

# Clyde Muirshiel Park Authority Joint Committee

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Annual Financial Statements 2018/19



**CONTENTS**

Management Commentary	3
Statement of Responsibilities for the Annual Accounts	7
Governance Statement	8
Remuneration Report	11
Independent Auditor's Report	13
Comprehensive Income and Expenditure Statement for the year ended 31 March 2019	16
Movement in Reserves Statement for the year ended 31 March 2019	17
Balance Sheet as at 31 March 2019	18
Note 1: Expenditure Funding Analysis for the year ended 31 March 2019	19
Note 2: Summary of Significant Accounting Policies	20
Note 3: Accounting Standards Issued not Adopted	23
Note 4: Critical Judgements in Applying Accounting Policies	24
Note 5: Assumptions made about the future	24
Note 6: Events after the balance sheet date	24
Note 7: Details of Movement in Unusable Reserves	25
Note 8: Reconciliation of the Balance on the Comprehensive Income & Expenditure Statement to the Movement in Reserves Statement	26
Note 9: Financing & Investment Income	26
Note 10: Operating Leases	26
Note 11: Inventories	27
Note 12: Debtors	27
Note 13: Creditors	27
Note 14: Related Parties	28
Note 15: External Audit Costs	28
Note 16: Retirement Benefits	28
Note 17: Contingent Liabilities and Assets	33
Note 18: Prior Year Restatement	33

## **Management Commentary**

### **Introduction**

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The annual accounts are prepared in line with The Local Authority Accounts (Scotland) Regulations 2014.

### **Park Strategy and Action Plan 2016-2021**

Clyde Muirshiel Regional Park Strategy and Action Plan was approved by the Joint Committee in September 2016. This document sets out three priorities which focus activity in the Park over a period of five years. The priorities are:

- Leisure activity and health;
- Education and outdoor learning;
- Environmental management.

The strategic priorities sit within the wider aspirations of the constituent Local Authorities that comprise the Joint Committee, particularly in relation to inclusion, health and wellbeing and skills development.

The associated Action Plan sets out the objectives for each priority and a series of actions to be delivered over life of the strategy. The actions are grouped into short, medium and long term and inform the Park's annual workplan, and all have either been satisfied or are on track.

A copy of the Park Strategy and Action Plan 2016-2021 can be found at the link below.

<https://renfrewshire.cmis.uk.com/renfrewshire/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1323/Committee/74/Default.aspx>

### **The Park Workplan**

The Park produces an annual workplan which sets out how it will meet its strategic aims. Staff resource is apportioned in line with these aims and service demand. Demand for outdoor activities continues to grow and is a key income stream for the Park.

Looking ahead to 2019-20 the Park hopes to continue to build on the suite of projects and events currently being delivered to raise the Park profile. The Park will also look to secure further funding to deliver projects to meet the strategic aims of the Park.

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

**Financial Performance**

**Revenue**

The Comprehensive Income and Expenditure Statement on page 16 summarises the total costs of providing services and the income available to fund those services.

Excluding accounting adjustments relating to pensions and short term accumulating absences, the Park Authority has returned a deficit of £2,276 for the financial year 2018/19, compared to a budgeted breakeven position. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure statement is due to accounting adjustments for pension costs £164,000 and accrued employee benefits (£3,493).

A summary of the outturn position against the agreed budget is shown below:

	Budget £	Actual £	Variance £
Employee Costs	704,000	727,082	(23,082)
Property Costs	39,900	38,634	1,266
Supplies and Services	143,200	134,825	8,375
Contractors & Others	14,800	25,369	(10,569)
Transport Costs	46,500	34,946	11,554
Administrative Costs	72,600	61,107	11,493
Payments to Other Bodies	1,700	1,804	(104)
<b>Total Expenditure</b>	<b>1,022,700</b>	<b>1,023,767</b>	<b>(1,067)</b>
Requisition Income	(576,500)	(576,500)	-
Sales, Fees and Charges	(363,200)	(338,515)	(24,685)
Other Income (i)	(83,000)	(106,476)	23,476
<b>Total Income</b>	<b>(1,022,700)</b>	<b>(1,021,491)</b>	<b>(1,209)</b>
<b>(Surplus)/Deficit for Year</b>	<b>-</b>	<b>2,276</b>	<b>(2,276)</b>

(i) Other Income includes investment income from note 9

The overspend within Employee Costs is due to the additional staffing costs relating to the Tag and Track programme. The costs relating to the external funding period of the programme are fully recovered within Other Income, however it was agreed that the programme would be extended from January 2019 to March 2019 and this was funded by core budgets.

