nature		
	2025/26	2024/25 Restated
	£'000	£'000
Employee expenses	7,495	7,217
Other service expenses	9,608	9,410
Interest payable	21	11
Non-current asset charges	3,144	2,197
Total Expenditure	20,268	18,835
Interest receivable	(754)	(838)
Fees, charges and other service income	(7,816)	(5,548)
Government grants and contributions	(13,717)	(13,286)
Total Income	(22,287)	(19,672)
Net loss / (gain) on disposal of non-current assets	0	(5)
(Surplus)/Deficit on the Provision of Services	(2,019)	(842)

Fees, charges, and other service income (income received from external customers) is analysed by service area below.

Income received from External Customers on an Operating Segment	2025/26	2024/25
	£'000	£'000
Growth and Organisational Development	(584)	(364)
Landscape and Operations	(252)	(261)
Placemaking	(6,061)	(3,722)
Corporate Services	(133)	(208)
Strategic Investment Fund	(786)	(993)
Total Income received from External Customers	**(7,816)**	**(5,548)**

IFRS15 Revenue from contracts with customers

Of the £7.816 million of income from fees, charges, and other service income, £2.904 million is income from contracts with customers. The balance of £4.912 million is outside the scope of this reporting standard and includes, for example, Community Infrastructure Levy income, donations, and contributions from outside bodies.

8. Usable Reserves (Earmarked Reserves)

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

Transfers to/from Usable Reserves					
Usable Reserve	Balance at 31 March 2024	Transfers To/From 2024/25	Balance at 31 March 2025	Transfers To/From 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000
Revenue Reserves					
Affordable Housing	(161)	0	(161)	25	(136)
Carry Forwards	(764)	(106)	(870)	715	(155)
Climate Change	(52)	10	(42)	0	(42)
Green Finance (Nitrates)	(176)	176	0	0	0
Invest To Save	(1,156)	139	(1,017)	(14)	(1,031)
Nature Based Solutions Reserve	0	(497)	(497)	(414)	(911)
Partnership Management Plan	(216)	0	(216)	116	(100)
Planning	(358)	0	(358)	165	(193)
Repairs and Renewals - Vehicles	(29)	24	(5)	0	(5)
Revenue Grants	(147)	147	0	0	0
S106 Receipts (including interest)	(773)	(152)	(925)	(114)	(1,039)
South Downs Way	(20)	0	(20)	20	(0)
Strategic Fund	(450)	70	(380)	14	(366)
Trading Company Borrowing	(220)	0	(220)	220	0
Capital Reserves					
Estates Management	(50)	0	(50)	0	(50)
Total Earmarked Reserves	(4,572)	(189)	(4,761)	733	(4,029)
Other Usable Reserves					
Capital Receipts	(34)	(5)	(39)	0	(39)
CIL Contributions Unapplied	(7,949)	535	(7,414)	(838)	(8,252)
General Reserves	(1)	(59)	(60)	(519)	(579)
General Fund Working Balance	(1,058)	(345)	(1,403)	(198)	(1,601)
Total Other Usable Reserves	(9,043)	126	(8,916)	(1,555)	(10,470)
Total Usable Reserves	(13,614)	(63)	(13,677)	(822)	(14,499)

The **Affordable Housing reserve** is held to fund actions identified in the Authority's Affordable Housing Strategy.

The **Carry Forwards reserve** holds approved carry forward of budget to meet future specific costs.

The **Climate Change reserve** exists to support the Authority becoming a 'net-zero' organisation by 2030.

The **Invest to Save reserve** is to support future schemes to save money in future years.

The **Nature Based Solutions reserve** is a designated fund set aside to support the long-term maintenance, monitoring and resilience of nature-based projects.

The **Partnership Management Plan reserve** is held to fund outcomes identified in the Authority's Partnership Management Plan.

The **Planning reserve** is a long-term risk reserve covering potential costs resulting from planning inquiries, changes to future delegation agreements and significant falls in planning income and support for neighbourhood plans.

The **Repairs and Renewals – Vehicles reserve** is used to replace existing vehicles as they come to the end of their useful life.

The **S106 Receipts reserve** holds contributions made to the Authority by developers under a non-statutory agreement.

The **Strategic Fund reserve** provides funding for specific strategic projects.

The **Estates Management reserve** is used to fund capital projects as part of the Authority's capital investment programme.

The **Capital Receipts reserves** hold resources which are used to fund capital projects as part of the Authority's capital investment programme. These funds come from the disposal of fixed assets (usually vehicles).

The **CIL Contributions Unapplied reserve** is made up of contributions from developers towards infrastructure schemes in the park.

9. Unusable Reserves

Unusable reserves are held to manage accounting processes and do not represent usable resources.

	2025/26	2024/25 Restated
	£'000	£'000
Pensions Reserve	0	0
Capital Adjustment Account	(5,636)	(4,906)
Revaluation Reserve	(4,889)	(4,152)
Accumulated Absences Account	85	81
Balance as at 31 March	**(10,440)**	**(8,976)**

The prior year comparatives for the Capital Adjustment Account have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Capital Adjustment Account

The Capital Adjustment Account (CAA) 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.

Capital Adjustment Account	2025/26	2024/25 Restated
	£'000	£'000
Balance as at 1 April	**(4,906)**	**(4,248)**
Adjustments between accounting basis and funding basis under regulations		
Charges for depreciation of non-current assets	364	303
Revaluation losses on non-current assets	(8)	15
Revenue expenditure funded from capital under statute	2,789	1,878
Capital grants and contributions credited to the CIES that have been applied to capital financing	(3,627)	(2,146)
Application of grants to capital financing from the capital grants unapplied account	(52)	(397)
Use of earmarked reserves to finance new capital investment	(48)	(173)
Minimum Revenue Provision	(126)	(117)
Difference between fair value and historic cost depreciation	(21)	(22)
Total adjustments between accounting basis and funding basis under regulations	**(729)**	**(658)**
Balance as at 31 March	**(5,636)**	**(4,906)**

The prior year comparatives for the Capital Adjustment Account have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of property, plant, and equipment. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired (gains lost), used in the provision of services and (gains consumed via depreciation) or disposed of (gains realised).

Revaluation Reserve	2025/26	2024/25
	£'000	£'000
Balance as at 1 April	**(4,152)**	**(3,708)**
Other comprehensive income and expenditure		
Upward revaluation of non-current assets	(758)	(466)
Total other comprehensive income and expenditure	**(758)**	**(466)**
Adjustments between accounting basis and funding basis under regulations		
Difference between fair value and historic cost depreciation	21	22
Total adjustments between accounting basis and funding basis under regulations	**21**	**22**
Balance as at 31 March	**(4,889)**	**(4,152)**

Pension 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 balance on the pensions reserve therefore shows the difference in the benefits earned by past and current employees and the resources the Authority has set aside to meet them.

The statutory arrangements in place ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2025/26	2024/25
	£'000	£'000
Balance as at 1 April	**0**	**0**
Other comprehensive income and expenditure		
Remeasurements of the net defined benefit liability	492	146
Total other comprehensive income and expenditure	**492**	**146**
Adjustments between accounting basis and funding basis under regulations		
Reversal of items relating to retirement benefits charged to the surplus / deficit on the provision of services in the CIES	643	903
Employer's pensions contributions payable	(1,135)	(1,049)
Total adjustments between accounting basis and funding basis under regulations	**(492)**	**(146)**
Balance as at 31 March	**0**	**0**

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 during the financial year (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to / from the accumulated absences account.

Accumulated Absences Account	2025/26	2024/25
	£'000	£'000
Balance as at 1 April	**81**	**78**
Adjustments between accounting basis and funding basis under regulations		
Settlement/cancellation of accrual made at the end of the preceding financial year	(82)	(79)
Amounts accrued at the end of the current financial year	86	82
Total adjustments between accounting basis and funding basis under regulations	**4**	**3**
Balance as at 31 March	**85**	**81**

10. Property, Plant and Equipment (PPE)

The Authority categorises its PPE into sub categories, namely other land and buildings, vehicles, plant, furniture and equipment, and infrastructure assets.

The non-current assets leased in by the Authority have been brought on balance sheet as at 1 April 2025 under IFRS 16; these assets are classed as Right-of-Use assets. Note 16 Leases provides more details.

