



# **DARTMOOR NATIONAL PARK AUTHORITY**

(Audited) Statement of Accounts and  
Annual Governance Statement  
2018/19

**Issued: 26 July 2019**

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# 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, which is shared by the Authority and other partners; there is a close correlation between the Authority's priorities and those identified through consultation and engagement in the preparation of the Management Plan. Our challenge is to work in partnership to conserve Dartmoor's special qualities, enable people to enjoy them, and to do this in ways which help develop understanding of the National Park and contribute to the local economy.

The aim of this Statement of Accounts is to demonstrate the overall financial position of the Authority at the end of the 2018/19 financial year; how we have used our financial resources to meet our Business Plan priorities and how we have achieved 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 (Note 2) establish the principles on which the figures in the financial statements are based. IFRS 9 Financial Instruments and IFRS15 Revenue from Contracts with Customers have been adopted by the 2018/19 Code; both have been assessed as having no material impact for this Authority. There are no other changes to accounting policies this year.

The Annual Governance Statement is included within this publication but does not form part of the accounts. The Annual Governance Statement describes the Authority's Governance Framework; and any identified significant governance issues and the challenges faced by the Authority. This report constitutes the Authority's "Narrative Statement" as required by Section 8 of the Accounts and Audit Regulations 2015.

## 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 2018/19 National Park Grant was increased by 1.72% in comparison to 2017/18. National Parks have experienced a period of financial stability following the 2015 Spending Review; this has provided the opportunity to plan ahead for a four year period, until 2019/20. This period of financial stability follows five years of significant cuts. At the time of writing this report we await details of the 2019 Spending Review process.

In response to the reductions in funding between 2007 and 2015, which saw our income reduce in real terms by in excess of 40%, 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 continue to keep our staffing structure under constant review and robustly control costs and spending plans. We

have also focused our resources on generating additional income streams such as: applying for external grant funding from a variety of sources, introducing new fees and charges and seeking sponsorship and donations; both in cash and in-kind. However, an increasingly competitive funding environment requires considerable outlay in terms of staff time to develop funding bids and new income generating projects and is not without risk – success is not guaranteed and normally requires significant match funding by the Authority. The match-funding is often provided through use of reserves.

The Government published an ambitious plan for the environment: *A Green future: Our 25 Year Plan to improve the Environment (2018)* and an *Eight Point Plan for National Parks (2016)*. Our Business and Financial Plans respond to both of these and demonstrate how, through key actions and service delivery, we are conserving and enhancing the environment and providing people with opportunities to enjoy it and improve their health and well-being. We are also contributing to the Government’s productivity and clean growth agendas through our support for local businesses and a desire to see enhanced environmental productivity.

### Financial Performance

The Authority has once again proved to be very successful in leveraging in additional income, and has continued to make operational and efficiency savings in-year when possible. During 2018/19 the Authority generated additional income of just under £385,000 against budget (£300,000 in 2017/18) from various sources including: grants, retail sales, donations, sponsorship, planning fees and other fees and charges. By maintaining flexible and agile spending plans, we have also been able to bring forward some future planned work, grasp new opportunities to work with new partners, access new funding streams and undertake new projects and initiatives.

Total National Park Grant (NPG) increased from £3,697,575 in 2017/18 to £3,761,173 in 2018/19. A three year MTFP was approved, in March 2018, for the period 2018 - 2021 and a new MTFP has since been approved for the period 2019 - 2022.

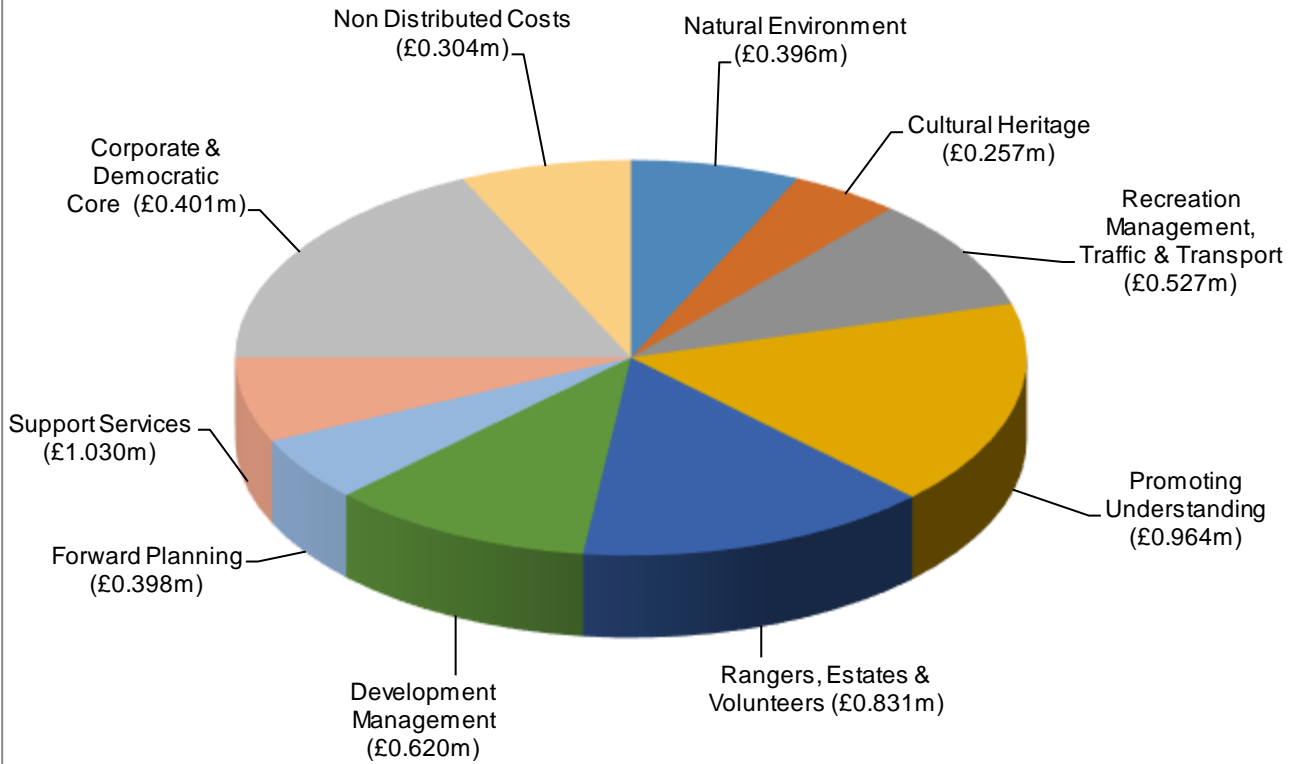
The final revenue outturn is a surplus of £69,394 against the 2018/19 budget; a minus 1.69% variance (£78,605 surplus and a minus 1.97% variance in 2017/18). This figure is reconciled to the deficit shown in the Comprehensive Income and Expenditure Statement (on page 12) in the following table:

	<b>31 March 2019 £000</b>
<b>Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement</b>	<b>1,231</b>
Reverse amortisation, depreciation & impairment charges	(211)
Reversal of IAS19 Retirement Benefit Adjustments	(1,070)
Reversal of Accumulated Absences Adjustment	(7)
Net transfers to or (from) reserves per Management Accounts	(38)
Capital expenditure funded from revenue resources	26
<b>Revenue Budget Surplus (As reported in Management Accounts)</b>	<b>(69)</b>

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 monitoring being undertaken on a monthly basis, and with formal reporting to the Leadership Team and the Audit & Governance Committee on a quarterly basis. In addition to its core revenue spending, the Authority is engaged in a number of partnership projects and where external funding relating to these projects was received in 2018/19 but not spent, it has been transferred into earmarked reserves (as required by International Financial Reporting Standards) so that it can be carried forward. Similarly, previously received and unspent funding was drawn down from reserves in 2018/19. Further detail can be found in the Audit Governance Report dated 24 May 2019 published on the Authority’s website.