The underspend in Supplies and Services and Administration Costs is due to the careful management of the individual expenditure budgets within these categories. These underspends have been used to partly offset the £60k unallocated saving that was set in 2018/19.

Contractors and Others is overspent due to the costs associated with the work in the re-investment in woodland management in Muirshiel Forestry. These costs are fully recovered within Sales, Fees and Charges.

The underspend in Transport Costs is due to decreased vehicle lease payment costs.

The under recovery in Sales, Fees and Charges relates to the decreased levels of income generated by the café and shop.

As mentioned above, the over recovery in Other Income relates to the funding received from the Tag and Track programme, in addition to the income received from filming that took place within the Park this financial year.

## **Capital**

In previous Annual Accounts, it was reported that the Joint Committee did not have the legal powers necessary to hold assets and as such the organisation had no capital spend. While this is still technically correct (assets are purchased primarily through Renfrewshire Council, who retain title to them), it does not fully reflect the substance of the arrangement, in that the Joint Committee have full use of the assets and effectively enjoy the benefits and assume the risks of holding them. As a result a new accounting policy has been implemented for property, plant and equipment and intangible assets.

## **Provisions, Contingencies and Write-offs**

The Joint Committee is not aware of any eventualities which may have a material effect on the financial position of the Joint Committee and has made no provisions for such eventualities.

In general, any contingent liabilities known to the Joint Committee are covered by insurance arrangements.

There were no debt write-offs during the year.

## **The Balance Sheet 31 March 2019**

It has been reported in recent years that the Joint Committee had “no legal powers to retain reserves to meet future funding requirements” and therefore any accumulated surpluses were transferred to Creditors in the Balance Sheet each year. However, in keeping with the substance of actual practice the Joint Committee now reports accumulated Comprehensive Income and Expenditure Statement surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way. It should be noted that this reserve is still ultimately due to constituent authorities, should it be distributed at any point in the future.

## **Cashflow**

In a change to the presentation of this year’s financial statements, there is no longer a Cashflow Statement. This is because the Joint Committee does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as the administering authority.

## **Net Pension Position**

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16. The appointed actuaries have confirmed a net deficit position of £0.593 million, a deterioration of £0.431 million in their assessment of the position of the pension fund. This can be attributed to a reduction in corporate bond yields as 31 March 2019 over the previous year, which increase the value of future obligations.

This is partially offset by investment returns being greater than the 31 March 2018 rate. The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members.

It also reflects an estimate of additional costs following a Court of Appeal ruling (McCloud/Sargeant) that transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age were unlawful on the grounds of age discrimination. For the Joint Committee, this amounts to an additional £0.066 million of pension liability.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

A further potential change to pension rules is outlined in Note 17: Contingent Liabilities and Assets on page 33; however this has not been reflected in the pension liability reported in the Balance Sheet.

### **Service changes and Future Developments**

The adopted Park Strategy and Action Plan seeks to build upon the strengths of the Park and make full use of its assets. The short, medium and long term activities prescribed by the Action Plan will help simplify work streams, maximise end user benefit and capitalise on income generating opportunities for sustainable financial stability.

A process is underway to modernise and streamline the Park's governance. It is anticipated that from April 2020 the Park will be a more efficient and more proactive organisation better poised to take advantage of opportunities to enhance its services. The Park will remain receptive to change and embraces opportunities for improved ways of working within the context of maintaining and gaining the full value of the landscape and natural environment that residents across the three constituent authorities and beyond enjoy from Clyde Muirshiel.

### **Events after the Balance Sheet Date**

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration.

### **Impact of Economic Climate**

The Joint Committee recognises the difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. The requisition income available to the Park Authority has reduced in recent years, acknowledging the financial pressures that councils have been facing and also an increasingly commercial approach to the operations of the Park. The 2019/20 revised estimates will be presented for approval at the meeting on 21 June 2019.

A voluntary redundancy / early retirement exercise was carried out during 2018/19 and it was agreed that six staff would leave during 2019/20. The costs related to the early release of these staff will be part funded by reserves and also part funded by each authority in proportion to their requisition level in 2017/18, as approved by the Joint Committee.

### **Conclusion**

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support.

