DARTMOOR NATIONAL PARK AUTHORITY

2011/2012

STATEMENT OF ACCOUNTS

Annual Governance Statement
&
Auditor's Report

Issued: 31 August 2012

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Explanatory Foreword

Introduction

The financial activities of Dartmoor National Park Authority (DNPA) are regulated by the general legislation applying to all local authorities, supplemented by specific guidance given in the National Park Authorities in England, Financial Grant Memorandum issued by the Department for the Environment, Food and Rural Affairs (Defra).

Our Funding is provided by Government (Defra), through the National Park Grant (NPG) and is generally for revenue purposes but also covers capital spending on vehicles, equipment and premises. The Secretary of State sets an overall spending limit for the Authority each year, net of any income from fees and charges, sales at our Information Centres, grants and contributions from other organisations and interest on investments etc.

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting (the Code) which is based on International Financial Reporting Standards (IFRS).

Accounting Policies and Comparative Information

The accounting polices on which the figures in the financial statements are related follow the financial statements (Note 1 page 13).

There is one change in approach this year which requires comment:

- Heritage assets have been identified separately and are disclosed in Note 12 (page 32). This has resulted in a prior period adjustment of £170,884 which has increased the carrying value of one asset (Uppacott) to £486,981

There are no other significant changes to the financial statements.

Economic context

The economic situation of the country, Europe and a large slice of the developed world is now well known. Reduction in public sector spending and investment is still seen as essential to reduce the budget deficit. This retrenchment is designed to set the national debt on a sustainable downward path that will restore public spending as a share of the economy to a level closer to the historical average. The possibility that the substantial challenges within the euro area will lead to significant economic and financial disruption continues to pose the greatest threat to the UK recovery.

The Comprehensive Spending Review (CSR) in October 2010 set out the Government's spending plans for the financial years 2011/12 to 2014/15. It announced that Central Government funding for Local Authority spending would reduce by 28% over four years. In real terms central government support for National Park Authority spending has contracted by 34% over the CSR period. The Government's intention is to eliminate the current budget deficit over the life of this Parliament.

CPI inflation stood at 3.5% in March 2012, down from a peak of 5.2% in September 2011. This fall reflects the effect of earlier increases in energy prices and VAT dropping out of the twelve-month inflation rate. The Bank of England's latest quarterly inflation report indicates that the prospects for inflation are uncertain. The near-term outlook is judged to be somewhat higher than expected three months ago, with inflation now likely to remain above the 2% target for the next year or so. But a gradual easing in the impact of external price pressures, together with a continuing drag from economic slack, should lead inflation to fall back to around the target.

The Bank of England responded to the recession by reducing interest rates sharply. The base rate continues to stand at 0.5% which is significantly lower than rates available before the financial crisis. Some commentators suggest that rates may not begin to rise until 2014. It is therefore unlikely that the level of investment income available to support the budget will recover in the medium term.

The Statement of Accounts is a snap shot of the Authority's financial position as at 31 March 2012. It must be seen, however, in the context of a longer run financial management strategy that meets the challenges described in this section. Relatively high inflation levels, low interest rates and a squeeze on funding create significant pressures on spending that are difficult to manage. The Authority has built up a prudent level of reserves over recent years, and this will provide some flexibility to meet these pressures over the medium term.

Financial Performance

2011/12 has been an extremely difficult year for financial planning, due to the major change agenda the Authority has had to manage in order to bring expenditure down to meet government funding reductions. During the consultations undertaken with staff during 2011/12 the strong request was to undertake the changes in one go rather than having a constant change agenda, with the uncertainty that that creates. The Authority also determined to maintain the breadth of services while acknowledging that the quality and/or quantity of services may decrease. In addition, the Authority needed to recognise the uncertainty over future Government funding, even during the current spending review period, and try and create some surplus to mitigate against further reductions and to cover the costs of redundancies in 2011/12.

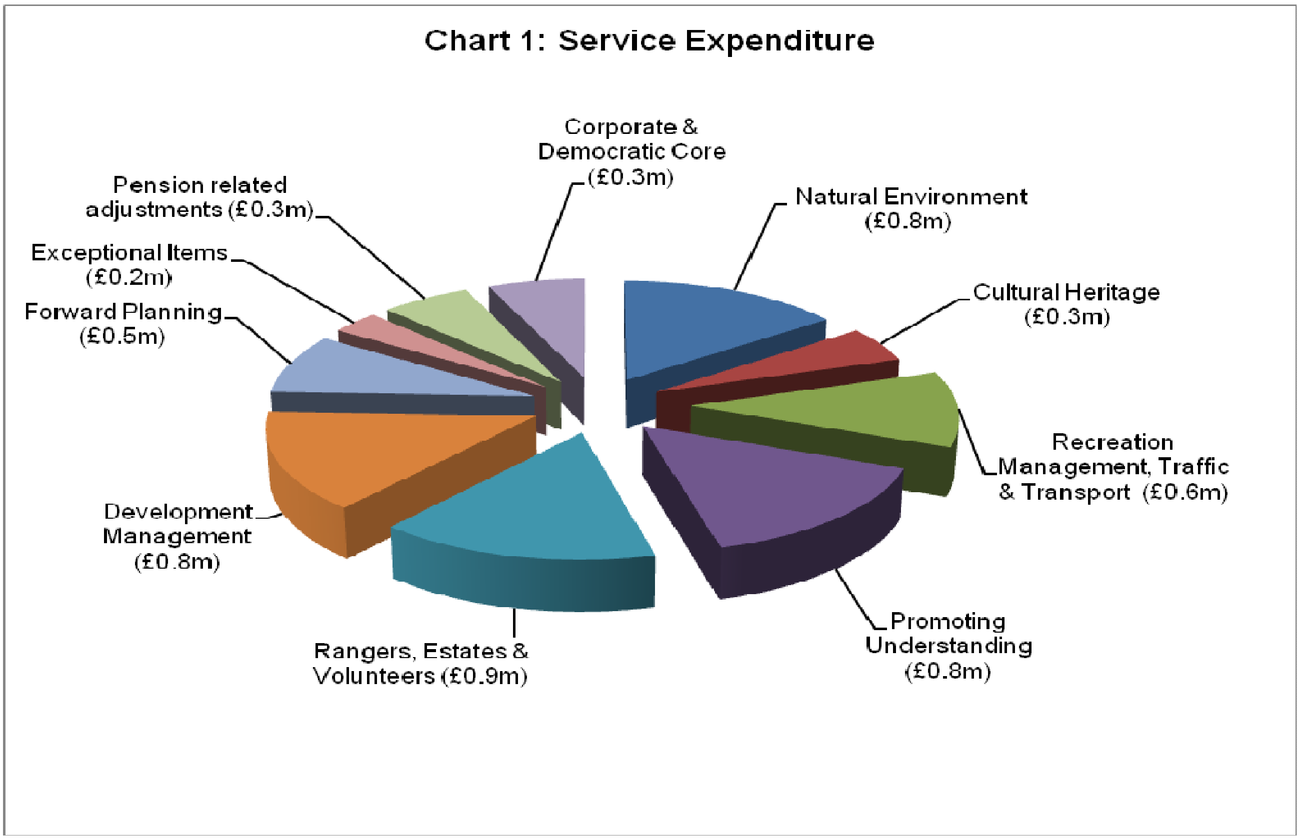
As a result, expenditure was depressed wherever possible, particularly in covering for staff absences. Although government funding for the costs of redundancies had been promised, this was through a bid process to Defra and prudence dictated that the Authority needed to be prepared for the full costs not being met. In the event, the redundancy costs were reimbursed by Defra, allowing the Authority to appropriate funds to its reserves in order to better protect its medium term financial health and provide a buffer against further reductions in funding within the CSR period.

The Audit and Governance Committee carried out a detailed review of the outturn position on 18 May 2012. The Committee endorsed the careful and prudent approach taken to financial expenditure during the year, in order to put the Authority in as strong a position as possible to withstand further budget cuts, without the need for further costly organisational change.

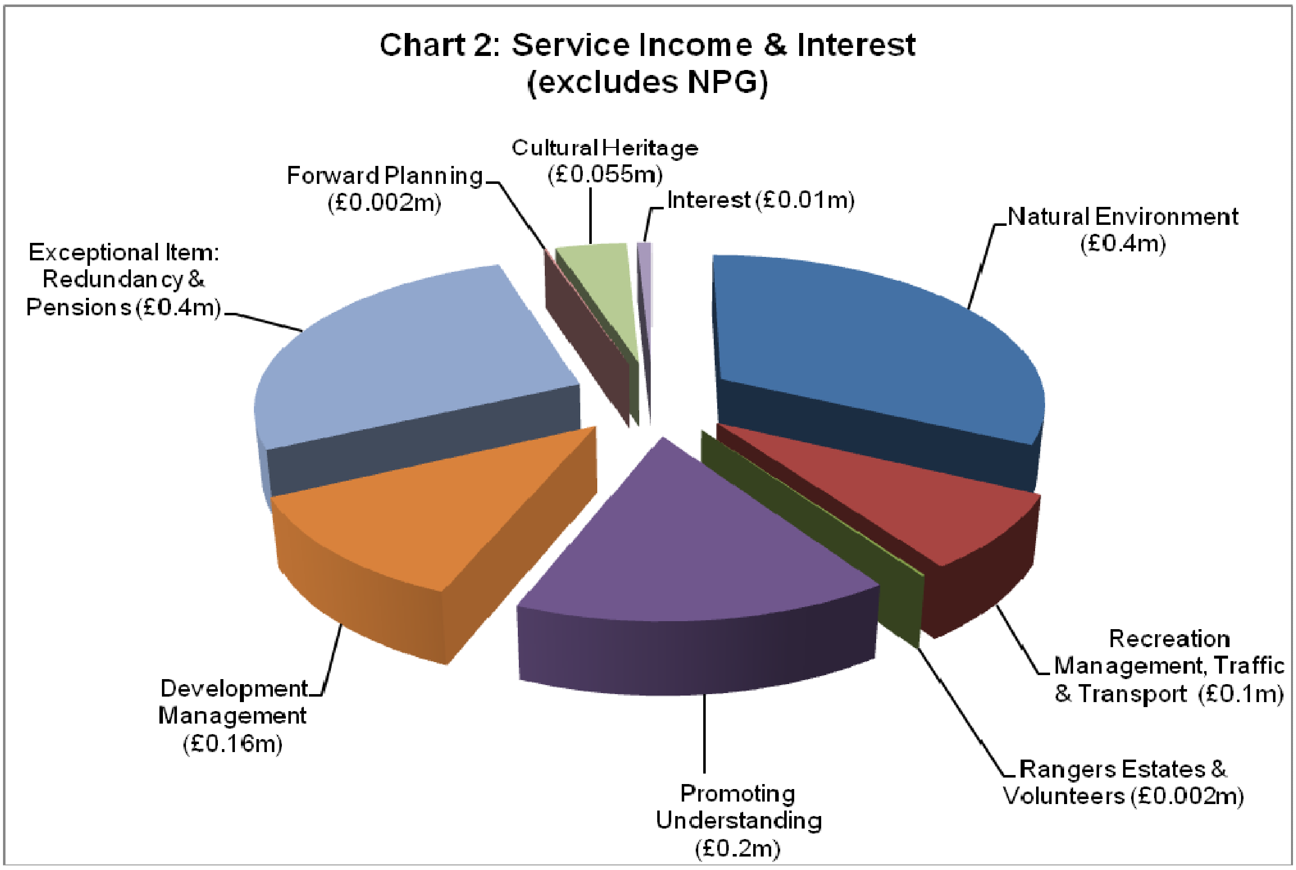
The approach taken to financial planning has also allowed the Authority to build considerable flexibility into the budget for 2012/13 to allow for planning policy changes; the examination in public of the *Development Management & Delivery Document DPD (DMD)*; implementation of the Localism Act 2011 relating to Standards; and any changes arising from the ongoing review by Government of National Park Authority governance arrangements.

