

# Exmoor National Park

## Statement Of Accounts 2017/18

**Gordon Bryant**  
Chief Finance Officer

**Sarah Bryan**  
Chief Executive





## AUDITED STATEMENT OF ACCOUNTS

2017/18

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## STATEMENT OF ACCOUNTS 2017/18

### NARRATIVE REPORT

#### Introduction

1. The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The Act sets out two primary purposes for Exmoor National Park Authority ('the Authority'):
  - To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park area; and
  - To promote opportunities for understanding and enjoyment of the National Park's special qualities.
2. In carrying out these purposes the Authority also has a duty to seek to foster the social and economic well-being of local communities in the National Park and is the Planning Authority under the Town and Country Planning Acts for the National Park area.
3. Exmoor National Park Authority is required under section 66(1) of the Environment Act 1995 to produce a National Park Management Plan (the 'Partnership Plan') and State of the Park report, and review them every five years. The National Park Authority is responsible for preparing the Plan, but it is developed in consultation with partner organisations, communities, visitors and businesses and will be delivered with a wide range of partners. The fundamental basis for the Plan, and for the work of the National Park Authority, are the National Park statutory purposes and duty. Evidence from the updated State of the Park report forms an important basis for the review of the Partnership Plan, and ongoing monitoring. During 2016/17 the Authority worked closely with partners to review the Partnership Plan, and a draft was consulted on in the autumn of 2017. The final [Partnership Plan](#) 2018-23 was adopted by the Authority in February 2018. This sets out the Vision and Ambitions for the National Park under three themes of 'People, Place and Prosperity'.

#### Governance

4. The Annual Governance Statement is included within this publication but does not form part of the Authority's accounts. The Annual Governance Statement is found at the back of this document and explains the:
  - Scope of responsibilities;
  - Governance Framework; and
  - Significant governance issues and challenges faced by the Authority.

#### Organisation

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

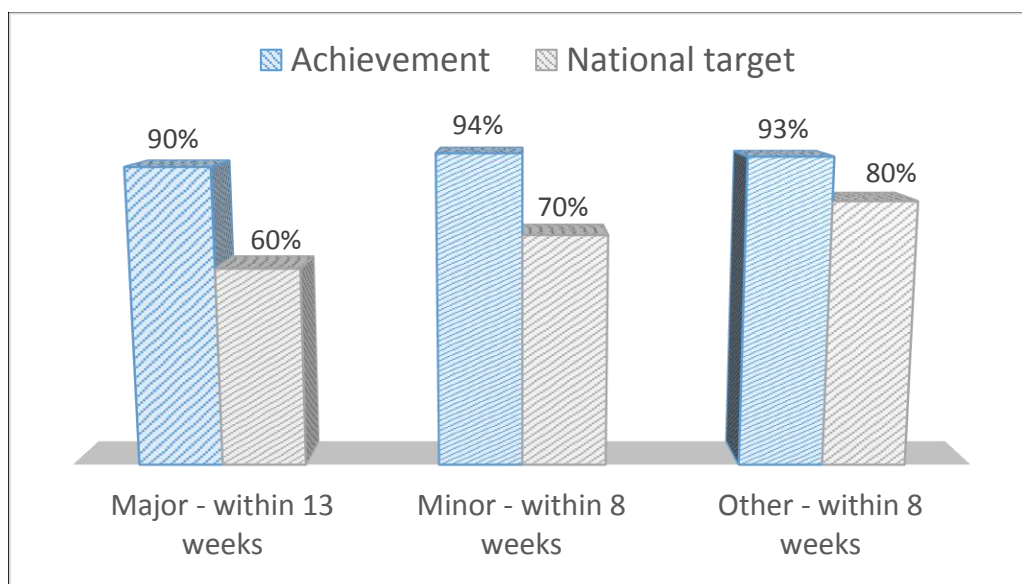
## Performance

6. A three year Business Plan for 2017-2020 was approved by the Authority on 04 April 2017. The plan sets out the key priorities for the Authority, which closely follow the priorities set out by Defra in its 8-Point Plan for England's National Parks. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Business Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed action. A mid-year report of progress in implementing the Business Plan was taken to the Authority in December 2017, and the full report will go to the Authority in July 2018. Progress against key corporate indicators is given in the charts below.

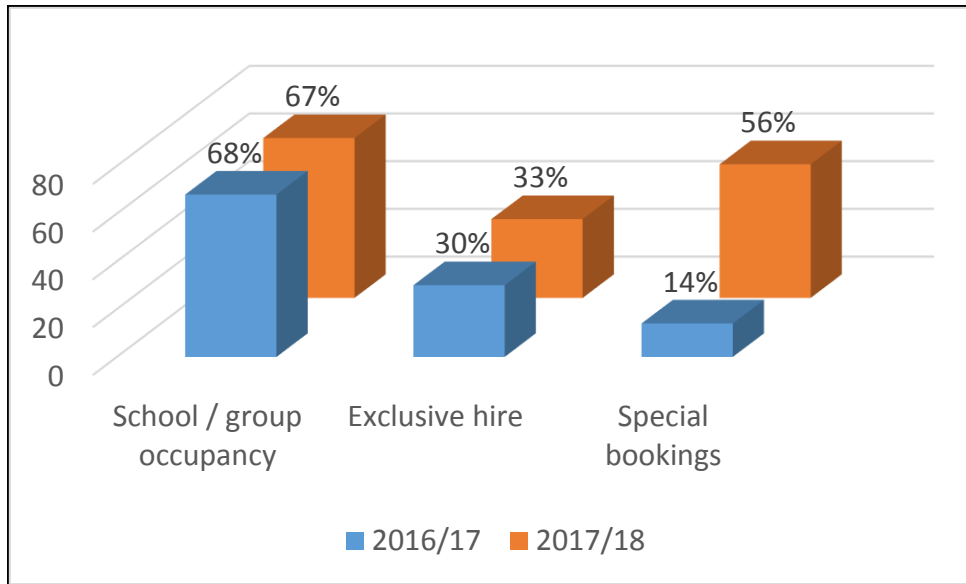
### Key Corporate Indicators 1 April 2017 to 31 March 2018

