

## **CLYDE MUIRSHIEL PARK AUTHORITY**

**To:** Joint Committee

**On:** 22 June 2018

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**Report by:** The Treasurer

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**Heading:** Unaudited Annual Accounts 2017-18

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### **1. Summary**

- 1.1 The attached Annual Accounts for the year ended 31 March 2018 have been completed and forwarded to Audit Scotland for audit.
- 1.2 The accounts show a surplus for the year of £19,514 against a budgeted breakeven position. Further comments on the Accounts are shown on pages 4 to 6 of the report.
- 1.3 In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the unaudited accounts have only been signed by the Treasurer as proper officer. The audited accounts will be signed by the Convener and Park Manager, as well as the Treasurer, in accordance with the guidelines.

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### **2 Recommendations**

- 2.1 The Joint Committee is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Joint Committee for approval.
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# Clyde Muirshiel Park Authority Joint Committee

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Annual Financial Statements 2017/18





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## **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 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 Strategy compliments the wider aspirations of the Joint Committee authorities particularly in relation to community inclusion, health and wellbeing and skills development.

The associated Action Plan sets out the objectives for each priority and a series of realistic 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.

### **Vision and Aims**

The Park's vision was approved by the Joint Committee in December 2013 to be:

"Our vision is that Clyde Muirshiel is the best regional park in Scotland"

The charter aims were revised in 2006 and currently state that the Park will:

- Conserve and enhance the natural beauty, biodiversity and cultural heritage of Clyde Muirshiel Park.
- Encourage and enable learning, understanding and enjoyment of Clyde Muirshiel Park.
- To promote and foster environmentally sustainable development for the social and economic well being of the people and communities within the Clyde Muirshiel Park area.

### **The Park Strategy and Workplan**

Working from the set of guiding principles above, the Park has produced a strategy which identified a set of strategic aims. These aims are correlated with the five national strategic goals to ensure the Park's outcomes make a contribution to the National Performance Framework.

The Park produces an annual workplan which sets out the tangible ways the Park will meet its strategic aims.

The Park Continues to develop services in line with the strategic aims. Demand for outdoor activities continues to grow, however provision is limited by availability of changing facilities for the clients. There is the potential to grow the business further if this shortfall can be addressed.

Looking ahead to 2018-19 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.

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## **Financial Performance**

### **Revenue**

The Comprehensive Income and Expenditure Account on page 15 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 Joint Committee has returned a surplus of £19,514 for the financial year 2017/18, compared to a budgeted breakeven position. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure report is due to accounting adjustments for pension costs £103,000 and accrued employee benefits £3,281.

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

	Budget £	Actual £	Variance £
Employee Costs	736,600	743,713	(7,113)
Property Costs	50,200	57,101	(6,901)
Supplies and Services	143,200	195,182	(51,982)
Contractors & Others	14,800	11,807	2,993
Transport Costs	49,200	43,387	5,813
Administrative Costs	84,400	63,455	20,945
Payments to Other Bodies	600	1,749	(1,149)
<b>Total Expenditure</b>	<b>1,079,000</b>	<b>1,116,394</b>	<b>(37,394)</b>
Requisition Income	(692,800)	(692,800)	-
Sales, Fees and Charges	(363,200)	(313,319)	(49,881)
Other Income	(23,000)	(129,789)	106,789
<b>Total Income</b>	<b>(1,079,000)</b>	<b>(1,135,908)</b>	<b>56,908</b>
<b>(Surplus)/Deficit for Year</b>	<b>-</b>	<b>(19,514)</b>	<b>19,514</b>

The overspend within Employee Costs is due to the additional staffing costs relating to the Tag and Track programme. These costs are fully recovered and offset by an over recovery within Other Income.

The overspend in Property Costs relates to the purchase of a new commercial coffee machine and fridge for the café at Castle Semple.

Expenditure on the various projects the Park is involved in has led to the overspend within Supplies and Services. These include fixing various walkways within the Park, the purchase of sailing dinghy's and tandem trikes, the Tag and Track programme and Lunderston Play Area projects. These costs are fully recovered and included within Other Income.

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

The underspend in Administration Costs is predominantly due to the decrease in insurance costs as Clyde Muirshiel is now covered within the Renfrewshire Council insurance policy and recharged a proportion of the relevant policies.