The following table shows the gross carrying amount and the accumulated depreciation at the beginning and end of the financial year and summarises the movement in value over the financial year for each sub category of PPE:

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment (PPE). It represents a shift from previous, more varied valuation practices across the local government accounting sector to a standardised 5-year rolling cycle supported by annual indexation. The Code requires local authorities to revalue their assets every five years, with annual indexation applied to assets during the four intervening years. The Authority previously revalued its operational land & buildings annually and for 2025/26 this practice remains in place due to valuations already been commissioned. The Code requirements on indexation will be implemented by the Authority in 2026/27. The impact of this is not considered material and in fact makes the balance sheets more materially correct than if indexation had been applied.

Non-Current Assets					
2025/26	**Other Land & Buildings**	**Right-of-Use Assets**	**Vehicles, Plant, Furniture & Equipment**	**Infrastructure Assets**	**Total PPE**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Gross carrying amount	9,908	209	1,084	783	**11,984**
Accumulated depreciation	0	(46)	(837)	(39)	**(923)**
Net Carrying Amount at 1 April 2024	**9,908**	**162**	**246**	**744**	**11,061**
Capital Additions					
Additions	539	39	269	23	**869**
Asset Disposals					
Derecognition - disposals	0	0	0	0	**0**
Derecognition - disposals (depreciation)	0	0	0	0	**0**
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve					
Revaluation increases	904	0	0	0	**904**
Revaluation increases (depreciation)	18	0	0	0	**18**
Revaluation losses	(185)	0	0	0	**(185)**
Revaluation losses (depreciation)	21	0	0	0	**21**
Transactions charged to the surplus / deficit on the provision of services in the CIES					
Reversal of previous revaluation losses	(2)	0	0	0	**(2)**
Reversal of previous revaluation losses (depreciation)	53	0	0	0	**53**
Revaluation losses	(53)	0	0	0	**(53)**
Revaluation losses (depreciation)	10	0	0	0	**10**
Depreciation charge	(102)	(85)	(136)	(40)	**(364)**
Net Carrying Amount at 31 March 2025	**11,111**	**116**	**379**	**727**	**12,332**
Gross carrying amount	11,111	264	1,352	806	**13,534**
Accumulated depreciation	0	(148)	(973)	(79)	**(1,200)**
Net Carrying Amount at 31 March 2025	**11,111**	**116**	**379**	**727**	**12,333**

Non-Current Assets					
2024/25 Restated	Other Land & Buildings	Right-of-Use Assets	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Total PPE
	£'000	£'000	£'000	£'000	£'000
Gross carrying amount	9,448	183	982	161	10,774
Accumulated depreciation	0	(46)	(740)	0	(786)
Net Carrying Amount at 1 April 2023	**9,448**	**137**	**242**	**161**	**9,988**
Capital Additions					
Additions	98	42	117	623	880
Asset Disposals					
Derecognition - disposals	0	0	(16)	0	(16)
Derecognition - disposals (depreciation)	0	0	16	0	16
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve					
Revaluation increases	498	0	0	0	498
Revaluation increases (depreciation)	28	0	0	0	28
Revaluation losses	(67)	0	0	0	(67)
Impairment losses	0	0	0	0	0
Revaluation losses (depreciation)	7	0	0	0	7
Transactions charged to the surplus / deficit on the provision of services in the CIES					
Reversal of previous revaluation losses	13	0	0	0	13
Revaluation losses	(56)	0	0	0	(56)
Revaluation losses (depreciation)	28	0	0	0	28
Depreciation charge	(89)	(16)	(113)	(39)	(257)
Net Carrying Amount at 31 March 2024	**9,908**	**162**	**246**	**745**	**11,061**
Gross carrying amount	9,908	209	1,084	783	11,984
Accumulated depreciation	0	(46)	(837)	(39)	(923)
Net Carrying Amount at 31 March 2024	**9,908**	**162**	**246**	**744**	**11,061**

The prior year comparatives for the Capital Adjustment Account have been restated due to a change in accounting policy for depreciating non-current asset additions; see Note 1 Accounting Policies (summary) for further details.

Valuations

The valuations of other land and buildings are based upon valuation reports issued annually by the Authority's valuers, Savills UK Ltd. The valuations are carried out as at 31 March 2026 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Componentisation and Useful Lives

For the purposes of calculating depreciation, the Authority componentised the South Downs Centre. The building is componentised into five components: main asset building, roof, windows and external doors, mechanical installations, and electrical installations. The separate components have individual useful lives: 50 years for the main asset building, 25 years for electrical installations and 20 years for

the remaining components. Asset lives for vehicles, plant, furniture, and equipment are set at five years. The asset life for infrastructure assets is set at 20 years.

Contractual Commitments

At 31 March 2026, the Authority had entered into the following contractual commitments in respect of non-current assets (31 March 2025 £0.221 million):

Commitments in respect of Property, Plant and Equipment		
Scheme Name	Description	Total £'000
Other Land and Buildings		
Phase I SSCP Capital Scheme	Building works across SSCP	7

11. Capital Investment and Capital Financing

The Authority incurred £3.763 million of capital investment in 2025/26 funded as set out below.

	2025/26 £'000	2024/25 £'000
Opening Capital Financing Requirement	**2,105**	**1906**
Adjustment to Opening Capital Financing Requirement	0	120
Adjustment to opening balance for Right of Use Assets	0	183
Adjusted Opening Capital Financing Requirement	**2,105**	**2,209**
Property, plant and equipment	869	880
Long term investment	108	0
Revenue expenditure funded from capital under statute	2,789	1,878
Capital Investment	**3,766**	**2,758**
Capital grants and contributions	(3,627)	(2,543)
Reserves	(48)	(153)
Revenue contributions	(52)	(20)
Capital Financing (excluding Borrowing)	**(3,727)**	**(2,716)**
Repayment of South Downs Commercial Operations Ltd loan	0	(30)
IFRS16 Lease Payments	(71)	(62)
Repayment of other loans (Minimum Revenue Provision)	(55)	(54)
Closing Capital Financing Requirement	**2,018**	**2,105**
Explanation of movements in capital financing requirement		
Right of Use Assets	39	42
Repayment of South Downs Commercial Operations Ltd loan	0	(30)
IFRS16 Lease Payments	(71)	(62)
Repayment of loans (Minimum Revenue Provision)	(55)	(54)
Increase/(Decrease) in Capital Financing Requirement	**(87)**	**(104)**

The Authority's Capital Financing Requirement is the value of historic capital investment funded from borrowing which will be repaid in future years.

12. Financial Instruments

The Authority's treasury management function is provided by Brighton & Hove City Council through a service contract.

Fair Value of Financial Assets and Liabilities carried at Amortised Cost

All financial liabilities and financial assets (represented by amortised cost and debtors and creditors) are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the financial instruments using the following assumptions:

- where a financial instrument has a maturity of less than 12 months the fair value is taken to be the principal outstanding,
- the fair value of creditors is taken to be the invoiced amount, and the fair value of debtors is taken to be the billed amount.

As there is no market comparison data for lease liabilities the carrying amount is calculated using the Authority's incremental borrowing rate. Following the transition to IFRS 16 for lease liabilities, it is considered by the Authority that the carrying value of these liabilities now represents a reasonable estimation of the fair value.

Financial Assets

Financial assets are investments, cash and equivalents and some debtors both long and short term. Please see also Note 13 Debtors.

Financial Assets						
	31 March 2026			31 March 2025		
	Long Term	Short Term	Total	Long Term	Short Term	Total
	£'000		£'000	£'000		£'000
Amortised Cost						
Cash Equivalents	0	4,608	**4,608**	0	3,737	**3,737**
Investments	108	11,698	**11,807**	0	12,752	**12,752**
Cash at bank	0	52	**52**	0	55	**55**
Debtors	0	974	**974**	0	1,329	**1,329**
Total Financial Assets	**108**	**17,333**	**17,441**	**0**	**17,872**	**17,872**

All financial assets are short term or contractually fixed (long term debtor) at 31 March 2026 so the fair value of investments is equal to the carrying amount. The basis for determining the fair values of the financial assets is Level 2 inputs (using other significant observable inputs).

Financial Liabilities

Financial liabilities are borrowing, long-term liabilities (excluding the pension fund liability) and some creditors. Please see also Note 14 Creditors and Note 16 Leases.

