

# WYPTA

West Yorkshire Passenger Transport Authority

## ***Statement of Accounts***

For the year ending 31st March 2007

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

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

### **Foreword to the Annual Accounts 2006/07**

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 2006/07. 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 of the accounting policies adopted by 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 is intended to identify any significant issues.

The Revenue account has been renamed the Income and Expenditure account and sets out the costs of the Authority's functions and how they have been funded

The Balance Sheet sets out the financial position at 31 March 2007

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.

There is then a consolidated set of accounts comprising a Group Income and Expenditure account, Balance sheet, Cash Flow statement and Notes.

The detailed accounts follow this summary and appear in their required statutory formats. The Authority complying with the Local Government 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.

### **Changes in Accounting Regulations**

The Accounts and Audit (Amendment) (England) Regulations 2006 are fully complied with by both the Authority and the Executive. The main effects are to ensure that whilst the Authority follows the 2006 SORP for its individual accounts both its group accounts and the accounts of the Executive follow GAAP requirements. There have been a number of accounting changes required by the 2006 SORP. However, these are presentational and whilst the comparative figures for 2005/06 have had to be restated they do not affect the net position.

In addition there are two new statements following the Income and Expenditure Account covering the movements on the General Fund Balance and a Statement of gains and losses plus some additional notes which have been added to help the reader of the accounts.

Since the group accounts are prepared on a different basis to those of the Authority the consolidated statements are included at the end of the document as an income and expenditure account, balance sheet, cash flow statement and notes. The policies and other statements are, however, fully consolidated.

### **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 2006/07 the Authority provided a revenue grant to the Executive of £145.7m 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.

### **The Levy**

In 2006/07 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.

The government determined that from 1 April 2006 local senior citizens and disabled passengers should be able to travel on West Yorkshire buses, after 9.30am on weekdays and at anytime at the weekend, free. Due to the additional resources to cover the cost being distributed within Revenue Support Grant which is provided to the constituent District Councils the Levy for the year was significantly increased. There was an uneven distribution between Districts and the Levy was issued to adjust for this with any excess being returned to the Districts. The Levy shown in the accounts is therefore the net amount.

Overall the net Levy rose by 32% of which only 4% related to general expenditure rises with the remainder being directly attributed to the 'free fares' policy. As stated all of the cost of the 'free fares' policy was provided by government grant thus none of that cost fell directly on the local Council tax payer.

**Overall Summary of the Authority and Executive Accounts combined**

| <b>Revenue Expenditure</b>    | 2006/07<br>Approved Budget<br>£m | 2006/07<br>Actual<br>£m |
|-------------------------------|----------------------------------|-------------------------|
| Where the money came from:    |                                  |                         |
| Government grants             | 68.9                             | 70.1                    |
| District Council Levies - net | 83.7                             | 83.7                    |
| Ticket Sales                  | 27.5                             | 26.6                    |
| Income generation             | 8.4                              | 9.3                     |
| Transfer from/(to) reserves   | 0.0                              | 0.9                     |
|                               | <u>188.5</u>                     | <u>190.6</u>            |
| Where it is spent:            |                                  |                         |
| Concessionary Travel          | 37.6                             | 39.3                    |
| Subsidised Bus Services       | 19.8                             | 20.1                    |
| Special Needs Transport       | 2.3                              | 2.3                     |
| Passenger Services support    | 11.5                             | 12.3                    |
| Prepaid tickets               | 27.5                             | 26.6                    |
| Local Rail Services           | 67.8                             | 67.9                    |
| Financing costs (net)         | 10.3                             | 10.0                    |
| Support costs                 | 11.7                             | 12.1                    |
|                               | <u>188.5</u>                     | <u>190.6</u>            |

The Authority's and Executive's overall expenditure in the year was increased compared to the budget by £2.1m. Overall income generation and Prepaid Ticket sales maintained their level and government grant increased by £1.2m. This necessitated the use of reserves of £0.9m during the year. The most significant reason for the net increase was the result of the recent appeal by operators against the Authority's scheme for reimbursement of the free fares for the elderly and the subsequent adjudication which required the Authority to make substantial additional payments to operators. The accounts reflect the adjudication and subsequent recalculations to determine the actual position in line with the government's recommended method of calculation. Discussions are ongoing with the bus operators concerning the final appropriate level of reimbursement.

Following a fraud perpetrated by an Officer employed by Leeds City Council operating on behalf of the Authority negotiations with various parties have now been concluded whereby the majority of the cash has been recovered. The Authority had prudently set aside a bad debt provision for this in earlier years and writing this back has increased the income shown in 2006/07.

**Capital Expenditure during 2006/07**

Capital expenditure during the year was £19.9m of which the majority was spent on bus related schemes including the infrastructure for the Yorkshire Bus Initiative, corridor improvements (shelters and information), the development of 'free' city bus schemes in Leeds and Huddersfield, the continued implementation of the MyBus scheme for schools and the continued development of Real time information, including provision of on-street displays, plus many other schemes. As a result of the cessation of the Supertram scheme a grant of £2.5m was paid to Leeds City Council for transport purposes to distribute the balance of funding which had been built up to fund that scheme. Rail schemes included platform extensions to stations on the Harrogate and York lines to allow for extra carriages, refurbishments to the Diesel (155 units) fleet and other rail works including a programme of accessibility and shelter improvements. Other capital spending included computer developments, replacement of Accessbuses and other administrative enhancements to improve services to the public.

Most capital expenditure in 2006/07 was initially met by the Executive and funded by means of their own resources (£2.2m) with grants from the Authority of £15.2m. The Authority also provided a grant of £2.5m to Leeds City Council. The Authority's payments were funded by government grants of £6.3m and borrowing of £8.9m all of which were within approved government allocations. As part of the Authority's response to the situation of interest rates in the financial markets, further opportunities were taken to refinance some existing borrowing thus enabling discounts to be achieved. In general savings were also achieved by borrowing loans at lower interest rates for differing periods. These transactions formed part of the Authority's capital funding in the year which was completed through a mixture of utilising investments and internal resources.

### **The negative Balance Sheet**

The Authority's accounts follow national accounting requirements 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.