**Councillor Andy Steel**  
Chairman  
6 September 2019

**Fraser Carlin**  
Lead Officer  
6 September 2019

**Alan Russell CPFA**  
Treasurer  
6 September 2019

## Statement of Responsibilities for the Annual Accounts

### The Joint Committee's Responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs. (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Clyde Muirshiel Park Authority;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- to approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 6 September 2019.

Signed on behalf of Clyde Muirshiel Park Authority:

### Councillor Andy Steel

Chairman  
6 September 2019

### The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates which were reasonable and prudent;
- complied with legislation;
- complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2019.

### Alan Russell CPFA

Treasurer  
6 September 2019

## **Governance Statement**

### **Scope of Responsibility**

Clyde Muirshiel Park Authority's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Authority's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

### **The Joint Committee's Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control 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 Joint Committee'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 main features of our governance arrangements are summarised below:

- Minute of Agreement between the member councils of the Joint Committee, setting out the arrangement for governance of the Park Authority;
- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts. The financial regulations are currently being reviewed;
- Comprehensive business planning arrangements and continuous improvement arrangements including, setting key performance targets and developing work plans designed to achieve our corporate objectives. The Park Strategy 2016 – 2021, sets out the organisational objectives and the actions required to implement those objectives;
- Regular communication and engagement with stakeholders through the Consultative Forum and other local community groups;
- Regular review of performance and public performance reporting through the Annual Report;
- Comprehensive arrangements for monitoring health and safety;
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures;
- Arrangements to manage risk are included in the Park Authority Annual Work Plan, supported by a risk management framework and comprehensive risk register which is reported to the Joint Committee twice per year;
- Clear customer complaints procedures;
- Comprehensive policies and procedures for data protection and information security;
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. The system includes:

- Financial management is supported by comprehensive financial regulations and codes;

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

- Comprehensive budgeting systems, and detailed guidance for budget holders;
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts;
- Setting targets to measure financial and other performance;
- The preparation of regular financial reports that indicate actual expenditure against the forecasts;
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

### **Review of Effectiveness**

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Interim Park Co-ordinator / Lead Officer using a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance:

- Service Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity

This self-assessment indicated that the governance framework is being complied with in all material respects, although it is acknowledged that reduced resources may impact on the control environment in the medium term.

The Park has successfully delivered operational efficiencies and accommodated reductions in financial requisitions. A revised staff structure has been implemented to provide strategic direction and a review of the Park's assets and activities has identified several opportunities to improve the Park's financial sustainability in the longer term.

At its meeting on the 7th September 2018 the Joint Committee considered the Annual Audit Report 2017/18 by Audit Scotland. The report stated the Park's governance arrangements "remain out of date and may not reflect the current legislative requirements and CMPA's current situation". The Joint Committee agreed to revise the existing governance framework, including the Minute of Agreement and supporting governance documents. The revised suite of proposed governance documents will be presented to the three member Council Boards between September and December 2019 and then to the Joint Committee for approval by March 2020.

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process.

The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's governance framework, risk management and internal control.

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

**Action Plan**

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Joint Committee's governance.

<b>Agreed action</b>	<b>Responsible person</b>	<b>Date</b>
Review and update where necessary the existing governance framework including the Minute of Agreement for approval by the constituent Local Authorities and the Joint Committee.	Head of Planning and Housing Services – Renfrewshire Council	March 2020

**Assurance**

In conclusion, it is our opinion that the annual review of governance, together with the work of internal audit, any comments received from external audit and certification of assurance from the Interim Park Co-ordinator / Lead Officer provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions arising from the review of governance arrangements will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

**Councillor Andy Steel**  
Chairman  
6 September 2019

**Fraser Carlin**  
Lead Officer  
6 September 2019

## Remuneration report

All information disclosed in sections two to five in this Remuneration Report will be audited by the council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

### 1. Remuneration policy for elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members.

### 2. Remuneration policy for senior employees

All Park staff are employees of Renfrewshire Council as the lead authority for the Park Authority. There are no Park Authority staff remunerated according to the Chief Officers' salary scales.

2017/18	Senior Employees		2018/19
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances
£			£
29,973	David Gatherer *	Park Manager	6,591
<b>29,973</b>	<b>Total</b>		<b>6,591</b>

\*The Park Manager resigned and left on 10 June 2018.

