



EXMOOR NATIONAL PARK AUTHORITY
EXMOOR HOUSE, DULVERTON
SOMERSET TA22 9HL
TEL: (01398) 323665
FAX: (01398) 323150
www.exmoor-nationalpark.gov.uk
E-mail: info@exmoor-nationalpark.gov.uk

*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
24 September 2020

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 via Microsoft Teams Video Conferencing software on **Tuesday 6 October 2020 at 3.00pm.**

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 24 July 2019 (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 2019/20**
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 2019/20.
 - To consider the Audit Findings Report for 2019/20.
 - To consider and approve the Letter of Representation.
 - To adopt the Statement of Accounts for 2019/20.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.

**EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE**

MINUTES of the meeting of the Final Accounts Committee of the Exmoor National Park Authority held on Wednesday 24 July 2019 at 10.00am in the Committee Room, Exmoor House, Dulverton.

PRESENT

Mr R Milton (Chairman)
Miss A V Davis
Mr N Holliday
Mrs F Nicholson
Mr J Patrinos
Mrs E Stacey
Mr V White

1. **APOLOGIES FOR ABSENCE:** Apologies for absence were received from Mr R Edgell, Mr M Ellicott, Mr S Pugsley and Mrs S Takle.
2. **DECLARATIONS OF INTEREST:** There were no declarations of interest.
3. **MINUTES:** The Minutes of the meeting of the Final Accounts Committee held on [31 July 2018](#) 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 2018/19**

The Committee considered the report of the Chief Finance Officer.

Mrs Julie Masci, Associate Director of Grant Thornton, presented the Audit Findings report to the Committee which summarised the 2018/19 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 substantially complete and a concluding review of internal processes would not affect the audit findings.

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 2019. 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.

24 July 2019

In conclusion, Mrs Masci advised that it was proposed to issue an unqualified opinion in relation to the Authority's financial statements.

The Chairman 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 2018/19 as set out in Annex 3 to the report.

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

The meeting closed at 10.18am.

(Chairman)

EXMOOR NATIONAL PARK AUTHORITY

FINAL ACCOUNTS COMMITTEE

6 October 2020

STATEMENT OF ACCOUNTS FOR 2019/20

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 2019/20 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 2019/20 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.

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 2019/20. This follows the usual format required by the External Auditors and Members are recommended to approve it for signature.

3. STATEMENT OF ACCOUNTS

3.1 This year the regulations require the accounts to be adopted by 30 November.

3.2 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.

3.3 As a consequence of the external audit, some minor 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 2019/20 and the financial position of the Authority at 31 March 2020. The updated and final Statement of Accounts is attached at Annex 3 for adoption. Following adoption these will be signed by the Chairman.

3.4 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
September 2020



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

Year ended 31 March 2020

21 September 2020



Contents



Your key Grant Thornton
team members are:

Gareth Mills

**Engagement Lead &
Key Audit Partner**

T: 0113 200 2535

E: Gareth.Mills@uk.gt.com

Mark Bartlett

Engagement Manager

T: 0117 305 7896

E: Mark.Bartlett@uk.gt.com

Steph Thayer

Engagement In-Charge

T: 0117 305 7821

E: Steph.E.Thayer@uk.gt.com

Section

1. Headlines
2. Financial statements
3. Value for money
4. Independence and ethics

Appendices

- A. Action Plan
- B. Audit adjustments
- C. Fees
- D. Audit Opinion (proposed)

Page

3

5

14

17

18

19

21

22

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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 2020 for those charged with governance.

Covid-19	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Authority . Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>Our audit risk assessment considered the impact of the pandemic on our audit and we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VFM approach in our Audit Plan dated 30 April 2020. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant that both the Authority and audit teams have had to initiate remote working arrangements from home including the remote accessing of financial systems, the provision of working papers electronically by secure means, the use of video and telephone conferencing arrangements and using virtual technology to observe the download of data and other information to ensure its completeness and accuracy for testing.</p>
Financial Statements	<p>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:</p> <ul style="list-style-type: none"> • 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. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed on remotely during June-September. Our findings are summarised on pages 5 to 13. To date, we have not identified any adjustments to the financial statements that have resulted in an adjustment to the Authority's Comprehensive Income and Expenditure Statement. Presentational audit adjustments are detailed at Appendix B. We have also raised a small number of recommendations for management as a result of our audit work at Appendix A.</p> <p>At present, there are no matters of which we are aware that would require modification of our audit opinion (included at Appendix D) or material changes to the financial statements.</p> <p>Our audit is substantially complete although we are finalising our procedures in the following areas:</p> <ul style="list-style-type: none"> • work on the significant audit risk of accounting for Pensions costs within the accounts (see page 8), including the assurance letter from the auditor of Somerset Pension Fund • receipt of the assurance letter from the auditor of Somerset CC in respect of the payroll system • completion of our work on employee benefits / payroll costs • completion of our internal quality review process, including final reviews of the file by both the manager and Engagement Lead, specifically in respect of significant audit risks of PPE revaluations and the Pension Fund liability as well as work done on creditors, operating expenditure, income from fees and charges and grant income. • receipt of management representation letter (see separate agenda item) • review of the final set of financial statements, narrative report and Annual Governance Statement. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.</p> <p>Our anticipated audit report opinion will be unmodified, however, will include an Emphasis of Matter paragraph, highlighting the valuation of land and buildings material uncertainty (as a result of Covid and in common with other authorities).</p>

Headlines

Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Authority's value for money arrangements. We have concluded that the Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources

We therefore anticipate issuing an unqualified value for money conclusion, as detailed at Appendix D. Our findings are summarised in section three of this report.

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 have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

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 these unprecedented times.

2. Audit approach

Overview of the scope of our audit

This Audit Findings 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 with management.

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, which was communicated to you on 14 May 2020.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Final Accounts Committee meeting on 6 October 2020. These outstanding items are set out in the headlines on page 3.

As noted on page 3, our ability to conclude and sign off the audit will be dependent on resolving all outstanding work, particularly in respect of the pension related issues

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.

Materiality levels remain the same as reported in our Audit Plan.

Materiality area	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	104k	Financial statement materiality was determined based on a proportion of the gross expenditure of the Authority for the financial year.
Trivial matters	5k	Set at 5% of materiality
Materiality for senior officer remuneration	10k	Due to perceived public interest in these disclosures.

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:

- Remote working arrangements may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

The revenue cycle includes fraudulent transactions

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.

Auditor commentary

As part of our audit work, we:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 12 June 2020.
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic
- evaluated whether sufficient audit evidence could be obtained through remote technology
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

Management produced the draft financial statements and working papers in advance of the updated timetable. This is a significant achievement with all of the Authority's staff working remotely. We completed our audit remotely and, while it took longer than normal as a result, we were able to utilise technology to corroborate information produced by the Authority. The Authority's finance team have generally been responsive to audit queries throughout the audit and we would like to express our appreciation for this.

We did not identify any implications for our audit report resulting from Covid-19, however our report includes standard reference to the macroeconomic conditions arising from Brexit and Covid-19.

The assessment in our audit plan to rebut the presumed risk of improper revenue recognition remains appropriate. We have rebutted this presumed risk for the Authority 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 Exmoor National Park Authority, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for the Authority.


Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
<p>Management override of controls</p> <p>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. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals tested unusual journals made during the year and after the draft accounts 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. <p>Our audit work has not identified any issues in respect of management override of controls.</p>
<p>Valuation of land and buildings</p> <p>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.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£18.8 million in the 2019-20 balance sheet) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2020.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> 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 discussed with the valuer the basis on which the valuations were carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, included checking that the floor areas used are consistent with other records tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register. <p>At the time of drafting this report, our audit work in respect of valuation of land and buildings is still in progress. We have identified that there is no disclosure in the draft financial statements of the material uncertainty in the external valuer's report – therefore we have proposed an enhanced disclosure on this matter – see Appendix B. There are no other significant issues arising to date and we will provide a verbal update to the Committee on 6 October in respect of our work on valuations.</p> <p>We will be including an emphasis of matter paragraph in our audit opinion in respect of the material uncertainty in the external valuer's report. This finding is in common with our audit work across other authorities.</p>




Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
<p>Valuation of pension fund net liability</p> <p>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.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£9.8 million in the 2019-20 balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> • 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 evaluate 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 • obtained assurances from the auditor of Somerset 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. <p>Our audit work on the pension fund net liability is currently in progress. This work is partially dependent on the progress of the Somerset Pension Fund audit. In addition, we will need to review further information from the actuary that we have requested in respect of experience items. These are material pension related figures that relate to the impact of correcting the estimates made in the years between the triennial revaluations of the pension fund. There may also be further audit work required on an emerging national issue in respect of updating the impact of the Goodwin judgement on the Authority's pension fund liability – this may also have a material impact on the figures.</p> <p>At the date of this report, both the experience items issue and the possible updating of the impact of Goodwin on the pension fund liability are live issues. They are national issues that have arisen towards the end of our audit fieldwork at the Authority. As a result of the pension fund balance being a significant audit risk, we need to be satisfied that we have sufficient and appropriate audit evidence over these material entries. As such we will need to closely consider the updated information that we receive from the actuary, and the assurance from our colleagues on the Somerset Pension Fund audit.</p> <p>Given that guidance is emerging on these national issues this may impact on our ability to issue our audit opinion on or after the Committee meeting on 6 October. We will provide a verbal update to members at the meeting on these issues.</p>

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £18.4m	<p>Other land and buildings comprises £18.4m of assets that are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Authority has engaged its internal valuer to complete the valuation of properties as at 31 March on an annual basis. All assets were revalued during 2019-20.</p> <p>In line with RICS guidance, the Authority's valuer disclosed a material uncertainty in the valuation of the Authority's land and buildings at 31 March 2020 as a result of Covid-19. The Authority did not include a disclosure on this issue in the draft financial statements.</p> <p>The valuation of properties valued by the valuer has resulted in a net increase of £0.5m.</p>	<p>We have:</p> <ul style="list-style-type: none"> 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 and Covid related material uncertainty in the financial statements. <p>At the time of drafting this report, our audit work in respect of valuation of land and buildings is in progress. As set out on page 7, we have identified that there is no disclosure in the draft financial statements of the material uncertainty in the external valuer's report. There are no significant issues arising to date and we will provide a verbal update to the Committee on 6 October in respect of our work on valuations.</p>	<p> Green (after the material uncertainty is disclosed)</p>

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (red)
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic (amber)
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious (green)

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
-----------------	--------------------------------	--------------------	------------

Net pension liability – £9.8m

The Authority's net pension liability at 31 March 2020 is £9.8m (PY £9.6m) comprising the Somerset Local Government 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 £2.7m net actuarial loss during 2019-20.

We have:

- Assessed management's expert
- Assessed the actuary's roll forward approach and deemed it reasonable
- Used PwC as our auditors expert to assess the actuary and assumptions made by actuary

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.35%	2.35%	● Green
Pension increase rate	1.85%	1.85% - 1.95%	● Green
Salary growth	2.85%	Value is in line with PwC report	● Green
Life expectancy – Males currently aged 45 / 65	24.7 23.3	22.8 – 24.7 21.4 – 23.3	● Green
Life expectancy – Females currently aged 45 / 65	26.2 24.7	25.2 – 26.2 23.7 – 24.7	● Green

●
Green

- Confirmed the completeness and accuracy of the underlying information used to determine the estimate
- Confirmed the reasonableness of the Authority's share of LGPS pension assets.
- Confirmed the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from the actuary

Our work in this area is still in progress, including the assurance from the Pension Fund auditor.

Significant findings – going concern

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).

Going concern commentary

Auditor commentary

Management's assessment process

- Management's assessment is based on the public sector interpretation of going concern as the continuation of the provision of services to support the preparation of the accounts on a going concern basis.
- Management has considered the Authority's medium term financial planning documents in considering that no material uncertainties need to be disclosed.

The going concern assessment was completed by the Chief Finance Officer. We consider that management's arrangements for considering going concern are adequate.

We concur with management's assessment that the Authority is a going concern with no material uncertainties that would require disclosure.

Work performed

- We reviewed management's assessment of going concern provided to us, in conjunction with our knowledge and understanding of the Authority.
- We reviewed the Authority's medium term financial planning documents, and considered the impact of Covid-19

We considered management's assessment and also considered the potential impact of Covid-19 on the Going Concern assumption. The Authority has not made any claims to DEFRA for support in respect of Covid-19 and has not had the need to furlough any members of staff.

We did not identify any material uncertainties that would require additional disclosure.

Concluding comments

- No issues identified.

We did not identify any issues with the Authority's use of the going concern assumption. Our proposed audit opinion will be unmodified in respect of going concern.

Other matters for communication

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	Auditor 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 included in the Committee papers for the meeting on 6 October. We have requested a specific representation in respect of the Authority's accounting treatment of £18k of monies held in an Authority 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.
Disclosures	Our review found no material omissions in the financial statements. A small number of presentational amendments have been discussed and agreed with the Authority and these are included at Appendix B.
Audit evidence and explanations / significant difficulties	Whilst the majority of our audit queries has been answered and resolved, we did experience some issues regarding the timeliness of receipt of supporting documentation not being available to conclude our sample testing. Whilst we did ultimately receive the supporting audit evidence (following intervention from the Chief Finance Officer), and we acknowledge the challenges of remote working during the pandemic we have raised a recommendation on supporting documentation [Rec 1] .

Other responsibilities under the Code

Issue	Commentary
Other information	<p>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. We did identify some areas where the Narrative Report could be enhanced and this is summarised in the Action Plan at Appendix A. [Rec 2]</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – please see our proposed audit opinion at Appendix D.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>Work is not required as the Authority does not exceed the WGA audit threshold.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019-20 audit of the Authority in the audit report, as detailed at Appendix D.</p>

3. Value for Money

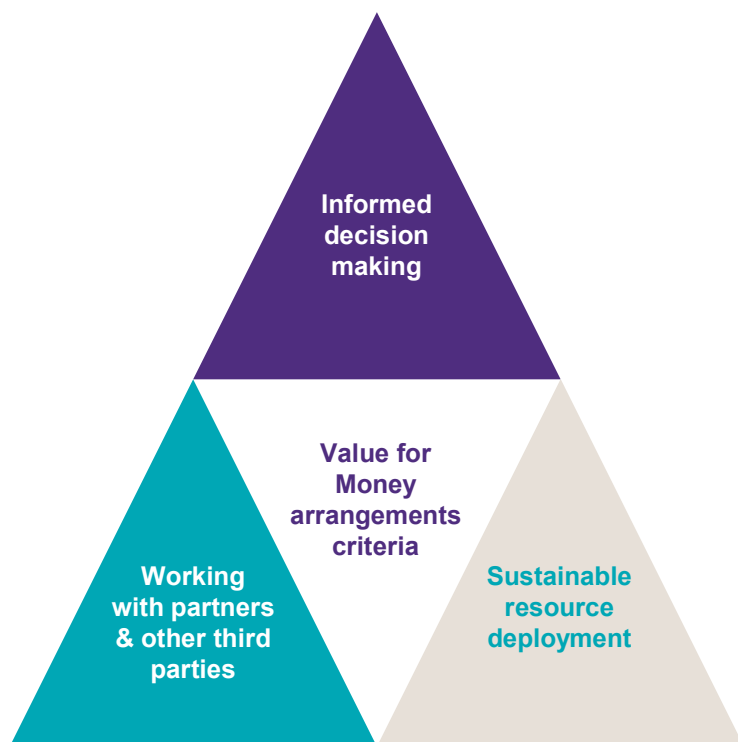
Background to our VFM approach

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in April 2020 and identified a significant risk in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated this risk to you in our Audit Plan dated 30 April 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- The impact of Covid-19 on the Authority's revenue budget for 2020-21 and its medium term financial planning.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 16.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix D.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk as identified in our Audit Plan:	Findings and conclusion
<p>Financial Sustainability</p> <p>The Authority has had a 5% cut in grant funding in 2020-21 which, although it was offset by one-off funding in the year, is below what had originally been assumed.</p> <p>This represents a £54k reduction in the assumed grant position for the Authority. The Authority's Medium Term Financial Plan shows savings to be identified in 2021-22 to 2024-25 of £249k, £280k, £318k and £358k respectively in order to achieve a balanced budget. This was based on an assumption that the one-off funding received in 2020-21 would not be repeated, however, it now appears more likely that the funding will continue.</p> <p>The Authority still faces a significant financial challenge. While a number of solutions are being explored to close these budget deficits, they reflect the level of financial challenge faced by the Authority.</p> <p>Since the budget was set the Covid-19 pandemic has impacted the financial plans of all sectors of the UK, including local government and National Parks. We have been discussing the impact of the lockdown on the Authority through our liaison with the S151 Officer.</p> <p>We will consider the impact of the Covid-19 lockdown on the Authority's income projections and wider budget for 2020-21 and its medium terms financial plans.</p>	<p>The Authority meeting on 4 August 2020 considered a report from the Chief Executive and Head of Strategy and Development on the on the impact of budget cuts and Covid-19 on the Corporate Plan.</p> <p>Exmoor has more limited financial risks in relation to Covid-19 as its current business model does not include significant commercial income, therefore in the context of the global pandemic the Authority is less exposed. The Authority has experienced reduced income from car parking charges, visitor centre sales and the Outdoor Education Centre at Pinkery (estimated at £130k), but these are offset to some extent by savings in expenditure, stock acquisition and travel costs.</p> <p>As a result of the Covid pandemic, DEFRA has offered to effectively underwrite National Parks' revenue budgets in 2020-21 but the Authority do not plan to request any additional financial support from the Government.</p> <p>There is speculation about the risk of a second wave of Covid-19 in the winter, but visitor numbers to the Park in the winter are likely to be lower and this is not considered to be a significant risk to the Authority's income projections.</p> <p>The key concern for the Authority is the longer-term implications for their core National Park Grant (NPG) funding. The NPG for 2021-22 onwards has not been confirmed and the current Medium Term Financial Plan includes assumptions for increases in NPG in line with the staff pay award.</p> <p>The Authority has relatively healthy useable reserves of £2.9m at 31 March 2020. However, many of these are earmarked for specific purposes and the Authority cannot rely on reserves to cover potential budget gaps going forward. We recommend the Authority should begin modelling for options for how it would deal with the potential budget gaps that may arise depending on the level of NPG awarded in future. [Rec 3]</p> <p>On that basis we concluded that while the potential level of savings needed represent a significant challenge for the Authority, the risk was sufficiently mitigated and the Authority has proper arrangements in place for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.</p>

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 Council'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

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we 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 C.