In a similar manner the requirements of FRS17, accounting for Pension costs, requires both the Authority and Executive to show in their accounts any deficit which would arise, on their proportion of the West Yorkshire Pension Fund, if that fund were to be wound up. Whilst this in accordance with the requirements of the Accounts and Audit Regulations 2006 it is offset by a negative Pensions Reserve. The result is a further negative impact on the attached accounts. However, the impact of the deficit is long term and action is being taken to address it in accordance with the Actuary's projections.

### **Further Information**

The Authority and/or Executive's Accounts can also be supplied in large print, Braille or audiotape. Anyone wanting these options should contact Metro on 0113 251 7227.

Further information on the Authority and the Executive (Metro) is also 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

## ACCOUNTING POLICIES FOR THE ACCOUNTS

### 1. GENERAL PRINCIPLES

The Authority's accounts follow the appropriate accounting standards as required by the *Accounting Code of Practice on Local Authority Accounting in Great Britain 2006* (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 for the Authority have been prepared using the historic cost convention except in relation to fixed assets which are treated differently (see Accounting Policy 5). The accounts recognise the Best Value Accounting Code of Practice and the principal accounting policies the Authority has adopted under ACOP.

The Executive have prepared their accounts to conform to UKGAAP requirements and use the historic cost convention.

The group accounts have required a number of adjustments to the information included in the Authority's individual accounts to make them UKGAAP compliant so far as is possible. However, they also contain a number of the notes required by the SORP which are not in themselves UKGAAP compliant.

Both sets of accounts comply with the Accounts and Audit (Amendment) (England) Regulations 2006.

### 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. All revenue grants are credited to the accounts in the period to which they relate.

### 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 mainly from the transfer since 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.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 5. TANGIBLE FIXED ASSETS

### 5.1 RECOGNITION & MEASUREMENT

All Fixed Assets are depreciated over the agreed life of the assets. All buildings and land are revalued every 5 years in accordance with FRS 15, the latest valuation being at 31 March 2006 by Lambert Smith Hampton, a firm of external Chartered Surveyors. The only other assets revalued are on-street furniture which was revalued at 31 March 2003. Remaining assets are held at original cost.

Expenditure incurred by the Executive on any rail infrastructure projects is not capitalised as the Executive has no ownership rights over the infrastructure thus all such costs are charged directly to revenue.

All assets, with the exception of freehold land, are depreciated over their useful lives. In addition consideration is given by the Authority and the Executive as to whether any further charge is required to cover impairment (eg. a reduction in the value of a building due to backlog of repairs or any other reason). A full revaluation of all freehold and leasehold buildings was undertaken as at 31st March 2006 and neither the Authority nor the Executive is aware of any reason for impairment to have occurred. Depreciation periods used for assets are:

|  |                        |
|--|------------------------|
| Freehold and long lease buildings      | Between 5 and 50 years |
| On-street furniture and infrastructure | 20 years               |
| Rail units leased                      | 10 years               |
| Vehicles                               | Between 4 and 16 years |
| Plant and equipment                    | Between 5 and 10 years |
| Office furniture and equipment         | Between 4 and 10 years |

Projects are transferred to live assets from Work in Progress upon completion of the scheme. Depreciation is then charged to reflect the consumption of the useful life of the assets at the date of the transfer.

### 5.2 CHARGES TO REVENUE

For the Authority depreciation has been shown as part of the Service expenditure. No charge has been made for Impairment which is not considered to have occurred in the two years concerned. Such depreciation or impairment is then required by the SORP to be credited in the Statement of Movement on the General Fund Balance to avoid it being a net charge to the accounts. Amounts set aside from revenue for the repayment of external loans is also shown separately on the Statement of Movement on the General Fund Balance.

## 6. CAPITAL GRANTS

SSAP4 (Revised) "Accounting for Government Grants" has been fully adopted to include any grants receivable at the end of the financial year. The grants on assets owned or leased are released to the revenue account over the same period as that used for depreciation purposes. Grants receivable in respect of capital expenditure charged directly to Revenue are released directly to revenue in full in the year in which the costs are charged. Details of capital grants receivable and released, excluding the Authority grants to the Executive, are set out in Notes 2 and 3 to the Group Accounts.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 7. 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.

## 8. REPURCHASE OF BORROWING

Gains or losses arising on the repurchase or early settlement of borrowing are recognised in the revenue account 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.

## 9. RESERVES

The General Fund Reserve is a revenue reserve and transfers to and from the reserve are shown at the bottom of the Statement of Movement on the General Fund balance . Expenditure is charged to revenue and not directly to the reserve. Other reserves (usable capital receipts, fixed asset restatement and capital financing and pension reserves) are not available for revenue purposes and can only be used for specific statutory purposes.

## 10. 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.

## 11. TAXATION

The Authority is not liable to Corporation Tax whereas the Executive is liable for Corporation Tax on interest receivable in a financial year.

## 12. PENSIONS

Both the Authority and Executive follow FRS 17 as amended by the requirements of 'The Code' and 'The Accounts and Audit Regulations 2006'. Details can be found in note 6 to both the accounts and group accounts.

## 13. DEBTORS

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

# **WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**

## **14. LEASED ASSETS**

The Executive complies with the requirements of the Statement of Standard Accounting Practice 21, "Accounting for Leases and Hire Purchase Contracts". Assets subject to finance lease agreements are capitalised at cost and depreciated over the term of the primary period of the lease. The minimum lease payments, derived by discounting at the interest rate implicit in the lease, are taken as liabilities in the balance sheet. The interest element implicit in the leases is charged to the revenue account over the primary period of the leases on the reducing balance method. Rental payments on operating leases are charged directly to the revenue account in the year in which the cost arises.

## **15. FOREIGN CURRENCY TRANSLATION**

All foreign currency income and expenses are translated at the rate ruling on the day of the transaction with the resultant profit or loss recognised immediately in the revenue account. All foreign currency assets and liabilities in the balance sheet are translated at the balance sheet date.