The above table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

### 3. Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS).

From 1<sup>st</sup> April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

2017/18	Member contribution rates on earnings in the bands below	2018/19
	5.5%	Up to £21,300
Up to £20,700	7.25%	£21,301 to £26,100
£20,701 to £25,300	8.5%	£26,101 to £35,700
£25,301 to £34,000	9.5%	£35,701 to £47,600
£34,701 to £46,300	12%	Over £47,601
Over £46,301		

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government employment. The Park Manager resigned and left on 10 June 2018, the pension accrued has been deferred and the post has remained vacant.

Senior Employees		Accrued Pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018		Pension contributions made by Joint Committee during 2018-2019
Name	Post Held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
David Gatherer(i)	Park Manager	0.017	0.036	+0.001	+0.001	1,135
<b>Total</b>		<b>0.017</b>	<b>0.036</b>	<b>+0.001</b>	<b>+0.001</b>	<b>1,135</b>

(i) includes any contributions that Clyde Muirshiel Park Authority has agreed to pay in respect of the relevant person at a later date. The Park Manager resigned and left 10 June 2018.

#### 4. Remuneration of Employees

In terms of the regulations, the Joint Committee is obliged to provide a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018/19, in bands of £5,000.

There were no employees whose salary exceeded £50,000 during 2018/19.

#### 5. Exit Packages

Clyde Muirshiel Park Authority agreed no exit packages in 2018-19.

**Councillor Andy Steel**  
Chairman  
6 September 2019

**Fraser Carlin**  
Lead Officer  
6 September 2019

# Independent auditor's report to the members of Clyde Muirshiel Park Authority Joint Committee and the Accounts Commission

## Report on the audit of financial statements

### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clyde Muirshiel Park Authority for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

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

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body'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.

### Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Treasurer and the Joint Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer 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 Treasurer is responsible for assessing the body'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 deemed inappropriate.

The Joint Committee is responsible for overseeing the financial reporting process.

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

My 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 my 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

## **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am 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 I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

**Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

**Matters on which I am required to report by exception**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, are set out in my Annual Audit Report.

**Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

September 2019

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the **movement in reserves statement**.

2017/18		Note	2018/19
£			£
849,994	Employee Costs		887,589
57,101	Property Costs		38,634
195,182	Supplies & Services		134,825
11,807	Contractors		25,369
43,387	Transport		34,946
63,455	Administration Costs		61,107
1,749	Payments to Other Bodies		1,804
<hr/>			
<b>1,222,675</b>	<b>Cost of Services</b>		<b>1,184,274</b>
(73,822)	Grants From Other Organisations		(32,863)
(165,268)	Sales, Fees & Charges		(188,063)
(148,051)	Charges to Users		(150,452)
(54,258)	Miscellaneous Income		(70,664)
28,291	Financing & Investment Income and Expenditure	9	4,051
(692,800)	Requisitions from Members Authorities	14	(576,500)
<hr/>			
<b>116,767</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>169,783</b>
<hr/>			
(1,063,000)	Actuarial (Gains) or losses on pension assets and liabilities	16a	260,000
<b>(1,063,000)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>		<b>260,000</b>
<hr/>			
<b>(946,233)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>429,783</b>
<hr/>			

## Movement in Reserves Statement for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the **Comprehensive Income and Expenditure Statement**.

	Note	Usable reserves £	Unusable reserves £	Total Reserves £
<b>Balance at 31 March 2017 carried forward</b>		<b>(80,607)</b>	<b>1,107,639</b>	<b>1,027,032</b>
<i>Movement in reserves during 2017-18 (restated)</i>				
Total Comprehensive Income and Expenditure		116,767	(1,063,000)	(946,233)
Adjustment between accounting basis and funding basis under regulation	8	(136,281)	136,281	-
Increase or (decrease) in 2017-18		(19,514)	(926,719)	(946,233)
<b>Balance at 31 March 2018 carried forward</b>		<b>(100,121)</b>	<b>180,920</b>	<b>80,799</b>
<i>Movement in reserves during 2018-19</i>				
Total Comprehensive Income and Expenditure		169,783	260,000	429,783
Adjustment between accounting basis and funding basis under regulation	8	(167,507)	167,507	-
Increase or (decrease) in 2018-19		2,276	427,507	429,783
<b>Balance at 31 March 2019 carried forward</b>		<b>(97,845)</b>	<b>608,427</b>	<b>510,582</b>

