EXMOOR
NATIONAL PARK

Exmoor National Park
Statement Of Accounts 2016/17

G. Bryant
Chief Finance Officer

Sarah Bryan
Chief Executive

EXMOOR NATIONAL PARK

AUDITED STATEMENT OF ACCOUNTS

2016/17

CONTENTS

STATEMENT OF ACCOUNTS 2016/17

NARRATIVE REPORT

Introduction

1. This Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (2016). For financial reporting purposes a National Park Authority is regarded as a local authority. The 2016/17 Code is based on International Financial Reporting Standards (IFRS) for public sector accounting in the UK. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority.

2. 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.

3. 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.

Achievements

4. Exmoor National Park continues to work with a variety of external agencies and partners to deliver park purposes. For example, in 2016/17 we worked with South West Water to improve water quality in the Exe and the Heritage Lottery Fund to deliver the Lynmouth Pavilion Heritage Interpretation project.

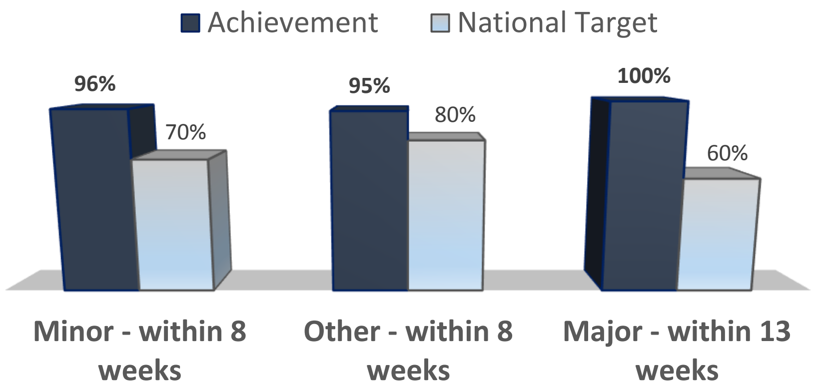
Performance

5. The following table shows the performance against the authority’s key performance indicators in 2016/17. Further detail is available in the Business Plan 2016/17 committee report that was presented to the Authority on 6 June 2017. A link is attached below.

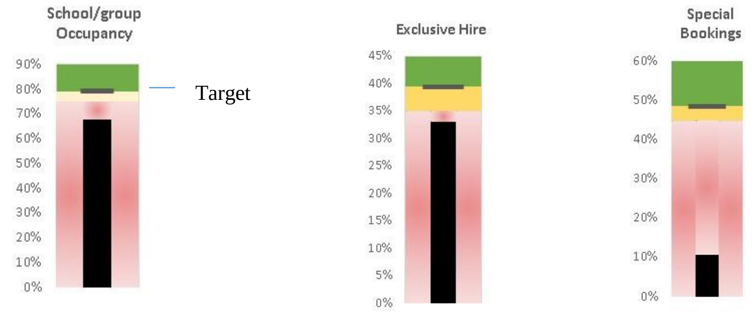
    http://www.exmoor-nationalpark.gov.uk/about-us/meetings-agendas-reports/exmoor-national-park-authority/06-jun-2017/ar-enpa-06.06.17-Item-10.pdf

Key Corporate Indicators 1 April 2016 to 31 March 2017

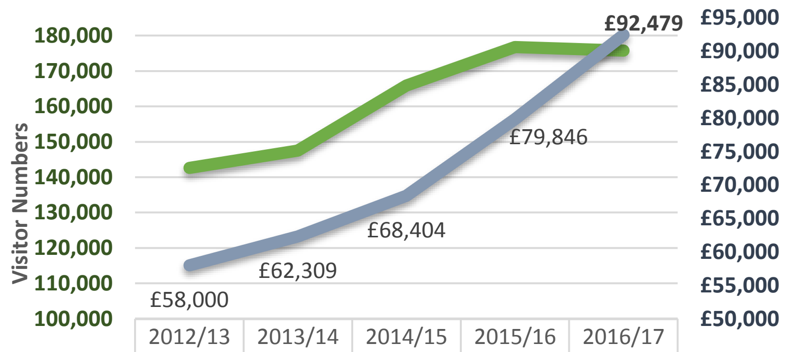
Planning Application Determination – Achievement against national targets



Pinkery Centre Occupancy Rates

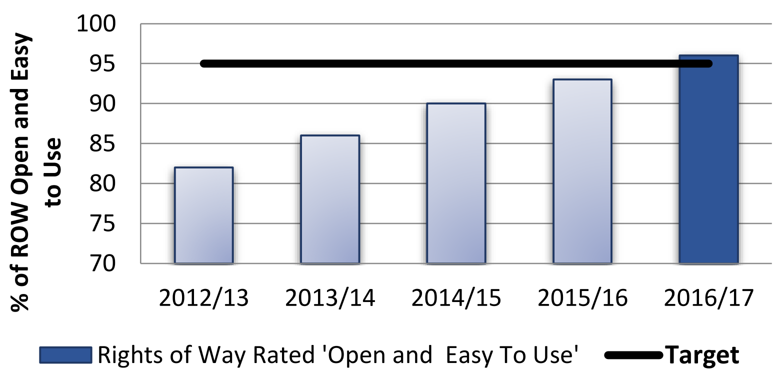


National Park Centre Visitor numbers and Income Trend



	2012/13	2013/14	2014/15	2015/16	2016/17
Visitors to National Park Centres	142,616	147,497	165,919	176,771	175,790
Visitor Spend in National Park Centres	£58,000	£62,309	£68,404	£79,846	£92,479

Improvements in Rights of Way *Open and Easy to Use* score



Significant Financial Statements

6. Information relating to financial performance for the year ended 31 March 2017 is contained in the following statements:

- Comprehensive Income and Expenditure Statement (page 9);

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices – the Code, rather than the amount to be funded from taxation. Some local authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. This authority does not routinely exercise its powers to raise local taxation and instead relies upon National Park Grant from DEFRA and income from fees and charges.