## **16. PRIOR YEAR ADJUSTMENT**

Due to the requirements of the 2006 SORP the Revenue Account has been recreated as an Income and Expenditure Account and there have been a number of other amendments to the layout of the accounts. The comparative figures for 2005/06 have therefore been restated. Consequential changes have been made to the notes to the accounts including restating figures as appropriate. However, none of the adjustments have had any effect on the net position.

# 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.

### 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 2007.

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 2007 and its income and expenditure for the year ended 31st March 2007.

**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 Audit and Governance committee in accordance with the Accounts and Audit Regulations 2006.

**Chairman of the Authority**  
**WYPTA**  
**29 June 2007**

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## Statement on Internal Control for 2006/07

### 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 2007 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 thus creating a workplan for future improvements.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 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.

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 is retained as the internal auditor for the Authority. He has drawn 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 and to the Audit and Governance Committee.

The work of Internal Audit 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 and 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's Risk register is considered quarterly by the Audit and Governance Committee.

The Authority has reviewed the work of Internal Audit and concluded that it is effective when assessed against the guidelines of the CIPFA code of Audit practice. The most recent review was in April 2007.

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

## 5. Internal Control

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 2006; the Audit and Governance Committee received regular reports on the arrangements and considered a report on the other administrative and financial instructions which were reviewed and updated during the year.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 6. 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

The structure of the Authority and its Working Groups was reviewed in 2006 and a new Audit and Governance Committee set up to monitor and review matters related to the annual accounts; all aspects of the Statement of Internal Control including the adequacy of internal control and risk arrangements; to consider all internal and external audit matters; to review the adequacy of policies and practices to ensure compliance with statutes and other guidance and to consider, monitor and respond appropriately to any externally proposed policy or legislative changes.

### Review of Internal Controls

Apart from the regular review of the financial control procedures referred to above there are a number of other aspects on which action was undertaken in 2006/07. These include:

a revised joint code of conduct for Authority and Executive staff was developed and approved in 2006, a review of the members code is expected in 2007

a new Member/Officer protocol has been approved

staffing policies and administrative instructions including maintenance of procedures are under constant review

an internal comprehensive performance review in conjunction with the Audit Commission was completed in 2006 and will be repeated in 2007,

a revised service agreement under which Leeds City Council acts for the Authority in Treasury matters was signed in September 2006

there is a continuous development of the audit and risk management arrangements, including a quarterly assessment of the risk register

security has been reviewed and new arrangements are being introduced at the headquarters building (Wellington House)

All of these are either completed or currently underway.

## 6. Conclusion

From a review of the work undertaken by the Internal and External Auditors, the regular reports to the Audit and Governance Committee and ongoing discussions and reviews we have reached the opinion that the key systems are operating effectively and that there are no fundamental control weaknesses. We are also satisfied with the improvements that are continuing under the guidance of the Audit and Governance Committee.

Chairman

K Preston  
Clerk to the Authority

29 June 2007

West Yorkshire Passenger Transport Authority

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

| 2005/06                                    |  |                                |                           | 2006/07                      |       |
|--|--|--------------------------------|---------------------------|------------------------------|-------|
| Net<br>Expenditure<br>(Restated)<br>£000's |  | Gross<br>Expenditure<br>£000's | Gross<br>Income<br>£000's | Net<br>Expenditure<br>£000's | Notes |
| 119,349                                    | Public Transport                                     | 164,177                        | (9,912)                   | 154,265                      | 1     |
| 890  | Corporate and Democratic Core                        | 326                            | 0                         | 326                          |       |
| 0  | Non-Distributed Costs                                | 0                              | 0                         | 0                            |       |
| <b>120,239</b>                             | <b>NET COST OF SERVICES</b>                          |                                |                           | <b>154,591</b>               |       |
| 4,653                                      | Interest Payable                                     |                                |                           | 4,749                        |       |
| (42)                                       | Effect of early settlement of borrowing              |                                |                           | (724)                        |       |
| (412)                                      | Interest and Investment income                       |                                |                           | (479)                        |       |
| 3  | Pensions interest cost and expected return on assets |                                |                           | (4)                          | 6     |
| <b>124,441</b>                             | <b>NET OPERATING EXPENDITURE</b>                     |                                |                           | <b>158,133</b>               |       |
| (64,232)                                   | <u>Met by</u> - District Council Levies              |                                |                           | (83,701)                     | 12    |
| (54,587)                                   | - Special Rail Grant                                 |                                |                           | (67,811)                     |       |
| (1,019)                                    | - Rural Bus Grant                                    |                                |                           | (1,044)                      |       |
| <b>4,603</b>                               | <b>(SURPLUS)/DEFICIT FOR THE YEAR</b>                |                                |                           | <b>5,577</b>                 |       |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

The General Fund Balance compares the Authority's spending against the Levy it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund Balance.

### STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

| 2005/06   |   | 2006/07  | Notes |
|---|---|----------|-------|
| £000's  |   | £000's   |       |
| 4,603   | <b>Income and Expenditure account (surplus)/deficit</b>                     | 5,577    |       |
| <p>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</p> <p>to be debited or credited to the General Fund Balance for the year:</p> |   |          |       |
| (179)   | Depreciation and Impairment of fixed Assets                                 | (210)    | 7     |
| (16,080)  | Deferred Charges  | (17,678) | 2     |
| 17  | Transfer (to)/from pension fund   | 1        | 6     |
| (16,242)  |   | (17,887) |       |
| <p>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.</p>  |   |          |       |
| 4,247   | Minimum revenue provision   | 4,428    | 7     |
| 7,315   | Capital grant written-off to Capital Financing account                      | 8,750    | 2     |
| 0   | Capital expenditure charged to revenue                                      | 0        |       |
| 11,562  |   | 13,178   |       |
| <p>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year</p>  |   |          |       |
| 0   | None  | 0        |       |
| (77)  | <b>(Surplus)/Deficit for the year on the Income and Expenditure account</b> | 868      |       |
| (5,110)   | General Fund Balance Brought Forward  | (5,187)  |       |
| (5,187)   | <b>General Fund Balance Carried Forward</b>                                 | (4,319)  |       |

