

Annual Accounts and Report 2017 / 18

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1. PERFORMANCE REPORT

1.1. OVERVIEW

Loch Lomond & The Trossachs National Park Authority (“the Authority”) presents this Statement of Accounts for the year from 1 April 2017 to 31 March 2018 in a format directed by Scottish Ministers in accordance with the National Parks (Scotland) Act 2000. A copy of the Accounts Direction is reproduced at page 50.

The accounts of the Authority are audited by an auditor appointed by the Auditor General for Scotland in accordance with paragraph 25(2) of the National Parks (Scotland) Act 2000. The auditor appointed for 2017/18 is Grant Thornton UK LLP and this is the second year of a five year appointment. The Independent Auditor’s Report is on page 24 and details of the auditors’ remuneration are given in Note 8.

The accounts have been prepared on a going concern basis as the Board and Accountable Officer believe that future liabilities will be met from a combination of cash budget allocation from the Scottish Government, future grants from partner agencies, and income from chargeable activities.

This overview outlines the purpose of the Authority, its performance during the year and the key risks to the achievement of its objectives.

Statement of Purpose and Activities

Loch Lomond & The Trossachs National Park was created in July 2002 under the National Parks (Scotland) Act 2000 to safeguard an area of outstanding and diverse landscapes, habitats and communities, parts of which were coming under severe visitor and recreational pressures. This Act also created a non-departmental public body, the Authority, to ensure the National Park aims are achieved in a coordinated way.

The National Parks (Scotland) Act 2000 sets out four National Park aims to:

- Conserve and enhance the natural and cultural heritage of the area.
- Promote sustainable use of the natural resources of the area.
- Promote understanding and enjoyment (including enjoyment in the form of recreation) of the special qualities of the area by the public.
- Promote sustainable social and economic development of the area’s communities.

Chief Executive’s Statement on Performance

I am delighted that our new National Park Partnership Plan 2018-23 was approved by Scottish Ministers. This document represents the culmination of a great deal of work and consultation with stakeholders over the last year. The plan signifies the new refreshed priorities, which the Authority will work to deliver over the next 5 years.

2017 also saw the first full season of delivering the Your Park project with the operation of our new informal campsite at Loch Chon and the implementation of the Camping Byelaws. There was a requirement to provide an annual update to the Ministers on the Camping Byelaws, as part of the approval of the Your Park project. The report, published in December 2017, showed how many people valued the experience of camping in these areas and where campers came from. It also demonstrated that there was a healthy cross section of people from different social backgrounds camping in the management zones.

Good progress was made in the year to deliver against our 2017/18 Annual Operational Plan objectives.

Other significant developments during the year were as follows:

- We were successful in securing a landmark legal judgement about public access rights. After a 5 year legal battle, the highest civil court in Scotland found in favour of the Authority's argument that the owners of Drumlean Estate, near Aberfoyle, were unlawfully blocking members of the public from enjoying access rights to an area between Ben Venue and Loch Ard, with several locked high gates.
- The Callander Landscape Partnership, a community-led project to turn the town of Callander into the outdoor capital of the National Park with a more accessible and conserved landscape ready for visitors and locals to enjoy and explore, secured £1,430,300 of Heritage Lottery Funding.
- As part of the delivery of the Local Development Plan, a proposal by Rural Stirling Housing Association to create 20 new affordable homes in Balmaha was approved.
- In partnership with landowners, 5 peatland sites were restored as a result of securing over £250,000 of funding.
- We welcomed 6 new Local Authority nominated members to our Board.
- Accreditation of Cyber Essentials Plus, a Government-backed, industry-supported scheme to help organisations protect themselves against common online threats.

Key Issues and Risks

A strategic corporate risk register is in place, overseen by the Executive Team and Audit and Risk Committee and approved by the Board, to manage any risks in the delivery of the Authority's Corporate Plan and National Park Partnership Plan objectives. Using categorisations of impact and likelihood, risks are managed throughout the year and those which remained as "high" at the end of the year included:

- Meeting expectations in relation to operational delivery of the Your Park project, including maintenance of partner engagement and delivery of the Camping Development Strategy.
- Changes and uncertainty in the Scottish, UK and European political landscape.

All risks have an action plan in place to transfer, tolerate, treat and/or terminate the risk as appropriate.

Performance Summary

The budget for the year and the Annual Operational Plan set out the detailed resource plans for the Authority, showing the allocation of financial and staff resources against the key priority areas. This includes the specific projects which will be delivered on an annual basis. The budget is prepared based on the Scottish Government's budget allocation to the Authority and also takes account of additional income anticipated throughout the year, for example funding from other public bodies for joint projects and commercial income sources.

The annual budget and operational plan for 2017/18 was guided by the final year of the National Park Partnership Plan (NPPP) and the Corporate Plan for the five years from 2012-2017. The Delivery Group monitors performance against budget and operational plans on a quarterly basis.

The Annual Report highlights high level progress and key achievements in delivery against the Corporate Plan and the NPPP. The Authority has enjoyed another successful year and has delivered considerable outputs directly and through continuing extensive partnership working with a wide range of public, private and non-governmental organisations, and local communities.

As well as the development and approval of the 2018-2023 National Park Partnership Plan, work has commenced to develop the new 2018-2023 Corporate Plan (our 5-year Plan).

The organisational structure delivers against the key operational themes of Conservation, Visitor Experience and Rural Development, supported by enabling service areas, all of which align closely with The Government's Programme for Scotland.

During 2018/19 we will invest in our infrastructure, continue to progress the Camping Management Strategy, progress delivery of our Climate Change Action Plan, move into the delivery phase of the Callander Landscape Partnership project and progress the delivery of the first year of our 2018-2023 National Park Partnership Plan.

1.2. PERFORMANCE ANALYSIS

Performance Measurement

The Authority sets its delivery targets on an annual basis by reference to the strategy outlined in the NPPP and Corporate Plan. These targets align with the National Outcome Targets set by the Scottish Government National Performance Framework for all public agencies.

The delivery targets for 2017/18 were expressed in an annual budget and operational plan and performance against these targets was monitored by the Executive Team and reported to the Delivery Group quarterly.

The performance reporting provided to the Delivery Group includes summaries of high risk projects, progress reports on all operational plan targets, financial performance reporting and a statutory compliance report. This reporting includes a status update and risk rating for each delivery target. Details of the achievements under each of the Authority's three areas of activities and Scottish Government Strategic Outcomes are highlighted in the Annual Report published at the same time as these accounts.

Detailed Analysis

Financial Budget Performance

The results for the year to 31 March 2018 are set out on pages 27 to 49.

The Authority receives a budget from the Scottish Government, known as Departmental Expenditure Limit or DEL. This is to cover the cash costs of capital and operating expenditure, net of other income sources and funding from partner agencies to jointly fund projects, and non-cash costs of depreciation.

Budget	Resource DEL £000	Capital DEL £000	Total DEL Cash Budget £000	Non-Cash DEL £000	AME £000	Total Non-Cash Budget £000
Original Budget Allocation	6,270	860	7,130	600	650	1,250
Budget Decrease	(50)	-	(50)	-	-	-
Revised Budget Allocation	6,220	860	7,080	600	650	1,250

The DEL cash budget allocation for 2017/18 was £7.13m (2016/17 - £7.365m), which was split as £6.27m (2016/17 - £6.27m) for operational cash costs and £0.86m (2016/17 - £1.095m) for capital cash costs. However, it was agreed with the Scottish Government that the Authority would draw down all but £0.05m of the Resource DEL budget allocation, to enable these funds to be redeployed to other areas of priority work within the Scottish Government. In addition, the Authority was given Scottish Government approval to overspend by £0.175m on capital costs during the year.

The non-cash budget allocated was £1.25m (2016/17 - £1.1m); £0.6m for DEL to cover our depreciation charge for the year (2016/17 - £0.6m) and £0.65m for Annually Managed Expenditure (AME) to cover pension adjustments and impairments during the year (2016/17- £1.5m).

Income for 2017/18 was £1.24m (2016/17 - £1.02m), which included contributions from partners, planning fees and other generated income. Key contributions in the year included funding from Sustrans for accessible recreation and the development of paths across the National Park, funding from SNH for peatland restoration works and funding from the Heritage Lottery Fund towards the Callander Landscape Partnership project. In addition, capital contributions were received from Scottish Enterprise towards the capital upgrade of the Gateway building.

Expenditure for the year totalled £9.63m (2016/17- £8.54m), which include depreciation of £0.53m (2016/17 - £0.49m), impairments £0.71m (2016/17 - £0.27m) and pension adjustments of £0.78m (2016/17 - £0.25m).

Capital additions totalled £1.1m during the year and these included investment in the Gateway Centre (£0.58m), Loch Achray campsite (£0.27m) and the purchase of electric vehicles (£0.12m). An interim valuation of the Authority's property assets was conducted at 31 March 2017 and this was supplemented by an annual indexation for the buildings held at Depreciated Replacement Cost as at 31 March 2018. This resulted in an increase in the carrying value of assets of £0.21m. In line with accounting policies, detailed on page 32, a professional valuation was carried out on the completion of the Gateway construction project. The valuation basis has changed from Depreciated Replacement Cost to Market Value, resulting in an impairment, which is reflected in the Statement of Comprehensive Net Expenditure.

The Authority is expected to manage its budget in accordance with its Financial Memorandum and the Scottish Public Finance Manual and to deliver an outturn for the year within the Scottish Government budget limits. During 2017/18 we achieved over £230k of efficiency savings (3.8%) through:

- the restructuring of our internal teams resulting in a reduction in external costs for routine cleaning and grounds maintenance
- effective management of our property base to reduce external costs and
- robust review of vacant positions, ensuring that roles were not automatically replaced, allowing new staff resource to be allocated to more important priorities.

The table below shows how the budgets available to the Authority have been utilised during the year and how the results have been reported, in accordance with the relevant reporting guidelines, to our sponsoring department of Scottish Government, The Scottish Government Rural Directorate. The Authority received permission from Scottish Government to overspend on capital budget by £175k, in relation to the Gateway project, resulting in a net capital overspend for budget purposes of £5k. Permission was also granted to exceed the AME budget allocation by £550k to address the increase in pension liability costs.

Cash Expenditure	Outturn		
	Resource DEL £000	Capital DEL £000	Total £000
Net Expenditure	8,388	-	8,388
Less Non-Cash Adjustments:			
Depreciation	(534)	-	(534)
Impairments	(706)	-	(706)
Pension Adjustments	(781)	-	(781)
Other Adjustments:			
Fixed Asset Additions	-	1,105	1,105
Capital Contributions (to reserves*)	-	(279)	(279)
Net capital grants and capital expenditure on others' land	(214)	214	-
Total Cash Expenditure	6,153	1,040	7,193
Total Revised Budget	6,220	860	7,080
Under/ (Over) spend	67	(180)**	(113)

*Includes contributions received in 2016/17 for capital expenditure in 2017/18

** Overspend of £175k agreed with Scottish Government

Non-Cash Expenditure	Outturn	
	Non-Cash DEL £000	AME £000
Depreciation	534	-
Impairments	-	706
Pension Adjustments	-	781
Total Non- Cash Expenditure	534	1,487
Total Budget	600	650
Under/ (Over) spend	66	(837)

Supplier Payment Performance

The Authority observes the Better Payment Practice Code and seeks to pay suppliers within 10 days of receipt of a valid invoice in accordance with Scottish Government targets set for measurement from December 2008. During the year ended 31 March 2018, the Authority paid 80% (2016/17 – 81%) of all its invoices within the terms of this payment policy. Against the contracted payment terms of 30 days, the Authority paid 98% (2016/17 – 97%) against this target. The Authority will continue to work towards maintaining and improving this strong payment performance.