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#### Planning Application determination – achievement against national targets

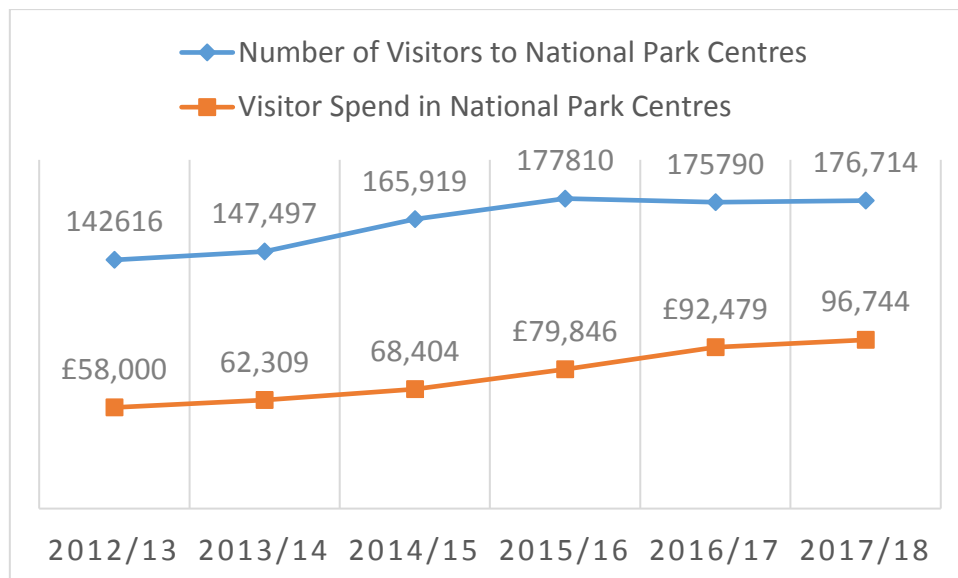


### Pinkery Centre Occupancy rates

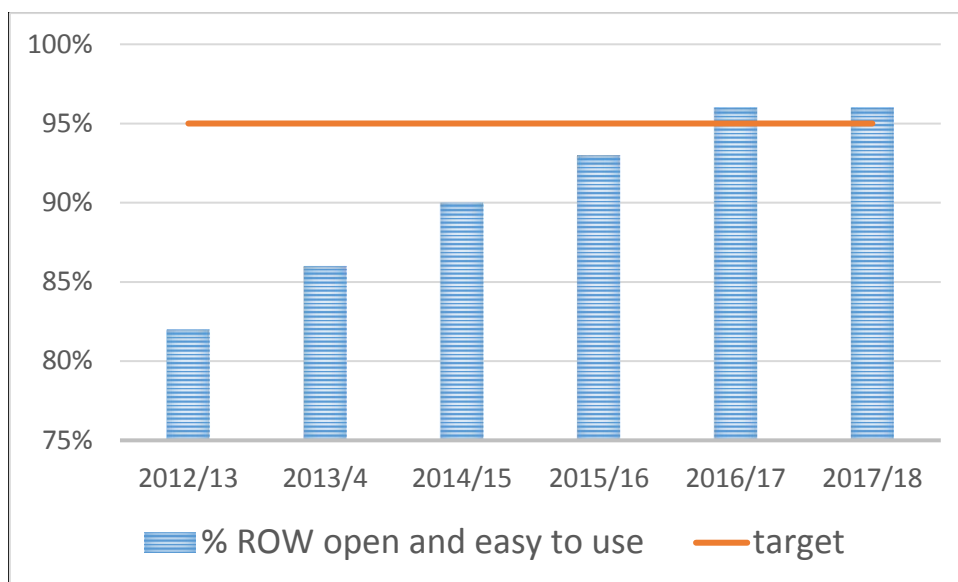


	2016/17	Target	2017/18	Target
School / group occupancy	68	80	67	85
Exclusive hire	30	40	33	45
Special bookings	14	50	56	60

### National Park Centre Visitor Numbers and Income Trend



## Improvements in Rights of Way Open and Easy to Use Score



7. Exmoor National Park continues to work with a variety of external agencies and partners to deliver park purposes. For example, in 2017/18 we worked with South West Water to improve water quality in the river Exe and its catchment. Other notable activities include stabilizing the rock face at Weir Cleave, undertaking repairing work at Exmoor House that arose as a consequence of the condition maintenance survey and the planning decision was made to reinstate the railway line between Killington Lane and Blackmoor Gate Parracombe.

### Financial Statements

8. Information relating to financial performance for the year ended 31 March 2018 is contained in the following statements:

#### **Comprehensive Income and Expenditure Statement (page 10);**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

The Comprehensive Income & Expenditure Statement shows a surplus for 2017/18 of £1.289m. This contrasts with a deficit of £1.1m for 2016/17. The primary reason for this is the change in financial assumptions from the actuaries related to the Pension Fund liability calculation.

#### **Movement in Reserves Statement (page 11);**

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

General Fund and earmarked reserves fell by £84k over the course of 2017/18 to £3.03m and unusable increased over the same period to £7.9m from £6.53m.

### **Balance Sheet (page 12)**

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

Exmoor has £10.9m of assets in excess of its liabilities at the end of 2017/18. This is an increase of £1.3m and is due to a fall in the pension fund deficit and an increase in the value of Land and Buildings. The Authority owns £17.3m of Property, Plant and Equipment however many of these assets could not be realized at this level. Covenants attached to certain assets mean that they can only be sold to similar organizations and for the notional sum of £1.

### **Cash Flow Statement (page 13)**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The statement shows how the amount of Cash and Cash Equivalents fell by £165k over the course of 2017/18 primarily due to the take from reserves.

