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A member of the Association of National Park Authorities
This matter is being dealt with by:
Judy Coles, Corporate Support Officer
Direct Line: (01398) 322250

22 November 2021

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

To: All Members of the Final Accounts Committee of the Exmoor National Park Authority

A meeting of the Final Accounts Committee will be held in the **Committee Room, Exmoor House, Dulverton** on **Thursday 1 December 2022 at 2.00pm**.

The meeting will be open to the press and public subject to the passing of any resolution under s.100(A)(4) of the Local Government Act 1972.

This meeting will be audio & video recorded. By entering the Authority's Committee Room and speaking during Public Speaking you are consenting to being audio & video recorded.

There is a Public Speaking at this meeting, when the Chairman will allow members of the public two minutes each in which to ask questions, make statements, or present a petition relating to any item on the Agenda. Anyone wishing to ask questions should notify the Corporate Support Officer by 4pm on the working day before the meeting of the agenda item on which they wish to speak, indicating a brief summary of the matter or matters to be raised (contact details are set out above).

Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings at this meeting. Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman so that those present may be made aware.

(The agenda and papers for this meeting can be downloaded from the National Park Authority's website www.exmoor-nationalpark.gov.uk).

Sarah Bryan
Chief Executive

A G E N D A

1. **Apologies for Absence**

2. **Declarations of Interest:** Members are asked to declare any interests they may have in relation to items on the agenda for this meeting.

3. **Minutes:** (1) To approve as a correct record the Minutes of the meeting of the Final Accounts Committee held on 11 January 2022 (Item 3).

   (2) To consider any Matters Arising from those Minutes.

4. **Public Speaking**
   The Chairman will allow members of the public to ask questions, make statements or present a petition on any matter on the Agenda for this meeting.

5. **Statement of Accounts for 2021/22**

   To consider the report of the Chief Finance Officer (Item 5).

   Representatives from Grant Thornton will be in attendance to introduce the Audit Findings Report for 2021/22.

   - To consider the Audit Findings Report for 2021/22.
   - To consider and approve the Letter of Representation.
   - To adopt the Statement of Accounts for 2021/22.

   The Statement of Accounts to be signed by the Chairman.

6. **Any Other Business of Urgency**

Details of the decisions taken at this meeting will be circulated in the formal Minutes, which the Committee will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions can be obtained from Judy Coles, Corporate Support Officer, at Exmoor House. These documents can also be made available in alternative formats such as large print, on tape and on disc.

ITEM 3

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

MINUTES of the meeting of the Final Accounts Committee of the Exmoor National Park Authority held on Tuesday 11 January 2022 at 10.00am in the Committee Room, Exmoor House, Dulverton.

PRESENT
Mr R Milton (Chairperson)
Miss A V Davis
Mr M Ellicott
Mrs F Nicholson
Mr S Pugsley
Miss E Stacey
Mr V White

In Attendance:
Mr G Bryant, Chief Finance Officer
Mr M Bartlett, Grant Thornton *(via Microsoft Teams connection)*
Mr G Mills, Grant Thornton *(via Microsoft Teams connection)*
Ms J Coles, Corporate Support Officer *(notetaker)*

1. **APOLOGIES FOR ABSENCE:** Apologies for absence were received from Mr J Patrinos and Mr N Thwaites

2. **DECLARATIONS OF INTEREST:** There were no declarations of interest.

3. **MINUTES:** The **Minutes** of the meeting of the Final Accounts Committee held on 6 October 2020 were approved as a correct record. There were no matters arising.

4. **PUBLIC QUESTION TIME:** There were no speakers at public question time.

5. **STATEMENT OF ACCOUNTS FOR 2020/21**

   The Committee considered the **report** of the Chief Finance Officer.

   Gareth Mills and Mark Bartlett of Grant Thornton joined the meeting remotely via Microsoft Teams, and presented the Audit Findings Report to the Committee which summarised the 2020/21 audit of the Authority's financial statements and its arrangements to secure value for money in its use of resources.

The Committee was advised that the audit process was now fully complete and, subject to this meeting approving the accounts and the letter of representation being signed, the audit opinion would be released shortly.

It was confirmed that Grant Thornton would issue a clean unqualified audit opinion, however it would include an emphasis of matter paragraph around the material uncertainty on the valuation of the Authority's land and buildings. This was consistent with the previous year as a result of the impact of the Covid-19 pandemic

It was noted that the National Audit Office had introduced a new Code of Audit Practice for the 2020/21 audit year, which introduced a revised approach to the audit of Value for Money (VFM). As a result, whilst sufficient VFM work had been carried out to enable the accounts audit opinion to be issued, the Audit Certificate could not be issued until all VFM work had been fully completed, which would be within the next 3 months.

The audit concluded that the draft financial statements and supporting working papers were prepared to a high standard and gave a true and fair view of the Authority's reported financial position as at 31 March 2021. Based on the work performed during the audit, it was confirmed that the Authority had in place proper corporate arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Committee thanked the Chief Finance Officer and his team, along with the team at Grant Thornton, for their very professional work on behalf of the Authority.

RESOLVED:

1. To receive the Audit Findings Report of the External Auditor as set out in Annex 1 to the report and to confirm that the changes contained within the report have been carried out.
2. To authorise the Chief Finance Officer to issue the letter of representation as set out in Annex 2 to the report.
3. To adopt the Statement of Accounts for 2020/21 as set out in Annex 3 to the report.

6. ANY OTHER BUSINESS OF URGENCY: There was none.

The meeting closed at 10.25am.

(Chairperson)

ITEM 5

EXMOOR NATIONAL PARK AUTHORITY

FINAL ACCOUNTS COMMITTEE

1 December 2022

STATEMENT OF ACCOUNTS FOR 2021/22

Report of the Chief Finance Officer

Purpose of Report: To introduce the Audit Findings Report of the External Auditor and present the Statement of Accounts for 2021/22 for adoption.

RECOMMENDATIONS: The Final Accounts Committee is recommended to:

1. **RECEIVE** the Audit Findings Report of the External Auditor at Annex 1 and **CONFIRM** that the changes contained within the report, have been carried out.
2. **AUTHORISE** the Chief Finance Officer to issue the letter of representation as set out in Annex 2.
3. **ADOPT** the Statement of Accounts for 2021/22 as set out in Annex 3.

Authority priority: Develop and maintain effective and efficient services.

Legal and equality implications: Local Government Act 2003, Parts 1-3 (Capital Finance, Financial Administration and Grants), Sections 1-39 Accounts and Audit (England) Regulations 2011, Part 2 (Financial Management and Internal Control)

CIPFA Code of Practice on Local Authority Accounts in the United Kingdom 2013 (the CODE).

The equality and human rights implications of this report have been assessed as having no impact on any particular individual or body.

Financial and risk implications: The external auditor's fees are provided for in the annual budget and the assurances given by the auditors form a key part of the Authority's risk management and governance processes. The additional charge sought is still to be confirmed.

Climate change response: This report does not have an adverse impact on our ability to respond to Climate Change.

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1. The Audit Findings Report

1.1 The Audit Findings Report has been produced by Gareth Mills, Director for Grant Thornton, and is attached at Annex 1. It is anticipated that an auditor from Grant Thornton will be virtually attending the Committee to present this report to Members.

2. Letter of Representation

2.1 Annually the letter of representation is given by the Chief Finance Officer on behalf of the Authority.

2.2 It is regarded as best practice for the letter to be approved by the Final Accounts Committee before signing and attached as Annex 2 of this report is the letter proposed for 2021/22. This follows the usual format required by the External Auditors and Members are recommended to approve it for signature.

3. Statement of Account

3.1 The accounts of the Authority have been prepared on a going concern basis. This is based upon the judgement of management that:

- the Authority has a history of stable finances, responsible budget setting and has access to financial resources in the future; and
- there are no significant financial, operating or other risks that would jeopardise the Authority's continuing operation.

3.2 As a consequence of the external audit, some technical adjustments and disclosures have been made to the accounts – these adjustments will be referred to within the Audit Findings Report. These amendments have an insignificant impact on the financial outcome for 2021/22 and the financial position of the Authority at 31 March 2022. The updated and final Statement of Accounts is attached at Annex 3 for adoption. Following adoption these will be signed by the Chairman.

3.3 I would once again like to place on record my thanks to the Finance Team and other staff involved with the preparation of the Statement of Accounts and the audit process, for their efforts in completing these accounts and also to the audit team at Grant Thornton who carried out their audit in a very professional manner.

Gordon Bryant
Chief Finance Officer
November 2022

Grant Thornton

The Audit Findings (ISA260) Report for Exmoor National Park Authority

Year ended 31 March 2022

15 November 2022

Contents

Your key Grant Thornton team members are:

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Gareth D Mills

Name: Gareth Mills, Key Audit Partner and Engagement Lead for Exmoor National Park Authority

For Grant Thornton UK LLP

Date: 15 November 2022

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Exmoor National Park Authority (‘the Authority’) and the preparation of the Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and the Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed in a hybrid manner, both onsite at Exmoor and remotely, as planned during September through to November.

Our findings are summarised on pages 5 to 15. We have not identified any audit adjustments affecting the primary financial statements or the Authority’s level of useable reserves, although we have identified a number of required adjustments to disclosures. All adjustments and amendments are detailed at Appendix C.

We have also raised a small number of recommendations for management as a result of our audit work, these are noted in the Action Plan at Appendix A. Our follow up of recommendations from the prior year’s audit are detailed at Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (as detailed at Appendix E) or material changes to the financial statements, subject to the satisfactory completion of the following outstanding matters:

- completion of our remaining audit testing of Property, Plant and Equipment (PPE)
- receipt of the pensions assurance letter from the auditor of Somerset Pension Fund and completion of any work arising on the significant audit risk of accounting for the defined benefit net liability
- receipt of the signed management representation letter
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

We anticipate issuing a ‘clean’ unqualified audit opinion will. We are targeting to issue our opinion following the Final Accounts Committee on 1 December 2022.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix F to this report. We expect to issue our Auditor's Annual Report by February 2023. This would be ahead of the National Audit Office's revised deadline for VFM audit work, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any such risks at the planning stage and have not done so in our further work to date.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Authority's VFM arrangements, which will be reported in our Annual Auditor's Report in February 2023.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed and agreed with the Head of Finance and Operations, prior to presenting it to the Final Accounts Meeting on 1 December 2022.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our Audit Plan dated 25 May, and presented to the Authority Meeting on 14 June 2022.

Conclusion

We have substantially completed our audit of your financial statements. Subject to satisfactory completion of the outstanding queries (as detailed on page 3), we anticipate issuing an unqualified 'clean' audit opinion following the Authority Meeting on 1 December 2022. Our proposed audit opinion is detailed at Appendix E.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during the course of our audit.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality from that reported in our Audit Plan due to the actual gross expenditure changing significantly from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table to the right our determination of materiality for the Authority at both the final and planning stages of our audit.

