



STATEMENT OF ACCOUNTS

2008/09

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STATEMENT OF ACCOUNTS

2008/09

CONTENTS

SECTION	PAGE
1 Explanatory Forward	1
2 Statement of Accounting Policies	3
3 Statement of Responsibilities	7
4 Income and Expenditure Account	8
5 Statement of Movement on the General Fund Balance	9
6 Statement of Total Recognised Gains and Losses (STRGL)	9
7 Balance Sheet	10
8 Cash Flow Statement	11
9 Notes to the Accounts	13
10 Annual Governance Statement	23
11 Independent Auditor's Report	27

STATEMENT OF ACCOUNTS 2008/09

1. EXPLANATORY FOREWORD

- 1.1 These Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice 2008 (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 2009 are set out on pages 7 to 11 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 12 to 18) to assist understanding.
- 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 2008/09 the Authority received:
- a national park grant of £3,981,834 which includes an amount of £200,000 for a Sustainable Development Fund and an amount of £25,000 additional National Park Grant.
 - A planning delivery grant of £80,252 from the Department for Communities and Local Government.
 - a grant of £56,059 from the South West Regional Development Agency for a Sustainable Development Fund.
- 1.4 The Statement of Accounts includes:
- Income and Expenditure Account (page 7): 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 8): this 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 8): 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 9): this details the assets and liabilities of the Authority at 31 March 2009
 - Cash Flow Statement (page 10 to 11): this summarises the movement of cash arising from all the activities of the Authority.

- 1.5 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. Actual expenditure against budget produced a surplus for the year of £15,196 which has been added to the General Fund Balance.
- 1.6 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.
- 1.7 The Authority is debt free as at 31 March 2009.
- 1.8 Issue of accounts - The Statement of Accounts 2008/09 was authorised for issue on 22 September 2009. This is the date up to which events after the balance sheet date have been considered.

STATEMENT OF ACCOUNTS 2008/09**2. STATEMENT OF ACCOUNTING POLICIES****2.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2008/09 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008 – A Statement of Recommended Practice (the SORP).

2.2 Basis of Recording Fixed Assets in the Balance Sheet

The bases that have been used in valuing operational assets are:

Land and Buildings	Existing Use Value where there is sufficient evidence of market transactions
	Depreciated replacement cost where the asset is of specialist nature or where there is little or no evidence of market transactions
Vehicle Plant and Equipment	Net current replacement cost or net realisable value in existing use

The figures for Land and Buildings are based on a capital valuation of property assets as at 1 April 2004 carried out by the Somerset Property Services arm of Somerset County Council. Reassessment of Asset Valuations is taking place at intervals of no greater than five years. Valuation adjustments are accounted for via the Revaluation Reserve. Arrangements will be made for the next review to be carried out at 1 April 2009.

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.

2.3 Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the authority (eg 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.

2.4 Prior Period Adjustment

Changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect.

2.5 Basis of 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 50 years.

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

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 2009 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 9.5).

Under the 2008 SORP the Authority has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefits pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £5,839,000 to £5,780,000, a decrease of £59,000, resulting in an increase of the pension deficit of £59,000 to (£1,793,000). Current and prior year surplus have been unaffected by this change.

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 6.7% (based on the yield on the Merrill Lynch Non Gilt Sterling AA 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 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 council 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 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 a 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.



STATEMENT OF ACCOUNTS 2008/09

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 presents fairly the financial position of Exmoor National Park Authority at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

C W Burrows

Chief Finance Officer:  **Date : 22 September 2009**

Approved by Exmoor National Park Authority:

This Statement of Accounts was approved by resolution of the Resources and Performance Committee on 23 June 2009 and readopted by resolution of the Resources and Performance Committee on 22 September 2009.

