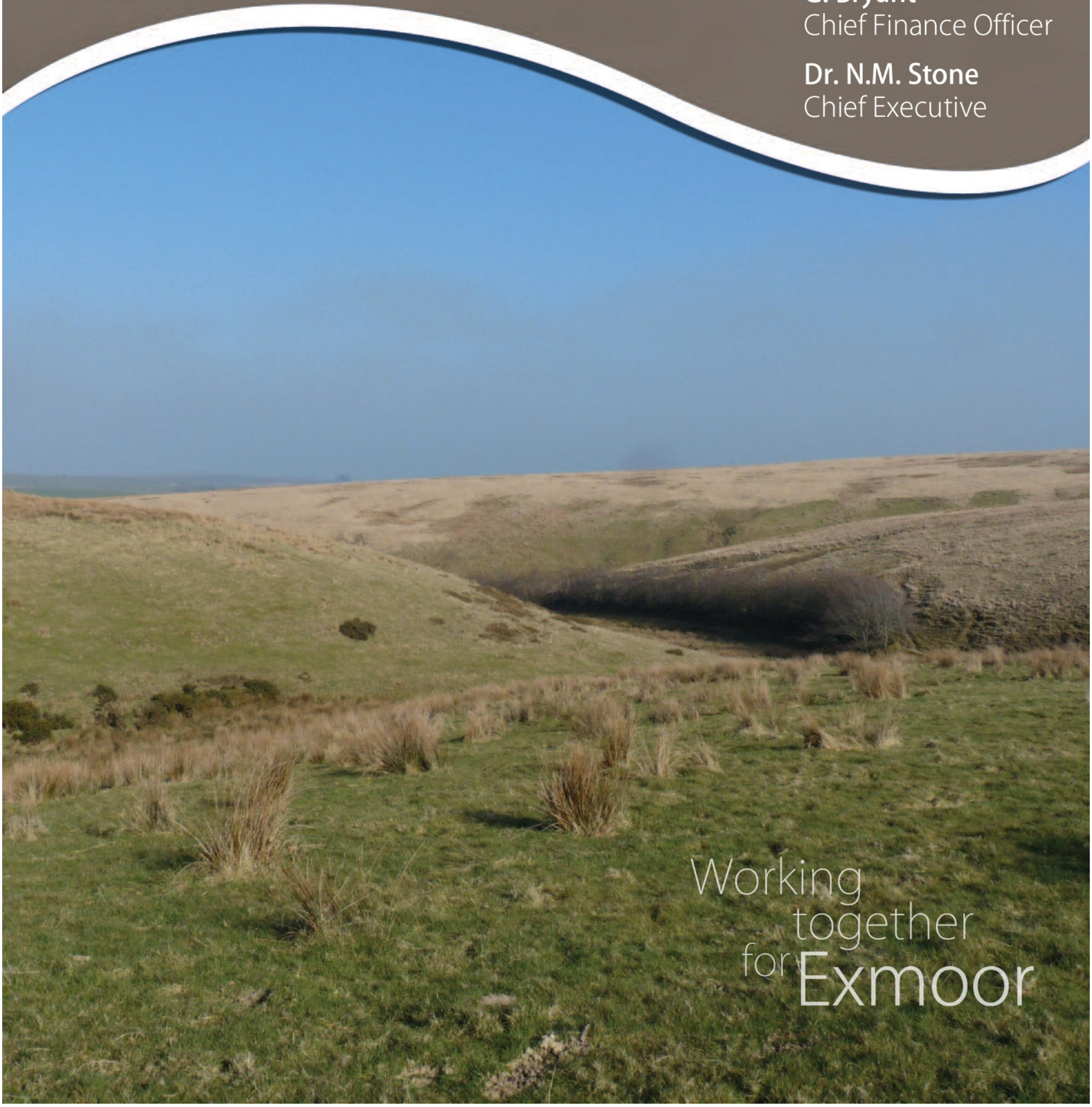
Exmoor National Park
Statement Of Accounts 2014/15

G. Bryant
Chief Finance Officer

Dr. N.M. Stone
Chief Executive



STATEMENT OF ACCOUNTS

2014/15

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EXMOOR NATIONAL PARK

STATEMENT OF ACCOUNTS 2014/15

EXPLANATORY FOREWORD

Introduction

1. This Statement of Accounts has been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (2014). For financial reporting purposes a National Park Authority is regarded as a local authority. The 2014/15 Code is based on International Financial Reporting Standards (IFRS) for public sector accounting in the UK. The Code specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair view of the financial position and transactions of a local authority.

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

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

Financial Statements

4. Information relating to financial performance for the year ended 31 March 2015 is contained in the following statements:

    - Movement in Reserves Statement (page 8);

    This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. The 'Net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance prior to any transfers to or from earmarked reserves undertaken by the Authority.

    - Comprehensive Income and Expenditure Statement (page 9);

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

- Balance Sheet (page 10)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are categorised into 'useable' and 'unusable'. Useable reserves are those used by the Authority to aid the provision of services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are unavailable to the Authority to provide services and exist principally to hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only be available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

- Cash Flow Statement (page 11)