Financial Liabilities						
	31 March 2026			31 March 2025		
	Long Term	Short Term	Total	Long Term	Short Term	Total
	£'000		£'000	£'000		£'000
Amortised Cost						
Borrowing	(665)	(35)	**(700)**	(700)	(946)	**(1,646)**
Creditors	0	(1,031)	**(1,031)**	0	(2,413)	**(2,413)**
Lessee Lease Liabilities	(74)	(56)	**(130)**	(102)	(60)	**(162)**
Total Financial Liabilities	**(739)**	**(1,122)**	**(1,861)**	**(802)**	**(3,419)**	**(4,221)**

Financial liabilities are either short term or contractually fixed (long term borrowing) at 31 March 2026, so the fair value of liabilities is equal to the carrying amount. The basis for determining the fair values of the financial liabilities is Level 2 inputs (using other significant observable inputs).

There are no Revenue Grants received in advance financial liabilities as S106 contributions are no longer classified as financial instruments.

Income, Expense, Gains and Losses

In 2025/26 there was a net gain of £0.754 million (£0.838 million gain in 2024/25) on loans and receivables which has been charged to the CIES. This is interest income that has been generated through a combination of external investments and balances invested in Brighton & Hove City Council.

Nature and extent of risks arising from financial instruments and how the Authority manages those risks

The Authority's activities expose it to a variety of financial risks. The key risks are:

- 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.
- refinancing risk – the possibility that the Authority might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rate movements.

Overall procedures for managing risk

The Authority's overall risk management procedures focus on the unpredictability of the financial markets and implementing restrictions to minimise the losses resulting from this risk. Risk management is carried out by a central treasury team through a management agreement with Brighton & Hove City Council, under policies approved by the Authority in the annual treasury management strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements set out in the Authority's investment strategy. Additional selection criteria are also applied before an investment is made.

The minimum criteria set out in the investment strategy for investment counterparties were major banks and building societies to have a short-term rating that indicates the highest credit quality and money market funds to have a rating equal to "AAA" (triple A).

Investment counterparties also included other local authorities and government institutions. All investments were subject to a maximum period dependent upon their credit rating.

The Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays – credit watches and credit outlooks from credit rating agencies and CDS (Credit Default Swaps) spreads to give early warning of likely changes in credit ratings.

Customers for goods and services are assessed, considering their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Authority.

Amounts Arising from Expected Credit Losses

The loss allowance for financial assets carried at amortised cost bought forward at 1 April 2025 was £0.001 million, and the loss allowance calculated at 31 March 2026 was £0.002 million.

Aside from the long-term debtor, the Authority's financial assets are all due within 12 months, and no significant increase in risk has been assessed. All the expected credit loss on all investments in financial institutions has therefore been calculated on a 12-month expected loss basis, taking account of the credit rating of each investment, the historic default experience for each credit rating and the time to maturity of each investment.

Collateral

During the financial year, the Authority did not hold collateral as security for any investment.

Liquidity Risk

The Authority has projected that it will have sufficient funds to cover any day-to-day cash flow need. There is therefore no significant risk that it will be unable to meet its commitments under financial instruments. The Authority manages its liquidity position through the risk management procedures mentioned above (the setting and approval of prudential indicators and the approval of the treasury and investment strategies), as well as through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Authority maintains an investment portfolio, with a proportion of the funds available at call. The Authority is not exposed to refinancing and maturity risk as all financial instruments are held for less than one year.

Market Risk

Interest rate risk

The Authority is exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- investments at variable rates - the interest income credited to the CIES will rise.
- investments at fixed rates - for long-term investments the fair value of the assets will fall.

Changes in interest receivable on variable rate investments are posted to the surplus / deficit on the provision of services and affect the Authority's General Fund balance.

The Authority has a number of strategies for managing interest rate risk. The annual TMS draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this statement a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Brighton & Hove City Council's treasury management team monitors the market and forecast interest rates within the financial year to adjust exposures appropriately.

The Authority held £0.000 million of long-term borrowing and £16.076 million investments subject to variable interest rates at 31 March 2026. A 1% change in interest rates would have the impact of increasing or decreasing the interest receivable on this investment during 2025/26 by £0.153 million.

Price risk

The Authority does not invest in equity shares.

Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies; therefore, it has no exposure to losses arising from movements in exchange rates.

13. Debtors

Short Term Debtors		
	31 March 2026	31 March 2025
	£'000	£'000
Community Infrastructure receipts	1,599	903
Central Government	465	614
HMRC	229	201
Payments in Advance	178	113
S106 Developers receipts	57	47
Local Authorities	54	8
Other debtors	505	709
Total Short Term Debtors	**3,088**	**2,596**

£0.974 million of short-term debtors are classed as financial instruments and are included in Note 12 Financial Instruments (excluded are statutory debtors, grant debtors and payments in advance).

The Authority does not have any long term debtors.

14. Creditors

Short Term Creditors	31 March 2026	31 March 2025
	£'000	£'000
Local Authorities	(1,653)	(1,496)
Pensions	(266)	(260)
HMRC	(153)	(132)
Lessee Lease Liability	(56)	(60)
Other Creditors	(1,150)	(942)
Total Short Term Creditors	**(3,277)**	**(2,889)**

The lessee lease liability is the short-term liability in respect of the lease payments for leased in assets brought onto balance sheet under IFRS 16. Note 16 Leases provides further details.

£1.087 million of short-term creditors are classed as financial instruments and are included in Note 12 Financial Instruments (excluded are statutory creditors and receipts in advance).

15. Grant Income and Contributions

The Authority receives grants from central government and contributions for revenue purposes.

Government Revenue Grants

Government Revenue Grants	2025/26	2024/25
	£'000	£'000
Department for Environment, Food and Rural Affairs	(9,626)	(10,736)
Non-ring fenced government grants credited to taxation and non-specific grant income	**(9,626)**	**(10,736)**
Department for Environment, Food and Rural Affairs	(124)	(27)
Natural England	(82)	(82)
Ministry of Housing, Communities and Local Government	(8)	(15)
Rural Payments Agency	(182)	(169)
Other Government Departments	(68)	(111)
Ring fenced government grants credited to cost of services	**(464)**	**(403)**
Total Government Revenue Grants	**(10,090)**	**(11,139)**

Revenue Contributions

Revenue Contributions		
	2025/26	2024/25
	£'000	£'000
Other contributions, donations and sponsorship	(824)	(1,133)
Contributions from developers and stakeholders	(777)	(829)
Contributions from other agencies / external bodies	(113)	(237)
Contributions from other local authorities	(204)	(195)
Total Revenue Contributions credited to cost of services	**(1,918)**	**(2,393)**

Revenue Grants and Contributions with Conditions Attached

The Authority has received a number of revenue grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the funds to be returned if the conditions are not met (shown as "Revenue grants and contributions receipts in advance" on the balance sheet).

Revenue Grants and Contributions Receipts in Advance		
	2025/26	2024/25
	£'000	£'000
S106 Development Contributions	(1,434)	(1,892)
Non-Government Grants	(406)	(748)
Central Government Grants	(320)	(66)
Local Authorities	0	(111)
Total Revenue Grants and Contributions Receipts in Advance	**(2,159)**	**(2,816)**

Capital Grants and Contributions

Capital Grants and Contributions		
	2025/26	2024/25
	£'000	£'000
Other contributions	(3,627)	(2,146)
Capital grants and contributions credited to taxation and non-specific grant income	**(3,627)**	**(2,146)**

Capital Grants and Contributions with Conditions Attached

The Authority has received capital grants and contributions that are yet to be recognised as income as they have conditions attached to them that will require the funds to be returned if the conditions are not met (these capital grants and contributions are shown as "Capital grants and contributions receipts in advance" on the balance sheet).

Capital Grants and Contributions with Conditions attached		
	2025/26	2024/25
	£'000	£'000
Grants and contributions held under capital grants receipts in advance		
National Grid	(469)	0
Department of Transport	(200)	0
Local Authorities	(89)	0
Natural England	(16)	0
Department for Environment, Food and Rural Affairs	(8)	(230)
Total Grants and Contributions with Conditions	**(781)**	**(230)**

16. Leases

Authority as Lessee

The Authority's lease contracts comprise leases of office and workshop space and six vehicles with lease periods of between three and five years.