## Balance Sheet as at 31 March 2019

The **balance sheet** shows the value as at 31 March 2019 of the assets and liabilities recognised by the Joint Committee. The net liability of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2016/17 (restated) £	2017/18 (restated) £	Note	2018/19 £
<b><u>Current Assets</u></b>			
376,549	300,166	Funds held by Renfrewshire Council	357,409
132	1,139	Debtors and Prepayments	1,788
8,994	8,061	Inventories	7,017
1,700	1,700	Cash in Hand	1,700
<u>387,375</u>	<u>311,066</u>		<u>367,914</u>
<b><u>less Current Liabilities</u></b>			
(322,407)	(229,865)	Creditors And Accruals	(285,496)
<b><u>Long Term Liabilities</u></b>			
(1,092,000)	(162,000)	Pension (Liability)/Asset	(593,000)
<u>(1,027,032)</u>	<u>(80,799)</u>	<b>Net (Liabilities)/Asset Including Pension</b>	<u>(510,582)</u>
<b><u>Represented by:</u></b>			
<b>Useable Reserves</b>			
80,607	100,121	Revenue Reserve	97,845
<b>Unuseable Reserves</b>			
(15,639)	(18,920)	Employee Statutory Adjustment Account	(15,427)
(1,092,000)	(162,000)	Pension Reserve	(593,000)
<u>(1,027,032)</u>	<u>(80,799)</u>		<u>(510,582)</u>

The unaudited accounts were issued on 21 June 2019 and the audited accounts were authorised for issue on 6 September 2019.

**Alan Russell CPFA**  
Treasurer  
6 September 2019

## Note 1 Expenditure Funding Analysis for the year ended 31 March 2019

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committees financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

### Expenditure Funding Analysis

2018/19	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2019	2,276			2,276
Employee Statutory Adjustment		(3,493)		(3,493)
Pension Cost			164,000	164,000
Pension Interest			7,000	7,000
<b>(Surplus) or deficit on the provision of service</b>				<b>169,783</b>

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2018	(19,514)			(19,514)
Employee Statutory Adjustment		3,281		3,281
Pension Cost			103,000	103,000
Pension Interest			30,000	30,000
<b>(Surplus) or deficit on the provision of service</b>				<b>116,767</b>

## Note 2 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2019 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Service Reporting Code of Practice for Local Authorities 2018/19, (SeRCOP) supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Committee and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

**Accruals basis** - the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received,

**Going concern** - the going concern concept assumes that the Joint Committee will continue in existence for the foreseeable future,

**Understandability** – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government,

**Relevance** – the information in the financial statements is useful for assessing Joint Committee's stewardship of public funds and for making economic decisions,

**Materiality** - information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information,

**Reliability** – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared,

**Primacy of legislative requirements** - legislative requirements have priority over accounting principles in the event of conflict between legislation and the Code.

The accounts have been prepared under the historic cost convention. The following accounting policies used in the preparation of the statements have been reviewed in line with changes made to the Code following the introduction of International Financial Reporting Standards.

### Accruals of Expenditure and Income

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

- i. Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- ii. Revenue from the provision of services is recognised when the authority satisfies the performance obligation of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- iii. 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.

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

- iv. Where income and expenditure have 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by the Balance Sheet date.

### **Contingent Assets and Liabilities**

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee; or
- a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

### **Employee Benefits**

#### Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

#### Post employment benefits

The Joint Committee participates in the Local Government Pension Scheme which is administered by Strathclyde Pension Fund. The Local Government Pension Scheme is accounted for as a defined benefit scheme, and in accordance with International Accounting Standard 19 (IAS19) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS 19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve. The Comprehensive Income and Expenditure Statement also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee 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 about mortality rates, employee turnover rates and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate based on the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

Note 16 to the Core Financial Statements provides further information.

### **Events after the Balance Sheet date**

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 Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 6 provides further information.

### **Material Items and Prior Period Adjustments**

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

Where there has been a change in accounting policy, that change will be applied retrospectively, that is, prior period figures will be restated unless the Code specifies transitional provisions that shall be followed. Where there has been a change in accounting estimate, that change will be applied prospectively, that is, prior period figures will not be restated. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

### **Government Grants and other Contributions**

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

- the Joint Committee will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Specific Grant Income line in the CIES.

### **Inventories**

Inventories should be held at the lower of cost and net realisable value (NRV).