- Movement in Reserves Statement (page 10);

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that 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.

- Balance Sheet (page 11)

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 categorised into 'useable' and 'unusable'. Useable reserves are those used by the Authority to aid the provision of services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are unavailable to the Authority to provide services and exist principally to hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only be 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'

- Cash Flow Statement (page 12)

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 operations of the Authority are funded by way of taxation/grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash flows 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 predicting claims on future cash flows by providers of capital (e.g. borrowing) to the Authority.

- Expenditure and Funding Analysis (Note 7 and page 26)

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.

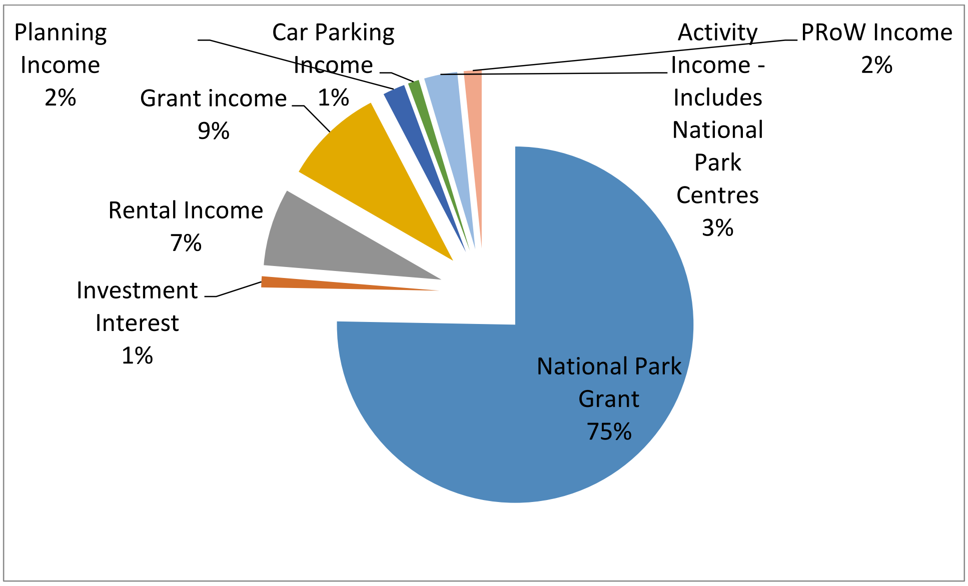
Financial Performance

7. The Authority maintains a Medium Term Financial Plan which is updated annually and projects the authority's financial position for the next five years. The outcome of the Government's Comprehensive Spending Review has seen a reduction of the Authority's National Park Grant, its main source of income of 43% in real terms after allowing for the modest estimates of inflation compared with the original grant for 2010/11.

8. The Authority considered and agreed the detailed budget for 2016/17 at its meeting on 1 March 2016. The notified National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA) was £3,051,358 an increase of £51,596 (or 1.7%) from 2015/16. The approved budget was constructed across two themes:
    - A Core Budget with expenditure of £3,340,100 and income of £686,300 giving a net requirement of £2,653,800;
    - A Partnership budget involving expenditure of £397,600 of which £295,000 was top-sliced for priority elements with the remainder earmarked for a Partnership Fund created to respond to a wide range of bids with the focus being one of achieving National Park purposes with a weighting to projects that also provide community and economic benefits.

9. The Authority considered a revised budget and reviewed the two elements of the budget at its meeting on 1 November 2016. The Programmes and Partnerships and Core Budgets were unchanged overall but budgets were restated to reflect the movement away from the internal loans pool and towards a Corporate Vehicle and Equipment reserve.

10. In addition to the National Park Grant provided by DEFRA, the Authority received other grants and contributions. These amounts together with income from operational activity such as car parking, rental of land and property and planning fee income and other income sources comprise the basis for the revenue budgeting of the Authority within its Medium Term Financial Plan. Notable areas of significant grant income include, £79,000 from the Heritage Lottery Fund (HLF), £59,000 from the Forestry Commission and £35,000 from the DCLG towards housing registers. Further details about grant funding are to be found at Note 17 to the financial statements.



Income categorisation 2016/17

11. The key financial outcomes for the year ended 31 March 2017 are:

- Transfers from reserves to support spending during the year amounted to £198,000. The most significant involved the formal transfer of funds to implement the Authority’s resource allocations from July 2016 concerning the DEFRA National Park Plan.
- The two most significant reserves at 31 March 2017 are the “Partnership Fund - committed funds” reserve totaling £610,000 (2015/16 - £334,000) representing amounts awarded but not yet claimed from the Authority’s Partnership Fund and “Partnership Fund – available to commit” reserve totaling £268,000 (2015/16 - £749,000) which is a reserve held to maintain a consistent Partnership Fund through the life of the Medium Term Financial Plan as the authorities incoming resources are constrained.
- On an operational basis the management accounts show that the outturn for the year compared with the revised budget produces a surplus of £10,500. 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		**997**
Non Cash Transactions		
Reverse Depreciation & Impairment charges	(93)	
Reverse IAS19 Pensions transactions	(439)	
Net transfers from earmarked reserves	(209)	
Reverse Loss on disposal	(54)	
Reverse Refcus payment	(28)	
Add in Capital Expenditure funded from Revenue	99	
Downwards Revaluation of Assets	(284)	
Management Accounts Budget Surplus		**(11)**

- The Balance sheet shows that the net worth of the Authority at 31 March 2017 is £9,643,000, a decrease when compared with 31 March 2016 of £1,101,000. The primary reason for this is the £1,799,000 increase in the pension fund net liability. This is explained within note 35.
- The Authority remains debt free at 31 March 2017 and has no borrowing plans.

