

# WYPTA

West Yorkshire Passenger Transport Authority

## ***Statement of Accounts***

For the year ending 31st March 2005

## **West Yorkshire Passenger Transport Authority and Executive**

Wellington House, 40/50 Wellington Street, Leeds LS1 2DE

### **Foreword to the Annual Accounts 2004/05**

The Annual Review and Accounts document has been prepared to provide an outline of the activities of the Authority and Executive (Metro) for the year 2004/05. The front Review sets out how progress has been made towards the 20 year vision utilising the funds available. It is not exhaustive thus further information is available from Metro, if required, in relation to the various aspects of activity described.

The following statements are attached to enable the reader to appreciate the financial operation of the Authority and Executive:

A statement setting out the responsibilities of the Authority and its Chief Financial Officer  
- this statement also contains the certification of the accounts by the CFO and Chairman.

A statement of internal control designed to provide reasonable assurance of the  
systems of internal management and control and identify any significant issues.

The accounting policies statement identifies the general policies adopted by the Authority.

The Revenue account sets out the revenue income and expenditure for the year.

The Balance Sheet sets out the financial position at 31 March 2005

The cash flow statement summarises the inflows and outflows of cash from transactions with  
third parties for both revenue and capital purposes.

The notes to the accounts provide further detail of transactions within the accounts.

During the early part of 2005/06 a fraudulent transaction was discovered on the Authority's bank account. Further investigation has revealed that a more extensive but lower level of fraud has been perpetrated over a number of years and a detailed investigation is being undertaken to identify the amounts involved. The officer concerned has been dismissed and police are investigating the offence. The investigation by the police is ongoing and the attached accounts have been amended to correct all fraudulent transactions in 2004/05. It is possible that further amendments may be required in the future relating to transactions prior to 1 April 2004.

The detailed accounts follow this summary and appear in their required statutory formats. The Authority complying with the Municipal accounting codes of practice and the Executive complying with Companies Act requirements. This means there are some presentational differences between the two sets of accounts which may cause some difficulties. However, financially they are fully compatible and have both received a clean audit opinion by the Audit Commission.

There are new accounting regulations (2004 SORP - LAAP Bulletin 61) that require group accounts to be prepared for local authorities from 1 April 2004. However, there are transitional arrangements in the regulations under which the Executive would fall outside the group boundary. Never the less it is intended to comply with this SORP for the 2005/06 accounts the change being identified as a change in accounting policy.

#### **Responsibilities**

The Passenger Transport Authority is responsible for determining Public Transport policies in West Yorkshire and for providing funds to the Executive to carry them out. In 2004/05 the Authority provided a revenue grant to the Executive of £76.1m to cover the costs of meeting those policies. The attached statements show the grant to the Executive and the sources of funding. The Executive's accounts indicate the use made of those funds.

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### The Levy

In 2004/05 grant income was received from Central Government to cover franchised rail costs and payments under the Rural Bus initiative. The remainder of the Authority's expenditure was met by a Levy on the five constituent District Councils (Bradford, Calderdale, Kirklees, Leeds and Wakefield) and a transfer from reserves.

Due to adjustments to the Executive's balance sheet for 31 March 2004, agreed with the auditors, the Authority reduced their revenue grant to achieve a surplus of £5m during 2004/05. Since a similar sum would have originally been derived from amounts set aside from the Levy in earlier years the whole amount was treated as a rebate to the Levy and returned to the five Districts during March 2005 thus making £56.8m the final levy for 2004/05.

### Overall Summary of Revenue Accounts

Revenue Expenditure	2004/05 Approved Budget £m	2004/05 Actual £m
Where the money comes from:		
Government grants	27.3	25.8
District Council Levies	56.8	56.8
Deeds of assumption receipts	37.8	37.8
Ticket Sales	18.0	20.6
Income generation	7.2	7.6
Transfer from/(to) reserves	5.5	5.4
	<u>152.6</u>	<u>154.0</u>
Where it is spent:		
Concessionary Travel	21.6	21.6
Subsidised Bus Services	17.2	17.0
Special Needs Transport	2.1	2.1
Passenger Services support	9.8	10.3
Prepaid tickets	18.0	20.6
Local Rail Services	64.3	62.9
Financing costs (net)	9.6	9.6
Support costs	10.0	9.9
	<u>152.6</u>	<u>154.0</u>

The Authority's and Executive's overall expenditure in the year rose compared to the budget by £1.4m. However, after external funding offset by the reduction in levy receipts this resulted in the reduced level of use of reserves shown in the accounts.