Note 11 to the Core Financial Statements provides further information.

### **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 from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings 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 specific assets. The Joint Committee is not party to any finance leases.

## Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

## Property, Plant and Equipment and Intangible Assets

Clyde Muirshiel Park Authority carried out a review during 2018/19 on property, plant and equipment and intangible assets and deemed that no items currently qualify for recognition. Assets that are held for use in the supply of services or other administrative purposes and are expected to be used for more than one year are classed as property, plant and equipment and intangible assets. Assets costing less than £9,000 are not treated as capital expenditure.

## Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains that have a deferred impact on the Joint Committee.

### *Usable Reserve*

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities.

### *Unusable Reserve*

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee's share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Joint Committee's share of the Pension Fund net liability chargeable to the CIES.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for compensated absences earned, but not taken in the year, e.g. annual leave entitlement carried forward at 31 March each year.

## VAT

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

## **Note 3 Accounting Standards Issued not Adopted**

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2019/20 Code:

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

The code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 accounts. There is no material impact anticipated from the implementation of these standards.

## Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	The Park Authority does not own any assets – the land and properties the Park Authority manages are owned by the respective councils across whose boundaries the Park Authority crosses. No payment is made to the councils for the use of these land and property assets and there is no lease agreement in place, therefore in terms of applying the adopted accounting policies it has been assumed no lease arrangement is in place.
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## Note 5 Assumptions made about the future

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

The items in the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
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 Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £588,000. However, the assumptions interact in complex ways. During 2018/19, the appointed actuaries advised that the net pension liability had increased by £260,000 attributable to updating of the financial assumptions.

## Note 6 Events after the balance sheet date

Events taking place after the authorised for issue date per the balance sheet 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. The audited accounts have been updated to reflect an estimate of the additional costs following a Court of Appeal ruling (McCloud/Sargeant).

## Note 7 Details of Movement in Unusable Reserves

### a. Pension Reserve

2017/18		2018/19
£		£
(1,092,000)	Balance as at 1 April	(162,000)
1,063,000	Actuarial Gains and (Losses) (see note 16)	(260,000)
(133,000)	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	(171,000)
<b>(162,000)</b>	<b>Balance as at 31 March</b>	<b>(593,000)</b>

The Pension 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 Joint Committee accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve shows a surplus in the benefits earned by past and current employees and the Joint Committee's share of Strathclyde Pension Fund resources available 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. Employee Statutory Adjustment Account

2017/18		2018/19
£		£
(15,639)	Balance as at 1 April	(18,920)
15,639	Reversal of prior year accrual for short-term accumulating compensated absences	18,920
(18,920)	Recognition of the accrual for short-term accumulating compensating absences at 31 March	(15,427)
<b>(18,920)</b>	<b>Balance as at 31 March</b>	<b>(15,427)</b>

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

## Note 8 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The deficit for the year on the Revenue Reserves was £100,507 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

<b>2017/18</b>		<b>2018/19</b>
£		£
	<b>Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement</b>	
(237,000)	Net charges made for retirement benefits in accordance with IAS19	(270,000)
(3,281)	Net charges for employment short-term accumulating absences	3,493
(240,281)		(266,507)
	<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement</b>	
104,000	Employers contributions payable to the Strathclyde Pension Fund	99,000
(136,281)	<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	(167,507)

## Note 9 Financing & Investment Income

<b>2017/18</b>		<b>2018/19</b>
£		£
(1,709)	Interest on Balances	(2,949)
30,000	Pension Interest Cost	7,000
28,291	<b>Total Financing and Investment Income</b>	4,051

## Note 10 Operating Leases

Clyde Muirshiel Park entered into an operating lease for the hire of vehicles from December 2017 until December 2020. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £22,200 (2017-18 £28,904 – 7 vehicles). In 2017/18 the operating lease was only reported until December 2018, therefore this has been restated.

<b>2017/18</b>		<b>2018/19</b>
<b>(restated)</b>		£
£		£
	<b>Future Minimum Lease Payments</b>	
22,887	- not later than one year	20,127
39,192	- later than one year and not later than five years	14,338
62,079	<b>Total</b>	34,465

## Note 11 Inventories

2017/18		2018/19
£		£
8,994	Carrying amount at 1 April	8,061
60,128	Additions during the year	65,329
(58,238)	Recognised as an expense during the year : inventories sold, exchanged or distributed	(64,546)
(2,823)	Recognised as an expense during the year : inventories written down	(1,827)
<u>8,061</u>	<b>Total</b>	<u>7,017</u>

## Note 12 Debtors and Prepayments

2017/18		2018/19
£		£
1,139	Other Entities and Individuals	1,788
<u>1,139</u>	<b>Total short term debtors</b>	<u>1,788</u>

## Note 13 Creditors

2017/18 (restated)		2018/19
£		£
10,200	Other local authorities	-
36,918	Deferred Income	92,735
29	Lunderston Play Area	-
3,174	SRANI Loch Footpath Project	2,883
13,335	CMP Access Project	10,543
2,011	Paths Development Officer	2,011
35,626	Branching Out Project	32,972
32,126	Race To The Games	23,444
11,320	Juniper Footpath Project	6,967
22,102	Windows on Wildlife	22,102
18,920	Short Term Accumulating Absences	15,427
41,751	Accrued Payrolls	57,105
2,353	Other entities and individuals	19,307
<u>229,865</u>	<b>Total short term creditors</b>	<u>285,496</u>

## **Note 14 Related parties**

The Joint Committee's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee 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 Joint Committee.

The member authorities of the Joint Committee have contributed requisitions in the following proportions to enable the Joint Committee to carry out its objectives.

2017/18			2018/19
£	Council	Percentage	£
420,700	Renfrewshire	66.04%	380,700
171,000	Inverclyde	26.83%	154,700
101,100	North Ayrshire	7.13%	41,100
<b>692,800</b>	<b>Total</b>	<b>100.00%</b>	<b>576,500</b>

The Joint Committee in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2019 was £34,600 (2017/18 £34,600).

## **Note 15 External audit costs**

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2018-2019 were £1,804 (£1,749 in 2017-2018). There were no fees paid to Audit Scotland in respect of any other services.

## **Note 16 Retirement Benefits**

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is Strathclyde Pension Fund which is administered by Glasgow City Council. This is a "funded" defined benefit salary scheme meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

### **16a. Transactions relating to retirement benefits**

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

The following transactions have been made in the accounting statements in 2018/19:

2017/18 £	Note	2018/19 £
<b>Comprehensive Income &amp; Expenditure Statement</b>		
Cost of Services		
207,000		198,000
-	(i)	198,000
-	(ii)	65,000
-	(iii)	-
<u>207,000</u>		<u>263,000</u>
Financing & Investment Income & Expenditure		
30,000		7,000
<u>30,000</u>	(iv)	<u>7,000</u>
<b><u>237,000</u></b>		<b><u>270,000</u></b>
<b>Other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		
354,000		(173,000)
(1,417,000)		433,000
<u>(1,063,000)</u>		<u>260,000</u>
<b><u>(826,000)</u></b>		<b><u>530,000</u></b>
Movement in Reserves Statement		
(930,000)	(v)	431,000
<u>104,000</u>		<u>99,000</u>

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees.
- ii. Past service cost is the estimated increase in liabilities arising from current decisions that relates to years of service earned prior to this year. For 2018/19 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement) amounting to £65,000.
- iii. Curtailments are the pension costs to employees retired under redundancy terms.
- iv. The net Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- v. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year (£171,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £8,513 (2017/18 £8,476).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £0.260 million are included in the Movement in Reserves Statement (2017/18 £1.063 million gain).

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

**16b. Assets and liabilities in relation to retirement benefits**

A reconciliation of the Joint Committee's share of the **present** value of Strathclyde Pension Fund's **liabilities** is as follows:

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
6,650	Opening present value	5,488
207	Current service cost	198
-	Past service cost	65
174	Interest Cost	151
30	Employee Contributions	29
-	Remeasurement (gains)/losses:	-
(1,417)	Actuarial losses/(gains) arising from changes in financial assumptions	433
(156)	Benefits Paid	(134)
<b>5,488</b>	<b>Balance as at 31 March</b>	<b>6,230</b>

A reconciliation of the Joint Committee's share of the **fair** value of Strathclyde Pension Fund's **assets** is as follows:

<b>2017/18</b>		<b>2018/19</b>
<b>£000</b>		<b>£000</b>
5,558	Opening Fair Value	5,326
144	Interest Income	144
-	Remeasurement gain/(loss):	-
(354)	Return on assets excluding amounts included in net interest	173
104	Contributions from employer	99
30	Contributions from employees	29
(156)	Benefits Paid	(134)
<b>5,326</b>	<b>Closing fair value of scheme assets</b>	<b>5,637</b>

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

**16c. Fund history**

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Present Value of Liabilities	(5,266)	(5,064)	(6,650)	(5,488)	(6,230)
Fair value of assets	4,257	4,449	5,558	5,326	5,637
<b>Surplus/(deficit) in the scheme</b>	<b>(1,009)</b>	<b>(615)</b>	<b>(1,092)</b>	<b>(162)</b>	<b>(593)</b>

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

The net liability position of £593,000 has a significant impact on the net worth of the Joint Committee as recorded in the balance sheet. However, any deficit on Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

**16d. Basis for estimating assets and liabilities**

The Joint Committee's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017.

The principal assumptions used by the actuary have been:

2017/18	Financial Year:	2018/19
<b>Mortality assumptions</b>		
	Longevity at 65 for current pensioners	
21.4 years	• Men	21.4 years
23.7 years	• Women	23.7 years
	Longevity at 65 for Future pensioners	
23.4 years	• Men	23.4 years
25.8 years	• Women	25.8 years
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

**Clyde Muirshiel Park Authority Joint Committee  
Annual Accounts 2018-19**

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

<b>2017/18</b>		<b>Percentage</b>	<b>2018/19</b>
<b>£000</b>			<b>£000</b>
	<b>Equity Securities</b>		
342	Consumer	6.4%	362
277	Manufacturing	5.2%	293
71	Energy and Utilities	1.3%	75
230	Financial Institutions	4.3%	243
136	Health and Care	2.6%	144
176	Information Technology	3.3%	186
<b>1,232</b>	<b>Total Equity</b>	<b>23.1%</b>	<b>1,303</b>
	<b>Debt Securities</b>		
167	Corporate Bonds (investment grade)	3.1%	177
<b>167</b>	<b>Total Debt Securities</b>	<b>3.1%</b>	<b>177</b>
	<b>Private Equity</b>		
637	All	11.9%	674
<b>637</b>	<b>Total Private Equity</b>	<b>11.9%</b>	<b>674</b>
	<b>Real Estate</b>		
482	UK Property	9.1%	510
<b>482</b>	<b>Total Real Estate</b>	<b>9.1%</b>	<b>510</b>
	<b>Investment Funds &amp; Unit Trusts</b>		
1,644	Equities	30.9%	1,740
617	Bonds	11.6%	653
3	Commodities	0.1%	3
-	Infrastructure	0.0%	-
7	Other	0.1%	7
<b>2,270</b>	<b>Total Investment Funds &amp; Unit Trusts</b>	<b>42.7%</b>	<b>2,403</b>
	<b>Derivatives</b>		
-	Other	0.0%	-
<b>-</b>	<b>Total Derivatives</b>	<b>0.0%</b>	<b>-</b>
	<b>Cash &amp; Cash Equivalents</b>		
538	All	10.1%	570
<b>538</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>10.1%</b>	<b>570</b>
<b>5,326</b>	<b>Total</b>	<b>100%</b>	<b>5,637</b>

**16e. Impact on cashflows**

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2018-19 and 2019-20.

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2020 is £0.099 million.

## Note 17 Contingent Liabilities and Assets

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £25,000 for Clyde Muirshiel Park. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

## Note 18 Prior Year Restatement

For 2018/19, the Joint Committee has introduced a new accounting policy on Reserves because it believes that it better represents the of resources.

The Code requires that the Joint Committee presents a third Balance Sheet, at the beginning of the preceding financial year when the Joint Committee makes a retrospective restatement. The additional Balance Sheet is presented on page 18, which shows opening balances at 1 April 2017.

### Effect on Movement in Reserves Statement 31 March 2018

A restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 17.

Usable Revenue Reserve	Originally Stated at 31 March 2017	Restated as at March 2017	Amount of Restatement
	£	£	£
Balance as at 1 April 2017	-	80,607	80,607
Total comprehensive income and expenditure	(116,767)	(116,767)	-
<b>Adjustments between accounting basis and funding basis under regulations</b>	136,281	136,281	-
Transfer from creditors	80,607	-	(80,607)
Transfer to creditors	(100,121)	-	100,121
<b>Balance at 1 April 2018</b>	<b>-</b>	<b>100,121</b>	<b>100,121</b>