## **Financial Performance**

9. The revenue budget for 2017/18 was agreed on the 7 March 2017. Resources were applied to meet the purposes and duty described in 1 and 2. The approved budget was constructed across two themes:
  - A Core Budget with expenditure of £3,462,400 and income of £732,000 giving a net requirement of £2,730,400;
  - A Partnership budget involving expenditure of £373,400 of which £155,000 was top-sliced for priority elements, £50,000 set aside for small grants and £168,400 added to the contingency reserve.
10. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 7 November 2017. The Core Budget did not change in aggregate but funds were shifted between expected underspends due to staff vacancies and pressures that had arisen in year.
11. The key financial outcomes for the year ended 31 March 2018 are:
  - Transfers from reserves to support spending during the year amounted to £84,000. The most significant involved the use of the Estates Reserve due to spend on Weir Cleave and Exmoor House, and the Fixed Term Programs Reserve as we spend against the Authority's schemes to implement DEFRA's National Park Plan.
  - The core budget shows an underspend for the year of £41,000 when compared with the revised budget. The reconciliation between this surplus and that shown in the Comprehensive Income and Expenditure Account is as follows:

	£000	£000
<b>Net Deficit on the Provision of Services in the Comprehensive Income &amp; Expenditure Account</b>		<b>829</b>
<i>Non Cash Transactions</i>		
Reverse Depreciation & Impairment charges	(83)	
Reverse IAS19 Pensions transactions	(570)	
Net transfers from earmarked reserves	(125)	
Add in Capital Expenditure funded from Revenue	122	
Downwards Revaluation of Assets	(214)	
<b>Management Accounts Budget Surplus</b>		<b>(41)</b>

12. The Authority has an excellent record in managing its financial affairs within its resources, and in 2017/18 has performed well, against the original and revised budgets set. 2017/18 was a year when significant costs arose, such as relating to Weir Cleave, but these were met by the judicious rebalancing of resources. The establishment of a formal Contingency Reserve in 2017/18 will help to highlight the resources we have available to meet burdens that arise.

13. The Authority has earmarked reserves totaling £2,720,000 (2016/17 - £2,814,000) and a General Fund balance of £310,000 (2016/17 - £300,000) at 31 March 2018.

## Financial Outlook

14. 2018/19 and 2019/20 are the final two of the four years of the notified funding period. This has provided the Authority with a high degree of assurance over the level of funding and provides increases of 1.7% per year after many years of declining support.

15. From 2020/21 onwards, funding is less certain. As stated in the Authority report that set the 2018/19 budget:

*The Authority will continue to work hard to manage costs, plan for various scenarios and to develop new income streams. Because of the clear and significant risks to funding in the medium term we need to be very careful to not enter in to new ongoing commitments and must keep on top of the long term liabilities to avoid the risk of them taking up an increased proportion of limited funding.*

16. There are also opportunities and challenges in the medium term from the UK's exit from the European Union and The Designated Landscapes (National Parks and AONBs): 2018 review.

17. 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  
May 2018



**STATEMENT OF ACCOUNTS 2017/18****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 2018 and its income and expenditure for the year ended 31 March 2018.**

**G Bryant**

**Chief Finance Officer: ..... Date: 31 May 2018**

**Approved by Exmoor National Park Authority:**

**This Statement of Accounts was approved by resolution of the Final Accounts Committee on 31 July 2018.**

**R Milton**

**Chairman: ..... Date: 31 July 2018**

## Comprehensive Income and Expenditure Statement

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

2016/17				2017/18		
Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000
1,459	(410)	1,049	Support to Land Managers	1,368	(418)	950
532	(179)	353	Support to the Community	587	(167)	420
1,168	(357)	811	Support to National Park Users	1,006	(324)	682
1,248	(257)	991	Support Services	1,365	(278)	1,087
291	-	291	Corporate Management	269		269
224	(2)	222	Partnership Fund	300	(28)	272
<b>4,922</b>	<b>(1,205)</b>	<b>3,717</b>	<b>Cost of Services</b>	<b>4,895</b>	<b>(1,215)</b>	<b>3,680</b>
62	-	62	Other Operating Expenditure (Note 12)	6	-	6
294	(25)	269	Financing and Investment Income and Expenditure (Note 13)	266	(19)	247
-	(3,051)	(3,051)	Taxation and Non-Specific Grant Income (Note 14)	-	(3,104)	(3,104)
<b>5,278</b>	<b>(4,281)</b>	<b>997</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>5,167</b>	<b>(4,338)</b>	<b>829</b>
		(1,255)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (Note 23)			(1,225)
		1,358	Remeasurement of Net Defined Benefit Liability/ (Asset) (Note 34)			(893)
		<b>103</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(2,118)</b>
		<b>1,100</b>	<b>Total Comprehensive Income and Expenditure (Surplus)/Deficit</b>			<b>(1,289)</b>

## Movement in Reserves Statement

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

	General Fund Balance £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2016</b>	<b>3,312</b>	<b>7,431</b>	<b>10,743</b>
<b>Movement in reserves during 2016/17</b>			
Total Comprehensive Income and Expenditure	(997)	(103)	(1,100)
Adjustments between accounting basis & funding basis under regulations (Note 20)	799	(799)	-
<b>Net Increase/(Decrease)</b>	<b>(198)</b>	<b>(902)</b>	<b>(1,100)</b>
<b>Balance at 31 March 2017</b>	<b>3,114</b>	<b>6,529</b>	<b>9,643</b>
<b>Movement in reserves during 2017/18</b>			
Total Comprehensive Income and Expenditure	(829)	2,118	1,289
Adjustments between accounting basis & funding basis under regulations (Note 20)	745	(745)	-
<b>Increase/(Decrease) in 2017/18</b>	<b>(84)</b>	<b>1,373</b>	<b>1,289</b>
<b>Balance at 31 March 2018 (Notes 21 and 30)</b>	<b>3,030</b>	<b>7,902</b>	<b>10,932</b>

## Balance Sheet

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

31 March 2017 £000		Notes	31 March 2018 £000
16,268	Property, Plant & Equipment	23	17,318
19	Heritage Assets	24	19
<b>16,287</b>	<b>Long Term Assets</b>		<b>17,337</b>
67	Inventories	-	67
192	Short Term Debtors	26	253
3,110	Cash and Cash Equivalents	27	2,945
-	Assets Held for Sale	-	-
<b>3,369</b>	<b>Current Assets</b>		<b>3,265</b>
(10)	Receipts in Advance	-	(16)
(280)	Short Term Creditors	28	(254)
<b>(290)</b>	<b>Current Liabilities</b>		<b>(270)</b>
(9,723)	Other Long Term Liabilities	34	(9,400)
<b>(9,723)</b>	<b>Long Term Liabilities</b>		<b>(9,400)</b>
<b>9,643</b>	<b>Net Assets</b>		<b>10,932</b>
3,114	Usable Reserves	29, 21	3,030
6,529	Unusable Reserves	30	7,902
<b>9,643</b>	<b>Total Reserves</b>		<b>10,932</b>

### Authorised for Issue

The audited accounts were authorised for issue by Gordon Bryant, Chief Finance Officer (s.151 Officer) on 31 May 2018.

