



STATEMENT OF ACCOUNTS

2009/10

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STATEMENT OF ACCOUNTS

2009/10

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STATEMENT OF ACCOUNTS 2009/10

1. EXPLANATORY FOREWORD

Introduction

- 1.1 These Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice 2009 (the SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and conform to Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) where these are applicable to local authorities except where specific mention is made.
- 1.2 The Authority's Accounts for the year ended 31 March 2010 are set out on pages 10 to 14 and are supported by the Statement of Accounting Policies which follow this Foreword. The Accounts also include at Section 9 Notes to the Statements (pages 15 to 22) to assist understanding. Information relating to our financial performance for the year is contained within the following statements:
- Income and Expenditure Account (page 10): this shows the cost of providing services across the functional heads and how these services were financed from generated income and from government grant.
 - Statement of Movements on the General Fund Balance (page 11): this is a reconciliation of the Income and Expenditure Account to the General Fund Balance which shows the adjustments necessary to comply with accounting standards to determine the (surplus)/deficiency for the year and which has been added to the General Fund Balance.
 - Statement of Recognised Gains and Losses (STRGL) (page 11): this shows the change in the equity of the Authority and includes gains and losses which do not arise out of the operation of the Authority's activities and includes adjustments relating to the revaluation of assets or the actuarial revaluation of the pension fund.
 - Balance Sheet (page 12): this details the assets and liabilities of the Authority at 31 March 2010. Accruals made to reflect the resources consumed in the income and expenditure account are included together with tangible assets and the financing used to obtain them. Net assets are matched by reserves generated by capital investment and revenue activities.
 - Cash Flow Statement (page 13 to 14): this summarises the movement of cash arising from all the activities of the Authority.

Financial Performance

- 1.3 The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The main source of income is a National Park Grant from the Department for Environment Food and Rural Affairs (DEFRA) and this is supplemented by other Government grants. In 2009/10 the Authority received:
- A National Park Grant of £4,083,147 which included an amount of £217,500 for a Sustainable Development Fund.

- A Planning Delivery Grant of £160,670 from the Department for Communities and Local Government.

- 1.4 The Authority sets an annual balanced budget based on the National Park Grant, other Government Grants and the estimated income for goods and services provided. Additionally, the Authority either takes the lead role or actively participates in a range of partnership schemes to secure external funding.
- 1.5 The detailed budget was approved by the Resources & Performance Committee on 3rd March 2009. The budget was a balanced net revenue expenditure of £4,152,147 (£4,004, 834 in 2008/09) funded from National Park Grant, other minor Government Grants, contributions from County Councils and a transfer from the Major Projects Reserve.
- 1.6 A revised budget was approved by the Resources and Performance Committee on 11th November 2009. The net expenditure was maintained at £4,152,147 and it was forecast that the net year end position would be an under spend of £60,000 which would be taken to reserves at year end.
- 1.7 The actual outturn for 2009/10 was a surplus of £55,310, representing 1.3% of net budget (Surplus of £34,051 or 0.9% in 2008/09). The surplus on the Authorities Outturn for Management Accounts has been reconciled to the surplus shown within the Income and Expenditure Account within the table below:

	£	£
Net Deficit as shown in the Income & Expenditure Account		584,524
Amortisation, Depreciation & Impairment charges	(590,374)	
FRS17 pensions transactions in net cost of services	22,000	
FRS17 pensions interest cost & expected return on pension assets	(194,000)	
Gain on disposal of fixed assets	381	
Net transfers to reserves	122,154	
Rounding on NCS apportionments	5	
Management Accounts Budget Surplus		(55,310)

Quinquennial Valuation of Assets

- 1.8 The CIPFA Statement of Recommended Practice requires that all valuations on the fixed assets of the authority should be reviewed at intervals of not more than five years. The Authority chooses to revalue as a single complete revaluation during the last year of the quinquennial period. The most recent valuation was performed as at the 1/4/2009 with the valuer being Mr C E Dixon BSc FRICS FAAV of external valuers Stratton and Holborow.
- 1.9 The revaluation provided a net increase to the Land and Buildings fixed asset base of £3.1 million. Upwards revaluations of property and land amounted to £3.6m as a result of continued increases in the valuations of woodlands and agricultural land.
- 1.10 As a result of downwards price movements in other sectors of land & building categorisation it was necessary to impair the values of some buildings and land by £0.5m and this is required to be taken to the Net Cost of Services section of the Income and Expenditure Account and accounts for the significant variations in comparison to 2008/09 figures. Historically these reductions in value would have been dealt with in the capital accounting procedures, however accounting regulations now require these to be reflected in the Income and Expenditure Account.

Pensions Liability / Assets

- 1.11 In accordance with Financial Reporting Standard No17 (FRS17) balance sheet and funding status disclosures have been made by the Authority in respect of its pension obligations under the Local Government Pensions Scheme. FRS 17 is a complex accounting standard, but it is

based on simple principles – that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be several years into the future.