Staff Engagement

We carry out employee engagement surveys biennially and the last one took place in September 2017. Staff engagement remains high on our agenda and we continue to focus on making this a great place to work in order to attract and retain the best in people for our roles. The pay award for 2017/18 enhanced this by implementing a number of non-pay benefits that will further our position as an employer of choice and continue to improve the balance between work and home life.

Anti-corruption and Anti-bribery matters

The Authority updated the Fraud, Bribery and Corruption policy during the year. The development of the revised policy included running a fraud workshop for leads from each team within the organisation, where the feedback was then shared with every team. There is a zero tolerance approach and the policy explains how the Authority works to prevent and detect fraud, bribery and corruption. The Fraud Risk Register captures the main risks and is used by the Executive team to manage these risks.

Sustainable Development

The Authority is engaging with the actions and new reporting duties linked to the Climate Change (Scotland) Act 2009 and the mandatory Public Bodies Climate Change Duties Annual Reporting was completed and submitted to the Scottish Government in November 2017. The report covers the following areas: Governance, Management and Strategy; Emissions, Targets and Project; Adaptation; Procurement and Wider Influence; and Other Notable Activities. The report can be accessed [here](#).

The duties require us to monitor CO₂ levels generated by our buildings and vehicles. During the year, following a trial of a fully electric car, we acquired eight electric vehicles and invested in LED lighting to replace older, less energy efficient lighting in our headquarters building. In addition, new light switch installations for manual operation was completed, alongside continuous regulated light level monitoring.

The Climate Change Group developed a draft Climate Change Action Plan which was presented to and accepted by the Board in March 2018. This document is now adopted and will help us identify our achievements to date as well as future aspirations, tasks and opportunities. The Climate Change Action Plan is aligned with the Public Bodies Climate Change Duties Reporting allowing more efficient reporting.

Complaints and Information Request Performance

The Authority complies with the Complaints Handling Procedure (CHP) as defined by the Scottish Public Services Ombudsman (SPSO). The majority of complaints are resolved at the initial stage of the procedure (frontline complaints) and these have a target response time of five working days. Some complaints are immediately escalated to the second stage of the CHP and handled as investigations, with a 20 working day response time, because they are more complex in nature and cannot reasonably be answered within five days. Complaints performance is reported quarterly to the Executive Team and the Delivery Group.

The table below shows a breakdown of the number of complaints and information requests received. We achieved 98% compliance with response time limits for complaints during 2017/18 (2016/17 – 93%) and 99% compliance in responding to requests and reviews within statutory deadlines in 2017/18 (2016/17 – 98%).

	Number received 2017/18	Responded to within time limit 2017/18	Number received 2016/17	Responded to within time limit 2016/17
Frontline complaints	78	76	160	147
Investigation complaints	53	53	36	35
Total complaints	131	129	196	182
Data Protection Subject Access Requests	-	-	2	1
Environmental Information Requests / Freedom of Information Requests	73	72	116	116
Environmental Information Requests / Freedom of Information Requests Reviews	20	20	9	8
Total requests and reviews	93	92	127	125
Total complaints, requests and reviews	224	221	323	307

There has been a noticeable decrease in the number of complaints received during the year and of the 131 complaints received, 11 of those did not relate to responsibilities of the Authority (2016/17 – 40).

Litter and toilet issues were the most common subject of frontline complaints, together with complaints related to the introduction of the new byelaws and camping management zones, as well as the closure of the slipway at Milarrochy Bay. There were 32 complaints received during the first season of the new byelaws and camping management zones, from 1st March until 30th September 2017.

As part of the measures to improve the camping experience for visitors, the Authority proactively requested feedback on an ongoing basis from visitors who booked a camping permit or stayed at one of our campsites. This approach was part of the customer service resource introduced in association with the provision of permits and campsites, to resolve practical issues as quickly as possible for our visitors. All feedback, positive and negative, is examined and reported by the Visitor Operations Manager as part of the overall end of season review of the service delivery of permits and camping provision.

Information requests were received from 44 different requesters during 2017/18. One requester sent in 39 requests (53% of the total received) and a second requester sent in 10 requests (14% of the total received). In total, 67% of all requests received were sent from only two individuals. The same two individuals sent in 14 information request reviews (70% of the total) and made 11 complaints during the year (8% of the total).

In 2016/17 information requests were received from 34 different requesters. One requester sent in 45 requests (39% of the total received) and a second requester sent in 16 requests (14% of the total received). In total, 53% of all requests received, were sent from only two individuals. The same two individuals sent in 6 information request reviews (67% of the total) and made 11 complaints during the year (6% of the total).

Community Engagement

The Authority actively engages with local communities on issues that are important to them and to the places they live and work. Throughout the year engagement took place through a series of initiatives with partners including Community Development Trusts, Community Councils and other local and specialist interest groups. This includes the Authority being represented at Board or Senior Manager level on various groups, such as Loch Lomond & The Trossachs Countryside Trust and Loch Lomond & The Trossachs Community Partnership.

The Authority provides core funding to the Loch Lomond & The Trossachs Community Partnership which supports community organisations in the National Park. During 2017/18 work included delivery of:

- Support to Lochgoil and Gartmore communities to prepare new Community Action Plans, including trialling the use of the Place Standard tool.
- Direct support, advice and training to Community Development Trusts.
- Networking between communities (and agencies where appropriate) through quarterly Area Network meetings, regular newsletters and annual Community Gathering focusing on Gaelic heritage and culture within the National Park.

Grants were made to communities through the National Park Authority Grant Scheme. These supported community led projects that delivered on both Community Action Plan and National Park Partnership Plan outcomes. Smaller grants were also provided to Community Development Trusts to help maintain and build capacity to effectively run community organisations. Partnership working was strengthened with our communities, and the statutory agencies that serve them, through the establishment of both the Arrochar Forum and the Strathard Strategic Partnership. These compliment similar partnership working structures in place in both Callander and Balloch.

Partnership Working

The development of the 2018-2023 National Park Partnership Plan involved significant engagement with a broad and diverse range of stakeholders. The resultant plan is intended to guide, support and direct the activities of organisations and partners to work together to secure a successful and sustainable future for the National Park. We continue to work in collaboration with Cairngorms National Park Authority in relation to a number of back office and procured services and systems and in sharing and learning from good practice in policy and initiatives development.

National Parks Partnerships, the entity set up by the UK's 15 National Parks in order to create successful partnerships between the UK National Parks and businesses, has secured its first major partnership; a five-year deal with Columbia Sportswear that will make them official outfitter of the UK National Parks' rangers and staff. The new kit will be rolled out to our Ranger Service during 2018/19.

Health & Safety Performance

The Authority continues to ensure a proactive Health & Safety culture within the organisation and the Health & Safety Committee met regularly throughout the year. Key achievements during 2017/18 are as follows:

- All COSHH risk assessments are now complete
- A revised Health & Safety Induction package was launched through our E-Learning portal
- All Health & Safety policies were reviewed to ensure that they reflected current practice and a number of new policies were developed to reflect good practice
- Outstanding actions from previous audits were closed off
- Areas identified as high risk were audited internally.

We have continued to ensure a safe working environment for all employees and have increased employee and manager awareness of Health & Safety obligations. There were no RIDDOR reportable accidents this year. Total number of incident/accident and near miss statistics are shown below.

Accident / Incident / Near Miss	Total 2017/18	RIDDOR Reportable 2017/18	Total 2016/17	RIDDOR Reportable 2016/17
Near Misses	3	-	5	-
Incidents/Accidents	23	-	20	1
Total	26	-	25	1

Unadjusted Post Balance Sheet Event

Following the successful court action regarding access rights on the Drumlean Estate, expenses were awarded to the Authority by the Court of Session on 22nd May 2018. The expense award has not yet been quantified and no adjustments have been made to the annual accounts. There are no other post balance sheet events.

Signed on behalf of Loch Lomond & The Trossachs National Park Authority

Gordon Watson
Chief Executive and Accountable Officer
26 June 2018

ACCOUNTABILITY REPORT

2.1 CORPORATE GOVERNANCE REPORT

This report explains the composition and organisation of the Authority's governance structures and how these support the achievement of our objectives.

2.1.1 DIRECTORS' REPORT

Board Members and Executive Management Team

Board Members are listed on page 11. The executive management of the Authority was undertaken by the Executive Team comprising:

- Chief Executive – Gordon Watson
- Director of Conservation & Visitor Operations – Simon Jones
- Director of Corporate Services – Jaki Carnegie
- Director of Rural Development & Planning – Stuart Mearns
- Head of Communications – Anna MacLean

Notification of Interests

The Authority has detailed policies in place for Board Members and staff governing situations where personal or business interests may arise in the activities and decisions of the organisation. In such situations, Board Members and staff are required to disclose the nature of the interest and, if appropriate, exclude themselves from any part of the discussion or decisions relating to that matter. Registers of Interest are held for the Executive Team and Board Members. Board Members' interests are a matter of public record and are published on the Authority's website. An annual review of interests takes place for all Board Members, the Executive Team, and staff requesting that any changes to notifiable interests be updated and recorded.

Information & Data Security

The Authority has had no instances of loss of data or personal information over the course of the year (2016/17 – nil). One of the targets for 2017/18 set by the Audit and Risk Committee was to carry out regular penetration testing in order to test, assess and improve on data security. The testing was done under the Cyber Security Essentials Plus programme and the Authority received its Cyber Security Essentials Plus certification on the 15th February 2018. The Governance Statement sets out more information on the Authority's range of internal controls and the review mechanisms to ensure data security.

The Authority has been working towards compliance with the General Data Protection Regulations. This has included reviewing and amending policies, procedures, notices and practices; conducting a data audit; and implementing training and awareness to staff. Ongoing work to reflect these legislative changes continued to take place until the amended data protection rules came into force in May 2018.

Whistleblowing Policy

No whistleblowing complaints received during 2017/18.

National Park Authority Members 2017/18

Loch Lomond & The Trossachs National Park Authority's Board comprised up to 17 Members in the year. Five Members are elected locally, the Scottish Government appoints six Members directly and appoints a further six following nominations by the four Councils in the Park area (Argyll & Bute, West Dunbartonshire, Stirling, and Perth & Kinross). The Members serve between four and five years. The Members' periods of office and attendance at Board and Committee meetings is noted below. The membership of all committees/groups is

kept under review and amendments made as required. James Stuart is the Convenor of the Board and his term runs until 29 February 2020. Full details of the Members are listed on our [website](#).