## Cash Flow Statement

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

<b>2016/17 £000</b>		<b>2017/18 £000</b>
<b>997</b>	<b>Net (surplus) or deficit on the Provision of Services</b>	<b>829</b>
	<i>Adjustments for-</i>	
(1,033)	Non Cash Movements (Note 36)	(786)
<b>(36)</b>	<b>Net Cash flows from Operating Activities</b>	<b>43</b>
99	Investing Activities (Note 37)	122
-	Financing Activities (Note 38)	-
<b>63</b>	<b>Net (increase)/decrease in Cash and Cash equivalents</b>	<b>165</b>
3,173	Cash and Cash Equivalents at the beginning of the reporting period	3,110
<b>3,110</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	<b>2,945</b>
<b>63</b>	<b>Net (increase)/decrease in Cash and Cash equivalents</b>	<b>165</b>

## STATEMENT OF ACCOUNTS 2017/18

### NOTES TO THE ACCOUNTS

#### Note 1: Accounting Policies

##### i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2017/18 financial year and its position at the year-end 31 March 2018. 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 2017/18 (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 27)**

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

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

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

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

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

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

vi **Employee Benefits (Notes 16, 19)**

Benefits Payable During Employment

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable

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

#### Post Employment Benefits

Most employees of the Authority are members of the following pension scheme:

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

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

#### *The Local Government Pension Scheme*

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

- The liabilities of the SCC LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond (annualised yield at the 20-year point on the Merrill Lynch AA-rated corporate bond yield curve).
- The assets of SCC pension fund attributable to the Authority are included in the Balance Sheet at their fair values.
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into seven components:
- **Service Cost comprising:**
  - Current service cost: the increase in liabilities as a result of years of service earned this year which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - Net interest on the defined liability: i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.



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

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

*Discretionary Benefits*

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii **Events After the Balance Sheet Date (Note 5)**

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

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

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

viii **Financial Instruments (Note 25)**

*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.

## *Financial Assets*

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.

### ix **Government Grants and Contributions (Note 18)**

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

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

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

### x **Inventories**

Inventories held for resale at the three National Park Centres are included in the Balance Sheet at cost. The cost of inventories is assigned using the weighted average costing formula.

### xi **Property, Plant and Equipment (Note 23)**

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

#### Recognition

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

## De-minimus

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

## Measurement

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

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

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

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

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

## Impairment

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

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

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

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

### Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

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

### Disposals

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

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

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

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

Contingent Assets

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

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

Contingent Liabilities

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

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

xiii **Reserves (Notes 20, 21, 29, 30)**

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

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

xiv **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.

xv **Heritage Assets (Note 24)**

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 2017/18 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.

IFRS9 Financial Instruments has been adopted by the 2018/19 Accounting Code, with an application date of 1 April 2018. IFRS9 was devised to correct weaknesses in accounting practices that contributed to the global financial crisis. In particular it:

- Changes the default accounting treatment for investments from one where gains and losses in value are not recognised as income or expenditure until an investment matures or is disposed of, to one where income or expenditure is recognised as fair value gains and losses arise
- Changes the model for impairment loss allowances for financial assets from one based on incurred losses, to one based on expected losses

Neither of these changes are relevant to the Authority, as it has no investments that are currently required to be valued at fair value (or will be so required after 1 April 2018) and does not need to make any allowance for any expected losses in relation debtors or investments.

IFRS15 Revenue from Contracts with Customers has been adopted by the 2018/19 Accounting Code, with an application date of 1 April 2018. IFRS15 introduces a new model for the recognition of contractual income, based on allocating the overall transaction price for goods and/or services to be provided against the satisfaction of the various performance obligations in the contract. The new model has the potential to change the date at which revenue is recognised compare to the current accounting requirements. The analysis carried out to date indicates that there will be no material impact on the revenue recognised in relation to contracts entered into by 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:

- The accounts have been prepared on a going-concern basis. The concept of going concern assumes that the Authority, its functions and services will continue in operational existence for the foreseeable future. Defra has confirmed National Park Grant for the period 2016/17 to 2019/20, which provides for an annual increase of 1.72%.

## **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
<b>Property, Plant and Equipment</b>	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.
<b>Pensions Liability</b>	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 £420K. However the assumptions interact in complex ways. During 2017/18, the Authority's actuaries advised that due to estimates being adjusted (as a result of experience and updating the assumptions) the net pension liability had decreased by £0.323m.
<b>Arrears</b>	At 31 March 2018, the Authority had a balance of debtors for £253k. A review of significant balances suggested that an impairment of doubtful debts was not required. However, in the current economic climate it is not certain that no allowance would be suitable.	If collection rates were to deteriorate, it may be prudent to establish an impairment of doubtful debts which would require £2k for every percentage point of the debtors balance at 31 March 2018.

#### **Note 5: Events after the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 May 2018. 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 2018, 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 2018.

#### **Note 6: Related Parties**

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

### *Central Government*

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants. Grants received from government departments are set out in the subjective analysis in Note 18 on Grant Income.

### *Members*

Members of the Authority have direct control over the Authority's financial and operating policies. 12 of the Authority's members are also elected members of other local authorities within Devon and Somerset. The Authority's Standing Orders requires a register to be kept of members disclosable pecuniary interests and declarations of related party transactions in a register of interests. In addition members are asked to declare separately any transactions with the Authority. A summary of the Members' allowances paid in 2017/18 is shown in Note 15.

