DARTMOOR NATIONAL PARK AUTHORITY

Audited Statement of Accounts and Annual Governance Statement 2016/17

Issued: 28 July 2017

Narrative Report

Introduction

Dartmoor National Park Authority is a small organisation with limited resources available to fulfil our two statutory purposes:

- To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park;
- To promote opportunities for the understanding and enjoyment of the special qualities of the area by the public.

In carrying out this work, we are also required:

- To seek to foster the economic and social well-being of local communities within the National Park.

Much of the work we do is undertaken in partnership with others, in order to achieve the best outcomes for Dartmoor National Park, the people who live and work here and those who visit this special place.

Our ambition is to act as a powerful and effective enabler and advocate for Dartmoor National Park; working with others to deliver a National Park that is thriving, inspirational and valued. We set out what this means in practice and how we will seek to achieve it in our Business Plan, Annual Budget and Medium Term Financial Plan. Our work supports the wider National Park Management Plan – *Your Dartmoor*. The National Park Management Plan is a statutory document setting out a long-term vision for the National Park and the key actions to achieve that ambition. The Authority is required, by statute, to facilitate, prepare and keep the National Park Management Plan under review. However, the Management Plan is a plan for the National Park and not just for the Authority. There is however a close correlation between the Authority's priorities and those identified through consultation and engagement in the preparation of the National Park Management Plan - *Your Dartmoor.*

The aim of this Statement of Accounts is to demonstrate the overall financial position of the Authority at the end of the 2016/17 financial year and how we have used our financial resources to meet our Business Plan priorities and achieve positive outcomes for the National Park. 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). The accounting policies, on which the figures in the financial statements are related, follow the principle financial statements. There is one change to accounting policies this year - the introduction of a new note: the Expenditure and Funding Analysis which can be found on page 17.

Financial Environment

The Department of Environment, Food and Rural Affairs (Defra) sets the level of Government funding for the National Park Authority on an annual basis. For 2016/17 the level of core funding allocated by Defra saw an overall increase of 1.72% on funding received in 2015/16. This came out of the Government's 2015 Comprehensive Spending Review; which also confirmed that for the financial years 2016/17 to 2019/20 NPG would be increasing by 1.72% per annum. In March 2016 the Government published an"8-point Plan for England's National Parks" setting out an "ambition to put National Parks at the heart of the way we think about the environment and how we manage it for future generations".

This increase followed five years of significantly reduced government funding. In response to the reductions in funding between 2007 and 2015 the Authority undertook a major change programme which saw staffing levels reduce by 25%; a reduced number of senior managers; a renewed focus on efficiency and effectiveness and a new emphasis on securing alternative sources of income. We have been successful in levering in additional income from grant sources such as the National Lottery, but this is an increasingly competitive environment and requires considerable outlay in terms of staff time to develop the bids and is not without risk – funding is not guaranteed and normally requires significant match funding.

Financial Performance

Total National Park Grant (NPG) increased from £3,573,586 in 2015/16 to £3,635,052 in 2016/17. The Authority set a balanced budget for 2016/17, but only produced a high level Medium Term Financial Plan (MTFP), as NPG beyond the life of the last Parliament was unknown at that time. A three year MTFP has since been approved (March 2017) for the period 2017 - 2020.

The Authority has once again proved very successful in levering in additional income, and has continued to make operational and efficiency savings in-year. During 2016/17 the Authority generated additional income of £313,678 (against budget) from various sources including: grants, retail sales, donations, planning fees and other fees and charges. In-year operational and efficiency savings in excess of £95,000 was achieved, which included: Employees' and Members' related savings and re-negotiated contracts and services provided by third parties. This meant that planned expenditure on three projects and planning and enforcement related specialist support and legal costs were able to be absorbed in-year rather than being met from reserve balances.

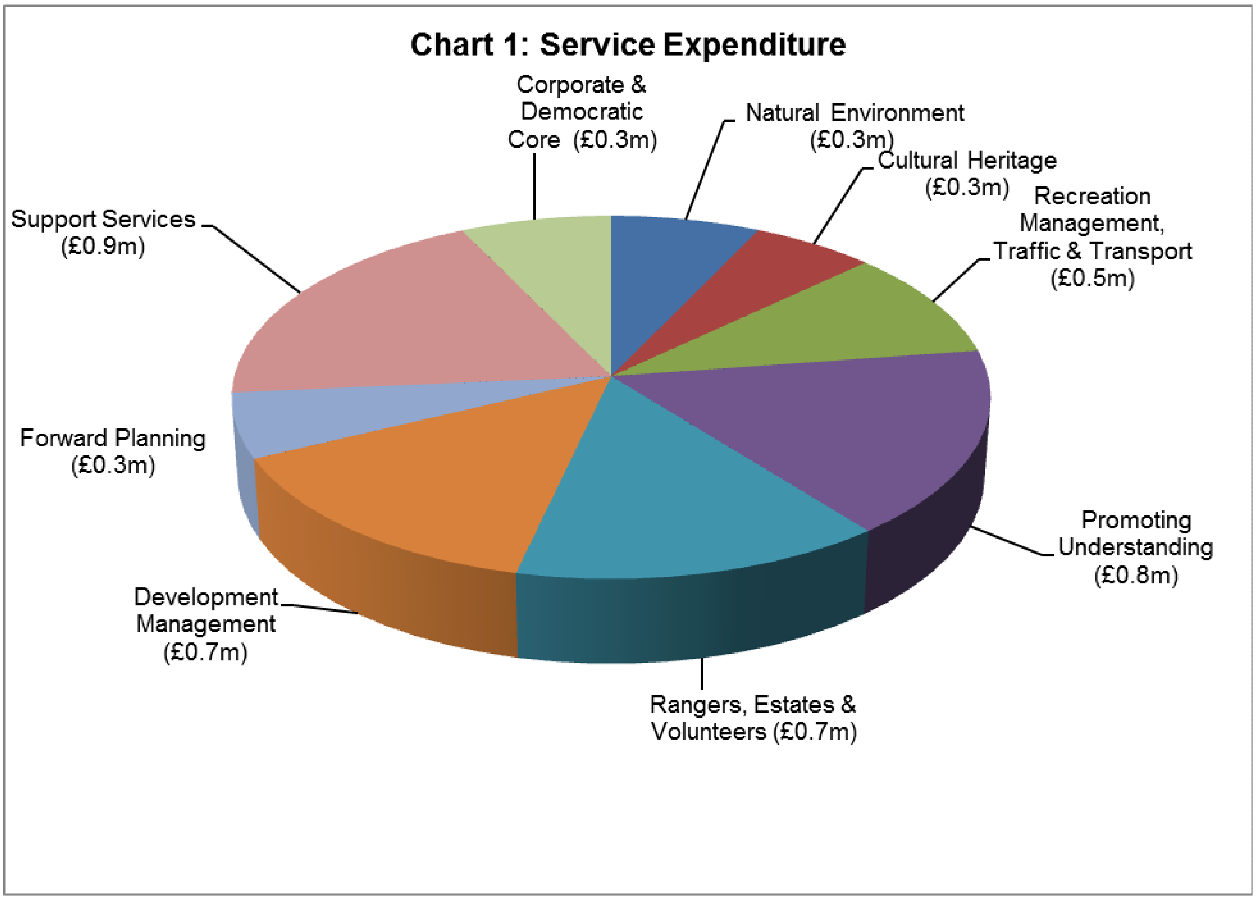
The final revenue outturn was a surplus of £5,822 against the 2016/17 budget; a minus 0.15% variance (£158,018 surplus and a minus 6% variance in 2015/16). This figure is reconciled to the deficit shown in the Comprehensive Income and Expenditure Statement (on page 13) in the following table:

	31 March 2017 £000
Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**558**
Reverse amortisation, depreciation & impairment charges	(158)
Reversal of IAS19 Retirement Benefit Adjustments	(13)
Reversal of Accumulated Absences Adjustment	(3)
Net transfers to or (from) reserves per Management Accounts	(390)
Revenue Budget Surplus (As reported in Management Accounts)	**(6)**

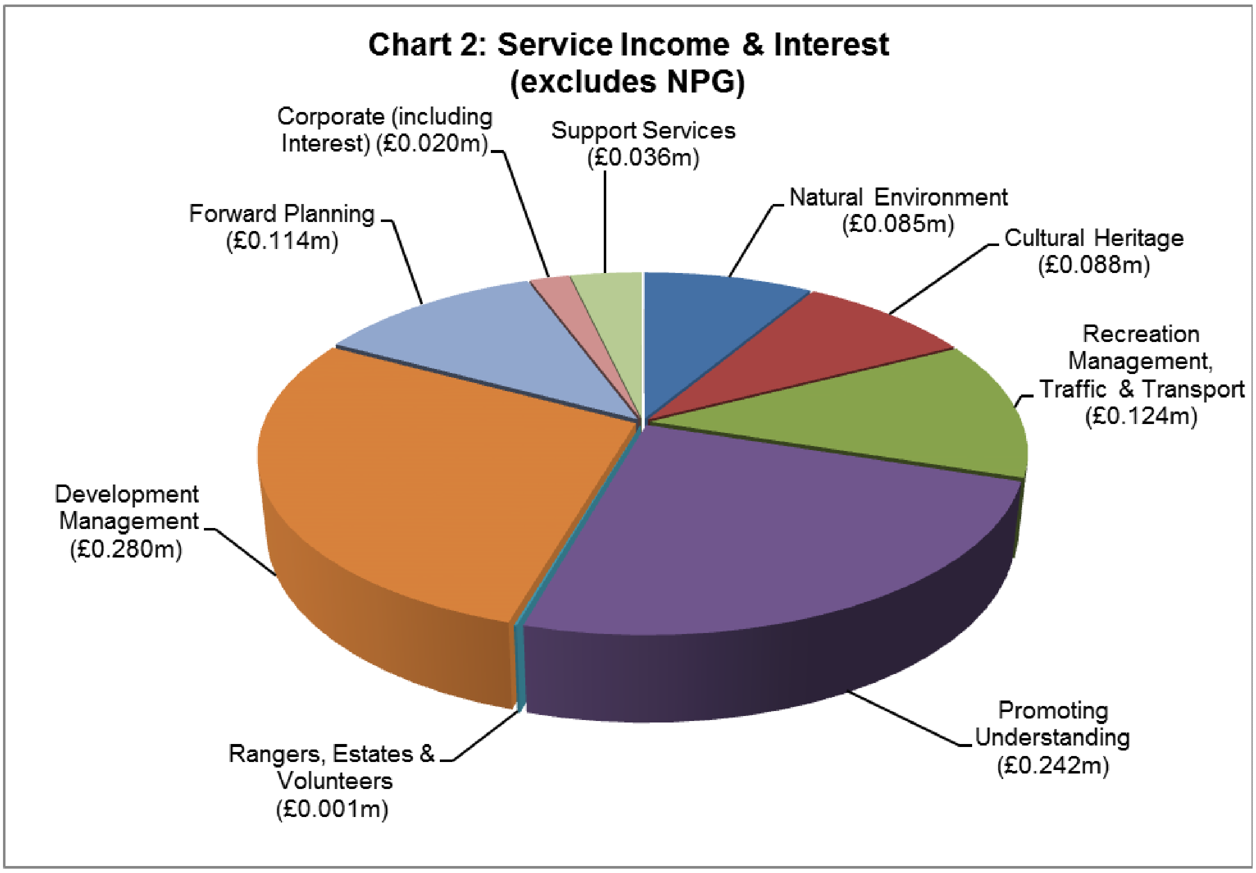
Budget management, financial control and value for money continue to be given the highest priority by Members and the Leadership Team; with robust budget management and financial control being undertaken monthly and being reported to Leadership Team and the Audit & Governance Committee on a quarterly basis. In addition to core revenue spending, the Authority was also engaged in a number of projects throughout the National Park, working with many of its partners. Where external funding relating to these projects was accounted for in 2016/17 but not spent, this income was appropriated to earmarked reserves as required by International Financial Reporting Standards. Previously received funding was also drawn down from reserves to fund work in 2016/17.

