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**Meeting:** Transport for the North Board

**Subject:** Annual Statement of Accounts 2022/23

**Author:** Paul Kelly, Finance Director

**Sponsor:** Martin Tugwell, Chief Executive

**Meeting Date:** Wednesday 20 March 2024

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**1. Purpose of the Report:**

- 1.1 This report requests the Board's approval of Transport for the North's Statement of Accounts for financial year 2022/23.

**2. Recommendations:**

The Board is recommended to:

- 2.1 note the intention of Transport for the North's independent external auditor to provide an unqualified, clean audit opinion.
- 2.2 note the recommendation of the Audit & Governance Committee to approve the Statement of Accounts for 2022/23.
- 2.3 approve the Statement of Accounts for financial year 2022/23.

**3. Main Issues:**

- 3.1 To comply with legislation, Transport for the North must recognise its pension assets and liabilities in its statutory accounts. This is a statutory accounting adjustment and does not impact on our operational / budgeted position.
- 3.2 Transport for the North's external audit can only be concluded when the external audit of the whole Greater Manchester Pension Fund ("GMPF") is concluded. This allows the output, relevant to Transport for the North, to be considered as true and accurate. The GMPF audit had not been concluded by the September 2023 Board meeting.
- 3.3 At the Board meeting in September 2023, the accounts were approved subject to there being no material variances arising from the completion of our external audit.
- 3.4 As is the case for previous years, the pension fund element of the accounts is compiled using actuarial reports (from GMPF) produced in February prior to the year end. These are based on estimated data which allows draft accounts to be processed and published by 31 May each year.
- 3.5 After completion of the wider pension fund audit, the external auditors compare the actual pension assets and liabilities of TfN against the estimates in February. If there are no material differences the audit opinion can be issued without amendment of the accounts. This has been the case for all previous years.
- 3.6 Following the restructuring in earlier years, the organisation has been systematically recruiting to its establishment. This has resulted in a net inflow of members to our pension fund. This net inflow was not envisaged within the estimated reports, and once considered, shows a material difference to our estimated position.
- 3.7 As a consequence, the statutory accounts have been updated to reflect the position at 31 March 2023 using actual data.

- 3.8 The amended accounts have been shared with the external auditors who have indicated they intend to issue an unqualified, clean audit opinion and report.
- 3.9 The accounts and the respective changes were presented to the Audit and Governance Committee on 8 March 2024. The committee is comfortable to propose the accounts are put before the board for formal approval.
- 3.10 The Transport for the North Statement of Accounts for 2022/23 are included at Appendix 1.

#### **4. Corporate Considerations:**

##### **4.1 *Financial Implications***

There are no financial implications within this report.

##### **4.2 *Resource Implications***

There are no direct resource implications as a result of the report.

##### **4.3 *Legal Implications***

The legal implications have been considered and are included in the report.

##### **4.4 *Risk Management and Key Issues***

There are no risk implications as a result of this report.

##### **4.5 *Environmental Implications***

A full environmental impact assessment has not been carried out because it is not required for this report. There are no environmental implications within this report.

##### **4.6 *Equality and Diversity***

A full impact assessment has not been carried out because it is not required for this report.

##### **4.7 *Consultations***

A consultation has not been carried out because it is not necessary for this report.

#### **5. Background Papers:**

- 5.1 Audit & Governance Committee 9 August 2023 – Draft Statutory Accounts
- 5.2 Audit & Governance Committee 15 September 2023 – Year End Statutory Accounts
- 5.3 Transport for the North Board 27 September 2023 - Annual Governance Statement, Statement of Accounts and Audit Opinion 2022/23
- 5.4 Audit & Governance Committee 8 March 2024 – Year End Statutory Accounts

#### **6. Appendices:**

- 6.1 Appendix 1 - Annual Statement of Accounts