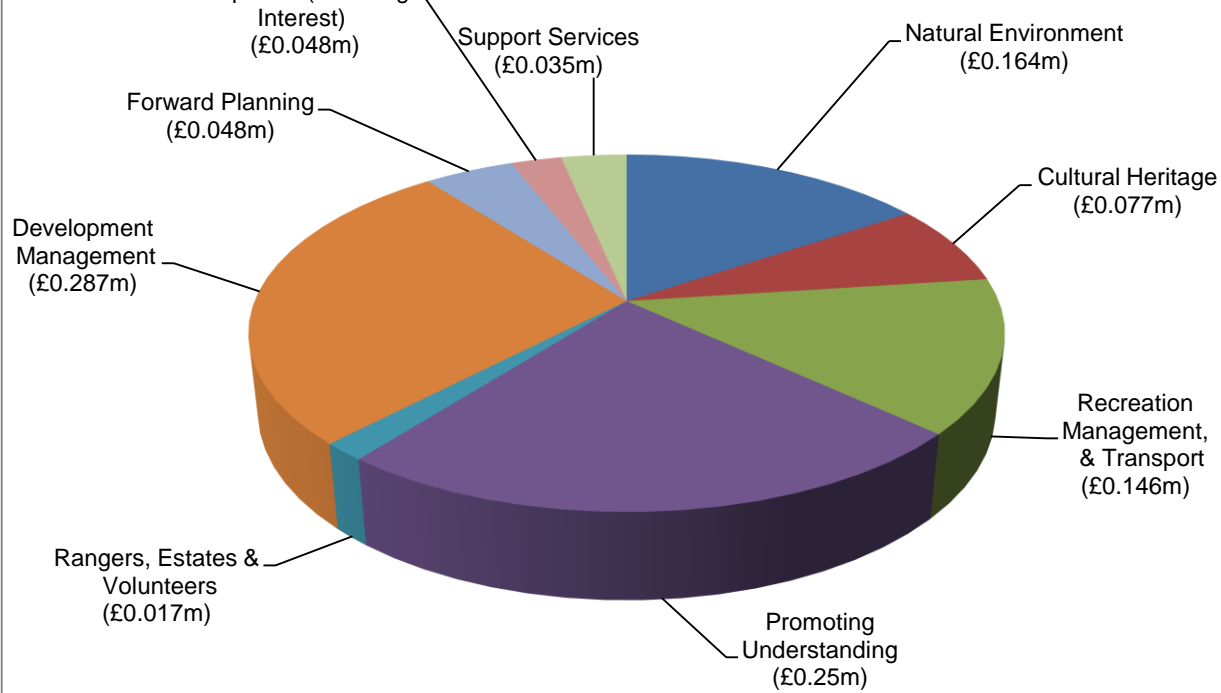
Gross service expenditure totalled £5.728million and Chart 1 highlights spending for each Service as presented in the Comprehensive Income and Expenditure Statement (CIES).

**Chart 1: Service Expenditure**



In addition to National Park Grant (NPG) of £3.761 million, income received for the year from external grant support, sales, fees & charges and interest totalled £1.075 million. Chart 2 highlights the income for each service (excluding NPG) as presented in the CIES.

**Chart 2: Service Income & Interest (excludes NPG)**



In 2014 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 and 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 Scheme progress, the financial implications and the associated risks via the Audit and Governance Committee. The Authority set aside a £300,000 provision at the start of the project, held within the Match Funding 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.

### **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 2019 was £3.55 million (£3.58 million at 31 March 2018). A full valuation of the Authority's Land and Building portfolio took place this year resulting in an unrealised gain of £0.155 million being recognised in the Comprehensive Income and Expenditure Account (CIES) and the Revaluation Reserve. The Authority acquired one new vehicle during the year, at a cost of £25,570 funded from National Park Grant (revenue) but had no disposals. Further information is provided in Notes 13 and 25.

### **General and Earmarked Reserves**

At the beginning of the year total reserve balances stood at £2.702 million. During the year we used £0.373 million and made transfers to or between reserves of £0.404 million. The General Reserve (working balance) was also increased by £0.05 million to £0.5 million (from surplus earmarked reserve balances); which equates to approximately 12% of the 2019/20 Net Budget Requirement, or three month's salary payments and is the minimum level that the Authority has determined must be retained. Overall, this has resulted in a closing balance of £2.733 million at year-end; which is a net increase of £0.031 million. A breakdown can be found in Note 12.

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 designed by the Authority. The Authority is debt free but could decide to undertake and apply for prudential borrowing to finance capital expenditure in the future.

### **Pension Scheme Assets and Liabilities**

The Authority's pension fund deficit is subject to two different actuarial valuations; the Triennial Valuation and the IAS 19 annual accounting valuation. The Triennial Valuation is used to set the employer contribution rates for the following three years and is based on assumptions that are specific to the authority's part of the Devon Pension Fund. The annual IAS 19 valuation, that the authority is required to use in these accounts uses standardised assumptions and is designed to provide comparability between employers.

The result of the annual accounting valuation as at 31 March 2019 for the Authority is that the net liability has increased by £0.269 million from £12.953 million to £13.222 million, due mainly to changes in financial assumptions. In 2018/19 the actuary applied revised mortality assumptions reducing the life expectancy estimates used in the previous year's report and has estimated the possible impact of any amendments that may be required as a result of the Court of Appeal judgement on the McCloud and Sargeant cases (see notes 5 and 33 for further detail). The liability is the annual accounting valuation and is an assessment of the level of corporate bonds a corporate body would need to issue in order to cover the cost of the deficit over an assessed period. This approach was designed with the Private Sector in mind but has also been adopted by the Public Sector, although of course in local government, the true pension fund deficit is assessed through the Triennial Valuation and the deficit made good over the working life of the employees rather than by issuing Corporate Bonds.

The most recent triennial valuation took place at 31 March 2016 and the Authority's funding level was assessed to be at 90% compared to 88% in 2013. The Authority continues to make additional contributions to seek to achieve a 100% funding position in accordance with a 17 year recovery plan as determined by the Actuary. In February 2017 Members approved the payment of a cash lump sum contribution of £500,000 into the fund, with the aim of reducing past service deficits and to potentially reduce future years' contribution increases. The outcome of this decision will only become clear in future years, however current performance indicates that our deficit recovery strategy remains on track.

The annual accounting valuation and disclosures included in these accounts (see Note 33) makes use of many assumptions, and is a "snapshot" valuation of assets and liabilities on one particular day at year-end. This snapshot approach to valuing the deficit is volatile and unpredictable. It is arguable whether the annual calculation of the pension fund deficit accurately reflects the long run position, many believe it does not. 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 2019) with the value of assets and liabilities changing on a daily basis.

### The Business Plan - The way we work

The Business Plan is a strategic document and as such does not seek to describe everything that we do, rather it seeks to:

- Explain the vision for the Authority and outline the way we will work to achieve National Park purposes;
- Identify the core values which will guide our work;
- Set out the Authority's strategic priorities and the key actions to achieve these;
- Detail the funding available to deliver the Business Plan.

It also provides a link between the National Park Management Plan (Your Dartmoor), individual work programmes and staff appraisals. The Business Plan is structured around three 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. Whilst the Business Plan focuses on each individual financial year, it also identifies where actions/ programmes will continue beyond one year and thus links to the Medium Term Financial Plan as well as the current year's revenue budget.

The 2018/19 Business Plan identified 28 key actions against six agreed priorities (there were 43 actions in 2017/18). The number of key actions highlights the breadth of the work of the Authority and the nature of the key actions ranges from specific short-term projects to longer term strategic goals, each requiring different levels of officer and Member input and commitment. Progress against the actions is summarised in the following table:

<b>Business Plan: Progress against Actions</b>	<b>Number</b>	<b>%</b>
Completed 2018/19 actions delivered for ongoing projects	16	57
2018/19 actions partially delivered for ongoing projects	11	39
Not completed; deferred to 2019/20	1	4

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 and 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 2018/19 the Authority maintained an excellent level of service in priority areas as measured against the agreed performance targets.

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.

Monitoring performance and outcomes against the Business Plan, our Performance Indicators and Risk Management is undertaken at a 'service' or 'team' level and is reported to Leadership Team on a quarterly basis and to the Audit & Governance Committee. Copies of the reports and documents can be found on the Authority's website.

### **Your Dartmoor - National Park Management Plan 2014 - 2019**

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, we need to actively engage with and gain support from all key stakeholders who will assist in its delivery. The Management Plan is the strategic 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 and the Authority receives an annual report of progress in delivering the key actions in the Management Plan with feedback from the Steering group and Delivery Board.