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| 2005/06 |   | 2006/07 |   |
|---------|---|---------|---|
| £000's  |   | £000's  |   |
| 4,603   | <b>Income and Expenditure account (surplus)/deficit</b>           | 5,577   |   |
| (3,025) | (Surplus)/deficit arising on revaluation of fixed assets          | 0       |   |
| (13)    | Actuarial gains and losses on pension fund assets and liabilities | (86)    | 6 |
| 0       | Other gains and losses required to be disclosed in the Statement  | 0       |   |
| 1,565   | <b>Total recognised (gains) and losses for the year</b>           | 5,491   |   |

**There are no cumulative effects on reserves of any prior period adjustments made during the period.**

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## BALANCE SHEET AS AT 31 MARCH 2007

| 31st March 2006<br>£000's |   | 31st March 2007<br>£000's | 31st March 2007<br>£000's | Notes |
|---------------------------|---|---------------------------|---------------------------|-------|
|                           | <b>Fixed Assets</b>   |                           |                           |       |
| 8,380                     | Land and Buildings  |                           | 8,170                     | 11    |
| <b>8,380</b>              | <b>TOTAL LONG TERM ASSETS</b>                               |                           | <b>8,170</b>              |       |
|                           | <b>Current Assets</b>                                       |                           |                           |       |
| 4,387                     | Debtors   | 3,659                     |                           | 16    |
| 5,000                     | Investments   | 5,000                     |                           |       |
| 830                       | Cash and Bank   | 415                       |                           |       |
| 10,217                    |   |                           | 9,074                     |       |
|                           | <b>Current Liabilities</b>                                  |                           |                           |       |
| 0                         | Short Term Borrowing  |                           | (6,400)                   | 14    |
| (10,720)                  | Creditors   |                           | (4,545)                   | 17    |
| 0                         | Bank Overdraft  |                           | 0                         |       |
| <b>7,877</b>              |   |                           | <b>6,299</b>              |       |
| (105,000)                 | <b>Long Term Borrowing</b>                                  |                           | (109,000)                 | 14    |
| (214)                     | <b>Liability related to defined benefit pension schemes</b> |                           | (127)                     | 6     |
| <b>(97,337)</b>           | <b>TOTAL ASSETS LESS LIABILITIES</b>                        |                           | <b>(102,828)</b>          |       |
| 8,380                     | <b>Fixed Asset Restatement Account</b>                      |                           | 8,380                     | 13    |
| (110,690)                 | <b>Capital Financing Account</b>                            |                           | (115,400)                 | 2     |
| (214)                     | <b>Pensions Reserve</b>                                     |                           | (127)                     | 6     |
| 5,187                     | <b>General Fund Balance</b>                                 |                           | 4,319                     |       |
| <b>(97,337)</b>           | <b>TOTAL NET WORTH</b>                                      |                           | <b>(102,828)</b>          |       |

D.J. Page  
Chief Financial Officer  
WYPTA

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
|                   | <b>Revenue activities (Note A)</b>                      |                   |
|                   | Cash Outflows:  |                   |
| 460               | Cash paid to and on behalf of employees                 | 466               |
| 1,314             | Other operating cash Payments                           | 6,467             |
| <u>107,406</u>    | Revenue Grants to WYPTE                                 | <u>145,737</u>    |
| <u>109,180</u>    |   | <u>152,670</u>    |
|                   | Cash Inflows:   |                   |
| (64,232)          | District Council Levies                                 | (83,701)          |
| (54,588)          | Special Rail Grant                                      | (67,811)          |
| (1,019)           | Rural Bus Grant   | (1,044)           |
| <u>(1,131)</u>    | Other operating cash Receipts                           | <u>(1,162)</u>    |
| <u>(120,970)</u>  |   | <u>(153,718)</u>  |
| 11,790            | <b>Net Cash flow from Revenue Activities</b>            | 1,048             |
|                   | <b>Returns on Investment and Servicing of Finance</b>   |                   |
|                   | Cash outflows   |                   |
| (4,527)           | Interest Paid   | (4,713)           |
|                   | Cash inflows  |                   |
| 394               | Interest received                                       | 541               |
|                   | <b>Capital Activities</b>                               |                   |
|                   | Cash outflows   |                   |
| (16,080)          | Capital Grants made                                     | (17,678)          |
|                   | Cash inflows  |                   |
| 3,084             | Capital grants received                                 | 9,987             |
| <u>(5,339)</u>    | <b>Cash inflow/(outflow) before financing</b>           | <u>(10,815)</u>   |
|                   | <b>Management of Liquid Resources</b>                   |                   |
| 0                 | (Increase)/decrease in short term investments           | 0                 |
|                   | <b>Financing</b>  |                   |
|                   | Cash outflows   |                   |
| (9,500)           | Repayments of amounts borrowed                          |                   |
|                   | Cash inflows  |                   |
| 0                 | Short term loans raised                                 | 6,400             |
| 15,000            | Long term loans raised                                  | 4,000             |
| <u>161</u>        | <b>Increase/(Decrease) in Cash in the Year (Note B)</b> | <u>(415)</u>      |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

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

|               |   |              |
|---------------|---|--------------|
| (4,603)       | (Deficit)/Surplus on Income and Expenditure account | (5,577)      |
| 4,680         | Statutory movements on general fund balance         | 4,709        |
| 77            | (Deficit)/Surplus transferred to General fund       | (868)        |
| 4,527         | Interest payable                                    | 4,713        |
| (394)         | Interest receivable                                 | (541)        |
| 4,210         | Surplus of Income and Expenditure before interest   | 3,304        |
| 4,247         | Minimum revenue provision                           | 4,428        |
| (63)          | Decrease/(Increase) in Debtors                      | (509)        |
| 3,396         | Increase/(Decrease) in Creditors                    | (6,175)      |
| <b>11,790</b> | <b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>   | <b>1,048</b> |

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

#### NOTES TO THE CASH FLOW STATEMENT

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

| 2005/06<br>£000's |  | 2006/07<br>£000's |
|-------------------|--|-------------------|
| 161               | <b>Increase/(Decrease) in Cash in the Year</b> | (415)             |
| 0                 | Cash used to increase liquid resources         | 0                 |
| 9,500             | New short term loan raised                     | (6,400)           |
| (15,000)          | New long term loan raised                      | (4,000)           |
| (5,339)           | Change in Net Debt                             | (10,815)          |
| (93,831)          | Net Debt at 1 April                            | (99,170)          |
| <b>(99,170)</b>   | Net Funds at 31 March                          | <b>(109,985)</b>  |