### *Officers*

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

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



## Note 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.

2016/17				2017/18		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 8)	Net Expenditure in the CI&ES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 8)	Net Expenditure in the CI&ES £000
965	84	1,049	Support to Land Managers	856	94	950
339	14	353	Support to the Community	383	37	420
529	282	811	Support to National Park Users	497	185	682
949	42	991	Support Services	978	109	1,087
279	12	291	Corporate Management	245	24	269
213	9	222	Partnership Fund	248	24	272
<b>3,274</b>	<b>443</b>	<b>3,717</b>	<b>Net Cost of Services</b>	<b>3,207</b>	<b>473</b>	<b>3,680</b>
(3,076)	356	(2,720)	Other Income & Expenditure	(3,123)	272	(2,851)
<b>198</b>	<b>799</b>	<b>997</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>84</b>	<b>745</b>	<b>829</b>
<b>(3,312)</b>			<b>Opening General Fund Balance</b>	<b>(3,114)</b>		
198			Deficit on General Fund in Year	84		
<b>(3,114)</b>			<b>Closing General Fund Balance</b>	<b>(3,030)</b>		

## Note 8: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2017/18

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	15	79	-	94
Support to the Community	-	37	-	37
Support to National Park Users	138	47	-	185
Support Services	22	87	-	109
Corporate Management	-	24	-	24
Partnership Fund	-	24	-	24
<b>Net Cost of Services</b>	<b>175</b>	<b>298</b>	<b>-</b>	<b>473</b>
Other Income & Expenditure	-	272	-	272
<b>Surplus/ Deficit on the Provision of Services</b>	<b>175</b>	<b>570</b>	<b>-</b>	<b>745</b>

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
<b>Net Cost of Services</b>	<b>307</b>	<b>136</b>	-	<b>443</b>
Other Income & Expenditure	54	302	-	356
<b>Surplus/ Deficit on the Provision of Services</b>	<b>361</b>	<b>438</b>	-	<b>799</b>

**a) Adjustments for Capital Purposes** - this column adds in depreciation and impairment and revaluation gains and losses in the services line

**b) Net Change for Pensions Adjustments** - Net change for removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** - this represents removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES

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

### Notes Supporting the Comprehensive Income and Expenditure Statement

#### Note 9: Material Items of Income and Expenditure

There are no material items to disclose in 2017/18.

#### Note 10: Expenditure and Income Analysed by Nature

2016/17 £000	Expenditure	2017/18 £000
2,438	Employee Benefits Expenses	2,512
2,376	Other Service Expenses	2,230
170	Depreciation, Amortisation & Impairment	159
294	Interest Payments	266
<b>5,278</b>	<b>Total Expenditure</b>	<b>5,167</b>
	<b>Income</b>	
(1,205)	Grants, Fees, Charges and other Service Income	(1,215)
(3,051)	Government Grants & Contributions	(3,104)
(25)	Interest & Investment Income	(19)
<b>(4,281)</b>	<b>Total Income</b>	<b>(4,338)</b>
<b>997</b>	<b>(Surplus)/ Deficit on the provision of service</b>	<b>829</b>

## Note 11: Segmental Income

### 2017/18

	<b>Grants &amp; Contributions</b>	<b>Fees &amp; Charges</b>	<b>Sales Income</b>	<b>Other</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Support to Land Managers	(390)	(24)	-	(4)	<b>(418)</b>
Support to the Community	(75)	(93)	-	-	<b>(168)</b>
Support to National Park Users	(16)	(190)	(88)	(30)	<b>(324)</b>
Support Services	(117)	(6)	(1)	(153)	<b>(277)</b>
Corporate Management	-	-	-	-	-
Partnership Fund	-	-	-	(28)	<b>(28)</b>
<b>Total Income</b>	<b>(598)</b>	<b>(313)</b>	<b>(89)</b>	<b>(215)</b>	<b>(1,215)</b>

### 2016/17

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

## Note 12: Other operating expenditure

<b>2016/17 £000</b>		<b>2017/18 £000</b>
54	(Gains)/Losses on the disposal of non-current assets	-
8	IAS19 Administration expense	6
<b>62</b>	<b>Total</b>	<b>6</b>

## Note 13: Financing and Investment Income and Expenditure

<b>2016/17 £000</b>		<b>2017/18 £000</b>
294	Net interest on the net defined pensions liability	266
(25)	Interest receivable and similar income	(19)
<b>269</b>	<b>Total</b>	<b>247</b>

## Note 14: Taxation and non-specific grant incomes

<b>2016/17 £000</b>		<b>2017/18 £000</b>
(3,051)	Non-ring fenced government grants	(3,104)
<b>(3,051)</b>	<b>Total</b>	<b>(3,104)</b>

## Note 15: Members Allowances

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

<b>2016/17 £000</b>		<b>2017/18 £000</b>
15	Special Responsibility Allowance	14
57	Basic Allowance	58
11	Allowance for mileage	13
<b>83</b>	<b>TOTAL</b>	<b>85</b>

## Note 16: Officers' Remuneration

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

	Salary, Fees and Allowances  £000	Expense Allowance  £000	Total Remuneration (excl. pension contribution)  £000	Pension Contribution  £000	Total Remuneration including pension contribution £000
Chief Executive – 2017/18	68	-	68	10	78
Current Chief Executive – 2016/17	50	-	50	6	56
Previous Chief Executive – 2016/17	80	-	80	10	90

The previous Head of Conservation and Access took up the post of Chief Executive on 1 January 2017. The equivalent annualised salary for that post in 2016/17 was £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:

2016/17 Number of employees	Remuneration band	2017/18 Number of employees
1	£50,000 - £54,999	-
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	1
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
1	£80,000 - £89,999	-

## Note 17: External Audit Costs

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

2016/17 £000		2017/18 £000
12	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	12
<b>12</b>	<b>Total</b>	<b>12</b>