### **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;
- The issues and gaps 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 provides an evidence base for the review of the next National Park Management Plan (2020-25). We will be working with Exeter University in 2019/20 to explore the potential to use remote sensing data to assess 'the state of the Park' and determine key trends/pressure points.

### **Looking Forward**

The national policy context for the 2019/20 Business Plan is provided by documents such as the Government's plan for the environment (*A Green future: Our 25 Year Plan to improve the Environment*); the *Eight Point Plan for National Parks* and its Industrial Strategy and productivity agenda. The Business Plan identifies the links to the Environment Plan and Eight Point Plan for National Parks.

The Authority has set an ambitious work programme in its 2019/20 Business Plan and Members set out their priorities as follows (in no particular order):

- Conservation of the natural and historic environment;
- Work to support sustainable farming systems;
- Promote a positive experience of Dartmoor National Park for residents and visitors;
- Work towards ensuring Dartmoor has a thriving local economy;
- Improve support to and engagement with local communities;
- Be an excellent organisation.

The Business Plan identifies key actions to help deliver these six priorities. In the last couple of years Members have highlighted a number of areas where they wanted to see a clearer focus, these include:

- Management and enhancement of access (Public Rights of Way and other access infrastructure);
- Future direction of agriculture policy;



- Role of the Authority in supporting economic development and productivity;
- Engaging with people and communities;
- External funding and promotion of the work we do.

The key ingredients for most of the actions are staff time and partnership working. The Authority's 2019/20 Budget and Medium Term Financial Plan reflects the Business Plan priorities. There is also a clear correlation between the ambition of the Government to enhance the environment and re-connect people with it and the actions in the Business Plan. Whilst many of the actions are funded there are a number that relate to work programmes designed to develop future funding bids and/or secure other forms of funding (voluntary donations, commercial sponsorship etc.). During 2018/19 we were successful in securing external funding for a number of projects, including:

- Dartmoor Headwaters Project - a partnership project to develop natural flood management techniques in key catchments on Dartmoor;
- Dartmoor Peatland Project – this is a partnership project, led by South West Water, to undertake peatland restoration on Dartmoor, Exmoor and Bodmin Moor. The Authority is leading the Dartmoor work;
- Dartmoor Rural Crime Partnership – a new initiative involving the Office of the Police and Crime Commissioner, Devon and Cornwall Constabulary, constituent local authorities and other key bodies. The focus will be on tackling anti-social behaviour.

After gaining outline approval last year from the Rural Development Programme for England for a capital grant to build a new Visitor Centre at Postbridge, we submitted a bid application; the outcome will be known by summer 2019.

Having secured these and other projects, our challenge is to manage them effectively and still have time to think about the next project. To continue to secure external funding requires sufficient core funding to be able to discharge our statutory duties and have time to work up project proposals and grant applications.

The Government's 25 Year Plan Environment Plan contains a specific commitment to "conserve and enhance the natural beauty of our landscapes by reviewing National Parks and Areas of outstanding Natural beauty (AONBs) for the 21<sup>st</sup> century". Julian Glover has been appointed to lead this review and the Authority hosted a visit by him and the head of his secretariat in July 2018 and a separate visit by Sarah Mukherjee (a member of the review panel) in November 2018. The Authority submitted evidence to the review in December 2018. The review is due to report to Government in autumn 2019.

Building on the National Parks England report Farming in the English National Parks and the work of a separate task and finish group of Dartmoor farmers and land managers, the Authority submitted a formal proposal to Defra for an Environmental Land Management System 'Test and Trial' in February 2018. In December 2018 we were told that our proposal had been successful and invited to submit a further costed work programme. This was also approved and we are now awaiting a decision on potential funding.

## **Conclusion**

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 and 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. The Authority maintains a robust, honest and critical view on future risks, challenges and opportunities which means that we are able to adapt and flex our spending and service delivery plans if required.

**Kevin Bishop**  
**Chief Executive (National Park Officer)**

**26 July 2019**

**Donna Healy**  
**Head of Business Support (Chief Finance Officer)**

**26 July 2019**

# **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 (CFO) 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 2019 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 2019 and its income and expenditure for the year ended 31 March 2019.

**Donna Healy, Head of Business Support (Chief Finance Officer)**

**Date: 26 July 2019**

## **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 26 July 2019.

**Ms P Woods, Chair of the Authority**

**Date: 26 July 2019**

## The Financial Statements

The financial statements and their purpose are summarised as follows:

- **Comprehensive Income and Expenditure Statement** (page 12) – 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 13) – 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 14) – 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 2019 which means that the Authority's liabilities are £6.652 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 £12.918 million (£12.953m in 2017/18) 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 15) – 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 16) - 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.

2017/18			2018/19		
Gross Expenditure	Gross Income (Note 11)	Net Expenditure	Gross Expenditure	Gross Income (Note 11)	Net Expenditure
£000	£000	£000	£000	£000	£000
309	(51)	258	396	(164)	232
275	(57)	218	257	(77)	180
513	(123)	390	527	(146)	381
860	(387)	473	964	(250)	714
783	(3)	780	831	(17)	814
603	(192)	411	620	(287)	333
355	(48)	307	398	(48)	350
384	(31)	353	401	(27)	374
1,117	(36)	1,081	1,030	(35)	995
0	0	0	304	0	304
<b>5,199</b>	<b>(928)</b>	<b>4,271</b>	<b>5,728</b>	<b>(1,051)</b>	<b>4,677</b>
10	0	10	14		14
369	(11)	358	325	(24)	301
	(3,698)	(3,698)		(3,761)	(3,761)
<b>5,578</b>	<b>(4,637)</b>	<b>941</b>	<b>6,067</b>	<b>(4,836)</b>	<b>1,231</b>
		(240)			(155)
		(1,304)			(801)
		<b>(1,544)</b>			<b>(956)</b>
		<b>(603)</b>			<b>275</b>

## 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.

<b><u>Movement in Reserves during 2017/18</u></b>	<b>General Fund Balance</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance brought forward at 1 April 2017</b>	<b>(2,604)</b>	<b>9,888</b>	<b>7,284</b>
Total Comprehensive Income and Expenditure	941	(1,544)	<b>(603)</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	(1,039)	1,039	<b>0</b>
<b>(Increase) or Decrease in year</b>	<b>(98)</b>	<b>(505)</b>	<b>(603)</b>
<b>Balance carried forward at 31 March 2018</b> (Notes 12 & 22)	<b>(2,702)</b>	<b>9,383</b>	<b>6,681</b>

<b><u>Movement in Reserves during 2018/19</u></b>	<b>General Fund Balance</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance brought forward at 1 April 2018</b>	<b>(2,702)</b>	<b>9,383</b>	<b>6,681</b>
Total Comprehensive Income and Expenditure	1,231	(956)	<b>275</b>
Adjustments between accounting basis and funding basis under regulations (Note 8)	(1,262)	1,262	<b>0</b>
<b>(Increase) or Decrease in year</b>	<b>(31)</b>	<b>306</b>	<b>275</b>
<b>Balance carried forward at 31 March 2019</b> (Notes 12 & 22)	<b>(2,733)</b>	<b>9,689</b>	<b>6,956</b>

## 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'.

<b>31 March 2018</b>		<b>31 March 2019</b>	<b>31 March 2019</b>
<b>£000</b>	<b>Note</b>	<b>£000</b>	<b>£000</b>
2,835	Property, Plant and Equipment	13	2,806
746	Heritage Assets	14	748
3	Intangible Assets	15	0
<b>3,584</b>	<b>Long Term Assets</b>		<b>3,554</b>
61	Inventories	18	76
225	Short Term Debtors	19	295
2,573	Cash and Cash Equivalents	20	2,444
<b>2,859</b>	<b>Current Assets</b>		<b>2,815</b>
(171)	Short Term Creditors	21	(103)
<b>(171)</b>	<b>Current Liabilities</b>		<b>(103)</b>
(12,953)	Other Long Term Liabilities	33	(13,222)
<b>(12,953)</b>	<b>Long Term Liabilities</b>		<b>(13,222)</b>
<b>(6,681)</b>	<b>Net Assets/(Liabilities)</b>		<b>(6,956)</b>
(2,702)	Usable Reserves	12	(2,733)
9,383	Unusable Reserves	22	9,689
<b>6,681</b>	<b>Total Reserves</b>		<b>6,956</b>

### Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 31 May 2019.

