

STATEMENT OF ACCOUNTS**2006/07****CONTENTS**

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STATEMENT OF ACCOUNTS 2006/07**1. STATEMENT OF RESPONSIBILITIES****1.1 The Authority's Responsibilities**

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority that Officer is the Chief Finance Officer,
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts.

1.2 The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice ('the Code'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31st March 2007.

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 Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

1.3 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 2007

C W Burrows

Chief Finance Officer: Date: 25 September 2007.

1.4 Approved by Exmoor National Park Authority:

This Statement of Accounts was approved by resolution of the Resources Committee on 25 September 2007.

M A Collins

Chairman: Date: 25 September 2007

STATEMENT OF ACCOUNTS 2006/07

2. STATEMENT OF INTERNAL CONTROL

2.1 Scope of Responsibility

2.1.1 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. Exmoor National Park Authority also has a duty under the Local Government Act 1990 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.

2.1.2. In discharging this overall responsibility Exmoor National Park Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise the Authority's functions and which includes arrangements for the management of risk.

2.2 The Purpose of the System of Internal Control

2.2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable 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, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

2.2.2 The system of internal control has been in place at Exmoor National Park Authority for the year ended 31 March 2007 and up to the date of approval of the annual accounts.

2.3 The Internal Control Environment

2.3.1 The key elements of the internal control environment include:

Policy & Leadership

- A Scheme of Delegation which sets out the functions of the Authority and the powers delegated to Committees and the Chief Executive.
- A Resources Committee with delegated responsibility for Personnel, Finance (including risk management) and Performance Management.
- A National Park Management Plan which is a 5 year plan for Exmoor. The Plan for 2007-2012 was adopted by the Authority in April 2007 following extensive consultation in 2006/7.
- A Corporate control framework including standing orders, contract standing orders and financial regulations.
- An annual Business Plan (BVPP) which underpins the operation of the Authority and sets out its aims, objectives and forecasts and reports on past performance.
- Committee papers that are linked to business plan objectives.
- A Management Team comprising Chief Executive and Heads of Sections which meets regularly.

Compliance

- Codes of conduct are in place for members and staff.
- A Standards Committee to monitor high standards of conduct by Authority members.
- Effective external audit services with an annual report to members covering the Annual Accounts, Best Value Performance Plan and Use of Resources.
- Effective internal audit services with reports to management including agreed action plans to address any issues raised, and an annual report to members.
- Complaints procedures and whistle-blowing policy are in place for members of the public or staff to raise concerns.
- Solicitor and Monitoring Officer has a statutory responsibility to ensure the legality of transactions, activities and arrangements the Authority enters into.

Performance management

- Priorities workshops involving staff and members are held each year to assist in the effective allocation of resources.
- Work Programme and Improvement Plan regularly monitored and reported to members.
- Training and induction programmes carried out for members.
- Staff Review and Development process in place for members of staff.

Financial Management

- Chief Finance Officer as Section 151 Officer has a statutory responsibility to ensure the Authority's financial affairs are properly undertaken and suitably safeguarded from loss.
- The Resources Committee has delegated responsibility for controlling finances, making proper arrangements for the administration of financial affairs, and approving the Statement of Accounts.
- A Medium Term Financial Plan for the period 2007/08 and 2011/12 is in place to enable the Authority to prioritise future spending within available resources.
- Comprehensive budget setting and monitoring systems are in place.
- Regular reviews of financial and other performance are carried out against the forecasts.
- Committee papers highlight financial and risk implications.

Risk Management

- A risk management strategy and risk register including public safety, which is monitored and updated annually.
- A Business Continuity plan.
- An effective Health, Safety & Welfare policy including a culture of continuous risk assessment.

2.4 Review of Effectiveness

- 2.4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment, also by comments made by the external auditors and other review agencies.