- 1.12 The pension liability is based on an actuarial valuation and represents the benefits that have been accrued by members of the local government pension scheme. The valuation indicated that the Authority has a long-term potential pension fund shortfall of £5.9m (£2.7m in 2008/09). Pension liability values do not depend on market returns which have been steadily increasing over the past twelve months; instead they are based on yields from corporate bonds and inflation expectations.
- 1.13 The 12 months to 31st March 2010 saw large increases in market values of pension assets and significant reductions in bond yields and therefore liability values have increased by more than asset values thus resulting in the significant increase in the pension deficit.
- 1.14 The deficit does have a significant impact on the net worth of the Authority however arrangements in place for managing the deficit means that overall the financial position of the Authority remains healthy.

Reserves

- 1.15 The General Fund Reserve stands at £367,978 at 31/3/2010, this balance is in line with budget projections and the financial strategy of the Medium Term Financial Plan. As Chief Finance Officer I regard a balance in the region of £300,000 as adequate to maintain the financial viability and stability of Exmoor National Park Authority and provide adequate working capital. This reserve represents 7% of the net budget for 2009/10 which equated to the operating costs of the Authority for one month.
- 1.16 Alongside the General Fund the Authority operates a series of earmarked revenue reserves which allow partnership projects to be operated and provide funding for major projects that bridge financial years. At 31st March 2010 these earmarked reserves stood at £2.423m (£2.176m in 2008/09).
- 1.17 The Authority is debt free as at 31 March 2010.
- 1.18 Issue of accounts - The Statement of Accounts 2009/10 was authorised for issue on 22 June 2010. This is the date up to which events after the balance sheet date have been considered.

Conclusion

- 1.19 The Authority has managed its finances within budget and achieved a surplus in line with its revised budget. During the year an impressive list of achievements against Business Plan objectives have also been achieved. Recognising the difficult times ahead because of the fiscal deficit the 2009/10 underspending of £69,081 has been taken to the General Fund to help the financial situation in future years.
- 1.20 Issue of accounts – The Statement of Accounts 2009/10 was authorised on the 14th September 2010. This is the date up to which events after the balance sheet date have been considered.

Charles Burrows
Chief Finance Officer
June 2010

STATEMENT OF ACCOUNTS 2009/10

2. STATEMENT OF ACCOUNTING POLICIES

2.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2009/10 financial year and its position at the year-end of 31 March 2010. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2009 – A Statement of Recommended Practice (the SORP), the Best Value Accounting Code of Practice (BVACoP) and The National Park Authorities Financial Grant Memorandum (Revised) 2007.

2.2 Overriding Accounting Concepts

- Accruals – Financial Statements other than the Cash Flow Statement are prepared on an accruals basis.
- Going Concern – The accounts are prepared on the basis that the Exmoor National Park Authority will continue in operational existence into the foreseeable future i.e. there is no intention to significantly curtail the scale of operation.
- Legislative Requirements – It is a fundamental principle that where specific legislative requirements and accounting principles conflict, legislative requirements take precedence.

2.3 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:

- Fees, charges and rents due are accounted for as income at the date the Authority provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. 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. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

2.4 Basis of Recording Fixed Assets in the Balance Sheet

Measurement

Fixed assets have been valued in accordance with Financial Reporting Standards FRS11 (Impairment of Fixed Assets) and FRS15 (Tangible Fixed Assets).

Revaluation and Impairment

The figures for Land and Buildings are based on a capital valuation of property assets as at 1 April 2009 carried out Mr C E Dixon BSc FRICS FAAV of external valuers Stratton and

Holborow. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition)

Reassessment of Asset Valuations is taking place at intervals of no greater than five years, arrangements will be made for the next review to be carried out at 1 April 2014. Valuation adjustments are accounted for via the Revaluation Reserve.

Where valuations have identified a reduction in value of an asset if related to clear consumption of economic benefits the loss is charged directly to the Income and Expenditure Account and Net Cost of Services. With other impairment losses these are charged initially to the Revaluation Reserve if there are accumulated revaluation gains in the reserve for that asset and then charged against the Income and Expenditure Account.

Recognition

Certain small items which have an expected life of more than the year of account (e.g. tools and equipment) are charged to the revenue account in the year of acquisition. A de minimus figure of £5,000 is used for capital purposes.

Disposal

Income from disposal is accounted for on an accruals basis. Receipts from the disposal of assets in excess of £5,000 are treated as capital receipts and can be set-off against in-year or future capital expenditure.

Depreciation

The asset values shown in the Balance Sheet, including those for vehicles, plant and equipment, are, where appropriate, written down annually either on a straight-line or annuity basis to reflect the extent to which the assets have been consumed. Annual depreciation is charged to the Income and Expenditure account on all these assets as at 31 March.

Freehold land is not depreciated; however, assets with a known finite life, such as leasehold land and buildings, together with those with an estimated operational life including leasehold land and buildings are depreciated and charged to the Income and Expenditure account. Most of the buildings are depreciated over an estimated life of between 20 and 80 years.

Vehicles, Plant and Equipment are depreciated over 5 – 7 years.