Materiality Area	Amount (£)	Qualitative factors considered
Materiality for the financial statements – final	108,000	Financial statement materiality was determined based on a proportion of the gross expenditure of the Authority for the financial year.
Materiality for the financial statements – planning	*90,000*	
Performance materiality – final	81,000	Set at 75% of materiality.
Performance materiality – planning	*67,500*	
Trivial matters – final	5,400	Set at 5% of materiality.
Trivial matters – planning	*4,500*	
Materiality for for senior officer remuneration	10,000	Due to perceived public interest in these disclosures. There was no change to this materiality level between the planning and final stage of our audit.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our work has not identified any issues in respect of management override of controls.
Valuation of land and buildings The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£19.5 million in the 2021-22 balance sheet) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the current value as at 31 March 2022. The Authority has engaged an external valuer in 2021-22, as in the prior year. We therefore identified the closing valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • evaluated the basis of the valuation • challenged the source data, information, and assumptions used by the valuer to assess completeness and consistency with our understanding, e.g. the build rates in respect of properties valued on a DRC basis • tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register and that accounting adjustments in relation to these revaluations have been processed appropriately Our work to date has not identified any significant issues in respect of the valuation of land and buildings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£12.2m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1%% +/- change in these two assumptions would have approximately 2% +/- effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • requested assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements – this assurance letter is currently outstanding. Given the pension fund liability balance is a significant audit risk, we need to be satisfied that we have sufficient and appropriate audit evidence over these material entries. As such we are closely considering the information that we have received from the actuary and Pension Fund. We also need to review the contents of the assurance from the auditors of the Somerset Pension Fund audit. The timing and content of the information from the Pension Fund auditors will influence the date when we will be in a position to issue our audit opinion on the Authority's accounts. As noted earlier, our audit work on the pension fund net liability is currently in progress. This work is dependent on the progress of the Somerset Pension Fund audit. This may impact our ability to issue our audit opinion after the Final Accounts Meeting on 1 December. We will provide a verbal update to members at the meeting on this issue.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	As reported in our Audit Plan, having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including the Authority, mean that all forms of fraud are seen as unacceptable. There has been no change to our assessment in regard to the risk of improper revenue recognition.
Risk of fraud related to expenditure recognition (PAF Practice Note 10) In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).	As reported in our Audit Plan, we have rebutted this presumed risk for the Authority because: • expenditure is well controlled and the Authority has a strong control environment • the Authority has clear and transparent reporting of its financial plans and financial position to the Authority. There has been no change to our assessment in regard to the risk of fraud related to expenditure recognition.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £19.5m	Land and buildings comprises £1.9m of specialised assets where no market exists which are required to be valued at depreciated replacement cost (DRC). The remainder of the land and buildings (£17.6m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged NPS (SW) Ltd as their management expert to complete the valuation of land and buildings as at 31 March on an annual basis. All assets were revalued as at 31 March 2022. The valuation of properties valued by the valuer has resulted in a net increase of £166k.	We have: • Assessed the competence and expertise of management's expert • Reviewed the completeness and accuracy of the underlying information used to determine the estimate • Reviewed the assumptions used by the expert, including the floor areas • Ensured that there has been no changes to the method used to revalue the assets, and ensured that the method is suitable for the different classes of the assets • Considered the adequacy of disclosure of the estimate in the financial statements. There are no significant issues arising from our work.	● Green

Assessment

- ● [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £12.2m	The Authority's net pension liability at 31 March 2022 is £12.2m (PY £14.1m) comprising the Somerset Pension Fund defined benefit pension scheme obligations. The Authority uses Barnet Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1.9m net actuarial gain during 2021-22.	We have: • Assessed management's expert • Assessed the actuary's approach taken and deemed it reasonable • Used PwC as auditor's expert to assess actuary and assumptions made by actuary (see table below) • Confirmed the completeness and accuracy of the underlying information used to determine the estimate • Confirmed the reasonableness of the Authority's share of LPS pension assets. • Confirmed the reasonableness of the decrease in the liability estimate • Confirmed the adequacy of the disclosure of the estimate in the financial statements Our audit work to date has not identified any issues in respect of the valuation of the pension fund net liability. Our work in this area is still in progress, including the assurance from the Pension Fund auditor.	Green

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.6%	2.55% - 2.6%	Green
Pension increase rate	3.20%	3.05% - 3.45%	Green
Salary growth	4.20%	4.05% - 4.45%	Green
Life expectancy – Males currently aged 45 / 65	24.4 / 23.1	21.9 – 24.4 / 20.5 – 23.1	Green
Life expectancy – Females currently aged 45 / 65	26.1 / 24.7	24.9 – 26.4 / 23.4 – 25.0	Green

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Authority. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is separately included in the Authority papers. As in the prior year, we have requested a specific representation in respect of the Authority's accounting treatment of c£18k of monies held in the Authority's bank account which is not included in the Authority's accounts.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banks. This permission was granted and the requests were sent. These requests were returned with positive confirmation and no issues were noted.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations / significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – please see Appendix E.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Our audit work on the Authority's WGA pack is very limited as the Authority does not exceed the audit threshold. We understand from discussions with the Chief Finance Officer that Exmoor will fall below the minor bodies reporting threshold and therefore no submission will be required. We note that guidance for this work has not yet been issued and therefore this work has not yet commenced. The NAO requires the work to be completed once the audit opinion is provided on the financial statements and has not yet released data collection instructions.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021-22 audit of the Authority in the audit report, as detailed at Appendix E, until we have completed our work on the WGA consolidation exercise mentioned above, and completed our Value for Money responsibilities with the issue of the Auditor's Annual Report. This is in common with the vast majority of other local authorities given the later audit deadline for the VFM work and the current lack of instructions for WGA work.

3. Value for Money arrangements

Approach to Value for Money work for 2021-22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix F to this report. We expect to issue our Auditor's Annual Report by February 2023. This would be ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. To date we have not identified any such risks of significant weakness in the Authority's arrangements.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

No other audit or non-audit services are provided to the Authority.

Appendices

A. Action Plan – Audit of Financial Statements

We have identified the following recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022-23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	**1. Driver Farm component accounting requirement:** Driver Farm is held in the asset register at £2m value as a land asset, and therefore not depreciated. Given the nature of the asset, it is likely that there is a material element which should be classified as a building, and as such, should componentized, allocated a useful economic life, and depreciated. The likely amount of any depreciation is estimated by management to be approximately £10k-£15k, which is immaterial but above our audit triviality.	Management should split the Driver Farm asset on a component basis between land and buildings. The buildings element should then be allocated a useful economic life and depreciated accordingly. Management response: ***Agreed with recommendation which will be actioned for the 2022-23 financial statements.***
Medium	**2. 'De minimis' items included on the Fixed Asset Register (FAR):** Our review of the FAR and asset valuations in year, identified a number of assets which are included in the FAR but not accounted for on the basis that their value is below £5,000 and therefore falls below the Authority's de minimis value for recognition of capital expenditure. These assets nevertheless are being treated as capital assets, and therefore should be recognised at their carrying value even if this falls below £5,000. and depreciated where this is appropriate. The total nominal value of the assets as valued at 31 March 2022 is £14k, which is immaterial.	Management should ensure that all items being treated as capital are recognised at their carrying value. Assets falling below the de minimis threshold and expensed in year should be truly "one-off" and not be maintained in the asset register or held for indefinite future use. Management response ***Agreed with recommendation which will be actioned for the 2022-23 financial statements.***
Medium	**3. Identification of Heritage Assets:** Two assets identified as per the issue above, would be more appropriately classified as heritage assets under the CIPFA Code of Practice. As detailed at Appendix C, management has agreed to reclassify these and update the heritage assets note in year to make disclosure of these assets in line with the Code. The assets are currently held at nil value, as their total value on their current valuation basis is £4k. However, this valuation is based on a commercially-focused Existing Use Value basis. We believe that due to their nature as heritage assets, an insurance valuation would be a more appropriate basis for determining their value.	Management should review the valuation basis of heritage assets and consider using an alternative method of valuation (for example an insurance valuation) which may be more reflective of their true value to the Authority. The Authority should bear in mind that the Code of Practice is not prescriptive and allows for "any appropriate valuation method" to be used in the case of heritage asset valuations. Management response ***Agreed with recommendation which will be actioned for the 2022-23 financial statements.***

A. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	4. Completeness of expenditure In the prior year we identified an invoice for £3,400 which had related to 2020-21 but had not been accrued for, and raised a recommendation in relation to this point as per Appendix B. In 2021-22 we have again identified two invoices totalling £5,977 which have not been accrued for. As in the prior year, this is not material. We tested a further sample with no issues arising.	The Authority should review its procedures to ensure all items that should be accrued for are identified and accounted for in the correct financial year. Management response: *Agreed. We will continue to work towards ensuring all invoices are allocated to the appropriate year, and we note that this only related to 2 items identified.*

B. Follow up of prior year recommendations

We identified the following issues in the audit of Exmoor National Park Authority's 2020-21 financial statements, which resulted in six recommendations being reported in our 2020-21 Audit Findings (ISA260) Report.

We can report that management have implemented four of our recommendations, with two others not implemented as described below.

Issue and risk previously communicated in our 2020-21 ISA260 Report (November 2021)	**Update from management on actions taken to address the issue**	**Auditor's view**
1. The Authority must review which staff have "Super User" access on SAP. In order to prevent the risk of elevated privileges being used to make unauthorised changes to the application, business processes, or user accounts by over-riding internal system controls, this should not include any individuals involved in the regular posting of journals.	Following investigation with the SCC systems team, we identified that none of the team members' access gave them "Super User" privileges. Therefore there is no impact on the financial statements and no issue to resolve.	No further issues to report.
2. In the future, the Authority's management controls over the pension fund should include agreement of the contribution data sent to the actuary.	We now receive a report of the cashflow data that goes to the actuary in order that we can provide a robust challenge.	No further issues to report.
3. The Authority should agree a new payroll & IT SLA with Somerset CC that reflects the arrangements currently in place.	The relationship with SCC is being reset on 1 April 2023 as the new unitary starts. This will be the opportunity to agree an SLA.	This action is incomplete as per our Audit Plan, but we agree that it is appropriate to wait for the establishment of the new Somerset Council to finalise this.
4. The Authority should develop its own cybersecurity arrangements and ensure that there is appropriate management oversight of this area.	A new three-year ICT strategy is in the process of being drafted and this will have an emphasis on security as a whole, including strengthening our cyber security vision and policy. It is anticipated the Strategy will be in place in Q3 2022, with new policies approved by early Q4 2022.	No further issues to report, as policies are now in place. We will confirm this as part of our 2022-23 audit work.
5. The Authority should review its procedures to ensure all items that should be accrued for are identified and accounted for in the correct financial year.	We have firmed up processes for identifying old year invoices. There is always the risk that a few creep under the radar.	We identified two further issues in relation to invoices not accrued in year, and have re-raised this recommendation in Appendix A.
6. We recommend that assets should remain on the Fixed Asset Register until disposed of by the Authority. The Authority should also review asset values and lives when assets that are still in use have been reduced to a £nil net book value.	We will carefully consider our depreciation policy in use and look to only write out assets where they have been removed.	No further issues to report.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjusted misstatements in year affecting the primary statements, though there were a small number of disclosure misstatements requiring adjustments as recorded below.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Accounting for accumulated depreciation: Accumulated depreciation on land and buildings assets (£94k) had been correctly written out on revaluation, which now occurs annually. However, the entire balance had been credited to the net cost of services within the Comprehensive Income and Expenditure Statement (CIES). The Code of Practice and IAS16 require that this should be classified as other comprehensive income, unless the asset being revalued has no revaluation reserve balance attributable to it or the charge would reverse a previous impairment charged to the CIES. In total £59k was incorrectly credited to the net cost of services, which has the effect of reducing the gross amounts on the face of the CIES and Cash Flow Statement and the charges between reserves in the Movement in Reserves Statement (MIRS) and its underlying unusable reserves balances. This does not change the overall total comprehensive income and expenditure figure.	Where required under IAS16 and the CIPFA Code of Practice, accumulated depreciation written back on revaluation should be credited to other comprehensive income, with consequent adjustments made to the underlying reserves balances (chiefly the revaluation reserve). Management response *All required adjustments have been made.*	✓
Transfer between the Capital Adjustment Account and Revaluation Reserve: The CIPFA Code of Practice requires a transfer to be made between the capital adjustment account and the revaluation reserve to account for the difference between depreciation on revalued assets on their current value as compared to their historical cost. Our audit work noted that this transfer has not been done for six years. Our review identified that approximately £66k should have been transferred in that period. This has no impact on the overall unusable reserves balance.	Management should correct the balance in year by transferring £66k between the capital adjustment account and revaluation reserve, and update processes so that this transfer is performed as part of the year end capital adjustments in future years. Management response *All required adjustments have been made.*	✓
Heritage assets: Two additional assets (Dunster Pottery Kiln and Hoaroak Cottage) are held on a basis more appropriately classified as heritage assets. These assets were previously held as operational land and buildings assets at a nil value.	Management should add additional disclosures relating to these heritage assets as required by the CIPFA Code of Practice. Management response *All required adjustments have been made.*	✓

C. Audit Adjustments

Impact of unadjusted misstatements

There are no unadjusted misstatements in year.