Right of Use Assets

The following table shows the change in the value of the right-of-use assets held under lease by the Authority:

Right of Use Assets			
	Land & Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
Balance as at 1 April 2025	**97**	**65**	**162**
Adjustments to opening ROU assets	(3)	(1)	(4)
Revised Balance as at 1 April 2025	**94**	**64**	**158**
Additions	36	0	36
Depreciation and amortisation	(57)	(21)	(78)
Balance as at 31 March 2026	**73**	**43**	**116**

Right of Use Assets			
	Land & Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	**83**	**54**	**136**
Additions	27	15	42
Depreciation and amortisation	(13)	(4)	(16)
Balance as at 31 March 2025	**97**	**65**	**162**

Transactions under leases

The Authority incurred the following expenses and cash flows in relation to leases:

Transactions under Leases		
	2025/26	2024/25
	£'000	£'000
Comprehensive Income & Expenditure Statement		
Interest expense on lease liabilities	10	11
Cash Flow Statement		
Minimum lease payments	71	62

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

Maturity Analysis of Lease Liabilities		
	31 March 2026	31 March 2025
	£'000	£'000
Less than one year	56	60
One to five years	74	102
Total undiscounted liabilities	**130**	**162**

The weighted average of the incremental borrowing rates used to discount liabilities was 4.87%.

Authority as Lessor

The Authority has leased out 2 buildings under long term leases:

- A catering facility with residential accommodation for 125 years commencing 1 April 1992. The annual rentals received from this lease are 7% of the gross turnover of the catering facility.
- A building to be used for bike hire, bike sales and ancillary uses for 125 years commencing 31 March 1993.

The Authority's gross investment value in these leases is the minimum lease payments expected to be received over the remaining terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years.

17. Related Parties

The Authority has the following material related party transactions:

Central Government

Central government has significant influence over the general operations of the Authority and provides the statutory framework within which the Authority operates. Central government also provides most of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties. Details of the grants received from government departments in 2025/26 can be found in Note 15 Grants and Contributions.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 21 Member's Allowances and

Expenses. Details of the entities that members are involved with are recorded in the Register of Members' Interests which is held by the Authority.

The following members hold a position of control or significant influence in a related party to the Authority in 2025/26:

- Alun Alesbury is elected member of 'Stoughton Parish Council' which received a Community Infrastructure Levy payments totalling £0.005m of which Alun Alesbury stated no influence on.
- Daniel Stewart-Roberts is a trustee of 'Sussex Community Development Association [SCDA]. Transactions amounting to £0.088m were invoiced by SCDA for Ouse Valley Climate Action [OVCA] funding) and £0.002m for J Rodriguez & J Lloyd. Daniel Stewart-Roberts states no influence on these transactions.

Some members have relationships or hold positions with other public bodies, schools, charities, voluntary organisations, and trusts with which the Authority interacts but does not have a financially material relationship.

Officers

Senior officers of the Authority, such as the Chief Executive and other chief officers have the authority and responsibility for planning, directing, and controlling the activities of the Authority, including the oversight of these activities.

During 2025/26, Brighton & Hove City Council provided Chief Finance Officer (S151) and other financial services to the Authority on a contractual basis to the value of £0.342 million (£0.323 million 2024/25). The Authority also had an investment in Brighton & Hove City Council of £2.606 million held as a cash equivalent as at 31 March 2026 in accordance with the service contract and the Authority's Annual Investment Strategy. The Authority has a contract with Brighton & Hove City Council for financial services from 1 April 2022 for an initial three years, extended for a further two years. The two years extension was triggered during 2025/26. The contract is independently monitored by the Authority's Head of Finance and Corporate Services.

Entities Controlled or Significantly Influenced by the Authority

There are no entities controlled or significantly influenced by the Authority

18. Officers' Remuneration

In 2025/26 senior employee posts (the Chief Executive and the directors who make up the Senior Management Team of the Authority) and other officer posts of the Authority were filled through permanent appointments and interim and agency appointments. The remuneration paid to the Authority's senior employees is as follows:

Senior Employee Remuneration of Permanent Appointments - salary between £50,000 and £149,999 per the reporting period							
2024/25	2025/26						
Total Remuneration including Pension Contributions	Post Holder Information	Note	Salary (including Fees and Allowances)	Compensation for Loss of Office	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
£			£	£	£	£	£
157,076	Chief Executive		118,450	0	118,450	23,335	141,785
115,271	Director of Placemaking	1	107,095	0	107,095	21,098	128,193
0	Director of Business Development & Growth	2	76,256	0	76,256	15,022	91,278
72,843	Director of Landscape and Strategy	3	83,054	28,784	111,838	16,362	128,200
0	Director of Landscape and Operations	4	14,979	0	14,979	2,951	17,930
73,684	Head of Finance & Corporate Services	5	79,973	0	79,973	15,755	95,728
418,874	Total		479,807	28,784	508,591	94,522	603,113

Notes

1. The Director of Planning post was renamed the Director of Placemaking following a re-organisation.
2. The Director of Business Development & Growth is a new role which was created in 2025/26 with effect from 1 June 2025.
3. The Director of Landscape and Strategy post was deleted on 2 February 2026, and the post holder left the Authority on 20 February 2026.
4. The postholder for the Director of Landscape and Operations post started on 2 February 2026.
5. This post was omitted from the previous year disclosure.

Other Employee Remuneration

The following table provides an analysis of the remuneration paid to other employees receiving more than £50,000 remuneration (excluding employer's pension contributions):

Other Officer Remuneration		
	2025/26	2024/25
Remuneration Band	Employees	Employees
£50,000 - £54,999	6	6
£55,000 - £59,999	9	6
£60,000 - £64,999	5	1
£65,000 - £69,999	1	1
£70,000 - £74,999	0	0
£75,000 - £79,999	0	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
Total	21	15

19. Exit Packages

The Authority terminated the contract of one employee during 2025/26 at a cost of £0.029 million (nil contracts in 2024/25).

20. Defined Benefit Pension Schemes

The Authority makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its employees. Although these benefits will not actually be payable until employees retire, the Authority has to disclose the commitment in respect of the future payment of these benefits at the time that the employees earn their future entitlement. The Authority participates in the Local Government Pension Scheme (LGPS) and West Sussex County Council acts as the Scheme Administrator of the West Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the Local Government Pension Scheme Regulations. The scheme is a funded defined benefit scheme, meaning that the Authority and employees pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Hymans Robertson LLP, an independent firm of actuaries, provides the financial assessment of the Authority's Pension Fund. The calculations and advice given by Hymans Robertson LLP in their actuarial report have been carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council.

Transactions relating to Post-Employment Benefits

The cost of post-employment benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make to its General Fund balance is based on the cash payable during the financial year rather than the earned post-employment benefits, so the real cost of post-employment benefits is reversed out of the General Fund balance to the pensions reserve via the MiRS.

The following transactions have been made in the CIES and MiRS during the financial year in relation to the scheme:

Transactions relating to Post Employment Benefits		
	2025/26	2024/25
	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)		
Cost of services		
Service cost comprising:		
Current service cost	657	905
Past service cost	0	0
Financing and Investment Income and Expenditure		
Interest income on plan assets	(1,886)	(1,477)
Interest cost on defined benefit obligation	1,059	1,039
Interest on the effect of the asset ceiling	813	436
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**643**	**903**
Other Post Employment Benefits charged to the CIES		
Remeasurement of the net defined benefit liability (asset) comprising:		
Return on scheme assets (excluding the amount included in the net interest expense)	835	862
Actuarial gain / (loss) arising on changes in demographic assumptions	273	(36)
Actuarial gain / (loss) arising on changes in financial assumptions	(600)	(4,971)
Other experience adjustments	2,132	(192)
Changes in the effect of the asset ceiling	(2,148)	4,483
Total Post Employment Benefits charged to Other Comprehensive Income and Expenditure	**492**	**146**
Actual amount charged against the General Fund for pensions in the reporting period		
Employer's contributions payable to the scheme	(1,135)	(1,049)
Movement in Reserves Statement		
Reversal of net charges made to the surplus / deficit for the provision of services for post employment benefits	643	903
Net Adjustment to the Pension Reserve	**0**	**0**

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included on the Balance Sheet in respect of the scheme is shown in the following table:

Pension Assets and Liabilities recognised in the Balance Sheet		
	2025/26	2024/25
	£'000	£'000
Present value of the scheme liabilities	(20,165)	(17,769)
Fair value of scheme assets	32,729	31,668
Net Asset (unadjusted)	**12,564**	**13,899**
Asset ceiling adjustment for economic benefit	(12,564)	(13,899)
Net Asset / (Liability)	**0**	**0**

Reconciliation of the movements in the fair value of scheme (plan) assets and defined benefit obligation