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

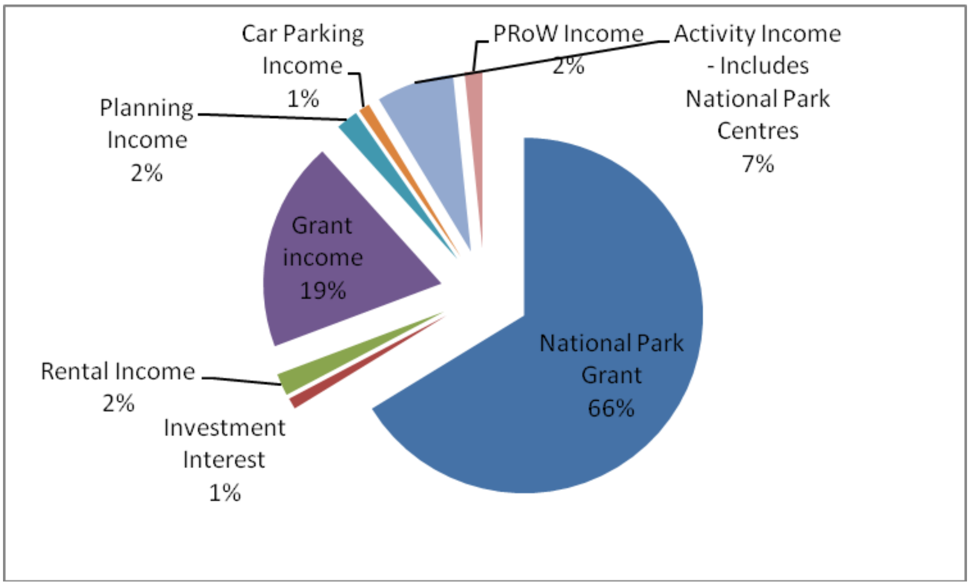
Financial Performance

5. The Authority maintains a Medium Term Financial Plan which is updated annually and projects the authority's financial position for the next five years. The outcome of the Government's Comprehensive Spending Review has seen a reduction of the Authority's National Park Grant, its main source of income, for the period to 2015/16 of 42.8% in real terms after allowing for the modest estimates of inflation compared with the original grant for 2010/11. The Authority has therefore had to realign its spending plans so that by 2014/15 it is in balance.

6. The Resources and Performance Committee considered and agreed the detailed budget for 2014/15 at its meeting on 4 March 2014, which it recommended to and was approved by the Authority at its meeting on 1 April 2014. The notified National Park Grant from the Department for Environment, Food and Rural Affairs (DEFRA) was £3,052,855 a reduction in cash terms of £284,134 (8.5%) from 2013/14. The approved budget was constructed across two themes:
   - A Core Budget with expenditure of £3,137,400 and income of £497,000 giving a net requirement of £2,640,400;
   - A Partnership budget involving expenditure of £413,000 of which £67,000 was top-sliced for priority elements with the remainder earmarked for a Partnership Fund created to respond to a wide range of bids with the focus being one of achieving National Park purposes with a weighting to projects that also provide community and economic benefits.

7. The Resources and Performance Committee considered a revised budget and reviewed the two elements of the budget at its meeting on 4 November 2014. Both the Core Budget and the Programmes and Partnerships Budget net figures remained changed. Virements of just over £50,000 were approved within the Core Budget with items of increased expenditure being offset by vacancy savings projected through the year.

8. In addition to the National Park Grant provided by DEFRA, the Authority received other grants and contributions. These amounts together with income from operational activity such as car parking, rental of land and property and planning fee income and other income sources comprise the basis for the revenue budgeting of the Authority within its Medium Term Financial Plan. Notable areas of significant grant income include, £208,000 from the Heritage Lottery Fund (HLF) for the Moorland Landscape Partnership Project (£115,700) and the Heritage Interpretation Project based at Lynmouth Pavilion (£93,100). £106,600 received from the Rural Payments Agency from the Single Payment Scheme and £100,000 from the Forestry Commission in respect of Woodland Management. Further details about grant funding are to be found at Note 29 to the financial statements.



Income categorisation 2014/15

9. The key financial outcomes for the year ended 31 March 2015 are:

- Transfers from reserves to support spending during the year amounted to £722,600 and transfers to reserves to meet known commitments at 31 March 2015 amounted to £637,100. The most significant transfers involved the Partnership Fund transferring into reserve £357,400 to enable grants to be available over the medium-term and to meet the payments in regards 2014/15 grants awards not yet fully drawn down.
- The two most significant reserves at 31 March 2015 are the "Partnership Fund - committed funds" reserve totaling £313,400 (2013/14 - £400,300) representing amounts awarded but not yet claimed from the Authority's Partnership Fund and "Partnership Fund – available to commit" reserve totaling £617,700 (2013/14 - £353,100) which is a reserve held to maintain a consistent Partnership Fund through the life of the Medium Term Financial Plan as the authorities incoming resources are constrained.
- On an operational basis the management accounts show that the outturn for the year compared with the revised budget produces a surplus of £38,719.36. The reconciliation between this surplus and that shown in the Comprehensive Income and Expenditure Account is as follows:

	£000	**£000**
Net Surplus as shown in the Comprehensive Income & Expenditure Account		**(898)**
Non Cash Transactions		
Depreciation & Impairment charges	(629)	
IAS19 Pensions transactions	(2,207)	
Net transfers from reserves	(85)	
Fixed Asset purchases	6	
Upwards Revaluation of Assets following Quinquennial Review	3,774	
Management Accounts Budget Surplus		**(39)**

- The Balance sheet shows that the net worth of the Authority at 31 March 2015 is £9,795,000, an increase when compared with 31 March 2014 of £898,000. The reason for this increase is principally due to the in year Quinquennial Asset Valuation providing a net upwards movement in Fixed Assets that was offset by an increase in the deficit position on the Pensions Reserve. However it is important to note that most of the Authority's moorland estate (£5,220,500 at the last valuation) was purchased with funding from the National Heritage Memorial Fund so that 'it will belong to the British People for ever'. As a consequence the land may only be disposed of by conveyance to the National Trust or other suitable approved body for no consideration.
- The Authority remains debt free at 31 March 2015 and has no borrowing plans.

Financial Outlook

10. The Authority has an excellent record in managing its financial affairs within its resources and in 2014/15 has performed well against the original and revised budgets set. The Authority has earmarked reserves totaling £3,269,000 (2013/14 - £3,323,000) and a General Fund balance of £320,000 (2013/14 - £323,000) at 31 March 2015.