In 2014/15 the Authority embarked on a five year, £3.9 million Heritage Lottery Fund (HLF) Landscape Partnership Project: "Moor than Meets the Eye". The Authority is the lead accountable body for this Partnership Project. The income and expenditure relating to this project is accounted for separately and is therefore not included in our own Statement of Accounts. The Scheme Manager is line managed by the Director of Conservation and Communities and reports to the Landscape Partnership Board and the HLF. The Authority is represented on the Landscape Partnership Board by a Member and the Chief Executive (National Park Officer) or Director of Conservation and Communities). Members of the Authority are kept informed of the Scheme progress, the financial implications and the associated risks via the Audit and Governance Committee. The Authority has set aside a £300,000 provision in an earmarked reserve to manage the timing of future cash flows, especially the cash retention held back by the HLF at the end of the project, which might not be released for several months.

Gross service expenditure totalled £4.827 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 £3.635 million, income received for the year from external grant support, sales, fees & charges and interest totalled £0.99 million. Chart 2 highlights the income for each service in (excluding NPG) as presented in the CIES.



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 31 March 2017 was £3.543 million (£3.119 million at 31 March 2016). A full valuation of the Authority's Land and Building portfolio took place this year resulting in an unrealised gain of £0.583 million being recognised in the Comprehensive Income and Expenditure Account (CIES) and the Revaluation Reserve. Two pieces of land have been declared "surplus" this year and therefore reclassified, they are not used by the Authority, but are leased to two community groups; and the Authority has no plans to dispose of them. The Authority did not have a Capital acquisition or disposal programme this year.

General and Earmarked Reserves
The Authority brought forward usable reserve balances totalling £2.988 million on 1 April 2016 and utilised a total of £0.384 million during the year. The Authority approved appropriations to or within earmarked reserves of £0.725 million and transferred £0.341 million to the earmarked reserves at year end. This has resulted in a closing balance of £2.604 million asset in the Movement in Reserves Statement on page 14. Note 13 details the movements in Earmarked Reserves during the year.

The General Reserve, which is included in the total above, was maintained at £0.45 million which equates to approximately 12% of the 2017/18 Net Budget Requirement, or 3 month's salary payments 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. These balances are determined in part by our on-going work programmes and projects and by a risk based analysis and methodology approved by the Authority. The Authority currently remains debt free but could decide to undertake prudential borrowing to finance capital expenditure in future.

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. The disclosures show many things, with a key factor being that they are highly unpredictable due mainly to the "snapshot" valuation of assets and liabilities on one particular day at year-end and the mismatch between assets held and the corporate bonds based method that is used to value the liabilities in the "annual accounting valuation process" i.e. to meet the IAS19 accounting standard and the requirements of The Code. This accounting standard asks the question: "how much would the Authority have to borrow on the bonds market to fund the liabilities?" Which is completely different to the questions posed during the triennial funding valuation, i.e. "how much do employers need to pay in the future to have enough assets to pay benefits?"

The result of the annual accounting valuation as at 31 March 2017 for the Authority is that the net liability has increased by £3.106 million from £10.316 million to £13.422 million. The net liability has increased as a result of the change in the key financial assumptions required to determine the defined benefit obligation i.e. the discount rate linked to corporate bond yields and the future rate of inflation. Bond yields fell sharply during 2016/17 and although partially recovered, at 31 March 2016 overall they are lower than at the start of the year. This has had a significant effect on employers' defined obligations and has increased the deficit disclosed on the balance sheet. The assumed level of future inflation determines the rate at which benefits increase in deferment and in payment. The market's view of future inflation has increased noticeably and has therefore added to the defined benefit obligation. Overall asset returns have been strong over the year, particularly equities; gilts and bonds have had a volatile year, primarily driven by political events. This strong performance has resulted in an outperformance against the discount rate, leading to an actuarial gain, therefore improving the accounting position.

The annual accounting valuation included in these accounts makes use of many assumptions, especially in relation to the discount rate, which is based on the Corporate Bonds yield (and the assumption that funds are invested in corporate bonds, which they are not). This results in inconsistent, volatile and counter intuitive results when producing asset and liability valuations at each year-end period. The pension fund deficit as reported in these accounts does not represent an immediate call on the Authority's reserves but simply provides an accounting valuation snapshot (at 31 March 2017) with the value of assets and liabilities changing on a daily basis.

The most recent triennial valuation took place as at 31 March 2016 and we were notified of the results and the required level of employer contributions for 2017 to 2020 in December 2016. The Actuary provided Fund Employers with an opportunity to consider making a one-off cash contribution during 2016/17 in order to reduce past service deficits. Any such cash lump sum is spread across the whole deficit recovery period; to reduce the past service deficits and to potentially reduce future years revenue budget pressures. Members approved the payment of a lump sum cash contribution of £500,000; which was paid in March and has been funded from earmarked reserves. Current performance of the Fund indicates that our deficit recovery strategy remains on track.

Your Dartmoor - National Park Management Plan 2014 - 2019

As noted above, under section 66(1) of the Environment Act 1995 each National Park Authority (NPA) is required to prepare and publish a National Park Management Plan for its Park and review it every five years. Although preparation of the Management Plan is the prime responsibility of the NPA, its preparation needs actively to engage and gain support of all key stakeholders who will assist in its delivery. The Management Plan is the strategic plan for the National Park – a Plan for the National Park as a whole and not just for the Authority. It is a Plan for all who care about Dartmoor and its future. There is an annual meeting of all stakeholders, convened and facilitated by the Authority to up-date the action plans for each of the priorities and to identify new actions/issues. A Delivery Board comprising senior representatives from key delivery organisations plays a strategic role in overseeing implementation of the plan, monitoring how delivery is progressing, considering priorities, resourcing and providing a constructive challenge role for delivery. Your Dartmoor has its own dedicated website: **http://www.yourdartmoor.org/**

The Business Plan - The way we work

Our Business Plan is structured around themes: *Sustain, Enjoy* and *Prosper, but* our overall goal is to work in an integrated way (often with partners) to ensure that each work area or priority action considers and delivers across all three themes. The Business Plan sets out key actions to deliver our priorities but also recognises that our core business/services continue on a daily basis. The 2016/17 Business Plan identified 26 key actions against 6 agreed priorities; progress against the actions is summarised in the following table:

Progress	No.	%
Completed	13	50
In Progress/Ongoing[1]	4	15
Not Completed[2]	9	35

Notes

1 Although not fully completed there has been significant progress and achievements

2 It should be noted that some of the nine 'not completed' projects are long-term projects (i.e. it was never anticipated that they would be completed in 2016/17 but they are recorded as 'not completed' because progress has been slower than anticipated).

Key Achievements and Outcomes

Volunteering

Continued success in engaging with volunteers through our network of voluntary wardens and education guides. During 2016/17 we have supplemented these networks with a specific 'Second Sunday' initiative on Haytor. This is led by the Sector Ranger and on every 'Second Sunday' there is an organised programme of activities for volunteers. The Moor than meets the eye Landscape partnership has also successfully engaged with a range of volunteers.

Moor than meets the eye
Heritage Trails – project developed ready for launch with a new website.
Bellever & Postbridge Trails – although delayed, significant work has been completed to now allow new progress.
Higher Uppacott – works ongoing; outshot roofing, groundworks and drainage works completed.
Moor Medieval – positive community engagement with volunteers and school children.
Natural Connections – mapping of Rhos pasture and wet woodland completed and management plans developed.
Parishscapes – 13 (of 14) parishes now involved in developing/delivering projects.

Local Plan
Project re-programmed due to officer capacity; now moving forward as planned with additional Project Manager. Completed public consultation on key issues.

Peatland vision
Secured funding to support a peatland study examining the condition of peatland on Dartmoor. This will provide a baseline resource for future funding bids.
In partnership with Devon Wildlife Trust, secured funding from the HLF for a 'Magnificent Mires' project that explains the importance of Dartmoor's mires and blanket bogs.

Wildlife projects
Project to control non-native invasive species (Skunk Cabbage/Himalayan balsam) completed with community volunteers; positive links with Devon Local Nature Partnership.
Review of House Martin project completed ahead of expanded project in 2017/18.

Hill Farm Project
Successful bid to the Prince's Countryside Fund providing funding for 3 years to sustain the project as a catalyst for collaborative action with, and between, farmers.

All the Moor Butterflies
Successful bid led by Butterfly Conservation to the HLF has secured funding for a five year programme of partnership activity to help conserve key butterfly species.

Engaging young people
Junior Ranger programme delivered with positive outcomes and continued sponsorship offered (in the form of free outdoor clothing) from Sprayway.
Worked with South West Lakes Trust to submit a Stage 1 bid to the HLF's 'Kicking the Dust' programme. The National Park element of this bid would provide for the development of a new National Park Young Ranger programme for young people over the age of 16.

Naturally Healthy Project
Successful development within Buckfastleigh of a 'core group' to support the project into the future; premiered youth film about mental wellbeing; evaluation/research phase ongoing with Plymouth University including comparison with Exmoor scheme; exploring options for succession with Active Devon using Sport England funding.

Apprenticeships
Programme now in place to employ three apprentices throughout period of MTFP; Digital Communications apprentice delivering positive outcomes, including our social media expertise; two Conservation Apprentices recently appointed; all apprentices currently supported by Bridgwater College.