M A Collins

Chairman:  **Date: 22 September 2009**

STATEMENT OF ACCOUNTS 2008/09
4 INCOME AND EXPENDITURE ACCOUNT

2007/08 Net Expenditure as restated £		2008/09 Expenditure £	2008/09 Income £	2008/09 Net Expenditure £
672,751	Conservation of Natural Environment	940,710	(247,949)	692,761
195,210	Conservation of Cultural Heritage	473,979	(234,460)	239,519
410,355	Recreation Management	502,300	(132,890)	369,410
617,238	Promoting Understanding	791,213	(155,821)	635,392
886,728	Rangers, Estate Team & Volunteers	840,103	(29,071)	811,032
452,932	Development Control	479,819	(62,144)	417,675
530,935	Policy And Community	647,284	(99,924)	547,360
296,611	Corporate Management	303,136	(12,238)	290,898
90,000	Non Distributed Costs – Pensions	33,000	-	33,000
4,152,760	Cost of Services	5,011,544	(974,497)	4,037,047
0	(Gain)/Loss on the disposal of fixed assets			491,141
(141,482)	Investment Income			(137,004)
38,000	Pensions Interest Cost and Expected Return On Pensions Assets			128,000
4,049,278	Net Operating Expenditure			4,519,184
(4,070,480)	Government Grants			(4,118,145)
(21,202)	(Surplus) / Deficit For Year			401,039

5. STATEMENT OF MOVEMENTS ON THE GENERAL FUND BALANCE

2007/08		2008/09
£		£
as restated		
21,202	(Surplus) / Deficit for year on Income and Expenditure	401,039
	<u>Amounts included in Income and Expenditure Accounts but required to be excluded:-</u>	
(354,266)	Depreciation and Impairment of Fixed Assets	(284,818)
147,228	Government Grants Deferred Amortisation	78,952
-	Net gain/(loss) on sale of fixed assets	(491,141)
(422,000)	Net charges for retirement benefits in accordance with FRS 17	(527,000)
<hr/>		<hr/>
(650,240)		(822,968)
	<u>Amounts not included in Income and Expenditure Accounts but required to be included:-</u>	
80,640	Capital expenditure charged in year	68,509
312,000	Employer's contributions payable to Somerset Pension Fund and retirement benefits payable to pensioners	307,000
<hr/>		<hr/>
(257,600)		(447,459)
	<u>Transfers to or from General Fund Balance:-</u>	
241,013	Net Transfer to / (from) earmarked reserves	432,263
<hr/>		<hr/>
(16,587)	Net (Surplus) / Deficit for Financial Year	(15,196)
(184,914)	Brought forward at 1 April	(226,501)
-	Planned Transfer to General Fund Reserve	(57,500)
(25,000)	Transfers from Earmarked Reserves	(124,700)
<hr/>		<hr/>
(226,501)	Carried forward at 31 March	(423,897)

6. STATEMENT OF RECOGNISED GAINS AND LOSSES (STRGL)

2007/08		2008/09
£		£
(21,202)	(Surplus)/Deficit for year on the Income and Expenditure Account	401,039
(538,000)	Actuarial Losses / (Gains) on the Pension Fund Assets and Liabilities	674,000
(41,250)	Revaluation of Assets	-
-	Reclassification of Exmoor books creditor to the Partnerships Project Reserve	(11,206)
(5,350)	Profit on Sale of Asset	-
999	Rounding	(2)
<hr/>		<hr/>
(604,803)	Loss / (Gain) in Total Equity	1,063,831