Financial Outlook

12. The Authority has an excellent record in managing its financial affairs within its resources and in 2016/17 has performed well against the original and revised budgets set. The Authority has earmarked reserves totaling £2,814,000 (2015/16 - £2,961,000) and a General Fund balance of £300,000 (2015/16 - £351,000) at 31 March 2017.

13. During March 2017, DEFRA notified the Authority of its confirmed allocation of National Park Grant for 2017/18 of £3,103,841 – an increase of £52k. 2017/18 is the second year of the four year settlement. This provides increases of 1.7% per year after many years of declining support. This provides a much firmer footing for financial and organizational planning.

14. The updated Medium Term Financial Plan approved by Full Authority and Performance Committee on 7 March 2017 was based on the resource assumptions notified by DEFRA. The Authority was able to set a balanced budget for 2017/18 and set aside funding for asset utilization even though significant increases in pension contributions had to be found following the triennial valuation.

15. The financial strategy that underpins the Medium Term Financial Plan is:
    - To carry out an annual review of the financial assumptions on which the Plan is based;
    - To continuously review the essential services provided by the Core Budget with the objectives of reducing costs wherever possible and improving service delivery within existing costs;
    - To reduce costs wherever possible to the minimum necessary to deliver the Authority’s service commitments;

- To identify opportunities to increase earned income where appropriate;
- To explore all opportunities to lever in external funding or enter into joint working or partnership arrangements to deliver the priorities of the Partnership Plan;
- To continue to review critically all staff vacancies that arise and explore alternative methods of service delivery;
- To ensure that spending on projects that are dependent upon external funding only proceed when funding has been formally confirmed; and
- To maintain the General Fund balance at or around £300,000 to give some flexibility.

16. The Authority has experienced many years of declining National Park Grant but it now appears that the tide has turned and support from DEFRA will experience modest increases for the next few years. The Authority stands with a solid financial position through prudent financial management and forward planning with clear and robust plans to meet National Park Partnership Plan targets and objectives.

G Bryant
Chief Finance Officer
June 2017

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 2017 and its income and expenditure for the year ended 31 March 2017.

G Bryant
Chief Finance Officer: ……………………………… Date: 16 June 2017

Approved by Exmoor National Park Authority:
This Statement of Accounts was approved by resolution of the Final Accounts Committee on 31 July 2017.

R Milton
Chairman: ……………………………………...... Date: 31 July 2017

Comprehensive Income and Expenditure Statement
For the year ended 31 March 2017

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 both in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015/16* Restated				**2016/17**		
Gross Expenditure £000	Gross Income £000 (Note 10)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Note 10)	Net Expenditure £000
1,563	(329)	1,234	Support to Land Managers	1,459	(410)	1,049
512	(111)	401	Support to the Community	532	(179)	353
893	(267)	626	Support to National Park Users	1,168	(357)	811
1,086	(307)	779	Support Services	1,248	(257)	991
272	(1)	271	Corporate Management	291	-	291
213	(14)	199	Partnership Fund	224	(2)	222
4,539	**(1,029)**	**3,510**	**Cost of Services**	**4,922**	**(1,205)**	**3,717**
6	(15)	(9)	Other Operating Expenditure (Note 11)	62	-	62
290	(27)	263	Financing and Investment Income and Expenditure (Note 12)	294	(25)	269
-	(3,000)	(3,000)	Taxation and Non-Specific Grant Income (Note 13)	-	(3,051)	(3,051)
4,835	**(4,071)**	**764**	**(Surplus)/Deficit on Provision of Services**	**5,278**	**(4,281)**	**997**
		(420)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Notes 22 and 30)			(1,255)
		(1,293)	Remeasurement of Net Defined Benefit Liability/ (Asset) (Note 35)			1,358
		(1,713)	**Other Comprehensive Income and Expenditure**			**103**
		(949)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**1,100**

*See Note 7 for an explanation of the prior period restatement

Movement in Reserves Statement
For the year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that 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	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2015	**3,589**	**6,206**	**9,795**
Movement in reserves during 2015/16			
Total Comprehensive Income and Expenditure	(764)	1,713	949
Adjustments between accounting basis & funding basis under regulations (Note 19)	487	(487)	-
Net Increase/Decrease	**(277)**	**1,226**	**949**
Balance at 31 March 2016	**3,312**	**7,432**	**10,744**
Movement in reserves during 2016/17			
Total Comprehensive Income and Expenditure	(997)	(103)	(1,100)
Adjustments between accounting basis & funding basis under regulations (Note 19)	799	(799)	-
Increase/(Decrease) in 2016/17	**(198)**	**(902)**	**(1,100)**
Balance at 31 March 2017 (Notes 20 and 30)	**3,114**	**6,530**	**9,644**

Balance Sheet
For the year ended 31 March 2017

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 2016 £000		**Notes**	**31 March 2017 £000**
15,372	Property, Plant & Equipment	22	16,268
19	Heritage Assets	23	19
15,391	**Long Term Assets**		**16,287**
68	Inventories		67
303	Short Term Debtors	25	192
3,199	Cash and Cash Equivalents	26	3,110
0	Assets Held for Sale	27	0
3,570	**Current Assets**		**3,369**
(26)	Cash and Cash Equivalents	26	-
0	Receipts in Advance		(10)
(267)	Short Term Creditors	28	(280)
(293)	**Current Liabilities**		**(290)**
(7,924)	Other Long Term Liabilities	35	(9,723)
(7,924)	**Long Term Liabilities**		**(9,723)**
10,744	**Net Assets**		**9,643**
3,312	Usable Reserves	29, 20	3,114
7,432	Unusable Reserves	30	6,529
10,744	**Total Reserves**		**9,643**

Authorised for Issue
The audited accounts were authorised for issue by Gordon Bryant, Chief Finance Officer (s.151 Officer) on 16 June 2017.

Cash Flow Statement
For the year ended 31 March 2017

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 (ie borrowing) to the Authority.