The government grant received in 2004/05 is unusually low as the Strategic Rail Authority paid off their Deeds of Assumption (ie their outstanding debt) at the start of the year. This was then offset by a reduction in government (SRA) grant. Further details appear within the Executive's accounts.

The annual review sets out progress with the 20 year vision which reflects the utilisation of the above figures which are extracted from both sets of the attached accounts.

### **Capital Expenditure during 2004/05**

Capital expenditure during the year was £21.2m of which the majority was spent on bus related schemes including the Yorkshire Bus Initiative infrastructure, corridor improvements (shelters, poles and information), the replacement of Batley, Cleckheaton and Ossett bus stations, the provision of Real time information plus many other schemes. Rail schemes included the completion of the new station at Glasshoughton, designs for the proposed new Low Moor Station, general renewal of shelters at Rail Stations and other rail works including a programme of accessibility improvements. Other developments included advance work on the Supertram, computer developments and other administrative enhancements to improve services to the public.

All capital expenditure was initially met by the Executive and funded by means of grants from the Authority. In 2004/5 the Authority provided grants of £15.5m to the Executive all of which was met by borrowing under government approvals. As part of the Authority's response to the situation of interest rates in the financial markets, further opportunities were taken to replace high rate borrowing with other lower interest rate loans for differing periods. These transactions formed part of the Authority's capital funding in the year and were completed through a mixture of utilising investments and internal resources.

### **Accounting Regulations**

In addition to the above summary there are a number of changes in the Authority's accounts that have been included to conform with accounting regulations. These have no effect on the net revenue position and are explained further in the attached accounts. In particular readers of the accounts should be aware:

- the Statement of Internal Control which is being developed to include further information on the efficiency and effectiveness of all policy, administrative and financial controls in place.
- the accounts now fully comply with FRS17 (Pension Costs) - (for the Authority only) which does not affect the net revenue position.

### **The negative Balance Sheet**

The new prudential guidelines from the government were implemented from 1 April 2004. The Authority's accounts follow national accounting guidelines resulting in a negative balance sheet. This is not a concern as it arises from the legislative structure of the Authority and the Executive where all assets financed through loans by the Authority are held in the Executive's balance sheet or have been passed (under privatisation legislation) to the rail companies. All the loan charges concerned have been included within the associated District Council's revenue support grant calculations thus future funding is expected to be assured.

### **Further Information**

Further information on the Authority and the Executive (Metro) is available on the following web sites:

**Authority:** [www.wypta.gov.uk](http://www.wypta.gov.uk)                      **Executive:** [www.wymetro.com](http://www.wymetro.com)

**Address:** Wellington House, 40/50 Wellington Street, Leeds LS1 2DE

Telephone for general enquiries : 0113 251 7272

Metroline for travel enquiries etc: 0113 245 7676

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## STATEMENT OF RESPONSIBILITIES

### 1. The Authority's Responsibilities

The Authority is required:

to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer; to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Chief Financial Officer is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the code of practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31 March 2005).

### 2. The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the code of practice'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year (ended 31 March 2005).

In preparing this statement of accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice.

I have also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### 3. Certification of the Accounts

I certify that the Statement of Accounts presents fairly the position of the West Yorkshire Passenger Transport Authority at 31st March 2005 and its income and expenditure for the year ended 31st March 2005.

**D.J. Page**  
**Chief Financial Officer**  
**WYPTA**

### 4. Approval of the Accounts

I certify that the Statement of Accounts has been approved by a resolution of the West Yorkshire Passenger Transport Authority in accordance with the Accounts and Audit Regulations 2003.

**Chairman of the Authority**  
**WYPTA**  
**23-Jun-06**

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## Statement on Internal Control

### 1. Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Authority is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The overall system of internal control has been in place at the Authority throughout the year ended 31 March 2005 and up to the date of approval of this annual report and accounts with elements being altered during the period to reflect changes being made to develop and improve the system.

### 3. The internal control environment

The key elements of the corporate governance and internal control environment include:-

- a) Corporate policies and objectives set and communicated by the Authority.
- b) Regular monitoring of achievement of the Authority's policies and objectives
- c) Ensuring compliance with established procedures, laws and regulations
- d) Risk management being embedded in the activities of the Authority
- e) The financial management of the Authority, including financial controls and the reporting of financial transactions
- f) external reviews carried out by auditors and other agencies to achieve Chartermark, IIP and other accreditations then create a workplan for future improvements.