Dartmoor Communities Fund
Having secured funding for a third year a new fund was launched called 'Just Do It' (offering a streamlined process for grants of up to £500). In 2016/17 grants worth over £70,000 were awarded to 31 projects with a total project value in excess of £300,000.
http://www.dartmoor.gov.uk/livingin/grants/communities-fund

Donate for Dartmoor
Launched a new voluntary donation scheme called Donate for Dartmoor; generated just under £20,000 in the first year of operation. All of the money raised is hypothecated for the projects/themes identified on the Authority's website: **http://www.dartmoor.gov.uk/visiting/donate-for-dartmoor**

Moor Otters
During the course of 2016/17 the Authority agreed to investment in a public arts initiative called Moor Otters. This project seeks to attract new visitors to Dartmoor; support the local economy and local businesses; promote positive key messages and support environmental education in local schools through a separate mini Otter initiative. A sum of £140,000 was set aside in reserves to fund the project. Moor Otters, as well as delivering the outcomes outlined above, is a potential invest to generate initiative that should generate additional income for conservation and access projects through donations, sponsorship and income from the sale of the 100 plus Otters. The 'Moor Otter' Trail and an on-line auction will run concurrently between June and September; a live auction of the "Golden Otters" will take place on 30 September 2017. The project is being closely monitored, keeping a record of staff time as well as expenditure. Sponsorship and donations are being received and a cash surplus is forecast which will be hypothecated for the initiatives identified. A dedicated website has been set up to promote the project **http://www.moorotters.co.uk/**

Public Rights of Way
We manage the Public Rights of Way (PRoW) network within the National Park under a service level agreement with Devon County Council (the Highway Authority). A review of this service area in 2015/16 asked the question whether we should continue with the SLA given significantly reduced funding. Members of the Authority determined that we should continue with the service given the importance of the PRoW network to our statutory purpose of promoting opportunities for understanding and enjoyment but agreed that we would alter the focus of our work to try and get local communities and volunteers more engaged in helping to manage the network. We have had some success with this approach – our voluntary wardens provide valued and practical support in managing the network and carrying out condition surveys and we have had some interest from local communities. We recognise that this change in approach from direct management to more of an enabling role in partnership with communities and landowners/users will take time. We have also sought to secure additional funding for this work through crowd funding and our own voluntary donation scheme – Donate for Dartmoor.

Conservation Works Service Review
During 2016/17 the Authority conducted a review of the Conservation Works Team focused on future needs. This review is now being implemented and should provide further capacity for management of Public Rights of Way.

Brexit
Whilst National Parks are a UK designation Brexit will have a significant impact on the landscapes, communities and environment of our National Parks. During 2016/17 the English NPAs prepared a position statement on Brexit highlighting some important opportunities from the process and potential threats. All English NPAs agreed that the key priority was to use the EU exit process to shape a new approach to sustainable land management, enabling all farmers within our National Parks to be proactive environmental managers whilst helping our rural economies to become more sustainable and supporting the vibrancy of our communities. A task and finish group was established to develop policy proposals which were agreed by the Chairs of the English NPAs and then submitted to Ministers for consideration. We hope that we can work with the new Government to realise the opportunities that will arise through EU exit.

National Parks Partnerships LLP
National Parks Partnerships (NPP) was established by all 15 National Park Authorities in June 2016 as a Limited Liability Partnership. The company aims to establish and manage a number of successful partnerships between commercial companies and the UK National Parks. These partnership arrangements need to bring significant benefit to UK National Parks, either through cash contributions, income generating activities (such as cause related marketing or licensing) or through

provision of in-kind products/service that reduce the Parks' core running costs. In return corporate supporters will benefit from enhanced credibility, marketing reach, brand purpose, public goodwill and profile. Each National Park has contributed £10,000 towards the company running costs in 2016/17 and will do the same in 2017/18. The company is managed by a Board of Directors (Dartmoor NPA does not have a representative on the Board) who report to the Chairs of the UK National Parks.

The company is developing a partnership with Columbia Sportswear, an outdoor apparel company in Oregon, USA, which is listed on NASDAQ, is a global leading brand and a significant supporter of National Parks in the USA. The aim of this first partnership is to provide clothing and footwear to the staff and volunteers of the UK National Parks in return for exclusive marketing rights as the official provider of such clothing/equipment.

Performance Indicators

The Authority has a wide ranging set of Performance Indicators (PIs), some of these relate directly to the services we provide and thus set 'service standards'; others are 'State of the Park' indicators and as the name suggests help us assess the condition of the National Park/monitor key trends. The 'State of the Park' indicators are not influenced solely by the Authority's actions. Some of the PIs are set nationally (either by Government or as a set of indicators for all English NPAs) and others are set locally by the Authority itself. Our PIs are also grouped together and reported against our three strategic themes: *Sustain, Enjoy, Prosper*, and this allows us to monitor progress and achievement of outcomes across all service areas. During 2016/17 the Authority maintained an excellent level of service in priority areas as measured against the agreed performance targets.

Business Plan and Performance Indicator monitoring is undertaken at a 'service' or 'team' level and is reported to Leadership Team on a quarterly basis and to Members via the Audit & Governance and the full Authority. Copies of the reports for both can be found at
http://www.dartmoor.gov.uk/aboutus/au-report
http://www.dartmoor.gov.uk/aboutus/au-theauthority/au-corporateplanning_process

The Authority considers Risk Management to be an important element of its performance management framework and the **Strategic Risk Register** is reviewed and updated by Leadership Team on a quarterly basis and by Members at least half yearly.

At the end of each financial year, the Authority produces an **Annual Review** report which reports on progress over the last year, highlighting our key achievements and demonstrating key aspects of the work of the Authority. A copy of which can be found at **http://www.dartmoor.gov.uk/aboutus/au-theauthority/au-corporateplanning_process**

State of the Park Report

The State of the Park Report is produced every five years and provides a wider perspective on what is happening to the National Park across the three themes that underpin our work (*Sustain, Enjoy, Prosper*). The State of the Park report helps us and our partners determine:

- What the key changes and trends are
- What issues and gaps there are which need further investigation or addressing
- How we are progressing towards the vision in the National Park Management Plan and delivering National Park purposes.

In addition, the 2017 State of the Park report will provide an evidence base for the next review of the Management Plan which is due to start in the 2017/18 financial year. The draft 2017 State of the Park report can be found at **http://www.dartmoor.gov.uk/lookingafter/laf-state-of-the-park-report**

Conclusion and Looking Forward

Managing an ambitious and complex work programme once again presented a significant challenge. Any slippage in programmed work has been reported during the year via the Budget Management reports and the Business Plan Monitoring reports. Members have recognised the huge effort that all staff have made this year and have congratulated them for the outcomes achieved.

We have in place a clear performance monitoring framework for the Business Plan and a series of “Dashboards” for individual services. These help us to maintain robust financial and non-financial management, identify resource issues and make any necessary adjustments and guard against unplanned over expenditure or work programme slippage.

Success this year has resulted from:

- proactively seeking and achieving efficiency savings where ever possible;
- proactively seeking and securing external funding;
- promoting our key messages, which results in financial support in terms of sales, sponsorship, donations and partnership working and funding; and
- working strategically and in partnership with many organisations and the community, with whom we achieve so much more together

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

The financial certainty provided by the 2015 Comprehensive Spending Review enabled the Authority, for the first time in five years, to produce a robust and meaningful MTFP and effectively plan ahead. The MTFP and the three year Business Plan allocate our resources *(People, Pounds, Property)* so that we can “act as a powerful and effective enabler and advocate for Dartmoor National Park; working with others to deliver a National Park that is thriving, inspirational and valued.” They build on national priorities (such as the Government’s 8 Point Plan for National Parks) and local needs.

Donna Healy
Head of Business Support
28 July 2017

Kevin Bishop
Chief Executive (National Park Officer)
28 July 2017

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

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (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 hereby certify that this Statement of Accounts for the year ended 31 March 2017 has been prepared in accordance with the Accounts and Audit Regulations 2015 and that it gives a true and fair view of the financial position of Dartmoor National Park Authority as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Signed: ……………………….............. Donna Healy, Head of Business Support

Date: 28 July 2017

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 28 July 2017.

Signed: ……………………….............. Mr B Hitchins, Chairman of the Authority

Date: 28 July 2017

The Financial Statements

The financial statements and their purpose are summarised as follows:

- **Comprehensive Income and Expenditure Statement** (page 13) – 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. National Park Authorities receive Government Grant and raise other income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation (government grant) position is shown both in the Expenditure and Funding Analysis and the Movement in Reserves Statement
- **Movement in Reserves Statement** (page 14) – This statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.
- **Balance Sheet** (page 15) – 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'
- The Authority has a negative Balance Sheet as at 31 March 2017 which means that the Authority's liabilities are £7.284 million greater than its assets. The negative Balance Sheet has no impact on the Authority being considered a going concern. The net Pension liability of £13.422 million (£10.316m in 2015/16) has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary, (see Note 33 for further information).
- **Cash Flow Statement** (page 16) – 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 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.
- **Expenditure and Funding Analysis Note** (page 17) - the Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, fees and charges) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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. National Park Authorities receive National Park Grant and raise other income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation (government grant) position is shown both in the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2015/16 Restated*				2016/17		
Gross Expenditure	**Gross Income** (Note 12)	**Net Expenditure**		**Gross Expenditure**	**Gross Income** (Note 12)	**Net Expenditure**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
315	(64)	251	Conservation of the Natural Environment	343	(85)	258
271	(69)	202	Conservation of Cultural Heritage	284	(88)	196
612	(186)	426	Recreation Management and Transport	468	(124)	344
742	(242)	500	Promoting Understanding	805	(242)	563
709	(4)	705	Rangers, Estates and Volunteers	687	(1)	686
621	(236)	385	Development Management	685	(280)	405
299	(33)	266	Forward Planning & Communities	279	(114)	165
411	(54)	357	Corporate and Democratic Core	348	(20)	328
906	(38)	868	Support Services	928	(36)	892
4,886	**(926)**	**3,960**	**Cost of services**	**4,827**	**(990)**	**3,837**
6	0	6	Other Operating Expenditure (Note 33)	10	0	10
379	(19)	360	Financing and Investment Income and Expenditure (Note 6)	364	(18)	346
	(3,574)	(3,574)	Taxation and Non Specific Grant Income (Note 7)		(3,635)	(3,635)
5,271	**(4,519)**	**752**	**(Surplus) or Deficit on Provision of Services** (Note 11)	**5,201**	**(4,643)**	**558**
		(42)	(Surplus) / Deficit on Revaluation of Property, Plant and Equipment (Notes14&15)			(583)
		(1,677)	Re-measurement of the Net Defined Benefit Liability/(Asset) (Note 33)			3,093
		(1,719)	**Other Comprehensive Income and Expenditure**			**2,510**
		(967)	**Total Comprehensive Income and Expenditure**			**3,068**

*See Note 8 for an explanation of the prior period restatement

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in reserves during 2015/16	**General Fund Balance**	**Unusable Reserves**	**Total Authority Reserves**
	£000	**£000**	**£000**
Balance brought forward at 1 April 2015	**(2,995)**	**8,178**	**5,183**
Total Comprehensive Income and Expenditure	752	(1,719)	**(967)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	(745)	745	**0**
(Increase) or Decrease in year	**7**	**(974)**	**(967)**
Balance carried forward at 31 March 2016 (Notes 13 & 23)	**(2,988)**	**7,204**	**4,216**

Movement in reserves during 2016/17	**General Fund Balance**	**Unusable Reserves**	**Total Authority Reserves**
	£000	**£000**	**£000**
Balance brought forward at 1 April 2016	**(2,988)**	**7,204**	**4,216**
Total Comprehensive Income and Expenditure	558	2,510	**3,068**
Adjustments between accounting basis and funding basis under regulations (Note 9)	(174)	174	**0**
(Increase) or Decrease in year	**384**	**2,684**	**3,068**
Balance carried forward at 31 March 2017 (Notes 13 & 23)	**(2,604)**	**9,888**	**7,284**

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'.