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 non-audit services were identified.

Appendix A: Action Plan

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 2020-21 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	<p>1. Timeliness of supporting audit documentation:</p> <p>There have been some issues regarding the timeliness of receipt of supporting documentation not being available to conclude our sample testing (until intervention from the Chief Finance Officer).</p>	<p>The Authority should ensure that it retains the source documentation for all items and that these are made available for audit scrutiny on a timely basis and with clarity.</p> <p>Management response:</p> <p><i>The pandemic has put unprecedented strain on staff's ability to access the office and associated records. I am confident that all staff did their best that they could have in the circumstances.</i></p>
 Green	<p>2. Narrative Report:</p> <p>The disclosures in the Narrative Report could be enhanced by further details on the Medium Term Financial Plan and plans to address any future resource shortfalls.</p>	<p>The Authority should enhance the information reported within the Narrative Report in line with the Code recommendations and suggestions.</p> <p>Management response:</p> <p><i>Management will consider enhancing the Medium Term Financial Plan element of the Narrative Report next year. However, the MTFP section of the forward year revenue budget is where Authority members will look if they wish to see information on this subject.</i></p>
 Medium	<p>3. Financial Sustainability:</p> <p>The National Park Grant (NPG) for 2021-22 onwards has not been confirmed and the Authority's Medium Term Financial Plan currently assumes increases in NPG higher than was received in 2020-21. The Authority should start modelling for worst case scenarios in future DEFRA funding.</p>	<p>The Authority should begin modelling for options for how it would deal with the potential budget gaps that may arise depending on the level of National Park Grant awarded in future.</p> <p>Management response:</p> <p><i>The Authority currently considers a range of risk and available mitigations when setting the Medium Term Financial Plan. The budget that will be set from 2021-22 onwards should contain less uncertainty as the Comprehensive Spending Review is committed to providing 3 years of notified funding. Management will consider enhanced scenario planning in budget setting if this is something that will benefit decision making for the Authority.</i></p>

Appendix B: 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

As at the date of this report, there are no adjusted misstatements.

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	Detail	Adjusted?
Duration of pension liabilities	The duration of liabilities not disclosed in Note 35 – Defined Benefit Pension Schemes.	✓
Material uncertainty on property valuations (note 4)	The draft financial statements did not include a disclosure of the material uncertainty that was included within the internal valuer's report.	✓
The financial instruments disclosures were split between notes 25 and 34 in the draft financial statements.	The Financial Instruments disclosures should be included within one note in the financial statements.	✓
General	A small number of amendments have been made to the draft accounts to correct minor disclosure and presentational issues that do not warrant being individually reported to Those Charged with Governance.	✓

Audit adjustments

Impact of unadjusted misstatements

As at the date of this report, there are no unadjusted misstatements.

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the 2018-19 financial statements.

Appendix C: 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	9,004	9,004
Audit fee variations	3,750	3,750*
Total audit fees (excluding VAT)	£12,754	£12,754

Reconciliation of audit fees between the financial statements and this report:

£9k - fees per financial statements
 £4k - audit fee variations (as above)
 £13k – Total fees per above

* Subject to PSAA approval. We wish to note that there is the potential for further audit fees in relation to the expected additional work on pension related figures, as set out in page 3. We will provide a full breakdown of proposed fees on completion of our audit and this will be included in the Annual Audit Letter later this year.

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

Appendix D: Audit opinion (proposed)

We anticipate we will provide the Authority with an unmodified 'clean' accounts and value for money opinion, with the inclusion of a 'emphasis of matter' regarding the valuation of property, plant and equipment.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Exmoor National Park Authority (the 'Authority') for the year ended 31 March 2020 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 2019-20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 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 2019-20
- 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. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Finance Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 2019-20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2020. As disclosed in note 4 to the financial statements, the outbreak of the Covid-19 has impacted world financial markets. In the sphere of valuation, it has created inconsistent or reduced levels of data, either through difficulties in carrying out inspections or gathering evidential data. A material valuation uncertainty on property valuation was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

Audit opinion

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 of the Authority 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 this 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 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 the '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 matter 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 gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, 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.

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 more fully 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 2019/20, 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.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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.

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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Exmoor National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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.

Gareth Mills, Key Audit Partner

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

Leeds

Date



© 2020 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Exmoor National Park Authority
Exmoor House
Dulverton
Somerset TA22 9HL
Tel: 01398 323665
www.exmoor-nationalpark.gov.uk
info@exmoor-nationalpark.gov.uk

A member of National Parks England and National Parks UK

Grant Thornton UK LLP
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

6 October 2020

Dear Sirs

Exmoor National Park Authority
Financial Statements for the year ended 31 March 2020

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 2020 for the purpose of expressing an opinion as to whether the 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 2019/20 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 2019/20 ("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 Authority 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. 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.
- 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 misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. We confirm that we are holding a cash balance of £18,061 as at 31 March 2020 in respect of a deposit linked to those who rent the Pavilion café 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.
- 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 and cashflow forecasts in light of the Covid-19 pandemic. 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 current and future sources of funding or support will be more than adequate for the Authority's needs. 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.

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the 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, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. 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.
- xix. 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:
 - d. management;
 - e. employees who have significant roles in internal control; or
 - f. others where the fraud could have a material effect on the financial statements.
- xx. 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.

- xxi. 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.
- xxii. 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.
- xxiii. 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

- xxiv. 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

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

Approval

The approval of this letter of representation was minuted by the Final Accounts Committee at its meeting on 6 October 2020.

Yours faithfully

Name.....

Name.....

Position.....

Position.....

Date.....

Date.....

Signed on behalf of the Authority

Exmoor National Park

Statement Of Accounts 2019/20

Gordon Bryant
Chief Finance Officer

Sarah Bryan
Chief Executive



AUDITED STATEMENT OF ACCOUNTS**2019/20****CONTENTS**

SECTION		PAGE
1	Narrative Report	3
2	Statement of Responsibilities	9
3	Comprehensive Income and Expenditure Statement	10
4	Movement in Reserves Statement	11
5	Balance Sheet	12
6	Cash Flow Statement	13
7	Notes to the Accounts	14
8	Annual Governance Statement	44

STATEMENT OF ACCOUNTS 2019/20

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 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. An enhanced governance relationship with Defra began in 2019/20. This included an annual formal agreement and additional reporting requirements.