### 4. Review of Effectiveness

The Authority has responsibility for conducting a continuous review of the effectiveness of the system of internal control. This review is informed by the work of the Internal Audit section and that of management within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by External Auditors.

The Authority has created a structure consisting of a series of specialist working groups covering all areas of its activities. These working groups develop policy and monitor its implementation receiving regular reports on all aspects of the Authority's business.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

The Authority has in place a system based on a framework of standing orders, financial regulations and administrative controls including codes of conduct and administrative policies and procedures. All administrative controls and financial instructions are reviewed on a regular basis by the Authority's management and Internal Audit. Standing orders and financial regulations are also re-approved annually by the Authority. In terms of financial accounting the Authority utilises the core financial system of the Executive which is reviewed annually by Internal and External Audit.

The Executive's Internal Auditor has been retained as the internal auditor for the Authority, is drawing up an audit plan in consultation with the external auditor and is undertaking audit reviews. All such plans and reviews are being submitted to the Clerk and the Chief Financial Officer.

The work of the Internal Auditor is informed by an assessment of risk derived from a risk register linked to that of the Executive. The Authority and Executive have in place comprehensive risk management arrangements. The Executive Risk Management Group meets on a regular basis to consider the risks facing both the Authority and the Executive to assess the action taken to minimise such risks. The results of the reviews of the Risk Management Group are included in separate and joint risk registers for the Authority and Executive which are regularly updated to take account of the changing risk environment

The Authority considers the advice of the external auditor and other advice received.

## 5. Internal Control

### Investigation of a financial irregularity

Throughout the year the Authority had in place a system based on a framework of standing orders, financial regulations and administrative controls including codes of conduct and accountability. Of these the Authority considered reports on the standing orders and financial regulations in July 2004. All other administrative and financial instructions were also reviewed and updated during the year.

Not with standing the Authority's internal controls a financial irregularity was discovered. As a result an immediate review was undertaken of control procedures and staff instructions.

### Current Action Plan

This section summarises other issues that have been identified and considered during the year on which action is being further considered.

#### Corporate Governance

Corporate governance arrangements in relation to the Authority's policies and controls are being reviewed. The structure of the Authority and its Working Groups was reviewed in 2005 and further consideration is now being given to the development and creation of further groups to cover such areas as Scrutiny and Audit.

A review of the role of the Authority's Monitoring Officer identified the requirement to formalise arrangements of the role, providing guidance explaining how the MO is expected to discharge his duties, including reporting requirements and procedures for contacts with outside bodies. As a consequence a protocol for the Monitoring Officer setting out duties and responsibilities was approved by the Standards Committee in February 2005.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## Review of Internal Controls

Apart from the review of the financial control procedures referred to above there are a number of other aspects on which action is ongoing. These include:

- a review of the code of conduct for staff,
- an internal comprehensive performance review in conjunction with the Audit Commission
- a revision to the service agreement under which Leeds City Council acts for the Authority in Treasury matters
- further development of the audit and risk management arrangements

All of these are expected to be undertaken during 2005/06.

## 6. Conclusion

During 2005 a financial irregularity was discovered. As a result of this the Authority's financial controls have been reviewed. This along with the above action plan will further enhance the general internal control environment.

**Chairman of the Authority**  
**WYPTA**  
**23-Jun-06**

**K. Preston**  
**Clerk to the Authority**  
**WYPTA**

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## ACCOUNTING POLICIES

### 1. GENERAL PRINCIPLES

The accounts follow the appropriate accounting standards as required by the *Accounting Code of Practice on Local Authority Accounting in Great Britain 2004* (The Code). The Code has been approved as a Statement of Recommended Practice (SORP) which is recognised by statute as representing proper accounting practices. In accordance with the Code the accounts have been prepared using the historic cost convention except in relation to fixed assets which are treated differently (see Accounting Policy 4). The accounts recognise the Best Value Accounting Code of Practice and the principal accounting policies the Authority has adopted under ACOP and the changes between years are set out below.

### 2. BASIS OF ACCRUAL

All transactions are recorded on an Income and Expenditure basis, thus all debtors and creditors appear whether or not the cash has actually been paid or received.

### 3. GOING CONCERN BASIS

Whilst the Balance Sheet appears negative this results from government legislation whereby the Authority makes capital grants to the Executive who include the assets within their Balance Sheet. The apparent imbalance between the amount of the Authority borrowings and the Executive's assets derives from the transfer from 1997 of all Rail assets to the privatised Rail companies. The government continues to provide funds within the District Councils to cover the loan charges concerned. The accounts have thus been prepared on a going concern basis.