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the 2020-21 financial year.

D. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Authority scale fee set by PSAA	£9,004	£9,004
Audit fee variations	£9,450	£9,450
Total audit fees (excluding VAT)	£18,454	£18,454

No non-audit or other audit-related services have been undertaken for the Authority.

The fees reconcile to note 18 of the financial statements.

E. Audit opinion (draft)

Our proposed audit opinion is included below.

We anticipate we will provide the Authority with an unmodified 'clean' audit report

Independent auditor's report to the members of Exmoor National Park Authority

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Exmoor National Park Authority (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

E. Audit opinion (draft)

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

E. Audit opinion

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

E. Audit opinion

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, Local Government Act 2003, and the Local Government Act 1972.
- We enquired of senior officers and the Authority concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit, and the Authority whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, and of fraudulent recognition of revenue and expenditure. We determined that the principal risks were in relation to:
  - Journal entries outside the normal course of business
  - Significant management estimates, in particular those relating to land and buildings valuations and the valuation of the net pension fund liability
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on unusual and high-risk journals made at the year-end accounts production stage;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

E. Audit opinion

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit net liability valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

E. Audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Exmoor National Park Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[TO BE SIGNED]

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

DATE

F. Audit letter in respect of delayed VFM work

Exmoor National Park Authority
Exmoor House
Dulverton
Somerset
TA22 9HL

15 November 2022

Dear Mr Milton

Under the 2020 Code of Audit Practice, at local government bodies we are required to issue our Auditor's Annual Report on our VFM work at the same time as our opinion on the financial statements or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the impact of the pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our VFM work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We expect to publish our report in time for the Authority Meeting on 7 February 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours sincerely

Gareth

Gareth Mills
Key Audit Partner & Engagement Lead for Exmoor National Park Authority

ANNEX 2

EXMOOR
NATIONAL PARK

Exmoor National Park Authority
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1 December 2022

Dear Sirs

Exmoor National Park Authority
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Exmoor National Park Authority for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Authority financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the valuation of the defined benefit net liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent

   b. none of the assets of the Authority has been assigned, pledged or mortgaged

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

   a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

   b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

   c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

xvi. We confirm that we are holding a cash balance of £18,061 as at 31 March 2022 in respect of a deposit linked to those who rent the Pavilion cafe in Lynmouth. We are not able to spend this cash, nor do we control it. We are acting as the banker for this money, and it is excluded from the Authority's financial statements.

Information Provided

xvii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Authority via remote arrangements from whom you determined it necessary to obtain audit evidence.

xviii. We have communicated to you all deficiencies in internal control of which management is aware.

xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority at its meeting on 1 December 2022.

Yours faithfully

Name……………………………

Position………………………….

Date…………………………….

Name……………………………

Position………………………….

Date…………………………….

Signed on behalf of Exmoor National Park Authority

EXMOOR NATIONAL PARK

Exmoor National Park

Statement Of Accounts 2021/22

Gordon Bryant
Chief Finance Officer

Sarah Bryan
Chief Executive

AUDITED STATEMENT OF ACCOUNTS

2021/22

CONTENTS

STATEMENT OF ACCOUNTS 2021/22

NARRATIVE REPORT

Introduction

1. The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The Act sets out two primary purposes for Exmoor National Park Authority ('the Authority'):
    - To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park area; and
    - To promote opportunities for understanding and enjoyment of the National Park's special qualities.

2. In carrying out these purposes the Authority also has a duty to seek to foster the social and economic well-being of local communities in the National Park and is the Planning Authority under the Town and Country Planning Acts for the National Park area.

3. Exmoor National Park Authority is required under section 66(1) of the Environment Act 1995 to produce a National Park Management Plan (the 'Partnership Plan') and State of the Park report and review them every five years. The National Park Authority is responsible for preparing the Plan, but it is developed in consultation with partner organizations, communities, visitors and businesses and will be delivered with a wide range of partners. The fundamental basis for the Plan, and for the work of the National Park Authority, are the National Park statutory purposes and duty. Evidence from the updated State of the Park report forms an important basis for the review of the Partnership Plan, and ongoing monitoring. In April 2018 the Partnership Plan 2018-23 was published by the Authority. This sets out the Vision and Ambitions for the National Park under three themes of 'People, Place and Prosperity'.

Governance

4. The Annual Governance Statement is included within this publication but does not form part of the Authority's accounts. The Annual Governance Statement (AGS) is found at the back of this document and explains the:

    - Scope of responsibilities;
    - Governance Framework; and
    - Significant governance issues and challenges faced by the Authority.

5. The AGS also details the impact of the pandemic on governance in 2021/22. Authority meetings are now undertaken in 'hybrid' form where presenters are able to deliver remotely and members are present in person.

6. An enhanced governance relationship with Defra began in 2020/21. This included an annual formal agreement and additional reporting requirements.

7. The AGS also details significant governance issues that will be covered over the course of 2022/23. These include the transition to a new Financial Information System and the commitment to revise Financial Regulations.

Organisation

8. To achieve the purposes and duty described in 1 and 2, the organisation is structured in terms of Support to Land Managers, Support to National Park Users and Support to the Community and Business.

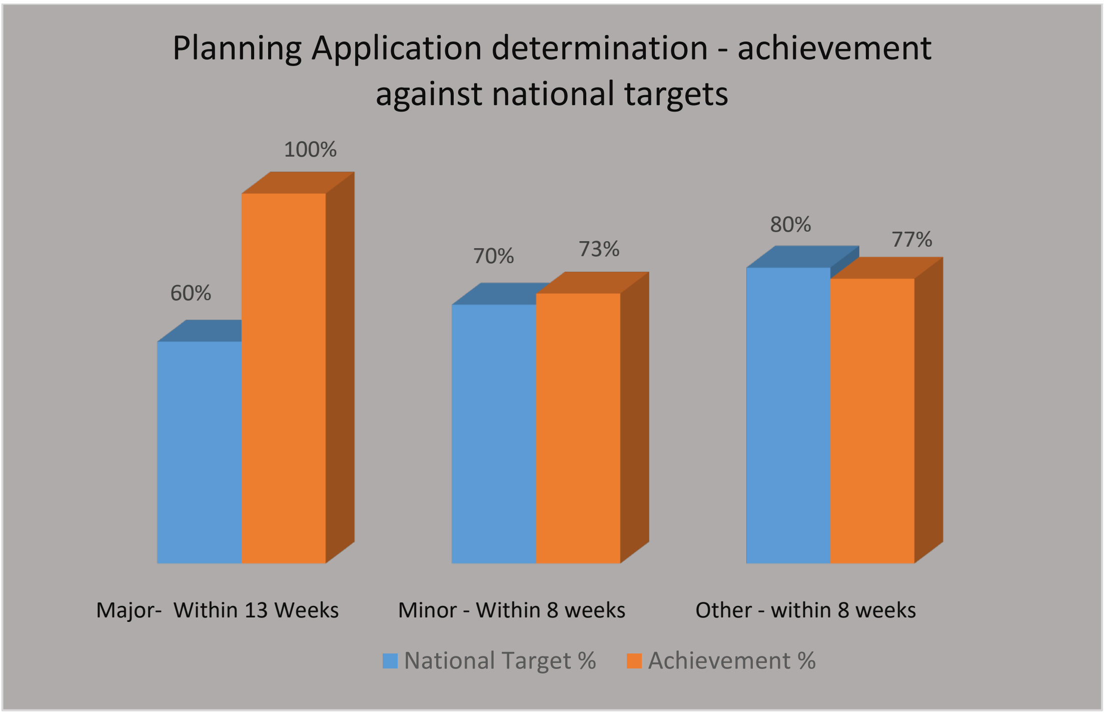
Performance

9. 2021/22 saw the completion of the single year Corporate plan for the Authority. A mid-year report of progress in implementing the previous Corporate Plan was taken to the Authority in December 2021, and the full report went to the Authority in June 2022. Papers are available from the Exmoor National Park Authority's website.

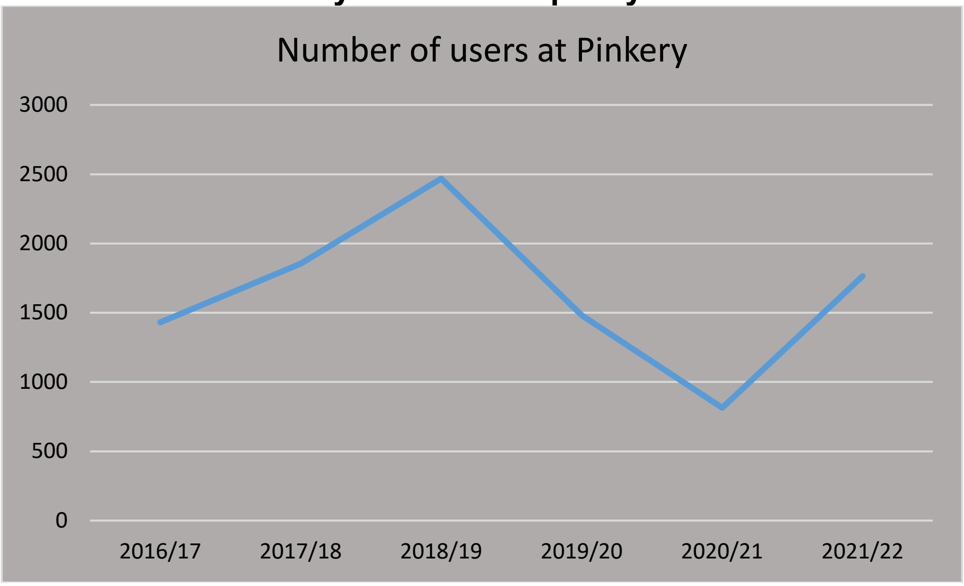
10. Progress against key corporate indicators is given in the charts below. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Corporate Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed action.

11. For an analysis of performance in 2021/22 that goes beyond the Key Corporate Indicators please look to the report on the Authority's website.