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

|                          | At<br>1 April<br>2006<br>£000's | Movements<br>in year<br>£000's | At<br>31 March<br>2007<br>£000's |
|--------------------------|---------------------------------|--------------------------------|----------------------------------|
| <b>Cash flows:</b>       |                                 |                                |                                  |
| Cash at Bank and in Hand | 830                             | (415)                          | 415                              |
| Short term Investment    | 5,000                           | 0                              | 5,000                            |
| Debt outstanding:        |                                 |                                |                                  |
| Due Within 1Year         | 0                               | (6,400)                        | (6,400)                          |
| Due After 1 Year         | (105,000)                       | (4,000)                        | (109,000)                        |
|                          | <b>(105,000)</b>                | <b>(10,400)</b>                | <b>(115,400)</b>                 |
| <b>Other Changes:</b>    | 0                               | 0                              | 0                                |
|                          | <b>(99,170)</b>                 | <b>(10,815)</b>                | <b>(109,985)</b>                 |

# 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 both direct expenditure undertaken by the Executive for which the Authority provides a grant and direct expenditure by the Authority itself:

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
| 111,015           | Revenue Grant to Executive to meet Public Transport expenditure | 145,737           |
| (431)             | Direct Service costs (net)                                      | (400)             |
| <b>110,584</b>    |   | <b>145,337</b>    |

### 2 Capital Financing Account

| 2005/06<br>£000's  |                                       | 2006/07<br>£000's |
|--------------------|---------------------------------------|-------------------|
| ( 106,888)         | Balance b/f                           | ( 110,690)        |
| <b>Income</b>      |                                       |                   |
| 4,247              | Minimum Revenue Provision (MRP)       | 4,428             |
| (179)              | Less depreciation charged to services | (210)             |
| 4,068              |                                       | 4,218             |
| <b>Expenditure</b> |                                       |                   |
| (16,080)           | Deferred Charges written off          | ( 17,678)         |
| 0                  | Premiums charged to the PCL           | -                 |
| (16,080)           |                                       | (17,678)          |
| (12,012)           |                                       | (13,460)          |
| -                  | Capital receipts set aside            | -                 |
| -                  | Capital receipts applied              | -                 |
| 895                | Revaluation of Wellington House       | -                 |
| -                  | Direct Revenue Financing of Capital   | -                 |
| 7,315              | Write down of Capital Grants          | 8,750             |
| 8,210              |                                       | 8,750             |
| <b>( 110,690)</b>  | Balance c/f                           | <b>( 115,400)</b> |

MRP is 4% of the capital financing requirement as at 1st April 2006 which for the authority is the aggregate of fixed assets, fixed asset restatement account and the capital financing account totalling £110.7m (£115.4m at 31 March 2007)

### 3 Analysis of the Movements of Reserves in the year.

|  | CAPITAL RESERVES                      |                                 | REVENUE RESERVES    |                 | Total            |
|--|---------------------------------------|---------------------------------|---------------------|-----------------|------------------|
|  | Fixed Asset<br>Restatement<br>Account | Capital<br>Financing<br>Account | Pensions<br>Reserve | General<br>Fund |                  |
|  | £000's                                | £000's                          | £000's              | £000's          | £000's           |
| <b>Balance as at<br/>1st April 2006</b>  | <b>8,380</b>                          | <b>(110,690)</b>                | <b>(214)</b>        | <b>5,187</b>    | <b>(97,337)</b>  |
| Net surplus/(deficit)<br>for year        | 0                                     | (4,710)                         | 87                  | (868)           | (5,491)          |
| <b>Balance as at<br/>31st March 2007</b> | <b>8,380</b>                          | <b>(115,400)</b>                | <b>(127)</b>        | <b>4,319</b>    | <b>(102,828)</b> |

There have been no disposals of fixed assets during 2006/07.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 4 S137 Expenditure

The Authority did not incur any expenditure under S.137 of the Local Government Act 1972 in 2006/07 (£nil in 2005/06).

## 5 Publicity

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

| 2005/06      |   | 2006/07      |
|--------------|---|--------------|
| £            |   | £            |
| -            | Recruitment advertising                               | -            |
| -            | Other advertising                                     | -            |
| -            | Publicity relating to local government reorganisation | -            |
| 8,544        | Other publicity                                       | 2,126        |
| <u>8,544</u> |   | <u>2,126</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 2005/06 contributions payable for the year to West Yorkshire Pension Fund based on the formal actuarial valuation carried out for 31 March 2004 were £20,527 (2005/06 - £21,477) representing 12.3% (2005/06 - 12.7%) 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 £2,453 for such payments in 2006/07. (£2,394 in 2005/06).

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 2006/07. 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 Authority's West Yorkshire Pension Fund Liabilities have been assessed by Mercers Human Resource Consulting, an independent firm of actuaries.

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 main assumptions used in their calculations have been:

|   | 31 March 2006 | 31 March 2007 |
|---|---------------|---------------|
| Rate of inflation                       | 2.90%         | 3.10%         |
| Rate of increase in salaries            | 4.15%         | 4.35%         |
| Rate of increase in pensions            | 2.90%         | 3.10%         |
| Rate for discounting scheme liabilities | 4.90%         | 5.40%         |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

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 2006 |         |       | 31 March 2007 |         |       |
|------------------------------|---------------|---------|-------|---------------|---------|-------|
|                              | %             | £000's  | %     | %             | £000's  | %     |
| Equities                     | 7.00          | 696     | 74.8  | 7.50          | 743     | 73.7  |
| Government Bonds             | 4.30          | 61      | 6.6   | 4.70          | 79      | 7.9   |
| Other Bonds                  | 4.90          | 38      | 4.1   | 5.40          | 36      | 3.6   |
| Property                     | 6.00          | 47      | 5.0   | 6.50          | 53      | 5.3   |
| Cash/Liquidity               | 4.50          | 55      | 5.9   | 5.25          | 45      | 4.5   |
| Other                        | 7.00          | 33      | 3.6   | 7.50          | 50      | 5.0   |
| Total market value of Assets |               | 930     | 100.0 |               | 1,006   | 100.0 |
| Present value of liabilities |               | (1,144) |       |               | (1,133) |       |
| Net Pension Liability        |               | (214)   |       |               | (127)   |       |