2025/26					2024/25			
Assets	Obligations	Impact of asset ceiling adjustments	Net asset / (liability)		Assets	Obligations	Impact of asset ceiling adjustments	Net asset / (liability)
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
31,668			31,668	Fair value of plan assets	29,925			29,925
	(17,769)		(17,769)	Present value of funded obligations		(20,945)		(20,945)
		(13,899)	(13,899)	Effect of the asset ceiling			(8,980)	(8,980)
31,668	**(17,769)**	**(13,899)**	**0**	**Opening position as at 31 March**	**29,925**	**(20,945)**	**(8,980)**	**0**
				Service cost				
	(657)		(657)	Current service cost		(905)		(905)
	0		0	Past service cost (including curtailments)		0		0
0	**(657)**	**0**	**(657)**	**Total service cost**	**0**	**(905)**	**0**	**(905)**
				Net interest				
1,886			1,886	Interest income on plan assets	1,477			1,477
	(1,059)		(1,059)	Interest cost on defined benefit obligation		(1,039)		(1,039)
		(813)	(813)	Interest on the Effect of the asset ceiling			(436)	(436)
1,886	**(1,059)**	**(813)**	**14**	**Total net interest**	**1,477**	**(1,039)**	**(436)**	**2**
				Cashflows				
399	(399)		0	Participants' contributions	320	(320)		0
1,135			1,135	Employer contributions	1,049			1,049
(373)	373		0	Benefits paid	(241)	241		0
34,715	**(19,511)**	**(14,712)**	**492**	**Expected closing position**	**32,530**	**(22,968)**	**(9,416)**	**146**
				Remeasurements				
	600		600	Changes in financial assumptions		4,971		4,971
	(273)		(273)	Changes in demographic assumptions		36		36
(1,151)	(981)		(2,132)	Other experience	0	192		192
(835)			(835)	Return on assets excluding amounts included in net Interest	(862)			(862)
		2,148	2,148	Changes in the Effect of the asset ceiling			(4,483)	(4,483)
(1,986)	**(654)**	**2,148**	**(492)**	**Total remeasurements**	**(862)**	**5,199**	**(4,483)**	**(146)**
32,729			32,729	Fair value of plan assets	31,668			31,668
	(20,165)		(20,165)	Present value of funded obligations		(17,769)		(17,769)
	0	(12,564)	(12,564)	Asset Ceiling Adjustment			(13,899)	(13,899)
32,729	**(20,165)**	**(12,564)**	**0**	**Closing Position as at 31 March**	**31,668**	**(17,769)**	**(13,899)**	**0**

Asset Ceiling

The closing position at 31 March 2026 is a net asset of £12.564 million (net asset of £13.899 million at 31 March 2025) before any adjustment for the asset ceiling. The Authority's chosen methodology, as advised to the actuary, assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available in this form. The methodology assumes that economic benefit is available to the Authority as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

Local Government Pension Scheme assets comprised

The scheme assets are broken down into categories that accurately reflect the risks that are faced by the scheme, splitting the assets into two types, those that have a quoted market price in an active market and those that do not. The pension scheme assets comprised:

Proportion of the Fair Value of the Scheme Assets by Category								
	2025/26				2024/25			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %
Property								
UK	0.0	2,911.9	**2,911.9**	**9%**	0.0	2,680.2	**2,680.2**	**8%**
Total	**0.0**	**2,911.9**	**2,911.9**	**9%**	**0.0**	**2,680.2**	**2,680.2**	**8%**
Other Investment Funds								
Infrastructure	0.0	1,598.6	**1,598.6**	**5%**	0.0	1,501.3	**1,501.3**	**5%**
Equities	15,627.0	0.0	**15,627.0**	**48%**	15,506.3	0.0	**15,506.3**	**49%**
Bonds	9,929.6	0.0	**9,929.6**	**30%**	9,442.4	0.0	**9,442.4**	**30%**
Other	0.0	1,203.4	**1,203.4**	**4%**	0.0	1,252.5	**1,252.5**	**4%**
Total	**25,556.6**	**2,802.0**	**28,358.6**	**87%**	**24,948.7**	**2,753.8**	**27,702.5**	**87%**
Private Equity	0.0	1,238.3	**1238.3**	**4%**	0.0	1,060.6	**1,060.6**	**3%**
Cash and cash equivalents	220.2		**220.2**	**1%**	224.7	0.0	**224.7**	**1%**
Total Assets	**25,776.8**	**6,952.2**	**32,729.0**	**100.0%**	**25,173.4**	**6,494.6**	**31,668.0**	**100.0%**

Scheme Liabilities in respect of Active Members, Deferred Members and Pensioner Members

The following table shows the scheme liabilities in respect of active members, deferred members and pensioner members:

Scheme Liabilities in respect of Active, Deferred and Pensioner Members		
	Liability Split	Liability Split
2025/26	**£'000**	**%**
Active members	9,465	46.9%
Deferred members	4,861	24.1%
Pensioner members	5,839	29.0%
Total	**20,165**	**100%**
2024/25	**£'000**	**%**
Active members	12,530	70.5%
Deferred members	2,909	16.4%
Pensioner members	2,330	13.1%
Total	**17,769**	**100%**

Note: the figures in the above tables are for the funded liabilities only and do not include any unfunded pensioner liabilities.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method (i.e. an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.).

The scheme's liabilities has been estimated by the actuary based on the latest full valuation in the latest full valuation of the scheme as at 31 March 2025 rolled forward to the Balance Sheet date allowing for the different assumptions required by accounting standards.

Risks and uncertainties are inherently associated with the assumptions that are adopted. The actuary has adopted assumptions which are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty with such projections.

The following table shows the principal assumptions used by the actuary at 31 March 2026:

Basis for Estimating Assets and Liabilities		
	31 March 2026	31 March 2025
Long term expected rate of return on assets in the scheme		
Equity investments	6.30%	5.85%
Bonds	6.30%	5.85%
Property	6.30%	5.85%
Cash	6.30%	5.85%
Mortality assumptions		
Longevity at 65 for current pensioners:		
• men	21.9 years	21.0 years
• women	25.1 years	24.8 years
Longevity at 65 for future pensioners:		
• men	23.2 years	22.7 years
• women	26.2 years	25.7 years
Financial assumptions		
Rate of inflation	3.00%	2.70%
Rate of increase in salaries	4.50%	4.20%
Rate of increase in pensions	3.00%	2.70%
Rate for discounting scheme liabilities	6.30%	5.85%
Expected total return on assets	6.30%	5.85%
Take up of option to convert annual pension in retirement grant	*	*

** Pre April 2008 50% and post April 2008 75%*

IAS 19 requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures prepared by the actuary in their actuarial report are unlikely to reflect either the actual eventual cost of providing the benefits or the likely level of contributions to fund the Authority's obligations to the Fund. The net liability position may change significantly due to relative changes in the equity and bond markets at the reporting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The following table shows the sensitivities regarding the principal assumptions that show the increase in percentage terms and monetary values that the changes have on the scheme liabilities.

Change in assumptions at 31 March 2026	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	437
1 year increase in member life expectancy	4%	807
0.1% increase in the Salary Increase Rate	0%	8
0.1% Increase in the Pension Increase Rate (CPI)	2%	429

Impact on the Authority's Cash Flows

The Fund strives to maintain reasonably stable employer contribution rates where appropriate and possible. The overall funding position for the Pension Fund is monitored each quarter. The contributions paid by the Authority are set by the Fund actuary at each triennial actuarial valuation (the most recent being as 31 March 2025) or at any other time as instructed to do so by the administering authority. The contributions payable over the period to 31 March 2026 are set out in the Rate and Adjustments certificate. The following table is the projected amount to be charged to the CIES for the financial year to 31 March 2027:

Projected Defined Benefit Cost for the Period Ended 31 March 2027	
	Net Asset / (Liability)
	£'000
Projected current service cost	(691)
Total Service Cost	**(691)**
Interest income on plan assets	2,088
Interest cost on defined benefit obligation	(1,291)
Interest on the effect of the asset ceiling	(792)
Total Net Interest Cost	**5**
Total Charge to CIES	**(686)**

The actuary has estimated the employer's contributions for the period to 31 March 2027 will be approximately £0.864 million.

The weighted average duration (the weighted average time until payment of all expected future discounted cash flows, determined based on membership and the financial and demographic assumptions as at the most recent actuarial valuation) of the defined benefit obligation for scheme members is 23 years.

21. Members' Allowances and Expenses

During 2025/26, the Authority paid £0.145 million (£0.136m 2024/25) of allowances to members; in addition members claimed £0.010 million (£0.011m 2024/25) in expenses which were reimbursed by the Authority. Details of allowances and expenses paid in 2025/26 are published on the Authority's website.