- Following the Local Authority Elections in May 2017, all six Members nominated by the Councils changed. The outgoing Members retained their position on the Board until 30 September 2017. From 1 October 2017, six new Local Authority nominated members were appointed by Scottish Government.
- The terms of office for the five locally elected Members end on 4 July 2018. Local elections are being held on 5 July 2018 to appoint new Members.
- There are five existing Scottish Government appointments. Of these five, three appointments will end on 30 September 2018, with the fourth ending on 15 March 2019 (the appointment of Angus Allan). The fifth appointment, being the Convenor's role, will continue until 29 February 2020. There is also one existing Ministerial vacancy, following the completion of Linda McKay's term on 28 February 2017, which will be filled by the Ministerial appointments taking place on 1 October 2018.
- Kendal Adams is an observer of the Board as part of the Scottish Government and Institute of Directors initiative to gain experience in the operations of a Public body.

Configuration of Board					Statutory committee attendance		
Name	Nature of appointment	Date of most recent appointment	End of term	Committee membership	NPA Board	Planning & Access Committee	Audit and Risk Committee
David McCowan	(a)	03/07/2014	04/07/2018	A, PI	5/5	8/9	4/4
David McKenzie	(a)	03/07/2014	04/07/2018	A, PI	5/5	8/9	3/4
Willie Nisbet	(a)	03/07/2014	04/07/2018	D, PI, CE	5/5	7/9	-*
Billy Ronald	(a)	29/10/2015	04/07/2018	D, PI	4/5	5/9	-*
David Warnock	(a)	03/07/2014	04/07/2018	D, PI	3/5	9/9	-*
Angus Allan	(b)	01/10/2014	15/03/2019	A	5/5	1/2 **	4/4
Colin Bayes	(b)	01/10/2014	30/09/2018	D, PI, CE	5/5	6/9	-*
Petra Biberbach	(b)	01/10/2014	30/09/2018	PI, CE	5/5	7/9	-*
Lindsay Morrison	(b)	01/10/2014	30/09/2018	A, CE	4/5	-*	3/4
James Stuart	(b)	01/02/2015	29/02/2020	CE	5/5	-*	-*
Diane Docherty	(c)	01/10/2017	30/09/2022	PI	3/3	2/4	-*
Danny Gibson	(c)	01/10/2017	30/09/2022	D	3/3	-*	-*
Graham Lambie	(c)	01/10/2017	30/09/2022	PI	3/3	3/4	-*
Murray Lyle	(c)	01/10/2017	30/09/2022	PI	3/3	1/4	-*
Barbara Morgan	(c)	01/10/2017	30/09/2022	A***	2/3	-*	-*
Ellen Morton	(c)	01/10/2017	30/09/2022	PI	2/3	1/4	-*
Martin Earl	(c)	01/10/2012	30/09/2017	D	1/2	-*	-*
Bob Ellis	(c)	01/10/2012	30/09/2017	D	2/2	-*	-*
George Freeman	(c)	01/10/2012	30/09/2017	PI	2/2	5/5	-*
James Robb	(c)	01/10/2012	30/09/2017	D	2/2	-*	-*
Hazel Sorrell	(c)	01/10/2012	30/09/2017	A, PI	2/2	3/5	0/2
Fergus Wood	(c)	01/10/2012	30/09/2017	PI	2/2	4/5	-*

* Attendance is not applicable as Board member is not a member of the specified Committee/ ** Resigned from Committee during 2017/18/ *** Appointed to Committee after 31 March 2018

Nature of appointment: (a) Locally elected / (b) Appointed by Scottish Government / (c) Local Authority nominee

Committee/Group membership: (A) Audit & Risk Committee/ (D) Delivery Group/ (PI) Planning & Access Committee/ (CE) Chairs & Executive Group

Board and Committee attendance is stated as: Number of meetings attended ÷ Total Number of meetings held whilst being member of Board/Committee

2.1.2 STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under Section 25(1) of the National Parks (Scotland) Act 2000, Loch Lomond & The Trossachs National Park Authority ("the Authority") is required to prepare financial statements for each financial year in the form and on the basis determined by the Scottish Minister, with the consent of the Treasury.

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of the affairs as at the end of the financial year and of the income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

The Authority's Management Statement and Financial Memorandum, sets out the roles and responsibilities of Scottish Ministers, the sponsoring team in the department, the Board, the Convener and the Chief Executive as Accountable Officer. It includes the following:

The Board

Board Members have corporate responsibility for ensuring that the Authority complies with any statutory or administrative requirements for the use of public funds and the aims and objectives set by Scottish Ministers.

The Convener

The Convener of the Authority is personally responsible to the Scottish Ministers for ensuring that the Authority's policies are compatible with those of the Scottish Ministers and that there is probity in the conduct of the Authority's affairs.

The Accountable Officer / Chief Executive

In accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Permanent Secretary as the Principal Accountable Officer for the Scottish Administration, has designated me, as Chief Executive of Loch Lomond & The Trossachs National Park Authority, Accountable Officer for the Authority.

My responsibilities as Accountable Officer for the Authority, including responsibility for propriety and regularity of the finances and for keeping proper records are set out in my Memorandum of Accountable Officer responsibilities issued by the Principal Accountable Officer on my appointment. This includes requirement to comply with the guidance set out in the Scottish Public Finance Manual.

In preparing those financial statements, I am required to:

- Observe the financial statements direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.

In addition, I have a general responsibility for taking such steps as are reasonably open to safeguard the assets of the Authority and to prevent and detect fraud and other irregularities.

Disclosure

As Accountable Officer, as far as I am aware there is no relevant audit information of which the Authority's auditors are unaware and I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Authority's auditors are aware of the information.

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

2.1.3 GOVERNANCE STATEMENT

Governance Framework

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Loch Lomond & The Trossachs National Park Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Management Statement for Loch Lomond & The Trossachs National Park Authority. In discharging this responsibility I am held accountable by the Authority's Board, and by Scottish Ministers. In particular, the Authority's Board has Committees in place to manage strategy, delivery and for audit, each of which has remits to ensure elements of the Authority's corporate governance, financial management, and internal control systems, including risk management systems, are in place and function effectively

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

The Operation of the Board and Sub Committees

The Board and Committees met on the following basis during the year:

- The full Board held five formal meetings which were open to the public. These meetings were supplemented by a number of business sessions to deliver training to Board members and to brief members on matters of policy and organisational development.
- The Delivery Group met four times to conduct a detailed review of performance against Annual Operational Plan targets and budget and to consider the Annual Operational Plan and budget for the following year.
- The Audit and Risk Committee, renamed following a review of the terms of reference, met four times to review corporate risk and the work of Internal and External Auditors.
- The Chairs and Executive meeting, previously named the Strategy Group, met three times to consider guidance on emerging issues and the development of a revised governance structure and strategies for the organisation.

- The Remuneration Committee met once in the year to consider the CEO's objectives and the daily fee level for Board members.

Recommendations from independent Internal and External Auditors form a key and essential element in informing my review of the effectiveness of the systems of internal control within the Authority. The Board's Audit and Risk Committee also plays a vital role in this regard, through its review of audit recommendations arising from reviews of internal control systems and its consideration of proposed management action. In particular, the Audit and Risk Committee is tasked with overseeing the development of internal audit plans, reviewing the scope, efficiency and effectiveness of the work of Internal Audit, confirming the adequacy of internal control systems, promoting best practice and bringing any material matters to the attention of the full Board. Detailed findings of all audit reviews are made available to both management and the Audit and Risk Committee. The Audit and Risk Committee reports to the Board on the adequacy and effectiveness of the Authority's internal controls.

The remit of the Audit and Risk Committee also includes receiving reports and advising the Board of any fraud, bribery or corruption, successful or attempted. The Committee approved a revised Fraud, Bribery and Corruption Policy. There were no fraud, bribery or corruption attempts to report.

The Audit and Risk Committee received an update on progress towards Best Value Action Plan. The key action outstanding relates to the development and reporting of an asset management plan, which will be progressed during 2018/19.

"Reviewing the Effectiveness of the Audit Committee" training was delivered during the year. Following the review, a range of actions were proposed which included; the terms of reference for the, now named, Audit and Risk Committee being updated; revised Whistleblowing and Fraud/Corruption/Bribery policies being approved; and draft minutes for all committees/groups being issued to members within 4 weeks of the meetings.

A number of Board members, led by the Convenor, participated in a Board diversity research project. The project is being led by Scottish Government and the Commission for Ethical Standards in Public Life in Scotland (CESPLS) into the "Difference that Diversity Makes to Your Board's Governance".

The Internal Audit function is an integral element of the Authority's internal control systems. West Dunbartonshire Council are in their second of three years of providing Internal Audit Services.

Over the course of the year to 31 March 2018, the Internal Auditors have reported to the Audit and Risk Committee on their independent reviews on Employee Licences / Vehicle Checks, Banking, Energy Management / Facilities Management, Freedom of Information / Environmental Information Regulations, Camping Management Byelaws 2017 and Controls Risk Self-Assessment.

As part of an Internal Audit initiative, each member of the Executive team prepares an annual statement of assurance that is presented to the CEO, as Accountable Officer and shared with the Audit and Risk Committee. These annual statements indicate that reasonable assurance can be placed on the adequacy, effectiveness, robustness, and proportionality of each of the Services arrangements for control, governance and risk management in the year.

In addition, the External Auditors have reviewed key controls around areas of significant audit risk, and have furthermore completed a review of the Internal Auditor's reports, to form a view on the effectiveness of control arrangements and support their audit opinion on the financial statements. Recommendations made as part of this process have been taken on board and actions taken where appropriate.

The Auditor General for Scotland appoints the Authority's External Auditor. This is the second year of Grant Thornton UK LLP's 5 year term as the Authority's External Auditor.

Risk Management

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with the relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Board recognises the importance of corporate risk management in the activities of the organisation. The Board has provided leadership on the importance of risk management at the highest level within the organisation through adoption of risk-based monitoring reports for delivery of Corporate and Operational Plan objectives, National Park Plan delivery, and for wider assessment of organisational performance.

The Audit and Risk Committee and Executive Team lead on embedding risk management processes throughout the organisation. Both these groups consider the management of strategic risk and seek to ensure that the required actions to manage risk at a strategic level are appropriately reflected and incorporated in operational delivery plans. The Delivery Group oversees the progress of high risk projects at their meetings.

The Executive prepare a Corporate Risk Register annually, which is considered by the Audit and Risk Committee and approved by the Board. In the event of any risk being increased to a "high" status, this is escalated to the Committee at the earliest opportunity. There have been no new high risks reported during the year.

The Authority has also adopted a risk based approach to the management and monitoring of its Operational and Corporate Plan delivery, and key aspects of organisational performance. Any increased risk to achievement of targets is assessed, reported to the Executive Team, and, where required, remedial action determined and implemented. Risk management is also a core element of project appraisal and approval processes.