2.5 Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Authority (e.g. software licences) is capitalised when it will bring benefits to the Authority for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

2.6 Government Grants and Contributions (Revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. National Park Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

2.7 Nature of Funds

The Authority has established a number of funds for the management of its finances:

- Capital Adjustment Account represents the carrying value of fixed assets at 31 March 2010 which has been treated as a proxy for historic cost

- Revaluation Reserve represents the difference between depreciated historical cost and the carrying value of fixed assets.
- the Pension Reserve represents the net pension asset/liability.
- the Partnership Projects Reserve enables projects to go ahead in partnership with other agencies or to take advantage of external funding opportunities.
- the Major Projects Reserve comprises funds earmarked for the acquisition or development of land and property.
- the Revenue Earmarked Reserve comprises the sums earmarked for specific projects of a revenue nature.
- the Vehicle and Equipment Replacement Fund is an internal leasing arrangement providing vehicles and equipment to service areas utilising the balances held in reserves. This fund forms part of the General Fund balance.
- the General Fund Reserve is the sum set aside to meet unforeseen contingencies and provide working capital.

2.8 **Basis for Inclusion of Debtors and Creditors at the Year End**

The Accounts follow the ‘accruals’ concept whereby amounts due to and from the Authority in respect of the financial year, but not actually settled at the year end are brought into the Accounts. The amounts so included are estimated for each line of expenditure or income, and any difference between the actual figures and those estimates are reflected in the Accounts the following year. The Authority’s main source of income is Government grant and the balance of income is recognised in accordance with prevailing accounting policy, FRS 5.

2.9 **Basis of Valuation of Stocks**

Stocks are stated at the lower of historical cost or net realisable value.

2.10 **Overheads and Support Services**

The Statement of Accounts and supporting notes have been compiled in accordance with the guidance set out in the Best Value Accounting Code of Practice. Capital charges and apportionable overheads have been allocated to each service area, as required under the Code. Corporate and Democratic Core and Unapportionable Central Overheads are disclosed separately in the accounting records maintained by the Authority.

Costs of Support Services (Finance, Personnel, Information Technology, General Administration and Legal Services) have been reallocated across the Functional Headings within the Revenue Account.

2.11 **Operating Leases**

Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

2.12 **Retirement Benefits**

The Statement of Recommended Practice (the SORP) requires the full recognition of Financial Reporting Standard 17 (FRS17) Retirement Benefits. As a participating employer of the Somerset County Council Fund the Statement of Accounts include a recognition of the net liability by showing pensions reserve in the balance sheet as determined by the Fund’s Actuary. Full details of the disclosures required by FRS17 are shown in Section 9: Notes to the Statements (Paragraph 9.4).

The Local Government Pension Scheme

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

- The liabilities of the Somerset County Council pension scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the yield on the iBoxx AA rated over 15 year corporate bond index).
- The assets of the Somerset County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - 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:
 - 1) current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked
 - 2) past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - 3) interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
 - 4) expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
 - 5) gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees– debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs
 - 6) 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 – debited to the Statement of Total Recognised Gains and Losses
 - 7) contributions paid to the Somerset County Council pension fund – cash paid as employer’s contributions to the pension fund.

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 in the year, not the amount calculated according to the relevant accounting standards. In the Statement of Movement on the General Fund Balance 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 any amounts payable to the fund but unpaid at the year-end.

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.

2.13 Contingent Liabilities

Contingent Liabilities are not accrued in the accounting statements. Material contingent liabilities are disclosed as a note to the accounting statements if there is a possible obligation which may require a payment or a transfer of economic benefits.

2.14 Investments

Investments are carried at cost. Interest received is accrued and accounted for in the period to which it relates.

2.15 Value Added Tax

Income and Expenditure excludes any amounts related to VAT, as all VAT is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

2.16 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 term financial instrument covers both financial assets and financial liabilities and includes the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives.

Financial liabilities are initially measured at fair value and carried at their amortised cost. (The Authority has no borrowings). 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.

2.17 Post Balance Sheet Events

Balance sheet events have been considered up to the time the Statement of Accounts was authorised for issue. Where an event after the balance sheet date occurs which provides evidence of conditions that existed at the balance sheet date Statement of Accounts will be adjusted. An event that occurs after the balance sheet date which is indicative of conditions that have arisen after the balance sheet date, adjustment will not be made.



STATEMENT OF ACCOUNTS 2009/10

3. STATEMENT OF RESPONSIBILITIES

3.1 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.

3.2 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 SORP).

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 SORP

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.

3.3 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 2010 and its income and expenditure for the year ended 31 March 2010.