### 4. DEFERRED CHARGES

Deferred charges are written down to revenue in the year that they are recognised in accordance with the requirements of the SORP.

### 5. TANGIBLE FIXED ASSETS

#### 5.1 RECOGNITION & MEASUREMENT

Fixed Assets, namely the Wellington House office building are included in the balance sheet and valued on the basis of open market value in existing use. The valuation of the office building was undertaken by King Sturge (professional valuers) as at 31 March 2001 and will be revalued every 5 years. The Authority is not aware of any material change in the value of Wellington House, over the last 12 months.

#### 5.2. DEPRECIATION & IMPAIRMENT

FRS11 requires that the authority depreciates its assets (ie Wellington House) and in addition considers any further charge required to cover impairment (eg. a reduction in the value of the building due to backlog of repairs or any other reason). The building was fully refurbished and revalued as at 31st March 2001 and the Authority is not aware of any reason for any impairment to have occurred. Depreciation charged in the year has been calculated on a straight line basis over 35 years.

#### 5.3. CHARGES TO REVENUE

A capital charge which includes an element for depreciation and and notional interest has been shown as part of Service expenditure. No charge has been made for Impairment which is not considered to have occurred in the two years concerned. The charge concerned is credited to the asset management revenue account where actual financing costs (including interest payable) is charged together with the provision for depreciation. Amounts set aside from revenue for the repayment of external loans are shown separately on the face of the revenue account below net operating expenditure.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 6. INVESTMENTS

Investments are shown on the Balance Sheet at cost less provision, where appropriate, for loss in value. Investment income is credited to the revenue account when it falls due.

## 7. REPURCHASE OF BORROWING

in the period during which the repurchase or early settlement is made. Where, however, the repurchase of borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses have been recognised over the life of the replacement borrowing.

## 8. RESERVES

The general fund reserve is a revenue reserve and transfers to and from the reserve are shown at the bottom of the revenue account (appropriations section) and not within service expenditure. Expenditure is charged to revenue and not directly to the reserve. Capital reserves (usable capital receipts, fixed asset restatement and capital financing reserves) are not available for revenue purposes and can only be used for specific statutory purposes.

## 9. VALUE ADDED TAX

Value Added Tax is included within the accounts only to the extent that it is irrecoverable. Where this is the case it has been charged to the appropriate expenditure heading.

## 10. PENSIONS

Details can be found in note 6 to the accounts.

## 11. DEBTORS

Debtors is adjusted for doubtful debts which are provided for and known uncollectable debts are written off.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

Previous Year Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Notes
130,799	Public Transport	92,417	(973)	91,444	1
652	Corporate and Democratic Core	1,018	-	1,018	
-	Unapportionable Central Overhead	-	-	-	
<b>131,451</b>	<b>NET COST OF SERVICES</b>			<b>92,462</b>	
3,403	Asset Management Revenue Account			3,803	2
3,083	Effect of early settlement of borrowing			328	
12	Pension Interest Costs and Expected Return on Assets			6	
(32)	External Interest Received			(627)	
<b>137,917</b>	<b>NET OPERATING EXPENDITURE</b>			<b>95,972</b>	
(13)	Transfer to / (from) Pensions Reserve			(1)	6
(12,972)	Appropriation from Capital Financing Account			(11,951)	3
<b>124,932</b>	<b>Amount to be met from Government Grant and Local Taxation</b>			<b>84,020</b>	
(59,963)	<u>Met by</u> - District Council Levies			(56,762)	
(65,582)	- Special Rail Grant			(25,843)	
(829)	- Rural Bus Grant			(981)	
<b>(1,442)</b>	<b>(SURPLUS)/DEFICIT FOR THE YEAR</b>			<b>434</b>	
<b>(4,102)</b>	<b>General Fund balance b/f</b>			<b>(5,544)</b>	
<b>(5,544)</b>	<b>General Fund balance c/f</b>			<b>(5,110)</b>	

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## BALANCE SHEET AS AT 31 MARCH 2005