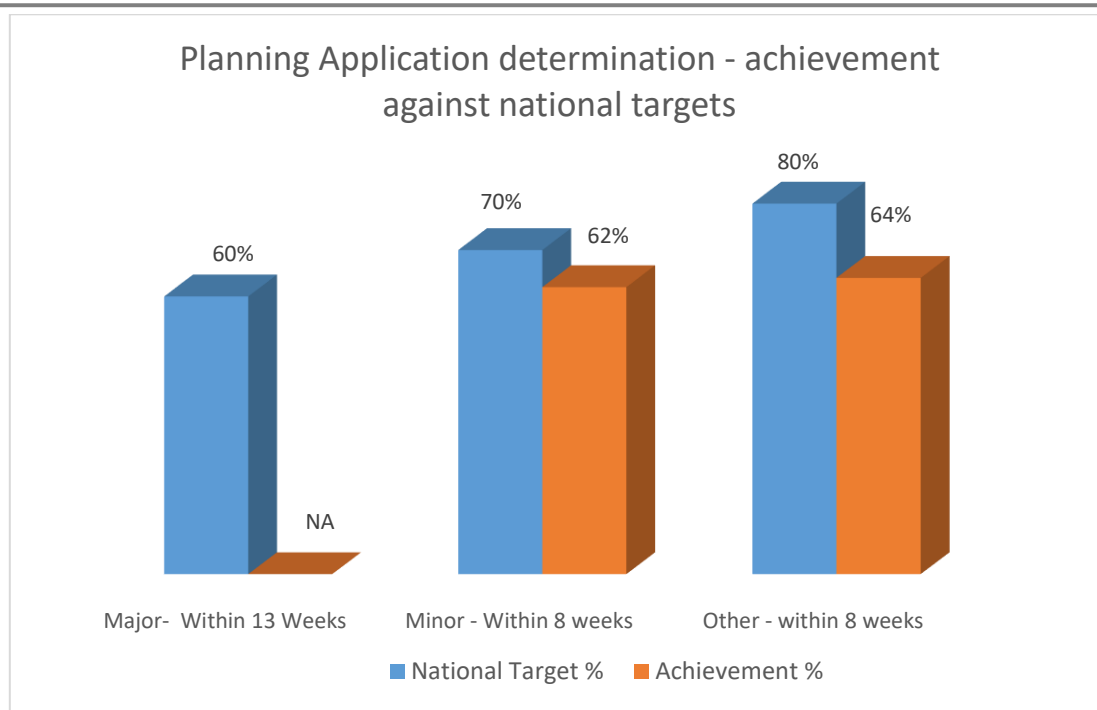
Organisation

6. 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.

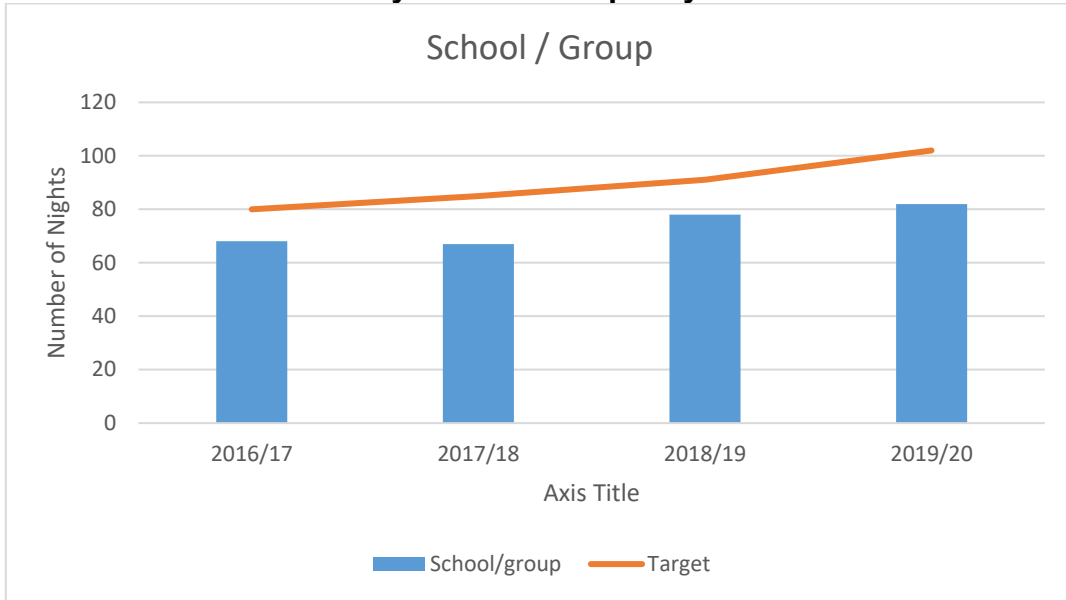
Performance

7. 2019/20 saw the completion of the single year Corporate plan for the Authority. A mid-year report of progress in implementing the previous Business Plan was taken to the Authority in December 2019, and the full report will go to the Authority in July 2020. 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.
8. Performance against the Key Corporate Indicators begun to be impacted in 2019/20 by the Coronavirus outbreak towards the end of the year. Staff have predominantly been working from home as Exmoor House, the National Park Centres and the Outdoor Education Centre at Pinkery have been closed. However the Authority quickly developed a Covid Response Fund to support local community groups and we are in the process of producing a recovery plan. Performance will be impacted to a greater extent by Coronavirus in 2020/21. For an analysis of performance in 2019/20 that goes beyond the Key Corporate Indicators please look to the Authority report that will be submitted in July.

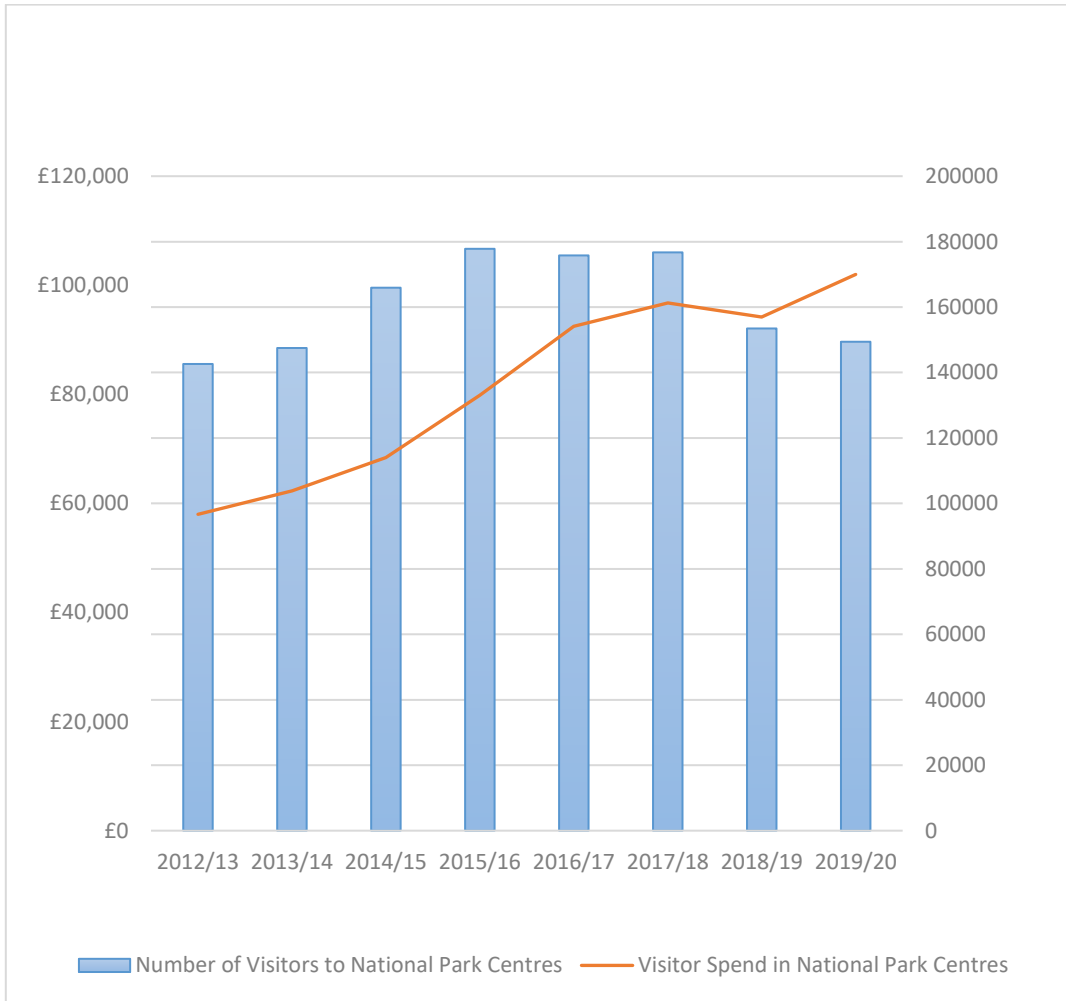
Key Corporate Indicators 1 April 2019 to 31 March 2020