31 March 2016 £000		Note	31 March 2017 £000	31 March 2017 £000
2,525	Property, Plant and Equipment	14	2,866	
0	Surplus Assets not held for Resale	14	30	
586	Heritage Assets	15	642	
8	Intangible Assets	16	5	
3,119	**Long Term Assets**			**3,543**
66	Inventories	19	61	
173	Short Term Debtors	20	178	
2,852	Cash and Cash Equivalents	21	2,517	
3,091	**Current Assets**			**2,756**
(110)	Short Term Creditors	22	(154)	
0	Receipts in Advance - Revenue		(7)	
(110)	**Current Liabilities**			**(161)**
(10,316)	Other Long Term Liabilities	33	(13,422)	
(10,316)	**Long Term Liabilities**			**(13,422)**
(4,216)	**Net Assets/(Liabilities)**			**(7,284)**
(2,988)	Usable Reserves	13		(2,604)
7,204	Unusable Reserves	23		9,888
4,216	**Total Reserves**			**7,284**

Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 24 May 2017.

The audited Accounts were authorised for issue by the Chief Finance Officer on 28 July 2017.

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 2016 £000		Note	31 March 2017 £000
752	**Net (surplus) or deficit on the provision of services**		**558**
	Adjustments for –		
(778)	Non cash movements	24	(223)
(26)	**Net cash flows from Operating Activities**	24	**335**
9	Investing Activities	25	0
(17)	**Net (Increase) or decrease in cash and cash equivalents**		**335**
2,835	Cash and cash equivalents at the start of the reporting period	21	2,852
2,852	**Cash and cash equivalents at the end of the reporting period**		**2,517**

Notes to the Accounts

Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, other grants and contributions, sales, fees and charges) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16				2016/17		
Net Expenditure chargeable to the General Fund	**Adjustments between Funding & Accounting basis** (Notes 9& 10)	**Net Expenditure in the CIES**		**Net Expenditure chargeable to the General Fund**	**Adjustments between Funding & Accounting basis** (Notes 9& 10)	**Net Expenditure in the CIES**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
226	25	251	Conservation of the Natural Environment	240	18	258
170	32	202	Conservation of Cultural Heritage	175	21	196
390	36	426	Recreation Management and Transport	317	27	344
441	59	500	Promoting Understanding	520	43	563
635	70	705	Rangers, Estates and Volunteers	632	54	686
332	53	385	Development Management	370	35	405
243	23	266	Forward Planning & Communities	150	15	165
322	35	357	Corporate and Democratic Core	302	26	328
841	27	868	Support Services	831	61	892
0	0	0	Pension Fund Contribution (Note 4)	500	(500)	0
3,600	**360**	**3,960**	**Net Cost of services**	**4,037**	**(200)**	**3,837**
(3,593)	385	(3,208)	Other Income and Expenditure	(3,653)	374	(3,279)
7	**745**	**752**	**(Surplus) or Deficit on Provision of Services**	**384**	**174**	**558**
(2,995)			**Opening General Fund Balance**	**(2,988)**		
7			Deficit on General Fund in Year	384		
(2,988)			**Closing General Fund Balance at 31 March** (Note 13)	**(2,604)**		

Note 1a. Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end 31 March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the UK 2016/17 (The Code) supported by International Financial Reporting Standards (IRFS) and statutory guidance issued under section 12 of the 2003 Act.

The Statement of Accounts has been prepared using the going concern and accrual basis. The historical cost convention has been applied, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

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 highly liquid investments that mature in periods of up to three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

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.

Charges to Revenue for Non-Current Assets

Services are debited with the following amounts 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 can 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.

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 in exchange for those benefits and are charged on an accrual basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement, at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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 which is accounted for as a defined benefit scheme. The scheme provides defined benefits to members (retirement lump sums and pensions) related to pay and service.

- The liabilities of the Devon 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 2.8% based on the annualised yield at the 24 year point on the Merrill Lynch AA rated corporate bond curve.
- The assets of the Devon pension scheme 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 the following components:
Service cost comprising:

- 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 as a result of a scheme amendment or curtailment 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
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing & Investment Income and Expenditure line of the Comprehensive Income & Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as other Comprehensive Income & Expenditure
- 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 – charged to the Pension Reserve as Other Comprehensive Income & Expenditure

Contributions paid to the Devon Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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.

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.

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 in the form of the grant or contribution 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.

Heritage Assets

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 reinstatement cost assessment. The insurance valuation is reviewed and updated (if required) on an annual basis. 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 is reviewed where there is evidence of impairment. Any impairment is recognised and measured in accordance with Authority’s general policies on impairment. 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.

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.

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.

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

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.

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.

Overheads and Support Services
The costs of overheads i.e. charges for use of non-current assets (depreciation, impairment, impairment reversals and employee benefit accrued costs) are charged to services in accordance with the costing principles of the Code, the CIPFA Service Reporting Code of Practice and the National Parks Financial Grant Memorandum 2008.

The full cost of Support Services, which also includes our main premises and organisational running costs are reported as a separate service segment in accordance with the Authority's arrangements for accountability and financial performance and not allocated to those services that benefit from them.

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 land and 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 carried in the Balance Sheet using the following measurement bases:

- Community assets and assets under construction - depreciated historical cost
- Surplus assets - fair value
- All other assets – current 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current 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 current value.

Assets held in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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.

The written-off value of disposals is not a charge against Government Grant, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund Balance in the movement in reserves statement.

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.

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.

Fair Value Measurement

Some non-financial assets, such as surplus assets, are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques used are those that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use on unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

The Authority reviews the categorisation of inputs when new formal valuations are undertaken and when trigger events occur. The change in category is reported at the next financial year-end following the trigger event.

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:

- The accounts have been prepared on a going-concern basis. The concept of going concern assumes that the Authority, its functions and services will continue in operational existence for the foreseeable future. Defra has confirmed National Park Grant for the period 2016/17 to 2019/20, which provides for an annual increase of 1.72%
- The Authority is continually reviewing the use and ownership of a number of assets. All land and building assets are classed as operational and held at current value, until they are declared surplus; at which point they are re-classifed and held at fair value

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.

One item in the Authority's Balance Sheet as at 31 March 2017, for which there is a significant risk of material adjustment in forthcoming financial years, is 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 £0.945m. However, the assumptions interact in complex ways. During 2016/17, the Authority's actuaries advised that due to estimates being corrected (as a result of experience and updating the assumptions) the net pensions' liability had increased by £5.186m and decreased by £2.093m reflecting the actual return on plan assets in excess of interest.

Note 4. Material Items of Income and Expense

In March 2017 the Authority determined to pay an "invest to save" one-off contribution to the Local Government Pension Fund of £0.5 million to reduce the past service funding deficit.

Note 5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 28 July 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6. Financing and Investment Income and Expenditure

2015/16 £000		2016/17 £000
379	Net Interest Cost on the Net Defined Benefit Liability (asset)	364
(19)	Interest Receivable and Similar Income	(18)
360		**346**

Note 7. Taxation and Non Specific Grant Income

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.

2015/16 £000		2016/17 £000
(3,574)	Government Grants: National Park Grant (Defra)	(3,635)
(3,574)		**(3,635)**

Note 8. Prior Period Restatement of Service Expenditure and Income

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement (CIES) in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code requires that Local Authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the Authority's internal management reporting structure. This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the net expenditure and income has been restated.

Net Expenditure	**As reported in the CIES 2015/16**	**Adjustments between SERCOP & Internal Reporting Classifications**	**As Restated 2015/16**
SERCOP Service Line	**£000**	**£000**	**£000**
Conservation of the Natural Environment	305	(54)	251
Conservation of Cultural Heritage	256	(54)	202
Recreation Management and Transport	517	(91)	426
Promoting Understanding	701	(201)	500
Rangers, Estates and Volunteers	933	(228)	705
Development Management	585	(200)	385
Forward Planning & Communities	306	(40)	266
Corporate and Democratic Core	357	0	357
Support Services	0	868	868
Cost of Services	**3,960**	**0**	**3,960**

Gross Expenditure SERCOP Service Line	As reported in the CIES 2015/16 £000	Adjustments between SERCOP & Internal Reporting Classifications £000	As Restated 2015/16 £000
Conservation of the Natural Environment	369	(54)	315
Conservation of Cultural Heritage	325	(54)	271
Recreation Management and Transport	703	(91)	612
Promoting Understanding	943	(201)	742
Rangers, Estates and Volunteers	937	(228)	709
Development Management	821	(200)	621
Forward Planning & Communities	339	(40)	299
Corporate and Democratic Core	411	0	411
Support Services	0	906	906
Cost of Services	**4,848**	**38**	**4,886**

Gross Income SERCOP Service Line	As reported in the CIES 2015/16 £000	Adjustments between SERCOP & Internal Reporting Classifications £000	As Restated 2015/16 £000
Conservation of the Natural Environment	(64)	0	(64)
Conservation of Cultural Heritage	(69)	0	(69)
Recreation Management and Transport	(186)	0	(186)
Promoting Understanding	(242)	0	(242)
Rangers, Estates and Volunteers	(4)	0	(4)
Development Management	(236)	0	(236)
Forward Planning & Communities	(33)	0	(33)
Corporate and Democratic Core	(54)	0	(54)
Support Services	0	(38)	(38)
Cost of Services	**(888)**	**(38)**	**(926)**

Note 9. 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 arrive at the resources that are specified by statutory provisions, as being available to the Authority to meet future capital and revenue expenditure. 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.