11. During March 2015, DEFRA notified the Authority of its confirmed allocation of National Park Grant for 2015/16 of £2,999,762 – a reduction to 2014/15 of £53,093 (-1.7%). Following the change in Government in May no forward year figures have been disclosed to this Authority. The Authority's response to this incremental reduction in National Park Grant for the new Medium Term Financial Plan period until 2019/20 remains unchanged from 2014/15 and comprises:
    - Implementation of changes in management and the organisational structure to refocus the organisation to the key communities of the National Park;
    - Completion of a review of the Partnership Plan looking forward to 2017;
    - Exploration of options for other ways of achieving Authority objectives and priorities including through delegation, partnership working, joint delivery, shared services and closer working with businesses, voluntary and community organisations; and
    - Implementation of a revised organisational structure in July 2012 based on new service priorities and in line with the revised Partnership Plan

12. The updated Medium Term Financial Plan approved by Full Authority and Performance Committee on 3 March 2015 was based on the indicative resource assumptions notified by DEFRA and Authority was mindful that it would be beneficial to be able to provide short term support from reserves should any further changes in the level of National Park Grant occur.

13. The financial strategy that underpins the Medium Term Financial Plan is:
    - To carry out an annual review of the financial assumptions on which the Plan is based;
    - To continuously review the essential services provided by the Core Budget with the objectives of reducing costs wherever possible and improving service delivery within existing costs;
    - To reduce costs wherever possible to the minimum necessary to deliver the Authority’s service commitments;
    - To identify opportunities to increase earned income where appropriate;
    - To explore all opportunities to lever in external funding or enter into joint working or partnership arrangements to deliver the priorities of the Partnership Plan;
    - To continue to review critically all staff vacancies that arise and explore alternative methods of service delivery;
    - To ensure that spending on projects that are dependent upon external funding only proceed when funding has been formally confirmed; and
    - To maintain the General Fund balance at a level of £300,000 to give some flexibility.

14. Despite the significant reductions in National Park Grant that have occurred and the risk of these continuing throughout the lifetime of the current Medium Term Financial Plan, 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
September 2015

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 gives a true and fair view of the financial position of Exmoor National Park Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

G Bryant
Chief Finance Officer: ………………………………   Date: 29 September 2015

Approved by Exmoor National Park Authority:
This Statement of Accounts was approved by resolution of the Final Accounts Committee on 29 September 2015.

A Davies
Chairman: ………………………………   Date: 29 September 2015

Movement in Reserves Statement
For the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease before the Transfers to Earmarked Reserves Line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total Usable Reserves £000	Unusable Reserves £000 (as restated)	Total Authority Reserves £000 (as restated)
Balance at 31 March 2013	**409**	**3,386**	**3,795**	**4,779**	**8,574**
Movement in reserves during 2013/14					
Surplus or (deficit) on the provision of services	(21)	-	(21)	-	(21)
Other Comprehensive Income and Expenditure	-	-	-	344	344
Total Comprehensive Income and Expenditure	**(21)**	**-**	**(21)**	**344**	**323**
Adjustments between accounting basis & funding basis under regulations (Note 7)	(128)	-	(128)	128	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**(149)**	**-**	**(149)**	**472**	**323**
Transfers to/from Earmarked Reserves (Note 8)	63	(63)	-	-	-
Increase/Decrease in 2013/14	**(86)**	**(63)**	**(149)**	**472**	**323**
Balance at 31 March 2014	**323**	**3,323**	**3,646**	**5,251**	**8,897**
Movement in reserves during 2014/15					
Surplus or (deficit) on the provision of services	(1,075)	-	(1,075)	-	(1,075)
Other Comprehensive Income and Expenditure	-	-	-	1,973	1,973
Total Comprehensive Income and Expenditure	**(1,075)**	**-**	**(1,075)**	**1,973**	**898**
Adjustments between accounting basis & funding basis under regulations (Note 7)	1018	-	1018	(1,018)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**(57)**	**-**	**(57)**	**955**	**898**
Transfers to/from Earmarked Reserves (Note 8)	54	(54)	-	-	-
Increase/(Decrease) in 2014/15	**(3)**	**(54)**	**(57)**	**955**	**898**
Balance at 31 March 2015 carried forward	**320**	**3,269**	**3,589**	**6,206**	**9,795**

Comprehensive Income and Expenditure Statement
For the year ended 31 March 2015

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. The Authority receives National Park Grant to cover expenditure in accordance with regulations; this may be different from the accounting cost.

2013/14				2014/15		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
912	(455)	457	Conservation of Natural Environment	1,211	(441)	770
188	(23)	165	Conservation of Cultural Heritage	215	(8)	207
298	(108)	190	Recreation Management	358	(105)	253
943	(467)	476	Promoting Understanding	1,339	(326)	1,013
627	(39)	588	Rangers, Estate Team & Volunteers	603	(37)	566
339	(73)	266	Development Management	358	(68)	290
868	(73)	795	Policy & Community	702	(76)	626
547	(284)	263	Corporate Management	481	(299)	182
-	(99)	(99)	Exceptional Items not included in the costs of specific services (Note 5)	-	-	-
4,722	**(1,621)**	**3,101**	**Cost of Services**	**5,267**	**(1,360)**	**3,907**
3	(4)	(1)	Other Operating Expenditure (Note 9)	3	(39)	(36)
287	(29)	258	Financing and Investment Income and Expenditure (Note 10)	286	(29)	257
-	(3,337)	(3,337)	Taxation and Non-Specific Grant Income (Note 11)	-	(3,053)	(3,053)
		21	**(Surplus)/Deficit on Provision of Services**			**1,075**
		-	Surplus or deficit on revaluation of Property, Plant and Equipment assets (Note 12,13)			(3,774)
		-	Surplus or deficit on revaluation of available for sale financial assets			-
		(344)	Remeasurement of net defined benefit/liability (Note 35)			1,801
		(344)	**Other Comprehensive Income and Expenditure**			**(1,973)**
		(323)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(898)**

Balance Sheet
For the year ended 31 March 2015

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 2014 £000		**Notes**	**31 March 2015 £000**
11,765	Property, Plant & Equipment	12	14,862
14	Heritage Assets	13	19
11,779	**Long Term Assets**		**14,881**
66	Inventories	15	68
534	Short Term Debtors	16	358
3,358	Cash and Cash Equivalents	17	3,463
-	Assets Held for Sale	18	60
3,958	**Current Assets**		**3,949**
(5)	Cash and Cash Equivalents	17	(28)
(342)	Short Term Creditors	19	(307)
(347)	**Current Liabilities**		**(335)**
(6,493)	Other Long Term Liabilities	35	(8,700)
(6,493)	**Long Term Liabilities**		**(8,700)**
8,897	**Net Assets**		**9,795**
3,646	Usable Reserves	20, 8	3,589
5,251	Unusable Reserves	21	6,206
8,897	**Total Reserves**		**9,795**

Authorised for Issue
The audited accounts were authorised for issue by Gordon Bryant, Chief Finance Officer (S151 Officer) on 29 September 2015.