22. External Audit Costs

The Authority is due to pay £0.051 million (£0.060 million 2024/25) to the external auditor in respect of the audit of the financial statements. In 2025/26 the Authority received a contribution from central government of £0.008 million towards the increase in the 2025/26 audit fee (£0.008 million 2024/25).

23. Agency Services

The Authority has the following agency arrangements:

Value Added Tax (VAT)

The Authority acts as an agent of Her Majesty's Revenue and Customs (HMRC) for the collection of VAT. The Authority has a net debtor of £0.228 million at 31 March 2026 (2024/25 £0.200 million) for the amount due from HMRC at the end of the financial year.

Payroll Taxes and National Insurance

The Authority acts as an agent of HMRC for the collection of income tax and national insurance on behalf of employees. The Authority has a net creditor of £0.148 million at 31 March 2026 (£0.131 million 2024/25) for the amount due to HMRC at the end of the financial year.

Planning Service

There are 15 local authorities whose boundaries fall within the Park. During 2025/26, four of these local authorities provided the majority of the planning service on behalf of the Authority under a legal agreement signed between each local authority and the park. The remaining eleven local authorities continue to opt out of this arrangement and applications within these boundaries were dealt with by

the Authority. The net payment to these four local authorities in 2025/26 amounted to £1.320 million (£1.497 million 2024/25) which included £0.742 million (£0.613 million 2024/25) income received in relation to application fees

24. Organisation Restructure

The Authority restructured in 2025/26 and the prior year directorate spend, and income in the CIES has been restated to reflect this so that the two years are comparable. The prior years original directorates with spending and income detail can be found in the council's 2024/25 Statement of Accounts on the council's website. The net expenditure movement to the new structure is set out below:

Organisation Restructure						
	Cost of Services as per the 2024/25 accounts	Corporate Services	Growth & Organisational Development	Landscape and Operations	Placemaking	Strategic Projects
	£'000	£'000	£'000	£'000	£'000	£'000
Planning	3,443	0	0	0	3,443	0
Countryside and Policy Management	2,771	0	143	2,569	5	54
Seven Sisters Country Park	345	456	0	0	(111)	0
Corporate Services	4,318	2,871	1,446	0	0	0
Strategic Projects	1,955	0	0	0	0	1,955
	12,831	**3,327**	**1,590**	**2,569**	**3,337**	**2,009**

Accounting Policies (detailed)

General

The Statement of Accounts (i.e. financial statements) summarises the Authority's transactions for the reported financial year and its position at the end of the financial year. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

It is not the Authority's policy to adjust for immaterial cross-casting differences between the main statements and the disclosure notes.

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. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud.

Changes in accounting estimates are accounted for prospectively (i.e. in the current and future financial 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.

Accounting Concepts

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items within the financial statements. In preparing information for the financial statements, the Authority has regard to the underlying assumptions and qualitative characteristics:

- **Relevance** – the financial statements are prepared with the objective of providing information about the Authority's financial performance and position that is useful for assessing the stewardship public funds and for making financial decisions.
- **Materiality** – the concept of materiality has been utilised in preparing the financial statements (i.e. if omitting or misstating information would affect the interpretation of the financial statements and influence decisions that users make).
- **Faithful Representation** – the financial information included in the financial statements is complete within the boundaries of materiality, free from material error and free from deliberate or systematic bias.
- **Comparability** – the financial statements are prepared in accordance with the requirements of the Code which establishes proper practice in relation to consistent financial reporting and aids comparability with other national park authorities.

- **Verifiability** – the financial information included in the financial statements faithfully represents the financial position, performance, and cash flows of the Authority. The Authority includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements.
- **Timeliness** – the information included in the financial statements is available to decision makers in time to be capable of influencing their decisions.
- **Understandability** – the financial statements are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to ensure that the financial information included in the financial statements is presented clearly and concisely and notes and commentaries are provided that explain and interpret the key elements of the financial statements for the user.
- **Going Concern** – the financial statements are prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. As National Park Authorities cannot be created or dissolved without statutory prescription, the Authority must prepare its financial statements on a going concern basis.

Grants and Contributions

Whether paid on account, by instalments or in arrears, grants and contributions 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 CIES until 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 condition are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Revenue grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (in respect of attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (in respect of non-ring-fenced revenue grants) within the CIES. Revenue grants or contributions with no conditions attached are recognised as income within the CIES at the point of receipt.

Capital grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as capital grants receipts in advance. When the conditions are satisfied, the grant or contribution is credited to taxation and non-specific grant within the CIES. Where capital grants or contributions are credited to the CIES, they are reversed out of the General Fund balance in the MiRS.

Revenue Recognition

Revenue is recognised in accordance with IFRS 15 - Revenue Recognition from Contracts with Customers and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). Prior to this revenue was recognised under IAS 18 – Revenue. Under IFRS15, the principles of revenue recognition are determining if the transaction is an exchange or non-exchange transaction. With non-exchange transactions there is no or only nominal consideration in return. The obligating extent is often determined by statutory prescription (e.g. VAT or a fine for breach of law) or may be a donation or bequest. For exchange transactions, assets or services and liabilities of approximately equal value are exchanged. There is a contract which creates right and obligations. Performance obligations in the contract have to be measured and the transaction price allocated to these obligations. Revenue is recognised when the performance obligations are satisfied. Examples include sales, fees and charges for services provided by the Authority.

Charges to Revenue for Property, Plant and Equipment (PPE)

Services and support services are debited with the following amounts to record the cost of holding non-current assets during the financial year: depreciation attributable to the assets used by the relevant service; revaluation losses on assets used by the service where there are no accumulated gains in the revaluation reserve against which losses can be written off. The Authority is not required to raise funds to fund depreciation and revaluation losses, therefore the charges are transferred from the General Fund balance to the CAA through the MiRS.

Value Added Tax (VAT)

The CIES excludes amounts relating to VAT and VAT payable is included as an expense only to the extent that it is not receivable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the CIES. The net amount due to / from HMRC in respect of VAT is included as a creditor / debtor on the Balance Sheet.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on demand. The Authority defines cash equivalents as highly liquid investments which are no longer than three months and represent the investment of cash surpluses lent to cover cash shortages. They are readily convertible to known amounts of cash with insignificant risk of change in value.

In terms of cash flow and treasury management, the Authority collectively manages its cash equivalents and cash on the Balance Sheet. The Authority uses the indirect method to present its revenue activities cash flows, whereby the surplus/deficit on the provision of services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing cash flows.

Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the end of the financial year. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees. They are recognised as an expense for services in the financial year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave) earned by the employees but not taken before the end of the financial year which employees can carry forward into the next financial year in which the employee takes the benefit. The accrual is charged to services within the CIES but then reversed out through the MiRS to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the leave absence occurs.

Termination Benefits

When the Authority is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy, the costs of termination benefits are charged on an accruals basis to the respective service within the CIES, this is at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the financial year, not the amount calculated according to the relevant accounting standards. In the MiRS, transfers 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 the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the end of the financial year.

Post Employment Benefits

Employees of the Authority are entitled to become members of the Local Government Pension Scheme, administered by West Sussex County Council, according to the terms of their employment.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme.

The liabilities of the pension scheme attributable to the Authority are included on the Balance Sheet on an actuarial basis. The basis of calculation is the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees).

Liabilities are discounted to their present value, using a discount rate (determined in reference to market yields at the 31 March of high-quality bonds).

The assets of the pension scheme attributable to the Authority are included on 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 pension liability (asset) of the Authority is analysed into the following components:

- service cost comprising:
    - current service cost – the increase in liabilities as a result of years of service earned in the current financial year – this cost is allocated within the CIES 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 financial years – this cost is debited to non-distributed costs within the CIES.
    - net interest on the net defined benefit liability (asset) (i.e. net interest expense for the Authority) – the change during the financial year in the net defined benefit liability (asset) that arises from the passage of time calculated by multiplying the net defined benefit liability (asset) by the discount rate, both as determined at the start of the financial year taking into account any changes in the net defined benefit liability (asset) during the financial year as a result of contribution and benefit payments – this is charged to financing and investment income and expenditure within the CIES.
- remeasurements comprising:
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve.
    - 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 – these are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve.

- contributions paid to the pension scheme – cash paid as employer's contributions to the scheme in settlement of liabilities – these are charged to services within the CIES.
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

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 scheme or directly to pensioners in the financial year, not the amount calculated according to the relevant accounting standards. Transfers are made through the MiRS 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 scheme and pensioners and any such amounts payable but unpaid the end of the financial year. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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 employee are accrued during the financial year of the decision to make the award and accounted for using the same accounting policies as are applied to the Local Government Pension Scheme.

