

## CAIRNGORMS NATIONAL PARK AUTHORITY

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### FOR INFORMATION

**Title: DRAFT ACCOUNTS 2004/05**

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#### **Purpose**

To present the draft accounts for 2004/05 to the Board for information.

#### **Recommendation**

The Board is requested to note the accounts for 2004/05, set out in Annex 1 to this paper, as recommended by the Finance Committee.

In particular, the Board is requested to note the financial results for the year, that:

- The level of expenditure in 2004/05 was £117,000 (3.3%) below the potential maximum based on the level of resource allocation of £3.55m made available by the Scottish Executive.
- The Authority has been allocated an additional £115,000 from the Scottish Executive, following a bid to carry forward resources not used in 2004/05 into 2005/06.

#### **Executive Summary**

This paper presents the Authority's draft accounts for 2004/05, following the Finance Committee's agreement, at its meeting on 9 September, to recommend the accounts to the Board. The Finance Committee has monitored the Authority's use of financial resources over the course of 2004/05. The accounts now presented show total expenditure of £4.1m, met by Grant in Aid of £3.2m, Operational Plan income of £0.8m and other income totalling £0.1m. Total expenditure in 2004/05 was £117,000 (3.3%) below the potential maximum based on the level of resource allocation of £3.55m made available by the Scottish Executive, and this resource not used in 2004/05 has been carried forward for use in 2005/06.

At the time of writing, Audit Scotland has confirmed they have finalised their external audit process and are ready to certify the accounts. It is intended that the signed accounts for 2004/05 will be set out as an Appendix to the Authority's Annual Report (which members have seen in draft) for the year and published as a single document in October / November.

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## **DRAFT ACCOUNTS 2004/05**

### **Background**

1. The Management Statement set by the Scottish Executive Environment and Rural Affairs Department (SEERAD) for the Authority requires the Authority to publish an Annual Report of its activities together with its audited annual accounts, after the end of each financial year.
2. The Board's Audit Committee approved an action plan to complete the Authority's final accounts for 2004/05 by 31 October 2005, as compared with the deadline of 31 December met for 2003/04 accounts. Officers have been working with the Authority's external auditors, Audit Scotland, to complete the accounts for 2004/05 and a final draft is now presented in Annex 1 to this paper.
3. The draft accounts have previously been presented to the Board's Audit Committee on 26 August. The Audit Committee approved the Statement of Internal Control at that meeting.
4. The draft accounts have also been presented to the Board's Finance Committee, at its meeting on 9 September. The Finance Committee's remit includes the duty to seek the approval of the Board to the annual accounts, although, under the terms of the Authority's Financial Memorandum, it is the Chief Executive who is required to sign the accounts as the Accountable Officer.
5. The Board's Finance Committee agreed to recommend the draft accounts to the Board.

### **2004/05 Accounts**

6. The accounts for 2004/05 show total expenditure of £4.1m, met by Grant in Aid of £3.2m, Operational Plan income of £0.8m and other income totalling £0.1m.
7. Over the course of 2004/05, the Finance Committee has monitored the Authority's use of its resource allocation of £3.55m made available by the Scottish Executive. The following table reconciles the Grant in Aid figure received in 2004/05, as set out in the Income and Expenditure Account, to this resource allocation.

**Reconciliation of Grant-in-Aid Figure in Income and Expenditure Account with total Scottish Executive Resource Allocation for 2004/05**

	£000	£000
Grant in Aid received per Income and Expenditure Account		3,178
Add Depreciation cover required by Scottish Executive	91	
Add Planning fee income for which grant receivable was reduced	38	
Add bank interest for which grant receivable was reduced	4	
Add notional costs to be covered by resource allocation	11	
Add cash received in year used to fund capital expenditure and treated in accounts as deferred income	111	
Total of above additions		255
Total Resource Allocation used in 2004/05		3,433
Balance of Resource Allocation not used in year		117
2004/05 Resource Allocation from Scottish Executive		3,550

8. The table indicates a final “underspend” of £117,000 (3.3%) against total resources made available by the Scottish Executive for 2004/05.
9. The Authority bid to the Scottish Executive to carry forward resources not used in 2004/05 into the current financial year, 2005/06, under their End Year Flexibility (EYF) arrangements. The Authority has been informed by the Sponsor Department, Environment and Rural Affairs Department, that it will be allocated an additional £115,000 in 2005/06 following this EYF bid.
- 10. The Board is now requested to note the accounts for 2004/05, as recommended by its Finance Committee, and to note the financial results for the year summarised in points 8 and 9.**

**Delivering Sustainability, A Park for All and Economy, Efficiency and Effectiveness**

11. In accelerating the accounts process, we are seeking to enhance the Authority’s openness in reporting financial results as soon after the financial year end as possible. This requires that the organisation’s financial processes become more efficient in identifying and correctly treating year-end transactions, and also requires the Authority to work effectively with our internal and external auditors.

## **Implications**

### ***Financial Implications***

12. While the expenditure for the year is some £117,000 below the maximum available to the Authority in the year, there has been no loss to the organisation, or the Cairngorms area, following our successful bid to carry unused resource forward into 2005/06.

### ***Presentational Implications***

13. As a public sector organisation, the Authority is required to spend at or below the level of resource allocation identified. Within these parameters, and in the context of a relatively new organisation, a level of expenditure equating to almost 97% of the total resource available for the year is considered a reasonably successful outcome.

### ***Implications for Stakeholders***

14. The accounts highlight that, in addition to grant funding received by the Authority from the Scottish Executive, almost £800,000 additional income has been received from third parties to finance activities within the Park or benefiting the Park. This additional funding levered in to support activities and projects led by the Authority accounts for almost 20% of total income in the year.

## **Next Steps**

15. At the time of writing, Audit Scotland have confirmed they have finalised their external audit process and are ready to certify the accounts.
16. It is intended that the signed accounts for 2004/05 will be set out as an Appendix to the Authority's Annual Report (which members have seen in draft) for the year and published as a single document in October / November.

**David Cameron**  
**23 September 2005**

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