Key Corporate Indicators 1 April 2021 to 31 March 2022

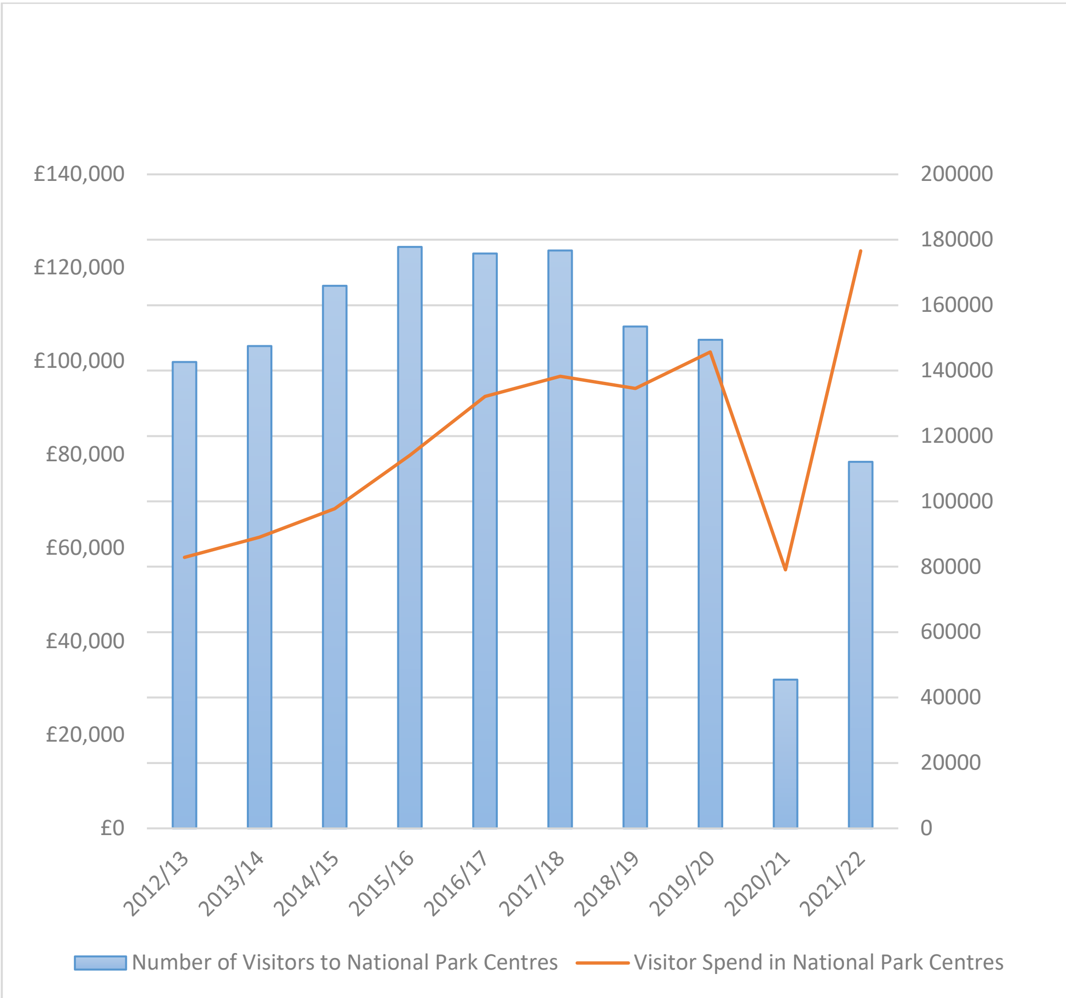


Pinkery Centre Occupancy rates

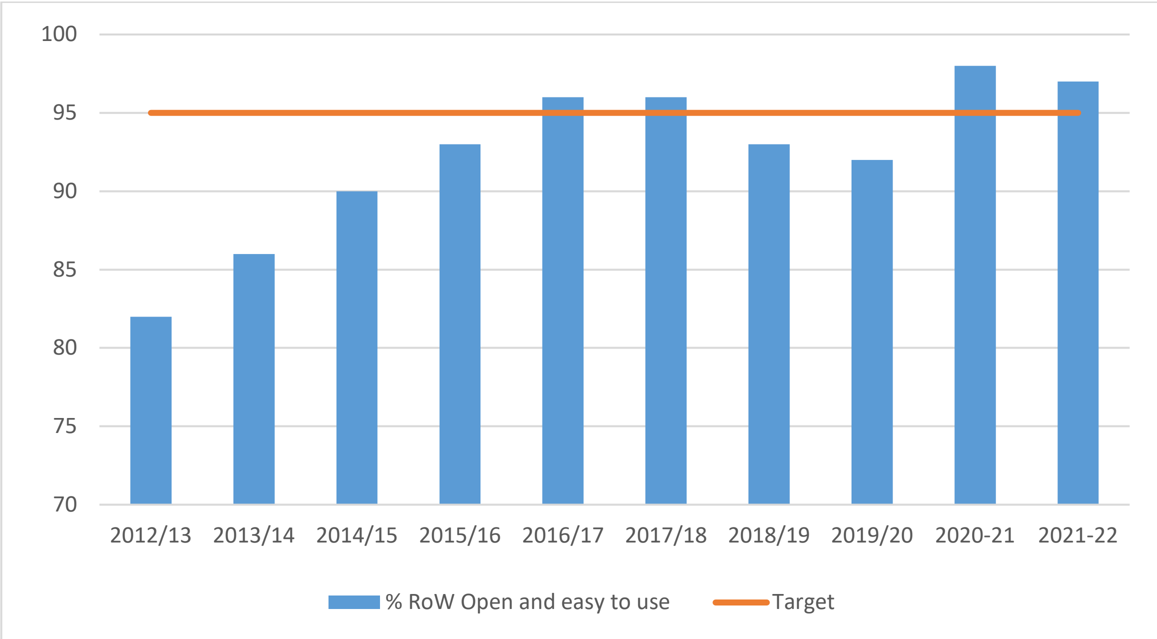


12. The Pinkery Centre is Exmoor National Park Authority's Centre for Outdoor Learning. The user numbers for 2021/22 show a clear trend back towards the pre-pandemic numbers.

National Park Centre Visitor Numbers and Income Trend



Rights of Way Open and Easy to Use Score



Financial Statements

13. Information relating to financial performance for the year ended 31 March 2022 is contained in the following statements:

    Comprehensive Income and Expenditure Statement (page 11);
    This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

    The Comprehensive Income & Expenditure Statement shows a surplus for 2021/22 of £2.323m. This contrasts with a deficit of £3.779m for 2020/21. 2021/22's surplus is due to a reduction in the pension fund liabilities and a small increase in values in our estate.

    Movement in Reserves Statement (page 12);
    This statement shows the movement in the year on the different reserves held by the authority, analysed between 'usable' and other 'unusable' reserves. 'Usable' reserves are made up of Earmarked Reserves, General Fund Balances and Capital Receipts. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year.

    Usable reserves increased by £110k over the course of 2021/22 to £3.033m and unusable also increased over the same period by £2.213m to £7.430m. The increase in usable reserves is primarily due to the receipt of £400k of legacies in the year.

Balance Sheet (page 13)
This statement shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

Exmoor has £10.463m of assets in excess of its liabilities at the end of 2021/22. This is an increase of £2.3m which is primarily due to the decrease in the pensions deficit. This decrease is primarily due to the increase in the value of our assets invested in the fund. The Authority owns £19.7m of Property, Plant and Equipment however many of these assets could not be realized at this level. Covenants attached to certain assets mean that they can only be sold to similar organizations and for the notional sum of £1.

Cash Flow Statement (page 14)
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 operating, investing and financing activities.

The statement shows how the amount of Cash and Cash Equivalents decreased by £30k over the course of 2021/22.

Financial Performance

14. The revenue budget for 2021/22 was agreed on the 2 March 2021. Resources were applied to meet the purposes and duty described in 1 and 2. The approved budget was constructed across two themes:
    - A Core Budget with expenditure of £3,738,300 and income of £781,200 giving a net requirement of £2,957,100.
    - A Partnership budget involving expenditure of £254,400 of which £79,400 was top sliced for priority elements, £20,000 set aside for small grants and £155,000 added to reserves.

15. When the 2021/22 budget was set, funds were prioritized for the new roof at the outdoor education centre, to clear trees affected by Ash Die-Back and to complete the external works at the Lynmouth Pavilion.

16. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 2 November 2021. Additional resources were found for refreshing the look of the National Park Centres and support Development Management's use of external contractors.

17. 2021/22 is notable for being the year when the Farming in Protected Landscapes programme begun and over £300k was spent on our woodlands. In addition, there was significant capital spend. This is shown below:

    - £53k on the Visitor Facilities at Ashcombe.
    - £33k on secondary double glazing at Exmoor House.
    - £63k on the car park improvements at the Valley of Rocks.
    - £25k on the final bill for White Rock Cottage.
    - £52k on the establishment of Bye Wood.

18. The key recommendations to the Authority the year ended 31 March 2022 are:

- The establishment of the Capital Development Reserve. This will provide additional capacity and funding flexibility to finance spend that may facilitate capital spend or the development of assets but is not necessarily capitalizable.
- The revenue outturn for the year recommends that funds are redistributed towards the Web Development, NPCs Spend to Save and the Development of the Planning Service Reserves. Funding was also allocated to extend the Funding Officer and Historic Buildings Officer posts.
- The core budget shows an underspend for the year of £6k when compared with the revised budget. The reconciliation between this surplus and that shown in the Comprehensive Income and Expenditure Account is as follows:

	£000	£000
Net Deficit on the Provision of Services in the Comprehensive Income & Expenditure Account		**551**
Non Cash Transactions		
Reverse Depreciation & Impairment charges	(95)	
Reverse IAS19 Pensions transactions	(821)	
Net transfers from earmarked reserves	104	
Asset written of on disposal	-	
Add in Capital Expenditure funded from Revenue	75	
Add in Capital Expenditure funded from Capital Grants	52	
Add in Capital Expenditure funded from Receipts	100	
Movement in Employee absence Accrual	24	
Upwards Revaluation of Assets	4	
Management Accounts Budget Surplus		**(6)**

19. 2021/22 was a more financially stable year than the previous two. The impact of the pandemic was reduced, and we have had time to prepare mitigations. The Authority has continued to perform well against the original and revised budgets set and shown the ability to adapt to be able to meet new challenges. The next great challenge is to meet budgetary pressures in the near term.

Financial Outlook and Medium-Term Financial Plan

20. In recent years the Authority has been successful in managing resources and meeting obligations in the context of a slightly increasing or flat National Park Grant. This has effectively meant trimming budgets, increasing trading income and seeking external funding for larger schemes. This has been less than ideal but we have been able to maintain service provision.

21. We have recently been informed that the National Park Grant figures will be flat for 2022/23 and the next two financial years. This is very disappointing and has led to us having to increase our savings targets from those that were set when the budget was agreed. This is shown in the table below.

£’000s	**2023/24**	**2024/25**
Savings Gap in March 2022	68	103
Latest Savings Gap	132	233

22. It will clearly be major challenge to continue with our existing level of service provision and set balanced budgets. The Leadership Team has begun considering how this will be delivered. It is possible that the failure of budgets to keep pace with inflation means that we change the way that Rights of Way are maintained or are not able to keep providing three National Park Centres or we may have to sell land.

23. We remain optimistic that the Authority will be able to deliver exciting conservation and engagement activities and meet our legal responsibilities in the future. The Authority has £900k of FiPL funds to deliver over the course of 2022/23 and 2023/24, has £450k from legacies and is seeking further investment from major funding bodies.