Data Security

Measures are in place to ensure that information is managed in accordance with relevant legislation. The Authority's policy is to maintain the highest level possible of data security in its operations. Following the recent well publicised Malware cyber security issues to hit Europe, Scottish Government have provided direction to public bodies to attain Cyber Security Essentials PLUS accreditation for the organisation by the end of October 2018. Testing was carried out in January 2018 and the Cyber Essentials PLUS certificate was issued in February 2018. This certifies that our organisation was assessed as meeting the Cyber Essentials implementation profile and thus that, at the time of testing, the organisation's ICT defences were assessed as satisfactory against commodity based cyber-attack.

Conclusion

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- The Executive Managers within the organisation who have responsibility for the development and maintenance of the internal control framework, feedback from whom is obtained through regular meetings of the Executive team, Project Board meetings and discussed, as appropriate, at Operational Managers meetings.
- The work of the Internal Auditors, who submit regular reports to the organisation's Audit and Risk Committee which include independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement.
- Comments made by the External Auditors in their management letter and other reports.

I have been advised on the implications of the result of my review by both the Board and its Audit and Risk Committee and a plan is in place to address recommendations made and ensure continuous improvement of the systems.

The Internal Auditors review concluded that: the assurance framework in place is founded on a systematic risk management process and provides overall assurance to the Board; and that the assurance framework reflects the organisation's key objectives and risks.

The Internal Auditor's annual report for 2017/18 states that based on the work undertaken over the course of the year, very effective arrangements are in place in relation to the systems of governance, risk management and internal control.

2.2 REMUNERATION AND STAFF REPORT

This report sets out the Authority's remuneration policy for directors, reports on how the policy has been implemented and sets out the amounts awarded to directors.

2.2.1 REMUNERATION REPORT

The remuneration report contains both audited information and information which is not subject to audit. The two areas which are not subject to audit are highlighted with a '**' next to the heading and these are the Remuneration Policy and Board Members' Expenses.

Remuneration Policy *

The Chief Executive's remuneration and Board Members' fees are directed by the Scottish Government's Public Sector Pay Policy for Senior Appointments. This body also sets, each year, the award for the Chief Executive and Board Members. The annual pay remit for staff is also subject to Scottish Government approval and negotiation with our recognised Trade Union. In 2017/18, Board Members voted against the implementation of the 1% pay award available to Board Members. The Chief Executive's contract is on a permanent basis with a three month period of notice.

Disclosure of Remuneration – Chief Executive and Executive Team

Year ended 31 March 2018	Salary Band at 31/3/18 £'000	Salary paid during 2017/18 £'000	Allowances £'000	Accrued Pension Benefits* £'000	Total £'000
Chief Executive Gordon Watson	80-85	80-85	0-5	35	115-120
Directors and Head of Service					
Jaki Carnegie	55-60	55-60	0-5	19	80-85
Simon Jones	55-60	55-60	0-5	19	80-85
Stuart Mearns	50-55	45-50	0-5	30	75-80
Anna MacLean	45-50	45-50	0-5	15	60-65

Year ended 31 March 2017	Salary Band at 31/3/17 £'000	Salary paid during 2016/17 £'000	Allowances £'000	Accrued Pension Benefits* £'000	Total £'000
Chief Executive Gordon Watson	80-85	80-85	0-5	36	115-120
Directors and Heads of Service					
Jaki Carnegie	55-60	55-60	0-5	19	75-80
Simon Jones	55-60	55-60	0-5	19	75-80
Markus Kroner	55-60	55-60	0-5	17	70-75
Anna MacLean	40-45	40-45	0-5	15	55-60
Stuart Mearns	40-45	40-45	0-5	17	60-65

*The value of pension benefits accrued during the year is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual).

There were no other emoluments paid to the Chief Executive and the Executive Team in the year ended 31 March 2018 (2016/17 – nil).

Year ended 31 March 2018	Real increase (decrease) in pension value and related lump sum		Total accrued pension and related lump sum at 31 March 2018		Cash equivalent transfer value at 31 March 2018	Real increase in cash equivalent transfer value*
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive						
Gordon Watson	0-2.5	0-2.5	40-45	70-75	568	38
Directors and Head of Service						
Jaki Carnegie	0-2.5	0-2.5	5-10	0-5	68	16
Simon Jones	0-2.5	0-2.5	0-5	0-5	33	14
Stuart Mearns	0-2.5	0-2.5	5-10	0-5	75	17
Anna MacLean	0-2.5	0-2.5	0-5	0-5	39	9

Year ended 31 March 2017	Real increase (decrease) in pension value and related lump sum		Total accrued pension and related lump sum at 31 March 2017		Cash equivalent transfer value at 31 March 2017	Real increase in cash equivalent transfer value*
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive						
Gordon Watson	0-2.5	0-2.5	35-40	70-75	517	48
Directors and Heads of Service						
Jaki Carnegie	0-2.5	0-2.5	0-5	0-5	51	11
Simon Jones	0-2.5	0-2.5	0-5	0-5	19	8
Markus Kroner	0-2.5	0-2.5	0-5	0-5	11	4
Anna MacLean	0-2.5	0-2.5	0-5	0-5	29	7
Stuart Mearns	0-2.5	0-2.5	5-10	0-5	56	9

*Excluding inflation and Directors' contributions

Gordon Watson, Jaki Carnegie, Simon Jones, Stuart Mearns and Anna MacLean are ordinary members of the Strathclyde Pension Fund. Markus Kroner left the organisation on 31 March 2017.

Cash Equivalent Transfer Value – CETV

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. The real increase in the value of the CETV reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation on Early Retirement / Loss of Office

There were no exit packages in the year ended 31 March 2018 (2016/17 – nil). Exit costs are accounted for in full in the year of departure. Where the Authority has agreed early retirements, the additional costs are met by the Authority and not by the Strathclyde Pension Fund.

Payments to Past Directors

There were no payments to past directors in the year ended 31 March 2018 (2016/17 – nil).

Fair Pay

The median total remuneration of all staff was £26,536 (2016/17 - £26,273). The pay multiple between the mid-point of the highest paid director's banding (£79,333- £90,152) and the median total remuneration of all staff was 3.1 (2016/17 – 3.1).

Local Government Pension Scheme

The Authority operates a Local Government Pension Scheme provided by Strathclyde Pension Fund, which is administered by Glasgow City Council and is a defined benefit scheme. Details of the contributions to and movements in the fund in the year are stated in Note 21.

Analysis of Board Members' Fees and Expenses*

Board member	Nature of appointment	2017/18 Fees £	2017/18 Expenses* £	2016/17 Fees £	2016/17 Expenses* £
David McCowan	(a)	7,177	-	7,177	-
David McKenzie	(a)	7,177	822	7,177	1,102
Willie Nisbet	(a)	14,354	753	14,353	1,196
Billy Ronald	(a)	7,177	696	7,177	1,072
David Warnock	(a)	7,177	-	7,177	-
Angus Allan	(b)	7,177	67	7,177	197
Colin Bayes	(b)	9,568	471	9,568	622
Petra Biberbach	(b)	14,354	703	14,353	992
Lindsay Morrison	(b)	7,177	-	7,177	-
James Stuart	(b)	19,138	2,219	8,188	544
Diane Docherty	(c)	3,597	-	-	-
Danny Gibson	(c)	3,597	-	-	-
Graham Lambie	(c)	3,597	-	-	-
Murray Lyle	(c)	3,597	-	-	-
Barbara Morgan	(c)	3,597	-	-	-
Ellen Morton	(c)	3,597	-	-	-
Martin Earl	(c)	3,579	-	7,177	-
Bob Ellis	(c)	3,579	-	7,177	1,003
George Freeman	(c)	3,579	-	7,177	-
James Robb	(c)	3,579	-	7,177	-
Hazel Sorrell	(c)	3,579	-	7,177	34
Fergus Wood	(c)	3,579	117	7,177	-
Linda McKay	(b)	-	-	17,515	579
		143,532	5,848	150,101	7,341

Nature of appointment: (a) Locally elected / (b) Appointed by Scottish Government / (c) Local Authority nominee. Some Board Members choose not to claim reimbursement of expenses from the Authority and in some cases are eligible to claim reimbursement of expenses from other sources.

2.2.2. STAFF REPORT

Employment Policies/ Consultation

The Authority has a Joint Negotiating and Partnership Forum (JNPF) in place, through which it ensures effective two-way communications with UNISON Trade Union representatives in resolving any issues arising and consulting on new initiatives.

During 2017/18 key matters on which employees were consulted through the JNPF were:

- Implementation of policies and procedures
- Equality and Diversity
- Pay negotiations
- Best Companies Staff Engagement Survey
- Sickness absence
- UNISON facility time
- National Parks E Learning pool.

Equality and Diversity

We are committed to supporting and promoting diversity on our Board, Executive Team and within our workforce. The Authority is an equal opportunities employer. We are also committed to meeting our duties under the Equality Act 2010 and our new [Mainstreaming report](#) was published in April 2017. The Mainstreaming report sets out how we are mainstreaming equality, the progress we have made and the new outcomes we have set ourselves.

Our policies ensure that all staff are treated equally irrespective of their sex, marital/civil partnership status, age, race, ethnic origin, sexual orientation, disability, religion or belief, work pattern, employment status, gender identity (transgender), caring responsibility or trade union membership. Employment and promotion are on merit on the basis of fair and open competition.

We are committed to the Scottish Government People Strategy to mainstream equality and diversity in every aspect. We have a ParkForAll working group where representatives from throughout the organisation, chaired by a Director, aim to inspire the organisation to deliver against our equality duties, constructively challenge prejudices, raise awareness of the economic and social benefits of inclusion and identify and facilitate actions that support equality and diversity. Together our policies, strategies and approaches will support us in changing behaviours and culture to create a fully inclusive organisation, confident in its diversity; promoting strong leadership and clear accountability for delivering diversity; attracting, keeping and developing talent from all areas of society; and becoming representative of the society we serve, at all levels.