Cash Flow Statement
For the year ended 31 March 2015

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

2013/14 £000 (as restated)		**2014/15 £000**
21	**Net (surplus) or deficit on the Provision of Services**	**1,075**
	Adjustments for-	
(460)	Non Cash Movements (Note 22)	(1,223)
(439)	**Net Cash flows from Operating Activities**	**(148)**
746	Investing Activities (Note 23)	66
-	Financing Activities (Note 24)	-
307	**Net (increase)/decrease in Cash and Cash equivalents**	**(82)**
3,660	Cash and Cash Equivalents at the beginning of the reporting period	3,353
3,353	**Cash and Cash Equivalents at the end of the reporting period**	**3,435**
307	**Net (increase)/decrease in Cash and Cash equivalents**	**(82)**

NOTES TO THE ACCOUNTS

Note 1: IFRS Accounting Policies

i **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011 which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice for Local Authorities 2014/15 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2011 Act. Amounts within the Statement of Accounts are rounded to the nearest £'000.

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 17)**

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

iv **Exceptional Items**

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

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

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

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

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

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

vii **Employee Benefits (Notes 34, 35)**

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 Somerset County Council (SCC).

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 21 year point on the Merrill Lynch AA-rated corporate bond yield curve).

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

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

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

- **Service Cost comprising:**

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

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

    - Net interest on the defined liability: i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive

Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

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

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

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

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

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

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

ix **Financial Instruments (Notes 14, 37)**

Financial Liabilities

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

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

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

Financial Assets

Financial assets are classified into two types:

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

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

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

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

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

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

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

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

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

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

x **Government Grants and Contributions (Note 29)**

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services. Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii **Inventories and Long Term Contracts (Note 15)**

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

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

xiii **Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Authority with other ventures that involve the use of the assets and resources of the venturer rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Authority and other venture with the assets being used to obtain benefits for the venture. The joint venture does not involve the establishment of a separate entity. The Authority accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xiv **Leases (Note 32)**

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

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

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

The Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv **Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2014/15 (SeRCOP)*. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xvi Property, Plant and Equipment (Note 12)

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

Recognition

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

De-minimus

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

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

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

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

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

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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

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

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

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

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

Impairment

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

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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.

xvii **Provision, Contingent Liabilities and Contingent Assets (Note 36)**

Provisions

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

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

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

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

Contingent Liabilities

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

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

xviii **Reserves (Notes 7, 8, 20, 21)**

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 – these reserves are explained in the relevant policies.

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 13)**

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 including treatment of revaluation gains and losses 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 2014/15 Code of Practice on Local Authority Accounting requires the Authority to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. There are no amendments which are considered to be relevant to or are material to the Authority.

Note 3: Critical Judgements in applying Accounting Policies

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £2k for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects of the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £355K. However the assumptions interact in complex ways. During 2014/15, the Authority's actuaries advised that the net pension liability had increased by £84k (2013/14 – £2,027k) as a result of experience.

Arrears	At 31 March 2015, the Authority had a balance of sundry debtors for £358k. 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 £4k for every percentage point of the debtors balance at 31 March 2015.

Note 5: Material Items of Income and Expenditure

No material items to disclose in 2014/15.

The item disclosed in 2013/14 related to income from DEFRA in respect of urgent repairs required to the Rights of Way network following significant storms events. This income was received during the latter part of the 2013/14 Financial Year and was transferred to reserve on the 31 March 2014 to enable works to be done in early 2014/15.

Note 6: Events after the Reporting Period

The Statement of Accounts were initially authorised for issue by the Chief Finance Officer on 23 June 2015. 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 2015, 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 2015.

Note 7: 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.

2014/15	Usable Reserves			
	General Fund Balance £000	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	55	-	-	(55)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Capital Expenditure charged against the General Fund	(66)	-	-	66
Transfer of sale proceeds credited as part of the gain/loss on disposal	(38)	38	-	-
Use of the capital receipts reserve to finance new capital expenditure		(38)	-	38
Total	**(49)**	**-**	**-**	**49**
Adjustments primarily involving the Revaluation Reserve:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	660	-	-	(660)
Total	**660**	**-**	**-**	**(660)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 35)	717	-	-	(717)
Employer's pensions contributions and direct payments to pensioners payable in the year	(332)	-	-	332
Total	**385**	**-**	**-**	**(385)**
Total Adjustments	**996**	**-**	**-**	**(996)**

2013/14	Usable Reserves			
	General Fund Balance £000	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	149	-	-	(149)
Revaluation losses on Property, Plant & Equipment	43	-	-	(43)
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	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Capital Expenditure charged against the General Fund	(470)	-	-	470
Capital Expenditure charged against ring-fenced grants	(323)	**-**	**-**	323
Total	**(601)**	**-**	**-**	**601**
Adjustments primarily involving the Revaluation Reserve:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	27	-	-	(27)
Total	**27**	**-**	**-**	**(27)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 35)	740	-	-	(740)
Employer's pensions contributions and direct payments to pensioners payable in the year	(294)	-	-	294
Total	**446**	**-**	**-**	**(446)**
Total Adjustments	**(128)**	**-**	**-**	**128**

Note 8: 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 2014/15.

