

North York Moors National Park Authority

21 September 2015

Statement of Final Accounts 2014/2015

1. Purpose of the Report

- 1.1 To present to Members a Draft Statement of Final Accounts for the year 2014/2015 for approval.

2. Statement of Accounts 2014/2015

- 2.1 As a result of the Environment Act 1995 the North York Moors National Park Authority is recognised as a separate corporate body which is required to produce its own Statement of Final Accounts (SOFA).
- 2.2 The Statement of Final Accounts for the North York Moors National Park Authority is attached as a separate document at **Appendix A**. This document has been signed by the s151 Officer prior to the deadline of 30 June 2015. The format and content of this document must comply with the CIPFA IFRS Code of Practice on Local Authority Accounting (The Code). The Code sets out the proper accounting practice required for the SOFA, within the statutory framework of the Accounts and Audit Regulations 2011.
- 2.3 The SOFA attached at **Appendix A** is prepared in line with International Financial Reporting Standards (IFRS) which have been interpreted for Local Government in the Code.
- 2.4 This Authority has adopted the practice of including the Annual Governance Statement within the SOFA and this has been discussed and approved by the Finance, Risk, Audit and Standards Committee on 1 June 2015. Members may wish to suggest amendments for inclusion and approval at the September Authority meeting.
- 2.5 There have been no significant changes to accounting policies in 2014/15.
- 2.6 The Audit Fieldwork has taken place in the week commencing 20 July. The accounts attached at the **Appendix** have had no substantive amendments from the version which was signed by the s151 Officer in June. As at the time of writing the report Deloitte were awaiting the template wording for the audit opinion from the regulatory body Public Sector Audit Appointments Ltd. Therefore, pages 8 to 10 of the **Appendix** have been left intentionally blank. Officers will insert the appropriate wording in the printed copies to be signed at the meeting.

3. Revenue Outturn 2014/2015

- 3.1 The outturn figures in the written report to the Finance, Risk, Audit and Standards Committee on 1 June were adjusted by £5k and Members were notified of this verbally in presentation made by Officers at the meeting.
- 3.2 As a result of preparing the SOFA based on the Code, numerous accounting adjustments, many of which are notional and do not impact on National Park Grant funding in 2014/15, need to be made from the final Budgeted under-spend of £358k, to the deficit reported in the Comprehensive Income and Expenditure Account of £117k, reported on page 24 of **Appendix A**.

3.3 A reconciliation from the £358k final Under-spend in the Actual Outturn to a Deficit reported in the Comprehensive Income and Expenditure Account of £117k is attached as a separate document at **Appendix B**, with the columns on this reconciliation statement being as follows:

- Column 1 - Draft Outturn Figures reported to FRASC on 1 June 2015 reporting a provisional under-spend of £358k.
- Column 2 - Adjustments to Year-end Outturn figures as detailed in paragraph 3.1.
- Column 3 - Final Outturn Position of £117k under-spend.
- Column 4 - Adjustments to and from the Accumulated Absences Account. These adjustments reflect the year-to-year movement in the notional value of untaken holiday at 31 March each year, by staff within the Authority. This adjustment is purely notional and does not impact on the cash and budgetary position at year-end.
- Column 5 - Add depreciation and other Capital charges, to conform to CIPFA Capital Accounting Regulations, which require that Non-Current Assets (buildings, plant and machinery and intangible non-current assets) are depreciated or amortised. This adjustment does not affect the “bottom line” net cost to be funded by National Park Grant and working balances.
- Column 6 - Adjustments made to reclassify the revenue funding of items defined as capital expenditure for the purposes of the Final Accounts. This type of Revenue Expenditure is funded by National Park Grant, but does not impact on the Surplus reported in the Comprehensive Income and Expenditure Account.
- Column 7 - Due to Financial Reporting Standards (IAS 19), the actual pension payments made by the employer are removed and replaced by the actual current service operating cost of providing retirement benefits. These adjustments do not affect the overall amount to be met from National Park Grant, but the disclosures more accurately reflect the liabilities of the position of the pension fund.
- Column 8 - Interest received is included under the heading of Corporate Management in the outturn position. In order to comply with the Code, interest received is shown on a separate line.
- Column 9 - Adjustment to change the Moors Centre Lease arrangements to be compliant with International Financial Reporting Standards. An amount of £16k which is included in Promoting Understanding in the Outturn position but in the SOFA is classified as interest payable and is shown as a separate line similar to the treatment of interest received.
- Column 10 - Net Expenditure totals reported in the SOFA as the Net Surplus on the Provision of Services in the Comprehensive Income and Expenditure Account.

4. **Balance Sheet**

- 4.1 The Authority is an admitted body to the North Yorkshire Pension Fund (NYPF) and the Balance Sheet includes a pension reserve liability of £4.792m as at 31 March 2015 (was £2.392m as at 31 March 2014). This liability reflects the fair value of future pension liabilities that have been incurred less the assets that have already been set aside to fund them. Further details can be found in the Statement of Accounts at **Appendix A** however, in brief although the value of the assets of the fund have increased the discount rate that the actuary uses to value the liabilities has changed substantially due to changing market conditions.
- 4.2 The net pension liabilities decrease the overall level of reserves on the Balance Sheet. However, this does not impact on the level of the Authority's cash reserves or on the available value of National Park Grant. In addition, whilst the liability suggests a significant shortfall between the forecast cost of future pension and the current level of assets in the pension fund, these figures are a snapshot in time and the value of the assets fluctuates in line with market conditions.
- 4.3 The North Yorkshire Pension Fund has a long term investment strategy in place for addressing the deficit , based on the level of employer contributions paid into the fund.

5. **Audit of Accounts**

- 5.1 The audit of the accounts by Deloitte is close to conclusion and any outstanding issues at the time of drafting have been highlighted by the auditors in Item X and an update will be provided at the meeting.

6. **Financial and Staffing Implications**

- 6.1 The financial and staffing implications are described in the report.

7. **Sustainability Appraisal**

- 7.1 There are no sustainability issues.

8. **Legal Implications**

- 8.1 There are no legal implications arising from this report.

9. **Recommendation**

- 9.1 That Members approve the Statement of Final Accounts for the financial year ended 31 March 2015.

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Background documents to this report**File Ref**

1. Service Reporting Code of Practice (SeRCOP).
2. CIPFA Code of Practice on Local Authority Accounting (the Code).
3. Financial Grant Memorandum (Revision dated April 2008).
4. Report to Special National Park Authority 20 January 2011 Pension Fund Triennial Valuation 2010.