Staff Composition

The Authority's gender split of staffing at the end of the financial year was:

Headcount	31 March 2018			31 March 2017		
	Female	Male	Total	Female	Male	Total
Executive Team	2	3	5	2	4	6
Operational Managers	11	7	18	11	5	16
Employees*	77	66	143	85	67	152
Total	90	76	166	98	76	174

*Including Agency staff

Staff Numbers	2018	2017
Average Number of Board Members during the Year	16	17
Average Number of Full Time Equivalent Employees during the Year	139	127
Analysis of Average Number of Full Time Equivalent Employees		
Permanent	106.1	107.0
Fixed Term	18.7	13.0
Seasonal	14.0	6.5
Agency	0.2	0.5
Total	139	127.0

Numbers of staff with salaries above £50,000 (including Chief Executive)	2018	2017
£80,001 - £85,000	1	1
£75,001 - £80,000	-	-
£55,001 - £60,000	2	3
£50,001 - £55,000	1	-

Board Member and Staff Costs	Note	2018	2017
		£	£
Board Members Fees		143,532	150,101
Social Security Costs		3,472	3,392
Total Board Members		147,004	153,493
Permanent Staff Salaries		3,239,706	3,218,902
Social Security Costs		309,364	311,460
Pension Costs		592,390	616,258
Total Permanent Staff		4,141,460	4,146,620
Other Staff Salaries		779,727	584,228
Social Security Costs		57,943	43,982
Pension Costs		100,564	82,267
Total Other Staff		938,234	710,477
Apprenticeship Levy		5,698	-
Deduct: Included in Programme and Project figures		(93,931)	(70,450)
Deduct: Included in Fixed Assets additions (capitalised salaries)		(126,124)	(102,960)
Total Permanent and Other Staff costs before adjustments for pensions reporting		4,865,337	4,683,687
<u>Adjustments for Pensions Reporting</u>			
Add: Current Service Costs	21	1,294,000	848,000
Less: Employer's Contribution	21	(694,000)	(685,000)
Total Permanent and Other Staff costs after adjustments for pensions reporting		5,465,337	4,846,687
Total Board Member and Staff Costs		5,612,341	5,000,180

Wellbeing

The Delivery Group continued to provide input and support to the Authority in monitoring performance in all areas, including human resources. During the year, the Authority recorded an average loss of 10.7 days per employee for sickness absence (2016/17 – 9.4 days). We continue to monitor sickness absence closely and have a proactive process embedded in the organisation to assist with the management of absence. We continue to provide support through our Occupational Health providers and Employee Assistance programme.

Expenditure on Consultancy and Off Payroll Arrangements

The Authority had no consultancy remuneration or off payroll arrangements in the year ended 31 March 2018 (2016/17 – nil).

2.3 PARLIAMENTARY ACCOUNTABILITY REPORT

This report reports on the regularity of expenditure and on the nature of fees charged by the Authority in its operations.

Regularity of Expenditure

Gifts and Charitable Donations

Gifts totalling £493 were made in the year (2016/17 - £1,125). There were no charitable cash donations made in the year (2016/17- nil).

Losses, Special Payments and Write-offs

There was a bad debt write off of £125 in the year and a bad debt provision of £29,281 (2016/17 - £417 bad debt provisions). There were no stock write-offs, no other losses and no special payments in the year (2016/17 – nil).

Remote Contingent Assets and Liabilities

The Authority is involved in a legal dispute which may result in a contingent asset or contingent liability, depending on the outcome of the case. Refer to Note 17 for further details.

Fees and Charges

Details of all fees charged by the Authority are available on our [website](#). A brief explanation of the areas for which we charge for services is shown below.

Boat Registration and Launch Fees

It is a requirement of the Loch Lomond Byelaws 2013 that all motorised vessels are registered with the Authority before using the Loch and display an annual mark, registration letters and numbers. Registration is free if users are providing their own letters and numbers, otherwise a charge applies. Vinyl backing boards can be purchased for the display of registration letters and annual marks if users do not want to place them directly on the vessel.

Launch fees apply to all motorised vessels who wish to launch from our facilities. A day launch or annual launch ticket can be purchased. A single launch or recovery can also be arranged. The monies generated are invested into the work of the Authority, ultimately helping to improve the visitor experience.

The Authority works closely with and contributes financially towards the Loch Lomond Rescue Boat. The rescue boat provides 24 hour safety cover on the Loch and when required the Authority's Ranger Service assists with rescues and searches.

Camping Management Income

As part of the Your Park project, the Authority introduced fees associated with the purchase of seasonal camping permits from 1st March 2017 to the 30th of September 2017, which apply to four Camping Management Zones across the National Park. Permit charges are £3 per permit per night.

There are also three campsites managed by the Authority (Inchcailloch, Loch Lubnaig and Loch Chon). The charge for campsite pitches ranges from £5 to £7 per adult per night, dependent on the level of facilities on offer at the site, with no charge for children.

Litter and Fly-tipping Fixed Penalty Notices

The Authority introduced charges for litter and fly-tipping fixed penalty notices during 2016/17 which was required by legislation, with the level of the fees assigned to the notices determined by Scottish Government: a minimum of £80 for littering and £200 for fly-tipping.

Toilets and Parking Charges

The Authority charges for the use of the toilet facilities (30p) at two of our busiest sites; Balmaha Visitor Centre and Luss Toilets. We also charge for car parking (up to £4 per day) at our visitor sites at Inveruglas and Loch Lubnaig, with the intention of extending car parking charges during 2018/19 to other busy sites.

Planning Fees

The Authority charges a fee for most planning applications submitted. These fees are set by the Scottish Government and help to cover the costs associated with processing an application. They do not cover the full cost, although the level of fee depends on the type of application and the scale of the proposed development. Further information is available on our [website](#).

Signed on behalf of Loch Lomond & The Trossachs National Park Authority

Gordon Watson
Chief Executive and Accountable Officer
26 June 2018

2.4 INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to Loch Lomond & The Trossachs National Park Authority, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Loch Lomond & The Trossachs National Park Authority for the year ended 31 March 2018 under the National Parks (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flow, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to

fraud or error.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements.

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements in accordance with ISAs (UK&I), our responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on other prescribed matters

We are required by the Auditor General for Scotland to express an opinion on the following matters.

In our opinion, the auditable part of the Remuneration and Staff Report has been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Joanne Brown, (for and on behalf of Grant Thornton UK LLP)

**110 Queen Street
Glasgow
G1 3BX**

26 June 2018

3. ANNUAL ACCOUNTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

Year ended 31 March 2018

	Note	2018 £	2017 £
Expenditure			
Board Members and Staff Costs	7	5,612,341	5,000,180
Other Operating Costs	8	1,504,377	1,540,575
Programme Expenditure	4	12,081	28,595
Project Expenditure	5	1,260,443	1,214,638
Depreciation	10/11	534,397	490,379
Provision for Impairment of Assets		706,016	267,588
		<u>9,629,655</u>	<u>8,541,955</u>
Income			
Planning Fees		179,901	194,236
Programme Income	4	12,081	28,595
Project Income		766,678	474,457
Other Income	6	272,745	312,911
Profit on Disposal of Fixed Assets		9,500	7,038
Total Income		<u>1,240,905</u>	<u>1,017,237</u>
Net Expenditure		8,388,750	7,524,718
Less: Interest Receivable		<u>(502)</u>	<u>(386)</u>
Net Expenditure for Year		<u>8,388,248</u>	<u>7,524,332</u>
Other Comprehensive Net Expenditure			
Net Loss (Gain) on Revaluation of Property		1,708,176	(1,183,646)
(Gain) on Indexation of Property		(206,476)	-
Actuarial (Gain) Loss on Pension Scheme		<u>(4,857,000)</u>	<u>3,895,000</u>

No activities were discontinued during the year.

The notes on pages 31 to 49 form part of these Accounts.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Note	2018 £	2017 £
Non-current Assets			
Property, plant and equipment	10	9,601,157	11,231,283
Intangible assets	11	44,556	51,612
Investments	12	-	-
Trade and other receivables	13	5,030	15,602
Total Non-current Assets		9,650,743	11,298,497
Current Assets			
Inventories		6,101	7,796
Trade and other receivables	13	243,857	363,127
Cash and cash equivalents	14	277,768	886,421
Total Current Assets		527,726	1,257,344
Total Assets		10,178,469	12,555,841
Current Liabilities			
Trade and other payables	15	799,541	1,257,875
Total Current Liabilities		799,541	1,257,875
Non-current Assets less Net Current Liabilities		9,378,928	11,297,966
Non-current Liabilities			
Trade and other payables	15	172,368	173,684
Pension fund liability	22	2,320,000	6,399,000
Total Non-current Liabilities		2,492,368	6,572,684
Total Liabilities		3,291,909	7,830,559
Assets less Liabilities		6,886,560	4,725,282
Taxpayers' Equity			
General Reserve		3,722,098	3,908,747
Revaluation Reserve		5,476,962	7,208,035
Donated Asset Reserve		7,500	7,500
Pension Reserve	22	(2,320,000)	(6,399,000)
Total Taxpayers' Equity		6,886,560	4,725,282

Signed on behalf of Loch Lomond & The Trossachs National Park Authority

Gordon Watson
Chief Executive & Accountable Officer

The Accountable Officer authorised these financial statements for issue on 26 June 2018.

The notes on pages 31 to 49 form part of these Accounts.

STATEMENT OF CASH FLOWS
For the Year ended 31 March 2018

	Note	2018 £	2017 £
Cash Flows from Operating Activities			
Net Expenditure before Interest		(8,388,750)	(7,524,718)
Adjustments for items not involving the Movement of Cash			
Depreciation	10/11	534,397	490,379
Provision for impairment of assets		706,016	267,588
Gain on sale of property, plant & equipment		(9,500)	(7,038)
Pension adjustments in Other Income	6	181,000	84,000
Net pension adjustments in Staff Costs	7	600,000	163,000
Movements in Working Capital			
Decrease (increase) in trade and other receivables		119,270	(106,256)
(Decrease) increase in trade and other payables		(458,333)	242,023
Decrease (increase) in inventories		1,695	(1,196)
Movement in Non-current Assets and Liabilities			
Decrease (increase) in trade and other receivables > 1 year		10,572	(4,449)
(Decrease) increase in trade and other payables > 1 year		(1,316)	173,684
Net Cash Outflow from Operating Activities		(6,704,949)	(6,222,983)
Cash Flows from Investing Activities			
Bank interest received		502	386
Purchase of property, plant and equipment and intangible assets	10/11	(1,104,932)	(769,873)
Proceeds from sale of property, plant and equipment		9,500	10,971
Investment	12	-	(20,000)
Net Cash Outflow before Financing		(7,799,879)	(7,001,499)
Cash flows from Financing Activities			
Cash allocation applied to Operating Costs	3	6,220,000	6,270,000
Cash allocation applied to Capital Expenditure	3	860,000	1,095,000
Grants and other funding for Capital Expenditure		111,226	47,205
Grants for future Capital Expenditure		-	167,885
Net (Decrease) Increase in Cash and Cash Equivalents		(608,653)	578,591
Cash and cash equivalents at the beginning of the period	14	886,421	307,830
Cash and Cash Equivalents at the End of the Period	14	277,768	886,421

The notes on pages 31 to 49 form part of these Accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
For the year ended 31 March 2018

	General Fund £	Revaluation Reserve £	Donated Asset £	Pension Fund £	Total £
Balance at 1 April 2016	3,428,514	6,203,364	6,000	(2,260,000)	7,377,878
Cash Allocation*	7,365,000	-	-	-	7,365,000
Other grants	215,090	-	-	-	215,090
Net Expenditure after interest	(7,524,332)	-	-	-	(7,524,332)
Gain on revaluation of property	-	707,143	1,500	-	708,643
Write back of depreciation on revaluation	14,236	460,767	-	-	475,003
Transfer of annual depreciation charge on assets with revaluation reserve	163,239	(163,239)	-	-	-
Pension fund actuarial (loss)	-	-	-	(3,895,000)	(3,895,000)
Other pension fund gains	-	-	-	3,000	3,000
Net return on pension assets	84,000	-	-	(84,000)	-
Transfer to net fund pension liabilities	163,000	-	-	(163,000)	-
Balance at 31 March 2017	3,908,747	7,208,035	7,500	(6,399,000)	4,725,282
Balance at 1 April 2017	3,908,747	7,208,035	7,500	(6,399,000)	4,725,282
Cash Allocation*	7,080,000	-	-	-	7,080,000
Other grants	111,226	-	-	-	111,226
Net Expenditure after interest	(8,388,248)	-	-	-	(8,388,248)
(Loss) on revaluation of property	-	(1,708,176)	-	-	(1,708,176)
Transfer of annual depreciation charge on assets with revaluation reserve	171,646	(171,646)	-	-	-
Gain on indexation of property	57,727	148,749	-	-	206,476
Pension fund actuarial gain	-	-	-	4,857,000	4,857,000
Other pension fund gains	-	-	-	3,000	3,000
Net return on pension assets	181,000	-	-	(181,000)	-
Transfer to net fund pension liabilities	600,000	-	-	(600,000)	-
Balance at 31 March 2018	3,722,098	5,476,962	7,500	(2,320,000)	6,886,560

* The Authority receives a budget from the Scottish Government (known as Departmental Expenditure Limit or DEL) to cover the cash costs of capital and operating expenditure, net of other income sources and funding from partner agencies to jointly fund projects.