## Note 18: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>
National Park Grant – DEFRA	3,051	3,104
<b>Total</b>	<b>3,051</b>	<b>3,104</b>
<b>Credited to Services</b>		
Brownfield Register – CLG	15	5
Custom Build Grant - CLG	15	30
Self- build House Building Register – CLG	6	-
Woodland Grant & EWGS– Forestry Commission	58	17
Agri- Diffuse Pollution – Environment Agency	-	21
English & SW Coast Paths – Natural England	19	36
Ancient Woodland – The Woodland Trust	27	27
Withypool Hill Stone Circle – Historic England	15	4
Health & Wellbeing Grant – Devon County Council	10	-
Historic Buildings Officer funding – Historic England	-	21
Basic Payment & Higher Level Stewardship Scheme – RPA	95	98
Lynmouth Pavilion – Heritage Lottery Fund	57	-
Historic Signposts - Heritage Lottery Fund	22	-
Historic Signposts – Somerset County Council	10	-
Countryside Stewardship – RPA	-	48
Rapid Coastal Zone Assessment – Historic England	7	1
<b>Total</b>	<b>356</b>	<b>308</b>

## Note 19: Termination Benefits

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

<b>Exit package cost band (including special payments)</b>	<b>Number of compulsory redundancies</b>		<b>Number of other departures agreed</b>		<b>Total number of exit packages by cost band</b>		<b>Total cost of exit packages in each band £000</b>	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

## Notes to Support the Movement in Reserves Statement

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

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

2017/18	General Fund Balance £000	Capital Receipts Reserve £000
<b>Adjustments to Revenue Resources:</b>		
<u>Amounts by which income &amp; expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</u>		
Pension Costs	570	-
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)	297	-
<b>Total Adjustments to Revenue Resources</b>	<b>867</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources:</b>		
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(122)	-
<b>Total Adjustments between Revenue and Capital resources</b>	<b>(122)</b>	<b>-</b>
<b>Adjustments to Capital Resources:</b>		
Use of the capital receipts reserve to finance capital expenditure	-	-
<b>Total Adjustments to Capital Resources:</b>		
<b>Total Adjustments</b>	<b>745</b>	<b>-</b>

2016/17	General Fund Balance £000	Capital Receipts Reserve £000
<b>Adjustments to Revenue Resources:</b>		
<u>Amounts by which income &amp; expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</u>		
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	-
<b>Total Adjustments to Revenue Resources</b>	<b>926</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources:</b>		
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)	-
<b>Total Adjustments between Revenue and Capital resources</b>	<b>(127)</b>	<b>28</b>
<b>Adjustments to Capital Resources:</b>		
Use of the capital receipts reserve to finance capital expenditure	-	(28)
<b>Total Adjustments to Capital Resources:</b>	<b>-</b>	<b>(28)</b>
<b>Total Adjustments</b>	<b>799</b>	<b>-</b>

## Note 21: 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 2017/18.

	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 2016/17 £000	Balance at 31 March 2017 £000	Transfers between Reserves £000	Transfers In 2017/18 £000	Transfers Out 2017/18 £000	Increase/ Decrease in useable Reserves 2017/18 £000	Balance at 31 March 2018 £000
Earmarked Reserves	1,878	454	513	(908)	59	1,937	377	507	(652)	232	2,169
Partnership Fund Reserves	1,083	(393)	286	(99)	(206)	877	(347)	269	(248)	(326)	551
General Fund Balance	351	(61)	10	-	(51)	300	(30)	40	-	10	310
<b>Total Useable Reserves</b>	<b>3,312</b>	<b>-</b>	<b>809</b>	<b>(1,007)</b>	<b>(198)</b>	<b>3,114</b>	<b>-</b>	<b>816</b>	<b>(900)</b>	<b>(84)</b>	<b>3,030</b>

## Note 22: 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
-	<b>Opening Balance</b>	-
(28)	Received in year	-
28	Applied to finance spend	-
-	<b>Closing Balance</b>	-

## Notes to Support the Balance Sheet

### Note 23: Property, Plant and Equipment

#### Movements on Balances

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
<b>Cost or Valuation 1 April 2017</b>	<b>16,074</b>	<b>688</b>	<b>16,762</b>
Additions	66	56	122
De-recognition – Disposals	-	-	-
Reclassifications	-	-	-
Revaluation Increase/ decrease (-):			
- to Revaluation Reserve	1,225	-	1,225
- to Surplus/ Deficit on the provision of service	(214)	-	(214)
<b>Cost or Valuation 31 March 2018</b>	<b>17,151</b>	<b>744</b>	<b>17,895</b>
<b>Accumulated depreciation 1 April 2017</b>	<b>-</b>	<b>(494)</b>	<b>(494)</b>
Depreciation Charge	(76)	(83)	(159)
Depreciation written out to the Revaluation Reserve	12	-	12
Depreciation written out to the Surplus/ Deficit on the provision of services	64	-	64
<b>Total Depreciation at 31 March 2018</b>	<b>-</b>	<b>(577)</b>	<b>(577)</b>
<b>Net Book Value at 1 April 2017</b>	<b>16,074</b>	<b>194</b>	<b>16,268</b>
<b>Net Book Value at 31 March 2018</b>	<b>17,151</b>	<b>167</b>	<b>17,318</b>

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Total £000
<b>Cost or Valuation 1 April 2016</b>	<b>15,160</b>	<b>628</b>	<b>15,788</b>
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)
<b>Cost or Valuation 31 March 2017</b>	<b>16,074</b>	<b>688</b>	<b>16,762</b>
<b>Accumulated depreciation 1 April 2016</b>	<b>(22)</b>	<b>(393)</b>	<b>(415)</b>
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
<b>Total Depreciation at 31 March 2017</b>	<b>0</b>	<b>(494)</b>	<b>(494)</b>
<b>Net Book Value at 1 April 2016</b>	<b>15,138</b>	<b>235</b>	<b>15,373</b>
<b>Net Book Value at 31 March 2017</b>	<b>16,074</b>	<b>194</b>	<b>16,268</b>



## 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 31<sup>st</sup> March. For 2017/18 the valuation was carried out by our in-house Land and Property Manager, Mr Matt Harley MRICS FAAV an accredited member of the RICS Valuer Scheme in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors – the RICS Valuation – 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 2018.