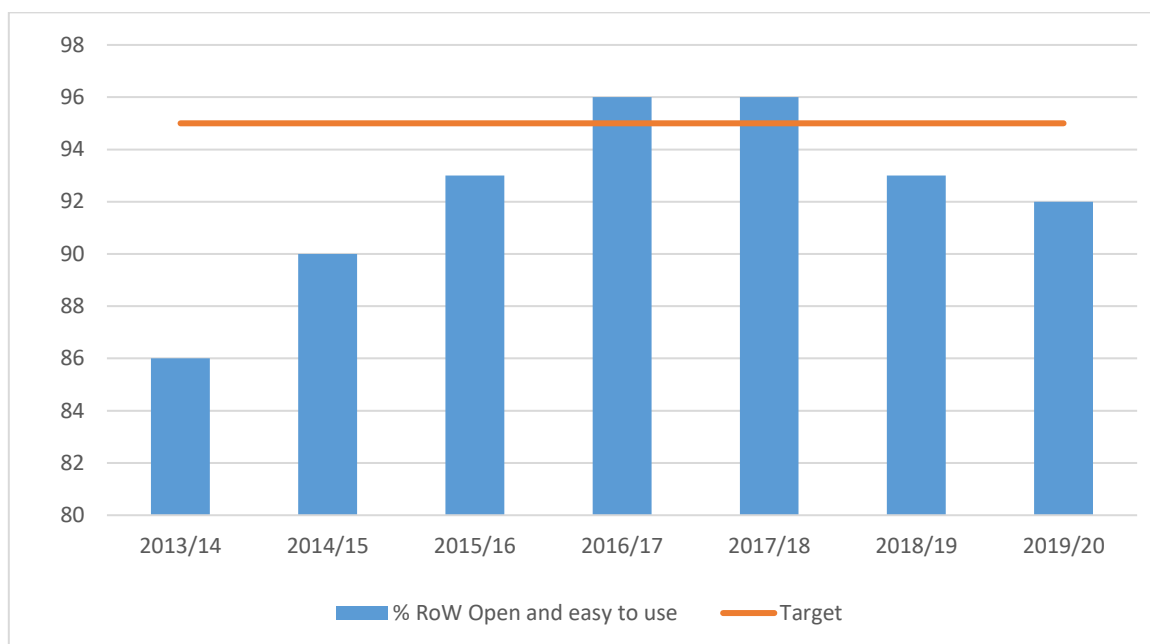
Pinkery Centre Occupancy rates



National Park Centre Visitor Numbers and Income Trend



Rights of Way Open and Easy to Use Score



9. 2019/20 is notable for being the year when significant refurbishment of White Rock Cottage took place, a new planning system was introduced and the Authority began to manage the impact of Ash Die-Back on its Woodland Estate. It was also the final year of the Headwaters program with South West Water to improve water quality in the river Exe and it's catchment. Further work was undertaken at Weir Cleave and the Outdoor Education Centre at Pinkery.

Financial Statements

10. Information relating to financial performance for the year ended 31 March 2020 is contained in the following statements:

Comprehensive Income and Expenditure Statement (page 10);

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 2019/20 of £0.391m. This contrasts with a surplus of £0.596 for 2018/19.

Movement in Reserves Statement (page 11);

This statement shows the movement in the year on the different reserves held by the authority, analysed between general fund 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 and earmarked reserves fell by £100k over the course of 2019/20 to £2.884m and unusable increased over the same period to £9.0m from £8.5m. The

reduction in usable reserves was primarily due to the completion of schemes described in section 8 of this Narrative Report.

Balance Sheet (page 12)

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 £11.9m of assets in excess of its liabilities at the end of 2019/20. This is an increase of £0.4m which is primarily due to an increase in the value of Land and Buildings. The Authority owns £18.8m 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 13)

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 fell by £37k over the course of 2019/20.

Financial Performance

11. The revenue budget for 2019/20 was agreed on the 5 February 2019. 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 £3,599,600 and income of £774,400 giving a net requirement of £2,825,200;
 - A Partnership budget involving expenditure of £386,300 of which £148,600 was top-sliced for priority elements, £50,000 set aside for small grants and £187,700 added to reserves.

12. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 5 November 2019. Funds were shifted between expected underspends and reserves to meet some of the initial costs related to Ash Die-Back, extend six fixed term contracts for a year and meet some of the increase in staff costs due to Job Evaluation.

13. The key financial outcomes for the year ended 31 March 2020 are:
 - Transfers from reserves to support spending during the year amounted to £100,000. The most significant involved the use of the Estates and Simonsbath Development Reserve. The Programmes top slice was continued to be used to implement DEFRA's National Park Plan.
 - The revenue outturn for the year recommends that funds are redistributed towards the Contingency, Environmental Resilience and Estates Reserves and to meet Coronavirus related costs and support. These include setting money aside for the anticipated large deficit at the Pinkery Outdoor Education Centre, adaptations to the National Park Centres and further support to community organisations.

- The core budget shows an underspend for the year of £61,000 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		447
<i>Non Cash Transactions</i>		
Reverse Depreciation & Impairment charges	(53)	
Reverse IAS19 Pensions transactions	(519)	
Net transfers from earmarked reserves	(161)	
Add in Capital Expenditure funded from Revenue	243	
Add in Capital Expenditure funded from Capital Grants	88	
Movement in Employee absence Accrual	(13)	
Downwards Revaluation of Assets	(93)	
Management Accounts Budget Surplus		(61)

14. The Authority has an excellent record in managing its financial affairs within its resources, and in 2019/20 has performed well, against the original and revised budgets set.

Financial Outlook

15. For the previous four years the Authority has had some success in managing resources and meeting obligations in the context of a slightly increasing National Park Grant. This abruptly changed when setting the 2020/21 budget as the underlying, ongoing funding from Defra was reduced by 5%. We do not know what the level of funding will be from 2021/22 onwards and there is no reason to think that the previous level of funding will be reinstated.
16. Funding also had to be found during the 2020/21 budget setting process for the increased costs related to the Pension Fund valuation and for the costs related to the first two years of Job Evaluation being implemented. There are four more years of JE still to be resourced and the staff and members pay award looks likely to come in higher than was forecast.
17. At the point when this Narrative Report is produced, we would hope that the scale and scope of the financial and associated challenges related to the Coronavirus outbreak are known. This has significantly impacted upon traded income at the National Park Centres and at Pinkery. Car parking income is also down. However as described in section 12, we have a plan for meeting these losses and would hope that the usual visiting and trading patterns will return. We are also due to receive over £100k from governmental support related to the pandemic.
18. There are therefore lots of cost pressures and risks to funding in the short and medium term. However, the Authority continues to maintain a solid financial position and opportunities from the Glover Review, the new Agricultural support system and the UK's exit from the European Union will arise.

G Bryant
Chief Finance Officer
June 2020

STATEMENT OF ACCOUNTS 2019/20**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 Declaration of the Chief Finance Officer:

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 2020 and its income and expenditure for the year ended 31 March 2020.

G Bryant

Chief Finance Officer: Date: 6 October 2020

Approved by Exmoor National Park Authority:

This Statement of Accounts was approved by resolution of the Final Accounts Committee on 6 October 2020.

R Milton

Chairman: Date: 6 October 2020

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.

2018/19				2019/20		
Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000
1,438	(416)	1,022	Support to Land Managers	1,435	(487)	948
548	(130)	418	Support to the Community	494	(166)	328
1,290	(387)	903	Support to National Park Users	951	(341)	610
1,350	(314)	1,036	Support Services	1,373	(289)	1,084
289	-	289	Corporate Management	263		263
270	(12)	258	Partnership Fund	238	(17)	221
5,185	(1,259)	3,926	Cost of Services	4,754	(1,300)	3,454
7	-	7	Other Operating Expenditure (Note 12)	9	-	9
235	(26)	209	Financing and Investment Income and Expenditure (Note 13)	225	(30)	195
-	(3,157)	(3,157)	Taxation and Non-Specific Grant Income (Note 14)	-	(3,211)	(3,211)
5,427	(4,442)	985	(Surplus)/Deficit on Provision of Services	4,988	(4,541)	447
		(1,077)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Notes 22 & 23)			(596)
		(504)	Remeasurement of Net Defined Benefit Liability/ (Asset) (Note 35)			(242)
		(1,581)	Other Comprehensive Income and Expenditure			(838)
		(596)	Total Comprehensive Income and Expenditure (Surplus)/Deficit			(391)

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 Grants Unapplied £000	Total Usable reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2018	3,030	-	3,030	7,902	10,932
Movement in reserves during 2018/19					
Total Comprehensive Income and Expenditure	(985)	-	(985)	1,581	596
Adjustments between accounting basis & funding basis under regulations (Note 20)	939	-	939	(939)	-
Net Increase/(Decrease)	(46)	-	(46)	642	596
Balance at 31 March 2019	2,984	-	2,984	8,544	11,528
Movement in reserves during 2019/20					
Total Comprehensive Income and Expenditure	(447)	-	(447)	838	391
Adjustments between accounting basis & funding basis under regulations (Note 20)	347	-	347	(347)	-
Increase/(Decrease) in 2019/20	(100)	-	(100)	491	391
Balance at 31 March 2019 (Notes 21 and 30)	2,884	-	2,884	9,035	11,919

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 2019 £000		Notes	31 March 2020 £000
17,985	Property, Plant & Equipment	22	18,765
81	Heritage Assets	23	81
18,066	Long Term Assets		18,846
60	Inventories	-	74
350	Short Term Debtors	26	256
2,800	Cash and Cash Equivalents	27	2,763
80	Assets Held for Sale	24	80
3,290	Current Assets		3,173
(24)	Receipts in Advance	-	(16)
(243)	Short Term Creditors	28	(246)
(267)	Current Liabilities		(262)
(9,561)	Other Long Term Liabilities	35	(9,838)
(9,561)	Long Term Liabilities		(9,838)
11,528	Net Assets		11,919
2,984	Usable Reserves	21,29, 30	2,884
8,544	Unusable Reserves	31	9,035
11,528	Total Reserves		11,919

Authorised for Issue

These financial statements replace the unaudited financial statements confirmed by Gordon Bryant, Chief Finance Officer (s.151 Officer) on 12 June 2020. The authorised accounts are authorised for issue by Gordon Bryant, Chief Finance Officer (s.151 Officer) on 6 October 2020.

