

**TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP****16 JUNE 2020****DRAFT UNAUDITED ANNUAL ACCOUNTS FOR 2019/20****JOINT REPORT BY DIRECTOR AND TREASURER**

This report presents the Draft Unaudited Annual Accounts for 2019/20 and summarises a change in the accounting treatment for the year-end surplus.

**1 RECOMMENDATIONS**

1.1 The Partnership is asked to:

- (i) approve the contents of the Draft Unaudited Annual Accounts for 2019/20;
- (ii) authorise the Treasurer to sign the Annual Accounts for submission to the Controller of Audit by 30 June 2020;
- (iii) note the change to the treatment of the year-end surplus arising from implementation of Section 122 of the Transport (Scotland) Act 2019, and that proposals for maintaining a General Fund reserve will be reported to a future meeting of the Partnership.

**2 BACKGROUND**

- 2.1 Regional Transport Partnerships (RTP's) are required to submit their Unaudited Annual Accounts for 2019/20 to the Controller of Audit by 30 June 2020, with Audited Annual Accounts to be submitted by 30 September 2020.
- 2.2 Section 122 of the Transport (Scotland) Act 2019 came into force on 19 March 2020. The application of the revised accounting treatment for the year-end surplus results in presentational changes to the Draft Unaudited Annual Accounts.

**3 DISCUSSION**

- 3.1 Following approval by the Partnership, the Unaudited Annual Accounts for 2019/20 will be signed and submitted to the Controller of Audit and the External Auditors, KPMG by 30 June 2020.
- 3.2 The Unaudited Annual Accounts will then be available for public inspection online between 1 July and 21 July 2020 (inclusive) with any objections being sent to the external auditors.
- 3.3 It is anticipated that the audit of the Annual Accounts for 2019/20 by KPMG will be undertaken in August 2020.

- 3.4 It is further anticipated that External Audit's Report on the 2019/20 audit will be discussed at the meeting of the Partnership on 15 September 2020.
- 3.5 The Unaudited Accounts are attached at Appendix 1 to this report. As in previous years the Partnership's Balance Sheet as at 31 March 2020, was in a net liability position, due largely to the requirements of IAS 19 (retirement benefits). IAS 19 requires the full pension obligations to be recognised in the year they are earned. As reported in previous financial years, this technical accounting requirement has no impact on the underlying basis for meeting current and on-going pension liabilities which will be met, as they fall due, by contributions from constituent authorities. The constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the Partnership with funding to meet all liabilities as they fall due and, therefore, external audit opinion has been that Tactran's actions in this regard are reasonable.
- 3.6 Tactran's functions and accounting requirements are determined by the Transport (Scotland) Act 2005. A technical bulletin issued by Audit Scotland in June 2007 included that the Transport (Scotland) Act 2005 does not permit RTP's to generate a surplus or deficit on the General Fund and, therefore, cannot hold reserves.
- 3.7 In previous years, agreement was sought from the Partnership to carry forward any year-end Core and/or RTS Revenue Programme underspend to supplement the following year's Revenue Budget. It was agreed in March 2020 (Report RTP/20/14) that the anticipated 2019/20 surplus would be carried forward to 2020/21 as deferred income.
- 3.8 Section 122 of the Transport (Scotland) Act 2019 came into force on 19 March 2020. The Act provides RTP's with additional powers to provide greater flexibility, and the powers include the holding of a General Fund reserve.
- 3.9 Although there has been a change in the accounting treatment of the year end surplus, it is anticipated that in practice there will be little change for the Partnership. Any year-end underspend will be utilised to supplement the Revenue Budget for the following year and contributions to/from the General Fund reserve will be reported during the annual budget setting process.
- 3.10 Having the powers to hold a reserve brings additional governance and proposals for a suitable Reserves Policy will be reported to a future meeting of the Partnership.

#### **4 CONSULTATIONS**

4.1 There has been no consultation in the preparation of this report.

#### **5 RESOURCE IMPLICATIONS**

5.1 There are no direct resource implications arising from this report.

#### **6 EQUALITIES IMPLICATIONS**

6.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and no major issues have been identified.

**Mark Speed**  
**Director**

**Scott Walker**  
**Treasurer**

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#### **NOTE**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing this Report.