2015/16 £000		**2016/17 £000**
764	**Net (surplus) or deficit on the Provision of Services**	**997**
	Adjustments for-	
(570)	Non Cash Movements (Note 37)	(1,033)
194	**Net Cash flows from Operating Activities**	**(36)**
68	Investing Activities (Note 38)	99
-	Financing Activities (Note 39)	-
262	**Net (increase)/decrease in Cash and Cash equivalents**	**63**
3,435	Cash and Cash Equivalents at the beginning of the reporting period	3,173
3,173	**Cash and Cash Equivalents at the end of the reporting period**	**3,110**
262	**Net (increase)/decrease in Cash and Cash equivalents**	**63**

NOTES TO THE ACCOUNTS

Note 1: IFRS Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end 31 March 2017. 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 2016/17 (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 noncurrent 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 26)**

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 **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v **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.

vi **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
- amortisation of intangible non-current assets attributable to the service.

vii **Employee Benefits (Notes 15, 18)**

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.

viii **Events After the Balance Sheet Date (Note 6)**
Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

ix **Financial Instruments (Note 24)**

Financial Liabilities

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.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years.

The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

<u>Loans and Receivables</u>

Loans and receivables 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

If the Authority were to take a loan this means that the amount presented in the Balance Sheet would be the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has made a loan to a voluntary organisation at less than market rate (soft loan). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest which will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

<u>Available-for-Sale Assets</u>
Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

x Government Grants and Contributions (Note 17)

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.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or

contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. 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.
Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi **Inventories and Long Term Contracts**

Inventories held for resale at the three National Park Centres are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the (FIFO/weighted average) costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xii **Leases (Note 32)**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Authority as Lessee</u>

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment.

<u>The Authority as Lessor</u>

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet.

xiii **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

- 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 Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)

- 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 – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 and 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. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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.

xiv Provision, Contingent Liabilities and Contingent Assets (Note 36)

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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.

xv **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.

xvi **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty’s Revenue and Customs. VAT receivable is excluded from income.

xvii **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 only asset identified as a Heritage Asset is the Brendon Hill Incline, part of the West Somerset Mineral Railway.

There is no depreciation charged on the above heritage asset because it has been estimated that the asset has a useful life of such length that any depreciation charge on the asset will be negligible and can be ignored on the basis of materiality. The Authority considers that the incline has an indeterminate life and does not consider it appropriate to charge depreciation on the asset.

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

The 2016/17 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. There are no amendments which are considered to be relevant to or are material to the Authority.

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:

- There is a degree of uncertainty about future levels of funding. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce the levels of service provision.

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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1.5k for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects of the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £413K. However the assumptions interact in complex ways. During 2016/17, 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 £1.779m.
Arrears	At 31 March 2017, the Authority had a balance of debtors for £192k. A review of significant balances suggested that	If collection rates were to deteriorate, it may be prudent to establish an impairment of

	an impairment of doubtful debts was not required. However, in the current economic climate it is not certain that no allowance would be suitable.	doubtful debts which would require £2k for every percentage point of the debtors balance at 31 March 2017.

Note 5: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 16 June 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for any events which took place after 31 March 2017.

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 17 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. Two items require disclosure.

- A member of the Authority is the Chairman and Director of a Publishing Company with which the Authority conducts business. Sales by DAA Halsgrove Ltd to the Authority for 2016/17 were £3k (2015/16 - £4k) with an outstanding balance of £0K at 31/3/17 (£0K at 31/03/16)

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.

2015/16				**2016/17**		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 40)	Net Expenditure in the CI&ES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 40)	Net Expenditure in the CI&ES £000
1,137	97	1,234	Support to Land Managers	965	84	1,049
386	15	401	Support to the Community	339	14	353
608	18	626	Support to National Park Users	529	282	811
732	47	779	Support Services	949	42	991
254	17	271	Corporate Management	279	12	291
187	12	199	Partnership Fund	213	9	222
3,304	**206**	**3,510**	**Net Cost of Services**	**3,274**	**443**	**3,717**
(3,027)	281	(2,746)	Other Income & Expenditure	(3,076)	356	(2,720)
277	**487**	**764**	**(Surplus)/Deficit on Provision of Services**	**198**	**799**	**997**
(3,589)			**Opening General Fund Balance**	**(3,312)**		
277			Deficit on General Fund in Year	198		
(3,312)			**Closing General Fund Balance**	**(3,114)**		

Note 8: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2016/17

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	43	41	-	**84**
Support to the Community	-	14	-	**14**
Support to National Park Users	260	22	-	**282**
Support Services	4	38	-	**42**
Corporate Management	-	12	-	**12**
Partnership Fund	-	9	-	**9**
Net Cost of Services	**307**	**136**	**-**	**443**
Other Income & Expenditure	54	302	-	**356**
Surplus/ Deficit on the Provision of Services	**361**	**438**	**-**	**799**

Adjustments between the Funding and Accounting Basis 2015/16

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	19	78	-	**97**
Support to the Community	(10)	25	-	**15**
Support to National Park Users	(23)	41	-	**18**
Support Services	(1)	48	-	**47**
Corporate Management	-	17	-	**17**
Partnership Fund	-	12	-	**12**
Net Cost of Services	**(15)**	**221**	**-**	**206**
Other Income & Expenditure	(15)	296	-	**281**
Surplus/ Deficit on the Provision of Services	**(30)**	**517**	**-**	**487**

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 9: Prior Period restatement of Service Income and Expenditure

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement (CIES) in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code requires that Local Authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the Authority's internal management reporting structure. This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the net expenditure and income has been restated.