2.4.2 The main processes that are applied in maintaining and reviewing the effectiveness of the system of internal control are:

- External audit gave unqualified opinions on the 2005/06 Annual Accounts, Use of Resources, and Best Value Performance Plan.
- Internal audit reports issued during the year covering payroll and creditor payments, Sustainable Development Fund and Pinkery Outdoor Centre concluded that overall control framework and compliance with that framework were effective.
- A risk management strategy and risk register were approved in the year, and the only item which appeared below the 'risk frontier', the need for a business continuity plan, has now been addressed.
- The improvement plan produced as a result of the NPA Performance Assessment in 2005/06 has been regularly monitored, updated and reported to members.
- The Scheme of Delegation, Standing Orders and Financial Regulations were reviewed, updated and approved by the Authority in 2007.
- Value for money reviews have been undertaken for Education Services including the Pinkery Centre, Staffing Complement and the National Park Centres. A review has also commenced on Asset Management.

2.5 Significant Internal Control Issues

2.5.1 In general the internal control systems operating within the Authority are working effectively and have been independently validated by the internal and external auditors.

2.5.2 During 2007/08 the Authority will be:

- Continuing to implement the Improvement Plan that has been approved, reviewed and periodically updated following the performance assessment carried out during 2005/06.
- Completing the review and update of Contract Standing Orders.
- Completing the Asset Management Review.
- Developing a partnership strategy.
- Reviewing the local Code of Corporate Governance.
- Completing a review of the security arrangements for Information Technology including the adoption of a security policy in conjunction with a number of Devon local authorities.

2.6 Certification

2.6.1 We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

Nigel Stone
Chief Executive

Steven Pugsley
Chairman

June 2007

STATEMENT OF ACCOUNTS 2006/07

3. FOREWORD

- 3.1 These Accounts have been prepared in accordance with the “Code of Practice” on Local Authorities Accounting in the United Kingdom: A Statement of Recommended Practices 2006 (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and conform to Statements of Standard Accounting Practice (SSAPs) where these are applicable to local authorities except where specific mention is made.
- 3.2 In 2006/07 the impact of the revised SORP requires the re-statement of the 2005/06 Accounts in order to aid comparison and has resulted in a number of prior period adjustments in relation to the removal of capital financing charges and the calculation of the gain or loss on the disposal of fixed assets
- 3.3 The Authority’s Accounts for the year ended 31 March 2007 are set out on pages 12 to 17 and are supported by the Statement of Accounting Policies which follow this Foreword and the Auditor’s Report. The Accounts also include at Section 12 Notes to the Statements (pages 18 to 23) to assist understanding.
- 3.4 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 2006/07 the Authority received:
- a national park grant of £3,725,466 which includes an amount of £200,000 for a Sustainable Development Fund
 - A planning delivery grant of £254,408 from the Department for Communities and Local Government
 - a grant of £91,542 from the South West Regional Development Agency for a Sustainable Development Fund
- 3.5 The Statement of Accounts includes:
- Income and Expenditure Account (page 12): this shows the cost of providing services across the functional heads and how these services were financed from generated income and from national park grant
 - Statement of Movements on the General Fund (page 13): this shows the adjustments necessary to comply with accounting standards to determine the (surplus)/deficiency for the year to be added to the General Fund
 - Statement of Recognised Gains and Losses (page 13): 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 14): this details the assets and liabilities of the Authority at 31 March 2007
 - Statement of Movements in Reserves (page 15): this sets out the movements during the year for the reserves of the Authority
 - Cash Flow Statement (page 16): this summarises the movement of cash arising from all the activities of the Authority

3.6 The Authority sets an annual balanced budget based on the National Park Grant, and any additional Government Grants and the estimated income for 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 £29,922 which has been added to the General Fund. A planned transfer of £47,059 was also made during the year and a review of the reserves held resulted in a further transfer to General Fund of £97,269. Additionally the Authority made an important property purchase of £238,900 from the General Fund. The balance on the General Fund at 31 March 2007 is £254,809.

STATEMENT OF ACCOUNTS 2006/07**4. INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXMOOR NATIONAL PARK AUTHORITY****Opinion on the financial statements**

We have audited the financial statements of Exmoor National Park Authority for the year ended 31 March 2007 under the Audit Commission Act 1998, which comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the 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 financial statements have been prepared under the accounting policies set out within them.

This report is made solely to 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 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority or its Members as a body, or our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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

We report to you our opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

We review whether the statement on internal control reflects compliance with CIPFA's guidance 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' issued in April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

We read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that

the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Authority as at 31 March 2007 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 to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s Responsibilities

We are 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 us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, we are 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 ending 31 March 2007 except that it did not put in place arrangements for the management of its asset base.