	2016/17 General Fund Balance £000
Adjustments to Revenue Resources	
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:	
• Pensions costs (transferred to or from the Pensions Reserve)	(13)
• Holiday pay (transferred to or from the Accumulated Absences Reserve)	(3)
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (charged to the Capital Adjustment Account)	(158)
Total Adjustments to Revenue Resources	**(174)**
Total Adjustments	**(174)**

	2015/16 General Fund Balance £000
Adjustments to Revenue Resources	
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:	
• Pensions costs (transferred to or from the Pensions Reserve)	(599)
• Holiday pay (transferred to or from the Accumulated Absences Reserve)	3
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (charged to the Capital Adjustment Account)	(158)
Total Adjustments to Revenue Resources	**(754)**
Adjustments between Revenue and Capital Resources	
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	9
Total Adjustments between Revenue and Capital Resources	**9**
Total Adjustments	**(745)**

Note 10. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2016/17

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a) £000	Net change for Pensions Adjustment (note b) £000	Other Differences (note c) £000	Total Adjustment £000
Conservation of the Natural Environment	11	8	(1)	18
Conservation of Cultural Heritage	8	13	0	21
Recreation Management and Transport	14	11	2	27
Promoting Understanding	23	19	1	43
Rangers, Estates and Volunteers	27	24	3	54
Development Management	17	21	(3)	35
Forward Planning & Communities	7	8	0	15
Corporate and Democratic Core	13	12	1	26
Support Services	38	23	0	61
Pension Fund Contribution	0	(500)	0	(500)
Net Cost of Services	158	(361)	3	(200)
Other Income & Expenditure	0	374	0	374
Total	**158**	**13**	**3**	**174**

Adjustments between Funding and Accounting Basis 2015/16

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a) £000	Net change for Pensions Adjustment (note b) £000	Other Differences (note c) £000	Total Adjustment £000
Conservation of the Natural Environment	12	14	(1)	25
Conservation of Cultural Heritage	9	20	3	32
Recreation Management and Transport	21	16	(1)	36
Promoting Understanding	28	31	0	59
Rangers, Estates and Volunteers	37	37	(4)	70
Development Management	23	31	(1)	53
Forward Planning & Communities	12	10	1	23
Corporate and Democratic Core	16	19	0	35
Support Services	(9)	36	0	27
Net Cost of Services	149	214	(3)	360
Other Income & Expenditure	0	385	0	385
Total	**149**	**599**	**(3)**	**745**

a) **Adjustments for Capital Purposes** - this column adds in depreciation and impairment and revaluation gains and losses in the services line

b) **Net Change for Pensions Adjustments** - Net change for removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** - this represents removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES

c) **Other Differences** - other differences debited / credited to the CIES and amounts payable / receivable to be recognised under statute i.e. accumulated absences

Note 11. Expenditure and Income Analysed by Nature

2015/16 £000	Expenditure / Income	2016/17 £000
3,046	Employee Benefits Expenses	3,014
1,688	Other Service Expenses	1,655
158	Depreciation, Amortisation & Impairment	158
379	Interest Payments	374
5,271	**Total Expenditure**	**5,201**
(926)	Grants, Fees, Charges & Other Service Income	(990)
(3,574)	Government Grants & Contributions	(3,635)
(19)	Interest & Investment Income	(18)
(4,519)	**Total Income**	**(4,643)**
752	**(Surplus) / Deficit on the Provision of Services**	**558**

Note 12. Segmental Income

2016/17	**Grants and Contributions £000**	**Fees and Charges £000**	**Sales Income £000**	**Other £000**	**Total £000**
Conservation of the Natural Environment	(51)	(34)	0	0	(85)
Conservation of Cultural Heritage	(81)	(5)	0	(2)	(88)
Recreation Management & Transport	(44)	(80)	0	0	(124)
Promoting Understanding	(27)	(47)	(168)	0	(242)
Rangers, Estates and Volunteers	0	(1)	0	0	(1)
Development Management	0	(280)	0	0	(280)
Forward Planning & Communities	(114)	0	0	0	(114)
Corporate and Democratic Core	0	(20)	0	0	(20)
Support Services	0	(13)	0	(23)	(36)
Total Income	**(317)**	**(480)**	**(168)**	**(25)**	**(990)**

2015/16	**Grants and Contributions £000**	**Fees and Charges £000**	**Sales Income £000**	**Other £000**	**Total £000**
Conservation of the Natural Environment	(45)	(19)	0	0	(64)
Conservation of Cultural Heritage	(60)	(5)	0	(3)	(68)
Recreation Management & Transport	(124)	(62)	0	0	(186)
Promoting Understanding	(45)	(43)	(155)	0	(243)
Rangers, Estates and Volunteers	0	(4)	0	0	(4)
Development Management	0	(236)	0	0	(236)
Forward Planning & Communities	(33)	0	0	0	(33)
Corporate and Democratic Core	0	(54)	0	0	(54)
Support Services		(18)	0	(20)	(38)
Total Income	**(307)**	**(441)**	**(155)**	**(23)**	**(926)**

Note 13. Reserve Balances

Accounting Policy

The Authority sets aside specific amounts for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back to into the General Fund Balance so that 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 and in note 23.

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 General Fund expenditure in year.

Movement in Earmarked Reserves	**Balance at 1 April 2015**	Transfers Out 2015/16	Transfers In / Within 2015/16	**Balance at 31 March 2016**	Transfers Out 2016/17	Transfers In / Within 2016/17	**Balance at 31 March 2017**
	£000	£000	£000	**£000**	£000	£000	**£000**
Appeals and Litigation	**(250)**	0	0	**(250)**	0	0	**(250)**
Capital - Vehicles Replacement	**(24)**	0	(12)	**(36)**	0	(12)	**(48)**
Property - Repairs & Maintenance	**(150)**	0	0	**(150)**	0	0	**(150)**
Pay and Pensions	**(351)**	0	89	**(262)**	500	(290)	**(52)**
General Inflation / Loss of Income	**(102)**	0	22	**(80)**	0	45	**(35)**
Reduction in NPG	**(571)**	0	571	**0**	0	0	**0**
Invest to Save & Generate Projects	**0**	0	(378)	**(378)**	0	244	**(134)**
Budget Commitments	**(204)**	34	(47)	**(217)**	54	(159)	**(322)**
Match Funding	**(501)**	45	(365)	**(821)**	7	(125)	**(939)**
Grants and Contributions Received	**(332)**	328	(182)	**(186)**	164	(196)	**(218)**
Revenue Outturn - unallocated	**(210)**	0	52	**(158)**	0	152	**(6)**
Total Earmarked Reserves	**(2,695)**	407	(250)	**(2,538)**	725	(341)	**(2,154)**
General (unallocated) Reserve	(300)	0	(150)	(450)	0	0	(450)
Total Reserves	**(2,995)**	407	(400)	**(2,988)**	725	(341)	**(2,604)**

Note 14. Property Plant and Equipment

Property, Plant & Equipment Movements in 2016/17	**Land & Buildings**	**Surplus Assets (not held for sale)**	**Vehicles, Plant, Furniture & Equipment**	**Community Assets**	**Total Property, Plant and Equipment**
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2016	2,251	0	750	216	**3,217**
Additions	0	0	0	0	**0**
Revaluation Increases & Decreases recognised in the revaluation Reserve	182	0	0	0	**182**
Revaluation Increases recognised in the Surplus/Deficit on the Provision of Services	3	0	0	0	**3**
Reclassification of non-operational land	(30)	30	0	0	**0**
At 31 March 2017	**2,406**	**30**	**750**	**216**	**3,402**
Accumulated Depreciation and Impairment					
At 1 April 2016	(230)	0	(462)	0	**(692)**
Depreciation Charge for the year	(115)	0	(44)	0	**(159)**
Depreciations written out the Revaluation Reserve	345	0	0	0	**345**
At 31 March 2017	**0**	**0**	**(506)**	**0**	**(506)**

Property, Plant & Equipment Movements in 2015/16	**Land & Buildings**	**Surplus Assets (not held for sale)**	**Vehicles, Plant, Furniture & Equipment**	**Community Assets**	**Total Property, Plant and Equipment**
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2015	2,199	0	741	216	**3,156**
Additions	0	0	9	0	**9**
Revaluation Increases & Decreases recognised in the revaluation Reserve	42	0	0	0	**42**
Revaluation Increases recognised in the Surplus/Deficit on the Provision of Services	10	0	0	0	**10**
At 31 March 2016	**2,251**	**0**	**750**	**216**	**3,217**
Accumulated Depreciation and Impairment					
At 1 April 2015	(115)	0	(419)	0	**(534)**
Depreciation Charge for the year	(115)	0	(43)	0	**(158)**
At 31 March 2016	(230)	0	(462)	0	(692)
Total Net Book Value at 31 March 2017	**2,406**	**30**	**244**	**216**	**2,896**
Total Net Book Value at 31 March 2016	**2,021**	**0**	**288**	**216**	**2,525**

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 & ICT Hardware	3-14 years	Straight line

Revaluations

The Authority carries out a valuation programme that ensures that all Property, Plant and Equipment required to be measured is revalued at least every five years. The most recent valuations being 31 March 2014 and 31 March 2017. 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. Valuations of land and buildings 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 or market value
- Disregarding any alternatives uses
- Depreciated replacement cost

	Land and Buildings	Surplus Assets	Plant, Vehicles, Furniture & Equipment	Community Assets	Total
	£000	**£000**	**£000**	**£000**	**£000**
Carried at Historical Cost	0	0	750	216	966
Valued at Fair Value at 31 March 2017	0	30	0	0	30
Valued at Current Value at 31 March 2017	2,406	0	0	0	2,406
Total	**2,406**	**30**	**750**	**216**	**3,402**

Fair Value Measurement of Non-Financial Assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis:

2016/17	**Level 1**	**Level 2**	**Level 3**	**Total**
Property, Plant and Equipment	**£000**	**£000**	**£000**	**£000**
Surplus Assets - Non-operational Land	0	30	0	30

There were no assets valued at Fair Value in 2015/16

Fair value of non-operational land (surplus assets) is estimated based on appraisals performed by independent, professionally qualified property valuers and properties are revalued annually at 31 March. The significant inputs and assumptions are developed in consultation with management. The valuation process and fair value changes are reviewed by the Chief Financial Officer at each reporting date.

Surplus Assets - the valuation technique used is a market approach which takes into account market conditions, recent sale prices and other relevant information for similar assets in the local area. Market conditions are such that similar properties are actively purchased and sold and the most significant observable input into this valuation is price per square foot.

Note 15. Heritage Assets

The following table is a reconciliation of the carrying value (insurance rebuild) of “Uppacott” a Grade 1-star listed Devon Longhouse which is the only Heritage Asset held by the Authority:

2015/16 £000		2016/17 £000
586	Carrying Value at 1 April	586
0	Revaluation	56
586	**Carrying Value at 31 March**	**642**

Note 16. 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 CIES 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:

2015/16 £000	Intangible Assets	2016/17 £000
157	Gross Carrying Value at 1 April	157
(139)	Accumulated Amortisation	(149)
18	**Net Carrying Value at 1 April**	**8**
(10)	Amortisation for the Period	(3)
8	**Net Carrying Value at 31 March**	**5**

Note 17. 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 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 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.

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

2015/16 £000		2016/17 £000
2,852	Cash at Bank	2,517
108	Debtors - Financial Assets carried at contract amounts	137
(110)	Creditors - Financial Liabilities carried at contract amounts	(154)

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

2015/16 £000		2016/17 £000
(19)	Interest and Investment Income	(18)

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 18. 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 Leadership Team, 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, £6,766 of the £29,645 'Miscellaneous and Trade debtor' balance was past its due date for payment as at 31 March (£3,780 was settled by 24 May 2017, with the remaining £2,996 being in transit). 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 at 31 March can be analysed by age as follows:

2015/16 £000		2016/17 £000
4	Less than three months	7

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 than one year. The Authority currently has no borrowings and so there is no significant current or future risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

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 £20,000 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.