STATEMENT OF ACCOUNTS 2008/09
7. BALANCE SHEET

As at 31 March 2008 as restated £			£	As at 31 March 2009 £
	FIXED ASSETS			
	- TANGIBLE			
8,325,717	Land & Buildings	<i>(see Notes 9.8 & 9.9)</i>	7,693,649	
<u>328,336</u>	Vehicles & Plant	<i>(see Notes 9.8 & 9.9)</i>	256,099	
8,654,053				<u>7,949,748</u>
	- INTANGIBLE			
6,287	Software Licences	<i>(see Note 9.8)</i>		3,143
<u>8,660,340</u>	<i>Total Fixed Assets</i>			<u>7,952,891</u>
	CURRENT ASSETS			
106,665	Stocks	<i>(see Note 9.10)</i>	109,477	
2,093,788	Short Term Investments	<i>(see Note 9.11)</i>	2,534,231	
342,650	Debtors and Payments in Advance	<i>(see Note 9.12)</i>	300,752	
<u>30,884</u>	Cash & Bank	<i>(see Note 9.13)</i>	<u>3,110</u>	
2,573,987	<i>Total Current Assets</i>			2,947,570
	CURRENT LIABILITIES			
(362,682)	Creditors and receipts in advance	<i>(see Note 9.14)</i>	(283,376)	
<u>(70,109)</u>	Bank Overdrawn	<i>(see Note 9.13)</i>	<u>(64,332)</u>	
10,801,536	TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,552,753</u>
(141,893)	Government Grant Deferred	<i>(see note 9.16)</i>		(62,941)
<u>(1,793,000)</u>	Pension Liability	<i>(see Note 9.5)</i>		<u>(2,687,000)</u>
<u>8,866,643</u>	TOTAL ASSETS LESS LIABILITIES			<u>7,802,812</u>
8,479,161	Capital Adjustment Account	<i>(see note 9.16)</i>		7,852,629
39,286	Revaluation Reserve	<i>(see note 9.16)</i>		37,322
<u>(1,793,000)</u>	Pension Reserve	<i>(see Note 9.5)</i>		<u>(2,687,000)</u>
565,191	Partnership Projects Reserve	<i>(see note 9.17)</i>		638,312
208,520	Major Projects Reserve	<i>(see note 9.17)</i>		221,520
1,140,984	Revenue – Earmarked Reserves	<i>(see note 9.17)</i>		1,316,132
<u>226,501</u>	General Fund Reserve	<i>(see note 9.17)</i>		<u>423,897</u>
<u>8,866,643</u>	TOTAL EQUITY			<u>7,802,812</u>



STATEMENT OF ACCOUNTS 2008/09

8. CASH FLOW STATEMENT

2007/08		2008/09
£		£
	<u>REVENUE ACTIVITIES</u>	
	Cash Outflows:	
2,743,891	Employment Costs	2,623,758
2,024,590	Other Operating Costs	2,132,456
<u>4,768,481</u>		<u>4,756,214</u>
	Cash Inflows:	
(3,618,578)	National Park Grant	(3,756,834)
-	Additional NPG – 60 th Anniversary	(25,000)
(867,551)	Fees and Charges	(988,019)
(200,000)	SDF Grant	(200,000)
(114,915)	RDA Grant - SDF	(56,059)
(136,987)	Planning Delivery Grant	(80,252)
<u>(4,938,031)</u>		<u>(5,106,164)</u>
(169,550)	Net Cash (Inflow) Outflow from Revenue	(349,950)
	<u>RETURNS ON INVESTMENTS</u>	
	Cash Inflow:	
(141,482)	Interest Received	(137,004)
	<u>CAPITAL ACTIVITIES</u>	
	Cash Outflow:	
85,990	Acquisition of Fixed Assets	68,509
	Cash Inflow:	
(5,350)	Sale of Fixed Assets	0
<u>(230,392)</u>	NET CASH (INFLOW) OUTFLOW BEFORE FINANCING	<u>(418,445)</u>
	<u>MANAGEMENT OF LIQUID RESOURCES</u>	
204,931	Net increase (decrease) in temporary investments	440,442
<u>(25,461)</u>	NET CASH (INFLOW) OUTFLOW	<u>21,997</u>

RECONCILIATION OF REVENUE CASH FLOW

(16,587)	Deficit (Surplus) to General Fund Balance	(15,196)
(241,013)	Contributions (to) from earmarked reserves	(432,263)
141,482	Interest Received	137,004
12,192	Increase (Decrease) in Stocks	2,812
(17,623)	Increase (Decrease) in Debtors etc	(41,898)
32,640	(Increase) Decrease in Creditors – Revenue	68,100
(80,640)	Capital expenditure funded from revenue	(68,509)
(1)	Adjustment for roundings	-
<u>(169,550)</u>		<u>(349,950)</u>

2007/08	<u>MOVEMENT IN CASH & LIQUID RESOURCES</u>	Balance as at	Balance as at	2008/09
Movement		01.04.08	31.03.09	Movement
£		£	£	£
	Movements in cash:			
25,461	Cash in hand and at bank	(39,225)	(61,222)	(21,997)
	Movement in Liquid Resources:			
204,931	Short Term Investments	2,093,789	2,534,231	440,442
<u>230,392</u>	Sub-Total	<u>2,054,564</u>	<u>2,473,009</u>	<u>418,445</u>