	Balance at 1 April 2013 £000	Transfers In 2013/14 £000	Transfers Out 2013/14 £000	Balance at 31 March 2014 £000	Transfers between Reserves £000	Transfers In 2014/15 £000	Transfers Out 2014/15 £000	Balance at 31 March 2015 £000
Earmarked Reserves	**1,453**	**833**	**(286)**	**2000**	**599**	**282**	**(543)**	**2,338**
Partnership Fund Reserves	**1,933**	**518**	**(1,128)**	**1,323**	**(569)**	**357**	**(180)**	**931**
General Fund Balance	**409**	**-**	**(86)**	**323**	**(30)**	**27**	**-**	**320**
Total Useable Reserves	**3,795**	**1,351**	**(1,500)**	**3,646**	**0**	**666**	**(723)**	**3,589**

Note 9: Other operating expenditure

2013/14 £000		2014/15 £000
(4)	(Gains)/Losses on the disposal of non-current assets	(39)
3	IAS19 Administration expense	3
(1)	**Total**	**(36)**

Note 10: Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
287	Net interest on the net defined pensions liability	286
(29)	Interest receivable and similar income	(29)
258	**Total**	**257**

Note 11: Taxation and non specific grant incomes

2013/14 £000		2014/15 £000
(3,337)	Non-ring fenced government grants	(3,053)
(3,337)	**Total**	**(3,053)**

Note 12: Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Intangible Assets £000	Vehicles, Plant & Equipment £000	Total £000
Cost or Valuation 1 April 2014	**12,595**	**-**	**799**	**13,394**
Additions	-	-	104	104
Revaluations	3,769	-	-	3,769
Impairment	(1,599)	-	-	(1,599)
De-recognition – Disposals	-	-	(349)	(349)
Reclassified (to)/from Held for Sale	(60)	-	-	(60)
Cost or Valuation 31 March 2015	**14,705**	**-**	**554**	**15,259**
Accumulated depreciation 1 April 2014	**(1,058)**	**-**	**(571)**	**(1,629)**
Depreciation written out to the Revaluation Reserve	(11)	-	-	(11)
Depreciation Charge	(63)	-	(78)	(141)
Accumulated depreciation on disposals	-	-	349	349
Accumulated depreciation on impairment	1,036	-	-	1,036
Total Depreciation at 31 March 2015	**(96)**	**-**	**(300)**	**(396)**
Net Book Value at 1 April 2014	**11,537**	**-**	**228**	**11,765**
Net Book Value at 31 March 2015	**14,609**	**-**	**254**	**14,863**

Comparative Movements in 2013/14

	Land & Buildings £000	Intangible Assets £000	Vehicles, Plant & Equipment £000	Total £000
Cost or Valuation 1 April 2013	**11,924**	**-**	**800**	**12,724**
Additions	711	-	82	793
Impairment	-	-	-	-
De-recognition – Disposals	(40)	-	(83)	(123)
Cost or Valuation 31 March 2014	**12,595**	**-**	**799**	**13,394**
Accumulated depreciation 1 April 2013	**(965)**	**-**	**(568)**	**(1,533)**
Depreciation written out to the Revaluation Reserve	(27)	-	-	(27)
Depreciation Charge	(76)	-	(73)	(149)
Accumulated depreciation on disposals	10	-	70	80
Accumulated depreciation on impairment	-	-	-	-
Total Depreciation at 31 March 2014	**(1,058)**	**-**	**(571)**	**(1,629)**
Net Book Value at 1 April 2013	**10,959**	**-**	**232**	**11,191**
Net Book Value at 31 March 2014	**11,537**	**-**	**228**	**11,765**

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

- Land and Buildings: 50-80 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, the most recent being at 1 April 2014. The Quinquennial valuation was carried out externally by Mr Mark Reynolds BSc(Hons), MRICS an accredited member of the RICS Valuer Scheme and an employee of NPS South West Ltd 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.

In addition the external valuer has undertaken a desktop review of the Authority assets to establish if there have been any changes in value between the valuation date of 1 April 2014 with the Balance Sheet date of 31 March 2015 – no material changes (changes in valuation in excess of -/+£100,000) were reported.

There were no capital commitments at the date of the Balance Sheet of 31 March 2015.

Note 13: Heritage Assets

	Brendon Hills Incline **£000**
Cost or Valuation 1 April 2014	**14**
Revaluations	5
Cost or Valuation 31 March 2015	**19**
Cost or Valuation 1 April 2013	**14**
Revaluations	**-**
Cost or Valuation 31 March 2014	**14**

Note 14: Financial Instruments

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

Financial Assets:

31 March 2014 £000		**31 March 2015 £000**
3,358	Comingled Fund	3,463
-	Cash in hand and at bank	-
534	Debtors	358
3,892	**Total**	**3,821**

Financial Liabilities:

31 March 2014 £000		31 March 2015 £000
(5)	Bank Overdraft	(28)
(342)	Creditors	(307)
(347)	**Total**	**(335)**

Interest and Investment Income:

31 March 2014 £000		31 March 2015 £000
29	Interest Income	29
29	**Total**	**29**

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

Note 15: Inventories

	2013/14 £000		2014/15 £000		Total	Total
	Stock at National Park Centres	Stock in Central Warehouse	Stock at National Park Centres	Stock in Central Warehouse	2013/14 £000	2014/15 £000
Balance outstanding at start of year	18	42	24	42	60	66
Purchases	46		44		46	44
Recognised as an expense in year	(40)		(41)		(40)	(41)
Written off balances	-		(1)		-	(1)
Balance Outstanding at year-end	**24**	**42**	**28**	**40**	**66**	**68**

Note 16: Debtors

31 March 2014 £000		31 March 2015 £000
123	Central government bodies	25
38	Other local authorities	22
275	Public corporations and trading funds	132
98	Other entities and individuals	179
534	**Total**	**358**

Note 17: Cash and Cash Equivalents

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

31 March 2014 £000		31 March 2015 £000
-	Cash Held by the Authority	-
(5)	Bank Current Accounts	(28)
3,358	Co-mingled fund held by Somerset County Council	3,463
3,353	**Total Cash and Cash Equivalents**	**3,435**

Note 18: Assets Held for Sale

31 March 2014 £000		31 March 2015 £000
-	Balance at the Start of the Year	-
-	Newly Classified for sale: Property, Plant & Equipment	60
-	Declassified: Property, Plant & Equipment	-
-	Assets Sold	-
-	**Total Cash and Cash Equivalents**	**60**

Note 19: Creditors

31 March 2014 £000		31 March 2015 £000
(76)	Other local authorities	(31)
(35)	Public corporations and trading funds	(39)
(231)	Other entities and individuals	(237)
(342)	**Total**	**(307)**

Note 20: Usable Reserves

Movements in the Authority’s usable reserves are detailed in the Movements in Reserves Statement and Note 8.