### Note 24: Heritage Assets

	<b>Brendon Hills Incline</b>
	<b>£000</b>
<b>Cost or Valuation 1 April 2017</b>	<b>19</b>
Revaluations	-
<b>Cost or Valuation 31 March 2018</b>	<b>19</b>
<b>Cost or Valuation 1 April 2016</b>	<b>19</b>
Revaluations	-
<b>Cost or Valuation 31 March 2017</b>	<b>19</b>

### Note 25: Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Authority's cash balances and short term investments disclosed in the Balance Sheet are as follows:

Financial Assets:

<b>31 March 2017</b>		<b>31 March 2018</b>
<b>£000</b>		<b>£000</b>
3,100	Comingled Fund	2,900
10	Cash in hand and at bank	45
174	Contractual Debtors	237
<b>3,284</b>	<b>Total</b>	<b>3,182</b>

Financial Liabilities:

31 March 2017 £000		31 March 2018 £000
-	Bank Overdraft	-
(239)	Contractual Creditors	(210)
<b>(239)</b>	<b>Total</b>	<b>(210)</b>

Interest and Investment Income:

31 March 2017 £000		31 March 2018 £000
(25)	Interest Income	(19)
<b>(25)</b>	<b>Total</b>	<b>(19)</b>

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 26: Debtors**

31 March 2017 £000		31 March 2018 £000
17	Central government bodies	80
17	Other local authorities	13
88	Public corporations and trading funds	33
70	Other entities and individuals	127
<b>192</b>	<b>Total</b>	<b>253</b>

**Note 27: Cash and Cash Equivalents**

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

31 March 2017 £000		31 March 2018 £000
-	Cash Held by the Authority	-
10	Bank Current Accounts	45
3,100	Co-mingled fund held by Somerset County Council	2,900
<b>3,110</b>	<b>Total Cash and Cash Equivalents</b>	<b>2,945</b>

**Note 28: Creditors**

31 March 2017 £000		31 March 2018 £000
(57)	Other local authorities	(54)
(41)	Public corporations and trading funds	(44)
(182)	Other entities and individuals	(156)
<b>(280)</b>	<b>Total</b>	<b>(254)</b>

## Note 29: Usable Reserves

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

## Note 30: Unusable Reserves

31 March 2017 £000		31 March 2018 £000
(7,916)	Revaluation Reserve	(9,141)
(8,371)	Capital Adjustment Account	(8,196)
9,723	Pensions Reserve	9,400
35	Accumulated Absences Account	35
<b>(6,529)</b>	<b>Total Unusable Reserves</b>	<b>(7,902)</b>

### 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.

2016/17 £000		2017/18 £000
<b>(6,723)</b>	<b>Balance at 1 April</b>	<b>(7,916)</b>
(1,557)	Upward revaluation of assets	(1,625)
302	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services	400
<b>(1,255)</b>	<b>Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(1,225)</b>
-	Difference between fair value depreciation and historical cost depreciation	-
62	Accumulated gains on assets sold or scrapped	-
<b>62</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>-</b>
<b>(7,916)</b>	<b>Balance at 31 March</b>	<b>(9,141)</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert

fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gain and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

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

Note 23 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

<b>2016/17 £000</b>		<b>2017/18 £000</b>
<b>(8,668)</b>	<b>Balance at 1 April</b>	<b>(8,371)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
93	Charges for depreciation and impairment of non-current assets	83
283	Revaluation losses on Property, Plant and Equipment	214
28	Revenue expenditure funded from capital under statute	0
20	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	0
<b>(8,244)</b>		<b>(8,074)</b>
-	Adjusting amounts written out of the Revaluation Reserve	-
<b>(8,244)</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(8,074)</b>
<b>Capital financing applied in the year:</b>		
(28)	Use of the Capital Receipts Reserve to finance new capital expenditure	
(99)	Capital Expenditure charged against the General Fund	(122)
<b>(8,371)</b>	<b>Balance at 31 March</b>	<b>(8,196)</b>

#### 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.

2016/17 £000		2017/18 £000
<b>7,924</b>	<b>Balance at 1 April</b>	<b>9,723</b>
1,358	Remeasurement of net defined liability	(893)
781	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	1,008
(340)	Employer's pensions contributions and direct payments to pensioners payable in the year	(438)
<b>9,723</b>	<b>Balance at 31 March</b>	<b>9,400</b>

#### 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.

2016/17 £000		2017/18 £000
<b>35</b>	<b>Balance at 1 April</b>	<b>35</b>
(35)	Settlement or cancellation of accrual made at the end of the preceding year	(35)
35	Amounts accrued at the end of the current year	35
-	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.	-
<b>35</b>	<b>Balance at 31 March</b>	<b>35</b>

#### Note 31: 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.

	2016/17 £000	2017/18 £000
<i>Capital Investment</i>		
Property, Plant & Equipment	99	122
Revenue Expenditure Funded from Capital under Statute	28	-
<i>Sources of finance</i>		
Capital Receipts	(28)	-
Government Grants and other contributions		
Sums set aside from revenue	99	122

### **Note 32: Impairment Losses**

The Authority did not recognise any impairment losses during 2017/18 (2016/17 £0k). Impairment losses are recognised as part of the valuation of the authority's non-current assets.