The under recovery of income within Sales, Fees and Charges relates to the decreased level of Income generated from the activities delivered by the Park and the over-recovery in Other Income relates to the additional grants and funding levered in for project expenditure.



### **Capital and Reserves**

The Joint Committee does not have the legal powers necessary to hold assets therefore there is no capital spend. Cash balances held by the Joint Committee are matched by creditor balances.

### **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.

### **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 £0.256 million, an improvement of £0.836 million in their assessment of the position of the pension fund. This improvement is due to this year's figures being rebased onto the 2017 formal valuation data, as opposed to last year's figures which were based on the 2014 formal valuation. In addition, pay increases and pension increases were considerably less than anticipated over the last few years. 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.

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.

### **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.

It is important the Park remains receptive to change and embraces opportunities for improved ways of working. Renfrewshire Council continues to review Park assets and resources, and has recently facilitated consultation exercises with Park users and staff to identify priority areas for development. It is intended this will be further developed through a heritage-based organisational review with associated options appraisal, feasibility study and business case activities. An application to fund these activities has been submitted to Heritage Lottery Fund, and the outcome is expected by June/July 2018.

If successful in securing funding, the outputs of this exercise will incorporate the requirements of the Park's constituent authorities where they may have an influence on the Park's ongoing level of service provision.

### **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. A further 16.8% reduction from the 2017/18 requisition level was approved at the February 2018 Joint Committee. A

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reduction in requisition on this scale calls into question the financial sustainability of the Park Authority in its current form, therefore the Lead Officer has been instructed to seek additional in year savings in order to continue to manage in-year expenditure within the resources available; and also to develop a report for consideration by the Joint Committee not later than the September 2018 Joint Committee meeting. The report has to outline options and recommendations with regards the future operation and governance of the Park Authority, recognising the reduced level of requisition income available. The Joint Committee recognises that given the scale of the financial challenges facing the Park that the presumption of “going concern” is called into question.

Arrangements under the Minute of Agreement mean that the financial obligations of the Joint Committee in excess of any funds available will be met by requisitioning authorities.

**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.

## **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.

### **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 2018.

**Alan Russell CPFA**

Treasurer

22 June 2018

## **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:

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- Financial management is supported by comprehensive financial regulations and codes,
- 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.

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 Park Manager 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 financial outlook in the medium term is characterised by uncertainty. 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. A reduction in requisition on this scale calls into question the financial sustainability of the Park Authority in its current form.

Additional in year savings are being explored in order to continue to manage in-year expenditure within the resources available. Recognising the reduced level of requisition income available, options and recommendations with regards the future operation and governance of the Park Authority will be developed and reported for consideration by the Joint Committee not later than September 2018.

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.

### **Statement on the Role of Chief Financial Officer**

CIPFA published this statement in 2010 and under the Code, the Joint Committee is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is:

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The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The Joint Board complies with the principles set out in CIPFA's Role of the Chief Financial Officer.

### **Assurance**

In conclusion, it is our opinion that the annual review of governance together with the work of internal and external auditors and certification of assurance from the Park Manager 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.

## 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.

2016/17	Senior Employees		2017/18
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances
£			£
29,094	David Gatherer	Park Manager	29,973
<b>29,094</b>	<b>Total</b>		<b>29,973</b>

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2018, 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.

2016/17	Member contribution rates on earnings in the bands below	2017/18
Up to £20,500	5.5%	Up to £20,700
£20,501 to £25,000	7.25%	£20,701 to £25,300
£25,001 to £34,400	8.5%	£25,301 to £34,00
£34,401 to £45,800	9.5%	£34,701 to £46,300
Over £45,801	12%	Over £46,301

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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, not just that relating to their current post.

Senior Employees		Accrued Pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made by Joint Committee during 2017-2018
Name	Post Held	Pension	Lump Sum	Pension	Lump Sum	(ii)
		£m	£m	£m	£m	£
David Gatherer(i)	Park Manager	0.016	0.035	+0.002	+0.001	5,759
<b>Total</b>		<b>0.016</b>	<b>0.035</b>	<b>+0.002</b>	<b>+0.001</b>	<b>5,759</b>

(i) includes any contributions that Clyde Muirshiel Park Authority has agreed to pay in respect of the relevant person at a later date.