The movement in the net pension liability for the two years is as follows:

|                                    | 2005/06<br>£000s | 2006/07<br>£000s |
|------------------------------------|------------------|------------------|
| Net pensions liability at 1 April  | (244)            | (214)            |
| Service Expenditure                |                  |                  |
| - Current Service Cost             | (22)             | (26)             |
| - Past Service Gain                | 18               | -                |
| - Employer Contributions           | 24               | 23               |
| Finance Gains and Losses           |                  |                  |
| - Expected Return on Assets        | 50               | 60               |
| - Interest on Pension Liabilities  | (53)             | (56)             |
| - Actuarial Gain or (Loss)         | 13               | 86               |
| Net pensions liability at 31 March | <b>(214)</b>     | <b>(127)</b>     |

| Revenue Items                   | 2005/06<br>£000s | 2006/07<br>£000s |
|---------------------------------|------------------|------------------|
| <b>Operating</b>                |                  |                  |
| Current service cost            | -22              | (26)             |
| Past service cost               | 18               | 0                |
| Curtailment cost                | 0                | 0                |
| Settlement gain                 | 0                | 0                |
|                                 | <u>-4</u>        | <u>(26)</u>      |
| <b>Finance</b>                  |                  |                  |
| Expected return on Assets       | 50               | 60               |
| Interest on Pension Liabilities | <u>-53</u>       | <u>(56)</u>      |
| Net gain/(cost)                 | <u>-3</u>        | <u>4</u>         |

### Statement of Actuarial gains and (Losses)

|                         |             |           | %    |                |
|-------------------------|-------------|-----------|------|----------------|
| Asset gain / (loss)     | 141         | 22        | 2.2% | of assets      |
| Liability gain / (loss) | -28         | 0         | 0.0% | of liabilities |
| Change in Assumptions   | <u>-100</u> | 64        | 5.6% | of liabilities |
| Net gain / (loss)       | <u>13</u>   | <u>86</u> | 7.6% | of liabilities |

### HISTORY OF EXPERIENCE GAINS AND LOSSES

|  | 2007<br>£000 | 2006<br>£000 | 2005<br>£000 |
|--|--------------|--------------|--------------|
| Difference between the expected and actual returns on scheme assets :      | 22           | 141          | 38           |
|  | 2.2%         | 15.2%        | 5.2%         |
| Experience gains and losses on scheme liabilities:                         | 0            | (28)         | 61           |
|  | 0.0%         | -2.4%        | 6.3%         |
| Total amount recognised in statement of total recognised gains and losses: | 64           | 13           | (79)         |
|  | 5.6%         | 1.1%         | -8.1%        |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 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 2006/07 the amount is £4.428m (2005/06 - £4.247m).

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 Revenue Account to ensure that the charge to the Amount met from Government Grant and Local Taxation equates to the Minimum Revenue Provision (MRP).

| 2005/06      |                                  | 2006/07      |
|--------------|----------------------------------|--------------|
| £000's       |                                  | £000's       |
| 179          | Depreciation charged to services | 210          |
| 4,068        | Additional charge to revenue     | 4,218        |
| <b>4,247</b> | <b>Minimum Revenue Provision</b> | <b>4,428</b> |
|              |                                  |              |

## 8 Provision for credit liabilities

In accordance with statutory requirements the Authority is required to set aside sums as a provision to repay external loans, finance leases and other limited purposes.

The Authority does not keep an account for the PCL within the accounting records as there is no need to do so but maintains a memorandum account which is set out below:

| 2005/06  |   | 2006/07 |
|----------|---|---------|
| £000's   |   | £000's  |
| -        | Balance brought forward                 | -       |
| -        | Reserved proportion of capital receipts | -       |
| -        | Usable receipts voluntarily set-aside   | -       |
| 4,247    | Minimum revenue provision               | 4,428   |
| 4,247    |   | 4,428   |
| ( 4,247) | Repayment of external loans             | (4,428) |
| -        |   | -       |

## 9 Members ' allowances

The total members allowances paid in the year was £223,027 (2005/06 - £214,677).

## 10 Officers' emoluments

The Code of Practice on Local Authority Accounting 2006 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 2006/07 there were no officers above £50k. (None above £50k in 2005/06).

## 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 last revalued at 31 March 2006 and movements in the year are:

|   | <b>Other Land &amp; Buildings</b> |
|---|-----------------------------------|
|   | <b>£000's</b>                     |
| Certified valuation at 31 March 2006    | <b>8,380</b>                      |
| Accumulated depreciation and impairment | <b>0</b>                          |
| Net Book Value at 31 March 2006         | <b>8,380</b>                      |
| Movement in 2006/07                     |                                   |
| Additions                               | -                                 |
| Disposals                               | -                                 |
| Impairments                             | -                                 |
| Depreciation                            | 210                               |
| Net Book Value at 31 March 2007         | <b>8,170</b>                      |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 12 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 2006/07, which are not separately disclosed elsewhere, are set out below:

|                        | <b>2005/06</b>    | <b>2006/07</b>    |
|------------------------|-------------------|-------------------|
|                        | £                 | £                 |
| <b>Levying bodies:</b> |                   |                   |
| Bradford MDC           | 14,642,397        | 19,346,080        |
| Calderdale MDC         | 5,921,440         | 7,658,032         |
| Kirklees MDC           | 11,993,879        | 15,359,900        |
| Leeds City Council     | 21,919,847        | 28,104,127        |
| Wakefield MDC          | 9,754,437         | 13,232,861        |
|                        | <b>64,232,000</b> | <b>83,701,000</b> |