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.

2018/19 £000		2019/20 £000
985	Net (surplus) or deficit on the Provision of Services	447
	<i>Adjustments for-</i>	
(1,095)	Non Cash Movements (Note 36)	(741)
(110)	Net Cash flows from Operating Activities	(294)
255	Investing Activities (Note 37)	331
-	Financing Activities (Note 38)	-
145	Net (increase)/decrease in Cash and Cash equivalents	37
2,945	Cash and Cash Equivalents at the beginning of the reporting period	2,800
2,800	Cash and Cash Equivalents at the end of the reporting period	2,763
145	Net (increase)/decrease in Cash and Cash equivalents	37

STATEMENT OF ACCOUNTS 2019/20

NOTES TO THE ACCOUNTS

Note 1: Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end 31 March 2020. 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 2019/20 (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 16,19)**

Benefits Payable During Employment

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.

Termination Benefits

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 5)**

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 18)

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 cost. The cost of inventories is assigned using the weighted average costing formula.

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, 30)**

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 two Heritage Assets; the Brendon Hill Incline and the Simonsbath Sawmill. These are recognised at historic cost as there is no market for such assets and no estimate could be made for their rebuild costs as such assets are no longer being built.

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

The 2019/20 Code of Practice on Local Authority Accounting requires the Authority to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts.

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2019/20 Code. 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.

IFRS16 Finance Leases was to have been introduced in the 2020/21 code. However CIPFA has since deferred the start date until 1 April 2021. The impact of IFRS 16 has not yet been fully assessed and work will be undertaken to inform the impact on the 2021/22 Accounts. Work has been undertaken to identify the number of leases this will cover. This change is not expected to have a material impact on the Authority's financial position or performance.

Note 3: Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The accounts have been prepared on a going-concern basis. The concept of going concern assumes that the Authority, its functions and services will continue in operational existence for the foreseeable future. There is no indication that Defra or Central Government intends to abolish National Park Authorities. Defra has also provided a letter of assurance that it will provide funding to National Park Authorities and the Broads Authority to ensure that CV19 financial impacts do not directly result in redundancies or prevent an authority from maintaining a balanced budget in the financial year 2020/21.

Note 4: Assumptions about the future and other major sources of estimation uncertainty

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.

One item in the Authority's Balance Sheet as at 31 March 2020, for which there is a significant risk of material adjustment in forthcoming financial years, is 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	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 £460K. However the assumptions interact in complex ways. During 2019/20, 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 increased by £0.277m.

	expert advice about the assumptions to be applied.	
Property Plant and Equipment	Market uncertainty for opinions of value in response to the potential impact of the Coronavirus pandemic	Valuation decreases would impact on the value of the Authority's balance sheet. The property portfolio is valued at either current value or depreciated replacement cost. Valuations have been undertaken on an annual basis in recent years and there is an expectation that markets will return to normal in time. The situation will be kept under review

Note 5: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 12 June 2020. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6: 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 18 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 2019/20 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 35 to the Financial Statements.

Note 7: 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.

2018/19				2019/20		
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
870	152	1,022	Support to Land Managers	1,113	(165)	948
380	38	418	Support to the Community	298	30	328
540	363	903	Support to National Park Users	532	78	610
961	75	1,036	Support Services	957	127	1,084
253	36	289	Corporate Management	240	23	263
225	33	258	Partnership Fund	201	20	221
3,229	697	3,926	Net Cost of Services	3,341	113	3,454
(3,183)	242	(2,941)	Other Income & Expenditure	(3,241)	234	(3,007)
46	939	985	(Surplus)/Deficit on Provision of Services	100	347	447
(3,030)			Opening General Fund Balance	(2,984)		
46			Deficit on General Fund in Year	100		
(2,984)			Closing General Fund Balance	(2,884)		

Note 8: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2019/20.

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	(254)	85	4	(165)
Support to the Community	2	27	1	30
Support to National Park Users	27	49	2	78
Support Services	40	83	4	127
Corporate Management	-	22	1	23
Partnership Fund	-	19	1	20
Net Cost of Services	(185)	285	13	113
Other Income & Expenditure	-	234	-	234
Surplus/ Deficit on the Provision of Services	(185)	519	13	347

Adjustments between the Funding and Accounting Basis 2018/19

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	29	121	2	152
Support to the Community	(6)	44	-	38
Support to National Park Users	288	74	1	363
Support Services	(42)	116	1	75
Corporate Management	-	36	-	36
Partnership Fund	-	32	1	33
Net Cost of Services	269	423	5	697
Other Income & Expenditure	-	242	-	242
Surplus/ Deficit on the Provision of Services	269	665	5	939

a) Adjustments for Capital Purposes - this column adds in depreciation and impairment 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 9: Material Items of Income and Expenditure

There are no material items to disclose in 2019/20.

Note 10: Expenditure and Income Analysed by Nature

2018/19 £000	Expenditure	2019/20 £000
2,500	Employee Benefits Expenses	2,619
2,527	Other Service Expenses	2,027
165	Depreciation, Amortisation & Impairment	117
235	Interest Payments	225
5,427	Total Expenditure	4,988
	Income	
(1,259)	Grants, Fees, Charges and other Service Income	(1,300)
(3,157)	Government Grants & Contributions	(3,211)
(26)	Interest & Investment Income	(30)
(4,442)	Total Income	(4,541)
985	(Surplus)/ Deficit on the provision of service	447

Note 11: Segmental Income

2019/20

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(454)	(28)	-	(5)	(487)
Support to the Community	(14)	(152)	-	-	(166)
Support to National Park Users	(25)	(193)	(93)	(30)	(341)
Support Services	(121)	(3)	-	(165)	(289)
Corporate Management	-	-	-	-	-
Partnership Fund	(17)	-	-	-	(17)
Total Income	(631)	(376)	(93)	(200)	(1,300)

2018/19

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(388)	(23)	-	(5)	(416)
Support to the Community	(4)	(126)	-	-	(130)
Support to National Park Users	(58)	(212)	(87)	(30)	(387)
Support Services	(147)	(13)	(1)	(153)	(314)
Corporate Management	-	-	-	-	-
Partnership Fund	(4)	-	-	(8)	(12)
Total Income	(601)	(374)	(88)	(196)	(1,259)

Note 12: Other operating expenditure

2018/19 £000		2019/20 £000
-	(Gains)/Losses on the disposal of non-current assets	-
7	IAS19 Administration expense	9
7	Total	9

Note 13: Financing and Investment Income and Expenditure

2018/19 £000		2019/20 £000
235	Net interest on the net defined pensions liability	225
(26)	Interest receivable and similar income	(30)
209	Total	195

Note 14: Taxation and non-specific grant incomes

2018/19 £000		2019/20 £000
(3,157)	Non-ring fenced government grants	(3,211)
(3,157)	Total	(3,211)

Note 15: Members Allowances

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

2018/19 £000		2019/20 £000
15	Special Responsibility Allowance	16
59	Basic Allowance	59
10	Allowance for mileage	7
84	TOTAL	82

Note 16: Officers' Remuneration

The following table discloses detail of remuneration to the Authority's senior employees who earned over £50,000. There were no senior employees earning over £150,000:

	Salary, Fees and Allowances £000	Expense Allowance £000	Total Remuneration (excl. pension contribution) £000	Pension Contribution £000	Total Remuneration including pension contribution £000
Chief Executive – 2019/20	74	-	74	11	85
Chief Executive – 2018/19	72	-	72	11	83

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:

2018/19 Number of employees	Remuneration band	2019/20 Number of employees
-	£50,000 - £54,999	-
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
1	£70,000 - £74,999	1
-	£75,000 - £79,999	-
-	£80,000 - £89,999	-

Note 17: 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:

2018/19 £000		2019/20 £000
9	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	9
1	Audit Fee variation	-
10	Total	9

Note 18: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

Credited to Taxation and Non Specific Grant Income	2018/19 £000	2019/20 £000
National Park Grant – DEFRA	3,157	3,211
Total	3,157	3,211
Credited to Services		
Brownfield Register – CLG	4	2
Custom Build Grant - CLG	30	15
Rural Crime Grant – Police Community Trust	-	3
English & SW Coast Paths – Natural England	24	-
Land Management Project – Natural England	5	-
Tests and Trials – DEFRA	-	20
Health & Wellbeing – Somerset County Council	40	-
Mend Our Mountains - BMC	-	35
Monument Management Scheme – Historic England	45	8
Historic Buildings Officer funding – Historic England	5	-
Coast Path & Landscape Monitoring – Natural England	-	22
Historic Signposts – Heritage Lottery Fund	22	-
Forestry Grant – Royal Forestry Grant	-	10
Woodland Improvement Grant – RPA	-	17
White Rock Cottage Development - RPA	-	88
Basic Payment & Higher Level Stewardship Scheme – RPA	100	100
Countryside Stewardship – RPA	48	48
Long Holcombe – RPA	-	3
Total	323	371

Note 19: 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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	-	-	1	-	1	-	14	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

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.