#### **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 2017/18, in bands of £5,000.

There were no employees whose salary exceeded £50,000 during 2017/18.

#### **5. Exit Packages**

Clyde Muirshiel Park Authority agreed no exit packages in 2017-18.



## **Independent Auditor's Report**

### **Annual Accounts 2017-18**

Under arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts of the Clyde Muirshiel Park Authority for the year ended 31 March 2018 is:

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

#### **Statement**

The audit of the accounts is not yet complete i.e. the figures are subject to audit. The certified accounts will be presented to the Joint Committee for approval after the audit is complete.

## Movement in Reserves Statement for the year ended 31 March 2018

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	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
		£	£	£	£
<b>Balance at 31 March 2016 carried forward</b>		-	(615,000)	(19,033)	(634,033)
<i>Movement in reserves during 2016-17</i>					
<b>Total comprehensive income and expenditure</b>		(53,892)	(406,000)	-	(459,892)
Adjustments between accounting basis and funding basis under regulations	7a	67,606	(71,000)	3,394	-
Transfer from Creditors	7a	66,893	-	-	66,893
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		80,607	(477,000)	3,394	(392,999)
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	13	(80,607)	-	-	(80,607)
<b>Increase or (decrease) in 2016-17</b>		-	(477,000)	3,394	(473,606)
<b>Balance at 31 March 2017 carried forward</b>		-	(1,092,000)	(15,639)	(1,107,639)
<i>Movement in reserves during 2017-18</i>					
<b>Total comprehensive income and expenditure</b>		(116,767)	969,000	-	852,233
Adjustments between accounting basis and funding basis under regulations	7a	136,281	(133,000)	(3,281)	-
Transfer from Creditors	7a	80,607	-	-	80,607
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		100,121	836,000	(3,281)	932,840
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	13	(100,121)	-	-	(100,121)
<b>Increase or (decrease) in 2017-18</b>		-	836,000	(3,281)	832,719
<b>Balance at 31 March 2018 carried forward</b>		-	(256,000)	(18,920)	(274,920)

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

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**.

2016/17			2017/18	
£		Note	£	
771,848	Employee Costs		849,994	
42,533	Property Costs		57,101	
168,205	Supplies & Services		195,182	
19,720	Contractors		11,807	
40,092	Transport		43,387	
71,855	Administration Costs		63,455	
1,820	Payments to Other Bodies		1,749	
<b>1,116,073</b>	<b>Cost of Services</b>		<b>1,222,675</b>	
(14,115)	Grants From Other Organisations		(73,822)	
(165,741)	Sales, Fees & Charges		(165,268)	
(167,364)	Charges to Users		(148,051)	
(42,447)	Miscellaneous Income		(54,258)	
20,286	Financing & Investment Income and Expenditure	9	28,291	
(692,800)	Requisitions from Members Authorities	14	(692,800)	
<b>53,892</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>116,767</b>	
406,000	Actuarial (Gains) or losses on pension assets and liabilities	16a	(969,000)	
406,000	<b>Other Comprehensive Income &amp; Expenditure</b>		(969,000)	
<b>459,892</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>(852,233)</b>	

## Balance Sheet as at 31 March 2018

The **balance sheet** shows the value as at 31 March 2018 of the assets and liabilities recognised by the Joint Committee. The net assets 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		Note	2017/18
£			£
	<b><u>Current Assets</u></b>		
376,549	Funds held by Renfrewshire Council		300,166
132	Debtors and Prepayments	11	1,139
8,994	Inventories		8,061
1,700	Cash in Hand		1,700
<hr/> 387,375			<hr/> 311,066
	<b><u>less Current Liabilities</u></b>		
(403,014)	Creditors And Accruals	12	(329,986)
<hr/> (15,639)	<b>Net (Liabilities)/Asset Excluding Pension</b>		<hr/> (18,920)
	<b><u>Long Term Liabilities</u></b>		
(1,092,000)	Pension (Liability)/Asset	7b	(256,000)
<hr/> (1,107,639)	<b>Net (Liabilities)/Asset Including Pension</b>		<hr/> (274,920)
	<b><u>Represented by:</u></b>		
	<b>Useable Reserves</b>		
80,607	Balance due to Member Authorities	7a	100,121
(80,607)	Transfer to Creditors		(100,121)
	<b>Unuseable Reserves</b>		
(15,639)	Employee Statutory Adjustment Account	7c	(18,920)
(1,092,000)	Pension Reserve	7b	(256,000)
<hr/> (1,107,639)			<hr/> (274,920)

The unaudited accounts were authorised for issue on 22 June 2018.  
Balance Sheet signed by:

**Alan Russell CPFA**  
Treasurer  
22 June 2018

## Cash flow Statement for the year ended 31 March 2018

This statement shows the changes in cash and cash equivalents during the year. It shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of requisition income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Joint Committee.