### 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.

## 13 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.

| <b>2005/06</b> |  | <b>2006/07</b> |
|----------------|--|----------------|
| <b>£000's</b>  |  | <b>£000's</b>  |
|                | <b>Movements in unrealised value of fixed assets</b>                     |                |
| 2,130          | Gains/(losses) on revaluation of fixed assets                            | -              |
| -              | Impairment losses on fixed assets due to general changes in prices       | -              |
| 2,130          | <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                   | -              |
| 2,130          | <b>Total movement in year</b>  | -              |
| 6,250          | Balance brought forward  | 8,380          |
| <b>8,380</b>   | <b>Balance carried forward</b>   | <b>8,380</b>   |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 14 Loans Outstanding

| 2005/06<br>£000's |                                  | 2006/07<br>£000's |
|-------------------|----------------------------------|-------------------|
|                   | <b>Lender:-</b>                  |                   |
| 85,000            | Public Works Loans Board         | 84,000            |
| 20,000            | Other Market Loans               | 25,000            |
| -                 | Short Term Loans                 | 6,400             |
| <b>105,000</b>    |                                  | <b>115,400</b>    |
|                   | <b>Maturity:-</b>                |                   |
| -                 | Loans repayable within 12 months | 6,400             |
| -                 | 1-2 years                        | -                 |
| -                 | 2-5 years                        | -                 |
| -                 | 5-10 years                       | -                 |
| 105,000           | in more than 10 years            | 109,000           |
| <b>105,000</b>    |                                  | <b>115,400</b>    |

## 15 Capital expenditure and financing

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
|                   | <b>Capital investment</b>                 |                   |
| -                 | Operational assets                        | -                 |
| 16,080            | Deferred charges                          | 17,678            |
| <b>16,080</b>     |   | <b>17,678</b>     |
|                   | <b>Sources of finance</b>                 |                   |
| 8,765             | Borrowing (credit approvals)              | 8,928             |
| -                 | Capital receipts                          | -                 |
| 7,315             | Government grants and other contributions | 6,250             |
| -                 | Revenue contributions                     | 2,500             |
| <b>16,080</b>     |   | <b>17,678</b>     |

## 16 Debtors

| 2005/06<br>£000's |                              | 2006/07<br>£000's |
|-------------------|------------------------------|-------------------|
| 156               | General Debtors              | 582               |
| 4,231             | Government grant outstanding | 3,077             |
| <b>4,387</b>      |                              | <b>3,659</b>      |

## 17 Creditors

| 2005/06<br>£000's |                                     | 2006/07<br>£000's |
|-------------------|-------------------------------------|-------------------|
| 9,795             | Passenger Transport Executive (Net) | 3,648             |
| 925               | Other Creditors                     | 897               |
| <b>10,720</b>     |                                     | <b>4,545</b>      |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 18 Net Assets employed

| 2005/06<br>£000's |                             | 2006/07<br>£000's |
|-------------------|-----------------------------|-------------------|
| <u>(97,337)</u>   | Total Reserves and Balances | <u>(102,828)</u>  |

## 19 Auditors Remuneration

| 2005/06<br>£'000s |                | 2006/07<br>£'000s |
|-------------------|----------------|-------------------|
| 73                | Audit Services | 46                |
| -                 | Other Services | -                 |
| <u>73</u>         |                | <u>46</u>         |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

| * 2005/06<br>Previous<br>Year Net<br>Expenditure<br>£000's  |  | Gross<br>Expenditure<br>£000's | Gross Income<br>£000's | 2006/07<br>Net<br>Expenditure<br>£000's | Notes |
|---|--|--------------------------------|------------------------|---|-------|
| (112,151)   | Public Transport   | (187,061)                      | 41,877                 | (145,184)                               |       |
| (2,133)   | Corporate and Democratic Core  | (2,315)                        | 0                      | (2,315)                                 |       |
| <b>(114,284)</b>  | <b>NET COST OF SERVICES</b>  |                                |                        | <b>(147,499)</b>                        |       |
| (4,653)   | Interest Payable   |                                |                        | (4,749)                                 |       |
| 42  | Effect of early settlement of borrowing                                |                                |                        | 724                                     |       |
| 430   | Interest and Investment income   |                                |                        | 493                                     |       |
| (824)   | Pension Interest Costs and Expected Return on Assets                   |                                |                        | 120                                     | 6     |
| (1)   | Taxation of group entities   |                                |                        | (1)                                     | 13    |
| <b>(119,290)</b>  | <b>AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND<br/>LOCAL TAXPAYERS</b> |                                |                        | <b>(150,912)</b>                        |       |
| 64,232  | <u>Met by</u> - District Council Levies                                |                                |                        | 83,701                                  | 12    |
| 54,587  | - Special Rail Grant   |                                |                        | 67,811                                  |       |
| 1,019   | - Rural Bus Grant  |                                |                        | 1,044                                   |       |
| <b>548</b>  | <b>SURPLUS/(DEFICIT) FOR THE YEAR</b>                                  |                                |                        | <b>1,644</b>                            |       |
| <b>RECONCILIATION OF AUTHORITY DEFICIT TO GROUP DEFICIT</b> |  |                                |                        |   |       |
| 4,603   | <b>Deficit for year on Authority's Income and Expenditure Account</b>  |                                |                        | 5,577                                   |       |
| (16,080)  | Adjustment for transactions with Executive                             |                                |                        | (12,678)                                |       |
| (11,477)  | Surplus in Group I and E attributable to Authority                     |                                |                        | (7,101)                                 |       |
| 10,929  | Deficit in Group attributable to Group entities (adjusted)             |                                |                        | 5,457                                   |       |
| <b>(548)</b>  | <b>Deficit for the year</b>  |                                |                        | <b>(1,644)</b>                          |       |

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
| (548)             | <b>Income and Expenditure account (surplus)/deficit</b>           | (1,644)           |
| (10,206)          | (Surplus)/deficit arising on revaluation of fixed assets          | 0                 |
| (7,720)           | Actuarial gains and losses on pension fund assets and liabilities | (7,013)           |
| (895)             | Other gains and losses required to be disclosed in the Statement  | -                 |
| <b>(19,369)</b>   | <b>Total recognised (gains) and losses for the year</b>           | <b>(8,657)</b>    |

\* Restated (see note 1)