Revenue Spending

The Comprehensive Income and Expenditure Statement is produced in line with the Chartered Institute of Public Finance and Accountancy's (CIPFA) (SeRCOP) and the Code. This requires a standard analysis of service expenditure, to be shown at total cost, which includes charges for capital asset utilisation, apportionments of central costs, expenditure from funds and reserves and appropriate provision for pension costs. Gross expenditure totalled £5.526 million and Chart 1 highlights spending for each Service as presented in the Comprehensive Income and Expenditure Statement (CIES).



In addition to National Park Grant (NPG) of £4.484 million, income received for the year from external grant support, sales, fees & charges and interest totalled £1.329 million. Chart 2 highlights the income for each service in (excluding NPG) as presented in the CIES.



Budget management, financial control and value for money have been given the highest priority by Members and the Leadership Team. Robust budget management and financial control of resources in-year means that the actual outturn in terms of its Management Account reporting was a Surplus of £274,224 (£56,342 surplus in 2010/11) against a net Revenue Budget of £5,330,666 (£4,696,641 in 2010/11) representing a minus 6.45% variance (minus 1.2% in 2010/11).

This figure is reconciled to the surplus shown in the Comprehensive Income and Expenditure Statement on page10 in the table below:

	31 March 2012 £000
Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement	**(287)**
Reverse amortisation, depreciation & impairment charges	(106)
Reversal of IAS19 Retirement Benefit Adjustments	(303)
Reverse employee annual leave accrual movement	5
Reverse carrying value of non-current assets disposals	(50)
Transfers to or (from) reserves per Management Accounts	281
Transfer of Defra Modernisation Fund grant to reserves to meet the cash payment to the pension fund in April 2012	186
Revenue Budget Surplus (As reported in Management Accounts)	**(274)**

General and Earmarked Reserves
The Authority brought forward reserve balances totalling £1.38 million on 1 April 2011 and utilised a total of £0.135 million during the year. At the end of the year the Authority approved appropriations to earmarked reserves of £0.867 million which has resulted in a closing balance of £2.12 million. The Movement in Reserves Statement on page 9 and Note 7 on page 29 details the movements in year.

The General Reserve, which is included in the total above stands at £300,000 (£300,000 in 2010/11) which equates to approximately 7% of the 2012/13 Net Budget Requirement and is the minimum level that the Authority has determined must be retained.

In aggregate, the level of reserves and balances held is regarded as sufficient to meet current needs and to provide some assurance that unforeseen risks and emergencies can be managed.

Capital Spending
The Capital Assets of the Authority includes: Land, Buildings, Community Assets, Heritage Assets, Intangibles, Vehicles, Plant and Equipment. The total carrying value in the Balance Sheet as at 31st March 2012 was £2.624 million (£2.780million in 2010/11). The last full valuation of the Authority's land and buildings portfolio took place as at 31 March 2009. The Authority did not have a capital programme this year.

Pension Scheme Assets and Liabilities
The pension liability is based on an actuarial valuation and represents the benefits that have been accrued by members of the local government pension scheme. At the end of March 2012 the liability is estimated at £20.107m, which is set against estimated assets of £12.166m. These estimates reflect the position as at 31 March 2012 and the conditions and actuarial assumptions prevailing at that time. The situation will change, for example, with changes in the financial performance of the Pension Fund investments and changes to the provisions of the Local Government Pension Scheme.

Changes to actuarial assumptions have had a significant impact on the net pension liability included in the accounts. The biggest impact is due to the change in the discount rate used to calculate future years' liabilities. The discount rate is based on the yield from corporate bonds and inflation expectations. Although the inflation forecast used by the actuary is largely unchanged, the corporate bond yield has fallen, reflecting the prevailing economic climate. The bond yield and forecast liabilities are inversely related. As a result for 2011/12 the net liability has increased by just over £3.579m from £4.362m to £7.941m.

The pension fund deficit does not represent an immediate call on the Authority's reserves but simply provides a snapshot (at 31 March 2012), with the value of assets and liabilities changing on a daily basis. It is arguable whether the annual calculation of the pension fund deficit accurately reflects the long run position, many believe it does not. The last triennial valuation undertaken by the actuary and effective from 1 April 2011 shows a marginal improvement in funding which has allowed the Authority's pension fund contributions to remain unchanged until 2014. The next triennial valuation will take account of wide spread changes to the Local Government Pension Fund which will shortly be finalised.

Financial Statements

The financial statements and their purpose are summarised as follows:

- **Movement in Reserves Statement** (page 9) – this statement shows the movement in year for the reserves held by the Authority analysed into useable reserves (i.e. those that can be applied to either fund expenditure or reduce taxation / government grant) and other reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to and from earmarked reserves undertaken by the Authority
- **Comprehensive Income and Expenditure Statement** (page 10) – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation / government grant. National Park Authorities receive government grant and raise income to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation / government grant position is shown in the Movement In Reserves Statement
- **Balance Sheet** (page 11) – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves and are those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'
- **Cash Flow Statement** (page 12) – the Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation / grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority

Conclusion

The financial statements record that as a result of careful management of the Authority's resources a reasonable level of reserves has been maintained, leaving the Authority in a sound financial position to cope with future challenges.

The impact of the economic downturn is that a significant squeeze on public expenditure, including that for National Park Authorities, will take place at least during the next three to five years. The financial resilience of the Authority during this period will be recorded in future years' financial statements and will give a unique insight into the robustness of its financial management structures.

The achievement of such a robust financial position this year results from the painstaking effort over many months of a great many people. I would like to place on record my thanks to Members and Officers of the Authority who have done so much in what was a very difficult year and who continue to work so hard to secure the financial health of the Authority.

Mary Davis
County Treasurer
31 August 2012

Statement of Responsibilities for the Statement of Accounts

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 safeguard its assets
- Approve the Statements of Accounts

Responsibilities of the Chief Finance Officer

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 (the Code).

In preparing this Statement of Accounts the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgments and estimates that were reasonable and prudent
- Complied with the local authority Code

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Chief Finance Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2012 has been prepared in accordance with the Accounts and Audit Regulations 2011 and that it gives a true and fair view of the financial position of Dartmoor National Park Authority as at 31 March 2012 and its income and expenditure for the year ended 31 March 2012.

Signed: …………………….............. **Mary Davis, Chief Finance Officer to the Authority**

Date: 31 August 2012

Approval of the Accounts by the Authority

I confirm that these accounts were approved and authorised for issue by Members of the Authority at the meeting held on the 7 September 2012.

Signed: ……………………………. **Mr P W Hitchins, Chairman of the Authority**

Date: 7 September 2012

Movement in Reserves Statement

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

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves £000**
Balance bought forward at 31 March 2010 (Restated)	**489**	**1,484**	**11**	**1,984**	**(5,402)**	**(3,418)**
<u>Movement in reserves during 2010/11</u>						
Surplus/(deficit) on the provision of services	566	0	0	**566**	0	**566**
Other Comprehensive Income and Expenditure	0	0	0	**0**	2,639	**2,639**
Total Comprehensive Income and Expenditure	566	0	0	**566**	2,639	**3,205**
Adjustments between accounting basis and funding basis under regulations (Note 6)	(1,159)	0	(11)	**(1,170)**	1,170	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	(593)	0	(11)	**(604)**	3,809	**3,205**
Transfers to/(from) Earmarked Reserves (Note 7)	404	(404)	0	**0**	0	**0**
Increase/(Decrease) in 2010/11	**(189)**	**(404)**	**(11)**	**(604)**	**3,809**	**3,205**
Balance carried forward at 31 March 2011 (Restated)	**300**	**1,080**	**0**	**1,380**	**(1,593)**	**(213)**
<u>Movement in reserves during 2011/12</u>						
Surplus/(deficit) on the provision of services	287	0	0	**287**	0	**287**
Other Comprehensive Income and Expenditure	0	0	0	**0**	(3,276)	**(3,276)**
Total Comprehensive Income and Expenditure	287	0	0	**287**	(3,276)	**(2,989)**
Adjustments between accounting basis and funding basis under regulations (Note 6)	454	0	0	**454**	(454)	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	741	0	0	**741**	(3,730)	**(2,989)**
Transfers to/(from) Earmarked Reserves (Note 7)	(741)	741	0	**0**	0	**0**
Increase/(Decrease) in year	**0**	**741**	**0**	**741**	**(3,730)**	**(2,989)**
Balance carried forward at 31 March 2012	**300**	**1,821**	**0**	**2,121**	**(5,323)**	**(3,202)**

Comprehensive Income and Expenditure Statement

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

2010/11				2011/12		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
879	(272)	607	Conservation of the Natural Environment	830	(428)	402
400	(62)	338	Conservation of Cultural Heritage	283	(55)	228
570	(111)	459	Recreation Management and Transport	550	(108)	442
969	(194)	775	Promoting Understanding	836	(208)	628
1,061	(5)	1,056	Rangers, Estates and Volunteers	853	(2)	851
912	(137)	775	Development Management	793	(156)	637
565	(206)	359	Forward Planning & Communities	476	(2)	474
401	(4)	397	Corporate and Democratic Core	360	0	360
0	0	0	Exceptional Item: Redundancy Costs (Note 4)	183	(175)	8
500	0	500	Exceptional Item: Legal Costs (Note 4)	0	0	0
(1,639)	0	(1,639)	Exceptional Item: Pension Scheme (Note 4)	0	0	0
109	0	109	Non Distributed Costs	184	(184)	0
4,727	**(991)**	**3,736**	**Cost of services**	**5,348**	**(1,318)**	**4,030**
0		0	Other Operating Expenditure (Note 8)	50		50
314	(14)	300	Financing and Investment Income and Expenditure (Note 9)	128	(11)	117
	(4,602)	(4,602)	Taxation and Non Specific Grant Income (Note 10)		(4,484)	(4,484)
5,041	**(5,607)**	**(566)**	**(Surplus) or Deficit on Provision of Services**	**5,526**	**(5,813)**	**(287)**
		(2,639)	Actuarial (gains)/losses on pension assets and liabilities (Note 34)			3,276
		(2,639)	**Other Comprehensive Income and Expenditure**			**3,276**
		(3,205)	**Total Comprehensive Income and Expenditure**			**2,989**

Balance Sheet

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

1 April 2010 Restated £000	31 March 2011 Restated £000		Note	31 March 2012 £000	31 March 2012 £000
£000	**£000**			**£000**	**£000**
2,246	2,228	Property, Plant & Equipment	11	2,085	
487	487	Heritage Assets	12	487	
77	65	Intangible Assets	13	52	
2,810	2,780	**Long Term Assets**			**2,624**
1,600	0	Short Term Investments		0	
41	40	Inventories	16	33	
129	233	Short Term Debtors	17	699	
616	1,695	Cash and Cash Equivalents	18	1,623	
2,386	1,968	**Current Assets**			**2,355**
(21)	0	Provisions	20	(2)	
(358)	(561)	Short Term Creditors	19	(199)	
(39)	(38)	Revenue Grants Received in Advance	29	(39)	
(418)	(599)	**Current Liabilities**			**(240)**
(8,196)	(4,362)	Other Long Term Liabilities	34	(7,941)	
(8,196)	(4,362)	**Long Term Liabilities**			**(7,941)**
(3,418)	**(213)**	**Net Assets/(Liabilities)**			**(3,202)**
1,984	1,380	Usable Reserves			**2,121**
(5,402)	(1,593)	Unusable Reserves	21		**(5,323)**
(3,418)	**(213)**	**Total Reserves**			**(3,202)**

Authorised for Issue

The un-audited Accounts were issued on 26 June 2012 by Mary Davis, County Treasurer at Devon County Council, the Chief Finance Officer (Section 151 Officer) for Dartmoor National Park Authority.