2016/17 £		2017/18 £
	<b>Operating Activities</b>	
	<b>Cash Inflows</b>	
(1,035,691)	Sale of goods and rendering of services	(979,876)
(138,473)	Grants	(100,626)
(10,425)	Other receipts from operating activities	(10,425)
(1,714)	Interest received	(1,709)
<b>(1,186,303)</b>	<b>Cash inflows generated from operating activities</b>	<b>(1,092,636)</b>
	<b>Cash Outflows</b>	
630,072	Cash paid to and on behalf of employees	634,769
332,729	Cash paid to suppliers of goods and services	432,670
94,633	Other payments for operating activities	101,580
<b>1,057,434</b>	<b>Cash outflows generated from operating activities</b>	<b>1,169,019</b>
<b>(128,869)</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>76,383</b>
249,380	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	378,249
378,249	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	301,866
<b>(128,869)</b>	<b>Net (inflow)/outflow in cash and cash equivalents in year</b>	<b>76,383</b>

## Note 1 Expenditure Funding Analysis for the year ended 31 March 2018

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

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>

2016/17	(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 2017	(13,714)			(13,714)
Employee Statutory Adjustment		(3,394)		(3,394)
Pension Cost			49,000	49,000
Pension Interest			22,000	22,000
<b>(Surplus) or deficit on the provision of service</b>				<b>53,892</b>

## Note 2 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2018 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 2017/18, (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. However, depending on the outcome of the Lead Officer's report which is due no later than the September Joint Committee, this could change the going concern assumption,

**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 Accounting 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 Accounting 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 Joint Committee can measure reliably the percentage of completion 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.
- 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.

### **Cash and Cash Equivalents**

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

### **Contingent Assets and Liabilities**

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

### **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 giving 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 expense 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 Account 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.

### **Inventories**

Inventories (generally consumable stock) are included in the Balance Sheet at original cost.

### **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**

Clyde Muirshiel Park Authority is a Joint Committee as constituted under s106(1) of the Local Government (Scotland) Act 1973. The Joint Committee has no legal power to hold assets. Any cash assets held are matched by an equivalent creditor balance.

### **Reserves**

The Joint Committee has three reserve funds. The Revenue Reserve contains the balance of requisition income from members of the Joint Committee.

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee 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 Income and Expenditure Account.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for short term accumulating 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 the Revenue Reserve is neutralised by transfers to or from the Employee Statutory Adjustment Account.

### **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**

There are no accounting standards relevant to the financial statements of the Joint Committee which have not been adopted.

## **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 Statement of 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 2018 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 £503,000. However, the assumptions interact in complex ways. During 2017/18, the appointed actuaries advised that the net pension liability had decreased by £969,000 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 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

## Note 7 Details of Movement in Reserves

### a. Revenue Reserve

2016/17		2017/18
£		£
(66,893)	Balance as at 1 April	(80,607)
(71,000)	Transfer to pension reserve	(133,000)
3,394	Transfer to employee statutory adjustment account	(3,281)
53,892	(Surplus) or Deficit on provision of services (from the Comprehensive Income & Expenditure Account)	116,767
<b>(80,607)</b>	<b>Balance as at 31 March</b>	<b>(100,121)</b>

This represents the excess of member authority requisitions over expenditure in any one year and is shown as payable to the member authorities

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**b. Pension Reserve**

<b>2016/17</b>		<b>2017/18</b>
£		£
(615,000)	Balance as at 1 April	(1,092,000)
(406,000)	Actuarial Gains and (Losses) (see note 16)	969,000
(71,000)	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	(133,000)
<b>(1,092,000)</b>	<b>Balance as at 31 March</b>	<b>(256,000)</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.