2019/20	General Fund Balance £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to Revenue Resources:			
<u>Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</u>			
Pension Costs	519		(519)
Holiday pay	13		(13)
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)	58	88	(146)
Total Adjustments to Revenue Resources	590	88	(678)
Adjustments between Revenue and Capital Resources:			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(243)	-	243
Total Adjustments between Revenue and Capital resources	(243)	-	243
Adjustments to Capital Resources:			
Application of Capital Grants to finance Capital Expenditure	-	(88)	88
Total Adjustments to Capital Resources	-	(88)	88
Total Adjustments	347	-	(347)

2018/19	General Fund Balance £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to Revenue Resources:			
<u>Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</u>			
Pension Costs	665	-	(665)
Holiday pay	5	-	(5)
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)	524	-	(524)
Total Adjustments to Revenue Resources	1,194	-	(1,194)
Adjustments between Revenue and Capital Resources:			
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(255)	-	255
Total Adjustments between Revenue and Capital resources	(255)	-	255
Adjustments to Capital Resources:			
Application of Capital Grants to finance Capital Expenditure	-	-	-

Total Adjustments to Capital Resources	-	-	-
Total Adjustments	939	-	(939)

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.

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 2018 £000	Transfers between Reserves £000	Transfers In 2018/19 £000	Transfers Out 2018/19 £000	Increase/ Decrease (-) in useable Reserves 2018/19 £000	Balance at 31 March 2019 £000	Transfers between Reserves £000	Transfers In 2019/20 £000	Transfers Out 2019/20 £000	Increase/ Decrease in useable Reserves 2019/20 £000	Balance at 31 March 2020 £000
Earmarked Reserves	2,169	179	478	(584)	73	2,242	1	376	(535)	(158)	2,084
Partnership Fund Reserves	551	(125)	206	(225)	(144)	407	71	198	(201)	68	475
General Fund Balance	310	(54)	79	-	25	335	(72)	62		(10)	325
Capital Grants Unapplied	-	-	-	-	-	-	-	88	(88)	-	-
Total Useable Reserves	3,030	-	763	(809)	(46)	2,984	-	724	(824)	(100)	2,884

Notes to Support the Balance Sheet

Note 22: Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2019	17,831	316	-	18,147
Additions	55	-	277	332
De-recognition – Disposals	-	(74)	-	(74)
Reclassifications (to)/ from held for sale	-	-	-	-
Revaluation Increase/ decrease (-):				
- to Revaluation Reserve	595	-	-	595
- to Surplus/ Deficit on the provision of service	(93)	-	-	(93)
Other movement in cost of valuation	(20)	-	20	-
Cost or Valuation 31 March 2020	18,368	242	297	18,907
Accumulated depreciation 1 April 2019	-	(162)	-	(162)
Depreciation Charge	(63)	(53)	-	(116)
Derecognition - Disposals	-	74	-	74
Depreciation written out to the Revaluation Reserve	11	-	-	11
Depreciation written out to the Surplus/ Deficit on the provision of services	52	-	-	52
Total Depreciation at 31 March 2020	-	(141)	-	(141)
Net Book Value at 1 April 2019	17,831	154	-	17,985
Net Book Value at 31 March 2020	18,368	101	297	18,766

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2018	17,151	744	-	17,895
Additions	114	76	-	190
De-recognition – Disposals	(70)	(504)	-	(574)
Reclassifications (to)/ from held for sale	(80)	-	-	(80)
Revaluation Increase/ decrease (-):				
- to Revaluation Reserve	1,083	-	-	1,083
- to Surplus/ Deficit on the provision of service	(367)	-	-	(367)
Cost or Valuation 31 March 2019	17,831	316	-	18,147
Accumulated depreciation 1 April 2018	-	(577)	-	(577)

Depreciation Charge	(76)	(89)	-	(165)
Derecognition - Disposals	-	504	-	504
Depreciation written out to the Revaluation Reserve	14	-	-	14
Depreciation written out to the Surplus/ Deficit on the provision of services	62	-	-	62
Total Depreciation at 31 March 2018	-	(162)	-	(162)
Net Book Value at 1 April 2018	17,151	167	-	17,318
Net Book Value at 31 March 2019	17,831	154	-	17,985

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

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 2019/20 the valuation was carried out by our in-house Land and Property Manager, Mr Matt Harley MRICS FAAV an accredited member of the RICS Valuer Scheme 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. In 2019/20 condition and measured surveys of the Authority’s public conveniences were undertaken by Mr S I Shortridge BSc FRICS of Underwood Wright Chartered Surveyors. An additional benefit of this work was that it confirmed the remaining physical life of these assets.

There was a capital commitment at the 31 March 2020 of £53,778 towards Woodside Bridge in Lynmouth.

Market Uncertainty

It is becoming increasingly clear that COVID-19 will have a major impact on the world economy. The scale and impact of the Coronavirus remains highly uncertain and is unprecedented. It is considered that it may take some time before the effect is felt in the UK property market. Consideration has been given as to whether a statement on ‘material uncertainty’ needs to be included in the valuation report this year. Taking the current situation into account we have concluded that there is material uncertainty and in accordance with the RICS ‘Valuation Practice Alert about Coronavirus’ issued 18 March 2020, the following statement is applicable:

The outbreak of the Novel Coronavirus (COVID-19) declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020 has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date we consider that we can attach less weight to previous market evidence for comparison purposes, to inform the opinions of value. Indeed the current response to COVID-19 means that we are faced with an unrepresented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VP3 and VP10 of the RICS Red Book Global. Consequently less certainty – and a higher degree of caution –

should be attached to our valuation than would normally be the case. Given the unknown impact that COVID-19 might have on the real estate market, we would recommend that you keep the valuation of these properties under review.

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction £000	Total £000
Carried at Historical Cost	1,002	101	297	1,400
Valued at Current Value as at 31/03/2020	17,366	-	-	17,366
Net Book Value at 31 March 2020	18,368	101	297	18,766

Note 23: Heritage Assets

	Heritage Assets £000
Cost or Valuation 1 April 2019	81
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	-
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2020	81
Cost or Valuation 1 April 2018	19
Additions	70
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	(6)
- to Surplus/ Deficit on the provision of service	(2)
Cost or Valuation 31 March 2019	81

Note 24: Assets Held for Sale

31 March 2019 £000		31 March 2020 £000
-	Balance outstanding at the start of the year	80
80	Assets newly classified as held for sale	-
-	Assets sold	-
80	Balance outstanding at the end of the year	80

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 2019 £000		31 March 2020 £000
2,800	Comingled Fund	2,800
-	Cash in hand and at bank	-
328	Contractual Debtors	239
3,128	Total	3,039

Financial Liabilities: Amortised Cost

31 March 2019 £000		31 March 2020 £000
-	Bank Overdraft	(37)
(203)	Contractual Creditors	(204)
(203)	Total	(241)

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 2019 £000		31 March 2020 £000
(26)	Interest Income	(30)
(26)	Total	(30)

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 2019 £000		31 March 2020 £000
118	Central government bodies	104
117	Other local authorities	5
25	Public corporations and trading funds	19
90	Other entities and individuals	128
350	Total	256

Note 27: Cash and Cash Equivalents

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

31 March 2019 £000		31 March 2020 £000
-	Bank Current Accounts	(37)
2,800	Co-mingled fund held by Somerset County Council	2,800
2,800	Total Cash and Cash Equivalents	2,763

Note 28: Creditors

31 March 2019 £000		31 March 2020 £000
(37)	Other local authorities	(51)
(40)	Public corporations and trading funds	(42)
(166)	Other entities and individuals	(153)
(243)	Total	(246)

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 2019 £000		31 March 2020 £000
-	Balance at 1 April	-
-	Capital grants received	(88)
-	Capital grants used to finance spend	88
-	Balance at 31 March	-

Note 31: Unusable Reserves

31 March 2019 £000		31 March 2020 £000
(10,217)	Revaluation Reserve	(10,813)
(7,928)	Capital Adjustment Account	(8,113)
9,561	Pensions Reserve	9,838
40	Accumulated Absences Account	53
(8,544)	Total Unusable Reserves	(9,035)

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.