STATEMENT OF ACCOUNTS 2008/09
9 NOTES TO THE ACCOUNTS
9.1 GRANT INCOME

2007/08		2008/09
£		£
3,618,578	National Park Grant – DEFRA	3,756,834
0	Additional NPG – 60 th Anniversary	25,000
200,000	Sustainable Development Fund – DEFRA	200,000
114,915	Sustainable Development Fund – RDA	56,059
136,987	Planning Delivery Grant – Communities & Local Government	80,252
4,070,480	TOTAL	4,118,145

9.2 PRIOR PERIOD ADJUSTMENT

As a result of the Authority's adoption of the amendment to FRS 17 Retirement Benefits, quoted securities held as assets in the defined benefits pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £5,839,000 to £5,780,000, a decrease of £59,000, resulting in an increase of the pension deficit of £59,000 to (£1,793,000). Current and prior year surplus have been unaffected by this change. The authority has decided that this is a change in accounting policy with a material amendment to the Balance Sheet balances as at 31 March 2008 that needs to be adjusted for as a prior period adjustment.

Comparative figures in the Statement of Movement on the General Fund Balance and Balance Sheet have also been restated to account for the inclusion for the Vehicle and Equipment Replacement Reserve (previously Asset Management Fund) within the General Fund Balance rather than in a separate reserve as in prior years, additionally elements of reserves have been reclassified between the Partnerships Project Reserve and Earmarked Revenue reserves. The Authority has decided that these are significant amendments which require restatement as a prior period adjustment. Further prior period adjustments relating to previous year over-depreciation of two items of Land & Buildings have been accounted for through amendments to Land & Buildings and the Capital Adjustment Account.

Extract From Balance Sheet

31 March 2008 before Adjustment £000's	31 March 2008 £000's		31 March 2009 £000's
8,190,485	8,325,717	Land & Buildings	7,693,649
8,343,929	8,479,161	Capital Adjustment Account	7,852,629
(1,734,000)	(1,793,000)	Pension Liability	(2,687,000)
(1,734,000)	(1,793,000)	Pension Reserve	(2,687,000)
339,927	565,191	Partnership Projects Reserve	638,312
1,366,248	1,140,984	Revenue – Earmarked Reserve	1,316,132
(74,805)		Asset Management Fund	
301,306	226,501	General Fund	423,897
8,790,411	8,866,643	Total Net Worth	7,802,812

Extract From Statement of Movement on General Fund Balance

31 March 2008 before Adjustment £000's	31 March 2008 £000's		31 March 2009 £000's
(254,809)	(184,914)	Brought forward at 1 April	(226,501)
(25,000)	(25,000)	Adjustments with other Reserves	(124,700)
(21,496)	(16,587)	Net (Surplus)/Deficit for Financial Year	(15,196)
(301,305)	(226,501)	Carried Forward at 31 March	(423,897)

9.3 PUBLICITY AND ADVERTISING

The Authority is required to publish expenditure on publicity under Section 5 of the Local Government Act 1986 which is as follows:

2007/08 £		2008/09 £
39,937	Advertising Staff Vacancies	31,910
10,452	Other Advertising and Publicity	12,524
50,389	TOTAL	44,434

9.4 EMPLOYEE REMUNERATION

The number of employees whose remuneration fell in each £10,000 bracket over £50,000 was:

2007/08		2008/09
-	£50,001 - £60,000	1
-	£60,001 - £70,000	-
1	£70,001 - £80,000	-
-	£80,001 - £90,000	1

9.5 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 2009 is a liability of £2,687,000 (2007/08, £1,734,000 as restated) 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.

Change of accounting policy

Under the 2008 SORP the Authority has adopted the amendment to FRS 17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefits pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of scheme assets at 31 March 2008 has been restated from £5,839,000 to £5,780,000, a decrease of £59,000, resulting in an increase of the pension deficit of £59,000. Current and prior year surplus have been unaffected by this change.