Financial Assets and Liabilities – Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial Assets

Financial Assets are classified based on a classification and measurement approach which reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Authority's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified as amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits for interest receivable are credited to financing and investment income and expenditure within the CIES and are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument; for most of the loans that the Authority has made, this means that the amount presented on the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the loan agreement in the financial year.

Any gains / losses that arise on derecognition of the asset are credited / debited to financing and investment income and expenditure within the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all its financial assets held at amortised cost on either a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has significantly increased since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not significantly increased, or remains low, losses are assessed on the basis of 12-month expected losses.

Provisions

Provisions are made where an event has taken place whereby the Authority has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential to settle the obligation, and a reliable estimate can be made of the amount of the obligation. For example, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service within the CIES in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the year end. Where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service within the CIES.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover general contingencies and cash flow management.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then transferred back to the General Fund balance in the MiRS so that there is no net charge against the General Fund for the expenditure.

The category of unusable reserves includes those reserves which manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Authority; these reserves are covered in the relevant accounting policies and explained in the relevant notes.

The Authority conducts an annual review of the reserves to ensure they are still required and are set at the appropriate level.

Overheads and Support Services

The costs of central and departmental overheads (i.e. management and administration costs) and support services are charged to those services that benefit from the supply or service in accordance with the Authority's arrangements for accountability and financial performance.

Property, Plant and Equipment (PPE)

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 PPE.

Recognition

Expenditure on the acquisition, creation or enhancement of PPE 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 economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the relevant cost of service within the CIES as it is incurred. The Authority has a de minimis level of £20,000 for land and buildings and vehicles, plant, and equipment; items of expenditure below this de minimis level are charged to the relevant cost of services within the CIES in the year it is incurred. The Authority has no de minimis level for enhancement expenditure and therefore all enhancement expenditure is capitalised.

Measurement

PPE assets are initially measurement at cost comprising purchase price, 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 the Authority, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The costs of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority).

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

- non-property assets that have short useful lives or low values (or both) (i.e. vehicles, plant, and equipment) – depreciated historical cost is used as a proxy for current value.
- land and building assets – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- infrastructure assets - depreciated historical cost.

Assets included on the Balance Sheet at current value are currently revalued annually by the Authority. The Authority will transition to the Code requirements for indexation in 2026/27.

Increases in valuation are matched by credits to the revaluation reserve to recognise unrealised gains, unless the increase is reversing a previous revaluation decrease or impairment loss charged to services within the CIES in respect of the asset in which case the revaluation increase may be credited to the CIES.

Decreases in valuations 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) and 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 within the CIES.

Revaluation gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA. At the end of each financial year, assets are assessed as to whether there is any indication that an asset may be impaired.

Depreciation

Depreciation is applied to all PPE assets, except for assets without a determinable finite useful life (i.e. freehold land). The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a straight-line allocation method, and is charged to the relevant service(s) within the CIES. General Fund depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA. The Authority does charge depreciation in the year of acquisition.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset on the balance sheet is written off to other operating expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Capital receipts are required to be credited to the capital receipts reserve and can then only be used for new capital investment. Receipts are credited to the CIES and subsequently transferred to the capital receipts reserve from the General Fund balance in the MiRS. The written off value of disposals is not a charge against the General Fund balance, as the cost of PPE is fully provided for under separate arrangements for capital financing. Amounts are transferred to the CAA from the General Fund balance in the MiRS.

Asset Componentisation

The Authority only considers assets for componentisation in the financial year the assets are valued and / or in the year following capital investment being incurred on the asset. As the Authority does not depreciate assets in the year of acquisition, capital additions are not considered for componentisation until the following financial year.

Componentisation is only applied to building elements of assets categorised as PPE and that are subject to depreciation. Vehicles, plant, and equipment assets are not componentised as they do not have separately identifiable components of significant value or a significant difference in asset life. The Authority does not currently consider infrastructure assets for componentisation.

Leases

The Authority as lessee

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as Right-of-Use (ROU) assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods more than one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate.

The ROU asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The ROU asset is subsequently measured using the fair value model. The Authority considers the dismantling to be a reasonable proxy except for assets held under non-commercial leases. For these leases, the asset is carried at a revalued amount.

The ROU asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured using amortised cost principles (i.e. increased by interest on the lease liability and reduced by lease payments made).

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- the Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the CIES.

Low value and short lease exemption

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the CIES includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against the General Fund balance, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the MiRS.

The Authority as lessor

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 or item of plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether PPE or assets held for sale) is written off to the other operating expenditure line within the CIES as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line within the CIES 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

As lessor, the Authority recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received), and finance income (credited to financing and investment income and expenditure within the CIES). The finance income is calculated so as to produce a constant periodic rate of return on the net investment; the Authority uses approximation to allocate lease payments between the repayment of principal and finance income.

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written off value of disposals is not a charge against the General Fund balance, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance.

Operating leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. As lessor, the assets are accounted for in accordance with the Authority's PPE policy. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Rental income from operating leases is recognised over the lease term and is credited to the other operating income and expenditure line in the CIES. 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.

Events after the Reporting Period

Events after the end of the financial year are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the statement of accounts is authorised for issue. Two types of events can be identified: adjusting events - those that provide evidence of conditions that existed at the end of the financial year. In this instance, the statement of accounts is adjusted to reflect such events; non-adjusting events - those that are indicative of conditions that arose after the financial year end. In this instance, 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.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

Interests in Companies & Other Entities

An assessment of the authority's interest in companies and other entities has been carried out during the year in accordance with the Code to determine the group relationships that exist. Group accounts are required where the Authority has interest in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. The Authority has a material interest in the South Downs South Downs Commercial Operations Ltd which requires it to prepare group accounting alongside its own financial statements.

Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure (e.g. grants and expenditure on property not owned by the authority) incurred by the authority to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset; this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund balance. Such expenditure is charged to the relevant service within the CIES. The authority accounts for this statutory provision that allows capital resources to meet the expenditure by debiting the Capital Adjustment Account and crediting the General Fund balance with the transfer being reported in the MiRS.

Glossary of Terms

Accounting Estimates are monetary amounts in financial statements that are subject to measurement uncertainty

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting its financial statements.

The **Accruals Basis** is the recognition of items as assets, liabilities, income, and expenses when they satisfy the definitions and recognition criteria. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the financial year in which those effects are experienced and not necessarily in the period in which any cash is received or paid.

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 financial year (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the accumulated absences account.

Actuarial Gains and Losses (Pensions) are changes in the present value of the defined benefit obligation resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred);
- the effects of changes in actuarial assumptions.

The **Amortised Cost of a Financial Asset or Financial Liability** is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method (i.e. a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period) of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

An **Asset** is a resource controlled by the Authority as a result of past events and from which future economic or service potential is expected to flow to the Authority.

The **Asset Ceiling (Pensions)** is the present value of any economic benefit available to the Employer in the form of refunds from the plan or reduced future employer contributions to the plan.

An **Audit of Financial Statements** is an examination by an independent expert of the Authority's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

The **Balance Sheet** shows the value of the assets and liabilities recognised by the Authority as at the 31 March.

Benefits Payable during Employment covers:

- short term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees.
- benefits earned by current employees but payable 12 months or more after the end of the financial year, such as long service leave or jubilee payments and long-term disability benefits.

A **Budget** expresses the Authority's service delivery plans and capital investment programmes in monetary terms.

The **Capital Adjustment Account (CAA)** absorbs the timing differences arising from the different arrangements for accounting for the consumption of PPE and for financing the acquisition, construction, or enhancement of those assets under statutory provisions.

Capital Investment is expenditure on the acquisition of an asset that will be used to provide services beyond the financial year or expenditure which adds to and not merely maintains the value of existing PPE.

The **Capital Investment Programme** is a financial summary of the capital projects that the Authority intends to carry out over a specified period of time.

A **Capital Receipt** is the proceeds from the sale of an asset.

The **Capital Receipts Reserve** holds the proceeds from the disposal of non-current assets, which are restricted by statute from being used other than to fund new capital investment to be set aside to finance historical capital investment.

Capital Reserves represent resources earmarked to fund capital schemes as part of the Authority's capital investment strategy.

The **Carrying Amount** is the amount at which an asset is recognised on the Balance Sheet after deducting any accumulated depreciation.

Cash comprises cash in hand and demand deposits.