Best Value Performance Plan

We issued our statutory report on the audit of the authority’s best value performance plan for the financial year 2006/07. We did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

Certificate

We certify that we 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.

Signature..... Date.....

Name: Grant Thornton UK LLP. Address: 10 Queen Square, Bristol. BS1 4NT

STATEMENT OF ACCOUNTS 2006/07**5. STATEMENT OF ACCOUNTING POLICIES****5.1 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
	Open Market Values
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 Fixed Asset Restatement Account. Arrangements will be made for the next review to be carried out at 1 April 2009. There are no material changes to the value of land and buildings since the last valuation,

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.

5.2 Basis of Depreciation Provisions

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.

5.3 Nature of Funds

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

- the Fixed Asset Restatement Account represents the difference between the current assessed value and the historical cost of acquiring fixed assets;
- the Capital Financing Account represents capital expenditure financed from revenue, capital reserves, capital grants, capital contributions and debt redeemed. The Authority has no outstanding debt;
- 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 Asset Management Fund in an internal leasing arrangement providing vehicles and equipment to service areas utilising the balances held in reserves.
- the General Fund Reserve is the sum set aside to meet unforeseen contingencies and provide working capital.

5.4 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.

5.5 Basis of Valuation of Stocks

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

5.6 Allocation of Support Service Costs

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

5.7 Best Value Accounting Practice

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.

5.8 Retirement Benefits

The Statement of Recommended Practice (the SORP) requires the full recognition of Financial Report Standard 17 (FRS17) Retirement Benefits. As a participating employer of the Somerset County Council Fund included in the Statement of Accounts is a recognition of the net asset/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 12: Notes to the Statements (Paragraph 12.4). The net liability at 31 March 2007 was £2,161,000 and this has to be set against the context of the overall net worth of the Authority of £8,508,537.

STATEMENT OF ACCOUNTS 2006/07
6 INCOME AND EXPENDITURE ACCOUNT

<u>Restated</u> <u>2005/06</u> Net Expenditure £	<u>2006/07</u> Income £	<u>2006/07</u> Expenditure £	<u>2006/07</u> Net Expenditure £
598,247 Conservation of Natural Environment	(353,964)	943,269	589,305
171,627 Conservation of Cultural Heritage	(121,501)	258,016	136,515
516,147 Recreation Management	(159,391)	727,620	568,229
686,620 Promoting Understanding	(160,768)	832,544	671,776
21,049 Traffic & Transport	(13,396)	17,442	4,046
871,825 Rangers, Estate Team & Volunteers	(65,503)	921,499	855,996
486,953 Development Control	(71,020)	561,034	490,014
346,845 Policy And Community	(92,227)	580,130	487,903
158,859 Corporate Management	(25,938)	407,110	381,172
Non Distributed Costs - Pensions		68,000	68,000
3,858,172 Cost of Services	(1,063,708)	5,316,664	4,252,956
(97,005) Investment Income			(107,945)
60,000 Pensions Interest Cost and Expected Return On Pensions Assets			24,000
3,821,167 Net Operating Expenditure			4,169,011
(3,817,331) Government Grants			(4,071,416)
3,836 (Surplus) / Deficit For Year			97,595

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STATEMENT OF MOVEMENTS ON THE GENERAL FUND

2005/06 £		2006/07 £
3,836	(Surplus) / Deficit for year on Income and Expenditure	97,595
	<u>Amounts included in Income and Expenditure Accounts but required to be excluded:-</u>	
(200,673)	Depreciation and Impairment of Fixed Assets	(201,006)
(165,045)	Government Grants Deferred Amortisation	(165,347)
0	Net gain of sale of fixed assets	
(380,000)	Net charges for retirement benefits in accordance with FRS 17	(412,000)
(741,882)		(680,758)
	<u>Amounts not included in Income and Expenditure Accounts but required to be included:-</u>	
1,507	Capital expenditure charged in year	50,480
250,000	Employer's contributions payable to Somerset Pension Fund and retirement benefits payable to pensioners	236,000
(490,375)		(394,278)
	<u>Transfers to or from General Fund Balance:-</u>	
464,065	Net Transfer to / (from) earmarked reserves	364,356
(26,310)		(29,922)
(133,459)	Brought forward at 1 April	(319,459)
(26,988)	Planned Transfer from Reserve	(47,059)
(132,702)	Adjustments with other Reserves	(97,269)
0	Purchase of Property	238,900
(319,459)	Carried forward at 31 March	(254,809)