Note 19. Inventories

Inventories (retail stock held for resale) are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. The Authority has three Visitor Centres within the National Park boundary, which sell books, maps, souvenirs, items of clothing and other suitable material that promotes National Park Purposes and this defrays the cost of the overall service. The Visitor Centres exist to further the provision of information and education, the "trading" results therefore, while significant, are incidental to the main provision of a Visitor Centre Service. Hence, there is no attempt to recharge proportions of staffing or other premises costs against the gross profit stated below.

2015/16 £000		2016/17 £000
(155)	Gross Sales	(168)
71	Plus: Opening Inventory	66
85	Plus: Purchases	95
66	**Less: Closing Inventory at 31 March**	**(61)**
(65)	Gross Profit	(68)

Note 20. Debtors

Representing 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 made payments in advance.

2015/16 £000		2016/17 £000
52	Central Government Bodies	41
5	Other Local Authorities	8
63	Public Corporations & Trading Funds	74
53	Other Entities and Individuals	55
173	**Total at 31 March**	**178**

Note 21. Cash and Cash Equivalents

2015/16 £000		2016/17 £000
2,852	Bank Current Accounts	2,517
2,852	**Total at 31 March**	**2,517**

Note 22. 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.

2015/16 £000		2016/17 £000
(18)	Other Local Authorities	(34)
(4)	Public Corporations & Trading Funds	0
(88)	Other Entities & Individuals	(120)
(110)	**Total**	**(154)**

Note 23. Unusable Reserves

2015/16 £000		2016/17 £000
(957)	Revaluation Reserve	(1,495)
(2,195)	Capital Adjustment Account	(2,082)
10,316	Pensions Reserve	13,422
40	Accumulated Absences Account	43
7,204	**Total Unusable Reserves at 31 March**	**9,888**

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.

2015/16 £000		2016/17 £000
(960)	Balance at 1 April	(957)
(42)	Upward Revaluation of Assets (Note 14 & 15)	(583)
(1,002)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(1,540)
45	Difference between Fair Value Depreciation and Historical Cost Depreciation and written off to the Capital Adjustment Account	45
(957)	**Balance at 31 March**	**(1,495)**

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

2015/16 £000		**2016/17 £000**
(2,299)	Balance at 1 April	(2,195)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
148	Charges for Depreciation and Impairment of Non-Current Assets	155
10	Amortisation of intangible assets	3
(2,141)		(2,037)
(45)	Adjusting amounts written out of the Revaluation Reserve	(45)
(2,186)	Net written out amount of the cost of Non-Current Assets consumed in the year	(2,082)
	Capital Financing applied in the year:	
(9)	Capital Expenditure charged against the General Fund	0
(2,195)	**Balance at 31 March**	**(2,082)**

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 requires 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.

2015/16 £000		**2016/17 £000**
11,394	Balance at 1 April	10,316
(1,677)	Re-measurements of the net defined liability/(asset)	3,093
1,047	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	967
(448)	Employer's pensions contributions and direct payments to pensioners payable in the year	(954)
10,316	**Balance at 31 March**	**13,422**

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.

2015/16 £000		**2016/17 £000**
43	Balance at 1 April	40
(43)	Settlement or cancellation of accrual made at the end of the preceding year	(40)
40	Amounts accrued at the end of the current year	43
40	**Balance at 31 March**	**43**
(3)	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	3

Note 24. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2015/16 £000		**2016/17 £000**
(158)	Depreciation and Amortisation	(158)
(599)	Actuarial Charges for Retirement Benefits	(13)
(5)	Increase / (Decrease) in Inventory	(5)
(171)	Increase / (Decrease) in Debtors	4
(146)	(Increase) / Decrease in Creditors & Receipts in Advance	(51)
(9)	(Increase) / Decrease in Provisions	0
(778)	**Total Non-Cash Movements**	**(223)**

2015/16 £000		**2016/17 £000**
3,567	Cost of Services	3,988
(19)	Interest Received	(18)
(3,574)	Taxation and Non Specific Grant Income	(3,635)
(26)	**Net Cash Flows from Operating Activities**	**335**

Note 25. Cash Flow Statement – Investing Activities

2015/16 £000		**2016/17 £000**
9	Purchase of Property, Plant and Equipment and Intangible Assets	0
9	**Net Cash Flows from Investing Activities**	**0**

Note 26. Member Allowances

Name	Allowance £	Expenses £	Total £	Appointed by
K Ball*	2,847	0	2,847	Devon County Council
SD Barker	1,627	0	1,627	Devon County Council
WG Cann	1,452	228	1,680	West Devon Borough Council
JO Christophers	1,627	0	1,627	Teignbridge District Council
ACJ Cooper*	1,459	379	1,838	Secretary of State – National
MJ Galt	78	53	131	Standards Committee – Independent
GJ Gribble	1,627	0	1,627	Devon County Council
PW Harper*	1,620	90	1,710	Secretary of State - National
SL Hill	1,627	124	1,751	Secretary of State - Parish
PW Hitchins*	5,674	1,168	6,842	South Hams District Council
LJG Hockridge	179	0	179	West Devon Borough Council
MH Jeffery	1,627	0	1,627	Teignbridge District Council
DEB Lloyd*	1,830	913	2,743	Secretary of State - National
JR McInnes*	3,254	770	4,024	Devon County Council
IJF Mortimer*	2,440	196	2,636	Secretary of State – National
DE Moyse	1,627	502	2,129	West Devon Borough Council
N Oakley*	2,237	0	2,237	Secretary of State - National
CM Pannell*	2,772	66	2,838	Secretary of State - Parish
MH Retallick*	3,254	501	3,755	Secretary of State - Parish
PR Sanders*	2,440	519	2,959	Devon County Council
TB Stapleton	0	265	265	Standards Committee - Independent
DW Webber	1,627	406	2,033	Secretary of State - Parish
PE Woods	909	80	989	Secretary of State - National
Total 2016/17	**43,834**	**6,260**	**50,094**	
Total 2015/16	**41,204**	**5,711**	**46,915**	

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

Note 27. Officers' Remuneration

Senior Officers Remuneration

The Authority is required to:

Name all officers that earn over £150,000 per annum for all or part of a year;

List all post holders who earn between £50,000 and £150,000 for all or part of a year; **and** who also fit the following criteria:

- They report directly to the Chief Executive, or;
- They are part of the Authority's Senior Management Team, or;
- They hold posts required by statute (the Chief Finance Officer and the Monitoring Officer)

The remuneration paid to the Authority's senior employees is as follows:

		Salary, Fees and Allowances £	Expenses Allowances £	Pension Contributions £	Total £
Chief Executive (NPO)	**2016/17**	91,214	988	17,148	**109,350**
	2015/16	90,753	836	17,061	**108,650**
Head of Planning	**2016/17**	60,120	268	11,303	**71,691**
	2015/16	60,120	522	11,303	**71,945**
Director of Conservation & Communities	**2016/17**	60,721	200	11,416	**72,337**
	2015/16	60,120	49	11,303	**71,472**

The Authority has no other employees receiving more than £50,000 remuneration.

Exit Packages
The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies included within the Comprehensive Income & Expenditure Statement 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 (£)	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0-£20,000	1	0	1	0	2	0	13,110	0
£20,001-£40,000	0	0	0	0	0	0	0	0
Total Cost in CIES	**1**	**0**	**1**	**0**	**2**	**0**	**13,110**	**0**

Note 28. Grant Income

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

2015/16 £000	Credited to Taxation and Non Specific Grant Income	2016/17 £000
(3,574)	National Park Grant (from Defra)	(3,635)
(3,574)	**Total**	**(3,635)**

2015/16 £000	Credited to Services	2016/17 £000
(144)	Devon County Council	(63)
(37)	Historic England	(42)
0	English Heritage Trust	(1)
0	Defence Infrastructure	(7)
0	Dartmoor Trust	(14)
(9)	South West Water	(10)
(44)	Heritage Lottery Fund	(30)
(10)	Duchy of Cornwall	(11)
(25)	Teignbridge District Council	(25)
(6)	South Hams District Council	(24)
(3)	West Devon Borough Council	(24)
(25)	Prince's' Countryside Fund	(20)
0	Natural England	(4)
0	Department of Communities and Local Government	(40)
(4)	Other	(2)
(307)	**Total**	**(317)**

Note 29. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts.

2015/16 £000		2016/17 £000
12	Fees payable to Grant Thornton UK LLP in regard to external audit services carried out by the appointed auditor for the year	12

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 predominantly 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 Notes 7 and 28.

Members of the Authority have direct control over the Authority's financial and operating policies. A list of the Members' allowances paid in 2016/17 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
The Authority has several Service Level Agreements (SLAs) with Devon County Council (DCC) which include: providing VAT, Treasury, Payroll, Legal, Communications and ICT related services. The Authority made payments totalling £79,480 in 2016/17 for the provision of these services (£62,382 in 2015/16).

The Authority has an agreement with Devon County Council conferring delegated responsibility to us for the inspection, maintenance and management of most Public Rights of Way within the National Park boundary, including footpaths, bridleways and restricted byways. In 2016/17 the Authority received £43,000 from Devon County Council for maintenance work (£43,000 in 2015/16).

We also received a £20,000 contribution towards the "Naturally Healthy Dartmoor" project, which is a three year project.

We made contributions to the County Council totalling £7,322 (£65,342 in 2015/16) for other Dartmoor related projects and initiatives undertaken or lead by the County Council. In 2015/16 this included a £30,000 two year match funding contribution towards the "Granite & Gears" project and £27,510 towards the Swincombe Bridge replacement project.

Devon Audit Partnership
Our Internal Audit function is provided via a Service Level Agreement with the Devon Audit Partnership (DAP) at an annual cost of £5,200 (£5,100 in 2015/16).

Teignbridge District Council
We have entered into a service level agreement with Teignbridge District Council to receive Health & Safety Support, at an annual cost of £8,103 (£8,103 in 2015/16). We also commissioned some extra officer support for the Development Management Service at a cost of £1,380. We are a member of the Learning & Development Partnership with six other Local Authorities in Devon, hosted by Teignbridge District Council at an annual cost of £2,000.

West Devon Borough Council
We entered into a formal agreement for car park management services at Princetown at a cost of £6,115 for 2016/17 (£5,487 in 2015/16).

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 2016/17.

The Authority is a partner in the National Parks Shared Internet Portal Project, to which the annual contribution for membership is £10,000 (£10,000 in 2015/16); the accountable body is National Parks UK Ltd.

The Authority is a partner in National Parks Partnerships Limited Liability Partnership, a company established by all 15 UK National Parks, to which a £10,000 contribution has been made. The company is managed by a Board of Directors (Dartmoor NPA does not have a representative on the Board) who report to the Chairs of the UK National Parks.

The Authority is also holding a cash balance of £193,479 for the “Moor than Meets the Eye” Heritage Lottery Funded Landscape Partnership project, in its bank account. The Authority is the lead and accountable body for the partnership, however as the balance of monies held is not DNPA funds, the income and expenditure relating to the project is accounted for separately and therefore excluded from the Authority’s primary financial statements.