The audited Accounts were authorised for issue by the Chief Financial Officer on 31 August 2012

Cash Flow Statement

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

31 March 2011 £000		Note	31 March 2012 £000
(566)	**Net (surplus) or deficit on the provision of services**		**(287)**
	Adjustments for –		
1,006	Items included in the net surplus/deficit on the provision of services for non cash movements	24	359
0	Items included in the net surplus/deficit on the provision of services that are investing and financing activities		0
440	**Net cash flows from Operating Activities**	22	**72**
(1,519)	Investing Activities	23	0
0	Financing Activities		0
(1,079)	**Net (Increase) or decrease in cash and cash equivalents**		**72**
616	Cash and cash equivalents at the beginning of the reporting period	18	1,695
1,695	**Cash and cash equivalents at the end of the reporting period**		**1,623**

Note 1. Accounting Policies

a) General Concepts

The principles and practices of accounting require a Statement of Accounts which “gives a true and fair view” of the financial position and transactions of Dartmoor National Park Authority. This is prepared with due regard to the following:

- Quality of information
- Relevance – providing financial information that is useful for assessing the stewardship of public funds
- Reliability – providing financial information that properly represents what it purports to represent, is neutral, free from material error, is complete within the bounds of materiality and which has been prudently prepared
- Comparability – is consistent and can be compared with the previous year’s activity
- Understandability – allowing the reader to interpret the financial position of the Authority
- Materiality – an item of information is material to the Financial Statements if its misstatement or omission might reasonably be expected to influence assessment of the Authority’s stewardship, economic decisions or comparison with other organisations, based on those financial statements

b) Overriding Accounting Concepts

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

c) General Principles

The Statement of Accounts has been prepared in accordance with:

- The National Park Authorities, England, Grant Memorandum (Revised) 2008;
- The Code of Practice on Local Authority Accounting in the UK 2011/12 (The Code);
- The Service Reporting Code of Practice 2011/12 (SeRCOP); and
- International Financial Reporting Standards (IFRS)

The accounting convention is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

d) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits associated with the transaction will flow to the Authority
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest payable on borrowings and receivable on investments is accounted for on the basis of effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract

- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- Where grant offers have been made by the Authority to individuals or organisations but not drawn down by the 31 March, agreement is sought from the Authority to make provision for their future payment from an earmarked reserve

e) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are short term investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. However, whilst this Authority invests its surplus cash balances for periods between three and nine months, the instrument is held to make an investment gain from favourable interest rates and not to settle its short term liabilities. Therefore, the Authority classifies this instrument as a short term investment on the Balance Sheet and not a cash equivalent.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

f) Exceptional Items

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

g) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparatives for the prior period.

The adoption of FRS30 Heritage Assets, has resulted in a change to the financial statements for 2011/12. This change is to be applied retrospectively and therefore requires the financial statements to be re-stated for 1 April 2010 and 31 March 2011.

h) Charges to Revenue for Non-Current Assets

Services and support services are debited with the following to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where no accumulated gains in the Revaluation Reserve against which the losses cannot be written off
- Amortisation of intangible non-current assets attributable to the service

The Authority is not required to use National Park Grant to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in any overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision or loans fund principal) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

i) Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or the pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable, but unpaid at year-end.

Post Employee Benefits

Employees of the Authority are members of the Local Government Pension Scheme (LGPS) administered by Devon County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) related to pay and service.

- The liabilities of the Devon County Council Pension Fund attributable to the Authority are included in the balance sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions related to items such as mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.6% (based on the yield from a high quality bond of appropriate duration i.e. the iBoxx AA 15 year Corporate Bond index)
- The assets of the Devon 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 pension liability is analysed into seven main components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income & Expenditure Statement to the services for which the employees worked
- 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 Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs
- 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 the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement
- 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 the Financing & Investment Income and Expenditure line in the Comprehensive Income & Expenditure Statement
- Gains or losses on settlement 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 or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement as part of Non Distributed Costs
- Actuarial gains and losses – changes in net pension 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 Pension Reserve
- Contributions paid to the Devon County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

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

Discretionary Benefits

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

j) Events After the Reporting Period

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

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

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

k) 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.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. As the Authority has no borrowings, the only financial liabilities are short-term creditors and these are included within the balance sheet at cost.

Financial Assets

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. The Authority has not made any loans and all investments are fixed rate and are included within the balance sheet at cost
- Available for Sale Assets – assets that have a quoted market price and /or do not have fixed or determinable payments. The Authority does not have any available for sale financial assets.

l) Foreign Currency Translation

Where the Authority has entered into a transaction in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

m) Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset (e.g. cash or property) are required to be consumed by the recipient as specified, or otherwise returned to the transferor.

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

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

When revenue grants and contributions are received with restrictions but without conditions, they are credited to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the grant or contribution has yet to be applied to finance revenue expenditure, they are reversed out of the General Fund Balance in the Movement in Reserves Statement, to an earmarked reserve.

National Park Grant (NPG)
National Park Grant is a general grant allocated by Defra directly to National Park Authorities as revenue grant. NPG is non-ring-fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

n) Heritage Assets

The 2011/12 Code introduced a change in accounting policy regarding the treatment of Heritage Assets held by the Authority. Heritage Assets are assets that are held principally for their contribution to knowledge or culture. The Code requires that the relevant standard (FRS 30 Heritage Assets) be fully adopted by the Authority in the 2011/12 financial statements and requires a new class of asset to be disclosed separately on the face of the Authority's Balance Sheet.

The adoption of FRS30 Heritage Assets, has resulted in a change to the financial statements for 2011/12. This change is to be applied retrospectively and therefore requires the financial statements to be re-stated for 1 April 2010 and 31 March 2011.

The Authority owns "Uppacott", a Grade 1(star) listed, Devon Longhouse. This property was acquired principally because of its historical and cultural value and provides an opportunity for the public to increase their knowledge, understanding and appreciation of Dartmoor's cultural heritage. The acquisition was part funded by the Heritage Lottery Fund (HLF).

Heritage Assets are recognised and measured (including the treatment of revaluations gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. "Uppacott" is reported in the Balance Sheet at insurance valuation which is based on a building re-instatement cost assessment (carried out in March 2011). Part of the property dates back to the 14th Century, and it is therefore deemed to have an indeterminate life: hence the Authority does not consider it appropriate to charge depreciation.

The Authority does not have a policy for the acquisition and disposal of Heritage Assets, the acquisition of "Uppacott" was a 'one-off' opportunity. The property is managed and preserved in accordance with the Authority's Asset Management Plan, the terms and conditions of the HLF grant and a property specific Business Plan.

The carrying amount of this Heritage Asset will be reviewed where there is evidence of impairment. Any impairment is recognised and measured in accordance with Authority's general policies on impairment (see page 21). If this property is identified for disposal in the future, it will be dealt with in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment and the terms and conditions of the HLF grant. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see pages 21 and 22).

o) Intangible Assets

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

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

Expenditure on the development of websites cannot be capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

p) Inventories

Inventories are included in the Balance Sheet at the total of the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

q) Leases

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

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

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

r) The Authority as a Lessee

Operating Leases

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

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies generally applied to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the period).

The Authority is not required to cover depreciation or revaluation and impairment losses arising on leased assets from National Park Grant. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

As the Authority only has two finance leases and the lease liability is not material for either of them, the annual lease payments are accounted for within the Comprehensive Income and Expenditure Statement as they fall due. The assets are therefore carried as Property, Plant and Equipment in the Balance Sheet, rather than as a Long Term Liability.

s) Overheads and Support Services

The costs of overheads and support services are charged to those services that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2011 (SeRCOP) and the National Parks Financial Grant Memorandum 2008. The total absorption costing principle is used. The full cost of overheads and support services are shared between users in proportion to the benefits received with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional democratic organisation; and
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SeRCOP and are accounted for as separate headings in the Comprehensive income and Expenditure Statement as part of the Cost of Services.

t) Property, Plant and Equipment

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

Recognition

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

De-minimus

Expenditure below:

- £20,000 for buildings
- £5,000 for vehicles, plant and equipment
- £20,000 for information communications technology related equipment (systems upgrades and software)

is treated as revenue expenditure and is charged to the relevant service line in the Comprehensive Income & Expenditure Statement in the year that it is incurred.

Measurement

Assets are initially measured at cost comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located

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

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

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

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

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

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

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

Assets held in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

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

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

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

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

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

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

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

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

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

Depreciation is calculated on the following bases:
- Buildings – straight line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant & Equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer

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

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

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

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

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

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

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

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

u) Provisions, Contingent Assets and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation, that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made about the amount of the obligation.

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

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

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

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

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

v) Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and employee benefits and do not represent useable resources for the Authority – these reserves are explained in the relevant policies.

w) Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the amount charged to National Park Grant.

x) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 2. Critical Judgements in applying Accounting Policies

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

- There continues to be a degree of uncertainty about future levels of funding for Local Government and National Park Authorities. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of the need to close facilities and reduce levels of service provision
- The Authority (via Defra) has an outstanding application with the EU, for retrospective approval for management agreement payments made up to 2006/07, which if refused could result in a liability for the Authority to repay government funding received in support of these payments. See Note 35 Contingent Liabilities

Note 3. Assumptions made about the future and other sources of Estimation Uncertainty

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

The items in the Authority's Balance Sheet as 31 March 2012 for which there is a significant risk of material adjustment in forthcoming financial years are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effect on the net pensions' liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £0.525m However, the assumptions interact in complex ways. During 2011/12, the Authority's actuaries advised that the net pensions' liability had increased by £0.381m as a result of estimates being corrected as a result of experience and increased by £2.895m attributable to updating of the assumptions.

Note 4. Material Items of Income and Expense

2011/12

Redundancy and Pension Strain Costs

In 2011/12 the Authority identified/made 15 people redundant at a total cost of £366,496. (See Notes 27 and 33 for further detail).

The redundancy payments and pension strain payments have been accounted for separately on the face of the Comprehensive Income and Expenditure Statement, as an Exceptional Item and as Non Distributed Costs, respectively.

The majority of these costs (£358,816) have been reimbursed by Defra from its Modernisation Fund as these redundancies were made in order to bring expenditure down to meet government funding reductions. The balance of £7,680 has been met from the subsequent salary savings made in respect of staff who left before 31 March 2012.

2010/11

Legal Costs

During 2010/11 the Authority made a payment of £500,000 in respect of a partial award of costs against it for a planning appeal Decision notice. This payment has been accounted for on the face of the Comprehensive Income and Expenditure Statement, as an Exceptional Item.

Pension Scheme

In its 2010 budget, the Government announced that, in future, the pension increase order applied to public service pension schemes' pensions in payment will be linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). The Authority's actuary, Barnett Waddingham adjusted the assumptions used to calculate the Pension Fund Liability in relation to future levels of pension increase. A past service gain of £1.639m was included as an Exceptional Item in the 2010/11 Comprehensive Income and Expenditure Statement. Note 34 provides more pension information.

Note 5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on xx xxxxxx 2012. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2011/12	**Useable Reserves General Fund**	**Useable Reserves Capital Receipts Reserve**	**Movement in Unusable Reserves**
	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non current assets	93		(93)
Revaluation losses on Property Plant and Equipment	0		0
Amortisation of Intangible Assets	13		(13)
Capital grants and contributions	0		0
Amounts of non current assets written off on disposal or sale, as part of the gain/loss on disposal	50		(50)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged to the General Fund Balance	0		0
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	0
Adjustments involving the Pension Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 34)	800		(800)
Employer's pensions contributions and direct payments to pensioners payable in the year	(497)		497
Adjustment involving the Accumulating Compensated Absence Adjustment Account:			
Amount by which remuneration charged to the Comprehensive Expenditure and Income Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)		5
Total Adjustments	454	0	(454)

2010/11 comparative figures	**Useable Reserves General Fund**	**Capital Receipts Reserve**	**Movement in Unusable Reserves**
	£000	**£000**	**£000**
Adjustments involving the Capital Adjustment Account:			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non current assets	99		(99)
Revaluation losses on Property Plant and Equipment	0		0
Amortisation of Intangible Assets	12		(12)
Capital grants and contributions	(23)		23
Amounts of non current assets written off on disposal or sale, as part of the gain/loss on disposal	0		0
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:			
Capital Expenditure charged to the General Fund Balance	(47)		47
Adjustments involving the Capital Receipts Reserve:			
Transfer of sale proceeds credited as part of the gain/loss on disposal	0	0	
Use of the Capital Receipts Reserve to finance new capital expenditure		(11)	11
Adjustments involving the Pension Reserve:			
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (Note 34)	(545)		545
Employer's pensions contributions and direct payments to pensioners payable in the year	(650)		650
Adjustment involving the Accumulating Compensated Absence Adjustment Account:			
Amount by which remuneration charged to the Comprehensive Expenditure and Income Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(5)		5
Total Adjustments	(1,159)	(11)	1,170

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or capital investment (or for the deficit of resources that the Authority is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Note 7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2011/12.