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STATEMENT OF RECOGNISED GAINS AND LOSSES

2005/06 £		2006/07 £
3,836	Deficit for year on the Income and Expenditure Account	97,595
(160,000)	Actuarial Losses / (Gains) on the Pension Fund Assets and Liabilities	(675,000)
(3)	Rounding	3
(156,167)	Loss / (Gain) in Total Equity	(577,402)

STATEMENT OF ACCOUNTS 2006/07
9. BALANCE SHEET

As At 31 March 2006			As at 31 March 2007
£			£
	FIXED ASSETS		
	- TANGIBLE		
8,272,524	Land & Buildings	(see Note 12.5)	8,331,311
545,703	Vehicles & Plant		445,200
<u>8,818,227</u>			<u>8,776,511</u>
	- INTANGIBLE		
12,575	Software Licences		9,431
<u>8,830,802</u>	<i>Total Fixed Assets</i>		<u>8,785,942</u>
	CURRENT ASSETS		
112,418	Stocks	(see Note 12.7)	94,473
2,264,853	Short Term Investments	(see Note 12.8)	1,888,857
418,569	Debtors and Payments in Advance	(see Note 12.9)	360,273
753,821	Cash & Bank	(see Note 12.10)	370,655
<u>3,549,661</u>	<i>Total Current Assets</i>		<u>2,714,258</u>
	CURRENT LIABILITIES		
(1,789,328)	Creditors and receipts in advance	(see Note 12.11)	(395,322)
<u>0</u>	Bank Overdrawn	(see Note 12.10)	<u>(435,341)</u>
<u>(1,789,328)</u>			<u>(830,663)</u>
10,591,135	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,669,537</u>
(2,660,000)	Pension Liability	(see Note 12.4)	(2,161,000)
<u>7,931,135</u>	TOTAL ASSETS LESS LIABILITIES		<u>8,508,537</u>
5,893,410	Fixed Asset Restatement Account		5,893,410
2,480,081	Capital Financing Account		2,603,712
457,311	Government Grant Deferred		288,820
(2,660,000)	Pension Reserve		(2,161,000)
234,840	Partnership Projects Reserve		320,635
37,520	Major Projects Reserve		102,520
1,223,424	Revenue - Earmarked Reserves		1,275,526
(54,910)	Asset Management Fund		(69,895)
319,459	General Fund Reserve		254,809
<u>7,931,135</u>	TOTAL EQUITY		<u>8,508,537</u>

STATEMENT OF ACCOUNTS 2006/07
10. STATEMENT OF MOVEMENT IN RESERVES

	Fixed Asset Restatement	Capital Financing	Pension Reserve	Partnership Projects	Major Projects	Revenue Earmarked	Asset Management	Revenue General	Total
	£	£	£	£	£	£	£	£	£
As at 1 April 2006	5,893,410	2,480,081	(2,660,000)	234,840	37,520	1,223,424	(54,910)	319,459	7,473,824
Asset Management Charge to Revenue		(23,334)					23,334		0
Charge Against Reserves							(44,198)		(44,198)
Transfer between funds					30,000	(127,268)		97,268	0
Financing of fixed assets		344,828							344,828
Depreciation Charged to revenue		(197,863)							(197,863)
Transfer to Reserves				113,382	35,000	401,590	5,879	47,059	602,910
Transfer from reserves				(27,587)		(222,217)		(238,900)	(488,704)
Pension surplus for year			499,000						499,000
Net Surplus for the year								29,922	29,922
Roundings						(3)		1	(2)
As at 31 March 2007	5,893,410	2,603,712	(2,161,000)	320,635	102,520	1,275,526	(69,895)	254,809	8,219,717