Net Expenditure

	As reported in the CIES 2015/16	Adjustments between Sercop and internal reporting	As restated 2015/16	Internal Reporting category
Conservation of Natural Environment	587	647	1,234	Support to Land Managers
Conservation of Cultural Heritage	233	-233		Support to Land Managers
Recreation Management	268	-268		Support to National Park users
Promoting Understanding	702	-76	626	Support to National Park users
Rangers, Estate Team & Volunteers	631	-631		Support to Land Managers
Development Management	253	-253		Support to the Community
Policy & Community	554	-153	401	Support to the Community
Corporate Management	282	-11	271	Corporate Management
Support Services	0	779	779	Support Services
Partnership Fund	0	199	199	Partnership Fund
Total Net Cost of Services	**3,510**	**0**	**3,510**	

Gross Expenditure

	As reported in the CIES 2015/16	Adjustments between Sercop and internal reporting	As restated 2015/16	Internal Reporting category
Conservation of Natural Environment	832	731	1,563	Support to Land Managers
Conservation of Cultural Heritage	235	-235		Support to Land Managers
Recreation Management	361	-361		Support to National Park users
Promoting Understanding	925	-32	893	Support to National Park users
Rangers, Estate Team & Volunteers	663	-663		Support to Land Managers
Development Management	354	-354		Support to the Community
Policy & Community	579	-67	512	Support to the Community
Corporate Management	590	-318	272	Corporate Management
Support Services	0	1,086	1,086	Support Services
Partnership Fund	0	213	213	Partnership Fund
Gross Cost of Services	**4,539**	**0**	**4,539**	

Gross Income

	As reported in the CIES 2015/16	Adjustments between Sercop and internal reporting	As restated 2015/16	Internal Reporting category
Conservation of Natural Environment	-245	-84	-329	Support to Land Managers
Conservation of Cultural Heritage	-2	2		Support to Land Managers
Recreation Management	-93	93		Support to National Park users
Promoting Understanding	-223	-44	-267	Support to National Park users
Rangers, Estate Team & Volunteers	-32	32		Support to Land Managers
Development Management	-101	-10	-111	Support to the Community
Policy & Community	-25	25		Support to the Community
Corporate Management	-308	307	-1	Corporate Management
Support Services	0	-307	-307	Support Services
Partnership Fund	0	-14	-14	Partnership Fund
Gross Cost of Services	**-1,029**	**0**	**-1,029**	

Note 10: Material Items of Income and Expenditure

There are no material items to disclose in 2016/17.

Note 11: Expenditure and Income Analysed by Nature

2015/16 £000	Expenditure	2016/17 £000
2,334	Employee Benefits Expenses	2,438
2,044	Other Service Expenses	2,376
167	Depreciation, Amortisation & Impairment	170
290	Interest Payments	294
4,835	**Total Expenditure**	**5,278**
	Income	
(1,044)	Grants, Fees, Charges and other Service Income	(1,205)
(3,000)	Government Grants & Contributions	(3,051)
(27)	Interest & Investment Income	(25)
(4,071)	**Total Income**	**(4,281)**
764	**(Surplus)/ Deficit on the provision of service**	**997**

Note 12: Segmental Income

2016/17

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	£000	£000	£000	£000
Support to Land Managers	(392)	(12)		(6)	**(410)**
Support to the Community	(58)	(99)		(22)	**(179)**
Support to National Park Users	(84)	(158)	(87)	(28)	**(357)**
Support Services	(107)	(5)	(1)	(144)	**(257)**
Corporate Management	0	0			**0**
Partnership Fund	0	0		(2)	**(2)**
Total Income	**(641)**	**(274)**	**(88)**	**(202)**	**(1,205)**

2015/16

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	**£000**	**£000**	**£000**	**£000**
Support to Land Managers	(317)	(8)		(19)	**(344)**
Support to the Community		(105)		(6)	**(111)**
Support to National Park Users	(116)	(44)	(77)	(30)	**(267)**
Support Services	(116)	(41)	(2)	(148)	**(307)**
Corporate Management		(1)			**(1)**
Partnership Fund	(13)			(1)	**(14)**
Total Income	**(562)**	**(199)**	**(79)**	**(204)**	**(1,044)**

Note 13: Other operating expenditure

2015/16 £000		2016/17 £000
(15)	(Gains)/Losses on the disposal of non-current assets	54
6	IAS19 Administration expense	8
(9)	**Total**	**62**

Note 14: Financing and Investment Income and Expenditure

2015/16 £000		2016/17 £000
290	Net interest on the net defined pensions liability	294
(27)	Interest receivable and similar income	(25)
263	**Total**	**269**

Note 15: Taxation and non-specific grant incomes

2015/16 £000		2016/17 £000
(3,000)	Non-ring fenced government grants	(3,051)
(3,000)	**Total**	**(3,051)**

Note 16: Members Allowances

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

2015/16 £000		2016/17 £000
16	Special Responsibility Allowance	15
56	Basic Allowance	57
13	Allowance for mileage	11
85	**TOTAL**	**83**

Note 17: 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 to 31/12/2016– 2016/17	80	-	80	10	90
Chief Executive from 01/01/2017 – 2016/17	50	-	50	6	56
Chief Executive – 2015/16	80	-	80	9	89

The previous Head of Conservation and Access took up the post of Chief Executive on 1 January 2017. The equivalent annualised salary for the new post is £66,243. The previous Chief Executive continued to work for the authority until 31 March 2017.

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:

2015/16 Number of employees	**Remuneration band**	**2016/17 Number of employees**
-	£50,000 - £54,999	1
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
1	£80,000 - £89,999	1

Note 18: External Audit Costs

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

2015/16 £000		**2016/17 £000**
12	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	12
12	**Total**	**12**

Note 19: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2016/17:

Credited to Taxation and Non Specific Grant Income	**2015/16 £000**	**2016/17 £000**
National Park Grant – DEFRA	3,000	3,051
Total	**3,000**	**3,051**
Credited to Services		
Brownfield Register – CLG	-	15
Custom Build Grant - CLG	-	15
Self- build House Building Register – CLG	-	6
Woodland Grant & EWGS– Forestry Commission	5	58
Moorland Landscape Partnership – Heritage Lottery	88	-
Coast Path – Natural England	17	19
Ancient Woodland – The Woodland Trust	27	27
Withypool Hill Stone Circle – Historic England	-	15
Health & Wellbeing Grant (Years 1 and 2 of 3) – Devon County Council	10	10
Cool Tourism – EU Interreg Project	10	-
Basic Payment & Higher Level Stewardship Scheme – RPA	86	95
Lynmouth Pavilion – Heritage Lottery Fund	62	57
Historic Signposts - Heritage Lottery Fund	-	22
Historic Signposts – Somerset County Council	-	10
Tourism Contribution – West Somerset District Council	9	-
Rapid Coastal Zone Assessment – Historic England	-	7
Total	**314**	**356**

Note 20: 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**	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	4	-	-	-	4	-	37	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	**4**	**-**	**-**	**-**	**4**	**-**	**37**	**-**

Notes to Support the Movement in Reserves Statement

Note 21: 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.