(i) Principle assumptions used by the actuary	31 March 2009	31 March 2008	
Expected Return on assets:			
Equities	7.3%	6.9%	
Gilts	4.0%	4.3%	
Bonds	6.5%	6.6%	
Property	6.4%	5.9%	
Cash	3.0%	5.0%	
Mortality Assumptions:			
Life expectancy from age 65(years) retiring today – Males	19.76 years		
Life expectancy from age 65(years) retiring today – Females	22.46 years		
Life expectancy from age 65(years) retiring in 20 years – Males	20.42 years		
Life expectancy from age 65(years) retiring in 20 years – Females	23.10 years		
Financial Assumptions:			
Price Increases	3.0%	3.7%	
Rate of increase in salaries	4.5%	5.2%	
Rate of increase in pensions	3.0%	3.7%	
Rate for discounting scheme liabilities	6.7%	6.6%	
Take-up option to convert annual pension into retirement lump sum	50%	50%	
(ii) Balance Sheet Disclosure as at 31 March 2009			
	31 March 2009	31 March 2008	31 March 2007
	£ 000's	£ 000's	£ 000's
Present Value of Funded Obligation	6,730	7,357	8,358
Fair Value of Scheme Assets (bid value)	4,240	5,780	6,407
Net Liability	2,490	1,577	1,951
Present Value of Unfunded Obligation	197	216	274
Net Liability in Balance Sheet	2,687	1,793	2,225
(iii) I&E Account Costs for the year to 31 March 2009			
The Amounts recognised in the I&E account are:	£ 000's	£ 000's	
Current service cost	366	294	
Interest on obligation	501	456	
Expected return on Scheme assets	(373)	(424)	
Past service cost	33	-	
Losses (gains) on curtailments and settlements	-	90	
Total	527	416	
Actual return on Scheme assets	(1,529)	(467)	
(iv) Asset and Benefit Obligation Reconciliation for the year			
Reconciliation of opening & closing balances of the present value of the defined benefit obligation	£ 000's	£ 000's	
Opening Defined Benefit Obligation	7,572	8,633	
Service Cost	366	294	
Interest Cost	501	456	
Actuarial losses (gains)	(1,228)	(1,684)	
Losses (gains) on curtailments	-	90	
Estimated benefits paid (net of transfers in)	(413)	(298)	
Past service cost	33	-	
Contributions by Scheme participants	115	99	
Unfunded pension payments	(19)	(18)	
Closing Defined Benefit Obligation	6,927	7,572	

Reconciliation of opening & closing balances of the fair value of Scheme assets	31 March 2009	31 March 2008
	£ 000's	£ 000's
Opening fair value of Scheme assets	5,780	6,407
Expected return on Scheme assets	373	424
Actuarial gains (losses)	(1,902)	(1,146)
Contributions by employer (including unfunded benefits)	307	312
Contributions by Scheme participants	115	99
Estimated benefits paid including unfunded benefits	(432)	(316)
Fair value of Scheme assets at end of period	4,240	5,780

Reconciliation of opening & closing balances surplus	31 March 2009	31 March 2008
	£ 000's	£ 000's
Surplus/(Deficit) at beginning of the year	(1,793)	(2,225)
Current Service Cost	(366)	(294)
Employer Contributions	288	294
Unfunded pension payments	19	18
Past Service Costs	(33)	-
Other Finance Income	(128)	(32)
Settlements/Curtailments	-	(90)
Actuarial gain/loss	(674)	538
Surplus/(Deficit) at end of the year	(2,687)	(1,793)

(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	6,779	6,927	7,079
Projected Service Cost	282	293	304
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present Value of Total Obligation	6,655	6,927	7,202
Projected Service Cost	278	293	309

(vi) Statement of total recognised gains & losses	31 March 2009	31 March 2008
	£ 000's	£ 000's
Actual Return less expected return on pension scheme assets	(1,902)	(891)
Experience gains and losses	-	(35)
Changes in assumptions underlying the present value of the scheme liabilities	1,228	1,464
Actuarial gain/(loss) in pension scheme recognised in STRGL	(674)	538

