



For discussion

Title: 2025/26 Draft Accounts

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Purpose

To present the draft Annual Report and Accounts for 2025/26.

Recommendations

The Audit and Risk Committee is asked to:

- a) Review and consider the annual report and accounts prior to completion of the audit.**
- b) Approve the final report and accounts prior to their being signed by the Chief Executive and submitted to Audit Scotland for final certification.**

Strategic context

- 1.** 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.
- 2.** The Committee has previously considered its exercise of this role for the 2025/26 financial year in consideration and approval of the Governance Statement now included in the accounts document.
- 3.** Mazars, the Authority's external auditors, are currently completing their audit work, and consequently, have not yet provided their audit opinion.



Review of the annual report and accounts

4. The annual report is prepared in three sections:
 - a) **The Performance Report** which provides information on the structure of the Park Authority, its strategic aims, the key risks faced, and its performance over the year.
 - b) **The Accountability Report**, setting out matters of governance and providing information on remuneration and staffing; the final report will also include the audit opinion.
 - c) **The financial statements.**
5. **The Performance Report** includes a wealth of information on the Park Authority. In particular, the Performance Analysis (page 14) provides information on the performance of the organisation over the year, our aims and priorities, our achievements and financial results. This report was developed from contributions made by colleagues from across the organisation and provides a summary of the highlights for the year.
6. **The Accountability Report** includes the Governance Statement approved by the Committee at its meeting in June. The Remuneration Report sets out information on staffing and remuneration, including the Authority's approach to equality, diversity and inclusion (EDI), matters around health and safety and staff consultation, and fair pay disclosures. Board members' fees and expenses are shown within proscribed monetary ranges, as is the remuneration of the Executive Team.
7. Disclosure of Executive pay includes an assessment of the value of pension benefits for each of the directors, which is provided by Civil Service Pensions. A discrepancy has been identified between the annual reports received from Civil Service Pensions for 2024/25 and the values shown on the 2025/26 reports for the 2024/25 year (comparative figures).
8. We have requested clarification from Civil Service Pensions and await their response. The figures shown as comparatives in the Remuneration Report for 2025/26 are those disclosed in the audited accounts for 2024/25.



The Financial Statements

9. The Financial Statements commence on page 92 with The Statement of Comprehensive Net Expenditure, which describes the Park Authority's performance for the year. The Authority's financial position on 31 March 2026 is described in the Statement of Financial Position (page 93). Cash movements during the year are reflected in the Statement of Cash Flows (page 94). The Authority applied funds provided through grant-in-aid to the purposes intended and to meet the aims of the operational plan and the National Park Partnership Plan. Project funding was similarly disposed in accordance with the plans approved by funders.

Statement of Comprehensive Net Expenditure (SoCNE)

10. Overall, funding through grant-in-aid (including funding for peatland restoration and nature restoration) was over £3 million higher than in the previous year. In addition to an increase in core resource and capital allocations, the Park Authority received a significant award from the Nature Restoration Fund (£1.195 million), and an increased allocation of from Peatland Action, which supported the delivery of an additional £1.2 million of restoration.
11. Net expenditure of £15.138 million was funded by the allocation of grant-in-aid of £15.219 million.

	£ million
Total net expenditure	15,138
Grant-in-aid for the year (cash)	15,219
Surplus	0.081
Transfer to Taxpayers' Equity	(0.081)
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12. **The Statement of Changes in Taxpayers' Equity** (page 95) shows this transfer: the balance at 31 March 2026 of £1.237 million, is made up of the balance brought forward from the previous year £1.156 million and the net surplus of £0.081 million.
13. Note 7 (page 107) shows the main running costs incurred compared to those recorded in the prior year. The most significant change is the increase of £225,000 in the cost of Information Technology resources. This increase relates to connections charges to the upgraded Scottish Wide Area Network (SWAN2)



together with the cost of improved software: the new finance system and the upgrade to the planning system. Both new systems are cloud-based applications, purchased as 'Software as a Service'.