C W Burrows

Chief Finance Officer: Date: 14 September 2010

Approved by Exmoor National Park Authority:

This Statement of Accounts was approved by resolution of the Resources and Performance Committee on 14 September 2010

M A Collins

Chairman: Date: 14 September 2010



STATEMENT OF ACCOUNTS 2009/10

4 INCOME AND EXPENDITURE ACCOUNT

2008/09 Net Expenditure		2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure
£		£	£	£
692,761	Conservation of Natural Environment	1,078,275	236,166	842,109
239,519	Conservation of Cultural Heritage	743,571	365,602	377,969
369,410	Recreation Management	696,106	178,244	517,862
635,392	Promoting Understanding	843,749	169,517	674,232
811,032	Rangers, Estate Team & Volunteers	983,505	23,176	960,329
417,675	Development Control	517,899	77,341	440,558
547,360	Policy And Community	655,593	308,046	347,547
290,898	Corporate Management	327,694	13,228	314,466
33,000	Non Distributed Costs – Pensions	-	-	-
4,037,047	Net Cost of Services	5,846,392	1,371,320	4,475,072
491,141	(Gain)/Loss on the disposal of fixed assets			(381)
(137,004)	Investment Income			(57,850)
128,000	Pensions Interest Cost and Expected Return On Pensions Assets			194,000
4,519,184	Net Operating Expenditure			4,610,841
(4,118,145)	Government Grants			(4,026,317)
401,039	(Surplus) / Deficit For Year			584,524

5. STATEMENT OF MOVEMENTS ON THE GENERAL FUND BALANCE

2008/09		2009/10
£		£
401,039	(Surplus) / Deficit for year on Income and Expenditure	584,524
	<u>Amounts included in Income and Expenditure Accounts but required to be excluded:-</u>	
(284,818)	Depreciation and Impairment of Fixed Assets	(714,608)
78,952	Government Grants Deferred Amortisation	62,941
(491,141)	Net gain/(loss) on sale of fixed assets	381
(527,000)	Net charges for retirement benefits in accordance with FRS 17	(523,000)
(822,968)		(589,762)
	<u>Amounts not included in Income and Expenditure Accounts but required to be included:-</u>	
68,509	Capital expenditure charged in year	47,527
307,000	Employer's contributions payable to Somerset Pension Fund and retirement benefits payable to pensioners	351,000
(447,459)		(191,235)
	<u>Transfers to or from General Fund Balance:-</u>	
432,263	Net Transfer to / (from) earmarked reserves	122,154
(15,196)	Net (Surplus) / Deficit for Financial Year	(69,081)
(226,501)	Brought forward at 1 April	(423,897)
(57,500)	Planned Transfer to General Fund Reserve	-
(124,700)	Transfers to / (from) Earmarked Reserves	125,000
(423,897)	Carried forward at 31 March	(367,978)

6. STATEMENT OF RECOGNISED GAINS AND LOSSES (STRGL)

2008/09		2009/10
£		£
401,039	(Surplus)/Deficit for year on the Income and Expenditure Account	584,524
674,000	Actuarial Losses / (Gains) on the Pension Fund Assets and Liabilities	2,996,000
-	Revaluation of Assets	(3,572,608)
(11,206)	Reclassification of Exmoor books creditor to the Partnerships Project Reserve	-
(2)	Rounding	-
1,063,831	Loss / (Gain) in Total Equity	7,916

STATEMENT OF ACCOUNTS 2009/10
7. BALANCE SHEET

As at 31 March 2009			As at 31 March 2010
£			£
	FIXED ASSETS		
	- TANGIBLE		
7,693,649	Land & Buildings	<i>(see Notes 9.7 & 9.8)</i>	10,685,814
256,099	Vehicles & Plant	<i>(see Notes 9.7 & 9.8)</i>	172,985
<u>7,949,748</u>			<u>10,858,799</u>
	- INTANGIBLE		
3,143	Software Licences	<i>(see Note 9.7)</i>	-
<u>7,952,891</u>	<i>Total Fixed Assets</i>		<u>10,858,799</u>
	CURRENT ASSETS		
109,477	Stocks	<i>(see Note 9.9)</i>	86,371
2,534,231	Short Term Investments	<i>(see Note 9.10)</i>	2,520,530
300,752	Debtors and Payments in Advance	<i>(see Note 9.11)</i>	458,649
3,110	Cash & Bank	<i>(see Note 9.12)</i>	143,219
<u>2,947,570</u>	<i>Total Current Assets</i>		<u>3,208,769</u>
	CURRENT LIABILITIES		
(283,376)	Creditors and receipts in advance	<i>(see Note 9.13)</i>	(417,672)
(64,332)	Bank Overdrawn	<i>(see Note 9.12)</i>	-
<u>10,552,753</u>	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,649,896</u>
(62,941)	Government Grant Deferred	<i>(see note 9.15)</i>	-
(2,687,000)	Pension Liability	<i>(see Note 9.4)</i>	(5,855,000)
<u>7,802,812</u>	TOTAL ASSETS LESS LIABILITIES		<u>7,794,896</u>
7,852,629	Capital Adjustment Account	<i>(see note 9.15)</i>	7,280,384
37,322	Revaluation Reserve	<i>(see note 9.15)</i>	3,578,415
(2,687,000)	Pension Reserve	<i>(see Note 9.4)</i>	(5,855,000)
638,312	Partnership Projects Reserve	<i>(see note 9.16)</i>	765,588
221,520	Major Projects Reserve	<i>(see note 9.16)</i>	39,020
1,316,132	Revenue – Earmarked Reserves	<i>(see note 9.16)</i>	1,618,511
423,897	General Fund Reserve	<i>(see note 9.16)</i>	367,978
<u>7,802,812</u>	TOTAL EQUITY		<u>7,794,896</u>