(vii) Scheme history	Year to	Year to	Year to	Year to	Year to
Amounts for the current and previous 4 periods	March 2009	March 2008	March 2007	March 2006	March 2005
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Defined Benefit Obligation	(6,927)	(7,572)	(8,633)	(8,260)	(6,970)
Scheme assets	4,240	5,780	6,407	5,544	4,237
Surplus/Deficit	(2,687)	(1,793)	(2,225)	(2,716)	(2,733)
Experience adjustments on scheme assets	(1,902)	(1,146)	342	760	-
Experience adjustments on scheme liabilities	-	220	-	-	-

For consistency assets have been shown at bid price (estimated where necessary) for the periods prior to 31 March 2009. The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £2,687,000 has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in the overall balance of £7,802,812.

9.6 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 2008/09 were £8,306 (2007/08 - £6,922) with an outstanding balance of £2,305 at 31.03.09 (£nil at 31.03.08)

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.

9.7 MEMBERS ALLOWANCES

Allowances paid to members were made up as follows:

2007/08		2008/09
£		£
29,681	Special Responsibility Allowance	32,317
40,878	Basic Allowance	43,291
16,656	Allowance for mileage	31,365
87,215	TOTAL	106,973

9.8 MOVEMENT OF FIXED ASSETS

£	Land & Buildings (as restated)	Intangible Assets	Vehicles Plant & Equip	Total
£	£	£	£	£
Balance 01.04.08	8,325,717	6,287	328,336	8,660,340
Additions (see note 9.9 below)	-	-	79,009	79,009
Disposals	(501,640)	-	-	(501,640)
Depreciation	(130,428)	(3,144)	(151,246)	(284,818)
Balance 31.03.09	7,693,649	3,143	256,099	7,952,891

The disposal of £501,640 represents the surrender of leases to the National Trust for Car parks and toilets at Allerford, Bossington and Horner on the 25th May 2008.

9.9 CAPITAL EXPENDITURE IN 2008/09

ITEM	Amount £	Revenue * £	Financed By	Reserves
			Capital Receipts £	£
Landrover x3	23,274	23,274	-	-
Minibus	6,225	6,225	-	-
Autotrek Saw Mill	39,970	39,970	-	-
Photocopier	9,540	9,540	-	-
Total	79,009	79,009	-	-

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

9.10 STOCKS

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

31 March 2008		31 March 2009
£		£
15,536	National Park Centres	15,417
91,129	Central Warehouse	94,060
106,665	TOTAL	109,477

9.11 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 £2,534,231 on 31 March 2009 compared with £2,093,788 as at 31 March 2008.

9.12 DEBTORS AND PAYMENTS IN ADVANCE

31 March 2008		31 March 2009
£		£
103,055	Sales Ledger	57,760
44,974	Government Debtors	22,367
103,801	Year End Accruals	83,488
6,971	Payments in Advance	89,248
83,849	Accrued interest	47,889
342,650	TOTAL	300,752

9.13 CASH AND BANK

31 March 2008		31 March 2009
£		£
(70,109)	Receipts Bank Account	(12,764)
23,748	Payments Bank Account	(51,568)
2,784	Giro Bank Account	1,565
4,352	Imprest Accounts	1,545
(39,225)	TOTAL	(61,222)

9.14 CREDITORS AND RECEIPTS IN ADVANCE

31 March 2008		31 March 2009
£		£
(349,176)	Sundry Creditors – Revenue Only	(276,798)
(2,300)	Receipts in advance	(6,578)
(11,206)	Exmoor Publications Partnership	-
(362,682)	TOTAL	(283,376)

The item Exmoor Publications Partnership was moved from creditors to Partnership Reserves during 2008/09 as a result of 2007/08 External Audit recommendations.