NOTES TO THE ACCOUNTS

For the Year Ended 31 March 2018

1. Accounting Policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these accounts have been prepared in compliance with the principles and disclosure requirements of the HM Treasury Financial Reporting Manual (FReM), which follows generally accepted accounting practice as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The particular accounting policies adopted by Loch Lomond & The Trossachs National Park Authority are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard (IAS) 8 Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies, which do not give rise to a prior year adjustment are reported in the relevant note.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, investments and inventories to fair value as determined by the relevant accounting standard.

1.2 Accounting Period

The accounting period commenced on 1 April 2017 and ended on 31 March 2018.

1.3 Non-Current Assets: Property, Plant and Equipment

Recognition

All land and buildings are accounted for as non-current assets, unless they are deemed to be held-for-sale, and are accounted for under IAS 16 Property, Plant and Equipment.

Capitalisation

Expenditure is capitalised on the acquisition or creation of property, plant and equipment

- (i) only where it is probable that the future economic benefits associated with the item will flow to the Authority
- (ii) and the cost of the asset can be measured reliably.

The minimum level for capitalisation of individual or pooled PPE assets within the Authority is £500. Assets below this value are charged as an expense to the Statement of Comprehensive Net Expenditure.

Subsequent Expenditure

Subsequent expenditure is included in an asset's carrying value only where it can be reliably measured

and will generate future economic benefits for the Authority. Where this occurs the carrying amount of the replaced part is de-recognised. Expenditure that maintains, but does not add to, an asset's potential to deliver economic benefits, is charged as an expense when it is incurred.

Valuation

Property, plant and equipment are initially recorded at cost and are then carried in the Statement of Financial Position using the following measurement bases:

- Operational Land and Buildings (Non Specialised) : Market Value
- Operational Land and Buildings (Specialised): Depreciated Replacement Cost
- Vehicles, Plant, Equipment and Other Non-Property Related Assets: Depreciated Historic Cost

Assets under construction are held on the Statement of Financial Position at historic cost until completed, depreciated in the year of completion and valued at the end of the financial year of completion. Any impairment or revaluation gain is recognised upon valuation.

In accordance with IAS 16, all land and buildings are restated to current value, using professional valuations, every five years. Valuations on initial recognition of new land and buildings are also carried out. An interim valuation of the assets was carried out at 31 March 2017 and this has been supplemented by annual indexation on buildings held at Depreciated Replacement Cost at 31 March 2018.

Valuations are carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The terms applied are consistent with the agreed requirements of HM Treasury. Any changes in asset value are accounted for in line with IAS 16.

Impairment

An initial impairment assessment is conducted for assets when they are brought onto the Statement of Financial Position. An annual desktop impairment review is also conducted for all in-use assets.

Where indications of an impairment or reduction in value of an asset exist, and are considered material, the recoverable amount on the asset is estimated. Where this is less than the carrying amount of the asset, the impairment loss is recognised in line with IAS 38.

Leased Assets

Leases where the terms transfer substantially all of the risks and rewards of ownership to the Authority are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay. Subsequent to initial recognition, the asset is accounted for in line with the relevant accounting policy.

There are two leased assets being held under a finance lease. Given the non-material nature of the finance lease creditor, this has not been recognised. Refer to Note 16 for more details. Other leases are operating leases and are not recognised in the Statement of Financial Position.

Donated Assets

Donated assets are revalued, depreciated and subjected to impairment review in the same way as other fixed assets.

1.4 Depreciation

All categories of assets, with the exception of land and buildings, are carried at depreciated historic cost; with depreciation charged over the useful economic life of the asset.

Depreciation is calculated on all property, plant and equipment, other than land, on a straight line basis, as follows:

Type of Asset	Period over which asset will be depreciated
Freehold Buildings	50 years or expected life as determined by valuer, if shorter.
Leasehold Buildings	50 years or period of lease whichever is shorter
IT Hardware	3 - 5 years
IT Infrastructure	5 years
Vehicles	5 years
Vessels	5 - 25 years
Machinery, Equipment, Furniture & Fittings	3 - 5 years

A full year's depreciation is charged in the year of acquisition and the year of disposal.

1.5 Non-Current Assets: Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is an asset which is controlled by the Authority as a result of past events and from which future economic benefits are expected. In accordance with the FrEM these assets are accounted for in line with the requirements of IAS 38 Intangible Assets. Copyright, IT systems, software licences and the Authority website are disclosed as intangible assets.

Intangible assets are measured at cost and only revalued where the fair value of the asset can be determined by reference to an active market.

Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Type of Asset	Period over which asset will be depreciated
Copyright	5 years
Website, IT systems and software	3 years

Impairment reviews are carried out if there is any indication that impairment should be considered.

1.6 Investments

Investments are recognised at cost on acquisition. In line with IAS36, Impairment of Assets, at the end of each reporting period the Authority is required to assess whether there is any indication that an asset may be impaired. An impairment loss is recognised whenever recoverable amount is below carrying

amount.

1.7 Inventories

Inventories are stated at the lower of Cost and Net Realisable Value.

1.8 Corporation Tax

Any tax liability is recognised in accordance with IAS 12 Income Taxes.

1.9 Value Added Tax (VAT)

Irrecoverable VAT is included with the relevant cost and charged to the Statement of Comprehensive Net Expenditure in the period in which it is incurred.

1.10 Leases

Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure over the term of the lease.

Finance Leases

(i) Lease payments

The annual finance expense that would be allocated to the two assets held under a finance lease is immaterial (£1). Given the non-material value of this creditor and the finance expense, the minimum lease payments have not been apportioned between the finance expense and the reduction of the outstanding liability. Refer to Note 16.

(ii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Authority determines whether such an arrangement is or contains finance lease in accordance with IAS 17.

1.11 Scottish Government Departmental Expenditure Limit

The Authority receives a budget from the Scottish Government, known as Departmental Expenditure Limit or DEL, to finance the cash costs of capital and operating expenditure, net of other income sources and depreciation. In accordance with financial reporting guidance, the DEL cash allocation is credited to the General Fund in the Statement of Changes on Taxpayers' Equity and net expenditure on activities funded by the DEL cash allocation is charged to the General Fund in the Statement of Changes on Taxpayers' Equity.

1.12 Income and Expenditure Recognition

Income from activities and expenditure is accounted for in the year to which it related and not to when cash payments are made or received.

Where income or expenditure has been recognised but cash has not been received or paid, a receivable or payable for the corresponding amount is recorded in the Statement of Financial Position.

Where cash has been received or paid in advance of the activity or expenditure, no income or expense is recognised and a payable or receivable for the corresponding amount is recorded in the Statement of Financial Position.

1.13 Other Grants and Income

The Authority receives other grants to finance its net expenditure. Other grants used to purchase fixed assets are credited to the General Reserve.

Operating income is income that relates directly to the operating activities of Loch Lomond & The Trossachs National Park Authority. It includes fees and charges for services provided to external customers.

1.14 Pension Costs

The Authority participates in a Local Government Pension Scheme, Strathclyde Pension Fund, which is administered by Glasgow City Council and is a defined benefit scheme. Employer's contributions to the pension fund and the pension liability are accounted for under the requirements of IAS 19, Employee Benefits. Pension disclosures are contained in Note 21.

1.15 Short-term Employee Benefits

A liability and expense are recognised for accrued but unused annual leave and flexitime as at 31 March 2018.

1.16 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at commercial banks and in hand.

1.17 Trade Receivables

All material amounts due as at 31 March 2018 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were received.

1.18 Trade Payables

All material amounts due as at 31 March 2018 have been brought into the Statement of Comprehensive Net Expenditure irrespective of when actual payments were made.

1.19 Financial Instruments

The Authority does not hold any complex financial instruments. The only financial instruments included in the accounts are financial assets in the form of investments in other entities, cash, trade receivables and accrued income, and financial liabilities in the form of trade payables and accruals. Financial instruments are recognised in accordance with IAS 37, IAS 39, and IFRS 7 as interpreted and adapted by the FReM, initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the Authority will be unable to collect an amount due in accordance with agreed terms.

1.20 Segmental Reporting

IFRS 8 Segmental Reporting requires operating segments to be identified on the basis of internal reports about components of the Authority that are regularly used by the chief operating decision makers in order to allocate resources and assess their performance. The Authority reports on three segments of Visitor Experience, Conservation and Rural Development. Refer to Note 5 for further details.

1.21 Interest in Other Entities

IFRS12 requires disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Authority is a Designated Member of National Parks Partnerships LLP, which was incorporated on 11 June 2016. Along with the other 14 UK National Parks, the Authority holds an equal share in the Partnership. Refer to Note 12 for further details. This investment does not meet the criteria of a subsidiary, joint venture or associate and has been recognised as an investment, in line with the investment policy (Note 1.6).

1.22 Critical Judgements and Estimates

In application of the accounting policies outlined above, there are limited areas where judgement has to be made. The following are the critical judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

- Valuation of Land and Buildings

As detailed in Note 1.3, all land and buildings are valued using professional valuations in accordance with IAS 16 every five years. Valuations are also carried out on initial recognition of new land and buildings. The last quinquennial valuation was carried out at 31 March 2014 and an interim valuation was carried out as at 31 March 2017 on the property assets. Ryden LLP has provided the property valuations for the Authority.

Ryden LLP is a RICS Regulated firm and must ensure that all processes and valuations are fully compliant with the RICS Valuation – Professional Standards (The Red Book). Assets are valued on the basis of either Market Value or Depreciated Replacement Cost.

The interim valuation of land and buildings assets carried out at 31 March 2017 has been supplemented by annual indexation on buildings held at Depreciated Replacement Cost at 31 March 2018 using the UK Building Cost Index.