The Authority is holding a cash balance of £175,000 from a Developer, representing 50% (received in 2015/16) of the commuted sum, for a S106 Planning Obligation Agreement on land at Chagford. This is in lieu of making provision within the development for community purposes in accordance with the adopted Local Plan and it is to be passed on to third party(s) to secure delivery of those community purposes. This balance is therefore excluded from the Authority’s primary financial statements, as it does not represent DNPA funds.

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 2016/17 was £58,604 (£48,644 in 2015/16) 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 2016/17 was £20,549 (£13,810 in 2015/16).

Note 31. Leases

Authority as Lessee
The Authority has two administrative buildings held under finance leases. The Authority’s interest in the assets is included within non-current assets on the balance sheet. The lease liability is not included within the balance sheet as the sum is not material. The annual lease payments are accounted for within the Comprehensive Income and Expenditure Statement as they fall due.

2015/16 £000	Land and Buildings	2016/17 £000
331	Parke, Bovey Tracey (DNPA Headquarters)	339
379	High Moorland Office and Visitor Centre, Princetown	530
710	**Total**	**869**

2015/16 £000	Future Minimum Lease Payments	2016/17 £000
3	Not later than one year	3
14	Later than one year and not later than five years	14
24	Later than 5 years	21
41	**Total**	**38**

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 leases
- Vehicle fleet, with lease terms of five years or less

2016/17 Future Minimum Lease Payments	**Land & Buildings £000**	**Vehicles £000**	**Equipment £000**
Not later than one year	8	16	6
Later than one year and not later than five years	30	19	0
Later than 5 years	310	0	0
Total	**348**	**35**	**6**

2015/16 Future Minimum Lease Payments	**Land & Buildings £000**	**Vehicles £000**	**Equipment £000**
Not later than one year	7	16	7
Later than one year and not later than five years	29	35	1
Later than 5 years	312	0	0
Total	**348**	**51**	**8**

Expenditure charged to the Comprehensive Income and Expenditure Statement in year:

2015/16 £000		**2016/17 £000**
5	Recreation Management and Transport	5
24	Rangers, Estates and Volunteers	19
11	Support Services (Corporate amounts)	10
40	**Total**	**34**

Note 32. Termination Benefits

In 2016/17 the Authority did not terminate any contracts of employment. In 2015/16 the Authority terminated the contracts of two employees, and incurred liabilities of £13,110 see Note 27 for the number of exit packages and the total cost per band.

Note 33. Defined Benefit Pension Schemes

As part of the terms and conditions of employment, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS) which is a funded, defined benefit statutory scheme, administered by Devon County Council in accordance with the Local Government Pension Scheme Regulations 2013. The Authority and its employees pay contributions into a Fund, calculated at a level to balance the pension liabilities with investment assets.

The Investment and Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. As administering authority to the Fund, Devon County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy

Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2016 and contributions have been set for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Devon County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The Authority's Pension Fund liability does not represent an immediate call on reserves; it is a snap-shot valuation in time, based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term.

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:

2015/16 £000		2016/17 £000
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
662	Current Service Cost	593
	Other Operating Expenditure:	
6	Administration Expenses	10
	Financing and Investment Income and Expenditure:	
379	Net Interest Expense	364
1,047	**Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services**	**967**

	Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	
	Re-measurement of the of the net defined benefit liability comprising:	
(548)	Return on Plan Assets (excluding the amount included in the net interest Expense)	2,440
0	Other actuarial gains/(losses)	(347)
2,221	Actuarial gains and losses arising on changes in financial assumptions	(6,313)
0	Actuarial gains and losses arising on changes in demographic assumptions	66
4	Experience gain/(loss) on defined benefit obligation	1,061
1,677	**Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement**	**(3,093)**
	Movement in Reserves Statement	
(1,047)	Reversal of Net Charges made to the Surplus or Deficit for the Provision of Services for Post Employment Benefits in accordance with The Code	**(967)**
	Actual amount charged against the General Fund Balance for pensions in the year	
438	Employer's contributions payable to the scheme	944
10	Retirement benefits payable to pensioners – Discretionary benefits arrangements	10
448		**954**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

2015/16 £000		**2016/17 £000**
(26,091)	Present value of the defined benefit obligation	(32,432)
15,956	Fair value of plan assets	19,208
(10,135)	Net Liability	(13,224)
(181)	Present value of unfunded obligation	(198)
(10,316)	**Net Liability arising from Defined Benefit Obligation at 31 March**	**(13,422)**

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2015/16 £000		**2016/17 £000**
15,887	Opening Fair Value of Fund Assets	15,956
542	Interest on Assets	601
	Re-measurement Gain/(Loss):	
(548)	• Return on Plan Assets excluding Net Interest Expense	2,440
0	• Other	(347)
(6)	Administration Expenses	(10)
448	Contributions from Employer (including Unfunded)	954
156	Contributions from Employees	159
(523)	Benefits Paid	(545)
15,956	**Closing Fair Value of Scheme Assets at 31 March**	**19,208**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)
Local Government Pension Scheme and unfunded benefits – liabilities

2015/16 £000		2016/17 £000
(27,281)	Opening Defined Benefit Obligation	(26,272)
(662)	Current Service Cost	(593)
(921)	Interest Cost	(965)
(156)	Contributions from Employees	(159)
	Re-measurement Gain/(Loss):	
0	Actuarial Gains and (Losses) arising on changes in demographic assumptions	66
2,221	Actuarial Gains and (Losses) arising on changes in financial assumptions	(6,313)
4	Experience (Loss)/Gain on Defined Benefit Obligation	1,061
513	Benefits Paid	535
10	Unfunded Pension Payments	10
(26,272)	**Closing Defined Benefit Obligation at 31 March**	**(32,630)**

The Local Government Pension Scheme Assets

The estimated asset allocation for Dartmoor National Park Authority as at 31 March 2017 is as follows:

2015/16 £000		Fair Value of Scheme Assets	2016/17 £000	
439	3%	Gilts	573	3%
3,851	24%	UK Equities	4,619	24%
5,128	32%	Overseas Equities	6,679	35%
1,787	11%	Property	1,681	9%
604	4%	Infrastructure	747	4%
2,324	15%	Target Return portfolio	2,852	15%
356	2%	Cash	513	2%
566	4%	Other Bonds	491	3%
901	5%	Alternative Assets	1,053	5%
15,956	**100%**	**Total**	**19,208**	**100%**

Based on the above, DNPA's share of the assets in the Fund is less than 1%

The percentage of the total Fund held in in each asset class (split by those that have a quoted market price and those that do not):

Fair Value of Scheme Assets		31 January 2017	
		% Quoted	% Unquoted
Fixed interest government securities	UK	0.0%	-
	Overseas	2.9%	-
Corporate Bonds	UK	0.1%	-
	Overseas	2.4%	-
Equities	UK	22.7%	1.4%
	Overseas	30.2%	4.6%
Property	All	-	8.7%
Others	Absolute return portfolio	14.8%	-
	Infrastructure	-	3.9%
	Multi sector credit fund	5.5%	-
	Cash/temporary investments	-	2.7%
Net current assets	Debtors	-	0.1%
	Creditors	-	(0.1%)
Total		**78.6%**	**21.3%**

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 2016. The next valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023.

The principal assumptions used by the actuary have been:

31 March 2016		31 March 2017
	Long-term expected rate of return on assets in the scheme:	
3.7%	Discount rate	2.8%
	Mortality Assumptions:	
	Longevity at 65 for current pensioners:	
22.9	Men	23.4
26.2	Women	25.5
	Longevity at 65 for future pensioners (retiring in 20 years)	
25.2	Men	25.6
28.6	Women	27.8
	Financial Assumptions:	
3.3%	RPI Increases	3.6%
2.4%	CPI Increases	2.7%
4.2%	Rate of increase in salaries	4.2%
2.4%	Rate of increase in pensions	2.7%
50%	Take-up of option to convert annual pension into retirement lump sum	50%
10%	Take up of active members to pay 50% contributions for 50% benefits	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis

	£000	£000	£000
Adjustment to Discount Rate:	+0.1%	0.0%	-0.1%
Present Value of Obligation	31,983	32,630	33,291
Projected Service Costs	945	968	992
Adjustment to Long Term Salary Increase:	+0.1%	0.0%	-0.1%
Present Value of Obligation	32,751	32,630	32,510
Projected Service Costs	968	968	968
Adjustment to Pension Increases and Deferred Revaluation:	+0.1%	0.0%	-0.1%
Present Value of Obligation	33,170	32,630	32,102
Projected Service Costs	992	968	945
Adjustment to Mortality Age Rating Assumption:	+1 Year	None	-1 Year
Present Value of Obligation	33,834	32,630	31,470
Projected Service Costs	999	968	938

Impact of the Authority’s Cash Flows

The objectives of the scheme are to keep employers’ contributions at as constant rate as possible. The Authority has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2019.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Authority anticipates that it will pay £0.458 million expected contributions to the scheme in 2017/18.

GLOSSARY OF FINANCIAL TERMS

Accounting Policies
Accounting Policies determine the basis on which income and expenditure, 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.

Actuary
An Actuary is an expert on pension scheme assets and liabilities. Actuaries compute the actuarial charges falling die in each year in accounting for retirement benefits. Actuaries also make recommendations every three years regarding the rate of employer contributions due to the Local Government Pension Scheme.

AONB
Area of Outstanding Natural Beauty

Appropriation
Certain charges and credits which are made to the comprehensive income and expenditure account do not affect the authority's funding requirements and so are not chargeable to the general fund. In such cases appropriation of the amount concerned is made from the general fund to the relevant unusable reserve. The authority may also set sums aside for planned future expenditure by appropriation of the funding to earmarked reserves. All appropriations are included in the movement in reserves statement.

Balance Sheet
The balance sheet is one of the primary financial statements and presents the authority's recognised assets, liabilities and reserves as at the end of each financial year. It shows the distribution of assets in relation to short and long term liabilities and the extent to which the authority's net worth is available in usable and unusable reserves. Each balance sheet element is recognised and valued in accordance with the Code of Practice on Local Authority Accounting (the Code) as set out in supporting notes.

Budget
A Budget is approved annually by the Authority's and sets out the approved spending and income for a financial year. It is prepared in accordance with legislation applicable to local authorities and the National Park Grant Memorandum issued by Defra. The budget does not include any of the adjustments needed to comply with financial reporting standards, as such and is not truly comparable with the results as shown in the Comprehensive Income and Expenditure Account for the year.

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
Depreciation, Amortisation and downward revaluations (subject to restriction) are charges made to the comprehensive income and expenditure account for the use, depletion or impairment of non-current assets during each financial period. These charges do not affect the funding position of the Authority and are accordingly appropriated from the general fund to the capital adjustment account. Capital Charges reduce the carrying value of non-current assets and correspondingly reduce the capital adjustment account and (subject to restriction) the 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
Contingent liabilities arise where, firstly, past events precipitate a present obligation which is either unlikely to result in a transfer of economic benefit or cannot be measured with sufficient reliability. Secondly, past events may give rise to a possible obligation whose existence can only be confirmed by some future occurrence not wholly under the authority’s control. A contingent liability is not provided for, therefore, either because of the improbability of outflow or the inability to measure it. Contingent liabilities are disclosed by way of note.

Contributions

Contributions are receivable other local authorities and other non-governmental bodies in respect of the authority's functions carried out independently. They are distinguishable from fees and charges income, which is received under a contract of supply. The same distinction applies to contributions paid by the authority. Contributions receivable are distinguished from grant income only in that grants are received from UK or EU governments (or their agencies).

Creditors

Creditors are amounts due to third parties as at the balance sheet date arising from goods or services that have been received but for which payment has not been made, from income received in advance of supply, or from unspent grant monies covered by a repayment clause. Creditors also include provisions and amounts held on account for payment.

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.

Current Value

The Code has introduced the concept and definition of current value to the measurement of property, plant and equipment. Current value measurements reflect the economic environment prevailing for the service or function the asset is supporting at the reporting date.
For non-specialised assets, current value should be interpreted as existing use value. In the RICS Valuation – Professional Standards, this is market value based on the assumption that property is sold as part of the continuing enterprise.
For specialised assets where no market exists, current value should be interpreted as the present value of the assets' remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. Under these circumstances, property, plant and equipment is measured at Depreciated Replacement Cost.

Debtors

Debtors are amounts owed to the authority at the balance sheet date where services have been delivered but payment has not been received. An unexpired period in a period-based charge is also included under debtors as expenditure in advance.

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.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 the usable revenue reserve which finances the Authority's working capital. It represents the cumulative net budget surplus after appropriations to or from earmarked reserves.

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 insurance valuation.

Impairment
Impairment is the charge made in order to reduce the carrying amount of Property, Plant and Equipment or Intangible 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 Assets
Intangible assets have no physical substance but have a value in use of 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. All intangible assets currently owned by the authority are software licences.

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).

Leases
Two types of leases are accounted for. Finance leases transfer substantially all the risks and rewards of ownership of the assets concerned to the authority as lessee; operating leases do not. The type of lease concerned in a particular case will be determined using a list of prescribed criteria which include, for example, the length of the contract (in relation to the life of the asset), the nature of the asset (whether for specialist or general use) and the allocation of responsibility for maintenance and insurance. Operating leases are included simply as expenditure in the comprehensive income and expenditure account. Finance leases are capitalised as corresponding assets (within property, plant and equipment) and liabilities (discounted to net present value). The lease payments are similarly disaggregated as repayment of principal and interest while depreciation is charged annually to the service for which it is used.

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 sets out the transfers between reserves which are mad in arriving at their balance sheet values. The Surplus or (Deficit) on the Provision of Services is carried to the general fund. Appropriations are then made (to exclude non-monetary charges and credits) to unusable reserves, except for asset disposal sales proceeds and unapplied capital grants, which are usable reserves. Other discretionary appropriations are made to earmarked reserves for projected future spending. Appropriations are also made between the capital adjustment account and either the

capital receipts reserve or capital grants unapplied reserve in order to reflect the application of capital grants and disposal receipts already credited to the comprehensive income and expenditure account. Adjustments to revaluation surpluses similarly involve the capital adjustment account and the revaluation reserve.

NPE
National Parks England, formally: English National Park Authorities Association (ENPAA).

Net Book Value/Carrying Amount
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.

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

NP (UK) Ltd
National Parks UK Ltd formally: Association of National Park Authorities (ANPA)

NPP LLP
National Parks Partnerships Limited Liability Partnership: a company set up and owned by all 15 UK National Park Authorities to create and manage commercial partnerships between commercial companies and the Parks.

Outturn
Outturn represents the annual results of the revenue and capital programmes which the Authority reports in order to account for its use of public funds under government legislation. It is reported in the same terms as the budget. It is not subject to external audit, does not comply with the Code, nor does it include a balance sheet. As such is not truly comparable to the statement of accounts.

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.

Property, Plant and Equipment
Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are included in the balance sheet under the heading of property, plant and equipment. Such assets are carried at current value and are regularly revalued in order to ensure that this remains the value at which they are reported annually. Where there is no market-based evidence of current value (because of the specialist nature of an asset), depreciated replacement cost is used as an estimate of current value. Depreciation is charged annually by reference to the remaining useful life of an asset or of each class of component making up that asset. Surplus assets are valued at fair value.

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.

Related Parties
Parties are considered to be related if one party has the ability either to control the other party or to 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 a related party by this definition. 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. The statement of accounts includes the following in this respect:

- Details of significant government grants and the awarding bodies;
- Transactions with subsidiary and associated companies;
- Transactions with the pension fund.
- Transactions with related individuals not applicable to other members of the community (for example, members and chief officers).

Revaluation Reserve
The revaluation reserve is an unusable reserve holding revaluation gains on property, plant and equipment and intangible 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 the treatment of impairment. Revaluations cannot be grouped or offset, and a revaluation deficit is appropriated to capital adjustment account.

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 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 utilise to provide services. These reserves fall into two categories, namely: revaluation balances and adjustment accounts. Revaluation gains held under the first category only become available for use when the assets to which they relate are disposed of and the gain realised as a capital receipt. In the second category, each reserve is named after the adjustment variously required to report the comprehensive income and expenditure account under the accounting basis. These adjustments are realised only by reversal and thus constitute timing differences. By these adjustments, the general fund continues to be stated under the funding basis required by regulation.

Usable Reserves
Usable reserves are reserves available to the authority for the provision of services although there may be statutory limitations on the type of use in each case. Reserves usable for capital expenditure consist of the capital receipts reserve (which may also be applied in the repayment of borrowings) and capital grants unapplied. Usable revenue reserves consist of the general fund together with any earmarked reserves set aside from general fund for specified future expenditure.

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 2016/17

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 2017 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.

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 7 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 National Park) for the period 2014 -2019 as set out in “Your Dartmoor”, the National Park Management Plan (NPMP). “Your Dartmoor” was developed via a process of extensive community involvement and the associated action plans are being revised annually in a process involving a wide range of partners/stakeholders

- The Business Plan for the Authority is a strategic document which provides a link between the National Park Management Plan and work programmes (for teams and individuals). The Business Plan, including priorities and targets, is reviewed annually and a separate annual review is produced in June to report on performance and highlight key projects undertaken in - year.
- 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).
- 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 Strategic Risk Register is discussed and approved annually by the Authority and then actively monitored/reviewed on a regular basis within year by the Audit and Governance Committee. The Strategic Risk Register is monitored by Leadership Team on a quarterly basis together with consideration of more operational risks. The Authority's internal project management guidance requires identification and management of risks
- 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 are reviewed by the Leadership Team and reported to the Audit and Governance Committee on a quarterly basis for detailed review and scrutiny.
- Performance management is applied consistently throughout the Authority against a Performance Management Framework. Reports of progress against performance targets is reported quarterly to the Leadership Team and the Audit & Governance Committee
- The Standards sub-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. The Actions identified in the 2015/16 Annual Governance Statement to be addressed during the year were:

Action	**Progress**
Develop a programme to enable a wider use of apprenticeships, internships and volunteers to support the Authority’s work	1 apprentice currently employed, 1 apprentice found other employment in March. Advertising for 2 apprentices for April 2017; 200+ volunteers engaged (see Volunteer days performance indicator). On-going and included in 2017/18 Business Plan
Continue the Local Plan Review preparation Programme	On going (3 year programme)
Undertake a Dartmoor residents survey (repeat of survey held in 2013 to gather information on what local residents think about our services)	Will be completed by May 2017
Implement a proactive programme to develop new funding streams to support the work of the Authority at a local and national level	On-going. Progress incudes Donate for Dartmoor and Moor Otters.
Continue with the Dartmoor Communities Grant Fund to provide support to local communities	Achieved and continuing in 2017/18
Work with other authorities in the Heart of the South West to develop a productivity plan as part of wider work on devolution and ensure that the rural dimensions to this agenda are not forgotten	Devolution Prospectus published; work on Productivity Plan commissioned and agreement amongst Leaders on a joint committee to oversee this process
Seek support and funding for a Rural Productivity network (in partnership with Exmoor National Park Authority)	Achieved
Launch a new Organisational Development Strategy (and action plan) to support staff, volunteers and members, to improve processes and sustain high performance	Achieved. Action plan in place and progress being made
Launch the revised website as a two-way tool for communication, focused on user needs	Launch will be in 2017/18
Advertise and seek to appoint a second Independent Person in a accordance with the Localism Act 2011 and the new Standards Regime	Proposal submitted to Government for funding
Undertake a first dry run towards a quicker closedown for the 2015/16 Accounts. A new deadline has been set for the 2017/18 Accounts; 31 May instead of 30 June	Achieved
Review the SLA for provision of the role of Chief Financial Officer, now that the Authority’s Head of Business Support has qualified and been admitted as a member of CIPFA	Achieved

Other significant improvements have been undertaken during 2016/17 as follows:

- Reviewed Financial Regulations, Procurement Procedures, Anti-Fraud & Corruption policy and Confidential Reporting policy
- Reviewed and updated the Local Code of Corporate Governance to ensure compliance with the 2016 Framework "Delivering Good Governance in Local Government"
- Continued engagement with the Heart of the South West (HoTSW) devolution deal process to ensure that the interests of Dartmoor National Park and the communities that live within the National Park are represented
- Developed a productivity plan as part of wider work on devolution and ensure that the rural dimensions to this agenda are not forgotten
- Contributed to work at a national and local level to develop fundraising and new income sources
- Launched a new Organisational Development Strategy (and action plan) to support staff, volunteers and members, to improve processes and sustain high performance
- Successfully completed and achieved the first dry run towards a quicker closedown for the 2015/16 Accounts; meeting the new 31 May deadline instead of 30 June
- Appointed a new (internal) Chief Financial Officer
- Carried out a Dartmoor Residents Survey
- Continued to administer the Dartmoor Communities Grant Fund to provide support to local communities
- Local Plan Review: public consultation on key issues completed

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 2017/18:

- Develop a programme to enable a wider use of apprenticeships, internships and volunteers to support the Authority's work
- Continue the Local Plan Review preparation Programme
- Continue to implement a proactive programme to develop new funding streams to support the work of the Authority at a local and national level
- Work with other authorities in the Heart of the South West to develop a productivity plan as part of wider work on devolution and ensure that the rural dimensions to this agenda are not forgotten
- Seek support and funding for a Rural Productivity network (in partnership with Exmoor National Park Authority)
- Launch the revised website as a two-way tool for communication, focused on user needs
- Review the complaints procedure
- Review the Member Code of Conduct

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:……………………………………**
Bill Hitchins **Chairman of the Authority**	**K D Bishop** **Chief Executive (National Park Officer)**
Date: 28 July 2017	**Date: 28 July 2017**