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows are the inflows and outflows of cash and cash equivalents.

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the Authority during the financial year.

The **Commencement of the Lease Term** is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income, or expenses resulting from the lease).

The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the National Park Grant.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.

Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

A **Current Asset** is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading, or the Authority expects to realise the asset within 12 months after the reporting date.

A **Current Liability** is an amount which will become payable or could be called in within the next financial year.

Current Service Cost (Pensions) is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Current Value is the amount that reflects the economic environment prevailing for the service or function the asset is supporting.

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

A **Defined Benefit Scheme (Pensions)** is a pension scheme where the benefits to employees are based on their salaries, and where employers' contributions have to be adjusted to match estimates of future liabilities.

Depreciation is a method of allocating the cost of a tangible asset over its useful life.

Dismantling / removal / restoration costs are an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Employee Benefits are all forms of consideration given by the Authority in exchange for service rendered by employees.

Employee Expenses include total salaries, employers' national insurance contributions, employers' pension contributions and indirect employee expenses including redundancy costs and pension accounting adjustments.

Estimation Techniques are the methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses, and changes to reserves.

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue.

The **Expenditure and Funding Analysis (EFA)** shows how the available funding (i.e. the National Park Grant) has been used in providing services in comparison with those resources consumed or in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the service directorates.

Exit Packages are departure costs paid to former employees who negotiate a package as part of their terms of leaving the Authority.

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves.

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fees, Charges and Other Service Income include contributions received from other local authorities and other bodies.

A **Financial Asset** is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Authority.

A **Finance Lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

A **Financial Liability** is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Authority.

A **Financial Instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and includes trade payables and other payables, bank deposits, trade receivables and loans receivable.

Financing Activities are activities that result in changes in the size and composition of the principal received from or repaid to external providers of finance.

The **General Fund** is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise.

The **General Fund Balance** shows the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

Going Concern defines that the functions of the Authority will continue in operational existence for the foreseeable future.

Government Grants are grants made by the Government towards either revenue or capital investment to support the cost of the provision of the Authority's services.

Grants and Contributions are assistance in the form of transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities.

Historical Cost is the carrying amount of an asset at the date of acquisition and adjusted for subsequent depreciation.

The **Implicit interest rate** is the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

The **Inception of the Lease** is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Income is the gross inflow of economic benefits or service potential when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves.

The **Incremental Borrowing Rate** is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of- use asset in a similar economic environment. This will be the PWLB annuity certainty rate for the period equal to the outstanding lease term at transition

Indexation is the process local authorities use to adjust the carrying value of Property, Plant, and Equipment (PPE) to reflect current market and construction cost changes between full professional valuations. It ensures the value of an asset is kept materially up to date for movements in variables, eg build costs.

An **Infrastructure Asset** is an inalienable asset, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use.

The **Interest Cost (Pensions)** is the expected increase in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Interest Income (Pensions) is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate.

International Accounting Standards (IAS) are standards for the preparation and presentation of financial statements.

International Financial Reporting Standards (IFRS) advise the accounting treatment and disclosure requirements of transactions so that the Authority's accounts present fairly the financial position of the Authority.

Inventories are assets:

- in the form of materials or supplies to be consumed in the production process.
- in the form of materials or supplies to be consumed or distributed in the rendering of services.
- held for sale or distribution in the ordinary course of operations; or

- in the process of production for sale or distribution.

Investing Activities are activities relating to the acquisition and disposal of PPE and other investments not included in cash equivalents.

A **Lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

A **Liability** is a present obligation of the Authority arising from past events, the settlement of which is expected to result in an outflow from the Authority of resources embodying economic benefits or service potential.

Loans and Receivables are financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the entity intends to sell immediately or in the near term (held for trading); or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (available for sale).

Materiality - omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

The **Movement in Reserves Statement (MiRS)** shows the movement during the financial year on the different reserves held by the Authority, analysed into usable reserves and unusable reserves.

The **Net Defined Benefit Liability (Obligation) (Pensions)** is the deficit, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The **Net Interest on the Net Defined Benefit Liability (Pensions)** is the change during the period in the net defined liability that arises from the passage of time.

The **Net Realisable Value** is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Non-Ring-Fenced Government Grants are revenue grants distributed by central government that do not relate to the performance of a specific service. The Authority is free to use all of its non-ring-fenced funding as it sees fit to support the delivery of local, regional, and national priorities in the Park's area.

An **Operating Lease** is a type of lease, e.g. computer equipment, office equipment, furniture etc. where the balance of risks and rewards of holding the asset remains with the lessor.

Operating Activities are the activities of the Authority that are not investing or financing activities.

Other Comprehensive Income and Expenditure comprises items of expense and income (including reclassification adjustments) that are not recognised in the surplus / deficit on the provision of services as required or permitted by the Code. Examples include changes in the remeasurement of the net defined benefit pension liability (asset) on a defined benefit scheme.

Other Service Expenses include:

- premises expenses including all running costs, expenditure on goods, services and contractors directly related to property.
- transport expenses including all costs connected with the provision, hire or use of transport.
- supplies and services covering all direct supplies and services expenditure incurred.

- third party payments including, for example, payments to third party providers of local authority services and other bodies.
- support service charges including the recharge of management and administration costs and support service costs (e.g. financial services, human resources, legal services, and property services) to front line services and internal recharges between services.

Past Service Cost (Pensions) is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a scheme amendment (the introduction of, or withdrawal of, or changes to, a defined benefit scheme) or a curtailment (a significant reduction by the Authority in the number of employees covered by a scheme).

The **Pension Reserve** is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the Authority's recognised liability under IAS 19 *"Employee Benefits"*, for the same period.

Post Employment Benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

The **Present Value of a Defined Benefit Liability (Pensions)** is the present value, without deducting any scheme assets, of expected future payments required to settle the liability resulting from employee service in the current and prior periods.

Property, Plant and Equipment (PPE) are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and which are expected to be used during more than one financial year.

A **Provision** is a liability of uncertain timing or amount. The Authority recognises a provision where an event has taken place that gives the Authority a present obligation (legal or constructive) that requires settlement by either a transfer of economic benefits or service potential to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The **Public Works Loan Board (PWLB)** is a central government agency which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

A **Qualified Valuer** is a person conducting the valuations who holds a recognised and relevant professional qualification and having sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

Related Party - parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

A **Related Party Transaction** is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Reserves are the residual interest in the assets of the Authority after deducting all its liabilities.

The **Residual Value** is the estimated amount that the Authority would currently obtain from the disposal of an asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Revenue is the gross inflow of economic benefits or service potential during the financial year when those inflows result in an increase in the Authority's net assets.

Revenue Expenditure is the day to day running costs relating to the financial year irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies, and services.

Revenue Expenditure Funded from Capital under Statute is revenue expenditure incurred that may be funded from capital resources under statutory provisions but does not result in the creation of non-current assets.

Ring Fenced Government Grants are revenue grants distributed by central government that relate to a specific service.

A **Scheme Amendment (Pensions)** occurs when the Authority introduces or withdraws a defined benefit scheme or changes the benefits payable under an existing defined benefit scheme.

Scheme Assets (Pensions) comprise assets held by a long-term employee benefit scheme.

Scheme Liabilities (Pensions) comprise liabilities in relation to a long-term employee benefit scheme.

Short Term Paid Absences are periods during which an employee does not provide services to the Authority, but benefits continue to be paid.

Short Term Employee Benefits are employee benefits (other than termination benefits) that fall due wholly within 12 months after the end of the period in which the employees render the related service.

The **Surplus or Deficit on the Provision of Services** is the total of income less expenses, excluding the components of other comprehensive income and expenditure.

A **Tangible Asset** is an asset that has a physical form.

Termination Benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Authority's decision to terminate an employee's employment before the normal retirement date, or the Authority's decision to accept an offer of benefits in exchange for the termination of employment.

Total Comprehensive Income and Expenditure comprises all components of surplus / deficit on the provision of services and of other comprehensive income and expenditure.

Unusable Reserves are those reserves that the Authority is not able to use to provide services and includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the MiRS as adjustments between accounting basis and funding basis under regulations.

Usable Reserves are those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The **Useful Life** is the period which an asset is expected to be available for use by the Authority.

Value Added Tax (VAT) is an indirect tax levied on most business transactions and on many goods and some services.

Independent Auditor's Report to the Members of the South Downs National Park Authority

To be included once the Audit has been completed

South Downs National Park Authority
Statement of Accounts 2025/26
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