STATEMENT OF ACCOUNTS 2009/10

8. CASH FLOW STATEMENT

2008/09		2009/10
£		£
	<u>REVENUE ACTIVITIES</u>	
	Cash Outflows:	
2,623,758	Employment Costs	2,792,892
2,132,456	Other Operating Costs	2,423,302
4,756,214		5,216,194
	Cash Inflows:	
(3,756,834)	National Park Grant	(3,865,647)
(25,000)	Additional NPG – 60 th Anniversary	-
(988,019)	Fees and Charges	(1,152,794)
(200,000)	SDF Grant	(217,500)
(56,059)	RDA Grant - SDF	-
(80,252)	Planning Delivery Grant	(160,670)
(5,106,164)		(5,396,611)
(349,950)	Net Cash (Inflow) Outflow from Revenue	(180,417)
	<u>RETURNS ON INVESTMENTS</u>	
	Cash Inflow:	
(137,004)	Interest Received	(57,850)
	<u>CAPITAL ACTIVITIES</u>	
	Cash Outflow:	
68,509	Acquisition of Fixed Assets	75,891
	Cash Inflow:	
-	Sale of Fixed Assets	(28,364)
(418,445)	NET CASH (INFLOW) OUTFLOW BEFORE FINANCING	(190,740)
	MANAGEMENT OF LIQUID RESOURCES	
440,442	Net increase (decrease) in temporary investments	(13,701)
21,997	NET CASH (INFLOW) OUTFLOW	(204,441)

2008/09	<u>RECONCILIATION OF REVENUE CASH FLOW</u>	2009/10
£		£
(15,196)	Deficit (Surplus) to General Fund Balance	(69,081)
(432,263)	Contributions (to) from earmarked reserves	(122,154)
137,004	Interest Received	57,850
2,812	Increase (Decrease) in Stocks	(23,106)
(41,898)	Increase (Decrease) in Debtors etc	157,897
68,100	(Increase) Decrease in Creditors – Revenue	(134,296)
(68,509)	Capital expenditure funded from revenue	(47,527)
(349,950)		(180,417)

2008/09	<u>MOVEMENT IN CASH & LIQUID RESOURCES</u>	Balance as at	Balance as at	2009/10
Movement		01.04.09	31.03.10	Movement
£		£	£	£
	Movements in cash:			
(21,997)	Cash in hand and at bank	(61,222)	143,219	204,441
	Movement in Liquid Resources:			
440,442	Short Term Investments	2,534,231	2,520,530	(13,701)
418,445	Sub-Total	2,473,009	2,663,749	190,740

STATEMENT OF ACCOUNTS 2009/10
9 NOTES TO THE ACCOUNTS
9.1 GRANT INCOME

2008/09		2009/10
£		£
3,756,834	National Park Grant – DEFRA	3,865,647
25,000	Additional NPG – 60 th Anniversary	-
200,000	Sustainable Development Fund – DEFRA	217,500
56,059	Sustainable Development Fund – RDA	-
80,252	Planning Delivery Grant – Communities & Local Government	82,000
0	Habitats and Climate Change Grant – Communities & Local Government	78,670
4,118,145	TOTAL	4,243,817

Grants marked with (*) are included within the net cost of services in the 2009/10 I&E account.

9.2 EMPLOYEE REMUNERATION

The number of employees whose remuneration , excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2008/09		2009/10
-	£50,000 - £54,999	-
-	£55,000 - £59,999	-
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
1	£75,000 - £79,999	1

9.3 DISCLOSURE OF REMUNERATION FOR SENIOR EMPLOYEES

	Post Holder information (Post title)	Salary (Including fees)	Expense Allowance	Total Remuneration excluding pension contribution	Pension Contribution	Total Remuneration including pension contributions
		£	£	£	£	£
2009/10	Chief Executive	77,271	1,411	78,682	11,359	90,041
	Total	77,271	1,411	78,682	11,359	90,041
2008/09	Chief Executive	76,506	1,337	77,843	11,246	89,089
	Total	76,506	1,337	77,843	11,246	89,089

9.4 PENSIONS

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme. It is contracted out of the State Second Pension. The calculations have been carried out by the Actuary as instructed by Somerset County Council, the Administering Authority to the Somerset County Council Pension Fund of which the Authority is an admitted body. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on the assumptions about mortality rates, salary levels, etc. The latest formal valuation of the fund was at 31 March 2007. The net pension position for the Authority as at 31 March 2010 is a liability of £5,855,000 (2008/09, £2,687,000) and the following disclosures are made.

Net Cost of Services records the cost of retirement benefits when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge levied against Government Grant is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance during the year.