2016/17	**General Fund Balance £000**	**Capital Receipts Reserve £000**
Adjustments to Revenue Resources:		
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
Pension Costs	439	
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)	487	
Total Adjustments to Revenue Resources	**926**	**-**
Adjustments between Revenue and Capital Resources:		
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(28)	28
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(99)	
Total Adjustments between Revenue and Capital resources	**(127)**	**28**
Adjustments to Capital Resources:		
Use of the capital receipts reserve to finance capital expenditure		(28)
Total Adjustments to Capital Resources:	**-**	**(28)**
Total Adjustments	**799**	**-**

2015/16	**General Fund Balance £000**	**Capital Receipts Reserve £000**
Adjustments to Revenue Resources:		
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:		
Pension Costs	517	
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	53	
(these items are charged to the Capital Adjustment Account)		
Total Adjustments to Revenue Resources	**570**	**-**
Adjustments between Revenue and Capital Resources:		
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(15)	15
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(68)	
Total Adjustments between Revenue and Capital resources	**(83)**	**15**
Adjustments to Capital Resources:		
Use of the capital receipts reserve to finance capital expenditure		(15)
Total Adjustments to Capital Resources:	**-**	**(15)**
Total Adjustments	**487**	**-**

Note 22: Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/17.

	Balance at 31 March 2015 £000	Transfers between Reserves £000	Transfers In 2015/16 £000	Transfers Out 2015/16 £000	Increase/ Decrease (-) in useable Reserves 2015/16 £000	Balance at 31 March 2016 £000	Transfers between Reserves £000	Transfers In 2016/17 £000	Transfers Out 2016/17 £000	Increase/ Decrease in useable Reserves 2015/16 £000	Balance at 31 March 2017 £000
Earmarked Reserves	**2,338**	**35**	**218**	**(713)**	**(460)**	**1,878**	**454**	**513**	**(908)**	**59**	**1,937**
Partnership Fund Reserves	**931**	**(46)**	**303**	**(105)**	**152**	**1,083**	**(393)**	**286**	**(99)**	**(206)**	**877**
General Fund Balance	**320**	**11**	**20**	**-**	**31**	**351**	**(61)**	**10**	**-**	**(51)**	**300**
Total Useable Reserves	**3,589**	**0**	**541**	**(818)**	**(277)**	**3,312**	**0**	**809**	**(1,007)**	**(198)**	**3,114**

Note 23: Capital Receipts Reserve

This reserve contains amounts raised through the sale of capital assets such as land and buildings. Capital reserves are not allowed to be used for revenue purposes and in certain cases can only be used for specific statutory purposes. The Usable Capital Receipts Reserve is a reserve established for specific statutory purposes.

31 March 2016 £000		31 March 2017 £000
-	Opening Balance	-
(15)	Received in year	(28)
15	Applied to finance spend	28
-	**Closing Balance**	**-**

Notes to Support the Balance Sheet

Note 24: Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Cost or Valuation 1 April 2016	**15,160**	**628**	**15,788**
Additions	47	52	**99**
De-recognition – Disposals	(82)	-	**(82)**
Reclassifications	-	-	**-**
Classification Adjustment	(22)	8	**(14)**
Revaluation Increase/ decrease (-):			
- to Revaluation Reserve	1,255		**1,255**
- to Surplus/ Deficit on the provision of service	(284)	-	**(284)**
Cost or Valuation 31 March 2017	**16,074**	**688**	**16,762**
Accumulated depreciation 1 April 2016	**(22)**	**(393)**	**(415)**
Depreciation Charge	(77)	(93)	**(170)**
Classification Adjustment	22	(8)	**14**
Depreciation written out to the Revaluation Reserve	12	-	**12**
Depreciation written out to the Surplus/ Deficit on the provision of services	65	-	**65**
Total Depreciation at 31 March 2017	**0**	**(494)**	**(494)**
Net Book Value at 1 April 2016	**15,138**	**235**	**15,373**
Net Book Value at 31 March 2017	**16,074**	**194**	**16,268**

*Restated Comparative Movements in 2015/16

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
Cost or Valuation 1 April 2015	**14,705**	**554**	**15,259**
Additions	9	74	83
De-recognition – Disposals	-	-	-
Reclassifications	60	-	60
Revaluation Increase/ decrease (-):			
- to Revaluation Reserve	397	-	397
- to Surplus/ Deficit on the provision of service	(11)	-	(11)
Cost or Valuation 31 March 2016	**15,160**	**628**	**15,788**
Accumulated depreciation 1 April 2015	**(96)**	**(300)**	**(396)**
Depreciation Charge	(74)	(93)	(167)
Depreciation written out to the Revaluation Reserve	21	-	21
Depreciation written out to the Surplus/ Deficit on the provision of services	127	-	127
Total Depreciation at 31 March 2016	**(22)**	**(393)**	**(415)**
Net Book Value at 1 April 2015	**14,609**	**254**	**14,863**
Net Book Value at 31 March 2016	**15,138**	**235**	**15,373**

*The comparative movements in 2015/16 have been restated to reflect the latest classifications of charges.