- Actuarial Assumptions used in Pension Valuations

The pension valuations are provided by the pension scheme's actuaries, Hymans Robertson. The pension liability has been calculated by the actuary in line with IAS 19 requirements. The actuary conducts a formal triennial valuation of the fund, the most recent valuation being conducted as at 31 March 2017. The formal valuation calculates the employer's assets and liabilities on a detailed basis using individual member data and calculates the required rate of employer's contributions to the fund for the period from 1 April 2018 to 31 March 2021. The balance sheet position as at 31 March 2018 and the projected cost for 2018/19 are based on the roll forward from the valuation at 31 March 2017. The roll forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period. The assets are valued at bid value as required by IAS 19 and the projected unit credit method of valuation is used. The pension liabilities are valued on an actuarial basis, using the actuary's standard assumptions, appropriate for the Authority's liability profile.

3. Scottish Government Departmental Expenditure Limit (DEL)	2018	2017
	£	£
Cash DEL allocated to meet operational expenditure	6,236,000	6,286,000
Cash DEL allocated to meet capital expenditure	860,000	1,095,000
	<u>7,096,000</u>	<u>7,381,000</u>
Deduct amounts earmarked for specific operational projects	(16,000)	(16,000)
Total cash DEL received (resource and capital DEL)	<u><u>7,080,000</u></u>	<u><u>7,365,000</u></u>

4. Programme Income & Expenditure	Income	Expenditure	Net
	£	£	£
West Highland Way	12,081	12,081	0
Total 2017/18	<u>12,081</u>	<u>12,081</u>	<u>0</u>
Total 2016/17	<u><u>28,595</u></u>	<u><u>28,595</u></u>	<u><u>0</u></u>

The Authority is a member of the West Highland Way Management Group and manages the programme income and expenditure which is 'ring-fenced' by the Authority and only used for this specific purpose.

5. Analysis of Net Expenditure by Segment

	Board members and staff costs	Other operating & programme costs	Project Expenditure	Income	Net Segmental Expenditure
	£	£	£	£	£
Visitor Experience	3,454,782	1,053,868	840,291	(838,031)	4,510,910
Conservation	671,311	43,525	220,523	(186,441)	748,918
Rural Development	1,486,248	419,065	199,629	(387,933)	1,717,009
Total 2017/18	<u>5,612,341</u>	<u>1,516,458</u>	<u>1,260,443</u>	<u>(1,412,405)</u>	<u>6,976,837</u>
	Board members and staff costs	Other operating & programme costs	Project Expenditure	Income	Net Segmental Expenditure
	£	£	£	£	£
Visitor Experience	3,065,577	1,098,140	929,368	(684,890)	4,408,195
Conservation	673,246	20,493	122,313	(65,333)	750,719
Rural Development	1,261,357	450,537	162,957	(343,976)	1,530,875
Total 2016/17	<u>5,000,180</u>	<u>1,569,170</u>	<u>1,214,638</u>	<u>(1,094,199)</u>	<u>6,689,789</u>

Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure

Net Segmental Expenditure as above	£ 6,976,837
Items not attributable to segmental activity:	
Deficit of return on pension assets over interest	181,000
Depreciation	534,397
Provision for impairment of assets	706,016
Gain on disposal of fixed assets	(9,500)
Interest receivable	<u>(502)</u>
Net Expenditure for Year	<u><u>8,388,248</u></u>

6. Other Income		2018	2017
		£	£
Shared Services recharge		45,000	44,032
Modern Apprenticeship programme contribution		8,365	7,000
Boat registration and launch fees		49,730	58,603
Sale of goods		6,498	5,625
Property rental and recharges		193,780	152,103
Deficit of return on pension assets over interest cost		(181,000)	(84,000)
Miscellaneous		150,372	129,548
		<u>272,745</u>	<u>312,911</u>
7. Board Members and Staff Costs	Note	2018	2017
		£	£
<u>Board Members</u>			
Fees*		143,532	150,101
Social Security Costs		3,472	3,392
		<u>147,004</u>	<u>153,493</u>
 <u>Permanent Staff</u>			
Salaries		3,239,706	3,218,902
Social Security Costs		309,364	311,460
Pension Costs		592,390	616,258
		<u>4,414,460</u>	<u>4,146,620</u>
 <u>Other Staff</u>			
Salaries		779,727	584,228
Social Security Costs		57,943	43,982
Pension Costs		100,564	82,267
		<u>938,234</u>	<u>710,477</u>
Apprenticeship Levy		5,698	-
Deduct: Included in Programme and Project figures		(93,931)	(70,450)
Deduct: Included in Fixed Asset additions (capitalised salaries)		(126,124)	(102,960)
Total Permanent and Other Staff Costs before pension adjustments		<u>4,865,337</u>	<u>4,683,687</u>
<u>Adjustments for Pensions Reporting</u>			
Add: Current Service Costs	21	1,294,000	848,000
Less: Employer Contributions	21	(694,000)	(685,000)
Total Permanent and Other Staff Costs after pension adjustments		<u>5,465,337</u>	<u>4,846,687</u>
Total Board Member and Staff Costs		<u>5,612,341</u>	<u>5,000,180</u>

* Refer to Remuneration Report on page 18

8. Other Operating Costs	2018	2017
	£	£
Travel & Subsistence	33,711	32,553
Conferences, Courses & Training	38,345	26,827
Other Staff Costs	44,551	42,134
Property Rent & Rates	236,310	299,392
Energy Costs	58,307	77,089
Property Repairs & Development	92,255	48,290
Other Property Costs	183,957	201,313
Grounds Maintenance	68,190	142,170
Tools & Equipment Consumables	13,609	16,393
Transport Costs	116,270	96,788
Uniforms & Clothing	10,271	9,236
Catering & Hospitality	18,712	16,727
Printing & Stationery	11,413	14,507
Published Materials	37,826	36,720
Telecommunications & Data	88,917	94,759
Legal & Professional Fees	176,205	175,511
Software & IT Supplies	174,968	129,005
Goods for Resale	3,883	1,814
Advertising - Statutory	19,610	26,951
- Other Advertising	1,476	252
Other Administration Costs	15,020	13,488
Contributions to Other Bodies	9,225	12,459
Audit Fee - Internal	11,000	15,000
- External	10,940	10,780
Bad Debt	29,406	417
	<u>1,504,377</u>	<u>1,540,575</u>

9. Corporation Tax

The Authority has commercial activities which generate taxable income and from 1 April 2015 is obliged to submit a corporation tax computation to HMRC. There is no taxable profit arising from these activities (2016/17 – loss carried forward of £412,399).

10. Property, Plant and Equipment

	Freehold Land & Buildings	Leasehold Buildings	Vehicles & Marine & Vessels	Equipment Plant & Machinery	Furniture & Fittings	IT Hardware & Infrastructure	Assets under Construction	Total Tangible Assets
Cost or Valuation								
At 1 April 2017	5,569,000	4,851,705	1,137,437	305,964	800,974	1,682,087	341,604	14,688,771
Disposals at Cost	-	-	(80,988)	-	-	-	-	(80,988)
Additions at Cost	-	-	122,728	3,470	11,409	13,186	925,313	1,076,106
Transfer Asset into Use	-	825,438	-	-	11,325	-	(836,763)	-
Impairment Charge	-	(2,357,438)	-	-	-	-	(113,920)	(2,471,358)
Indexation	117,329	89,147	-	-	-	-	-	206,476
At 31 March 2018	5,686,329	3,408,852	1,179,177	309,434	823,708	1,695,273	316,234	13,419,007
Accumulated Depreciation								
At 1 April 2017	-	-	792,277	285,057	753,881	1,626,273	-	3,457,488
Disposals	-	-	(80,988)	-	-	-	-	(80,988)
Charge for Year	109,506	170,745	130,399	15,227	33,735	38,903	-	498,515
Written back on revaluation:								
- Impairment Charge	-	(57,165)	-	-	-	-	-	(57,165)
At 31 March 2018	109,506	113,580	841,688	300,284	787,616	1,665,176	-	3,817,850
Net Book Values								
31 March 2018	5,576,823	3,295,272	337,489	9,150	36,092	30,097	316,234	9,601,157
31 March 2017	5,569,000	4,851,705	345,160	20,907	47,093	55,814	341,604	11,231,283

Freehold Land and Buildings contain one piece of land at Kenmore Wood that was donated to the Authority and is valued at £7.5k.

The Gateway Centre was revalued as at 31 March 2018 following the completion of the project. The valuer has changed the valuation basis from Depreciated Replacement Cost to Market Value, resulting in a decrease in the carrying value of £2.36m and impairment of £592k.

11. Intangible Assets

	IT Systems & Software	Website	Copyright	Total Intangible Assets
Cost or Valuation				
At 1 April 2017	437,827	64,367	26,875	529,069
Additions at Cost	21,976	-	6,850	28,826
At 31 March 2018	459,803	64,367	33,725	557,895
Accumulated Depreciation				
At 1 April 2017	432,826	21,456	23,175	477,457
Charge for Year	11,206	21,456	3,220	35,882
At 31 March 2018	444,032	42,912	26,395	513,339
Net Book Values				
31 March 2018	15,771	21,455	7,330	44,556
31 March 2017	5,001	42,911	3,700	51,612

12. Investments in Other Entities

	2018	2017
	£	£
Additions at Cost	-	20,000
Impairment	-	(20,000)
	<u>-</u>	<u>-</u>

This investment represents the Authority's interest in National Parks Partnerships LLP.

The Partnership was incorporated on 11 June 2016 for the purpose of enabling the UK National Parks to pursue and enter into commercial arrangements. At incorporation Loch Lomond & The Trossachs National Park Authority and the other 14 UK National Park Authorities contributed £10,000 for an equal share in the entity with a further capital call of £10,000 in March 2018. The Partnership changed its name from National Park Partnerships LLP to National Parks Partnerships LLP on 18 August 2017.

The first accounting period ended on 30 June 2017. On 11 December 2017, the accounting reference date was shortened to 31 March 2018. Subsequent periods will end on the 31st of March.

The Authority is a Designated Member of the Partnership and is jointly responsible for ensuring compliance with the Limited Liability Partnership Act 2000. Gordon Watson is a Board Member of the Management Board of the Partnership. Decisions require a simple majority vote, with certain exceptions that require approval by at least three quarters of the members.

The investment was fully impaired as at 31 March 2017, as the capital contributions cannot be withdrawn or paid back. Profits of the Partnership will be divided equally between all of the members following approval of the annual accounts. On leaving the Partnership a partner is only entitled to the undrawn balance of its profit share and on liquidation a partner would only receive a share after all creditors' and liquidators' expenses have been met.

13. Trade Receivables and Other Assets

	2018	2017
	£	£
Amounts falling due within one year:		
Trade receivables	103,020	165,573
Other receivables	3,962	4,747
VAT receivable	13,017	27,143
Prepayments and accrued income	123,858	165,664
	<u>243,857</u>	<u>363,127</u>
Amounts falling due after one year:		
Prepayments	<u>5,030</u>	<u>15,602</u>

14. Cash and Cash Equivalents	2018	2017
	£	£
Bank Accounts	276,743	885,703
Imprest Accounts	1,025	718
	<u>277,768</u>	<u>886,421</u>

All balances were held at banks or in hand (2016/2017 - all).