STATEMENT OF ACCOUNTS 2006/07
11. CASH FLOW STATEMENT

2005/06		2006/07
£		£
	<u>REVENUE ACTIVITIES</u>	
	Cash Outflows:	
2,560,482	Employment Costs	2,764,177
1,662,660	Other Operating Costs	3,345,696
4,223,142		6,109,873
	Cash Inflows:	
(3,416,422)	National Park Grant	(3,525,466)
(1,219,831)	National Park Grant in advance	0
(682,756)	Fees and Charges	(1,063,708)
(200,000)	SDF Grant	(200,000)
(35,585)	RDA Grant	(91,542)
(165,324)	Planning Delivery Grant	(254,408)
(5,719,918)		(5,135,124)
(1,496,776)	Net Cash (Inflow) Outflow from Revenue	974,749
	<u>RETURNS ON INVESTMENTS</u>	
	Cash Inflow:	
(97,005)	Interest Received	(107,945)
	<u>CAPITAL ACTIVITIES</u>	
	Cash Outflow:	
393,066	Acquisition of Fixed Assets	344,828
	Cash Inflow:	
(9,565)	Sale of Fixed Assets	(17,129)
(100,000)	Capital Grant - Implementing Electronic Government	0
(1,310,280)	NET CASH (INFLOW) OUTFLOW BEFORE FINANCING	1,194,503
	<u>MANAGEMENT OF LIQUID RESOURCES</u>	
477,329	Net increase (decrease) in temporary investments	(375,996)
(832,951)	NET CASH (INFLOW) OUTFLOW	818,507
	<u>RECONCILIATION OF REVENUE CASH FLOW</u>	
(26,310)	Deficit (Surplus) for the year	(29,922)
(454,500)	Contributions (to) from earmarked reserves	(347,227)
(25,001)	Contribution to internal leasing	(29,213)
97,005	Interest Received	107,945
9,565	Sale of fixed Assets	17,129
18,519	Increase (Decrease) in Stocks	(17,945)
182,023	Increase (Decrease) in Debtors etc	(58,296)
(1,296,565)	(Increase) Decrease in Creditors - Revenue	1,394,006
(1,507)	Capital expenditure funded from revenue	(61,730)
(5)	Adjustment for roundings	2
(1,496,776)		974,749

2005/06	<u>MOVEMENT IN CASH & LIQUID RESOURCES</u>	Balance as at	Balance as at	2006/07
Movement		01.04.05	31.03.06	Movement
£		£	£	£
	Movements in cash:			
832,951	Cash in hand and at bank	753,821	(64,686)	(818,507)
	Movement in Liquid Resources:			
<u>477,329</u>	Short Term Investments	<u>2,264,853</u>	<u>1,888,857</u>	<u>(375,996)</u>
<u>1,310,280</u>	Sub-Total	<u>3,018,674</u>	<u>1,824,171</u>	<u>(1,194,503)</u>

MOVEMENTS IN OTHER CURRENT ASSETS

182,023	Debtors	418,569	360,273	(58,296)
(1,296,565)	Creditors	(1,789,328)	(395,322)	1,394,006
<u>18,519</u>	Stocks	<u>112,418</u>	<u>94,473</u>	<u>(17,945)</u>
<u>(1,096,023)</u>	Sub-Total	<u>(1,258,341)</u>	<u>59,424</u>	<u>1,317,765</u>
<u>214,257</u>	Total	<u>1,760,333</u>	<u>1,883,595</u>	<u>123,262</u>

STATEMENT OF ACCOUNTS 2006/07
12. NOTES TO THE STATEMENTS
12.1 GRANT INCOME

2005/06		2006/07
£		£
3,416,422	National Park Grant - DEFRA	3,525,466
200,000	Sustainable Development Fund - DEFRA	200,000
35,585	Sustainable Development Fund - RDA	91,542
165,324	Planning Delivery Grant – Communities & Local Government	254,408
3,817,331	TOTAL	4,071,416

12.2 PUBLICITY AND ADVERTISING

The Authority is required to publish expenditure on publicity under Section 4(5) of the Local Government Act 1986 which is as follows:

2005/06		2006/07
£		£
35,612	Advertising Staff Vacancies	25,335
30,014	Other Advertising and Publicity	10,574
65,626	TOTAL	35,909

12.3 EMPLOYEE REMUNERATION

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

2005/06		2006/07
-	£50,001 - £60,000	-
1	£60,001 - £70,000	-
-	£70,001 - £80,000	1

12.4 PENSIONS

In accordance with Financial Reporting Standard No 17 (FRS17) balance sheet and funding status disclosures have to be made by the Authority as at 31 March 2007 in respect of its pension obligations under the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997. 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. The latest formal valuation of the fund was at 31 March 2004. The net pension asset for the Authority as at 31 March 2007 is a liability of £2,161,000 and the following disclosures are made.