(i) Principle assumptions used by the actuary	31 March 2010	31 March 2009
Expected Return on assets:		
Equities	7.8%	7.3%
Gilts	4.5%	4.0%
Bonds	5.5%	6.5%
Property	6.9%	6.4%
Cash	3.0%	3.0%
<p>The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2009 for the year to 31 March 2010). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.</p>		
Mortality Assumptions:		
Life expectancy from age 65(years) retiring today – Males	19.76 years	19.76 years
Life expectancy from age 65(years) retiring today – Females	22.46 years	22.46 years
Life expectancy from age 65(years) retiring in 20 years – Males	20.42 years	20.42 years
Life expectancy from age 65(years) retiring in 20 years – Females	23.10 years	23.10 years
Financial Assumptions:		
Price Increases	3.9%	3.0%
Rate of increase in salaries	5.4%	4.5%
Rate of increase in pensions	3.9%	3.0%
Rate for discounting scheme liabilities	5.5%	6.7%
Take-up option to convert annual pension into retirement lump sum	50%	50%
Estimated Asset Allocation of the Whole Fund:		
Equities	72%	66%
Gilts	7%	10%
Bonds	11%	12%
Property	8%	8%
Cash	2%	4%

(ii) Balance Sheet Disclosure as at 31 March 2010	31 March 2010	31 March 2009	31 March 2008
	£ 000's	£ 000's	£ 000's
Present Value of Funded Obligation	11,761	6,730	7,357
Fair Value of Scheme Assets (bid value)	6,132	4,240	5,780
Net Liability	5,629	2,490	1,577
Present Value of Unfunded Obligation	226	197	216
Net Liability in Balance Sheet	5,855	2,687	1,793

(iii) I&E Account Costs for the year to 31 March 2010	31 March 2010	31 March 2009	
The Amounts recognised in the I&E account are:	£ 000's	£ 000's	
Current service cost	329	366	
Interest on obligation	476	501	
Expected return on Scheme assets	(282)	(373)	
Past service cost	-	33	
Losses (gains) on curtailments and settlements	-	-	
Total	523	527	
Actual return on Scheme assets	1,523	(1,529)	
(iv) Asset and Benefit Obligation Reconciliation for the year	31 March 2010	31 March 2009	
Reconciliation of opening & closing balances of the present value of the defined benefit obligation	£ 000's	£ 000's	
Opening Defined Benefit Obligation	6,927	7,572	
Service Cost	329	366	
Interest Cost	476	501	
Actuarial losses (gains)	4,238	(1,228)	
Losses (gains) on curtailments	-	-	
Estimated benefits paid (net of transfers in)	(97)	(413)	
Past service cost	-	33	
Contributions by Scheme participants	134	115	
Unfunded pension payments	(20)	(19)	
Closing Defined Benefit Obligation	11,987	6,927	
Reconciliation of opening & closing balances of the fair value of Scheme assets	31 March 2010	31 March 2009	
	£ 000's	£ 000's	
Opening fair value of Scheme assets	4,240	5,780	
Expected return on Scheme assets	282	373	
Actuarial gains (losses)	1,242	(1,902)	
Contributions by employer (including unfunded benefits)	351	307	
Contributions by Scheme participants	134	115	
Estimated benefits paid including unfunded benefits	(117)	(432)	
Fair value of Scheme assets at end of period	6,132	4,240	
Reconciliation of opening & closing balances surplus	31 March 2010	31 March 2009	
	£ 000's	£ 000's	
Surplus/(Deficit) at beginning of the year	(2,687)	(1,793)	
Current Service Cost	(329)	(366)	
Employer Contributions	331	288	
Unfunded pension payments	20	19	
Past Service Costs	-	(33)	
Other Finance Income	(194)	(128)	
Settlements/Curtailments	-	-	
Actuarial gain/loss	(2,996)	(674)	
Surplus/(Deficit) at end of the year	(5,855)	(2,687)	
(v) Sensitivity Analysis			
This table sets out the impact of a change in the discount rates on the Total Obligation and Projected Service Cost along with a +/- 1 year age rating adjustment to the mortality assumption	£ 000's	£ 000's	£ 000's
Adjustment to discount rate	+0.1%	0%	-0.1%
Present Value of Total Obligation	11,714	11,987	12,267
Projected Service Cost	646	667	688
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present Value of Total Obligation	11,522	11,987	12,455
Projected Service Cost	637	667	698

(vi) Statement of total recognised gains & losses	31 March 2010	31 March 2009
	£ 000's	£ 000's
Actual Return less expected return on pension scheme assets	1,242	(1,902)
Experience gains and losses	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(4,238)	1,228
Actuarial gain/(loss) in pension scheme recognised in STRGL	(2,996)	(674)

(vii) Scheme history	Year to	Year to	Year to	Year to	Year to
Amounts for the current and previous 4 periods	March 2010	March 2009	March 2008	March 2007	March 2006
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Defined Benefit Obligation	(11,987)	(6,927)	(7,572)	(8,633)	(8,260)
Scheme assets	6,132	4,240	5,780	6,407	5,544
Surplus/Deficit	(5,855)	(2,687)	(1,793)	(2,225)	(2,716)
Experience adjustments on scheme assets	-	(1,902)	(1,146)	342	760
Percentage of assets	20.3%	(44.9%)	(19.8%)	5.3%	13.7%
Experience adjustments on scheme liabilities	-	-	220	-	-
Percentage of liabilities	-	-	2.9%	-	-
Cumulative actuarial gain (loss)	(2,297)	699	1,373	835	160

For consistency assets have been shown at bid price (estimated where necessary) for the periods prior to 31 March 2010. The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £5,855,000 has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £7,794,896.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2011 is £321,000.