**c. Employee Statutory Adjustment Account**

<b>2016/17</b>		<b>2017/18</b>
£		£
(19,033)	Balance as at 1 April	(15,639)
19,033	Reversal of prior year accrual for short-term accumulating compensated absences	15,639
(15,639)	Recognition of the accrual for short-term accumulating compensating absences at 31 March	(18,920)
<b>(15,639)</b>	<b>Balance as at 31 March</b>	<b>(18,920)</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 [or regulations] 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 surplus for the year on the Revenue Reserves was £136,281 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.

2016/17 £		2017/18 £
	<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>	
(165,000)	Net charges made for retirement benefits in accordance with IAS19	(237,000)
3,394	Net charges for employment short-term accumulating absences	(3,281)
<u>(161,606)</u>		<u>(240,281)</u>
	<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>	
<u>94,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>104,000</u>
<u>(67,606)</u>	<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<u>(136,281)</u>

## Note 9 Financing & Investment Income

2016/17 £		2017/18 £
(1,714)	Interest on Balances	(1,709)
22,000	Pension Interest Cost	30,000
<u>20,286</u>	<b>Total Financing and Investment Income</b>	<u>28,291</u>

## Note 10 Operating Leases

Clyde Muirshiel Park entered into an operating lease for the hire of vehicles from December 2017 until December 2018. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £28,904 (2016-17 £29,325 – 7 vehicles).

2016/17 £		2017/18 £
	<b>Future Minimum Lease Payments</b>	
-	- not later than one year	16,304
-	- later than one year and not later than five years	-
<u>-</u>	<b>Total</b>	<u>16,304</u>

## Note 11 Debtors and Prepayments

2016/17 £		2017/18 £
132	Other Entities and Individuals	1,139
<u>132</u>	<b>Total short term debtors</b>	<u>1,139</u>

## Note 12 Creditors

2016/17 £		2017/18 £
105,807	Other local authorities	110,321
48,160	Deferred Income	36,918
33,025	Tag-n-Track	-
5,311	Lunderston Play Area	29
6,714	SRANI Loch Footpath Project	3,174
15,741	CMP Access Project	13,335
2,011	Paths Development Officer	2,011
32,536	Branching Out Project	35,626
36,699	Race To The Games	32,126
11,315	Juniper Footpath Project	11,320
22,102	Windows on Wildlife	22,102
15,639	Short Term Accumulating Absences	18,920
41,144	Accrued Payrolls	41,751
26,810	Other entities and individuals	2,353
<u>403,014</u>	<b>Total short term creditors</b>	<u>329,986</u>

## Note 13 Transfer to Creditors

2016/17 £		2017/18 £
<u>80,607</u>	Transfer to Creditors	<u>100,121</u>

In terms of Section 58 of the Local Government (Scotland) Act 1973, Joint Committees have no specific powers to retain reserves to meet future funding requirements. The amounts due to member authorities have been transferred to creditors. These amounts have been generated as a result of the core activities of the Joint Committee and are not earmarked for a specific purpose.

## **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.

2016/17		Percentage	2017/18
£	Council		£
420,700	Renfrewshire	60.7%	420,700
171,000	Inverclyde	24.7%	171,000
101,100	North Ayrshire	14.6%	101,100
<b>692,800</b>	<b>Total</b>	<b>100.0%</b>	<b>692,800</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 2018 was £34,600 (2016/17 £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 2017-2018 were £1,749 (£1,727 in 2016-2017). 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 final 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.

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The following transactions have been made in the accounting statements in 2017/18:

2016/17		Note	2017/18
£			£
<b>Comprehensive Income &amp; Expenditure Statement</b>			
	Cost of Services		
143,000	Current service cost	(i)	207,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>143,000</u>			<u>207,000</u>
	Financing & Investment Income & Expenditure		
<u>22,000</u>	Net Interest	(iv)	<u>30,000</u>
22,000			30,000
<u><b>165,000</b></u>	<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>		<u><b>237,000</b></u>
<b>Other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>			
(884,000)	Return on assets excluding amounts included in net interest		448,000
1,290,000	Actuarial (gains) and losses arising on changes in financial assumptions		(1,417,000)
<u><b>406,000</b></u>	<b>Total Actuarial (gains) and losses</b>		<u><b>(969,000)</b></u>
<u><b>571,000</b></u>	<b>Total post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		<u><b>(732,000)</b></u>
	Movement in Reserves Statement	(v)	
477,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		(836,000)
<u><b>94,000</b></u>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>		<u><b>104,000</b></u>

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees
- ii. Past service cost is the cost of discretionary pension benefits to former employees who retired on the grounds of efficiency etc or savings made for commuting part of the pension for additional cash.
- 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 (£133,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2017/18 these amounted to £8,476 (2016/17 £9,382).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £0.969 million are included in the Movement in Reserves Statement (2016/17 £0.406 million loss).