31st March 2004 £000's		31st March 2005 £000's	Notes
	<b>Fixed Assets</b>		
5,713	Land and Buildings	5,534	11
<b>5,713</b>	<b>TOTAL LONG TERM ASSETS</b>	<b>5,534</b>	
	<b>Current Assets</b>		
140	Debtors	93	16
0	Short Term Investments	5,000	
72	Cash at Bank and in Hand	669	
212		5,762	
	<b>Current Liabilities</b>		
(13,471)	Loans repayable within 1 year	(9,500)	14
(9,152)	Other Creditors	(7,324)	17
(1)	Cash Overdrawn	0	
<b>(16,699)</b>	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(5,528)</b>	
(66,444)	<b>Long Term Borrowing</b>	(90,000)	14
(164)	<b>Pensions Liability</b>	(244)	6
<b>(83,307)</b>	<b>TOTAL ASSETS LESS LIABILITIES</b>	<b>(95,772)</b>	
6,250	<b>Fixed Asset Restatement Account</b>	6,250	18
(94,937)	<b>Capital Financing Account</b>	(106,888)	3
(164)	<b>Pensions Reserve</b>	(244)	6
5,544	<b>General Fund Reserve</b>	5,110	
<b>(83,307)</b>	<b>TOTAL EQUITY</b>	<b>(95,772)</b>	

D.J. Page  
Chief Financial Officer  
WYPTA

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

2003/04 £000's		2004/05 £000's
	<b>Revenue activities (Note A)</b>	
	Cash Outflows:	
431	Cash paid to and on behalf of employees	445
640	Other operating cash Payments	688
114,570	Revenue Grants to WYPTE	77,893
115,641		79,026
	Cash Inflows:	
(59,963)	District Council Levies	(56,762)
(65,583)	Special Rail Grant	(25,843)
(829)	Rural Bus Grant	(981)
(945)	Rents and Service Charges	(735)
(127,320)		(84,321)
11,679	<b>Net Cash flow from Revenue Activities</b>	5,295
	<b>Returns on Investment and Servicing of Finance</b>	
	Cash outflows	
(6,692)	Interest Paid	(4,340)
	Cash inflows	
32	Interest received	606
	<b>Capital Activities</b>	
	Cash outflows	
(13,162)	Capital Grants to WYPTE	(15,548)
(8,143)	<b>Cash inflow/(outflow) before financing</b>	(13,987)
	<b>Management of Liquid Resources</b>	
-	Increase in short term investments	(5,000)
	<b>Financing</b>	
	Cash outflows	
(24,664)	Repayments of amounts borrowed	(37,165)
	Cash inflows	
2,750	Short term loans raised	1,750
30,000	Long term loans raised	55,000
(57)	<b>Increase/(Decrease) in Cash in the Year (Note B)</b>	598

**NOTE A : RECONCILIATION OF THE REVENUE ACCOUNT SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES.**

1,442	(Deficit)/Surplus of income and Expenditure after interest	(434)
6,692	Interest payable	4,340
(32)	Interest receivable	(606)
8,102	Surplus of Income and Expenditure before interest	3,300
3,452	MRP	3,776
43	Decrease/(Increase) in Debtors	47
3,165	Increase/(Decrease) in Creditors	(1,828)
(3,083)	Use of capital receipts to finance premium	-
11,679	<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	5,295

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

### NOTES TO THE CASH FLOW STATEMENT

#### NOTE B: RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

2003/04 £000's		2004/05 £000's
(57)	<b>Increase/(Decrease) in Cash in the Year</b>	598
-	Cash used to increase liquid resources	5,000
(2,750)	New short term loan raised	(1,750)
(5,336)	New long term loan raised	(17,835)
(8,143)	Change in Net Debt	(13,987)
(71,701)	Net Debt at 1 April	(79,844)
<u>(79,844)</u>	Net Funds at 31 March	<u>(93,831)</u>

#### NOTE C: ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2,004 £000's	Movements in year £000's	At 31 March 2005 £000's
<b>Cash flows:</b>			
Cash at Bank and in Hand	71	598	669
Short term Investment	0	5,000	5,000
Debt outstanding:			
Due Within 1Year	(13,471)	3,971	(9,500)
Due After 1 Year	(66,444)	(23,556)	(90,000)
	<u>(79,915)</u>	<u>(19,585)</u>	<u>(99,500)</u>
<b>Other Changes:</b>	0	0	0
	<u>(79,844)</u>	<u>(13,987)</u>	<u>(93,831)</u>