24. There will always be challenges arising and pressures to manage however, the Authority continues to maintain a solid financial position and opportunities from the Glover Review and new funding streams will also continue to arise.

G Bryant
Chief Finance Officer
June 2022

…………..…………………. …..………………..

Mrs S Bryan Chief Executive **Chairman**

Date: 1st December 2022

2. STATEMENT OF RESPONSIBILITIES

2.1 The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- approve the Statement of Accounts.

2.2 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/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the Code).

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and
- complied with the local authority Code.

The Chief Finance Officer has also:

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

2.3 Chief Finance Officer's Certificate:

I certify that this Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015 and that it gives a true and fair view of the financial position of Exmoor National Park Authority as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

G Bryant
Chief Finance Officer: ……………………………… Date: 1st December 2022

Approval of Accounts:

I confirm that these accounts were approved by resolution of the Final Accounts Committee on 1st December 2022.

Chairman: …………………………………………….. Date: 1st December 2022

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from National Park Grant. National Park Authorities receive National Park Grant and raise other income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation (government grant) position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000
1,685	(428)	1,257	Support to Land Managers	1,877	(658)	1,219
627	(224)	403	Support to the Community	648	(553)	95
283	(332)	(49)	Support to National Park Users	940	(456)	484
1,251	(271)	980	Support Services	1,565	(286)	1,279
264	-	264	Corporate Management	303	-	303
195	-	195	Partnership Fund	128	(20)	108
4,305	**(1,255)**	**3,050**	**Cost of Services**	**5,461**	**(1,973)**	**3,488**
8	(20)	(12)	Other Operating Expenditure (Note 12)	7	-	7
225	(17)	208	Financing and Investment Income and Expenditure (Note 13)	276	(9)	267
-	(3,211)	(3,211)	Taxation and Non-Specific Grant Income (Note 14)	-	(3,211)	(3,211)
4,538	**(4,503)**	**35**	**(Surplus)/Deficit on Provision of Services**	**5,744**	**(5,193)**	**551**
		(74)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Notes 22 & 23)			(222)
		3,818	Remeasurement of Net Defined Benefit Liability/ (Asset) (Note 34)			(2,652)
		3,744	**Other Comprehensive Income and Expenditure**			**(2,874)**
		3,779	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(2,323)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'General Fund Balance' (i.e. Earmarked Reserves and the General Fund proper which can be applied to fund expenditure) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Capital Receipts Unapplied £000	Total Usable reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2020	**2,884**	**-**	**2,884**	**9,035**	**11,919**
Movement in reserves during 2020/21					
Total Comprehensive Income and Expenditure	(35)	-	**(35)**	(3,744)	**(3,779)**
Adjustments between accounting basis & funding basis under regulations (Note 20)	(26)	100	**74**	(74)	**-**
Net Increase/(Decrease)	**(61)**	**100**	**39**	**(3,818)**	**(3,779)**
Balance at 31 March 2021	**2,823**	**100**	**2,923**	**5,217**	**8,140**
Movement in reserves during 2021/22					
Total Comprehensive Income and Expenditure	(551)	-	**(551)**	2,874	**2,323**
Adjustments between accounting basis & funding basis under regulations (Note 20)	761	(100)	**661**	(661)	**-**
Increase/(Decrease) in 2021/22	**210**	**(100)**	**110**	**2,213**	**2,323**
Balance at 31 March 2022 (Notes 21 and 31)	**3,033**	**-**	**3,033**	**7,430**	**10,463**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2021 £000		Notes	31 March 2022 £000
19,281	Property, Plant & Equipment	22	19,638
92	Heritage Assets	23	92
19,373	**Long Term Assets**		**19,730**
67	Inventories	-	70
214	Short Term Debtors	26	485
2,900	Cash and Cash Equivalents	27	2,900
3,181	**Current Assets**		**3,455**
(8)	Receipts in Advance	-	(13)
(45)	Cash and Cash Equivalents	27	(75)
(288)	Short Term Creditors	28	(392)
(341)	**Current Liabilities**		**(480)**
(14,073)	Other Long-Term Liabilities	34	(12,242)
(14,073)	**Long Term Liabilities**		**(12,242)**
8,140	**Net Assets**		**10,463**
2,923	Usable Reserves	21,29	3,033
5,217	Unusable Reserves	31	7,430
8,140	**Total Reserves**		**10,463**

Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 22 June 2022.

The audited accounts were authorised for issue by the Chief Finance Officer on 1st December 2022.

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 operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicating claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2020/21 £000		**2021/22 £000**
35	**Net (surplus) or deficit on the Provision of Services**	**551**
	Adjustments for-	
(224)	Non Cash Movements (Note 36)	(748)
(189)	**Net Cash flows from Operating Activities**	**(197)**
97	Investing Activities (Note 37)	227
-	Financing Activities (Note 38)	-
(92)	**Net (increase)/decrease in Cash and Cash equivalents**	**30**
2,763	Cash and Cash Equivalents at the beginning of the reporting period	2,855
2,855	**Cash and Cash Equivalents at the end of the reporting period**	**2,825**
(92)	**Net (increase)/decrease in Cash and Cash equivalents**	**30**

NOTES TO THE ACCOUNTS

Note 1: Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year-end 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the UK 2021/22 (The Code) supported by International Financial Reporting Standards (IRFS) and statutory guidance issued under section 12 of the 2003 Act.

The Statement of Accounts has been prepared using the going concern and accrual basis. The historical cost convention has been applied, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii **Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- Small amounts outstanding at year end are treated on a payments basis. In total, these do not have a material effect on the year's accounts.

iii **Cash and Cash Equivalents (Note 27)**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v **Charges to Revenue for Non-Current Assets**

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

vi **Employee Benefits (Notes 16,34)**

<u>Benefits Payable During Employment</u>

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

<u>Termination Benefits</u>

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Service lines in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable at the year-end.

Post Employment Benefits
Most employees of the Authority are members of the following pension scheme:

- The Local Government Pensions Scheme, administered by Peninsula Pensions.

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

The Local Government Pension Scheme
The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the SCC LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using 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 value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond (annualised yield at the 20-year point on the Merrill Lynch AA-rated corporate bond yield curve).

- The assets of SCC pension fund attributable to the Authority are included in the Balance Sheet at their fair values.

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

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

- **Service Cost comprising:**

    - Current service cost: the increase in liabilities as a result of years of service earned this year which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

    - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

    - Net interest on the defined liability: i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

- **Remeasurement comprising:**
    - The return on plan assets: excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Somerset County Council pension fund:
    - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

vii **Events After the Balance Sheet Date (Note 6)**

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

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

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

viii **Financial Instruments (Notes 25)**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a 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 are classified on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics: there are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit and loss (none)
- Fair value through other comprehensive income (none)

Our business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost (bank deposits and debtors).

Financial assets measured at amortised cost are recognised in the Balance Sheet when we become party to the contractual provisions of the instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits are made to the Financing and Investment Income and Expenditure line in the CIES for interest receivable, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model - we recognise expected credit losses on financial assets held at amortised cost either on a 12-month or lifetime basis and also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place due to default. Credit risk plays an important part in assessing losses. Where risk has increased significantly since initial recognition, losses are assessed on a life-time basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses. If expected losses are not material then no allowance will be made.

ix **Government Grants and Contributions (Note 19)**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments and
- the grants or contributions will be received.

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

x **Inventories**

Inventories held for resale at the three National Park Centres are included in the Balance Sheet at the lower of net realisable value and cost.

xi **Property, Plant and Equipment (Note 22)**

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

De-minimus

Expenditure below £5,000 on property, plant and equipment is treated as revenue expenditure and is charged to the relevant service line in the Comprehensive Income & Expenditure Statement in the year that it is incurred.

Measurement

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

The cost 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 in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

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

Impairment

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

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

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

Disposals

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority’s underlying need to borrow (the capital financing requirement) (England and Wales)]. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Non-current assets-held-for-sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset-held-for-sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

xii **Contingent Liabilities and Contingent Assets (Note 35)**

Contingent Assets

Contingent assets are disclosed by way of note where it is probable that there will be an inflow of economic benefits or service potential.

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

Contingent Liabilities

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

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

xiii **Reserves (Notes 20, 21, 29, 31)**

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

xiv **Heritage Assets (Note 23)**

The Authority's Heritage Assets are assets held by the Authority principally for their contribution to knowledge and/or culture. They are recognised and measured in accordance with the Authority's accounting policies on Property, Plant and Equipment. The authority only recognises four Heritage Assets; the Brendon Hills Incline, the Simonsbath Sawmill, Hoar Oak Cottage and the Pottery Kiln in Dunster. These are valued at Existing Use Value.

Note 2: Accounting Standards that have been issued but have not yet been adopted

The 2021/22 Code of Practice on Local Authority Accounting requires the Authority to identify any accounting standards that have been issued and are due to be adopted for the next financial year's accounts. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

The following accounting changes are likely to be introduced in the 2022/23 Statement of Accounts.

- IFRS 1 First Time Adoption of IFRS – subsidiary as a first-time adopter
- IAS 37 Provisions, Contingent Assets and Contingent Liabilities - specification of costs to be included when assessing whether a contract will be onerous
- IFRS 16 Leases – lease incentives
- IAS 41 Agriculture – taxation in fair value measurements
- IAS 16 Property, Plant and Equipment - proceeds before intended use

None of these changes in accounting requirements for 2022/23 are anticipated to have a material impact on the Council's financial performance or financial position.

Note 3: Material Items of Income and Expenditure

There are no material items to disclose in 2021/22.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out within the notes in the Statement of Accounts the Authority may have to make certain judgements about complex transactions or those involving uncertainty about future events. These accounts contain no such judgements.

Note 5: Assumptions Made About the Future and Other Major Sources of Estimation

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. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are three items in the Authority's Balance Sheet as at 31 March 2022, for which there is a significant risk of material adjustment in forthcoming financial years. They are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions 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 actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects of the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £609K. However the assumptions interact in complex ways. During 2021/22, the Authority's actuaries advised that due to estimates being adjusted (as a result of experience and updating the assumptions) the net pension liability had decreased by £1.8m.

Property Plant and Equipment - Valuation	The Authority engages a qualified Royal Institution of Chartered Surveyors (RICS) surveyor from NPS, to provide valuations of land and property assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. The valuer works closely with the finance staff on all valuation matters.	Significant changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors would result in a significantly higher or lower fair value measurement for these assets. In particular, the pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, an adequate quantum of market evidence exists upon which to base opinions of value. The year end balance of PPE was £19.730m.

Note 6: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 22 June 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On the 31 May 2022 the Authority took possession of a property that is owned by someone who owes the Authority in excess of £130k over a long running planning dispute. When the property has been sold the debt will be settled and the relevant proceeds will be credited to the Authority. This is not an adjusting event as we only took possession after the end of the financial year.

Note 7: Related Parties

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

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants. Grants received from government departments are set out in the subjective analysis in Note 19 on Grant Income.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. 12 of the Authority's members are also elected members of other local authorities within Devon and Somerset. The Authority's Standing Orders requires a register to be kept of members disclosable pecuniary interests and declarations of related party transactions in a register of interests. In addition members are asked to declare separately any transactions with the Authority. A summary of the Members' allowances paid in 2021/22 is shown in Note 15.