15. Trade Payables and Other Liabilities	2018	2017
	£	£
Amounts payable within one year:		
Trade payables	138,951	728,343
Accruals and deferred income	656,205	524,660
Funds held for third parties	4,385	4,872
	<u>799,541</u>	<u>1,257,875</u>
Amounts falling due after more than one year:		
Deferred Income	<u>172,368</u>	<u>173,684</u>

16. Finance Leases

Two assets are identified as being held under a finance lease. The minimum rent on these assets is £1 and £5 per year and the value of the corresponding finance lease creditor is £138 (2016/17- £143). Given the non-material value, this has not been recognised as a finance lease creditor.

There are no contingent rent provisions or renewal or purchase options on these leases. As at 31 March 2018, the net carrying amount of buildings leased under a finance lease was £459,676 (2016/17- £1,641,511), which is included within total leasehold buildings in Note 10.

17. Capital Commitments, Contingent Assets and Contingent Liabilities

There was £224k committed but unspent capital expenditure at 31 March 2018 (31 March 2017 – £519k). In addition, there was £105k of committed capital grant expenditure as at 31 March 2018 (31 March 2017 – £210k).

Holding assets results in repair and maintenance obligations, which are addressed based on priority of risk and need. Although no contingent liabilities have been identified, there is an inherent risk of liability, however remote, through ownership of assets.

The Authority remains involved in a legal dispute, which may result in a contingent asset or liability, depending on the outcome of the case. The Authority has raised an action to remove the tenants from Luss Visitor Centre, following a breach of the lease terms. The former tenants are defending the action to remove them and are counterclaiming for the costs of cleaning and maintaining the toilets in the Visitor Centre.

18. Operating Lease Obligations

Obligations under non-cancellable Operating Leases are:

	Land & Buildings	
	2018	2017
	£	£
Within One Year	72,611	76,900
Two to Five Years	110,528	149,895
After Five Years	120,712	132,780

Rents receivable under non-cancellable Operating Leases are:

	Land & Buildings	
	2018	2017
	£	£
Within One Year	127,255	132,599
Two to Five Years	280,696	218,408
After Five Years	287,403	168,368

19. Related Party Transactions

The Authority is a non-departmental public body of the Scottish Government. The Authority's sponsoring body is the Scottish Government Rural Directorate.

The Scottish Government and Scottish Government Rural Directorate are regarded as related parties with whom there have been various material transactions during the year in the normal course of business. In addition, the Authority has had a number of material transactions with other Government departments and other non-departmental public bodies.

None of the Board Members, Executive Team or other related parties has undertaken any material transactions with the Authority during the year. Material transactions cover payments made under contract for goods or services.

20. Financial Instruments - Exposure to Risks

The Authority's cash operating and capital expenditure is met from the DEL cash budget allocation from the Scottish Government, from other income sources and from contributions from partner agencies to jointly fund projects. The Authority has no powers to borrow money or to invest surplus funds. Other than financial assets and liabilities which are generated by day-to-day operational activities and the investment in National Parks Partnerships LLP (see Note 12), the Authority holds no financial instruments.

Liquidity Risk

The Authority's net revenue resource requirements are financed by Scottish Government, as is its capital expenditure. The Authority is not therefore exposed to material liquidity risks.

Credit Risk

The Authority's funders are mainly Scottish Government or European Union Departments, Executive Agencies or other Public Bodies. The Authority is therefore not exposed to any material credit risk.

Foreign Currency Risk

The Authority is not exposed to foreign currency risk.

21. Pension Scheme

The Authority participates in a Local Government Pension Scheme, Strathclyde Pension Fund, which is administered by Glasgow City Council and is a defined benefit scheme. In accordance with International Accounting Standard 19 (IAS19), the Authority is required to disclose information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

The Fund's actuary has provided the pension accounting figures in line with the IAS 19 requirements. The actuary conducts a formal triennial valuation of the fund, the most recent valuation being conducted as at 31 March 2017. The formal valuation calculates the employer's assets and liabilities. The balance sheet position as at 31 March 2018 and the projected cost for 2018/19 are based on the roll forward from the valuation at 31 March 2017. The roll forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period.

In 2017/18, the Authority paid an employer's contribution of £692,954 (2016/17 - £698,525) representing 19.3% (2016/17 - 19.3%) of employees' pensionable pay to the Strathclyde Pension Fund (see Note 7). The employer's contribution rate is determined by the Fund's actuary based on triennial actuarial valuations, which was completed at 31 March 2017. The purpose of the valuation is to assess the value of the assets and liabilities of the Fund and calculate the required rate of employer's contributions from 1 April 2018 to 31 March 2021. The Authority's contribution rate will remain at 19.3%.

The amounts recognised in the Statement of Financial Position are as follows:

	2018	2017
	£000	£000
Fair value of plan assets	23,207	22,191
Present value of funded liabilities	(25,457)	(28,518)
Present value of unfunded liabilities	(70)	(72)
Net pension fund liability	<u>(2,320)</u>	<u>(6,399)</u>

Movement in present value of defined benefit and unfunded obligations

	2018	2017
	£000	£000
Opening defined benefit obligation	28,590	19,630
Current service cost	1,294	848
Interest cost on defined benefit obligation	789	722
Actuarial (gain)/ loss arising from actuarial remeasurements	(5,148)	7,369
Contributions by members	230	225
Benefits paid	<u>(228)</u>	<u>(204)</u>
Closing defined benefit obligation	<u><u>25,527</u></u>	<u><u>28,590</u></u>

Movement in fair value of plan assets

	2018	2017
	£000	£000
Opening fair value of plan assets	22,191	17,370
Interest income on plan assets	608	638
Actuarial (loss)/ gain from actuarial remeasurements	(291)	3,474
Contributions by employer	694	685
Contributions by members	230	225
Contributions in respect of unfunded benefits	3	3
Benefits paid	<u>(228)</u>	<u>(204)</u>
Closing fair value of plan assets	<u><u>(23,207)</u></u>	<u><u>22,191</u></u>

The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2018	2017
	£000	£000
Current service cost	1,294	848
Interest cost on obligation	789	722
Interest income on plan assets	<u>(608)</u>	<u>(638)</u>
	<u><u>(1,475)</u></u>	<u><u>932</u></u>

The net expense is recognised in the following line items in the Statement of Comprehensive Net Expenditure:

	2018	2017
	£000	£000
Board Member and Staff Costs	1,294	848
Other Income – deficit of return on pension assets over interest cost	<u>181</u>	<u>84</u>
	<u><u>1,475</u></u>	<u><u>932</u></u>

It should be noted that the pension deficit figure has been specifically produced for the purpose of meeting IAS 19 disclosure requirements. The actuarial valuations take into account the appropriate employer rate and this, together with revenues generated from the investments, will be utilised to meet the Fund's commitments.

Fair value of employer assets

The asset values below are at bid value as required under IAS19.

Asset Category	31 March 2018				31 March 2017			
	Quoted Prices in Active Markets £'000	Prices not Quoted in Active Markets £'000	Total £'000		Quoted Prices in Active Markets £'000	Prices not Quoted in Active Markets £'000	Total £'000	%
Equity Securities	6,313	352	6,665	29%	8,145	4	8,149	37%
Private Equity	-	2,056	2,056	9%	-	1,830	1,830	8%
Real Estate								
UK Property	-	2,750	2,750	12%	-	2,677	2,677	12%
Investment Funds and Unit Trusts								
Equities	7,379	-	7,379	32%	215	6,921	7,136	32%
Bonds	1,003	1,422	2,425	10%	-	1,246	1,246	6%
Commodities	-	-	-	0%	15	-	15	0%
Other	826	361	1,187	5%	28	273	301	1%
Derivatives								
Foreign Exchange	-	-	-	0%	-	3	3	0%
Other	2	7	9	0%	(2)	-	(2)	0%
Cash and Cash Equivalents	-	736	736	3%	799	37	836	4%
Totals	15,523	7,684	23,207	100%	9,200	12,991	22,191	100%

The actuarial gains and losses recognised in the Statement of Changes in Taxpayers' Equity are as follows:

	2018	2017
	£000	£000
Actuarial (loss) gain arising on the fair value of the plan assets	(291)	3,474
Actuarial gain (loss) arising on the defined benefit obligation	5,148	(7,369)
Actuarial gain (loss) recognised in the Statement of Changes in Taxpayers' Equity	4,857	(3,895)

The balance sheet position as at 31 March 2018 and the projected cost for 2018/19 are based on the roll forward from the valuation at 31 March 2017 performed by the independent actuaries to the Strathclyde Pension Fund. The actuarial assumptions were as follows:

	2018	2017
	% pa	% pa
Inflation/ Pension Increase Rate	2.3%	2.4%
Salary Increase Rate	3.5%	4.4%
Discount Rate	2.7%	2.7%
Life Expectancy at age 65 :		
Current Pensioners Male	21.4	22.1
Current Pensioners Female	23.7	23.6
Future Pensioners Male	23.4	24.8
Future Pensioners Female	25.8	26.2

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 March 2018	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	13%	3,313
0.5% increase in the Salary Increase Rate	3%	745
0.5% increase in the Pension Increase Rate	10%	2,503

Information about the Defined Benefit Obligation

	Liability split		Weighted Average Duration
	£'000	Percentage %	
Active members	15,454	60.7%	27.8
Deferred members	5,555	21.8%	26.5
Pensioner members	4,448	17.5%	13.9
Total	25,457	100%	24.5

The figures above are for funded obligations only and do not include any unfunded pensioner liabilities. The durations are as they stood at the latest formal valuation (31 March 2017).

Projected defined benefit cost for the period to 31 March 2019

The table below shows an analysis of the projected amount to be charged to the Statement of Comprehensive Net Expenditure for the period to 31 March 2019.

Period ended 31 March 2019	Assets £'000	Obligations £'000	Net (liability) / asset	
			£'000	% of pay
Projected current service cost *	-	1,351	(1,351)	(37.6%)
Total Service Cost	-	1,351	(1,351)	(37.6%)
Interest income on plan assets	635	-	635	17.7%
Interest cost on defined benefit obligation	-	706	(706)	(19.6%)
Total Net Interest Cost	635	706	(71)	(1.9%)
Total included in Statement of Comprehensive Net Expenditure	635	2,057	(1,422)	(39.5%)

* The service cost figures include an allowance for administrative expenses of 0.2% of payroll.

The contributions paid by the Employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being 31 March 2017) or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2021 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Employer please refer to the 2017 actuarial valuation report dated 31 March 2018. The estimate of Employers contribution for the period to 31 March 2019 is approximately £694,000.



APPENDIX 1

LOCH LOMOND AND THE TROSSACHS NATIONAL PARK AUTHORITY

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of The National Parks (Scotland) Act 2000, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRm) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 27 June 2003 is hereby revoked.

IR HOOPER
Head of Countryside and Natural Heritage Division

Signed by the authority of the Scottish Ministers
Dated: 12 January 2006