#### STATEMENT OF TOTAL MOVEMENT IN RESERVES 2004/2005

	CAPITAL RESERVES		REVENUE RESERVES		Total
	Fixed Asset Restatement Account (Note 18) £000's	Capital Financing Account (Note 3) £000's	Pensions Reserve (Note 6) £000's	General Fund £000's	
<b>Balance as at 1st April 2004</b>	<b>6,250</b>	<b>(94,937)</b>	<b>(164)</b>	<b>5,544</b>	<b>(83,307)</b>
Net surplus/(deficit) for year	-	(11,951)	( 1)	( 434)	(12,386)
Increase/(decrease) in the pension reserve			( 79)		(79) 6
<b>Balance as at 31st March 2005</b>	<u><b>6,250</b></u>	<u><b>(106,888)</b></u>	<u><b>(244)</b></u>	<u><b>5,110</b></u>	<u><b>(95,772)</b></u>

There have been no disposals or revaluation of fixed assets during 2004/05 and hence no unrealised gains or losses to report.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## NOTES TO THE ACCOUNTS:-

### 1 Revenue Expenditure

In order to comply with the SORP the revenue expenditure on public transport comprises a number of items:

2003/04 £000's		2004/05 £000's
117,735	Revenue Grant to Executive to meet Public Transport expenditure	76,068
13,162	Write off of Capital Grant to Executive to comply with SORP	15,548
385	Capital charges for the year	385
(483)	Direct Service costs (net)	(557)
<u>130,799</u>		<u>91,444</u>

### 2 Asset Management Revenue Account

2003/04 £000's		2004/05 £000's
	<b>Income</b>	
(385)	Capital charges	(385)
<u>(385)</u>	Releases from Government Grant Deferred Account	<u>(385)</u>
	<b>Expenditure</b>	
3,609	External interest payable	4,009
179	Depreciation	179
<u>3,788</u>		<u>4,188</u>
<u>3,403</u>	Balance transferred to Consolidated Revenue Account	<u>3,803</u>

### 3 Capital Financing Account

2003/04 £000's		2004/05 £000's
( 86,650)	Balance b/f	( 94,937)
	<b>Income</b>	
3,452	Minimum Revenue Provision (MRP)	3,776
(179)	Less depreciation charged to services	(179)
<u>3,273</u>		3,597
	<b>Expenditure</b>	
(13,162)	Deferred Charges written off	( 15,548)
(3,083)	Premiums charged to the PCL	-
<u>(16,245)</u>		(15,548)
(12,972)		(11,951)
4,685	Capital receipts set aside	-
-	Capital receipts applied	-
-	Direct Revenue Financing of Capital	-
-	Write down of Government Grants Deferred	-
<u>4,685</u>		-
<u>( 94,937)</u>	Balance c/f	<u>( 106,888)</u>

MRP is 4% of the capital financing requirement as at 1st April 2004 which for the authority is the aggregate of fixed assets, fixed asset restatement account and the capital financing account totalling £94.4m.

### 4 S137 Expenditure

The Authority has not incurred any expenditure S.137 of the Local Government Act 1972 (£nil in 2003/04)

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 5 Publicity

Set out below, under the requirements of S5(1) of the Local Government Act 1986, is the Authority's spending on publicity

2003/04		2004/05
£		£
-	Recruitment advertising	-
-	Other advertising	-
-	Publicity relating to local government reorganisation	-
4,345	Other publicity	1,969
<u>4,345</u>		<u>1,969</u>

## 6 Pension Costs

### 6.1 Employees

The Authority participates in the West Yorkshire Pension Fund, administered by Bradford Metropolitan District Council. This is a funded defined benefit scheme, meaning that the Authority and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

In 2004/05, pensions costs have been charged to the consolidated revenue account on the basis of contributions payable for the year to West Yorkshire Pension Fund based on a formal actuarial valuation for 31 March 2004. In 2004/05 the Authority paid an employer's contribution of £22,225 (2003/04 - £22,476) representing 13.1% (2003/04 - 13.1%) of pensionable pay. Under the Pension Fund regulations contribution rates are set to meet the overall liabilities of the Fund.

In addition to employer's contributions the Authority is responsible for the pension payments relating to added years benefits it has awarded, together with related annual increases. The Authority paid £2,316 for such payments in 2004/05.

Further information can be found in the West Yorkshire Pension Fund Annual Report which is available on request from the Chief Financial Officer, PO Box 67, Britannia House, Hall Ings, BRADFORD, BD1 1UP.

### 6.2 Capital Cost of Discretionary Increases in Pension Payments.

The Authority is required to disclose the capital cost of discretionary increases in pension payments, which related to the award of added years on the early retirement of employees. Separate disclosure is required for the in year discretionary awards and the ongoing costs of previous years discretionary payments.