Earmarked Reserves	**Balance at 1 April 2010**	Transfers Out 2010/11	Transfers In/Within 2010/11	**Balance at 31 March 2011**	Transfers Out 2011/12	Transfers In/Within 2011/12	**Balance at 31 March 2012**
	£000	£000	£000	**£000**	£000	£000	**£000**
Budget Management Fund	733	(182)	315	866	0	719	1585
Buildings Repairs Reserve	160	(160)	0	0	0	0	0
Legal Costs Reserve	12	(12)	0	0	0	0	0
External / Match Funding Reserve	86	(7)	0	79	0	0	79
Pensions / Redundancy Reserve	42	(42)	0	0	0	0	0
Housing & Planning Delivery Grant	451	(451)	0	0	0	0	0
Grants & Contributions Reserve	0	0	135	135	(135)	157	157
Total	**1,484**	(854)	450	**1,080**	(135)	876	**1,821**

Note 8. Other Operating Expenditure

2010/11		**2011/12**
£000		**£000**
0	Gains/losses on the disposal of non-current assets	50

Note 9. Financing and Investment Income and Expenditure

2010/11		**2011/12**
£000		**£000**
314	Pensions Interest Cost and Expected Return on Pensions Assets	128
(14)	Interest receivable and similar income	(11)
300		**117**

Note 10. Taxation and Non Specific Grant Income

2010/11		**2011/12**
£000		**£000**
	Non-ringfenced government grants:	
(4,540)	National Park Grant (Defra)	(4,484)
(39)	New Burdens Grant (DCLG)	0
(23)	Capital Grants and Contributions	0
(4,602)		**(4,484)**

Note 11. Property Plant and Equipment

Property, Plant & Equipment Movements in 2011/12	**Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Community Assets**	**Total Property, Plant and Equipment**
Cost or Valuation	**£000**	**£000**	**£000**	**£000**
At 1 April 2011 (Restated)	2,073	464	201	**2,738**
Additions	0	0	0	**0**
Donations	0	0	0	**0**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	**0**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on the provision of services	0	0	0	**0**
Derecognition – Disposals	0			
Derecognition – Other	(53)	0	0	**(53)**
Assets reclassified (to)/from Held for Sale	0	0	0	**0**
Other movements in cost or valuation	0	0	0	**0**
At 31 March 2012	**2,020**	**464**	**201**	**2,685**
Accumulated Depreciation and Impairment				
At 1 April 2011 (Restated)	(162)	(348)	0	(510)
Depreciation Charge	(78)	(15)	0	(93)
Depreciation written out to the Revaluation Reserve	0	0	0	0
Depreciation written out to the Surplus/Deficit on the provision of services	0	0	0	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	0	0	0	0
Derecognition - Disposals	0			
Derecognition - Other	3	0	0	3
Other movements in depreciation and impairment	0	0	0	0
At 31 March 2012	**(237)**	**(363)**	**0**	**(600)**
Net Book Value				
At 31 March 2012	**1,783**	**101**	**201**	**2,085**
At 31 March 2011 (Restated)	**1,911**	**116**	**201**	**2,228**

Property, Plant & Equipment
Comparative Movements in 2010/11

	Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Total Property, Plant and Equipment
Cost or Valuation	**£000**	**£000**	**£000**	**£000**
At 1 April 2010 (Restated)	2,073	411	201	**2,685**
Additions	0	81	0	**81**
Donations	0	0	0	**0**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	**0**
Revaluation increases/ (decreases) recognised in the Surplus/ Deficit on the provision of services	0	0	0	**0**
Derecognition – Disposals	0	(28)	0	**(28)**
Derecognition – Other	0	0	0	**0**
Assets reclassified as Heritage Assets	0	0	0	**0**
Other movements in cost or valuation	0	0	0	**0**
At 31 March 2011 (Restated)	**2,073**	**464**	**201**	**2,738**
Accumulated Depreciation and Impairment				
At 1 April 2010	(82)	(357)	0	**(439)**
Depreciation Charge	(80)	(19)	0	**(99)**
Depreciation written out to the Revaluation Reserve	0	0	0	**0**
Depreciation written out to the Surplus/Deficit on the provision of services	0	0	0	**0**
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	**0**
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	0	0	0	**0**
Derecognition - Disposals	0	28	0	**28**
Derecognition - Other	0	0	0	**0**
Other movements in depreciation and impairment				
At 31 March 2011 (Restated)	**(162)**	**(348)**	**0**	**(510)**
Net Book Value				
At 31 March 2011 (Restated)	**1,911**	**116**	**201**	**2,228**
At 1 April 2010 (Restated)	**1,991**	**54**	**201**	**2,246**

Depreciation

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

Asset Type	Estimated Useful Life	Depreciation Rate
Buildings	24-60 years	Straight line
Vehicles	7 years	Straight line
Plant & Equipment	6-7 years	Straight line
ICT Hardware	3-10 years	Straight line

Depreciation is charged to the Comprehensive Income & Expenditure Statement by being absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the depreciation is attributable to each service heading.

Revaluations

The Authority carries out a valuation programme that ensures that all Property, Plant and Equipment required to be measured at fair value, and that it is all revalued at least every five years. Land and building valuations are carried out by our qualified external valuer, Stuart Oxton BSC (Hons) MIRCS, of NPS (South West) Ltd. The basis for valuation is set out in the Accounting Policies. All valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values are:

- Taken as the amount that would be paid assuming its existing use value
- Disregarding any alternatives uses

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- Assets surplus to requirements – lower of net current replacement cost or net realisable value
- Community assets – depreciated historical cost
- Land, buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use

Net current replacement cost is assessed as:

- Non-specialised operational properties – existing use value (EUV)
- Specialised operational properties – depreciated replacement cost (DRC)
- Surplus assets – market value (MV)

	Land and Buildings	Plant, Vehicles, Furniture & Equipment	Total
Revaluations:	**£000**	**£000**	**£000**
Valued at Historical Cost:	201	464	**665**
Valued at Current Value in:			
2011/12			
2010/11			
2009/10			
2008/09	2,020		**2,020**
Total	**2,221**	**464**	**2,685**

Note 12. Heritage Assets

The 2011/12 Code introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in the summary of significant accounting policies, the Authority now requires heritage assets to be carried in the Balance Sheet at valuation (page 18).

The Authority owns "Uppacott", a Grade 1(star) listed, Devon Longhouse. This property was acquired principally because of its historical and cultural value and provides an opportunity for the public to increase their knowledge, understanding and appreciation of Dartmoor's cultural heritage. The acquisition was part funded by the Heritage Lottery Fund (HLF) and up until 1 April 2010 it was classified in the Balance Sheet as a Community Asset and was carried at historic cost (£316,097).

The asset has been transferred from the Community Asset classification, under Property, Plant and Equipment, to the new Heritage Asset classification. During 2011/12 the Authority commissioned an insurance valuation from its external valuer NPS (South West) Ltd to be based on a building re-instatement cost assessment. This has resulted in a revaluation gain of £170,884. Part of the property dates back to the 14th Century, and it is therefore deemed to have an indeterminate life: hence the Authority does not consider it appropriate to charge depreciation.

Reconciliation of the carrying value of Heritage Assets held by the Authority:

1 April 2010 Restated £000	31 March 2011 Restated £000		31 March 2012 £000
316	487	**Carrying Value at start of year:**	487
171	0	Revaluation gain	0
487	**487**	**Carrying Value at end of year**	**487**

The 1 April 2010 and 31 March 2011 Balances Sheets and 2010/11 comparative figures have thus been restated in the 2011/12 Statement of Accounts to apply the new policy. The effects of the restatement are as follows:

Effect on the Opening Balance Sheet 1 April 2010	**Opening Balances as at 1 April 2010 £000**	**Restatement £000**	**Restated Opening Balances as at 1 April 2010 £000**
Property, Plant & Equipment	2,562	(316)	2,246
Heritage Assets	0	487	487
Intangible Assets	77	0	77
Long Term Assets	**2,639**	**171**	**2,810**
Net Assets	**(3,589)**	**171**	**(3,418)**
Unusable Reserves	(5,573)	171	(5,402)
Total Reserves	**(3,589)**	**171**	**(3,418)**

Effect on the Balance Sheet 31 March 2011	**Opening Balances as at 31 March 2011 £000**	**Restatement £000**	**Restated Opening Balances as at 31 March 2011 £000**
Property, Plant & Equipment	2,544	(316)	2,228
Heritage Assets	0	487	487
Intangible Assets	65	0	65
Long Term Assets	**2,609**	**171**	**2,780**
Net Assets	**(384)**	**171**	**(213)**
Unusable Reserves	(1,764)	171	(1,593)
Total Reserves	**(384)**	**171**	**(213)**

Movement in Reserves Statement	Balances as at 31 March 2011 £000	Restatement (included above) £000	Restated Balances as at 31 March 2011 £000
Balance as at 31 March 2010	**(3,589)**	**171**	**(3,418)**
Surplus on the provision of services	566	0	566
Other Comprehensive Income & Expenditure	2,639	0	2,639
Adjustments between accounting basis & the funding basis	0	0	0
Increase/(decrease) in the year	3,205	0	3,205
Balance at 31 March 2011	**(384)**	**171**	**(213)**

Note 13. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses only, as the Authority does not internally generate software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are between 3-15 years and the carrying amount of assets is amortised on a straight line basis.

Amortisation is charged to the Comprehensive Income & Expenditure Statement by being absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement of Intangible Asset balances during the year is as follows:

31 March 2011 £000	Intangible Assets	31 March 2012 £000
	Balance at start of year:	
157	Gross carrying amounts	157
(80)	Accumulated amortisation	(92)
77	**Net carrying amount at start of year**	**65**
0	Additions (Purchases)	0
(12)	Amortisation for the period	(13)
65	**Net carrying amount at end of year**	**52**
	Comprising:	
157	Gross carrying amount	157
(92)	Accumulated amortisation	(105)
65		**52**

Note 14. Financial Instruments

The following categories of financial instrument are disclosed in the Balance Sheet:

31 March 2011 £000		31 March 2012 £000
1,695	Cash: at bank	1,623
229	Debtors: financial assets carried at contract amounts	699
(561)	Creditors: financial liabilities carried at contract amounts	(199)

The (gains) and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

31 March 2011 £000		31 March 2012 £000
(14)	Interest and Investment Income	(11)

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instrument using the following assumptions:

- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount
- The fair value of cash deposits is taken to be the cash balance as at 31 March

Note 15. 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 Resources, under policies approved by the Authority. The Authority has adopted the CIPFA Code of Practice for Treasury Management in Public Services 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. The Authority provides written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of surplus cash. The Authority, at all times, invests its surplus funds prudently. Priority is given to security and liquidity rather than yield.

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 which requires that deposits are only made with financial institutions that meet certain minimum credit criteria. The Authority uses the ratings produced by all three of the UK's credit rating agencies.

The Authority's standard terms and conditions for payment of invoices are 30 days from invoice date. The Authority does not generally allow credit for customers, such that, £4,310 of the £22,990 'Miscellaneous and Trade debtor' balance is past its due date for payment. Historical experience of default with regards to trade receivables is such that Authority has no need to make a provision for bad debts. The past due but not impaired amount can be analysed by age as follows:

31 March 2011 £000		31 March 2012 £000
0	Less than three months	1
0	Three to six months	3

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 with financial institutions that meet certain minimum credit criteria and limits are set for the amount that can be invested for fixed periods.