Officers

Officers of the Authority are bound by the Authority's Code of Conduct which seeks to prevent related parties exerting undue influence over the Authority. Senior Officers are required to declare any transactions with the Authority. No transactions have been disclosed.

The Authority's transactions with the Somerset County Council Pension Fund are detailed within Note 34 to the Financial Statements.

Note 8: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, other grants and contributions, sales, fees and charges) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21				**2021/22**		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 8)	Net Expenditure in the CI&ES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 8)	Net Expenditure in the CI&ES £000
1,075	182	1,257	Support to Land Managers	1,072	147	1,219
376	27	403	Support to the Community	80	15	95
442	(491)	(49)	Support to National Park Users	512	(28)	484
867	113	980	Support Services	1,097	182	1,279
247	17	264	Corporate Management	258	45	303
182	13	195	Partnership Fund	91	17	108
3,189	**(139)**	**3,050**	**Net Cost of Services**	**3,110**	**378**	**3,488**
(3,228)	213	(3,015)	Other Income & Expenditure	(3,320)	383	(2,937)
(39)	**74**	**35**	**(Surplus)/Deficit on Provision of Services**	**(210)**	**761**	**551**
(2,884)			**Opening General Fund Balance**	**(2,823)**		
61			Deficit/ (surplus) on General Fund in Year	(210)		
(2,823)			**Closing General Fund Balance**	**(3,033)**		

Note 9: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2021/22.

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a)	Net change for Pensions Adjustment (note b)	Other Differences (note c)	Total Adjustments
	£000	£000	£000	£000
Support to Land Managers	(35)	191	(9)	**147**
Support to the Community	1	15	(1)	**15**
Support to National Park Users	(97)	72	(3)	**(28)**
Support Services	(5)	195	(8)	**182**
Corporate Management	-	47	(2)	**45**
Partnership Fund	-	18	(1)	**17**
Net Cost of Services	**(136)**	**538**	**(24)**	**378**
Other Income & Expenditure	100	283	-	**383**
Surplus/ Deficit on the Provision of Services	**(36)**	**821**	**(24)**	**761**

Adjustments between the Funding and Accounting Basis 2020/21

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a)	Net change for Pensions Adjustment (note b)	Other Differences (note c)	Total Adjustments
	£000	£000	£000	£000
Support to Land Managers	116	57	9	182
Support to the Community	1	22	4	27
Support to National Park Users	(521)	26	4	(491)
Support Services	52	53	8	113
Corporate Management		15	2	17
Partnership Fund		11	2	13
Net Cost of Services	**(352)**	**184**	**29**	**(139)**
Other Income & Expenditure	(20)	233	-	**213**
Surplus/ Deficit on the Provision of Services	**(372)**	**417**	**29**	**74**

a) Adjustments for Capital Purposes - this column adds in depreciation and impairment, financing and revaluation gains and losses in the services line
b) Net Change for Pensions Adjustments - Net change for removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** - this represents 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 Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES

c) Other Differences - other differences debited / credited to the CIES and amounts payable / receivable to be recognised under statute i.e. accumulated absences.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 10: Expenditure and Income Analysed by Nature

2020/21 £000	Expenditure	2021/22 £000
2,885	Employee Benefits Expenses	2,913
1,284	Other Service Expenses	2,424
124	Depreciation, Amortisation & Impairment	131
225	Interest Payments	276
4,518	**Total Expenditure**	**5,744**
	Income	
(1,255)	Grants, Fees, Charges and other Service Income	(1,973)
(3,211)	Government Grants & Contributions	(3,211)
(17)	Interest & Investment Income	(9)
(4,483)	**Total Income**	**(5,193)**
35	**Deficit on the provision of service**	**551**

Note 11: Segmental Income

2021/22

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(620)	(33)	-	(5)	**(658)**
Support to the Community	(435)	(118)	-	-	**(553)**
Support to National Park Users	(112)	(207)	(107)	(30)	**(456)**
Support Services	(12)	(5)	(10)	(259)	**(286)**
Corporate Management	-	-	-	-	**-**
Partnership Fund	-	(20)	-	-	**(20)**
Total Income	**(1,179)**	**(383)**	**(117)**	**(294)**	**(1,973)**

2020/21

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(413)	(10)	-	(5)	**(428)**
Support to the Community	(131)	(93)	-	-	**(224)**
Support to National Park Users	(164)	(87)	(51)	(30)	**(332)**
Support Services	(114)	(1)	-	(156)	**(271)**
Corporate Management	-	-	-	-	**-**
Partnership Fund	-	-	-	-	**-**
Total Income	**(822)**	**(191)**	**(51)**	**(191)**	**(1,255)**

Note 12: Other operating expenditure

2020/21 £000		2021/22 £000
(20)	(Gains)/Losses on the disposal of non-current assets	-
8	IAS19 Administration expense	7
(12)	**Total**	**7**

Note 13: Financing and Investment Income and Expenditure

2020/21 £000		2021/22 £000
225	Net interest on the net defined pensions liability	276

(17)	Interest receivable and similar income	(9)
208	**Total**	**267**

Note 14: Taxation and non-specific grant incomes

2020/21 £000		2021/22 £000
(3,211)	Non-ring-fenced government grants	(3,211)
(3,211)	**Total**	**(3,211)**

Note 15: Members Allowances

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

2020/21 £000		2021/22 £000
16	Special Responsibility Allowance	16
61	Basic Allowance	62
1	Allowance for mileage	2
78	**TOTAL**	**80**

Note 16: Officers' Remuneration

The Authority is required to name all officers that earn over £150,000 per annum for all or part of a year (there are none); and to list all officers who earn between £50,000 and £150,000 for all or part of a year, and who also fit the following criteria:

- They report directly to the Chief Executive, or;
- They are part of the Authority's Senior Management Team, or;
- They hold posts required by statute (the Chief Finance Officer and the Monitoring Officer)

	Salary, Fees and Allowance £000	Expense Allowance £000	Total Remuneration (excl. pension contribution) £000	Pension Contribution £000	Total Remuneration including pension contribution £000
Chief Executive –					
2021/22 -	88	-	88	16	**104**
2020/21 -	88	-	88	16	**104**
Head of Finance and Operations					
2021/22 -	52	-	52	10	**62**
2020/21 – not applicable, below £50,000	-	-	-	-	**-**
Head of Strategy & Performance					
2021/22 -	52	-	52	10	**62**
2020/21 – not applicable, below £50,000	-	-	-	-	**-**
Head of Planning & Sustainable Development					
2021/22 -	52	-	52	10	**62**
2020/21 – not applicable, below £50,000	-	-	-	-	**-**
Head of Conservation & Access					
2021/22 -	52	-	52	10	**62**
2020/21 – not applicable, below £50,000	-	-	-	-	**-**

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 (including those detailed in the above table) were:

2020/21 Number of employees	Remuneration band	2021/22 Number of employees
1	£50,000 - £54,999	4
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
	£80,000 - £84,999	-
1	£85,000 - £89,999	1

Note 17: Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	2	-	-	-	2	-	10	-
£20,001 - £40,000	-	-	1	-	1	-	24	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	1	-	1	-	70	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	**2**	**-**	**2**	**-**	**4**	**-**	**104**	**-**

Note 18: External Audit Costs

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

2020/21 £000		2021/22 £000
9	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	9
*7	Audit Fee variation (*Proposed)	*9
16	**Total**	**18**

Note 19: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

Credited to Taxation and Non Specific Grant Income	2020/21 £000	2021/22 £000
National Park Grant – DEFRA	3,211	3,211
Total	**3,211**	**3,211**
Credited to Services		
Tests and Trials – DEFRA	72	-
Farming in Protected Landscapes - DEFRA	-	281
BIO Support (Planning Policy) - DEFRA	-	10

Astro Tourism – SWAT	20	-
Tree Planting Grant - SWAT	-	5
Covid Support/ Rate reliefs – SWAT & NDDC	136	45
Walks Project – SWAT	11	11
Visit Exmoor Grant – Visit Britain	14	-
Generation Green – Access Unlimited Coalition	-	51
Rural Crime Grant – Avon & Somerset Police	-	3
Exmoor Tree Nursery – Devon Environmental Foundation	15	-
Woodlands – Plantlife	7	16
Woodside Bridge – Lyn Community Development Trust	22	-
Health & Wellbeing – Somerset County Council	18	-
Cow Castle – Honeymead Arts Trust	2	-
Coast Path & Landscape Monitoring – Natural England	26	16
Woodland Visualisation Project – Natural England	5	-
Sowing the Seeds – Natural England	-	5
English Coast Path – Natural England	-	5
Grey Squirrel Control – Forestry Commission	3	-
Bye Wood - Forestry Commission	-	53
Bye Wood – Exmoor Trust	-	5
Basic Payment & Higher Level Stewardship Scheme – RPA	106	79
Countryside Stewardship – RPA	48	67
Rhododendron Control - RPA	4	-
Total	**509**	**652**

Notes to Support the Movement in Reserves Statement

Note 20: Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2021/22	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments to Revenue Resources:				
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	821	-	-	(821)
Holiday pay	(24)	-	-	24
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	39	-	52	(91)
Total Adjustments to Revenue Resources	**836**	**-**	**52**	**(888)**
Adjustments between Revenue and Capital Resources:				

Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(75)	-	-	**75**
Transfer of sales proceeds credited as part of the gain/loss on disposal	-	-	-	**-**
Total Adjustments between Revenue and Capital resources	**(75)**	**-**	**-**	**75**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure	-	-	(52)	**52**
Application of Capital Receipts to finance Capital Expenditure	-	(100)	-	**100**
Total Adjustments to Capital Resources	**-**	**(100)**	**(52)**	**152**
Total Adjustments	**761**	**(100)**	**-**	**(661)**

2020/21	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments to Revenue Resources:				
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	417	-	-	(417)
Holiday pay	29	-	-	(29)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(197)	-	22	175
Total Adjustments to Revenue Resources	**249**	**-**	**22**	**(271)**
Adjustments between Revenue and Capital Resources:				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(175)	-	-	**175**
Transfer of sales proceeds credited as part of the gain/loss on disposal	(100)	100	-	**-**
Total Adjustments between Revenue and Capital resources	**(275)**	**100**	**-**	**175**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure	-	-	(22)	**22**
Application of capital Receipts to finance Capital Expenditure	-	-	-	**-**
Total Adjustments to Capital Resources	**-**	**-**	**(22)**	**22**
Total Adjustments	**(26)**	**100**	**-**	**(74)**

Note 21: Transfers to/ from Earmarked Reserves

The Authority's reserve balances are continually reviewed to determine the appropriate level and use. We regularly establish new reserves, assess the appropriate level of existing reserves or cancel reserves that have met their objective. Our reserves are made up as follows:

- General Reserve (unallocated) – this is the minimum level required to maintain working balances (in accordance with CIPFA guidance).
- Partnership Fund Reserves (allocated) – these sums are set aside to meet one- off priorities that assist in the delivery of the Partnership Plan.
- Earmarked Reserves (allocated) – these consist of ring-fenced grants and contributions received from third parties, sums set aside for capital schemes and commitments against future obligations.
- Capital Grants – these include funds received from external organisations towards investment in assets.
- Capital Receipts Reserve – holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure

It can therefore be seen that the majority of our Reserve Balances are "allocated". The following table sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 31 March 2020 £000	Transfers between Reserves £000	Transfers In 2020/21 £000	Transfers Out 2020/21 £000	Increase/ Decrease (-) in useable Reserves 2020/21 £000	Balance at 31 March 2021 £000	Transfers between Reserves £000	Transfers In 2021/22 £000	Transfers Out 2021/22 £000	Increase/ Decrease in useable Reserves 2021/22 £000	Balance at 31 March 2022 £000
Earmarked Reserves	**2,084**	185	436	(483)	**138**	**2,222**	23	857	(650)	**230**	**2,452**
Partnership Fund Reserves	**475**	(56)	64	(182)	**(174)**	**301**	(34)	99	(101)	**(36)**	**265**
General Fund Balance	**325**	(129)	104		**(25)**	**300**	11	5	-	**16**	**316**
Capital Grants Unapplied	**-**	-	22	(22)	**-**	**-**	-	52	(52)	**-**	**-**
Capital Receipts Reserve	**-**	-	100	-	**100**	**100**	-		(100)	**(100)**	**-**
Total Useable Reserves	**2,884**	**-**	**726**	**(687)**	**39**	**2,923**	**-**	**1,013**	**(903)**	**110**	**3,033**

Notes to Support the Balance Sheet

Note 22: Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2021	**19,094**	**224**	**70**	**0**	**19,388**
Additions	227	-	-	-	**227**
De-recognition – Disposals	-	-	-	-	**-**
Reclassifications (to)/ from held for sale	-	-	-	-	**-**
Revaluation Increase/ decrease (-):					
- to Revaluation Reserve	162	-	-	-	**162**
- to Surplus/ Deficit on the provision of service	4	-	-	-	**4**
Other movement in cost of valuation	-	-	-	-	**-**
Cost or Valuation 31 March 2022	**19,487**	**224**	**70**	**0**	**19,781**
Accumulated depreciation 1 April 2021	**-**	**(104)**	**(3)**	**-**	**(107)**
Depreciation Charge	(94)	(33)	(3)	-	**(130)**
Derecognition - Disposals	-	-	-	-	**-**
Depreciation written out to the Revaluation Reserve	25	-	-	-	**25**
Depreciation written out to the Surplus/ Deficit on the provision of services	69	-	-	-	**69**
Total Depreciation at 31 March 2022	**-**	**(137)**	**(6)**	**-**	**(143)**
Net Book Value at 1 April 2021	**19,094**	**120**	**67**	**-**	**19,281**
Net Book Value at 31 March 2022	**19,487**	**87**	**64**	**-**	**19,638**

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2020	**18,368**	**242**	**-**	**297**	**18,907**
Additions	61	66	**70**	**-**	**197**
De-recognition – Disposals	-	(84)	-	-	**(84)**
Reclassifications (to)/ from held for sale	-	-	-	-	**-**
Revaluation Increase/ decrease (-):					
- to Revaluation Reserve	71	-	-	-	**71**
- to Surplus/ Deficit on the provision of service	530	-	-	(233)	**297**
Other movement in cost of valuation	64	-	-	(64)	**-**
Cost or Valuation 31 March 2021	**19,094**	**224**	**70**	**0**	**19,388**
Accumulated depreciation 1 April 2020	**-**	**(141)**	**-**	**-**	**(141)**
Depreciation Charge	(74)	(47)	(3)	-	**(124)**
Derecognition - Disposals	-	84	-	-	**84**
Depreciation written out to the Revaluation Reserve	22	-	-	-	**22**
Depreciation written out to the Surplus/ Deficit on the provision of services	52	-	-	-	**52**
Total Depreciation at 31 March 2021	**-**	**(104)**	**(3)**	**-**	**(107)**
Net Book Value at 1 April 2021	**18,368**	**101**		**297**	**18,766**
Net Book Value at 31 March 2022	**19,094**	**120**	**67**	**-**	**19,281**

Depreciation
The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and Buildings: 40-80 years
- Vehicles, Plant, Furniture and Equipment: 5-10 years
- Infrastructure: 25 years

Revaluations

The Authority carries out a valuation programme which ensures all Property, Plant and Equipment is measured at fair value in accordance with IAS16 and revalued at least every five years. We are currently revaluing assets every year to ensure that the values stated are materially correct. The valuation date is the 31st March. For 2021/22 the valuation was carried out by Mark Reynolds MRICS and Registered Valuer while employed by the NPS Group Limited in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors – the RICS Valuation – Global Standards January 2020, Chartered Institute of Public Finance and Accountancy (CIPFA) accounting code and the International Financial Reporting Standards (IFRS) and the RICS Code of Measuring Practice.

There were no capital commitments at the 31 March 2022.

The Authority within the 2019/20 and 2020/21 accounts declared a 'material valuation uncertainty' because of the possible impact of Covid on Land and Property valuations. This year no such declaration is necessary.

Note 23: Heritage Assets

	Heritage Assets £000
Cost or Valuation 1 April 2021	**92**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	-
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2022	**92**
Cost or Valuation 1 April 2020	**81**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	3
- to Surplus/ Deficit on the provision of service	8
Cost or Valuation 31 March 2021	**92**

Note 24: Assets Held for Sale

31 March 2021 £000		**31 March 2022 £000**
80	**Balance outstanding at the start of the year**	**-**
-	Assets newly classified as held for sale	-
80	Assets sold	-
-	**Balance outstanding at the end of the year**	**-**

Note 25: Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets: Amortised Cost

31 March 2021 £000		31 March 2022 £000
2,900	Comingled Fund	2,900
-	Cash in hand and at bank	-
183	Contractual Debtors	448
3,083	**Total**	**3,348**

Financial Liabilities: Amortised Cost

31 March 2021 £000		31 March 2022 £000
(45)	Bank Overdraft	(75)
(242)	Contractual Creditors	(336)
(287)	**Total**	**(411)**

Interest and Investment Income:

The (gains) and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments is as follows:

31 March 2021 £000		31 March 2022 £000
(17)	Interest Income	(9)
(17)	**Total**	**(9)**

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instrument using the following assumptions:

- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount
- The fair value of cash deposits is taken to be the cash balance as at 31 March

Nature and Extent of Risks Arising from Financial Instruments

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

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

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Chief Finance Officer, under policies approved by the Authority. The Authority has adopted the CIPFA Code of Practice for Treasury Management and as part of this approves an annual Treasury Management Strategy and Practices which sets out the policies on borrowing, investment, credit risk and interest rate exposure.

Credit Risk and Expected Credit Loss Allowances

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Authority's Annual Investment Strategy and investment solely within the Somerset County Council Co-mingled Fund.

Amounts arising from expected credit losses would normally be established for investments and debtors based upon estimates of the losses that might be incurred if those owing money to the Authority fail to pay it back. As our primary counter party is a public body and as statute prevents a local authority from default, we have concluded that the expected credit loss is not material and therefore no allowance has been made.

The Authority's standard terms and conditions for payment of invoices (trade receivables) are 28 days from invoice date. Low risk, no history of default and with signed agreements in place with third parties, we have concluded that the expected credit loss is not material therefore no allowance has been made.

Liquidity Risk
The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. Surplus cash is invested using an overnight clearing system operated by Somerset County Council.

All trade and other payables are due to be paid in less than one year. The Authority currently has no borrowings and so there is no significant current or future risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk
The Authority is currently debt free and does not have any investments in equity shares or financial assets or liabilities denominated in foreign currencies. Market Risk is therefore limited to Interest Rate Risk on our cash investments.

- Interest Risk

In terms of short-term cash investments, the variable rate of interest earned on surplus funds moves during the year and any assumptions in annual budgets are made cautiously based on current market and treasury forecasts. A 1% movement in interest rates would result in approximately £30,000 more or less than budget if investments were held for a year.

Note 26: Debtors

31 March 2021 £000		31 March 2022 £000
84	Central government bodies	138
52	Other local authorities	112
47	Public corporations and trading funds	122
31	Other entities and individuals	113
214	**Total**	**485**

Note 27: Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2021 £000		31 March 2022 £000
(45)	Bank Current Accounts	(75)
2,900	Co-mingled fund held by Somerset County Council	2,900
2,855	**Total Cash and Cash Equivalents**	**2,825**

Note 28: Creditors

31 March 2021 £000		31 March 2022 £000
(116)	Other local authorities	(58)
(46)	Public corporations and trading funds	(55)
(126)	Other entities and individuals	(279)
(288)	**Total**	**(392)**

Note 29: Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movements in Reserves Statement and in notes 20 and 21.

Note 30: Capital Grants

31 March 2021 £000		31 March 2022 £000
-	**Balance at 1 April**	**-**
(22)	Capital grants received	(52)
22	Capital grants used to finance spend	52
-	**Balance at 31 March**	**-**

Note 31: Unusable Reserves

31 March 2021 £000		31 March 2022 £000
(10,861)	Revaluation Reserve	(11,017)
(8,511)	Capital Adjustment Account	(8,712)
14,073	Pensions Reserve	12,242
82	Accumulated Absences Account	57
(5,217)	**Total Unusable Reserves**	**(7,430)**

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

2020/21 £000		2021/22 £000
(10,813)	**Balance at 1 April**	**(10,861)**
(311)	Upward revaluation of assets	(290)
238	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services	68
(73)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(222)**
-	Difference between fair value depreciation and historical cost depreciation	66
25	Accumulated gains on assets sold or scrapped	-
25	**Amount written off to the Capital Adjustment Account**	**66**
(10,861)	**Balance at 31 March**	**(11,017)**

Capital Adjustment Account

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

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

Note 22 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000		2021/22 £000
(8,113)	**Balance at 1 April**	**(8,511)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
50	Charges for depreciation and impairment of non-current assets	132
(306)	Revaluation gains on Property, Plant and Equipment	(40)
-	Difference between fair value depreciation and historical cost depreciation	(66)
-	Revenue expenditure funded from capital under statute	-
55	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
(8,314)		**(8,485)**
-	Adjusting amounts written out of the Revaluation Reserve	-
(8,314)	**Net written out amount of the cost of non-current assets consumed in the year**	**(8,485)**
	Capital financing applied in the year:	
(22)	Use of Capital Grants to finance capital expenditure	(52)
-	Use of Capital Receipts to finance capital expenditure	(100)
(175)	Capital Expenditure charged against the General Fund	(75)
(8,511)	**Balance at 31 March**	**(8,712)**

Pensions Reserve

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

2020/21 £000		2021/22 £000
9,838	**Balance at 1 April**	**14,073**
3,818	Remeasurement of net defined liability	(2,652)
943	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	1,427
(526)	Employer's pensions contributions and direct payments to pensioners payable in the year	(606)
14,073	**Balance at 31 March**	**12,242**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, 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 Account.

2020/21 £000		2021/22 £000
53	**Balance at 1 April**	**82**
(53)	Settlement or cancellation of accrual made at the end of the preceding year	(82)
82	Amounts accrued at the end of the current year	57
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	-
82	**Balance at 31 March**	**57**

Note 32: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The Authority remains Debt Free throughout the periods contained in this Statement of Accounts and therefore does not have incurred expenditure yet to be financed.

	2020/21 £000	2021/22 £000
Capital Investment		
Property, Plant & Equipment	**197**	**227**
Revenue Expenditure Funded from Capital under Statute	-	-
Sources of finance		
Capital Receipts	-	100
Government Grants and other contributions	22	52
Sums set aside from revenue	175	75

Note 33: Impairment Losses

The Authority did not recognise any impairment losses during 2021/22 (2020/21 £0k). Impairment losses are recognised as part of the valuation of the authority's non-current assets.