(i) Balance Sheet Disclosure as at 31 March 2007

Assumptions	31 March 2007	31 March 2006
	% p.a.	% p.a.
Price Increases	3.3	3.0
Salary Increases	4.8	4.5
Pension Increases	3.3	3.0
Discount Rate	5.4	4.9

Proportion of employees opting to take a lump sum in 2006/07 50%

Assets (Employer)	Long Term Return at 31 March 2007 % p.a	Assets at 31 March 2007 £000's	Long Term Return at 31 March 2006 £000's	Assets at 31 March 2006 £000's
Equities	7.2%	4,650	7.3%	4,403
Gilts	4.6%	579	4.3%	418
Other Bonds	5.4%	424	4.9%	444
Property	6.2%	593	6.3%	285
Cash	5.0%	226	4.6%	50
Total	6.7%	6,472	6.8%	5,600

Net Pension Asset as at	31 March 2007 £000's	31 March 2006 £000's
Estimated Employer Assets (A)	6,472	5,600
Present Value of Scheme Liabilities	8,359	7,980
Present Value of Unfunded Liabilities	274	280
Total Value of Liabilities (B)	8,633	8,260
Net Pension asset (A)-(B)		

(ii) Revenue Account Costs for the year to 31 March 2007

Analysis of amount charged to operating profit

Amount Charged to Operating Profit	Year to 31 March 2007		Year to 31 March 2006	
	£000's	% of payroll	£000's	% of payroll
Service cost	320	19.3%	320	n/a
Past service costs	56	3.4%	-	n/a
Curtailments and settlements	12	0.7%	-	n/a
Decrease in irrevocable surplus	-	-	-	n/a
Total operating Charge (A)	387	23.4%	320	n/a

Amount Credited to Other Finance Income	Year to 31 March 2007		Year to 31 March 2006	
	£000's	% of payroll	£000's	% of payroll
Expected Return on Employer Assets	386	23.4%	320	n/a
Interest on Pension Scheme Liabilities	(410)	(24.8%)	(380)	n/a
Net Return (B)	(24)	(1.5%)	(60)	n/a
Net Revenue Account Cost (A) – (B)	411	24.9%	380	n/a

Analysis of Amount recognised in Statement of Total Recognised Gains and Losses

	Year to 31 March 2007 £000's		Year to 31 March 2006 £000's	
Actual return less expected return on pension scheme assets	342	5.3%	760	13.6%
Experience gains and losses arising on the scheme liabilities	-		-	
Changes in assumptions underlying the present value of the scheme liabilities	333		(600)	
Actuarial gain/(loss) in pension scheme	675		160	
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-		-	
Actuarial gain/(loss) recognised in STRGL	675		160	

Movement in Surplus/Deficit during the Year

	Year to 31 March 2007	Year to 31 March 2006
	£000s	£000s
Surplus/(Deficit) at beginning of year	(2,660)	(2,690)
Current service cost	(320)	(320)
Employer contributions	221	240
Unfunded pension payments	15	10
Past service costs	(56)	-
Other finance income	(24)	(60)
Settlements/Curtailments	(12)	-
Actuarial gain/loss	675	160
Surplus/(Deficit) at end of the year	(2,161)	(2,660)

History of Experience Gains and Losses

	<i>Year to 31 March 2007</i>	<i>Year to 31 March 2006</i>
	<i>£000s</i>	<i>£000s</i>
Difference between the expected and actual return on assets	342	760
Value of assets	6,472	5,600
Percentage of assets	5.3%	13.6%
Experience gains/(losses) on liabilities	-	-
Present value of liabilities	8,633	8,260
Percentage of the present value of liabilities	-	-
Actuarial gains/losses recognised in STRGL	675	160
Present value of liabilities	8,633	8,260
Percentage of the present value of liabilities	7.8%	1.9%