Note 21: Unusable Reserves

31 March 2014 £000		31 March 2015 £000
3,201	Revaluation Reserve	6,315
8,578	Capital Adjustment Account	8,626
(6,493)	Pensions Reserve	(8,700)
(35)	Accumulated Absences Account	(35)
5,251	**Total Unusable Reserves**	**6,206**

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.

2013/14 £000			2014/15 £000
3,228	**Balance at 1 April**		**3,201**
-	Upward revaluation of assets		3,774
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services		(649)
-	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**6,326**
(27)	Difference between fair value depreciation and historical cost depreciation		(11)
-	Accumulated gains on assets sold or scrapped		-
(27)	**Amount written off to the Capital Adjustment Account**		**(11)**
3,201	**Balance at 31 March**		**6,315**

Capital Adjustment Account

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

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

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

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000			**2014/15 £000**
7,977	**Balance at 1 April**		**8,578**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(149)	Charges for depreciation and impairment of non-current assets		(955)
-	Revaluation losses on Property, Plant and Equipment		-
-	Depreciation written out to the Surplus/Deficit on the provision of services		1,248
(43)	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		(349)
7,785			**8,522**
-	Adjusting amounts written out of the Revaluation Reserve		
-	**Net written out amount of the cost of non-current assets consumed in the year**		**-**
	Capital financing applied in the year:		
48	Use of the Capital Receipts Reserve to finance new capital expenditure		38
323	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		-
422	Capital Expenditure charged against the General Fund		66
8,578	**Balance at 31 March**		**8,626**

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.

2013/14 £000		**2014/15 £000**
(6,391)	**Balance at 1 April**	**(6,493)**
344	Remeasurement of net defined liability	(1,801)
(740)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(717)
294	Employer's pensions contributions and direct payments to pensioners payable in the year	311
-	Settlements and Curtailments	-
(6,493)	**Balance at 31 March**	**(8,700)**

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.

2013/14 £000			**2014/15 £000**
(35)	**Balance at 1 April**		**(35)**
-	Settlement or cancellation of accrual made at the end of the preceding year	-	-
-	Amounts accrued at the end of the current year		-
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.		-
(35)	**Balance at 31 March**		**(35)**

Note 22: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2013/14 £000		**2014/15 £000**
(176)	Depreciation and Amortisation	(152)
-	Impairment and Downward Valuations	(215)
(412)	Actuarial Charges for Retirement Benefits	(717)
6	Increase/(Decrease) in Inventory	2
65	Increase/(Decrease) in Debtors	(176)
87	(Increase)/Decrease in Creditors & Receipts in Advance	35
(30)	Carrying amount of Non-Current Assets de-recognised	-
(460)		**(1,223)**

Note 23: Cash Flow Statement – Investing Activities

2013/14 £000		**2014/15 £000**
793	Purchase of property, plant and equipment, investment property and intangible assets	104
(47)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(38)
746	**Net cash flows from investing activities**	**66**

Note 24: Cash Flow Statement – Financing Activities

2013/14 £000		**2014/15 £000**
-	Cash receipts of short and long-term borrowing	-
-	Other receipts from financing activities	-
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
-	Repayment of short and long-term borrowing	-
-	Other payments for financing activities	-
-	**Net cash flows from financing activities**	**-**

Note 25: Amounts reported for resource allocation decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Authority's Resources and Performance Committee on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.
- Expenditure on some support services is budgeted for centrally and not charged to services.

The income and expenditure of the Authority's principal services recorded in the budget reports for the year 2014/15 is as follows:

Service Income and Expenditure	Support to Land Managers £000	Support to Community & Business £000	Support to National Park Users £000	Support Services £000	Partnership Fund £000	National Park Grant £000	Total £000
Income	**(532)**	**(181)**	**(306)**	**(361)**	**-**	**(3,053)**	**(4,433)**
Employee expenses	800	460	446	642	-	-	2,348
Other Service Expenses	679	149	282	787	235	-	2,132
Reserve Transfers	(137)	(69)	36	(94)	178	-	(86)
Total Expenditure	**1,342**	**540**	**764**	**1,335**	**413**	**-**	**4,394**
Net Expenditure	**810**	**359**	**458**	**974**	**413**	**(3,053)**	**(39)**

Comparative figures 2013/14

Service Income and Expenditure	Support to Land Managers £000	Support to Community & Business £000	Support to National Park Users £000	Support Services £000	Discretionary Budget £000	National Park Grant £000	Total £000
Income	**(564)**	**(169)**	**(498)**	**(310)**	**(5)**	**(3,442)**	**(4,988)**
Employee expenses	807	432	394	659	6	-	2,298
Other Service Expenses	686	137	1,089	619	327	-	2,858
Reserve Transfers	67	(69)	(489)	(29)	351	105	(64)
Total Expenditure	**1,560**	**500**	**994**	**1,249**	**684**	**105**	**5,092**
Net Expenditure	**996**	**331**	**496**	**939**	**679**	**(3,337)**	**104**

Reconciliation of service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how figures in the analysis of service income and expenditure relates to the amounts included in the Comprehensive Income and Expenditure Statement.