9.5 RELATED PARTY TRANSACTIONS

In accordance with FRS8 (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 of the accounts 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.

Members of the Authority have direct control over the Authority's financial and operating policies. The Authority's Standing Orders requires members to declare their interests in related parties in a register of interests. In addition members are asked to declare separately any transactions with the Authority. The only item which requires disclosure is that 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 2009/10 were £3,244 (2008/09 - £8,306) with an outstanding balance of £0 at 31.03.10 (£2,305 at 31.03.09)

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 has funding relationships with the Constituent Local Authorities, the Department for Environment, Food and Rural Affairs, other Government Departments and the Somerset County Council Pension Service and are already disclosed elsewhere in the Accounts.

9.6 MEMBERS ALLOWANCES

Allowances paid to members were made up as follows:

2008/09 £		2009/10 £
32,317	Special Responsibility Allowance	36,943
43,291	Basic Allowance	54,663
31,365	Allowance for mileage	33,731
106,973	TOTAL	125,337

9.7 MOVEMENT OF FIXED ASSETS

£	Land & Buildings £	Intangible Assets £	Vehicles Plant & Equip £	Total £
Gross Book Value 01.04.2009	8,335,972	9,431	527,102	8,872,505
Additions (see note 9.8)	-	-	75,891	75,891
Revaluations	3,572,608	-	-	3,572,608
Disposals	(8,950)	-	(23,274)	(32,224)
Impairments	(492,607)	-	-	(492,607)
Gross Book Value 31.03.2010	11,407,023	9,431	579,719	11,996,173
Accumulated depreciation 01.04.2009	(642,323)	(6,288)	(271,003)	(919,614)
Depreciation on revaluation	(31,515)	-	-	(31,515)
Accumulated Depreciation on disposal	-	-	4,241	4,241
Depreciation in year	(47,371)	(3,143)	(139,972)	(190,486)
Total depreciation at 31.03.2010	(721,209)	(9,431)	(406,734)	(1,137,374)
Net book value at 01.04.2009	7,693,649	3,143	256,099	7,952,891
Net book value at 31.03.2010	10,685,814	-	172,985	10,858,799

9.8 CAPITAL EXPENDITURE IN 2009/10

ITEM	Amount £	Revenue * £	Financed By	
			Capital Receipts £	Reserves £
Landrover x3	56,103	27,739	28,364	-
Minibus	19,788	19,788	-	-
Total	75,891	47,527	28,364	-

* Financed by the Vehicle and Equipment Replacement Fund, part of the General Fund reserve.

9.9 STOCKS

Stocks held at the end of the year are as follows:

31 March 2009 £		31 March 2010 £
15,417	National Park Centres	19,664
94,060	Central Warehouse	66,707
109,477	TOTAL	86,371

9.10 SHORT TERM INVESTMENTS

This is the amount invested on the Authority's behalf by Somerset County Council and on which interest is received and stood at £2,520,530 on 31 March 2010 compared with £2,534,231 as at 31 March 2009.

9.11 DEBTORS AND PAYMENTS IN ADVANCE

31 March 2009		31 March 2010
£		£
57,760	Sales Ledger	39,387
22,367	Government Debtors	20,009
83,488	Year End Accruals	276,128
89,248	Payments in Advance	98,860
47,889	Accrued interest	23,321
-	Cyclescheme Debtors	944
300,752	TOTAL	458,649

9.12 CASH AND BANK

31 March 2009		31 March 2010
£		£
(12,764)	Receipts Bank Account	762,498
(51,568)	Payments Bank Account	(622,145)
1,565	Giro Bank Account	1,209
1,545	Imprest Accounts	1,657
(61,222)	TOTAL	143,219

9.13 CREDITORS AND RECEIPTS IN ADVANCE

31 March 2009		31 March 2010
£		£
(276,798)	Sundry Creditors – Revenue Only	(410,953)
(6,578)	Receipts in advance	(6,719)
(283,376)	TOTAL	(417,672)

9.14 PAYMENTS UNDER LEASES

Payments in 2009/10 in respect of Land and Buildings amounted to £2,171 (2008/09 - £ 2,026) - and for vehicles and equipment £0 (2008/09 - £5,770). The Authority is committed to making the following annual payments under leases expiring as follows:

Expiry	Land & Buildings:
	£
Within 1 yr.	-
2 – 5 Years	25
More than 5 years	2,146

9.15 MOVEMENT OF CAPITAL ACCOUNTS

	Capital Adjustment Account	Revaluation Reserve	Government Grant Deferred	Total
	£	£	£	£
Balance 01.04.09	7,852,628	37,322	62,941	7,952,891
Fixed Assets Disposed of During year	(27,983)	-	-	(27,983)
Fixed Asset revaluations	-	3,572,608	-	3,572,608
Fixed Asset Impairments	(492,607)	-	-	(492,607)
Fixed assets financed during year	75,891	-	-	75,891
Depreciation	(127,545)	(31,515)	(62,941)	(222,001)
Balances 31.03.10	7,280,384	3,578,415	0	10,858,799