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 2016/17 the valuation was carried out by our in-house Land and Property Manager, Mr Matt Harley MRICS FAAV an accredited member of the RI CS 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 – Professional Standards January 2014, Chartered Institute of Public Finance and Accountancy (CIPFA) accounting code and the International Financial Reporting Standards (IFRS) and the RICS Code of Measuring Practice.

There were no capital commitments at the date of the Balance Sheet of 31 March 2017.

Note 25: Heritage Assets

	Brendon Hills Incline **£000**
Cost or Valuation 1 April 2016	**19**
Revaluations	-
Cost or Valuation 31 March 2017	**19**
Cost or Valuation 1 April 2015	**19**
Revaluations	-
Cost or Valuation 31 March 2016	**19**

Note 26: 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. The Authority's cash balances and short term investments disclosed in the Balance Sheet are as follows:

Financial Assets:

31 March 2016 £000		**31 March 2017 £000**
3,199	Comingled Fund	3,110
-	Cash in hand and at bank	-
286	Contractual Debtors	174
3,485	**Total**	**3,284**

Financial Liabilities:

31 March 2016 £000		31 March 2017 £000
(26)	Bank Overdraft	-
(231)	Contractual Creditors	(239)
(257)	**Total**	**(239)**

Interest and Investment Income:

31 March 2016 £000		31 March 2017 £000
27	Interest Income	25
27	**Total**	**25**

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

Financial assets measured at fair value

The authority does not hold any assets which are carried at any of the levels within the Fair Value Hierarchy.

Note 27: Debtors

31 March 2016 £000		31 March 2017 £000
17	Central government bodies	17
51	Other local authorities	17
123	Public corporations and trading funds	88
112	Other entities and individuals	70
303	**Total**	**192**

Note 28: Cash and Cash Equivalents

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

31 March 2016 £000		31 March 2017 £000
-	Cash Held by the Authority	-
(26)	Bank Current Accounts	-
3,199	Co-mingled fund held by Somerset County Council	3,110
3,173	**Total Cash and Cash Equivalents**	**3,110**

Note 29: Assets Held for Sale

31 March 2016 £000		31 March 2017 £000
60	Balance at the Start of the Year	0
-	Newly Classified for sale: Property, Plant & Equipment	-
(60)	Declassified: Property, Plant & Equipment	-
-	Assets Sold	-
0	**Total**	**0**

Note 30: Creditors

31 March 2016 £000		31 March 2017 £000
(44)	Other local authorities	(57)
(39)	Public corporations and trading funds	(41)
(184)	Other entities and individuals	(182)
(267)	**Total**	**(280)**

Note 31: Usable Reserves

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

Note 32: Unusable Reserves

31 March 2016 £000		31 March 2017 £000
6,723	Revaluation Reserve	7,916
8,668	Capital Adjustment Account	8,371
(7,924)	Pensions Reserve	(9,723)
(35)	Accumulated Absences Account	(35)
7,432	**Total Unusable Reserves**	**6,529**

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.

2015/16 £000			2016/17 £000
(6,315)	**Balance at 1 April**		**(6,723)**
(420)	Upward revaluation of assets		(1,557)
1	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services		302
(419)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**(1,255)**
11	Difference between fair value depreciation and historical cost depreciation		-
-	Accumulated gains on assets sold or scrapped		62
11	**Amount written off to the Capital Adjustment Account**		**62**
(6,723)	**Balance at 31 March**		**(7,916)**

Capital Adjustment Account

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

The Account 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.

2015/16 £000			2016/17 £000
(8,626)	**Balance at 1 April**		**(8,668)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
41	Charges for depreciation and impairment of non-current assets		93
-	Revaluation losses on Property, Plant and Equipment		283
	Revenue expenditure funded from capital under statute		28
-	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		20
(8,585)			**(8,244)**
-	Adjusting amounts written out of the Revaluation Reserve		-
(8,585)	**Net written out amount of the cost of non-current assets consumed in the year**		**(8,244)**
	Capital financing applied in the year:		
(15)	Use of the Capital Receipts Reserve to finance new capital expenditure		(28)
(68)	Capital Expenditure charged against the General Fund		(99)
(8,668)	**Balance at 31 March**		**(8,371)**

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.

2015/16 £000		2016/17 £000
(8,700)	**Balance at 1 April**	**(7,924)**
1,293	Remeasurement of net defined liability	(1,358)
(853)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	(781)
336	Employer's pensions contributions and direct payments to pensioners payable in the year	340
(7,924)	**Balance at 31 March**	**(9,723)**

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.

2015/16 £000			2016/17 £000
(35)	**Balance at 1 April**		**(35)**
-	Settlement or cancellation of accrual made at the end of the preceding year	-	-
-	Amounts accrued at the end of the current year		-
-	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.		-
(35)	**Balance at 31 March**		**(35)**

Note 33: 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.

	2015/16 £000	2016/17 £000
Capital Investment		
Property, Plant & Equipment	83	99
Revenue Expenditure Funded from Capital under Statute	-	28
Sources of finance		
Capital Receipts	(15)	(28)
Government Grants and other contributions	-	
Sums set aside from revenue	(68)	99

Note 34: Leases

Finance Leases

The Authority does not hold any Lease considered to be a Finance Leases as either Leasee or lessor.

Operating Leases

The Authority has entered into leases in relation to land holdings in prior years. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2016 £000	31 March 2017 £000
Not later than one year	2	2
Later than one year and not later than five years	8	6
Later than five years	-	-
	10	**8**

The Authority leases out property for the fulfilment of National Park Purposes. The future annual minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2016 £000	31 March 2017 £000
Not later than one year	34	48
Later than one year and not later than five years	66	68
Later than five years	73	68
	173	**184**

Note 35: Impairment Losses

The Authority did not recognise any impairment losses during 2016/17 (2015/16 £34k). Impairment losses are recognised as part of the valuation of the authority's non-current assets.