The audited Accounts were authorised for issue by the Chief Finance Officer on 26 July 2019.

## 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.

<b>31 March 2018</b>		<b>Note</b>	<b>31 March 2019</b>
<b>£000</b>			<b>£000</b>
<b>941</b>	<b>Net (Surplus) or Deficit on the Provision of Services</b>		<b>1,231</b>
	Adjustments for:		
<u>(997)</u>	Non cash movements	23	<u>(1,128)</u>
<b>(56)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>103</b>
<u>0</u>	Investing Activities	24	<u>26</u>
<b>(56)</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>		<b>129</b>
<u>2,517</u>	Cash and Cash Equivalents at the start of the reporting period		<u>2,573</u>
<u><b>2,573</b></u>	<b>Cash and Cash Equivalents at the end of the reporting period</b>	20	<u><b>2,444</b></u>



## Notes to the Accounts

### 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.

2017/18			2018/19		
Net Expenditure chargeable to the General Fund	Adjustments between Funding & Accounting basis (Note 9)	Net Expenditure in the CIES	Net Expenditure chargeable to the General Fund	Adjustments between Funding & Accounting basis (Note 9)	Net Expenditure in the CIES
£000	£000	£000	£000	£000	£000
215	43	258	185	47	232
162	56	218	135	45	180
339	51	390	330	51	381
383	90	473	616	98	714
663	117	780	693	121	814
328	83	411	258	75	333
267	40	307	309	41	350
298	55	353	321	53	374
956	125	1,081	881	114	995
0	0	0	0	304	304
<b>3,611</b>	<b>660</b>	<b>4,271</b>	<b>3,728</b>	<b>949</b>	<b>4,677</b>
(3,709)	379	(3,330)	(3,785)	339	(3,446)
0	0	0	26	(26)	0
<b>(98)</b>	<b>1,039</b>	<b>941</b>	<b>(31)</b>	<b>1,262</b>	<b>1,231</b>
<b>(2,604)</b>		<b>Opening General Fund Balance</b>	<b>(2,702)</b>		
(98)		(Surplus)/Deficit on the General Fund in year	(31)		
<b>(2,702)</b>		<b>Closing General Fund Balance at 31 March</b> (Note 12)	<b>(2,733)</b>		

## 2. Accounting Policies

### General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end 31 March 2019. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices; these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the UK 2018/19 (The Code)
- the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No03146, as amended) (the 2003 Regulations)

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract
- 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

### Adjustments between Accounting Basis and Funding Basis

The resources available to the Authority in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement, so that usable reserves reflect the funding available at year end. Unusable Reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in Comprehensive Income and Expenditure Statement	Funding Basis in Movement in Reserves Statement	Adjustment Account
Property, Plant & Equipment	Depreciation and revaluation / impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regulations	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	Revenue provision to cover historical cost	Capital Adjustment Account

		determined in accordance with the 2003 Regulations	
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount) Capital Receipts Reserve (sale proceeds & costs of disposal) Deferred Capital Receipts Reserve (if not yet received)
Capital Grants & Contributions	Grants that become unconditional in current year or received without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March) Capital Adjustment Account (other amounts)
Pensions Costs	Movement in pensions assets and liabilities	Employer's contributions payable and direct payments made to pensioners	Pensions Reserve
Holiday Pay	Projected cost of untaken leave entitlement at 31 March	No charge	Accumulated Absences Adjustment Account

### 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.

### Employee Benefits

#### Short Term Benefits

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses and paid on a monthly basis are charged on an accruals basis to the relevant service line in the comprehensive Income and Expenditure Statement.

#### Termination Benefits

When the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement.

#### 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 2.4% based on the annualised Merrill Lynch AA rated corporate bond yield 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
  - Unlisted 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 the Authority has satisfied any conditions attached to the grant or contribution that would require repayment if not met. 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.

## 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.

## 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. Expenditure below the following (de-minimus) limits 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:

- £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)

## **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

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 as follows:

- 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 in the same way as revaluation losses.

Depreciation is provided for and charged to services in the Comprehensive Income and Expenditure Statement, 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 Community Assets) and assets that are not yet available for use (i.e. assets under construction).

## **Depreciation**

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.

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).

### **Heritage Assets**

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. The Authority has one Heritage Asset which is reported in the Balance Sheet at insurance valuation which is based on a building re-instatement 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.

### **Leases (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.



## Financial Instruments

Financial assets are classified on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics: there are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit and loss (none)
- Fair value through other comprehensive income (none)

Our business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost (bank deposits and debtors).

Financial assets measured at amortised cost are recognised in the Balance Sheet when we become party to the contractual provisions of the instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits are made to the Financing and Investment Income and Expenditure line in the CIES for interest receivable, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected credit Loss Model - we recognise expected credit losses on financial assets held at amortised cost either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place due to default. Credit risk plays an important part in assessing losses. Where risk has increased significantly since initial recognition, losses are assessed on a life-time basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

## Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2018/19 Code. The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years. Accounting changes that are introduced by the 2019/20 code are:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

These changes are not expected to have a material impact on the Authority's financial performance or financial statements.

## 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies as set out in Note 2, 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. There is no indication that Defra or Central Government intends to abolish National Park Authorities.
- 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-classified and held at fair value

#### 4. 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 2019, 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 £0.947m. However, the assumptions interact in complex ways. During 2018/19, 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 decreased by £0.199m and £0.602m reflecting the actual return on plan assets in excess of interest; and that the liability has increased by an estimated £0.304m (past service cost) reflecting the possible impact of any amendments that may be required as a result of the Court of Appeal judgement on the McCloud/Sargeant cases.

#### 5. Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 26 July 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Since the accounts were issued, on 31 May 2019, it has become clear that a recent judgement in the Court of Appeal about cases involving judges' and firefighters' pensions (the McCloud/Sargeant judgement) has the potential to impact on the Authority's Pension liability. We therefore sought an assessment of the potential cost and impact for the Accounts. The professional view of the Authority's Actuary was that the impact is material. The Pensions liability (Past Service Cost) has therefore been adjusted by £0.304m (which is considered to be a reasonable approximation for any potential adjustment) and reflects the possible impact of any amendments that may be required to the Local Government Pension Scheme, as a result of the Court of Appeal judgement, see note 33 for further detail.

#### 6. Financing and Investment Income and Expenditure

2017/18		2018/19
£000		£000
369	Net interest cost on the net defined benefit liability (asset)	325
(11)	Interest receivable	(24)
<u>358</u>		<u>301</u>

## 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.

2017/18 £000		2018/19 £000
(3,698)	National Park Grant (Defra)	(3,761)
<u>(3,698)</u>		<u>(3,761)</u>

## 8. 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.

2017/18 General Fund Balance £000		2018/19 General Fund Balance £000
	<b>Adjustments to Revenue Resources</b>	
	Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:	
(835)	• Pensions costs (transferred to or from the Pensions Reserve)	(1,070)
(5)	• Holiday pay (transferred to or from the Accumulated Absences Reserve)	(7)
(199)	• 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)	(211)
<u>(1,039)</u>	<b>Total Adjustments to Revenue Resources</b>	<u>(1,288)</u>
	<b>Adjustments between Revenue and Capital Resources</b>	
0	Capital expenditure financed from revenue balances (transferred to the Capital Adjustment Account)	26
<u>(1,039)</u>	<b>Total Adjustments</b>	<u>(1,262)</u>

## 9. Note to the Expenditure and Funding Analysis

### Adjustments between Funding and Accounting Basis 2018/19

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	10	34	3	47
Conservation of Cultural Heritage	8	39	(2)	45
Recreation Management and Transport	19	31	1	51
Promoting Understanding	35	64	(1)	98
Rangers, Estates and Volunteers	40	80	1	121
Development Management	15	57	3	75
Forward Planning and Communities	17	24	0	41
Corporate and Democratic Core	17	36	0	53
Support Services	50	62	2	114
Non Distributed Costs	0	304	0	304
<b>Net Cost of Services</b>	211	731	7	949
Other Income & Expenditure	(26)	339	0	313
<b>Total</b>	<b>185</b>	<b>1,070</b>	<b>7</b>	<b>1,262</b>

### Adjustments between Funding and Accounting Basis 2017/18

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	30	1	43
Conservation of Cultural Heritage	9	46	1	56
Recreation Management and Transport	19	34	(2)	51
Promoting Understanding	21	68	1	90
Rangers, Estates and Volunteers	37	79	1	117
Development Management	18	64	1	83
Forward Planning and Communities	15	25	0	40
Corporate and Democratic Core	16	38	1	55
Support Services	52	72	1	125
<b>Net Cost of Services</b>	199	456	5	660
Other Income & Expenditure	0	379	0	379
<b>Total</b>	<b>199</b>	<b>835</b>	<b>5</b>	<b>1,039</b>

**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

## 10. Expenditure and Income Analysed by Nature

2017/18		2018/19
£000		£000
3,419	Employee benefits expenses	3,768
1,581	Other service expenses	1,749
199	Depreciation, amortisation and impairment	211
379	Interest payments	339
<b>5,578</b>	<b>Total Expenditure</b>	<b>6,067</b>
(928)	Grants, fees, charges and other service income	(1,051)
(3,698)	Government grants and contributions	(3,761)
(11)	Interest and investment income	(24)
<b>(4,637)</b>	<b>Total Income</b>	<b>(4,836)</b>
<b>941</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>1,231</b>

## 11. Segmental Income

2018/19	Grants and Contributions £000	Fees and Charges £000	Sales Income £000	Other £000	Total £000
Conservation of the Natural Environment	(138)	(26)	0	0	(164)
Conservation of Cultural Heritage	(51)	(25)	0	0	(76)
Recreation Management & Transport	(49)	(97)	0	0	(146)
Promoting Understanding	(25)	(34)	(192)	0	(251)
Rangers, Estates and Volunteers	(9)	(8)	0	0	(17)
Development Management	0	(287)	0	0	(287)
Forward Planning and Communities	(48)	0	0	0	(48)
Corporate and Democratic Core	(5)	(22)	0	0	(27)
Support Services	0	(14)	0	(21)	(35)
<b>Total Income</b>	<b>(325)</b>	<b>(513)</b>	<b>(192)</b>	<b>(21)</b>	<b>(1,051)</b>

2017/18	Grants and Contributions £000	Fees and Charges £000	Sales Income £000	Other £000	Total £000
Conservation of the Natural Environment	(38)	(13)	0	0	(51)
Conservation of Cultural Heritage	(48)	(9)	0	0	(57)
Recreation Management & Transport	(49)	(74)	(1)	0	(124)
Promoting Understanding	(3)	(188)	(195)	0	(386)
Rangers, Estates and Volunteers	(3)	(1)	0	0	(4)
Development Management	0	(192)	0	0	(192)
Forward Planning and Communities	(48)	0	0	0	(48)
Corporate and Democratic Core	0	(30)	0	0	(30)
Support Services	0	(14)	0	(22)	(36)
<b>Total Income</b>	<b>(189)</b>	<b>(521)</b>	<b>(196)</b>	<b>(22)</b>	<b>(928)</b>

## 12. 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 22.

### Reserve Balances

Our reserve balances are regularly reviewed using a risk based approach to determine their level and use; they are made up as follows:

- General Reserve (unallocated) - a contingency balance for emergency situations and is the minimum level that we have determined will always be maintained (in accordance with CIPFA guidance and good practice)
- Contingency Reserves (allocated) - provisions set aside using a risk based analysis to cushion the impact of uneven cash flows and unexpected events where the timing of and / or amounts are uncertain
- Earmarked Reserves (allocated) - consisting of ring-fenced grants and contributions received from third parties, sums set aside for capital schemes, commitments against future contracts and agreements and external match-funding allocations where we are working in partnership with others

It can therefore be seen that the majority of our Reserve Balances are “allocated”. The following table 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.

<b>Movement in Earmarked Reserves</b>	<b>Balance at 1 April 2017</b>	<b>Transfers Out 2017/18</b>	<b>Transfers In / Within 2017/18</b>	<b>Balance at 31 March 2018</b>	<b>Transfers Out 2018/19</b>	<b>Transfers In / Within 2018/19</b>	<b>Balance at 31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Appeals and litigation	(250)	0	0	(250)	0	0	(250)
Capital: replacement of vehicle fleet	(48)	0	(6)	(54)	0	(73)	(127)
Property: repairs & maintenance	(150)	0	(50)	(200)	0	(10)	(210)
Pay and pensions	(52)	0	0	(52)	0	0	(52)
General inflation / loss of income	(35)	0	0	(35)	0	0	(35)
Invest to save & generate projects	(134)	0	50	(84)	0	0	(84)
Budget commitments	(322)	163	(111)	(270)	194	(129)	(205)
Match-funding for projects	(939)	16	(92)	(1,015)	62	27	(926)
Grants and contributions received from third parties	(218)	142	(138)	(214)	117	(178)	(275)
Revenue outturn: to be re-allocated*	(6)	0	(72)	(78)	0	9	(69)
<b>Total Earmarked Reserves</b>	<b>(2,154)</b>	<b>321</b>	<b>(419)</b>	<b>(2,252)</b>	<b>373</b>	<b>(354)</b>	<b>(2,233)</b>
General (unallocated) Reserve	(450)	0	0	(450)		(50)	(500)
<b>Total Reserves</b>	<b>(2,604)</b>	<b>321</b>	<b>(419)</b>	<b>(2,702)</b>	<b>373</b>	<b>(404)</b>	<b>(2,733)</b>

\* To be reallocated to the Invest to save and generate reserve for the “Moor Otters II Project”

### 13. Property Plant and Equipment

#### Property, Plant & Equipment Movements in 2018/19

	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 2018	2,416	0	750	216	3,382
Additions	0	0	26	0	26
Revaluation increases & decreases recognised in the Revaluation Reserve	(16)	0	0	0	(16)
Revaluation increases / decreases recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Reclassification	0	0	0	0	0
<b>At 31 March 2019</b>	<b>2,400</b>	<b>0</b>	<b>776</b>	<b>216</b>	<b>3,392</b>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2018	0	0	(547)	0	(547)
Depreciation charge for the year	(169)	0	(39)	0	(208)
Depreciation written out the Revaluation Reserve	169	0	0	0	169
<b>At 31 March 2019</b>	<b>0</b>	<b>0</b>	<b>(586)</b>	<b>0</b>	<b>(586)</b>
<b>Total Net Book Value at 31 March 2019</b>	<b>2,400</b>	<b>0</b>	<b>190</b>	<b>216</b>	<b>2,806</b>

#### Property, Plant & Equipment Movements in 2017/18

	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 2017	2,406	30	750	216	3,402
Revaluation increases & decreases recognised in the Revaluation Reserve	(18)	0	0	0	(18)
Revaluation increases / decreases recognised in the Surplus/Deficit on the Provision of Services	(2)	0	0	0	(2)
Reclassification	30	(30)	0	0	0
<b>At 31 March 2018</b>	<b>2,416</b>	<b>0</b>	<b>750</b>	<b>216</b>	<b>3,382</b>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2017	0	0	(506)	0	(506)
Depreciation charge for the year	(154)	0	(41)	0	(195)
Depreciation written out the Revaluation Reserve	154	0	0	0	154
<b>At 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>(547)</b>	<b>0</b>	<b>(547)</b>
<b>Total Net Book Value at 31 March 2018</b>	<b>2,416</b>	<b>0</b>	<b>203</b>	<b>216</b>	<b>2,835</b>

## 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 valuation was undertaken as at 31 March 2019. 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	Plant, Vehicles Furniture & Equipment	Community Assets	Total
	£000	£000	£000	£000
Carried at Historical Cost	0	776	216	992
Valued at Current Value at 31 March 2019	2,400	0	0	2,400
<b>Total</b>	<b>2,400</b>	<b>776</b>	<b>216</b>	<b>3,392</b>

## 14. 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 opportunities 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). The following table is a reconciliation of the carrying value (insurance rebuild cost) see note 13 for details of the valuation date and valuer.

2017/18		2018/19
£000		£000
642	Carrying Value at 1 April	746
104	Revaluation	2
<b>746</b>	<b>Carrying Value at 31 March</b>	<b>748</b>



## 15. 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:

<b>2017/18</b>	<b>Intangible Assets</b>	<b>2018/19</b>
<b>£000</b>		<b>£000</b>
157	Gross Carrying Value at 1 April	157
(152)	Accumulated Amortisation	(154)
<b>5</b>	<b>Net Carrying Value at 1 April</b>	<b>3</b>
(2)	Amortisation for the Period	(3)
<b>3</b>	<b>Net Carrying Value at 31 March</b>	<b>0</b>

## 16. Financial Instruments

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

<b>2017/18</b>	<b>Current Assets and Liabilities</b> (amortised cost)	<b>2018/19</b>
<b>£000</b>		<b>£000</b>
2,573	Cash at bank	2,444
179	Debtors	225
(171)	Creditors	(102)

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(11)	Interest and investment income (amortised cost)	(24)

## 17. 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 and Expected Credit Loss Allowances

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.

Amounts arising from expected credit losses would normally be established for investments and debtors based on estimates of the losses that might be incurred if those owing money to the Authority fail to pay it back. In order to calculate an impairment loss allowance in respect of the Authority's bank deposits the Authority has used the combined historic default rate data from the three main credit rating agencies. We have concluded that the expected credit loss is not material therefore no allowance has been made.

The Authority's standard terms and conditions for payment of invoices (trade receivables) are 28 days from invoice date. Low risk, no history of default and with signed agreements in place with third parties, we have concluded that the expected credit loss is not material therefore no allowance has been made.

## 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 and the Authority currently has no borrowings. 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 which 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 or shareholdings.
- Foreign Exchange Risk. The Authority has no financial assets or liabilities denominated in foreign currencies and thus it has no exposure to loss arising from movements in exchange rates.

## 18. 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, 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.

2017/18		2018/19
£000		£000
(195)	Gross Sales	(192)
61	Plus: Opening inventory	61
112	Plus: Purchases	114
<b>(61)</b>	<b>Less: Closing Inventory at 31 March</b>	<b>(76)</b>
<u>(83)</u>	Gross Profit	<u>(93)</u>

## 19. 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
46	Central Government Bodies	70
14	Other Local Authorities	10
165	Other entities and individuals	215
<b>225</b>	<b>Total at 31 March</b>	<b>295</b>

## 20. Cash and Cash Equivalents

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
2,573	Bank current accounts	2,444
<b>2,573</b>	<b>Total at 31 March</b>	<b>2,444</b>

## 21. 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(56)	Other Local Authorities	(6)
(115)	Other entities and individuals	(97)
<b>(171)</b>	<b>Total at 31 March</b>	<b>(103)</b>

## 22. Unusable Reserves

Movements in usable reserves are detailed in the Movement in Reserves Statement.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(1,651)	Revaluation Reserve	(1,707)
(1,967)	Capital Adjustment Account	(1,881)
12,953	Pensions Reserve	13,222
48	Accumulated Absences Account	55
<b>9,383</b>	<b>Total Unusable Reserves at 31 March</b>	<b>9,689</b>

### 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(1,495)	Balance at 1 April	(1,651)
(240)	Upward revaluation of assets	(155)
(1,735)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(1,804)
84	Difference between fair value depreciation and historical cost depreciation and written off to the Capital Adjustment Account	99
<b>(1,651)</b>	<b>Balance at 31 March</b>	<b>(1,707)</b>

### 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 subsequent costs.

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

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(2,082)	Balance at 1 April	(1,967)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
197	Charges for depreciation and impairment of non-current assets	208
2	Amortisation of intangible assets	3
(1,883)		(1,756)
(84)	Adjusting amounts written out of the Revaluation Reserve	(99)
(1,967)	Net written out amount of the cost of non-current assets consumed in the year	(1,855)
	Capital financing applied in the year:	
0	Capital expenditure charged against the General Fund	(26)
<b>(1,967)</b>	<b>Balance at 31 March</b>	<b>(1,881)</b>

### 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
13,422	Balance at 1 April	12,953
(1,304)	Re-measurements of the net defined liability/(asset)	(801)
1,294	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	1,541
(459)	Employer's pensions contributions and direct payments to pensioners payable in the year	(471)
<b>12,953</b>	<b>Balance at 31 March</b>	<b>13,222</b>

### 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.

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
43	Balance at 1 April	48
(43)	Settlement or cancellation of the accrual made at the end of the preceding year	(48)
48	Amounts accrued at the end of the current year	55
5	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	7
<b>48</b>	<b>Balance at 31 March</b>	<b>55</b>

## 23. Cash Flow Statement – Operating Activities

The Surplus or Deficit on the Provision of Services has been adjusted for the following non-cash movements:

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(199)	Depreciation and amortisation	(211)
(835)	Movement in pension liability	(1,070)
0	Increase / (decrease) in inventory	15
47	Increase / (decrease) in debtors	70
(10)	(Increase) / decrease in creditors	68
<b>(997)</b>	<b>Total Non-Cash Movements</b>	<b>(1,128)</b>

The cash flows for operating activities include:

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(11)	Interest received	(24)

## 24. Cash Flow Statement - Investing Activities

2017/18 £000		2018/19 £000
0	Purchase of property, plant and equipment	26

## 25. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in year, together with the resources used to finance it is set out in the table below. If capital expenditure is to be financed in future years by charges to revenue as assets are used, the expenditure results in an increase to the Capital Finance Requirement (CFR), a measure of the capital expenditure incurred historically that has yet to be financed.

2017/18 £000		2018/19 £000
0	Opening Capital Financing Requirement	0
0	Capital Investment: Property, plant & equipment	26
0	Source of Finance: Direct revenue contribution	(26)
<b>0</b>	<b>Closing Capital Financing Requirement</b>	<b>0</b>

## 26. External Audit Costs

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

2017/18 £000		2018/19 £000
12	Fees payable to Grant Thornton UK LLP in regard to external audit services carried out by the appointed auditor for the year	9

## 27. Officers' Remuneration

### a) 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 (there are none); and to list all officers 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)

		Salary, Fees & Allowances £	Expenses Allowances £	Pension Contribution £	Total £
Chief Executive (NPO)	2018/19	93,968	1,552	14,283	109,803
	2017/18	92,126	1,121	14,003	107,250
Director of Conservation & Communities	2018/19	62,555	63	9,508	72,126
	2017/18	61,929	157	9,413	71,499

No other employees earn over £50,000 per annum

## b) Exit Packages

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

Exit package cost band (including special payments)	(a) Number of compulsory redundancies		(b) Number of other departures agreed		Total number of exit packages by cost band (a + b)		Total cost of exit packages in each band (£)	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	£0-£20,000	1	0	0	0	1	0	2,301
£20,001-£40,000	0	0	1	0	1	0	25,225	0
<b>Total Cost in CIES</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>27,526</b>	<b>0</b>

## 28. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year:

Name	Allowance £	Expenses £	Total £	Appointed by
K Ball*	2,022	0	2,022	Devon County Council
SD Barker	1,677	0	1,677	Devon County Council
WG Cann	1,677	163	1,840	West Devon Borough Council
JO Christophers	1,677	0	1,677	Teignbridge District Council
ACJ Cooper*	2,005	535	2,540	Secretary of State: National
MJ Galt	388	118	506	Standards Committee: Independent
GJ Gribble	1,677	0	1,677	Devon County Council
PW Harper*	2,342	0	2,342	Secretary of State: National
SL Hill	1,677	94	1,771	Secretary of State: Parish
PW Hitchins*	6,705	1,579	8,284	South Hams District Council
MH Jeffery	1,677	0	1,677	Teignbridge District Council
JR McInnes*	3,354	617	3,971	Devon County Council
DE Moyse	1,677	727	2,404	West Devon Borough Council
N Oakley*	2,515	0	2,515	Secretary of State: National
CM Pannell	1,677	287	1,964	Secretary of State: Parish
RJ Parkinson	699	194	893	Secretary of State: National
MH Retallick*	3,354	182	3,536	Secretary of State: Parish
PR Sanders*	2,515	0	2,515	Devon County Council
M Simpson	0	0	0	Secretary of State: National
TB Stapleton	0	158	158	Standards Committee: Independent
DW Webber	1,677	0	1,677	Secretary of State: Parish
CT Webber	132	164	296	Standards Committee: Independent
PE Woods*	3,182	256	3,438	Secretary of State: National
<b>Total 2018/19</b>	<b>44,306</b>	<b>5,074</b>	<b>49,380</b>	
<b>Total 2017/18</b>	<b>42,623</b>	<b>4,890</b>	<b>47,513</b>	

\* Includes Chair, Deputy Chair or special responsibility allowances. Allowances are not an indication of individual attendance.

## 29. Grant Income

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

2017/18 £000	Credited to Taxation and Non Specific Grant Income	2018/19 £000
(3,698)	National Park Grant (from Defra)	(3,761)
<b>(3,698)</b>	<b>Total</b>	<b>(3,761)</b>

2017/18 £000	Credited to Services	2018/19 £000
(43)	Devon County Council	(43)
(40)	Historic England	(47)
(1)	English Heritage Trust	(1)
(9)	Defence Infrastructure	0
0	Dartmoor Trust	(4)
(4)	South West Water	(64)
(11)	Heritage Lottery Fund	(38)
(15)	Duchy of Cornwall	(10)
(3)	South Hams District Council	(4)
(10)	West Devon Borough Council	(5)
(15)	Prince's Countryside Fund	(22)
(35)	Ministry of Housing, Communities and Local Government	(39)
0	National Parks Partnership	(1)
0	Ministry of Defence	(5)
0	Discover England Fund (via the Peak District NPA)	(6)
0	Environment Agency	(18)
0	Rural Payments Agency	(2)
0	Police and Crime Commissioner: Devon and Cornwall	(5)
0	Dartmoor Preservation Association	(6)
0	Defra	(4)
(3)	Other	(1)
<b>(189)</b>	<b>Total</b>	<b>(325)</b>

## 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 29.

**Members of the Authority** have direct control over the Authority's financial and operating policies. A list of the Members' allowances paid in 2018/19 is shown in Note 28. 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 which include: providing VAT, Treasury, Payroll, Legal, Communications and ICT related services. The Authority made payments totalling £93,753 in 2018/19 for the provision of these services (£57,332 in 2017/18).

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 2018/19 the Authority received £43,000 from Devon County Council for maintenance work (£43,000 in 2017/18).

We made contributions to Devon County Council totalling £4,567 (£12,580 in 2017/18) for other Dartmoor related projects and initiatives undertaken or lead by the County Council and received contributions of £5,000 (£10,282 in 2017/18) for projects that we took the lead on.

### **Devon Audit Partnership**

Our Internal Audit function is provided via a Service Level Agreement with the Devon Audit Partnership (DAP) at a cost of £6,160 (£5,500 in 2017/18).

### **Teignbridge District Council**

We have a service level agreement with Teignbridge District Council for Health & Safety support, at an annual cost of £4,500 (£5,176 in 2017/18).

### **Peak District National Park Authority**

We entered into a service level agreement with the Peak District National Park Authority to review and support our Health & Safety provision, at a cost of £3,416.

### **West Devon Borough Council**

We have a formal agreement for car park management services at Princetown at a cost of £5,845 for 2018/19 (£5,875 in 2017/18) the fee paid being based on a percentage of income collected. The Authority received New Homes bonus grant income of £5,164 in 2018/19 (£9,880 in 2017/18).

### **Other Partnerships**

The Authority has entered into a collaboration agreement in respect of the Devon Portal Project, which provides 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 2018/19.

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 2017/18); 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; a £10,000 contribution was made in 2018/19 (and 2017/18). The company is managed by a Board of Directors who report to the Chairs of the UK National Parks (DNPA does not have a representative on the Board).

The Authority is also holding a cash balance of £61,542 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 (received in 2015/16) from a Developer, representing 50% 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 2018/19 was £71,231 (£79,476 in 2017/18) 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 2018/19 was £13,413 (£13,510 in 2017/18).

## 31. Leases

### Authority as Lessee

The Authority has two administrative buildings that have the attributes of 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.

2017/18 £000	Land and Buildings carried as Property, Plant & Equipment in the Balance Sheet (net amounts)	2018/19 £000
313	Parke, Bovey Tracey (DNPA Headquarters)	157
530	High Moorland Office and Visitor Centre, Princetown	573
<b>843</b>	<b>Total</b>	<b>730</b>

2017/18 £000	Future Minimum Lease Payments	2018/19 £000
3	Not later than one year	8
14	Later than one year and not later than five years	32
17	Later than 5 years	24
<b>34</b>	<b>Total</b>	<b>64</b>

### 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 and equipment, with lease terms of five years or less

2018/19 Future Minimum Lease Payments	Land & Buildings £000	Vehicles £000	Equipment £000
Not later than one year	8	8	8
Later than one year and not later than five years	30	0	5
Later than 5 years	295	0	0
<b>Total</b>	<b>333</b>	<b>8</b>	<b>13</b>

2017/18 Future Minimum Lease Payments	Land & Buildings £000	Vehicles £000	Equipment £000
Not later than one year	8	11	8
Later than one year and not later than five years	30	8	5
Later than 5 years	302	0	0
<b>Total</b>	<b>340</b>	<b>19</b>	<b>13</b>

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

2017/18 £000		2018/19 £000
5	Recreation Management and Transport	5
19	Rangers, Estates and Volunteers	15
11	Support Services (Corporate amounts)	21
<u>35</u>	<b>Total</b>	<u>41</u>

### 32. Termination Benefits

In 2017/18 the Authority terminated the contracts of two employees, and incurred liabilities of £27,526 see Note 28(b) for the number and the total cost per band. In 2018/19 there were none.

### 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, at Devon County Council, 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 snapshot 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.

A recent judgement in the Court of Appeal about cases involving judges' and firefighters' pensions (the McCloud/Sargeant judgement) has the potential to impact on the Authority. The cases concerned possible age discrimination in the arrangements for protecting certain scheme members from the impact of introducing new pensions arrangements. As the Local Government Pension Scheme was restructured in 2014, with protections for those members who were active in the Scheme at 2012 and over the age of 55, the judgement is likely to extend to the Scheme.

However, the potential impact is uncertain. Even though the Supreme Court has refused the Government's application to appeal the judgement. No decisions have been made about the remedies that would be required or the extent to which additional costs would fall on the Authority.

On the presumption that the remedy (still to be determined) is for the Authority to incur costs in extending protections to all members who were active at 31 March 2012 until their retirement, the Authority's Actuary has estimated that the effect of this decision would be:

- To increase pension the liability in the balance sheet at 31 March 2019 by £0.304million; and
- To increase the projected service cost for 2019/20 by £0.024million (2.4% of the service cost before the McCloud/Sargeant judgement)

It should be noted that the estimated potential impact for the Authority as calculated by the Actuary has also been based on analysis carried out by the Government Actuary's Department (GAD) and our own employer liability profile.

### Transactions Relating to Retirement Benefits

The cost of retirement benefits in the reported Cost of Services is recognised when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge that is required to be made 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:

2017/18 £000		2018/19 £000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	<b>Cost of Services:</b>	
915	Current service cost	898
0	Past Service Cost	304
	<b>Other Operating Expenditure:</b>	
10	Administration expenses	14
	<b>Financing and Investment Income and Expenditure:</b>	
369	Net interest expense	325
<u>1,294</u>	<b>Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services</b>	<u>1,541</u>

**Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement**

**Re-measurement of the of the net defined benefit liability comprising:**

(254)	Return on plan assets (excluding the amount included in the net interest expense)	(602)
(1,050)	Change in financial assumptions	1,727
0	Change in demographic assumptions	(1,926)
<b>(1,304)</b>	<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(801)</b>

**Movement in Reserves Statement**

<b>(1,294)</b>	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with The Code	<b>(1,541)</b>
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**Actual amount charged against the General Fund Balance for pensions in the year**

449	Employer's contributions payable to the scheme	461
10	Retirement benefits payable to pensioners – discretionary benefits arrangements	10
<b>459</b>		<b>471</b>

**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:

<b>2017/18</b>	<b>Net Pension Liability</b>	<b>2018/19</b>
<b>£000</b>		<b>£000</b>
(32,975)	Present value of the defined benefit obligation	(34,202)
20,212	Fair value of Fund assets	21,160
(12,763)	Sub-total	(13,042)
(190)	Present value of unfunded obligation	(180)
<b>(12,953)</b>	<b>Net Defined Benefit (Liability) / Asset at 31 March</b>	<b>(13,222)</b>

<b>2017/18</b>	<b>Reconciliation of the Movements in the Fair Value of Fund Assets</b>	<b>2018/19</b>
<b>£000</b>		<b>£000</b>
19,208	Opening fair value of fund assets	20,212
541	Interest on assets	513
	Re-measurement gain/(loss):	
254	• Return on plan assets less interest	602
0	• Other	0
(10)	Administration expenses	(14)
459	Contributions by employer (including unfunded)	471
161	Contributions by employees	163
(401)	Benefits paid	(787)
<b>20,212</b>	<b>Closing Fair Value of Fund Assets at 31 March</b>	<b>21,160</b>

2017/18 £000	Reconciliation of Present Value of Fund Liabilities (Defined Benefit Obligation)	2018/19 £000
(32,630)	Opening balance at 1 April	(33,165)
(915)	Current service cost	(898)
(910)	Interest cost	(838)
0	Past Service Cost	(304)
(161)	Contributions by scheme participants	(163)
	Re-measurement gain/(loss):	
0	Change in demographic assumptions	1,926
1,050	Change in financial assumptions	(1,727)
391	Benefits paid	777
10	Unfunded pension payments	10
<b>(33,165)</b>	<b>Closing Balance at 31 March</b>	<b>(34,382)</b>

### The Local Government Pension Scheme Assets

The estimated asset allocation for Dartmoor National Park Authority as at 31 March 2019 is:

2017/18 £000		Fair Value of Scheme Assets	2018/19 £000	
635	3%	Gilts	727	3%
4,333	21%	UK Equities	3,515	17%
7,480	37%	Overseas Equities	9,100	43%
1,881	9%	Property	1,870	9%
725	4%	Infrastructure	777	4%
3,018	15%	Target Return Portfolio	2,996	14%
494	2%	Cash	338	2%
413	2%	Other Bonds	372	2%
1,098	5%	Alternative Assets	1,118	5%
135	1%	Private Equity	347	2%
<b>20,212</b>		<b>Total</b>	<b>21,160</b>	

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 2019	
		% Quoted	% Unquoted
Fixed interest government securities	UK	0.2%	
	Overseas	3.3%	
Corporate Bonds	UK	0.1%	
	Overseas	1.7%	
Equities	UK	15.8%	0.8%
	Overseas	38.2%	4.8%
Property	All		8.8%
Others	Absolute Return Portfolio	14.2%	
	Private Equity		1.6%
	Infrastructure		3.7%
	Multi Sector Credit Fund	5.3%	
Net current assets	Cash/temporary Investments		1.5%
	Debtors		
	Creditors		
<b>Total</b>		<b>78.8%</b>	<b>21.2%</b>

## 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:

<b>31 March 2018</b>		<b>31 March 2019</b>
	<b>Long-term expected rate of return on assets in the scheme:</b>	
2.55%	Discount rate	2.4%
	<b>Mortality Assumptions:</b>	
	Longevity at 65 for current pensioners:	
23.5	Men	22.4
25.6	Women	24.4
	Longevity at 65 for future pensioners (retiring in 20 years)	
25.7	Men	24.1
27.9	Women	26.2
	<b>Financial Assumptions:</b>	
3.3%	RPI increases	3.4%
2.3%	CPI increases	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase in pensions	2.4%
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.

<b>Sensitivity Analysis</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate:	+0.1%	0.0%	-0.1%
Present value of obligation	33,400	34,078	34,771
Projected service costs	947	970	994
Adjustment to long term salary increase:	+0.1%	0.0%	-0.1%
Present value of obligation	34,174	34,078	33,984
Projected service costs	970	970	970
Adjustment to pension increases and deferred revaluation:	+0.1%	0.0%	-0.1%
Present value of obligation	34,675	34,078	33,494
Projected service costs	994	970	947
Adjustment to mortality age rating assumption:	+1 Year	None	-1 Year
Present value of obligation	35,326	34,078	32,876
Projected service costs	1,001	970	940

## **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 a 17 year period. 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 £0.496 million expected contributions to the scheme in 2019/20.



## **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 due 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.

### **Amortisation**

Amortisation represents the use of economic benefits derived from intangible assets and is charged on a straight line basis over their useful lives. These are reviewed annually. Amortisation is charged with but is distinct from impairment charges.

### **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. Categorized 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).

### **Credit Loss**

Credit loss is the difference between all contractual cash flows that are due to the Authority and all the expected cash flows (i.e. cash shortfalls) discounted at the effective rate of interest.

### **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:

- MHCLG = Ministry [of] Housing, 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 made 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

## 2018/19

### SCOPE OF RESPONSIBILITY

Dartmoor National Park Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and is 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, the Authority 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.

The Authority 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. The Annual Governance Statement explains how the Authority 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 the Authority 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 the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, 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 for the year ended 31 March 2019 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

The Authority 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 the Authority'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 revised annually in a process involving a wide range of partners/stakeholders. During 2018/19 the Authority commenced work on a more fundamental review of the National Park Management Plan organising, with partners, a series of Dartmoor Debates to discuss the future vision for the National Park.



- 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 / role 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 compiled, regularly reviewed and monitored by the Audit and Governance Committee and Leadership Team. Leadership Team monitors and manages operational risks via service plans, work programs and Service Dashboards. 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 are 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**

The 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 to be addressed during the year were:

Action	Progress
Review the complaints procedure	Still considered to be fit for purpose so not undertaken
Review the Member Code of Conduct	Not undertaken, as deemed still fit for purpose; but updated the Member Role Description (approved by Authority in February 2019)
Review and update the Member induction training programme	Achieved
Review and update the Data Protection Policy to bring it into line with GDPR and the Data Protection Act 2018	Achieved
Input to the review of protected landscapes announced as part of the Government's 25 Year Plan for the Environment	Achieved and on-going

Other significant improvements in relation to governance arrangements undertaken during 2018/19 as follows:

- Procurement: entered into a Service Level Agreement with Devon County Council resulting in revised and updated procurement procedures, improved templates and processes;
- Local Development Scheme: this document is required by Government policy to set the 'timetable' for reviewing the Local Plan and other documents. It was updated in November 2018;
- Statement of Community Involvement: a 'Local Development Document' required for setting out how a Local Planning Authority involves communities and other stakeholders in the plan-making and decision-making process. This was updated in November 2018 to incorporate new government guidance on Neighbourhood Planning;
- Local Plan Review: the first draft (Regulation 18) consultation was approved by Members in November 2018 having been shaped over the preceding 18 months by a Member Steering Group. This was published for 9 weeks public consultation; a final draft will be brought to Members in 2019 for approval for a further period of public consultation;
- National Park Management Plan: the adopted Management Plan is overseen by a cross-organisation Delivery Board managed and chaired by DNPA. An internal Steering Group is overseeing the review of the Management Plan and a draft for public consultation will be prepared during 2019;
- Member attendance reporting: Members agreed that their attendance records should be published on the website;
- Development Management: undertook a review of the site visit protocol and scheme of delegation;
- Submitted evidence to the Government's independent review of Protected Landscapes in England.

## 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 2019/20:

- Consider, respond to and implement relevant recommendations from the Government's independent Review of Protected Landscapes (due to report Autumn 2019);
- Implement the revised Member induction training programme;

- Review Standing Orders;
- Provide procurement training to reflect revised systems and procedures;
- Continue with the Local Plan review process;
- Continue with the National Park Management Plan review process;
- Review the Authority's involvement in the Heart of the South West Joint Committee and National Parks Partnerships Limited.

### **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:**

**Ms P Woods**  
**Chair of the Authority**

**K D Bishop**  
**Chief Executive (National Park Officer)**

**Date: 26 July 2019**

**Date: 26 July 2019**

# Independent auditor's report to the members of Dartmoor National Park Authority

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Dartmoor National Park Authority (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and

SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

### **Opinion on other matter required by the Code of Audit Practice**

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts 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. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Conclusion**

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

### **Responsibilities of the Authority**

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

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

## **Report on other legal and regulatory requirements - Certificate**

We certify that we have completed the audit of the financial statements of Dartmoor National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Julie Masci*

Julie Masci, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

30 July 2019