9.16 MOVEMENT ON RESERVES

	Partnership Projects	Major Projects	Revenue Earmarked	General Fund Balance	Total
	£	£	£	£	£
Balance 01.04.09	638,312	221,520	1,316,132	423,897	2,599,861
Transfers from reserves	(124,654)	(182,500)	(288,841)	-	(595,995)
Transfers to reserves	251,930	-	466,220	-	718,150
Surplus for year	-	-	-	69,081	69,081
Transfers to/from general fund	-	-	125,000	(125,000)	-
Balance 31.03.10	765,588	39,020	1,618,511	367,978	2,791,097

9.17 CONTINGENT LIABILITY

The Authority has made payments totalling £55,211 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.

9.18 AUDIT FEE NOTE

The Authority is required to disclose the external audit costs which are as follows:

2008/09	Details of Services	2009/10
£		£
18,550	External audit services under the Code of Audit Practice	21,875
-	Other Services	-

9.19 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	2008/09	2009/10
	£	£
Cash at Bank	3,110	143,219
Debtors	211,504	359,789
Short Term Investments (less than 12 months)	2,534,231	2,520,530
Financial Liabilities	2008/09	2009/10
	£	£
Bank Overdraft	(64,332)	-
Creditors	(276,798)	(410,953)

The gains and losses recognised in the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses in relation to financial instruments are as follows:

Interest and Investment Income	2008/09	2009/10
	£	£
Interest Income	137,004	57,850

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

9.20 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 Head of Finance, 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 £25,000 more or less than budget if investments were held for a year.

9.21 Post Balance Sheet Events

In its recent budget, the new coalition government announced that, in future, the pension increase order applied to public service pension schemes' pensions in payment will be linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). This constitutes a "non-adjusting post balance sheet event" and FRS 21 (events after the balance sheet date) requires audited bodies "to disclose the nature of any material post balance sheet event and provide an estimate of its financial effect".

Actuaries have reviewed the gap between RPI and CPI over the past 20 years and expect if past trends continue that future pension increases would be 0.5% less than previously projected. Accordingly they have adjusted assumptions in relation to future levels of pension increase by reducing the assumption by 5% per annum. Actuaries estimate the financial effect to be a reduction of the net pension liability of £518,000 at 31 March 2010.

ANNUAL GOVERNANCE STATEMENT

10. Scope of responsibility

- 10.1.1 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.
- 10.1.2 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.
- 10.1.3 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(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

10.2. The purpose of the governance framework

- 10.2.1 The governance framework comprises the systems and processes, and 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.
- 10.2.2 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.
- 10.2.3 A governance framework has been in place at Exmoor National Park Authority for the year ended 31 March 2010 and up to the date of approval of the annual business plan and statement of accounts.

10.3. The Governance Framework

- 10.3.1 The key elements of the governance framework include:
- A National Park Management 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 Management Plan.
 - 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 Management Plan or Business Plan objectives.
- 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 model code for Members was adopted on 3 July 2007 and an updated version is expected from Government. For staff, whilst the model code has been adopted an update from Government has been awaited for some time.
- Standing orders, a scheme of delegation and financial regulations are in place.
- Responsibility for audit matters has been delegated to the Resources and Performance Committee.
- The Solicitor and Monitoring Officer 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 into.
- Complaints procedures and a whistle-blowing policy are in place for members of the public, members, staff or contractors.
- Training, briefing and induction programmes are carried out for members.
- A staff performance and development review process is in place which identifies training and development needs.
- Wide consultation takes place 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.
- Extensive arrangements are in place for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Management Plan.

10.4. **Review of Effectiveness**

10.4.1 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 also by comments made by the external auditors.

10.4.2 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 2009 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.
- Standing orders, the scheme of delegation and financial regulations which were reviewed, updated and approved during 2007. Revised contract standing orders were approved during 2009.
- Delegation to the Resources and Performance Committee for performance management including sustainability and the business planning and performance framework.
- Annual reports 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 to the Resources and Performance Committee on risk management, performance indicators and treasury management.

Opinion on the accounting statements

I have audited the accounting statements and related notes of Exmoor National Park Authority for the year ended 31 March 2010 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Exmoor National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Chief Financial Officer and auditor

The Chief Financial Officer's responsibilities for preparing the accounting statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounting statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements and related notes are free from

material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

Opinion

In my opinion the Authority's accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

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

Authority's Responsibilities

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria for other local government bodies specified by the Audit Commission and published in January 2009. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in January 2009, and the supporting guidance, I am satisfied that, in all significant respects, Exmoor National Park Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2010.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alun Williams

District Auditor, Audit Commission

3-4 Blenheim Court, Lustleigh Close, Matford Business Park, Exeter, EX2 8PW

Date: