



## For decision

**Title:** 2022/23 Final Accounts

**Prepared by:** Louise Allen

### Purpose

To present and seek approval to the annual report and accounts for 2022/23 prior to their being submitted to Audit Scotland for final certification.

### Recommendations

The Audit and Risk Committee is asked to:

- a) Approve the annual report and accounts prior to submission to Mazars and Audit Scotland for final certification.

### Overview

1. Mazars, the Authority's external auditors, are expected to give an unqualified audit opinion on the 2022/23 financial statements.
2. The Audit & Risk Committee's role and responsibilities as regards the process of preparing the annual report and accounts are set out in the Scottish Public Finance Manual. The Audit & Risk Committee is put in place to provide assurance on risk management, governance and internal control and to act as a source of independent advice on these matters to the Accountable Officer and Board. The Committee's role as regards the accounts is to support the Accountable Officer with regard to their personal responsibilities for issues of risk, control and governance through a process of constructive challenge.
3. The Committee has previously considered its exercise of this role for the 2022/23 financial year in consideration and approval of the Governance Statement now included in the final accounts document.

### Review of the annual report and accounts

4. Preparation of financial statements requires management to make significant judgements and estimates. I draw the Committee's attention to page 89 of the annual report and accounts, where there is information on provisioning for costs



that may be irrecoverable from funding provided from the LEADER rural development programme. The accounting treatment applied is consistent with that used in previous years. There are no other significant judgements or estimates to bring to the Committee's attention.

5. The Statement of Financial Position at 31 March 2022 (prior year) has been restated to reflect a change in accounting treatment relating to third-party bonds and developers' gains. As the value of funds held is now material, they have been treated as third-party assets at 31 March 2023 and excluded from the Authority's financial statements. This is because neither the Authority nor Scottish Government has the right to apply the cash. Previously, these amounts were included in the Authority's cash balance, but as the funds do not belong to the Authority, the cash balance was matched by the recognition of a liability to third-parties. Consequently, it has been necessary to mirror the new treatment in the figures for the previous financial year, by restating the values of 'Cash and cash equivalents' and 'Trade and other payables'. The outturn for the previous financial year is unaltered, with the only changes being a reduction on both cash and payables in the Statement of Financial Position.
6. We adopted IFRS 16: Leases from 1<sup>st</sup> April 2022, in accordance with legislative requirements. The standard removes the distinction between operating and finance leases, and requires that lessees recognise a 'Right of Use' (RoU) asset in the statement of financial performance, together with a liability for future lease payments. Details of these RoU assets are shown in note 10 the accounts. They comprise: the Grantown office building, the Ballater office, fleet vehicles and office printers/ copiers. Interest on lease agreements is charged to the Statement of Comprehensive Net Expenditure, and the RoU assets will be depreciated over the life of the lease. This change in accounting treatment has no effect on the Authority's cash flows. Specific allowance is provided, and ring-fenced, to cover these transactions in our grant-in-aid settlement.
7. The Park Authority's performance for the year is shown in the Statement of Comprehensive Net Expenditure on page 78 of the annual report and accounts. The Authority's financial position on 31 March 2023 is described in the Statement of Financial Position (page 79). Cash movements during the year are reflected in the Statement of Cash Flows (page 80). The Authority applied funds provided through grant-in-aid to the purposes intended and to meet the aims of the operational plan. Project funding was similarly disposed in accordance with the plans approved by



fundings. Overall, funding through grant-in-aid was £1.671m higher than in the previous year. There was an underspend of £0.25m on Peatland Restoration, although targets for Ha of restoration were met. Otherwise, the Authority met its target to break-even.

8. Highlights of the Authority's operational activity during the year are provided in section 1.7 of the annual report (pages 23 to 30).

## **Conclusion**

9. The Audit & Risk Committee is requested, following further discussion of the annual report and accounts now presented, and in the context of any input from the auditors, to approve the accounts for signature by the Chief Executive, who is also the Accountable Officer.

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