2018/19 £000		2019/20 £000
(9,141)	Balance at 1 April	(10,217)
(1,644)	Upward revaluation of assets	(759)
568	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services	163
(1,076)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(596)
-	Difference between fair value depreciation and historical cost depreciation	-
-	Accumulated gains on assets sold or scrapped	-
-	Amount written off to the Capital Adjustment Account	-
(10,217)	Balance at 31 March	(10,813)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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 contains accumulated gain and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

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.

2018/19 £000		2019/20 £000
(8,196)	Balance at 1 April	(7,928)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
89	Charges for depreciation and impairment of non-current assets	53
369	Revaluation losses on Property, Plant and Equipment	93
65	Revenue expenditure funded from capital under statute	-
(7,673)		(7,782)
-	Adjusting amounts written out of the Revaluation Reserve	-
(7,673)	Net written out amount of the cost of non-current assets consumed in the year	(7,782)
Capital financing applied in the year:		
-	Use of Capital Grants to finance capital expenditure	(88)
(255)	Capital Expenditure charged against the General Fund	(243)
(7,928)	Balance at 31 March	(8,113)

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.

2018/19 £000		2019/20 £000
9,400	Balance at 1 April	9,561
(504)	Remeasurement of net defined liability	(242)
1,096	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	962
(431)	Employer's pensions contributions and direct payments to pensioners payable in the year	(443)
9,561	Balance at 31 March	9,838

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.

2018/19 £000		2019/20 £000
35	Balance at 1 April	40
(35)	Settlement or cancellation of accrual made at the end of the preceding year	(40)
40	Amounts accrued at the end of the current year	53
-	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.	-
40	Balance at 31 March	53

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.

	2018/19 £000	2019/20 £000
<i>Capital Investment</i>		
Property, Plant & Equipment	190	331
Revenue Expenditure Funded from Capital under Statute	65	-
<i>Sources of finance</i>		
Capital Receipts	-	-
Government Grants and other contributions	-	88
Sums set aside from revenue	255	243

Note 33: Impairment Losses

The Authority did not recognise any impairment losses during 2019/20 (2018/19 £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.

A judgement in the Court of Appeal about cases involving judges' and firefighters' pensions (the McCloud/ Sargeant judgement) has the potential to impact on the Authority. The cases concerned possible age discrimination in the arrangements for protecting certain scheme members from the impact of introducing new pensions arrangements. As the Local Government Pension Scheme was restructured in 2014, with protections for those members who were active in the Scheme at 2012 and over the age of 55, the judgement is likely to extend to the Scheme.

In 2018/19 we made allowance for the potential impact of the McCloud & Sargeant judgement and is therefore included in the starting position for this year. No decisions have been made about the remedies that would be required or the extent to which additional costs would fall on the Authority.

It should be noted that the estimated potential impact for the Authority as calculated by the Actuary has also been based on analysis carried out by the Government Actuary's Department (GAD) and our own employer liability profile.

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:

	2018/19 £000	2019/20 £000
<i>Service Cost</i>		
• Current Service Cost	854	728
• Past Service Costs (including curtailments)	-	
Total Service Cost	854	728
<i>Financing and Investment Income and Expenditure</i>		
• Net interest on the defined liability (asset)	235	225
• Administration expenses	7	9

Total Net Interest	242	234
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,096	962
<i>Remeasurement of the Net Defined Liability Comprising:</i>		
<ul style="list-style-type: none"> 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 	(323) - (1,259) 1,078 -	1,051 1,274 10 (2,734) 157
Total re-measurements recognised in Other Comprehensive Income	(504)	(242)
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	592	720
Movement in Reserves Statement		
<ul style="list-style-type: none"> Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code 	(1,096)	(962)
Actual amount charged against the General Fund Balance for pensions in the year:		
<ul style="list-style-type: none"> Employer's contributions payable to scheme 	431	443

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

	2018/19 £000	2019/20 £000
Present value of funded obligation	(21,785)	(21,387)
Fair value of employer assets	12,513	11,841
Present value of unfunded obligation	(289)	(292)
Net Liability Arising from Defined Benefit Obligation	(9,561)	(9,838)

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

	2018/19 £000	2019/20 £000
Opening Balance at 1 April	(21,280)	(22,074)
Current service cost	(687)	(728)
Interest cost	(538)	(528)
Change in financial assumptions	(1,078)	2,734
Change in demographic assumptions	1,259	(10)
Experience loss / (gain) on defined benefit obligation	-	(1,274)
Estimated benefits paid net of transfers in	512	302
Past service costs, including curtailments	(167)	-
Contributions by scheme participants	(118)	(125)
Unfunded pension payments	23	24
Closing Balance at 31 March	(22,074)	(21,679)

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

	2018/19 £000	2019/20 £000
Opening Balance at 1 April	11,880	12,513
Interest on assets	303	303
Return on assets less interest	323	(1,051)
Other actuarial gains/(losses)	-	(157)
Administration expenses	(7)	(9)
Contributions by employer including unfunded	431	443
Contributions by scheme participants	118	125
Estimated benefits paid plus unfunded net of transfers in	(535)	(326)
Closing Balance at 31 March	12,513	11,841

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. The total liability of £9,838k (2018/19 £9,561k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £11,919k (2018/19 £11,528k). 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:

	2018/19		2019/20	
	£000	%	£000	%
Equities	8,746	70%	7,986	67%
Gilts	711	5%	776	7%
Other Bonds	1,143	9%	1,187	10%
Property	1,089	9%	1,123	10%
Cash and cash equivalents	824	7%	769	6%
Total	12,513	100%	11,841	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 2021 is £488k.

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 22 years. This is based on membership data provided as part of the recent valuation.

The principal assumptions used by the actuary have been:

<i>Mortality assumptions</i>	2018/19	2019/20
Retiring today:		
• Men	22.9	23.3
• Women	24.0	24.7
Retiring in 20 years:		
• Men	24.6	24.7
• Women	25.8	26.2
Rate of Inflation (RPI/CPI)	3.4%/2.4%	2.65%/1.85%

Rate of increase in salaries	3.9%	2.85%
Rate of increase in pensions	2.4%	1.85%
Rate for discounting scheme liabilities	2.40%	2.35%
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 2018/19.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	21,219	21,679	22,149
Projected service cost	648	666	684
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	21,723	21,679	21,635
Projected service cost	666	666	666
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	22,107	21,679	21,260
Projected service cost	684	666	649
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	22,497	21,679	20,892
Projected service cost	687	666	646

Note 35: Contingent Liabilities/Assets

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 £420,000.

The Authority is owed over £90k in relation to a long running listed buildings enforcement case. Whilst the Authority has received some monies in respect of this case and will eventually recover the money in full, given the protracted nature of this case over the last 10 years, recovery of the costs may take some time.

Notes to Support the Cash Flow Statement

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

2018/19 £000		2019/20 £000
(89)	Depreciation and Amortisation	(53)
(369)	Impairment and Downward Valuations	(93)
(665)	Actuarial Charges for Retirement Benefits	(519)
(7)	Increase/(Decrease) in Inventory	14
97	Increase/(Decrease) in Debtors	(94)
3	(Increase)/Decrease in Creditors & Receipts in Advance	4
(65)	Capital Grants & Contributions credited to surplus or deficit on the provision of services	-
-	Carrying amount of Non-Current Assets de-recognised	-
(1,095)		(741)

Note 37: Cash Flow Statement – Investing Activities

2018/19 £000		2019/20 £000
255	Purchase of property, plant and equipment, investment property and intangible assets	331
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
255	Net cash flows from investing activities	331

Note 38: Cash Flow Statement – Financing Activities

2018/19 £000		2019/20 £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	-

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 regulations 4(3) of the Accounts and Audit (England) Regulations 2011 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 2020 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;
 - An annual review of the Authority's priorities as contained in the National Park Partnership Plan;
 - 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;
- 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.
- 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 Audit Commission;
- 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.

5.2 During 2020/21 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 Glover review;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Implement the results of the job evaluation review;
- Continuing to develop customer service standards and culture; and
- Monitoring the performance of the Corporate Plan.
- Abide by the working arrangements determined by law and recommended guidance in the context of the current pandemic.
- Implement the updated Safeguarding policies and procedures.
- Await the results of the new funding settlement
- Deliver savings related to the reduction to the underlying 2020/21 budget.
- Manage the in year financial impact of cv19.
- Continue to engage and communicate flexibly while making best use of technology.
- Assess the national impact of national parks experiencing financial discomfort as a result of cv 19.

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, Chairman

Date