All trade and other payables are due to be paid in less that 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

This is the risk that the Authority's investments will decrease due to changes in market factors and includes the following elements:

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 £20k more or less than budget if investments were held for a year. The Authority is currently debt free and has no plans to borrow.

Price Risk

The Authority does not have any investments in equity shares.

Foreign Exchange Risk

The Authority has some exposure to exchange rate movements as some income and expenditure is denominated in foreign currencies, but these are small and are always converted into, or out of sterling at the time of each transaction. The Authority has recognised a creditor to the value of £36k on the Balance Sheet which relates to an outstanding grant claim denominated in Euros. A movement in the exchange rate of +/- 0.1 points would result in £3k more or less grant monies being received.

Note 16. Inventories

The Authority has three Information Centres within the National Park boundary, which sell books, maps, items of clothing and other suitable material, both to further the provision of information, and to defray the cost of the overall service. Inventory (held for resale) is valued in the Balance Sheet at the lower of cost and net realisable value. The “trading” results, while significant, are incidental to the main provision of an Information Service. Hence, there is no attempt to recharge proportions of staffing or other premises costs against the gross profit stated below.

The trading position as reflected in the Comprehensive Income and Expenditure Statement and closing stock figure held at year end, as stated in the Balance Sheet is:

31 March 2011 £000			31 March 2012 £000	
(131)		Gross Sales	(111)	
41		Opening Inventory	40	
67		Purchases	62	
40		**Less: Closing Inventory**	**33**	
(63)	48%	Gross Profit	(42)	38%

Note 17. Short Term Debtors

These represent sums of money owed to the Authority for goods and services supplied during the year and not paid for by 31 March, or where the Authority has paid for goods and services in advance of this date.

31 March 2011 £000		31 March 2012 £000
73	Central Government bodies	422
23	Other Local Authorities	0
103	Public corporations & trading funds	191
34	Other entities and individuals	86
233	**Total**	**699**

Note 18. Cash and Cash Equivalents

31 March 2011 £000		31 March 2012 £000
1,695	Bank current accounts	1,623

Note 19. Short Term Creditors

These represent sums of money owed by the Authority for goods and services received during the year and not paid for by 31 March, or where the money has been received by the Authority in advance.

31 March 2011 £000		31 March 2012 £000
(65)	Central Government bodies	0
(60)	Other Local Authorities	(7)
(23)	Public corporations & trading funds	(16)
(413)	Other entities & individuals	(176)
(561)	**Total**	**(199)**

Note 20. Provisions

These represent funds set aside by the Authority to meet known liabilities where the exact amount and / or the timing of the transfer of the payment is uncertain (although expected to be made within one year).

	Redundancy £000	Dartmoor Grant £000	Total £000
Balance at 1 April 2010	**0**	**(21)**	**(21)**
Amounts used in 2010/11	0	21	**21**
Balance at 31 March 2011	**0**	**0**	**0**
Provisions made in 2011/12	2	0	**2**
Balance at 31 March 2012	**2**	**0**	**2**

Note 21. Unusable Reserves

1 April 2010 Restated £000	31 March 2011 Restated £000		31 March 2012 £000
338	330	Revaluation Reserve	318
2,505	2,483	Capital Adjustment Account	2,339
(8,196)	(4,362)	Pensions Reserve	(7,941)
(49)	(44)	Accumulated Absences Account	(39)
(5,402)	**(1,593)**	**Total Unusable Reserves**	**(5,323)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment, Heritage and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since April 2007, the date that the Reserve was created. Accumulated gains arising before that are consolidated into the balance on the Capital Adjustment Account.

1 April 2010 Restated £000	31 March 2011 Restated £000	Revaluation Reserve	31 March 2012 £000
338	**338**	**Balance at 1 April**	**330**
0	0	Upward revaluation of assets	0
0	0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
338	338	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	330
0	(8)	Difference between fair value depreciation and historical cost depreciation	(8)
0	0	Accumulated gains on assets sold or scrapped	(4)
0	(8)	Amount written off to the Capital Adjustment Account	(12)
338	**330**	**Balance at 31 March**	**318**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

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

Note 6, on page 27, provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2011 £000		**31 March 2012 £000**
2,505	**Balance at 1 April**	**2,483**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(99)	Charges for depreciation and impairment of non current assets	(93)
0	Revaluation losses on Property, Plant and Equipment	0
(12)	Amortisation of intangible assets	(13)
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(50)
2,394		2,327
8	Adjusting amounts written out of the Revaluation Reserve	12
2,402	**Net written out amount of the cost of non current assets consumed in the year**	**2,339**
	Capital financing applied in the year:	
11	Use of the Capital Receipts Reserve to finance new capital expenditure	0
23	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital funding	0
47	Capital expenditure charged against the General Fund	0
81		0
2,483	**Balance at 31 March**	**2,339**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2011 £000		31 March 2012 £000
(8,196)	**Balance at 1 April**	**(4,362)**
2,639	Actuarial gains or (losses) on pensions assets and liabilities	(3,276)
545	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(800)
650	Employer's pensions contributions and direct payments to pensioners payable in the year	497
(4,362)	**Balance at 31 March**	**(7,941)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

31 March 2011 £000		31 March 2012 £000
49	**Balance at 1 April**	**44**
(49)	Settlement or cancellation of accrual made at the end of the preceding year	(44)
44	Amounts accrued at the end of the current year	39
5	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5
44	**Balance at 31 March**	**39**

Note 22. Cash Flow Statement – Operating Activities

31 March 2011 £000		31 March 2012 £000
5,033	Cost of Services	4,567
(14)	Interest Received	(11)
(4,579)	Taxation and Non-Specific Grant Income	(4,484)
440		**72**

Note 23. Cash Flow Statement – Investing Activities

31 March 2011 £000		31 March 2012 £000
81	Purchase of Property, Plant and Equipment and Intangible Assets	0
0	Purchase of Short-term and Long-term Investments	0
(1,600)	Proceeds from Short-term and Long-term Investments	0
(1,519)	**Net cash flows from investing activities**	**0**

Note 24. Cash Flow Statement – Non Cash Movements

31 March 2011 £000		31 March 2012 £000
(111)	Depreciation	(106)
1,195	Actuarial charges for Retirement Benefits	(303)
	Movement in working capital applied to operating activities:	
(1)	Increase / (Decrease) in Inventory	(7)
104	Increase / (Decrease) in Debtors	466
(202)	(Increase) / Decrease in Creditors & Receipts in Advance	361
21	(Increase) / Decrease in Provisions	(2)
0	Carrying amount of Non-Current Assets de-recognised	(50)
1,006		**359**

Note 25. Amounts Reported for Resource Allocation Decisions

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

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

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

Directorate Income and Expenditure 2011/12	**Natural Environment**	**Cultural Heritage**	**Recreation Management & Transport**	**Promoting Understanding**	**Ranger, Estates & Volunteers**	**Development Management**	**Forward Planning & Communities**	**Corporate & Democratic Core**	**Corporate Support**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(428)	(55)	(108)	(208)	(2)	(156)	(2)	0	(72)	(1,031)
Government grants	(136)	(17)	(17)	(67)	(100)	(2)	(20)	0	0	(359)
Total Income	**(564)**	**(72)**	**(125)**	**(275)**	**(102)**	**(158)**	**(22)**	**0**	**(72)**	**(1,390)**
Employee expenses	473	198	290	478	539	474	241	238	0	2,931
Other service expenses	295	36	157	178	112	121	179	130	0	1,208
Support service recharges	103	67	109	207	203	182	62	0	72	1,005
Total Expenditure	**871**	**301**	**556**	**863**	**854**	**777**	**482**	**368**	**72**	**5,144**
Net Expenditure	**307**	**229**	**431**	**588**	**752**	**619**	**460**	**368**	**0**	**3,754**

Directorate Income and Expenditure 2010/11 Comparative Figures	Natural Environment	Cultural Heritage	Recreation Management & transport	Promoting Understanding	Ranger, Estates & Volunteers	Development Management	Forward Planning & Communities	Corporate & Democratic Core	Corporate Support	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(272)	(62)	(111)	(194)	(5)	(137)	0	(4)	(39)	(824)
Government grants	0	0	0	0	0	0	(206)	0	0	(206)
Total Income	**(272)**	**(62)**	**(111)**	**(194)**	**(5)**	**(137)**	**(206)**	**(4)**	**(39)**	**(1,030)**
Employee expenses	528	282	210	478	656	609	198	288	0	3,249
Other service expenses	181	30	262	221	120	558	304	112	0	1,788
Support service recharges	150	78	86	246	256	218	59	0	39	1,132
Total Expenditure	**859**	**390**	**558**	**945**	**1,032**	**1,385**	**561**	**400**	**39**	**6,169**
Net Expenditure	**587**	**328**	**447**	**751**	**1,027**	**1.248**	**355**	**396**	**0**	**5,139**

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

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

2010/11 £000		2011/12 £000
5,139	Net expenditure in the Directorate Analysis	3,754
(753)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	773
(650)	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	(497)
3,736	**Cost of Services in Comprehensive Income and Expenditure Statement**	**4,030**

Reconciliation to Subjective Analysis
This reconciliation shows how the figures in the analysis of Directorate income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2011/12	(Directorate) Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(1,031)	0	0	0	72	**(959)**	0	**(959)**
Interest and investment income	0	0	0	0	0	**0**	(11)	**(11)**
Government grants and contributions	(359)	0	0	0	0	**(359)**	(4,484)	**(4,843)**
Total Income	**(1,390)**	**0**	**0**	**0**	**72**	**(1,318)**	**(4,495)**	**(5,813)**
Employee expenses	2,931	0	667	(497)	614	**3,715**	0	**3,715**
Other service expenses	1,208	0	0	0	319	**1,527**	0	**1,527**
Support Service recharges	1,005	0	0	0	(1,005)	**0**	0	**0**
Depreciation, amortisation & impairment	0	0	106	0	0	**106**	50	**156**
Interest Payments	0	0	0	0	0	**0**	128	**128**
Total Expenditure	**5,144**	**0**	**773**	**(497)**	**(72)**	**5,348**	**178**	**5,526**
Surplus or deficit on the provision of services	**3,754**	**0**	**773**	**(497)**	**0**	**4,030**	**(4,317)**	**(287)**

2010/11 Comparatives	(Directorate) Analysis	Services and Support Services not in Analysis	Amounts not reported to management for decision making	Amounts not included in CIES	Allocation of Recharges	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(824)	0	0	0	39	**(785)**	0	**(785)**
Interest and investment income	0	0	0	0	0	**0**	(14)	**(14)**
Government grants and contributions	(206)	0	0	0	0	**(206)**	(4,602)	**(4,808)**
Total Income	**(1,030)**	**0**	**0**	**0**	**39**	**(991)**	**(4,616)**	**(5,607)**
Employee expenses	3,249	0	(864)	(650)	630	**2,365**	0	**2,365**
Other service expenses	1,788	0	0	0	463	**2,101**	0	**2,251**
Support Service recharges	1,132	0	0	0	(1,132)	**0**	0	**0**
Depreciation, amortisation & impairment	0	0	111	0	0	**111**	0	**111**
Interest Payments	0	0	0	0	0	**0**	314	**314**
Total Expenditure	**6,169**	**0**	**(753)**	**(650)**	**(39)**	**4,577**	**314**	**5,041**
Surplus or deficit on the provision of services	**5,139**	**0**	**(753)**	**(650)**	**0**	**3,586**	**(4,302)**	**(566)**

Note 26. Member Allowances

Name	Allowance	Expenses	Total	Appointed by
	£	£	£	
GT Archer	390	0	390	Secretary of State - Parish
SD Barker	1,560	0	1,560	Devon County Council
MC Date	195	0	195	Secretary of State - Parish
GJ Gribble	1,560	0	1,560	Devon County Council
PW Harper*	2,730	264	2,994	Secretary of State - National
PW Hitchins*	6,216	1,881	8,097	South Hams District Council
LJG Hockridge	1,560	245	1,805	West Devon Borough Council
NA Hoskin	1,560	180	1,740	Secretary of State - National
MH Jeffery	1,300	0	1,300	Teignbridge District Council
HJM Jenny*	2,340	1,554	3,894	Secretary of State - National
DEB Lloyd	1,560	775	2,335	Secretary of State - National
CM Marsh	1,560	178	1,738	Devon County Council
JR McInnes	1,560	421	1,981	Devon County Council
IJF Mortimer*	1,755	165	1,920	Secretary of State – National
DE Moyse	1,560	712	2,272	West Devon Borough Council
J Nutley*	1,960	207	2,167	Secretary of State - Parish
SJK Purser	520	141	661	Teignbridge District Council
MH Retallick*	3,120	297	3,417	Secretary of State - Parish
LB Rose	1,300	431	1,731	West Devon Borough Council
PR Sanders	1,560	574	2,134	Devon County Council
JB Shears	1,218	0	1,218	Secretary of State - Parish
TJ Smale*	3,120	376	3,496	Secretary of State - National
P Vogel	1,300	0	1,300	Teignbridge District Council
NA Way	1,560	0	1,560	Devon County Council
DW Webber	1,560	0	1,560	Secretary of State - Parish
J Young	260	0	260	West Devon Borough Council
RP Blackshaw*	306	0	306	Standards Committee - Independent
P Cock	182	0	182	Standards Committee - Independent
R Woodall	182	105	287	Standards Committee - Independent
Total 2011/12	**45,554**	**8,506**	**54,060**	
2010/11 Comparatives	**45,938**	**7,203**	**53,141**	

* Includes Chair, Deputy Chair or special responsibility allowances. Allowances are not an indication of attendance or actual duties undertaken.