### **Note 33: 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 34: Defined Benefit Pension Schemes**

Participation in Pension Schemes:

As part of the terms of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable

until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in 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:

	<b>2016/17 £000</b>	<b>2017/18 £000</b>
<i>Service Cost</i>		
• Current Service Cost	479	736
• Past Service Costs (including curtailments)	-	-
<b>Total Service Cost</b>	<b>479</b>	<b>736</b>
<i>Financing and Investment Income and Expenditure</i>		
• Net interest on the defined liability (asset)	294	266
• Administration expenses	8	6
<b>Total Net Interest</b>	<b>302</b>	<b>272</b>
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>781</b>	<b>1,008</b>
<i>Remeasurement of the Net Defined Liability Comprising:</i>		
• Return on plan assets excluding amounts included in net interest	(1,937)	(236)
• Experience gain/(loss) on defined benefit obligation	(704)	-
• Actuarial losses arising from changes in demographic assumptions	(284)	-
• Actuarial losses arising from changes in financial assumptions	4,128	(657)
• Other actuarial gains & losses on assets	155	-
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>1,358</b>	<b>(893)</b>
<b>Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>2,139</b>	<b>115</b>
<b>Movement in Reserves Statement</b>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	<b>(781)</b>	<b>(1,008)</b>
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
• Employer's contributions payable to scheme	<b>342</b>	<b>438</b>

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

	<b>2016/17 £000</b>	<b>2017/18 £000</b>
Present value of funded obligation	(20,691)	(20,969)
Fair value of employer assets	11,298	11,880
Present value of unfunded obligation	(330)	(311)
<b>Net Liability Arising from Defined Benefit Obligation</b>	<b>(9,723)</b>	<b>(9,400)</b>

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

	<b>2016/17 £000</b>	<b>2017/18 £000</b>
<b>Opening Balance at 1 April</b>	<b>(17,109)</b>	<b>(21,021)</b>
Current service cost	(479)	(736)
Interest cost	(643)	(583)
Change in financial assumptions	(4,130)	657
Change in demographic assumptions	284	-
Experience loss / (gain) on defined benefit obligation	704	-
Estimated benefits paid net of transfers in	450	503
Past service costs, including curtailments	-	-
Contributions by scheme participants	(121)	(123)
Unfunded pension payments	23	23
<b>Closing Balance at 31 March</b>	<b>(21,021)</b>	<b>(21,280)</b>

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

	<b>2016/17 £000</b>	<b>2017/18 £000</b>
<b>Opening Balance at 1 April</b>	<b>9,185</b>	<b>11,298</b>
Interest on assets	349	317
Return on assets less interest	1,937	236
Other actuarial gains/(losses)	(155)	-
Administration expenses	(8)	(6)
Contributions by employer including unfunded	342	438
Contributions by scheme participants	121	123
Estimated benefits paid plus unfunded net of transfers in	(473)	(526)
<b>Closing Balance at 31 March</b>	<b>11,298</b>	<b>11,880</b>

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. The total liability of £9,400k (2016/17 £9,723k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £10,931k (2016/17 £9,643k). However, arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

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

	<b>2016/17</b>		<b>2017/18</b>	
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	8,055	71%	8,480	71%
Gilts	692	6%	643	6%
Other Bonds	1,108	10%	1,113	9%
Property	997	9%	1,128	10%
Cash and cash equivalents	446	4%	516	4%
<b>Total</b>	<b>11,298</b>	<b>100%</b>	<b>11,880</b>	<b>100%</b>



- 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 2019 is £415k.

### 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:

	2016/17	2017/18
<i>Mortality assumptions</i>		
Longevity at 65 for current pensioners:		
• Men	23.9	24.0
• Women	25.0	25.2
Longevity at 65 for future pensioners:		
• Men	26.1	26.2
• Women	27.4	27.5
Rate of Inflation (RPI/CPI)	3.6%/2.7%	3.3%/2.3%
Rate of increase in salaries	4.2%	3.8%
Rate of increase in pensions	2.7%	2.3%
Rate for discounting scheme liabilities	2.8%	2.55%
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 2016/17.

<b>Sensitivity Analysis</b>	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	20,860	21,280	21,708
Projected service cost	687	704	722
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	21,322	21,280	21,237
Projected service cost	704	704	704
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	21,666	21,280	20,901
Projected service cost	722	704	687
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	22,063	21,280	20,525
Projected service cost	726	704	682

### **Note 35: Contingent Liabilities/Assets**

Devon County Council agreed as part of its Investing in Devon Programme to grant the sum of £600,000 to support the refurbishment, improvement and adaptation of Lynmouth Pavilion. A contingent liability exists as part of the grant conditions require that in the event of the premises ceasing to be used as a visitor and interpretation centre and learning hub during the period of 20 years from the date of completion of the Project the Grantee shall repay the Grant to the Council but subject to a reduction of five per cent for each complete year which has elapsed following the date of completion of the project. With the completion date being the 8 August 2013 at the balance sheet date a contingent liability exists for £480,000.

The Authority is owed approximately £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 36: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2016/17 £000		2017/18 £000
(93)	Depreciation and Amortisation	(83)
(284)	Impairment and Downward Valuations	(214)
(439)	Actuarial Charges for Retirement Benefits	(570)
(1)	Increase/(Decrease) in Inventory	-
(111)	Increase/(Decrease) in Debtors	60
(23)	(Increase)/Decrease in Creditors & Receipts in Advance	21
(82)	Carrying amount of Non-Current Assets de-recognised	-
<b>(1,033)</b>		<b>(786)</b>

### Note 37: Cash Flow Statement – Investing Activities

2016/17 £000		2017/18 £000
127	Purchase of property, plant and equipment, investment property and intangible assets	122
(28)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
<b>99</b>	<b>Net cash flows from investing activities</b>	<b>122</b>

### Note 38: Cash Flow Statement – Financing Activities

2016/17 £000		2017/18 £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	-
-	<b>Net cash flows from financing activities</b>	<b>-</b>

## 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 2018 and up to the date of approval of the 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 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 2018/19 the Authority will be:

- Continuing the communication and implementation of the 2018-23 National Park Partnership Plan;
- Producing guidance on the recently adopted Local Plan;
- Working with Defra to deliver the eight points of the 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 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

**Signed** .....

Mrs S Bryan, Chief Executive

R Milton, Chairman

**Date** .....

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

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Exmoor National Park Authority (the 'Authority') for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### **Basis for opinion**

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

### **Who we are reporting to**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Chief Financial Officer is responsible for the other information. The other information comprises the Narrative Report and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

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

### **Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements**



As explained more fully in the Statement of 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 Financial Officer. The Chief Financial 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 2017/18, which give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Authority is Those Charged with Governance.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

#### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Responsibilities of the Authority**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

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

### **Report on other legal and regulatory requirements - Certificate**

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

*G.N.Daly*

Geraldine Daly  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

2 Glass Wharf  
Bristol  
BS2 0EL

31 July 2018