Statement of Financial Performance (SoFP)

14. The SoFP shows an increase in both current assets and current liabilities. These changes largely balance out and result from increased activity on the Cairngorms 2030 programme
15. **Trade and other receivables:** A claim was made for the final quarter of 2025/26, for which remittance was received early in 2026/27. Consequently, the amount claimed was included as a debtor in SoFP to 31 March 2026.
16. **Cash and cash equivalents:** Balances have increased as a result of the Park Authority's funding agreement with the National Lottery Heritage Fund (NLHF) whereby the Authority includes in its claims to NLHF, expenditure incurred by partner organisations. This arrangement supports the Authority's cash flow position but providing financial resources in advance. This advance funding will be applied to the future costs of the programme, such that, by its completion in 2029, all cash received as a result of claims for third-party delivery will have been applied to cover the delivery of the overall programme.
17. **Current liabilities:** The increase in Trade and other payables, also reflects the increase in activity on Cairngorms 2030. Note 15 (page 113) provides a breakdown of current liabilities in both financial years.
18. Trade payable balances were largely cleared at the end of 2024/25 in preparation for the change of accounting system, resulting in an artificially low balance of trade payables at 31 March 2025. The value of trade payables at 31 March 2026 includes some high value invoices received for work on major projects within Cairngorms 2030, for which there were no equivalent costs in 2024/25.
19. Cash received as a result of claims for delivery by third parties (as described above) is held as a liability, categorised as 'deferred income'. The balance of deferred



income will be applied to cover the future costs of delivery over the remaining life of the Cairngorms 2030 programme until it is cleared to a zero balance.

20. Funding drawn down for peatland restoration was restricted during the year. Despite this, £136,000 was drawn down in advance of need. This cash is held in the Park Authority's bank account and is recorded as deferred income in the Statement of Financial Position; it will be applied as income in 2026/27. A similar situation was recorded at the end of 2024/25. Peatland restoration targets for the year were met in both years, despite the unused budget.

Statement of Cash Flows (SoCF)

21. SoCF shows the cash effect of the Park Authority's financial activities. Operations, both core and Cairngorms 2030, resulted in a net cash outflow of £14 million. This figure is made up of both operational expenditure and operational income but excludes grant-in-aid, which is identified separately, lower down the statement, as 'Grants from sponsoring Directorate' £15.2 million.
22. Expenditure on non-current assets includes £236,000 spent on purchasing assets, and £194,000 spent on the annual repayment of leases for Right of Use assets (mainly the Park Authority's offices and fleet). Capital assets purchased during the year included:

	£,000
Air source heating (Grantown office)	78
eBikes (C2030)	44
IT and comms equipment	44
Furniture	17

23. In addition to this expenditure, assets previously under construction in 2024/25 were brought into use: website developments, new finance system.

Judgements and estimates

24. Preparation of financial statements requires management to make significant judgements and estimates. The Committee's attention is drawn to page 102 of the annual report and accounts, where the most significant of these judgements are described in Note 2.



- a) We have made no provision for liabilities in respect of externally funded projects, where there is a risk that funds may be advanced to partners, but which may fall to be irrecoverable from the funding body. Disclosure has been made in Note 19 – Contingent liabilities.
- b) We have made no provision for financial guarantees made to landowners in respect of potential damage to flood banks that might be caused by beaver burrowing. Disclosure has been made in Note 19 – Contingent liabilities.

Outturn for the year

25. We report our performance to Scottish Government in cash terms; the final result for the year was an overspend of £9,000, as shown in the table below:

	£'000	£'000	
Grant-in-aid		15,219	
Net expenditure		(15,138)	Per Statement of Comprehensive Net Expenditure
Suplus		81	
Add back depreciation		340	Non-cash transactions
Surplus		421	
Deduct expenditure on Non-current assets			
Tangible assets	(236)		Recorded in the Statement of Financial Performance
Decrease in lease liability	(194)		
		(430)	
Amount over-spent		(9)	

26. The overspend of £9,000 represents + 0.06% of total income, which is well within our KPI of +1% / -2% of total income.

Conclusion

27. The Audit & Risk Committee is requested to consider the draft accounts and to request any further information or explanation necessary to support their review. If satisfied with the accounts, the Committee may wish to indicate their approval, subject to any amendments proposed by the Auditor.
28. The Auditor will be present to discuss their audit findings and to inform the Committee of their proposal for finalising the accounts.



Cairngorms
National Park Authority

Ùghdarras Pàirc Nàiseanta a'
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