Note 27. Officers’ Remuneration

a) The remuneration paid to the Authority’s senior employees is as follows:

		Salary, Fees and Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
		£	£	£	£	£
Chief Executive	**2011/12**	87,663	1,419	0	16,042	**105,124**
(NPO)	**2010/11**	87,663	1,317	0	13,149	**102,129**
Director of Corporate	**2011/12**	58,244	135	0	10,658	**69,037**
Services	**2010/11**	58,244	557	0	8,736	**67,537**
Director of	**2011/12**	50,892	475	29,361	9,313	**90,041**
Conservation**	**2010/11**	56,547	870	0	8,482	**65,899**
Director of Planning*	**2011/12**	54,850	495	0	10,037	**65,382**
	2010/11	28,053	294	0	4,208	**32,555**

* The Director of Planning post was held vacant for the first six months of 2010/11. The New Director of Planning started 21 September 2010 on an annual salary of £53,153.

** The Director of Conservation's working hours was reduced from 37 to 33.3 hours per week in 2011/12. The post holder was made redundant at 31 March 2012.

b) The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer pension contributions) were paid the following amounts:

2010/11 Number of Employees	Remuneration Band	2011/12 Number of Employees
1	£50,000 - £54,999	1
2	£55,000 - £59,999	1
0	£60,000 - £64,999	1
0	£65,000 - £69,999	1
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0
0	£80,000 - £84,999	1

Five officers received remuneration over £50,000 in 2011/12 (three in 2010/11) as they were in receipt of a redundancy payment at the termination of their employment (excludes senior officers who are included in the previous table).

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

Exit package cost band (including special payments)	(a) Number of compulsory redundancies		(b) Number of other departures agreed		Total number of exit packages by cost band (a + b)		Total cost of exit packages in each band (£)	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
£0-£20,000	4	9	0	0	4	9	14,077	63,024
£20,001-£40,000	2	3	0	0	2	3	70,591	92,569
£40,001-£60,000	1	1	0	0	1	1	58,044	43,861
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	1	2	0	0	1	2	85,205	167,042
£100,000-£150,000	0	0	0	0	0	0	0	0
Total	**8**	**15**	**0**	**0**	**8**	**15**	**227,917**	**366,496**

Note 28. External Audit Costs

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

2010/11 £000		2011/12 £000
23	Fees payable to the Audit Commission in respect of statutory inspections	18
0	Fees payable to the Audit Commission for the certification of grant claims & returns	0
0	Fees payable in respect of other services provided by the Audit Commission (e.g. National Fraud Initiative)	0
23	**Total**	**18**

Note 29. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2011/12.

2010/11 £000	Credited to Taxation and Non Specific Grant Income:	2011/12 £000
(4,540)	National Park Grant (Defra)	(4,484)
(39)	New Burdens Payment (DCLG)	0
0	Housing & Planning Delivery Grant (DCLG)	0
(23)	Capital Grant (Devon County Council)	0
(4,602)	**Total**	**(4,484)**

2010/11 £000	Credited to Services:	2011/12 £000
0	Defra – Modernisation Fund	(359)
(200)	Defra - Sustainable Development Fund (not ring fenced in 2011/12)	0
(78)	Devon County Council	(51)
(49)	English Heritage	(42)
(48)	Natural England / Defra (South West Protected Landscapes)	(40)
(109)	Rural Development Programme for England	(158)
(41)	South West Water	(101)
(32)	Various AONBs (Areas of Outstanding Natural Beauty)	(27)
(10)	Duchy of Cornwall	(12)
(5)	Defence Infrastructure	(9)
0	Cordiale – Interreg (ERDF)	(40)
0	Haytor & Bagtor Commoners (via Natural England)	(8)
(10)	Other	(12)
(582)	**Total**	**(859)**

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. These are recognised in the Balance Sheet at year-end as a current liability.

2010/2011 £000	Revenue Grants Receipts in Advance	2011/2012 £000
(17)	English Heritage: Historic Environment Record Officer	(14)
0	Forestry Commission: Landscape Partnership Bid	(4)
(21)	Various: Action For Wildlife Project	(21)
(38)	**Total**	**(39)**

These grants were previously disclosed in the Balance Sheet under the heading of Creditors – this is a change in classification only.

Note 30. Related Party Transactions

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.

Central Government has effective control over the general operations of the Authority predominately via the Department for Environment, Food and Rural Affairs (Defra). Defra is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of National Park Grant and prescribes the terms of many of the transactions that the Authority has with other parties. Details of transactions with government departments are set out in the subjective analysis in Note 25 on reporting for resources allocation decisions and in Notes 10 and 29.

Members of the Authority have direct control over the Authority's financial and operating policies. A list of the Members' allowances paid in 2011/12 is shown in Note 26. The Authority's Standing Orders require 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. No material transactions have been disclosed.

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.

Devon County Council's Treasurer acted as the Authority's Chief Finance Officer (S151) for the 2011/12 financial year and also provided Exchequer, HR and ICT services to the Authority via Service Level Agreements (SLAs). The Authority made payments totalling £49,031 in 2011/12 for the provision of these services (£82,221 in 2010/11) of which £980 was outstanding as at 31 March 2012.

The Authority has an agreement with Devon County Council conferring delegated responsibility on the Authority for the inspection, maintenance and management of most Public Rights of Way within the National Park, including footpaths, bridleways and restricted byways. In 2011/12 the Authority received £49,700 from Devon County Council for public rights of way maintenance work (£64,000 in 2010/11).

The Authority also received contributions totalling £3,488 from the County Council and made contributions to the County Council totalling £2,135 for other Dartmoor related projects and initiatives.

Devon Audit Partnership

The Authority's Internal Audit function is provided via a Service Level Agreement, by the Devon Audit Partnership (DAP) at an annual cost of £5,390 (£9,300 in 2010/11).

Teignbridge District Council

The Authority has entered into a service level agreement with Teignbridge District Council to receive Health & Safety Support, at an annual cost of £9,003 (£6,000 in 2010/11)

Other Partnerships

The Authority has entered into a collaboration agreement in respect of the Devon Portal Project, which will provide a common gateway to local authority services in Devon, the lead Authority is Devon County Council. Dartmoor National Park Authority has not made a financial contribution in 2011/12.

The Authority is a partner in the National Parks Shared Internet Portal Project, to which the annual contribution for membership is £10,000 (£8,250 in 2010/11); the accountable body is the Association of National Park Authorities (ANPA)

The Authority is a member of the Learning & Development Partnership with six other Local Authorities in Devon, which is hosted by Teignbridge District Council. The Partnership delivers identified training needs to staff, members and volunteers at an annual cost of £3,300.

Assisted Organisations

The Authority gives grants or contributions for conservation, interpretation, education, culture and heritage projects to organisations and individuals. Whilst individually these payments are not material to the Authority, the total of grants and contributions given in 2011/12 was £22,168 (£64,574 in 2010/11) and could be considered as material to those assisted organisations.

The Authority enters into land management and access agreements with various land owners or tenants across Dartmoor. The total amount paid in 2011/12 was £23,358 (£35,516 in 2010/11).

Note 31. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note:

31 March 2011 £000		31 March 2012 £000
0	**Opening Capital Financing Requirement (CFR)**	**0**
	Capital Investment	
0	Property, Plant and Equipment:	0
81	Vehicles and Plant	0
81	**Total Expenditure**	**0**
	Sources of Finance:	
(23)	Capital Grant	0
(11)	Capital Receipts	0
(47)	Direct Revenue Contributions	0
(81)	**Total Finance**	**0**
0	**Closing Capital Financing Requirement (CFR)**	**0**

Note 32. Leases

Authority as Lessee

The Authority has acquired two administrative buildings under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2011 £000		31 March 2012 £000
	Land and Buildings:	
341	Parke, Bovey Tracey (DNPA Headquarters)	316
361	High Moorland Office & Visitor Centre, Princetown	335
702	**Total**	**651**

The annual lease payments are accounted for within the Comprehensive Income and Expenditure Account as they fall due. The lease liability is not included within the Balance Sheet as the sum is not material. The future minimum lease payments are set out in the following table:

31 March 2011 £000		31 March 2012 £000
3	Not later than one year	3
12	Later than one year and not later than five years	12
35	Later than 5 years	32
50	**Total**	**47**

Operating Leases

The Authority has acquired the following operating leases:

- Multiple land leases, many of which are at nil payment or a peppercorn rent
- Short term storage & office leases
- Vehicle fleet: Land Rovers, cars and vans, with typical lives of five years

The future minimum lease payments are set out in the following table:

2011/12	**Land & Buildings £000**	**Vehicles £000**	**Equipment £000**
Not later than one year	6	31	10
Later than one year and not later than five years	24	20	6
Later than 5 years	267	0	0
Total	**297**	**51**	**16**

2010/11 Comparatives	**Land & Buildings £000**	**Vehicles £000**	**Equipment £000**
Not later than one year	6	52	10
Later than one year and not later than five years	23	41	8
Later than 5 years	272	0	0
Total	**301**	**93**	**18**

Expenditure charged to the Comprehensive Income and Expenditure Account during the year in relation to these leases was:

31 March 2011 £000		**31 March 2012 £000**
7	Conservation of the Natural Environment	7
4	Recreation Management & Transport	4
2	Promoting Understanding	0
48	Rangers, Estates and Volunteers	47
22	Support Services (Corporate amounts)	17
83	**Total**	**75**

Note 33. Termination Benefits

The Authority terminated the contracts of a number of employees in 2011/12, incurring liabilities of £366,496 (£227,917 in respect of 8 Officers in 2010/2011) see Note 27 c) for the number of exit packages and the total cost per band. Of this total, £180,083 was/will be paid to 15 Officers who were/are to be made redundant as part of the Authority's rationalisation of services and the balance, £186,413 was paid into the Pension Fund as a result of the early payment of accrued pensions.