(iii) Asset and Liability Reconciliation for the year to 31 March 2007

Reconciliation of Liabilities

	<i>Year to 31 March 2007</i>
	<i>£000s</i>
Liability at beginning of period	8,260
Service cost	320
Interest cost	410
Employee contribution	97
Actuarial (gain)/loss	(338)
Benefits paid (net of transfers in)	(174)
Unfunded pension payments	(16)
Past service cost	56
Curtailments and settlements	12
Liability at end of period	8,632

12.5 MOVEMENT OF FIXED ASSETS	Land & Buildings £	Intangible Assets £	Vehicles Plant & Equip £	Total £
Balance 01.04.06	8,272,524	12,575	545,703	8,830,802
Additions (see note 12.6 below)	238,900	-	105,928	344,828
Depreciation	(180,113)	(3,144)	(206,431)	(389,688)
Balance 31.03.07	8,331,311	9,431	445,200	8,785,942

12.6 CAPITAL EXPENDITURE IN 2006/07

ITEM	Amount £	Revenue £	Financed By	
			Capital Receipts £	Reserves £
Valtra Tractor	31,400	22,400	9,000	
Botex Trailer	18,870	16,620	2,250	
SCAG x 2	11,460	11,460		
Land Rover WA 06 HWP	16,391			16,391
Land Rover WA06 HWO	15,502			15,502
Photocopier x 2	12,305			12,305
Blackpitts	238,900			238,900
Total	344,828	50,480	11,250	283,098

12.7 STOCKS

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

31 March 2006 £		31 March 2007 £
21,061	National Park Centres	17,233
89,909	Central Warehouse	76,715
1,448	Pinkery	525
112,418	TOTAL	94,473

12.8 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 £1,888,857 on 31 March 2007 compared with £2,264,853 as at 31 March 2006.

12.9 DEBTORS

31 March 2006		31 March 2007
£		£
177,003	Sales Ledger	119,581
26,417	Government Debtors	28,236
184,385	Year End Accruals	155,148
1,000	Payments in Advance	14,891
29,764	Accrued interest	42,417
418,569	TOTAL	360,273

12.10 CASH AND BANK

31 March 2006		31 March 2007
£		£
743,549	Receipts Bank Account	365,030
3,431	Payments Bank Account	(435,341)
831	Giro Bank Account	718
6,010	Imprest Accounts	4,907
753,821	TOTAL	(64,686)

12.11 CREDITORS

31 March 2006		31 March 2007
£		£
534,773	Sundry Creditors – Revenue Only	383,072
1,246,282	Receipts in advance	1,300
8,273	Exmoor Publications Partnership	10,950
1,789,328	TOTAL	395,322

12.12 RELATED PARTY TRANSACTIONS

In accordance with FRS8 (Related Parties) the only item which requires disclosure is that the Chairman of the Authority for 2006/07 is a Director of a Publishing Company with which the Authority conducts business. Sales by DAA Halsgrove Ltd to ENPA for 2006/07 were £16,029 (2005/06 - £34,457) with an outstanding balance of £2,032 at 31.03.07 (£217 at 31.03.06)

12.13 MEMBERS ALLOWANCES

Allowances paid to members were made up as follows:

2005/06		2006/07
£		£
28,462	Special Responsibility Allowance	30,096
44,877	Basic Allowance	47,424
22,563	Allowance for mileage	18,909
95,902	TOTAL	96,429

12.14 PAYMENTS UNDER LEASES

Payments in 2006/07 in respect of Land and Buildings amounted to £2,210 and for vehicles and equipment £18,264. The Authority is committed to making the following annual payments under leases expiring as follows:

<u>Expiry</u>	<u>Land & Buildings:</u>	<u>Vehicles, Plant & Equipment:</u>
Within 1 yr.	nil	5,043
2 – 5 Years	240	11,539
More than 5 years	1,970	nil

12.15 CONTINGENT LIABILITY

The Authority has made payments totalling £65,436 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.

12.16 AUDIT FEE NOTE

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

2005/06	Details of Services	2006/07
£		£
13,500	External audit services under the Code of Audit Practice	13,500
1,975	Certification of grant claims (estimated creditor)	1,500
nil	Other Services	nil