There were no in year capital costs of non-funded discretionary added years in 2004/05. The capital costs relating to previous years awards of discretionary added years is not material.

### 6.3 Pension disclosures required under Financial Reporting Standard 17

The objective of FRS17 (Accounting for Retirement Benefits) is to ensure that the Authority's financial statements reflect at fair value. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

At 31 March 2005, the Authority had the following overall assets and liabilities for pensions that have not been included in the balance sheet:

	31 March 04	31 March 05
	£000s	£000s
Estimated liabilities in scheme	(794)	(973)
Estimated assets in scheme	630	729
<b>Net asset/(liability)</b>	<b>(164)</b>	<b>(244)</b>

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Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The West Yorkshire Pension Fund liabilities have been assessed by Mercers human Resource Consulting, an independent firm of actuaries. The main assumptions used in their calculations have been:

	2003/04	2004/05
Rate of inflation	2.80%	2.90%
Rate of increase in salaries	3.80%	4.15%
Rate of increase in pensions	2.80%	2.90%
Rate for discounting scheme liabilities	6.30%	5.40%

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion of the total assets held by the Fund:

	31 March 2004			31 March 2005		
	Long term	Assets		Long term	Assets	
	Return	£000s	%	Return	£000s	%
	%			%		
Equities	7.50	467	74.0	7.50	546	74.9
Government Bonds	4.70	48	7.6	4.70	77	10.6
Other Bonds	5.50	38	6.1	5.40	15	2.0
Property	6.50	32	5.1	6.50	39	5.3
Other Bonds	4.00	45	7.2	4.75	52	7.2
		<b>630</b>	<b>100.0</b>		<b>729</b>	<b>100.0</b>

The movement in the net pension liability for the year to 31 March 2005 is as follows:

	£000s
Net pensions liability at 1 April 2004	(164)
Service Expenditure	
- Current Service Cost	(20)
- Curtailment Cost	-
- Employer Contributions	25
Finance Gains and Losses	
- Expected Return on Assets	44
- Interest on Pension Liabilities	(50)
- Actuarial Gain or (Loss)	(79)
Net pensions liability at 31 March 2005	<b>(244)</b>

The actuarial gains can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2005:

	£000s	%
Differences between the expected and actual return on assets	38	5.2%
		of assets
Differences between actuarial assumptions about liabilities and actual experience	61	6.3%
		of liabilities
Changes in the demographic and financial assumptions used to estimate	(178)	18.3%
		of liabilities
	<b>(79)</b>	<b>-8.1%</b>
		of liabilities

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## 7 Minimum Revenue Provision

The Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. The method of calculating the provision is defined by statute. For 2004/05 the amount is £3.776m (2003/04 - £3.452m).

The provision has been charged to service revenue accounts as a depreciation charge for fixed assets related to that service. The balance has been transferred from the Capital Financing Account to the Appropriations section of the Consolidated Revenue Account to ensure that the charge to the Amount met from Government Grant and Local Taxation equates to the Minimum Revenue Provision (MRP).

2003/04 £000's		2004/05 £000's
179	Depreciation charged to services	179
3,273	Additional charge to revenue	3,597
<u>3,452</u>	<b>Minimum Revenue Provision</b>	<u>3,776</u>

## 8 Officers' emoluments

The Code of Practice on Local Authority Accounting 2003 requires the disclosure of the number of officers whose emoluments in the year were £50,000 or more, grouped in rising bands of £10,000. In 2004/05 there were no officers above £50k. (1 in the band £50k to £60k in 2003/04).

## 9 Members' allowances

The total members allowances paid in the year was £202,392 (2003/04 - £204,260).

## 10 Related Party Transactions

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

The Authority's transactions with related parties during 2004/05, which are not separately disclosed elsewhere, are set out below:

	2003/04	2004/05
<b>Levying bodies:</b>		
Bradford MDC	£13,487,578	£12,861,144
Calderdale MDC	£5,547,348	£5,255,155
Kirklees MDC	£11,211,356	£10,581,982
Leeds City Council	£20,625,146	£19,467,010
Wakefield MDC	£9,091,572	£8,596,837
	<u>£59,963,000</u>	<u>£56,762,128</u>

### Members

The Authority requires members to complete a declaration of Related Party Transactions and this information is used to prepare this note. All members have at least two roles under the Local Government Act 1985 in that they are members of the five constituent levying metropolitan district councils and are appointed onto the Passenger Transport Authority. Other than this no member has declared any such transaction with the Authority.