Note 34. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme, administered by Devon County Council Pension Services – this is a funded, defined benefit, final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge we are required to make against Government Grant is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

31 March 2011 £000		**31 March 2012 £000**
	Cost of Services:	
671	Current Service Cost	488
(1,639)	Past Service Costs / (Gains)	0
109	Settlements and Curtailments	184
	Finance and Investment Income and Expenditure:	
1,006	Interest Cost	880
(692)	Expected Return on Scheme Assets	(752)
(545)	**Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services**	**800**
	Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement:	
(2,639)	Actuarial (Gains) and Losses	3,276
(3,184)	**Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement**	**4,076**
(650)	**Reversal of Net Charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with The Code**	**(497)**
	Actual amount charged against the General Fund Balance for pensions in the year:	
638	Employer's contributions payable to the scheme	485
12	Retirement benefits payable to pensioners – Discretionary benefits arrangements	12

The Cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2012 is loss of £6.591m

Assets and Liabilities in Relation to Post Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

31 March 2011 £000		31 March 2012 £000
18,468	**Opening Balance at 1 April**	**15,857**
671	Current Service Cost	488
1,006	Interest Cost	880
188	Contributions by Scheme Participants	173
(2,546)	Actuarial (Gains) and Losses	2,896
(400)	Benefits Paid	(371)
(1,639)	Past Service Costs / (Gains)	0
109	Curtailments	184
15,857	**Closing Balance at 31 March**	**20,107**

Reconciliation of Fair Value of the Scheme (plan) assets:

31 March 2011 £000		31 March 2012 £000
10,272	**Opening Balance at 1 April**	**11,495**
692	Expected Rate of Return	752
93	Actuarial Gains and (Losses)	(380)
650	Employer Contributions (including Unfunded)	497
188	Contributions by Scheme Participants	173
(400)	Benefits Paid	(371)
11,495	**Closing Balance at 31 March**	**12,166**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in respective markets.

The actual return on scheme assets in the year was £0.372m (2010/11: £0.774m).

Scheme History

	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000	2011/12 £000
Present value of liabilities	(11,240)	(13,470)	(18,468)	(15,857)	(20,107)
Fair value of assets	8,580	7,380	10,272	11,495	12,166
Surplus / (Deficit) in the scheme	**(2,660)**	**(6,090)**	**(8,196)**	**(4,362)**	**(7,941)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post employment (retirement) benefits. The total liability of £7.941m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a negative overall balance of £3.202m.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due) as assessed by the Scheme's Actuary

- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2013 is £0.404m. Total contributions expected to be made for the Discretionary Benefits scheme in the year to 31 March 2013 is £0.012m

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the Scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

31 March 2011		**31 March 2012**
	Long-term Expected Rate of Return on Assets in the Scheme:	
7.4%	Equities	6.3%
4.4%	Gilts	3.3%
5.5%	Other Bonds	4.6%
5.4%	Property	4.3%
3.0%	Cash	3.0%
5.0%	Target Return Portfolio	4.7%
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
20.3	Men	20.5
24.4	Women	24.5
	Longevity at 65 for future pensioners (retiring in 20 years)	
22.4	Men	22.5
26.3	Women	26.4
	Financial Assumptions:	
3.5%	RPI Increases	3.3%
2.7%	CPI Increases	2.5%
5.0%	Rate of increase in salaries	4.7%
2.7%	Rate of increase in pensions	2.5%
5.5%	Rate of discounting scheme liabilities	4.6%
50%	Take-up of option to convert annual pension into retirement lump sum	50%

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

31 March 2011	**Authority Asset Share – Bid Value**	**31 March 2012**
70%	Equities	69%
17%	Gilts	18%
-	Other Bonds	-
5%	Property	6%
7%	Cash	6%
1%	Target Return Portfolio	1%
100%	**Total**	**100%**

History of Experience Gains and Losses

The actuarial gains and (losses) identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012:

	2007/08	2008/09	2009/10	2010/11	2011/12
	%	%	%	%	%
Differences between the expected and actual return on assets	(8.5)	(32.2)	19.8	0.8	(3.1)
Experience gains and losses on liabilities	(2.0)	(1.5)	0	(9.3)	0

The Authority has not made a separate disclosure for the unfunded liabilities as they are not significant (£0.2m) and have not changed since 2007.

Note 35. Contingent Liabilities

Management Agreements (Historical)

As at 2006/07 the Authority had made payments totalling £1,236,008 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 date of these accounts to identify the expected timing of approval for these payments, nor the likely outcome of the application.

GLOSSARY OF FINANCIAL TERMS

Accounting Policies
Accounting Policies determine the basis on which assets and liabilities, transactions and adjusting events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised, how it is to be measured and where in the comprehensive income and expenditure statement or Balance Sheet it is to be presented.

Accruals
Except for the Cash Flow Statement, the Statement of Accounts is prepared using the Accruals basis of accounting. This requires the non cash effects of transactions to be reflected in the accounting period during which those effects are experienced and not in that during which any cash is paid or received. On this basis, income and expenditure is reported when the related activity or benefit actually occurs.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or;
- the actuarial assumptions have changed

Actuary
An Actuary is an expert on pension scheme assets and liabilities. Actuaries make recommendations every three years regarding the rate of employer contributions due to the Local Government Pension Scheme.

ANPA
Association of National Park Authorities

AONB
Area of Outstanding Natural Beauty

Appropriation
Amounts transferred between the Comprehensive Income & Expenditure Statement and Reserves.

Balance Sheet
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories, Usable and Unusable, which are separately described in this glossary.

Budget
The Budget is the statement of the Authority's approved spending and income for a financial year and is prepared in accordance with legislation applicable to local authority and National Park finance, not in accordance with the Code. Actual income and expenditure is monitored against the Budget throughout the year, and is finally reported in the Outturn statement. Budgets are also routinely prepared for specific projects as routinely required.

Capital Expenditure
In most circumstances, 'capital expenditure' relates to the acquisition of a fixed asset (land, buildings, vehicles, plant and machinery), or expenditure which adds to, and not merely maintains the value of a fixed asset. However, a few other items of expenditure are also classified as capital expenditure in local authority accounts, such as expenditure on fixed assets owned by other

bodies, or grants awarded to other bodies towards the cost of capital works on their own assets. In exceptional circumstances, the Secretary of State may also issue directions to treat items as if they were capital expenditure, even thought they do not fall within the usual definition.

Capital Adjustment Account
The Capital Adjustment Account records the funding from internal resources of Capital Expenditure and the financing (under statute) of certain revenue expenditure. It also includes, for existing Property, Plant and Equipment, the revaluation gains accumulated prior to 1 April 2007 (the date on which a separate revaluation reserve was established). It is an unusable reserve and relevant adjustments are summarised in the Movement in Reserves Statement. Categorised as timing adjustments, these typically comprise period Depreciation, Amortisation and Impairment debits, charges for financing of certain revenue expenditure under statute or for repayment of financial assistance for capital purposes, revaluation deficit adjustments, credits for financing charges to Revenue (including MRP) and for unconditional grants applied to Capital Expenditure. Finally, there are adjustments in respect of assets reclassified (as investments or assets held for sale) or de-recognised on disposal.

Capital Charges
Capital Charges comprise charges for Depreciation, Amortisation, Impairment and (subject to restriction) valuation adjustments during the period. These non-monetary charges are allocated to respective service expenditure lines in the Comprehensive Income and Expenditure Statement and transferred from General Fund to Unusable Reserves in the Movement in Reserves Statement in order not to impact on Tax or NPG. Capital Charges reduce the carrying value of Property, Plant and Equipment and Intangible Fixed Assets and correspondingly reduce Capital Adjustment Account and (again, subject to restriction) Revaluation Reserve.

Capital Expenditure
Capital Expenditure represents expenditure on the construction, acquisition, development or improvement of Property, Plant and Equipment and of Intangible Fixed Assets (principally, software licenses). Under legislation it may be financed from capital sources or from funds set aside from revenue. It is to be distinguished, however, from Revenue Expenditure funded from Capital Under Statute which is charged, appropriately, as revenue expenditure in the Comprehensive Income and Expenditure Statement and only matched with its capital funding by transfer in the Movement in Reserves Statement.

Capital Receipts
Capital Receipts are income received from the sale of Property, Plant and Equipment or Intangible Assets. They are available only to finance new Capital Expenditure or to repay debt. Until this occurs they are held on the Capital Receipts Reserve.

Cash Flow Statement
The Cash Flow Statement summarises the inflows and outflows of cash and cash equivalents resulting from operations, and from investing and financing activities. It also shows how the net cash flow from operations is related to the Net Surplus or Deficit on Provision of Services.

CIPFA
CIPFA (The Chartered Institute of Public Finance and Accountancy) is the lead body for setting standards in public sector accounting practice.

Comprehensive Income and Expenditure Statement
The Comprehensive Income and Expenditure Statement shows the cost in the year of providing services in accordance with generally accepted accounting practices (rather than the amount to be funded from taxation or NPG).

It discloses the gross income and expenditure of continuing operations analysed by service, any exceptional items, other operating expenditure, financing and investment income and expenditure, and taxation and non-specific grant income. These items together comprise the surplus or deficit on the provision of services. Below this line, valuation and actuarial gains and losses are included in order to arrive at the total comprehensive income and expenditure. Those elements which are not to be included in the surplus or deficit under statutory regulations are transferred to the respective Unusable Reserves in the Movement in Reserves Statement.

Community Assets
Assets that the Authority intends to hold in perpetuity, that have no determinable and useful life (where useful life is defined as a period of time over which the Authority benefits from the use of the asset) and that may have restrictions on their disposal.

Contingent Liability
A contingent liability is either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events, not wholly within the Authority's control; or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability

Creditors
Amounts owed by the Authority for goods and services that it has received but for which payment has not been made by 31 March.

Current Assets/Liabilities
Current Assets are either assets held with the expectation of realisation within twelve months of the Balance Sheet date or cash. Current Liabilities are liabilities due for settlement within twelve months of the Balance Sheet date.

Debtors
Amounts owed to the Authority at 31 March, where services have been delivered but payment has not been received.

Depreciation
Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. As charged in the Comprehensive Income and Expenditure Statement, it represents the measure of the cost or re-valued amount consumed during the period. Depreciation is charged with but is distinct from Impairment.

ENPAA – English National Park Authorities Association

Exceptional Items
Material items which derive from events or transactions that fall within the ordinary activities of the Authority and which need to be disclosed separately, by virtue of their size or incidence, to give fair presentation of the accounts.

Financial Reporting Standards (FRS)
Are accounting standards developed by the Accounting Standards Board. They determine the standards adopted in the preparation and presentation of the Authority's accounting records.

General Fund
The General Fund is a Usable Reserve which consists of a general contingency or minimum amount that the Authority holds as a working balance in accordance with its risk management strategy.

Government Grants

Government Grants are amounts receivable from Government and Government agencies, (local, national or international), in order to fund Capital Expenditure or services and statutory functions. Government Grants are held as Creditors until all conditions for their receipt have been met. They are then included in the Comprehensive Income and Expenditure Statement. Specific revenue grants are allocated to service expenditure lines while other grants are included in Taxation and Non-specific Grant Income. Capital grants, once recognised, are transferred in the Movement in Reserves Statement to reserves; either to Capital Grants Unapplied or, when consumed, to the Capital Adjustment Account. Contributions from other bodies are accounted for in the same way as their Government grant equivalents. The following abbreviations have been used to describe awarding bodies in the analysis of Government Grants:

- DCLG = Department [of] Communities & Local Government
- DEFRA = Department [for] the Environment, Farming and Rural Affairs

Heritage Assets

A tangible asset with historic, scientific, technological, geophysical or environmental qualities held and maintained principally for its contribution to knowledge and culture, included in the Balance Sheet at valuation.

Impairment

Impairment is the charge made in order to reduce the carrying amount of Property, Plant and Equipment or Intangible Fixed Assets to the recoverable amount. An Impairment loss is recognised when a specific asset's remaining service potential has been detrimentally affected by, for example, obsolescence, damage, or the adverse effects of reorganisation or regulatory changes. It is distinct from revaluation losses which, being price based, are non-specific in nature. Impairment also has separate applications to Financial Instruments.

Intangible Fixed Assets

Intangible Fixed Assets (principally, software licenses) have no physical substance but are of value in use over more than one year. These assets are not considered as marketable and are included in the Balance Sheet, subject to any Impairment, at amortised historical cost.

International Financial Reporting Standards (IFRS)

These standards are issued by the international accounting standards board. They are adapted under the auspices of CIPFA so as to apply to local authorities and consolidated in the code of practice on local authority accounting (the Code). The code applied to statements of account for the first time in 2010/11.

Market Value

A method of valuing a fixed asset in relation to current market conditions.

Minimum Revenue Provision (MRP)

MRP represents the minimum amount that, under Government regulations, the General Fund must be charged each year in order to fund the repayment of existing debt.

Movement In Reserves Statement

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

Net Book Value
Net Book Value is the carrying amount at which assets and liabilities are included in the Balance Sheet under the Code. In the case of Financial Instruments, it is stated after including any timing adjustments and, in the case of property, plant and equipment and intangible assets, any revaluation, depreciation or amortisation. In all cases it is stated after any recognised Impairment.

NPAPA
National Park Authorities Performance Assessment – a peer review.

NPMP
National Park Management Plan – the single most important strategic plan for all National Parks and is a statutory requirement.

Operating Lease
An agreement in which the Authority derives the use of an asset in exchange for rental payments, but where the risks and rewards of ownership remain with the lessor.

Outturn
Outturn represents the actual expenditure and income (financial results) in a given period.

Prior Period Adjustments
Prior period adjustments are adjustments, applicable to prior years, arising from changes in Accounting Policies or from the correction of material errors. They do not include corrections of recurring items or adjustments of accounting estimates made in prior years. The adoption of IFRS (as adapted to local authorities in the Code) was considered to be of such significance that additional disclosures were specified for its implementation in 2010/11.

Property, Plant and Equipment
All tangible fixed assets (i.e. assets with physical substance) are included in the Balance Sheet under the heading of Property, Plant and Equipment. They are held for use in the provision of services or for administrative purposes and are expected to be used over more than one year.

Provisions
A provision is a liability of uncertain timing or amount. It is recognised when there is a present obligation (whether legal or constructive) as a result of a past event where a transfer of economic benefit is likely to result and a reliable estimate of this transfer can be made.

Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Code
This refers to the CIPFA Prudential Code for Capital Finance in Local Authorities which outlines the guidance applicable from 1 April 2004 for the greater freedom for local authorities to borrow to fund capital investment (under the Local Government Act 2003) subject to compliance.

Related Parties
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over it in making financial or operating decisions. Parties are also related if they are subject to common control. Related parties include subsidiaries, Associates, Joint Ventures, and possibly other entities or individuals. Central Government is, of course, a related party.

Related parties attract additional disclosure requirements in order to identify the extent to which the Authority may exercise or be subject to influence or control.

Revaluation Reserve
The Revaluation Reserve is an unusable reserve holding revaluation gains on Property, Plant and Equipment and Intangible Fixed Assets. Each revaluation is asset specific, allowing no offset, and restricted to operational assets; thus excluding investment properties and surplus assets. Accounting for changes in valuation is closely prescribed and distinct from Impairments.

Revenue Account
An account that records an authority's day-to-day expenditure and income on such items as salaries and running costs of services.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
REFCUS is revenue expenditure that is funded from capital either because it is capital in nature (but not ownership) or because capital financing has been allowed by specific regulation. REFCUS is included accordingly in the Comprehensive Income and Expenditure Statement and transferred to Capital Adjustment Account in the Movement in Reserves Statement.

Section 151 Officer
The Section 151 Officer is the officer designated under that Section of the Local Government Act 1972 to take overall control of the financial affairs of the Authority and to take personal responsibility for its financial administration.

Service Reporting Code of Practice (SeRCOP)
Provides guidance and an overall framework for financial reporting in order that data consistency, comparability is achieved and aims to meet the demands of both the Best Value and Transparency initiatives.

Service Level Agreement (SLA)
Sets out the type and standards of service that one organisation provides to another, or the services provided by one part of an organisation to another part of the same organisation.

Unusable Reserves
Unusable Reserves are reserves that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (where amounts would only become available to provide services if the assets are sold) and those that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Usable Reserves
Usable Reserves are reserves that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Usable Reserves comprise: the Capital Receipts Reserve and Capital Grants Unapplied Reserve; and under Revenue: Earmarked Reserves (sums set aside for specific future expenditure) and the General Fund.

Valuation
Assets and liabilities are included in the Balance Sheet at their carrying amounts: those valuations determined in accordance with The Code. These are set out in the note on Accounting Policies.

ANNUAL GOVERNANCE STATEMENT 2011/12

SCOPE OF RESPONSIBILITY

Dartmoor National Park Authority (DNPA) 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. DNPA also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, DNPA is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

DNPA has developed a Local 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 is available on our website or from The Monitoring Officer, Dartmoor National Park Authority, Parke, Bovey Tracey, Newton Abbot, Devon TQ13 9JQ. The Annual Governance Statement explains how DNPA has complied with the Local Code of Corporate Governance and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and cultures and values, by which DNPA is directed and controlled and the activities through which it accounts to, engages with and leads the community, including residents, visitors and stakeholders. It enables DNPA to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 DNPA 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.

The governance framework has been in place at DNPA for the year ended 31 March 2012 and up to the date of approval of the Business Plan and Statement of Accounts. The framework has been further supported by the Local Code of Corporate Governance, since its adoption in December 2009.

THE GOVERNANCE FRAMEWORK & LOCAL CODE OF CORPORATE GOVERNANCE

DNPA operates within a Corporate Governance Framework which ensures accountability to its users, stakeholders and the wider community to which it relates. It comprises the systems and processes, cultures and values by which decisions are made and functions undertaken to deliver the purposes and duties of the organisation.

The key elements of the systems and processes that comprise DNPA's governance arrangements are based on the 6 core principles contained in the Local Code of Corporate Governance and include the following aspects:

- The vision, objectives and priorities for the local area (Dartmoor) for the period 2007-2012 as set out within the National Park Management Plan (NPMP). Extensive community involvement is undertaken in developing the overall vision and objectives within the NPMP. The NPMP will be reviewed during 2012/13 and a revised Plan adopted in 2013.

- The Business Plan for the Authority translates the objectives from the NPMP into organisational objectives supported by performance targets and a 3 year financial management plan. The Business Plan, including priorities and targets is reviewed annually.

- The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2010) as set out in the Application Note to "Delivering Good Governance in Local Government". The CFO is the County Treasurer of Devon County Council whose services are retained through a Service Level Agreement. This arrangement which requires some delegation to the Director of Communications and Business Support is set out in Financial Regulations.

- The principles of decision making are set out in the Authority's Standing Orders, supported by:

    1. Financial Regulations, a Disposals Policy, a Sustainable Procurement Policy and Procurement Procedures;
    2. The Authority's adopted codes of practice in relation to treasury management for investments and for capital finance and accounting (the Prudential Code)
    3. Scheme of Delegation
    4. Code of Conduct for Members and Officers
    5. Job descriptions for Members and Officers
    6. Policies and Procedures

- Public involvement and transparency in decision making is facilitated through formal consultations, workshops, involvement in service reviews, consultative forums with members of the community representing access, land use, conservation, businesses and community interests and public participation at the Authority and its Committees

- Ensuring that established policies, procedures, laws and regulations are complied with is the responsibility of nominated statutory Officers, the Monitoring Officer and the Chief Financial Officer as laid down in the Authority's Standing Orders & Financial regulations

- A Risk Management Strategy that defines and identifies the process for ongoing risk management and the responsibilities of the various stakeholders in the risk management process

- A Corporate Strategic Risk Register which is reviewed by the Audit & Governance Committee on a quarterly basis & approved by the Authority annually. Operational Risks are identified and recorded in Directorate Plans, signed off by the Leadership Team and monitored on a quarterly basis

- A programme of service reviews or value for money/business reviews that look closely at and challenge service provision and delivery and discharges the Government's Value for Money requirements for the Authority

- Comprehensive budgeting systems set targets to measure financial performance which is reported to the Audit and Governance Committee on a quarterly basis, and is reviewed monthly by the Leadership Team

- Performance management is applied consistently throughout the Authority against a Performance Management framework. Reports of progress against performance targets and implementation of Authority decisions is reported quarterly to Audit & Governance Committee

- Performance against Corporate processes and outcome targets is further assessed through the National Park Authority Performance Assessment (NPAPA) process on a 5 yearly cycle. DNPA was assessed in February 2011

- Standards Committee monitors the ethical framework for the Authority and will alert the Authority to any potential issues arising from its decision making processes.

All of the above elements are subject to independent challenge and scrutiny through Internal and External Auditors and other review bodies such as Defra.

REVIEW OF EFFECTIVENESS

Dartmoor National Park Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system is informed by the work of the Leadership Team and other Officers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's (Devon Audit Partnership) annual report and also by responding to comments and recommendations made by external auditors and other review agencies and inspectorates.

The Authority's Chief Financial Officer and Monitoring Officer have also provided assurance that there have been no significant control issues that have required the need for: formal action in their respective roles; significant additional funding; had a material impact on the accounts; or resulted in significant public interest, damaging the reputation of the Authority.

Although a review of the effectiveness of the Governance arrangements is reported once per year to the Authority, the process of gathering evidence and monitoring performance is continual and is managed through reports to Audit & Governance Committee.

During a year of major organisational change arising from a reduction in Government funding it is pleasing that significant improvements have been undertaken during 2011/12 as follows:

- Implemented an Attendance Management Procedure
- Enhanced the role of Members working with Parish Councils/meetings
- Achieved compliance with the Equality Act 2010 and introduced an Equality & Sustainability Impact Assessment process
- Launch of HR strategy
- Negotiated and implemented revised terms and conditions of employment relating to travel and transport, to harmonise and be fair to all
- Carried out a comprehensive review of Financial Regulations
- The Anti-Fraud and Corruption Policy and Whistle-blowing Policy have been updated
- Developed and introduced an (Assets) Disposal Policy
- Developed and adopted a Sustainable Procurement Policy and carried out a comprehensive review of the Procurement Procedures guidance document
- Development of and consultation on the *Development Management and Delivery Development Plan Document* (DMD) in preparation for submission to the Secretary of State

GOVERNANCE ISSUES

Although the Authority has been assessed as having strong Governance arrangements in place, to ensure continuous improvement, it is proposed that the following work is undertaken during 2012:

- Review and revise the performance management arrangements in the Authority ensuring appropriate information is available, accurate and up to date to guide decisions and service changes

- Develop a local Code of Conduct for Members for Dartmoor NPA as requested by Standards Committee and A&G Committee and in compliance with the revised Standards regime.
- Develop a revised procedure for dealing with complaints under the Code of Conduct
- Appoint Independent Person(s) as required by the Localism Act
- Facilitate any further consultation undertaken by Defra on its review of Governance arrangements in National Park Authorities, bringing forward and implementing any specific proposals/changes for the Authority
- Improve project management arrangements through guidance and training
- Undertake a review of the Authority's Information Centres to provide clarity on the vision for and role of the information centres going forward, and a detailed business model to deliver the vision for each of the three centres

CERTIFICATION

We have been advised on the implication of the results of the review of the effectiveness of the governance framework by the Audit and Governance Committee and a plan to address weaknesses and ensure continuous improvement of systems is in place.

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 next annual review.

Signed: …………………………………. Signed:…………………………………….

Mr P W Hitchins	**Dr K D Bishop**
Chairman of the Authority	**Chief Executive (National Park Officer)**
Date: 7 September 2012-09-24	**Date: 7 September 2012**

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

Opinion on the Authority financial statements

I have audited the financial statements of Dartmoor National Park Authority for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

This report is made solely to the members of Dartmoor National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Dartmoor National Park Authority as at 31 March 2012 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Emphasis of matter

In forming my opinion on the financial statements, which is not modified, I have considered the adequacy of the contingent liability disclosures made in note 35 to the financial statements concerning the legality of payments the Authority has made in prior periods totalling £1,236,008 for conservation management agreements, which fall within the European Union's definition of 'State Aid' in relation to farming support. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result from a failure to obtain retrospective authorisation has been made in the financial statements.

Opinion on other matters

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

Matters on which I report by exception

I report to you if:

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

I have nothing to report in these respects.

Other matters on which I am required to conclude

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

I have undertaken my audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2011, I have considered the results of my review of the annual governance statement.

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

Certificate

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

Wayne Rickard
District Auditor
Audit Commission
3-4 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
EX2 8PW

19 September 2012