9.15 PAYMENTS UNDER LEASES

Payments in 2008/09 in respect of Land and Buildings amounted to £1,974 (2007/08 - £ 2,210) - and for vehicles and equipment £5,770 (2007/08 - £11,540). The Authority is committed to making the following annual payments under leases expiring as follows:

Expiry	Land & Buildings: £
Within 1 yr.	240
2 – 5 Years	25
More than 5 years	2,026

9.16 MOVEMENT OF CAPITAL ACCOUNTS

	Capital Adjustment Account as restated £	Revaluation Reserve £	Government Grant Deferred £	Total £
Balance 01.04.08	8,479,161	39,286	141,893	8,660,340
Fixed Assets Disposed of During year	(501,640)	-	-	(501,640)
Fixed assets financed during year	79,010	-	-	79,010
Depreciation	(203,902)	(1,964)	(78,952)	(284,818)
Balances 31.03.09	7,852,629	37,322	62,941	7,952,892

9.17 MOVEMENT ON RESERVES

	Partnership Projects as restated £	Major Projects £	Revenue Earmarked as restated £	General Fund Balance as restated £	Total £
Balance 01.04.08	565,191	208,520	1,140,984	226,501	2,141,196
Transfers from reserves	(76,051)	-	(123,009)		(199,060)
Transfers to reserves	149,172	13,000	422,857	57,500	642,529
Surplus for year				15,196	15,196
Transfers to general fund	-	-	(124,700)	124,700	-
Balance 31.03.09	638,312	221,520	1,316,132	423,897	2,599,861

The balance on Partnership Projects includes £11,206 in respect of Exmoor Publications Partnership which was moved from creditors to Partnership Reserves during 2008/09 as a result of 2007/08 External Audit recommendations. The General Fund balance includes the transactions and balances of the Vehicle and Equipment Replacement Fund which were recorded separately in 2007/08.

9.18 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.

9.19 AUDIT FEE NOTE

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

2007/08	Details of Services	2008/09
£		£
14,738	External audit services under the Code of Audit Practice	18,550
nil	Other Services	nil

9.20 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	2007/08	2008/09
	£	£
Cash at Bank	30,884	3,110
Debtors	335,679	211,504
Short Term Investments (less than 12 months)	2,093,788	2,534,231
Financial Liabilities	2007/08	2008/09
	£	£
Bank Overdraft	(70,109)	(64,332)
Creditors	(351,476)	(283,376)

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	2007/08	2008/09
	£	£
Interest Income	141,482	137,004

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

9.21 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 has no plans to borrow 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.

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 involves 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 the year ended 31 March 2009 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 for staff whilst the model code has been adopted an update from Government is awaited
- 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 review and development process is in place which also identifies training 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:

- standing orders, the scheme of delegation and financial regulations which were reviewed, updated and approved during 2007
- 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 auditors appointed by the Audit Commission.
- annual reports 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 via Somerset County Council from the South West Audit Partnership. An annual work programme is agreed with the

Chief Finance Officer and the internal auditors produce an annual report covering their activities.

- the continuing implementation and review of the Improvement Plan which emanated from the performance assessment carried out during 2005/06
- the completion of a staffing complement review, an asset management review, a review of the management of the Authority's herds of Exmoor ponies, with reviews currently underway for legal services and field services.

10.4.3 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

10.5. Significant governance issues


10.5.1 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 been independently validated by the internal and external auditors.


10.5.2 During 2009/10 the Authority will be:

- considering the adoption of an updated Code of Corporate Governance
- continuing to oversee progress in achieving the Management Plan targets and the accountability of the Authority and other lead organisations through a National Park Management Plan Implementation Board
- continuing with individual members performing the role of 'Lead Member' in respect of specified Management Plan subject areas
- considering a member development review that has been carried out including an updated member job description and member performance
- adopting revised contract standing orders and will be reviewing the standing orders and the scheme of delegation and the financial regulations
- introducing performance standards in the staff performance development review process
- completing a Partnership review now that the adopted National Park Management Plan is being implemented which has now brought together a wide variety of partners identified as lead organisations committed to achieving the targets for the National Park
- developing the customer service standards and culture
- completing the review of the security arrangements for Information Technology including business continuity
- completing the service reviews into legal services and the deployment of the field services team
- introducing service plans for all the essential services that the Authority provides.

10.5.3 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


W.J. Dyke
Chairman

Date

3/3/2009



11. INDEPENDENT AUDITOR'S REPORT