Note 36: 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

  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.

- 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.

- 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 £30,000 more or less than budget if investments were held for a year.

Note 37: 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 a post-employment scheme:

- The Local Government Pension Scheme, 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.

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:

	2015/16 £000	**2016/17 £000**
Service Cost		
• Current Service Cost • Past Service Costs (including curtailments)	531 26	479 -
Total Service Cost	**557**	**479**
Financing and Investment Income and Expenditure		
• Net interest on the defined liability (asset) • Administration expenses	290 6	294 8
Total Net Interest	**296**	**302**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**853**	**781**
Remeasurement of the Net Defined Liability Comprising:		
• Return on plan assets excluding amounts included in net interest • Experience gain/(loss) on defined benefit obligation • Actuarial losses arising from changes in demographic assumptions • Actuarial losses arising from changes in financial assumptions • Other actuarial gains & losses on assets	220 (4) - (1,509) -	(1,937) (704) (284) 4,128 155
Total re-measurements recognised in Other Comprehensive Income	**(1,293)**	**1,358**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	2,146	2,139
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(853)	(781)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	336	342

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

	2015/16 £000	**2016/17 £000**
Present value of funded obligation	(16,799)	(20,691)
Fair value of employer assets	9,185	11,298
Present value of unfunded obligation	(310)	(330)
Net Liability Arising from Defined Benefit Obligation	**(7,924)**	**(9,723)**

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

	2015/16 £000	2016/17 £000
Opening Balance at 1 April	**17,687**	**17,109**
Current service cost	531	479
Interest cost	598	643
Change in financial assumptions	(1,509)	4,130
Change in demographic assumptions	-	(284)
Experience loss / (gain) on defined benefit obligation	(4)	(704)
Estimated benefits paid net of transfers in	(321)	(450)
Past service costs, including curtailments	26	-
Contributions by scheme participants	118	121
Unfunded pension payments	(17)	(23)
Closing Balance at 31 March	**17,109**	**21,021**

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

	2015/16 £000	2016/17 £000
Opening Balance at 1 April	**8,987**	**9,185**
Interest on assets	308	349
Return on assets less interest	(220)	1,937
Other actuarial gains/(losses)	-	(155)
Administration expenses	(6)	(8)
Contributions by employer including unfunded	336	342
Contributions by scheme participants	118	121
Estimated benefits paid plus unfunded net of transfers in	(338)	(473)
Closing Balance at 31 March	**9,185**	**11,298**

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £9,723k (2015/16 £7,924k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £9,643k (2015/16 £10,744k). However, statutory 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:

	2015/16		2016/17	
	£000	**%**	£000	**%**
Equities	6,296	69%	8,055	71%
Gilts	693	8%	692	6%
Other Bonds	1,013	10%	1,108	10%
Property	1,034	11%	997	9%
Cash and cash equivalents	149	2%	446	4%
Total	**9,185**	**100%**	**11,298**	**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 2018 is £411k.

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 2016.

The principal assumptions used by the actuary have been:

	2015/16	**2016/17**
Mortality assumptions		
Longevity at 65 for current pensioners: • Men • Women	 23.8 26.2	 23.9 25.0
Longevity at 65 for future pensioners: • Men • Women	 26.1 28.5	 26.1 27.4
Rate of Inflation (RPI/CPI)	3.4%/2.5%	3.6%/2.7%
Rate of increase in salaries	4.3%	4.2%
Rate of increase in pensions	2.5%	2.7%
Rate for discounting scheme liabilities	3.8%	2.8%
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 2015/16.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	20,608	21,021	21,443
Projected service cost	708	726	744
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	21,083	21,021	20,960
Projected service cost	726	726	726
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	21,381	21,021	20,669
Projected service cost	744	726	708
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	21,789	21,021	20,281
Projected service cost	749	726	704

Note 38: 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 £510,000.

The Authority is owed almost £70k 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 39: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2015/16 £000		**2016/17 £000**
(167)	Depreciation and Amortisation	(93)
123	Impairment and Downward Valuations	(284)
(511)	Actuarial Charges for Retirement Benefits	(439)
-	Increase/(Decrease) in Inventory	(1)
(55)	Increase/(Decrease) in Debtors	(111)
40	(Increase)/Decrease in Creditors & Receipts in Advance	(23)
-	Carrying amount of Non-Current Assets de-recognised	(82)
(570)		**(1,033)**

Note 40: Cash Flow Statement – Investing Activities

2015/16 £000		**2016/17 £000**
83	Purchase of property, plant and equipment, investment property and intangible assets	127
(15)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(28)
68	**Net cash flows from investing activities**	**99**

Note 41: Cash Flow Statement – Financing Activities

2015/16 £000		**2016/17 £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 2017 and up to the date of approval of the annual business 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 an annual business plan that includes data on performance and objectives both achieved and planned;
- Committee papers that are linked to National Park Partnership Plan or Business 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 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 procedures 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 business 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.

5.2 During 2017/18 the Authority will be:

- Continuing the development of the 2018-23 National Park Partnership Plan;
- Completing the draft of the 'State of the National Park' report;
- Reviewing the 2007 Landscape Character Assessment to inform the next Partnership Plan;
- Receiving and adopting the report of the Inspector of the Local Plan following the examination;
- Working with Defra to deliver the eight points of the recently developed 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;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture; and
- Monitoring the performance of the business plan.

5.3 In conclusion we propose over the coming year to monitor implementation of 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 R Milton, Chairman

Date …………………………………………

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXMOOR NATIONAL PARK AUTHORITY

We have audited the financial statements of Exmoor National Park Authority (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act 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.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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.

We are required under Section 20(1)(c) of the Act 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.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether 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 criteria 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 2017.
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 form a view on whether in all significant respects the Authority has put in place proper 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 criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

G.N.Daly

Geraldine Daly
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Hartwell House
55-61 Victoria Street
Bristol
BS1 6FT
7 August 2017