	2013/14 £000	2014/15 £000
Net expenditure in the Service Analysis	**104**	**(39)**
Net expenditure in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	289	785
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	2,708	3,161
Cost of Services in Comprehensive Income and Expenditure Statement	**3,101**	**3,907**

Note 26: Members Allowances

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

2013/14 £000		2014/15 £000
21	Special Responsibility Allowance	20
53	Basic Allowance	51
16	Allowance for mileage	14
90	**TOTAL**	**85**

Note 27: 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 – 2014/15	78	-	78	10	88
Chief Executive – 2013/14	78	-	78	10	88

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:

2013/14 Number of employees	Remuneration band	2014/15 Number of employees
-	£50,000 - £54,999	-
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
1	£80,000 - £89,999	1

Note 28: 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:

2013/14 £000		2014/15 £000
12	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	12
-	Other services – Investors in People Accreditation	3
12	**Total**	**15**

Note 29: Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2014/15:

Credited to Taxation and Non Specific Grant Income	**2013/14 £000**	**2014/15 £000**
National Park Grant – DEFRA	3,337	3,053
Total	**3,337**	**3,053**
Credited to Services		
Repairs to Access Infrastructure – DEFRA	99	-
INSPIRE Transparency Fund - DEFRA	6	-
Neighbourhood Planning Vanguard – CLG	25	-
Right to Buy Vanguard – CLG	-	18
Monument Management Scheme – English Heritage	3	-
Woodland Grant & EWGS– Forestry Commission	64	112
Moorland Landscape Partnership – Heritage Lottery	218	116
Moorland Landscape Partnership – Exmoor Trust	6	-
Moorland Landscape Partnership – W Somerset LARC	38	-
Moorland Landscape Partnership – N Devon LEADER	13	-
Coast Path – Natural England	17	17
Wimbleball Project – Natural England	1	-
Health & Wellbeing Grant (3 years) – Somerset County Council	-	60
Health & Wellbeing Grant (Year 1 of 3) – Devon County Council	-	10
Unlocking Exmoor's Woodland Potential – Exmoor Society	4	-
Unlocking Exmoor's Woodland Potential – Crown Estate	1	-
Single Payment Scheme – RPA	121	107
Dunster Pottery Kiln – English Heritage	15	-
Historic Environment Records – English Heritage	2	-
Lynmouth Pavilion - Devon County Council	323	-
Lynmouth Pavilion – Heritage Lottery Fund	-	93
Pavilion Interpretation Project – Heritage Lottery	33	-
Coleridge Way Film Contribution – Lynmouth Community Development Trust	-	2
Carbon Neutral Exmoor – West Somerset LARC	2	-
Cool Tourism – EU Interreg Project	9	19
Broadband Project – West Somerset LARC	5	-
Knotweed Control – Environment Agency	2	-
Contribution to Porlock Boardwalk Scheme – Porlock Parish Council	-	2
Total	**1,007**	**556**

Note 30: 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 29 on Grant Income.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. 12 of the Authority's members are also elected members of other local authorities within Devon and Somerset. The Authority's Standing Orders requires a register to be kept of members disclosable pecuniary interests and declarations of related party transactions in a register of interests. In addition members are asked to declare separately any transactions with the Authority. Two items require disclosure.

- A member of the Authority is the Chairman and Director of a Publishing Company with which the Authority conducts business. Sales by DAA Halsgrove Ltd to ENPA for 2014/15 were £3k (2013/14 - £3k) with an outstanding balance of £0K at 31/3/15 (£0K at 31/03/14)

Officers

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

The Authority's transactions with the Somerset County Council Pension Fund are detailed within Note 35 to the Financial Statements.

Note 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 has therefore not incurred expenditure that is yet to be financed.

	2013/14 £000	**2014/15 £000**
Capital Investment		
Property, Plant & Equipment	793	104
Sources of finance		
Capital Receipts	(47)	(38)
Government Grants and other contributions	(323)	-
Sums set aside from revenue	(423)	(66)

Note 32: Leases

Finance Leases

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

Operating Leases

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

	31 March 2014 £000	**31 March 2015 £000**
Not later than one year	2	2
Later than one year and not later than five years	7	9
Later than five years	5	-
	14	**11**

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

	31 March 2014 £000	**31 March 2015 £000**
Not later than one year	9	20
Later than one year and not later than five years	47	74
Later than five years	64	69
	120	**163**

Note 33: Impairment Losses

The Authority has recognised impairment losses during 2014/15 of £1,598k (2014/15 £0k). . These impairment losses have been recognised as part of the Quinquennial valuation of the authority's non-current assets which has resulted in an increased valuation of authority Land and Buildings by £3,075,656.

Note 34: Termination Benefits

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

Exit package cost band (including special payments)	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band £000**	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
£0 - £20,000	1	3	-	-	1	3	4	34
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	**1**	**3**	**-**	**-**	**1**	**3**	**4**	**34**

Note 35: 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:

	2013/14 £000	**2014/15 £000**
Service Cost		
• Current Service Cost • Past Service Costs (including curtailments)	450 -	428 -
Total Service Cost	**450**	**428**
Financing and Investment Income and Expenditure		
• Net interest on the defined liability (asset) • Administration expenses	287 3	286 3
Total Net Interest	**290**	**289**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**740**	**717**
Remeasurement of the Net Defined Liability Comprising:		
• Return on plan assets excluding amounts included in net interest • Experience gain/(loss) on defined benefit obligation • Actuarial losses arising from changes in demographic assumptions • Actuarial losses arising from changes in financial assumptions • Other actuarial gains & losses on assets	(88) (2,027) 624 861 286	(669) 84 - 2,386 -
Total re-measurements recognised in Other Comprehensive Income	**(344)**	**1,801**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	396	(1,084)
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(740)	(717)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	294	312

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

	2013/14 £000	2014/15 £000
Present value of funded obligation	(14,095)	(17,353)
Fair value of employer assets	7,833	8,987
Present value of unfunded obligation	(231)	(334)
Net Liability Arising from Defined Benefit Obligation	**(6,493)**	**(8,700)**

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

	2013/14 £000	2014/15 £000
Opening Balance at 1 April	**14,007**	**14,327**
Current service cost	450	428
Interest cost	639	641
Change in financial assumptions	861	2,386
Change in demographic assumptions	624	-
Experience loss / (gain) on defined benefit obligation	(2,027)	84
Estimated benefits paid net of transfers in	(320)	(281)
Past service costs, including curtailments	-	-
Contributions by scheme participants	109	119
Unfunded pension payments	(16)	(17)
Closing Balance at 31 March	**14,327**	**17,687**