Note 34: Defined Benefit Pension Schemes

Participation in Pension Schemes:

As part of the terms of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in the Local Government Pension Scheme that is administered locally by Somerset County Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Pension Fund Committee, at Somerset County Council, oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. As administering authority to the Fund, Somerset County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2019 and contributions have been set for the period from 1 April 2020 to 31 March 2023. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks

In addition, as many unrelated employers participate in the Somerset County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers. The Authority's Pension Fund liability does not represent an immediate call on reserves; it is a snap-shot valuation in time, based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term.

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. Although the Tribunal ruled against the Government and the Supreme Court denied their appeal, the outcome of these matters is still to be agreed so the exact impact they will have on LGPS benefits is unknown. Remedial regulations are expected in 2022 and the uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised. The McCloud remedy may impact the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included.

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The Actuary's valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the Actuary has assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the Actuary's assumption is consistent with the consultation outcome and the Actuary does not believe that it is necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid out as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

	2020/21 £000	2021/22 £000
Service Cost		
• Current Service Cost • Past Service Costs (including curtailments)	691	1,112 32
Total Service Cost	**691**	**1,144**
Financing and Investment Income and Expenditure		
• Net interest on the defined liability • Administration expenses	225 8	276 7
Total Net Interest	**233**	**283**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**924**	**1,427**
Remeasurement of the Net Defined Liability Comprising:		
• Return on plan assets excluding amounts included in net interest • Experience (gain)/loss on defined benefit obligation • Actuarial losses arising from changes in demographic assumptions • Actuarial losses arising from changes in financial assumptions • Other actuarial gains & losses on assets	(2,965) (268) (233) 7,284 -	(927) 59 - (1,784) -
Total re-measurements recognised in Other Comprehensive Income	**3,818**	**(2,652)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**4,742**	**(1,225)**
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**(943)**	**(1,427)**
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	**526**	**606**

Pension Assets and Liabilities in Relation to Post-Employment Benefits Recognised in the Balance Sheet

	2020/21 £000	2021/22 £000
Present value of funded obligation	(29,145)	(28,509)
Fair value of employer assets	15,374	16,544
Present value of unfunded obligation	(302)	(277)
Net Liability Arising from Defined Benefit Obligation	**(14,073)**	**(12,242)**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2020/21 £000	2021/22 £000
Opening Balance at 1 April	**(21,679)**	**(29,447)**
Current service cost	(691)	(1,112)
Interest cost	(507)	(583)
Change in financial assumptions	(7,284)	1,784
Change in demographic assumptions	233	-
Experience loss / (gain) on defined benefit obligation	268	(59)
Estimated benefits paid net of transfers in	339	777
Past service costs, including curtailments	(19)	(32)
Contributions by scheme participants	(131)	(137)
Unfunded pension payments	24	23
Closing Balance at 31 March	**(29,447)**	**(28,786)**

Reconciliation of the Movements in Fair Value of the Scheme (plan) Assets:

	2020/21 £000	2021/22 £000
Opening Balance at 1 April	**11,841**	**15,374**
Interest on assets	282	307
Return on assets less interest	2,965	927
Other actuarial gains/(losses)	-	-
Administration expenses	(8)	(7)
Contributions by employer including unfunded	526	606
Contributions by scheme participants	131	137
Estimated benefits paid plus unfunded net of transfers in	(363)	(800)
Closing Balance at 31 March	**15,374**	**16,544**

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. The total liability of £12,242k (2020/21 £14,073k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £10,463k (2020/21 £8,140k). However, arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2020/21		2021/22	
	£000	%	£000	%
Equities	11,117	72%	12,013	72%
Gilts	857	6%	835	5%
Other Bonds	1,447	9%	1,601	10%
Property	1,031	7%	1,329	8%
Cash and cash equivalents	922	6%	766	5%
Total	**15,374**	**100%**	**16,544**	**100%**

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2023 is £530k.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years' dependant on assumptions about mortality rates, salary levels, etc. The LGPS liabilities have been assessed by Barnett and Waddingham, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation as at 31 March 2019. Their estimate of the past service liability is 21 years. This is based on membership data provided as part of the recent valuation.

The principal assumptions used by the actuary have been:

Mortality assumptions	**2020/21**	**2021/22**
Retiring today: • Men • Women	 23.1 24.6	 23.1 24.7
Retiring in 20 years: • Men • Women	 24.4 26.0	 24.4 26.1
Rate of Inflation (CPI)	2.85%	3.20%
Rate of increase in salaries	3.85%	4.20%
Rate of increase in pensions	2.85%	3.20%
Rate for discounting scheme liabilities	2.00%	2.60%
Take-up of option to convert annual pension into retirement lump sum	50%	50%
Take-up of active members to pay 50% contributions for 50% benefits	10%	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2020/21.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	28,177	28,786	29,410
Projected service cost	966	999	1,033
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	28,845	28,786	28,729
Projected service cost	999	999	998
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	29,347	28,786	28,238
Projected service cost	1,033	999	966
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	29,995	28,786	27,629
Projected service cost	1,040	999	959

Note 35: Contingent Liability

Devon County Council agreed as part of its Investing in Devon Programme to grant the sum of £600,000 to support the refurbishment, improvement and adaptation of Lynmouth Pavilion. A contingent liability exists as part of the grant conditions require that in the event of the premises ceasing to be used as a visitor and interpretation centre and learning hub during the period of 20 years from the date of completion of the Project the Grantee shall repay the Grant to the Council but subject to a reduction of five per cent for each complete year which has elapsed following the date of completion of the project. With the completion date being the 8 August 2013 at the balance sheet date a contingent liability exists for £360,000.

<u>Notes to Support the Cash Flow Statement</u>

Note 36: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2020/21 £000		2021/22 £000
(50)	Depreciation and Amortisation	(131)
306	Impairment and Downward Valuations	40
(417)	Actuarial Charges for Retirement Benefits	(821)
(7)	Increase/(Decrease) in Inventory	3
(42)	Increase/(Decrease) in Debtors	270
(34)	(Increase) in Creditors & Receipts in Advance	(109)
20	Carrying amount of Non-Current Assets de-recognised	-
(224)		**(748)**

Note 37: Cash Flow Statement – Investing Activities

2020/21 £000		2021/22 £000
197	Purchase of property, plant and equipment, investment property and intangible assets	227
(100)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
97	**Net cash flows from investing activities**	**227**

Note 38: Cash Flow Statement – Financing Activities

2020/21 £000		2021/22 £000
-	Cash receipts of short and long-term borrowing	-
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
-	Repayment of short and long-term borrowing	-
-	Other payments for financing activities	-
-	**Net cash flows from financing activities**	**-**

EXMOOR NATIONAL PARK

ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

1.1 Exmoor National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 Exmoor National Park Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code can be obtained from the Chief Executive, Exmoor House, Dulverton,TA22 9HL. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and the culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and the leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 A governance framework has been in place at Exmoor National Park Authority for the year ended 31 March 2022 and up to the date of approval of the Corporate Plan and statement of accounts.

3. The Governance Framework

3.1 The key elements of the governance framework include:

- A National Park Partnership Plan that contains a vision, priorities and a corporate strategy to meet National Park purposes;
- The production of a Medium Term Financial Plan taking account of the anticipated level of National Park Grant;
- The production of a Corporate Plan that includes data on performance and objectives both achieved and planned;

- Committee papers that are linked to National Park Partnership Plan or Corporate Plan objectives and in compliance with equality and human rights legislation;
- Standing orders and financial regulations to regulate the conduct of the Authority's affairs;
- A Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive;
- Formal codes of conduct which define the standards of personal behaviour of members and staff. The code for Members was initially adopted in 2012 along with the establishment of a Standards Committee comprising 5 Authority members and the appointment of an "Independent Person" under the provisions of the 2011 Localism Act. A further process was the provision of guidance on the registration of interests. This was reviewed and refined in August 2012 with recommendations to Authority for standards arrangements and for the provision of member training on the new standards regime. In December 2021 the code of conduct was again updated.
- Responsibility for audit matters are retained by the Authority;
- A Solicitor and Monitoring Officer who has a statutory responsibility supported by the Chief Finance Officer and financial regulations to ensure the legality of transactions, activities and arrangements the Authority enters;
- Financial management arrangements of the Authority which conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) ;
- A Complaints procedure and a whistle-blowing policy in place for members of the public, members, staff or contractors;
- An Anti Fraud, Corruption and Bribery Policy;
- An ICT Acceptable Use Policy;
- Risk Management Policy, Registers and Business Continuity and Disaster Recovery systems which are approved, in place and subject to annual regular review;
- Extensive arrangements for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Partnership Plan.
- A staff performance and development review process which identifies training and development needs;
- Training, briefing and induction programmes for members; and
- Wide consultation with interested parties and an Exmoor Consultative and Parish Forum meets to engage with the community and a Local Access Forum considers access and rights of way issues. Numerous diverse organisations are represented on these consultative mechanisms.

4. Review of Effectiveness

4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Heads of Section within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report on internal audit, and by the Annual Governance Report of the external auditors. The annual review of the effectiveness of the governance framework is undertaken by the Standards Committee and the Authority approve this Annual Governance Statement. The Standards Committee now also undertake an annual self-assessment of effectiveness.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

- The adoption of an updated Code of Corporate Governance in March 2017 with an annual review by the National Park Authority carried out by the Authority's Solicitor and Monitoring Officer to ensure compliance with the Code and audited by the Chief Finance Officer;
- Adoption of Standing Orders, the scheme of delegation and financial regulations which are periodically reviewed, updated and approved;
- Reports to the Authority on performance management including sustainability and the corporate planning and performance framework;
- Annual reports presented to the Authority in respect of internal audit which is a contracted service, and from the external auditor appointed by the PSAA;
- Annual reports presented to the Authority on risk management, performance indicators and treasury management; and
- An internal audit service is contracted from the Devon Audit Partnership and an annual work programme is agreed with the Chief Finance Officer with the internal auditors producing an annual report covering their activities for presentation to the Authority.

5. Significant governance issues

5.1 In general the governance and internal control systems within the Authority are working effectively and have been reviewed by the Solicitor and Monitoring Officer and the Chief Finance Officer and are independently validated by the internal and external auditors. As a consequence of certain Internal Audit findings, the Authority has undertaken a review of Safeguarding policies and practices. These changes were confirmed with Internal Audit during 2021/22.

5.2 During 2022/23 the Authority will be:

- Continuing the communication and implementation of the 2018-23 National Park Partnership Plan;
- Producing guidance on the recently adopted Local Plan;
- Working with Defra to deliver the eight points of the National Parks Plan;
- Monitoring new legislation and changes in policy to ensure that account is taken of the impact on National Parks and National Park communities;
- Responding to the Government on the Landscape Review;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture; and
- Monitoring the performance of the Corporate Plan.
- Implement the transition back to in person but distanced meetings, and staff gradually returning to Exmoor House.
- Continue to engage and communicate flexibly while making best use of technology.
- Undertake a review of Financial Regulations
- Assist DEFRA with the Governance sections of the Landscapes Review.
- Continue to adapt the Farming in Protected Landscapes panel and model of decision making.
- Understand the implications of the new Somerset Unitary on the Authority’s decision making.

- Support Somerset County Council in their implementation of a new financial ledger to ensure that ENPA's requirements are fully met.

5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed ………………………………………… ……………………………………...

Mrs S Bryan, Chief Executive R Milton, Chairperson

Date …………………………………………