**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:

2016/17		2017/18
£000		£000
5,064	Opening present value	6,650
143	Current service cost	207
179	Interest Cost	174
28	Employee Contributions	30
-	Remeasurement (gains)/losses:	-
1,290	Actuarial losses/(gains) arising from changes in financial assumptions	(1,417)
(54)	Benefits Paid	(156)
<b>6,650</b>	<b>Balance as at 31 March</b>	<b>5,488</b>

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

2016/17		2017/18
£000		£000
4,449	Opening Fair Value	5,558
157	Interest Income	144
-	Remeasurement gain/(loss):	-
884	Return on assets excluding amounts included in net interest	(448)
94	Contributions from employer	104
28	Contributions from employees	30
(54)	Benefits Paid	(156)
<b>5,558</b>	<b>Closing fair value of scheme assets</b>	<b>5,232</b>

**15c. Fund history**

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Present Value of Liabilities	(4,312)	(5,266)	(5,064)	(6,650)	(5,488)
Fair value of assets	3,780	4,257	4,449	5,558	5,232
<b>Surplus/(deficit) in the scheme</b>	<b>(532)</b>	<b>(1,009)</b>	<b>(615)</b>	<b>(1,092)</b>	<b>(256)</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 £256,000 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.

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**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:

2016/17	Financial Year:	2017/18
<b>Mortality assumptions</b>		
	Longevity at 65 for current pensioners	
22.1 years	• Men	21.4 years
23.6 years	• Women	23.7 years
	Longevity at 65 for Future pensioners	
24.8 years	• Men	23.4 years
26.2 years	• Women	25.8 years
4.4%	Rate of increase in salaries	3.6%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%
	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%

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

<b>2016/17</b>			<b>2017/18</b>
<b>£000</b>		<b>Percentage</b>	<b>£000</b>
	<b>Equity Securities</b>		
526	Consumer	0.0%	-
417	Manufacturing	0.0%	-
165	Energy and Utilities	0.0%	-
387	Financial Institutions	0.0%	-
226	Health and Care	0.0%	-
320	Information Technology	0.0%	-
-	Other	28.7%	1,503
<b>2,041</b>	<b>Total Equity</b>	<b>28.7%</b>	<b>1,503</b>
	<b>Private Equity</b>		
458	All	8.9%	464
<b>458</b>	<b>Total Private Equity</b>	<b>8.9%</b>	<b>464</b>
	<b>Real Estate</b>		
670	UK Property	11.8%	620
-	Overseas Property	0.0%	-
<b>670</b>	<b>Total Real Estate</b>	<b>11.8%</b>	<b>620</b>
	<b>Investment Funds &amp; Unit Trusts</b>		
1,787	Equities	31.8%	1,664
312	Bonds	10.4%	547
4	Commodities	0.1%	-
-	Infrastructure	0.0%	-
75	Other	5.1%	268
<b>2,178</b>	<b>Total Investment Funds &amp; Unit Trusts</b>	<b>47.4%</b>	<b>2,478</b>
	<b>Derivatives</b>		
-	Inflation	0.0%	-
-	Interest Rate	0.0%	-
1	Foreign Exchange	0.0%	-
-	Other	0.0%	2
<b>1</b>	<b>Total Derivatives</b>	<b>0.0%</b>	<b>2</b>
	<b>Cash &amp; Cash Equivalents</b>		
209	All	3.2%	166
<b>209</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>3.2%</b>	<b>166</b>
<b>5,558</b>	<b>Total</b>	<b>100%</b>	<b>5,232</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 2017-18 and 2018-19.

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2018 is £0.104 million.

**Note 17 Contingent Liabilities and Assets**

As at the Balance Sheet date the Joint Committee had no material contingent assets or liabilities.