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

	2013/14 £000	2014/15 £000
Opening Balance at 1 April	**7,616**	**7,833**
Interest on assets	352	355
Return on assets less interest	88	669
Other actuarial gains/(losses)	(286)	-
Administration expenses	(3)	(3)
Contributions by employer including unfunded	294	312
Contributions by scheme participants	109	119
Estimated benefits paid plus unfunded net of transfers in	(337)	(298)
Closing Balance at 31 March	**7,833**	**8,987**

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £8,700k (2013/14 £6,493k) has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £9,795k (2013/14 £8,987k). However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

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

	2013/14		2014/15	
	£000	%	£000	%
Equities	5,561	71%	6,265	70%
Gilts	470	6%	590	7%
Other Bonds	862	11%	940	10%
Property	783	10%	822	9%
Cash and cash equivalents	157	2%	370	4%
Total	**7,833**	**100%**	**8,987**	**100%**

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

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2016 is £281k.

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 1 April 2013.

The principal assumptions used by the actuary have been:

	2013/14 £000	**2014/15 £000**
Mortality assumptions		
Longevity at 65 for current pensioners: • Men • Women	 23.6 26.0	 23.7 26.1
Longevity at 65 for future pensioners: • Men • Women	 25.8 28.3	 26.0 28.4
Rate of Inflation (RPI/CPI)	3.7%/2.9%	3.3%/2.5%
Rate of increase in salaries	4.7%	4.3%
Rate of increase in pensions	2.9%	2.5%
Rate for discounting scheme liabilities	4.5%	3.4%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

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 2013/14.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	17,332	17,687	18,051
Projected service cost	519	533	547
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	17,744	17,687	17,631
Projected service cost	533	533	533
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	17,997	17,687	17,385
Projected service cost	547	533	520
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	17,089	17,687	18,291
Projected service cost	515	533	551

Note 36: Contingent Liabilities/Assets

The Authority has made payments totalling £55,000 for conservation management agreements which fall within the European Union's definition of "State Aid" in relation to farming support. Advice received by the Authority is that these payments require retrospective approval from the EU and that the Department for Environment, Food and Rural Affairs has submitted an application to that effect. Should this approval not be forthcoming, this may result in a liability for the authority to repay government funding it has received in support of these payments. It is not possible at the time of these accounts to identify the expected timing of approval for these payments nor the likely outcome of the application.

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 £570,000.

The Authority was granted a collection order amounting to £47,000 on 11 October 2011 by Taunton Deane & West Somerset Magistrate's Court 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.

Note 37: 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 £35,000 more or less than budget if investments were held for a year.

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 2015 and up to the date of approval of the annual business plan and statement of accounts.

3. The Governance Framework

3.1 The key elements of the governance framework include:

- A National Park Partnership Plan that contains a vision, priorities and a corporate strategy to meet National Park purposes;
- An annual review of the Authority's priorities as contained in the National Park Partnership Plan;
- The production of a Medium Term Financial Plan taking account of the anticipated level of National Park Grant;

- The production of an annual business plan that includes data on performance and objectives both achieved and planned;
- Committee papers that are linked to National Park Partnership Plan or Business Plan objectives and in compliance with equality and human rights legislation;
- Standing orders and financial regulations to regulate the conduct of the Authority's affairs;
- A Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive;
- Formal codes of conduct which define the standards of personal behaviour of members and staff. The code for Members was adopted in 2012 along with the establishment of a Standards Committee comprising 5 Authority members and the appointment of an "Independent Person" under the provisions of the 2011 Localism Act. A further process was the provision of guidance on the registration of interests. This was reviewed and refined in August 2012 with recommendations to Authority for standards arrangements and for the provision of member training on the new standards regime;
- Responsibility for audit matters delegated to the Resources and Performance Committee;
- 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;
- 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; and

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 2012 with an annual review by the Resources and Performance Committee 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;
- Delegation to the Resources and Performance Committee for performance management including sustainability and the business planning and performance framework;
- Annual reports presented to the Resources and Performance Committee 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 Resources and Performance Committee on risk management, performance indicators and treasury management;
- A Standards Committee is in place which makes an annual report to the Authority;
- 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 Resources and Performance Committee; and
- The implementation and planned review of an Improvement Plan which emanated from the NPAPA performance assessment carried out during October 2012.

4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Resources and Performance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 2015/16 the Authority will be:

- Continuing to oversee progress in achieving the National Park Partnership Plan priorities and targets and the accountability of the Authority and other lead organisations through supporting the Partnership Panel and Strategic Overview Groups;
- Undertaking actions contained within the Improvement Plan 2012-15 resulting from the NPAPA performance assessment of October 2012;
- Continuing to implement the outcome of the review by Defra of the governance arrangements for the National Park Authority;
- Completing mechanisms to monitor the state of the National Park environment and maintain an up to date ‘State of the National Park’ report made available through the Authority website.
- Scoping a review of the 2007 Landscape Character Assessment to inform the next Partnership Plan;
- Issuing for public consultation in 2015 the publication version of the Local Plan, to provide an updated set of planning policies to help guide development for the next 20 years;
- Securing effective post election working relationship with Defra and other government departments and agencies; and encouraging engagement with National Park issues;
- 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 review all services and spending to ensure that the Authority operates within its reduced resources as a result of the Government’s Public Spending Review and Autumn statements; reflecting the future uncertainty in the level of National Park Grant;
- Continuing to develop customer service standards and culture; and
- Monitoring and ensuring compliance through business and service plans for all the essential services that the Authority provides.

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 Dr N M Stone, Chief Executive A Davis, Chairman

Date 29th September 2015

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

We have audited the financial statements of Exmoor National Park Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Exmoor National Park Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Exmoor National Park Authority as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our review in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

- our review of the annual governance statement;

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the financial statements of Exmoor National Park Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Geraldine Daly

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

Hartwell House
55-61 Victoria Street
Bristol BS1 6FT

30 September 2015