### Officers

Mr K Preston, Clerk to the Authority, is also Director-General of the Passenger Transport Executive (PTE). His services to the Authority are not recharged to the Authority by the PTE.

Mr D Page, Chief Financial Officer to the Authority, is also Deputy Chief Executive of Leeds City Council. His services are recharged to the Authority by the City Council.

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## 11 Fixed Assets

Fixed Assets wholly relate to the Authority's office building in Wellington Street, Leeds which was purchased in 1988. The building was revalued at 31st March 2001 and the movements in fixed assets are analysed as follows:

	<b>Other Land &amp; Buildings £000's</b>
Certified valuation at 31 March 2001	<b>6,250</b>
Accumulated depreciation and impairment	<b>(537)</b>
Net Book Value at 31 March 2004	<b>5,713</b>
Movement in 2004/05	
Additions	-
Disposals	-
Revaluations	-
Depreciation	(179)
Impairments	-
Net Book Value at 31 March 2005	<b>5,534</b>

## 12 Deferred charges

Deferred charges represent the value of capital grants made to fund capital expenditure by the Executive on behalf of the Authority.

-	Balance brought forward	-
13,162	Capital Grants to the Executive	15,548
<u>13,162</u>		<u>15,548</u>
( 13,162)	<u>Less</u> amount written off to revenue in the year	( 15,548)
<u><u>-</u></u>	<b>Balance carried forward</b>	<u><u>-</u></u>

## 13 Capital expenditure and financing

<b>2003/04 £000's</b>		<b>2004/05 £000's</b>
	<b>Capital investment</b>	
-	Operational assets	-
13,162	Deferred charges	15,548
<u><b>13,162</b></u>		<u><b>15,548</b></u>
	<b>Sources of finance</b>	
13,162	Borrowing (credit approvals)	15,548
-	Capital receipts	-
-	Government grants and other contributions	-
-	Revenue contributions	-
<u><b>13,162</b></u>		<u><b>15,548</b></u>

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## 14 Loans Outstanding

	2003/04 £000's		2004/05 £000's
		<b>Lender:-</b>	
	55,000	Public Works Loans Board	80,000
	7,165	European Investment Bank	-
	10,000	Other Market Loans	10,000
	7,750	Short Term Loans	9,500
	<b>79,915</b>		<b>99,500</b>
		<b>Maturity:-</b>	
	13,471	Loans repayable within 12 months	9,500
	782	1-2 years	-
	7,770	2-5 years	5,000
	2,892	5-10 years	-
	55,000	in more than 10 years	85,000
	<b>79,915</b>		<b>99,500</b>

## 15 Net Assets employed

	2003/04 £000's		2004/05 £000's
	<b>(83,307)</b>	Total Reserves and Balances	<b>(95,772)</b>

## 16 Debtors

	2003/04 £000's		2004/05 £000's
	140	General Debtors	93
	<b>140</b>		<b>93</b>

## 17 Creditors

	2003/04 £000's		2004/05 £000's
	8,308	Passenger Transport Executive (Net)	6,185
	844	Other Creditors	1,139
	<b>9,152</b>		<b>7,324</b>

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## 18 Fixed Asset Restatement Account

The Fixed Asset Restatement Account is written down by the book value of assets as they are disposed of. In addition any increase or decrease in the valuation of an asset which is currently held is also charged to this account.

2003/04 £000's		2004/05 £000's
	<b>Movements in unrealised value of fixed assets</b>	
-	Gains/(losses) on revaluation of fixed assets	-
-	Impairment losses on fixed assets due to general changes in prices	-
-	<b>Total increase/(decrease) in unrealised capital resources in year</b>	-
	<b>Value of assets sold, disposed of or decommissioned</b>	
-	Amounts written off fixed asset balances for disposals	-
-	<b>Total movement in year</b>	-
6,250	Balance brought forward	6,250
<b>6,250</b>	<b>Balance carried forward</b>	<b>6,250</b>

## 19 Auditors Remuneration

2003/04 £'000s		2004/05 £'000s
20	Audit Services	30
-	Other Services	-
<b>20</b>		<b>30</b>

## 20 Capital Receipts

Capital Receipts Unapplied are those funds derived from the sale of assets which are available for funding new capital expenditure. The balance as at 31st March 2004 and 2005 is nil.