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## GROUP BALANCE SHEET AS AT 31 MARCH 2007

| * 31st March 2006<br>£000's |   | 31st March 2007<br>£000's | 31st March 2007<br>£000's | Notes |
|-----------------------------|---|---------------------------|---------------------------|-------|
|                             | <b>Fixed Assets</b>   |                           |                           |       |
| 94,881                      | Tangible fixed assets                                       |                           | 102,602                   | 11    |
| <b>94,881</b>               | <b>TOTAL LONG TERM ASSETS</b>                               |                           | <b>102,602</b>            |       |
|                             | <b>Current Assets</b>                                       |                           |                           |       |
| 14,046                      | Debtors   | 14,006                    |                           | 16    |
| 5,000                       | Investments   | 5,000                     |                           |       |
| 2,432                       | Cash and Bank   | 2,915                     |                           |       |
| 21,478                      |   |                           | 21,921                    |       |
|                             | <b>Current Liabilities</b>                                  |                           |                           |       |
| 0                           | Short Term Borrowing  |                           | (6,400)                   | 14    |
| (19,984)                    | Creditors   |                           | (15,115)                  | 17    |
| (1,168)                     | Bank overdraft  |                           | (2,526)                   |       |
| <b>95,207</b>               | <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                |                           | <b>100,482</b>            |       |
| (105,000)                   | <b>Long Term Borrowing</b>                                  |                           | (109,000)                 | 14    |
| (29,337)                    | <b>Liability related to defined benefit pension schemes</b> |                           | (21,057)                  | 6     |
| (21,842)                    | <b>Deferred Capital Grants</b>                              |                           | (22,900)                  | 18    |
| (160)                       | <b>Provision for Liabilities</b>                            |                           | 0                         | 20    |
| <b>(61,132)</b>             |   |                           | <b>(52,475)</b>           |       |
| 19,665                      | <b>Revaluation Reserves</b>                                 |                           | 19,665                    | 9     |
| (62,228)                    | <b>Capital Financing Account</b>                            |                           | (62,302)                  | 3     |
| (29,337)                    | <b>Pensions Reserve</b>                                     |                           | (21,057)                  | 6     |
| 10,768                      | <b>General Fund Reserve</b>                                 |                           | 11,219                    |       |
| <b>(61,132)</b>             |   |                           | <b>(52,475)</b>           |       |

\* Restated (see note 1)

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

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
|                   | <b>Revenue activities (Note A)</b>                      |                   |
| 10,276            | <b>Net Cash flow from Revenue Activities</b>            | (837)             |
|                   | <b>Returns on Investment and Servicing of Finance</b>   |                   |
|                   | Cash outflows   |                   |
| (4,527)           | Interest Paid   | (4,713)           |
|                   | Cash inflows  |                   |
| 412               | Interest received                                       | 555               |
| (60)              | <b>Taxation (net)</b>                                   | (1)               |
|                   | <b>Capital Expenditure</b>                              |                   |
| (17,014)          | Purchase of Fixed assets                                | (17,026)          |
| 4,347             | Capital Grants received                                 | 10,738            |
| 5                 | Sale of Fixed assets                                    | 9                 |
| (6,561)           | <b>Cash inflow/(outflow) before financing</b>           | (11,275)          |
|                   | <b>Management of Liquid Resources</b>                   |                   |
| 0                 | Increase in short term deposits                         | 0                 |
|                   | <b>Financing</b>  |                   |
|                   | Cash outflows   |                   |
| (9,500)           | Repayments of amounts borrowed                          | 0                 |
|                   | Cash inflows  |                   |
| 15,000            | Short term loans raised                                 | 6,400             |
| 0                 | Long term loans raised                                  | 4,000             |
| (1,061)           | <b>Increase/(Decrease) in Cash in the Year (Note B)</b> | (875)             |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

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

| * 2005/06<br>£000's  |  | 2006/07<br>£000's   |
|----------------------|--|---------------------|
| 548                  | Surplus of income over Expenditure after interest          | 1,644               |
| 4,527                | Interest Payable   | 4,713               |
| (412)                | Interest Receivable  | (555)               |
| <u>4,663</u>         | Surplus of income over Expenditure before interest         | <u>5,802</u>        |
| 13,796               | Depreciation   | 8,514               |
| (1,103)              | FRS17 movement   | (1,267)             |
| (4)                  | Profit on sale of Fixed assets                             | (9)                 |
| 3,207                | Fixed assets charged to revenue                            | 1,660               |
| 0                    | Release Provision  | (160)               |
| <u>(7,620)</u>       | Grant release to revenue (other than offset against Dep'n) | <u>(10,692)</u>     |
| 12,939               |  | 3,848               |
| (6,340)              | (Increase)/Decrease in Debtors                             | 3,950               |
| <u>3,677</u>         | Increase/(Decrease) in Creditors                           | <u>(8,635)</u>      |
| <u><u>10,276</u></u> | <b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>          | <u><u>(837)</u></u> |

### GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007 NOTES TO THE CASH FLOW STATEMENT

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

|                        |  |                         |
|------------------------|--|-------------------------|
| (1,061)                | <b>Increase/(Decrease) in Cash in the Year</b> | (875)                   |
| 9,500                  | New short term loan raised                     | (6,400)                 |
| (15,000)               | New long term loan raised                      | (4,000)                 |
| <u>0</u>               | Increase in short term deposits                | <u>0</u>                |
| (6,561)                | Change in Net Debt                             | (11,275)                |
| (92,175)               | Net Debt at 1 April 2006                       | (98,736)                |
| <u><u>(98,736)</u></u> | Net Funds at 31 March 2007                     | <u><u>(110,011)</u></u> |

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

|                          | At<br>1 April<br>2,006<br>£000's | Movements<br>in year<br>£000's | At<br>31 March<br>2007<br>£000's |
|--------------------------|----------------------------------|--------------------------------|----------------------------------|
| <b>Cash flows:</b>       |                                  |                                |                                  |
| Cash at Bank and in Hand | 1,264                            | (875)                          | 389                              |
| Short term Investment    | 5,000                            | 0                              | 5,000                            |
| Debt outstanding:        |                                  |                                |                                  |
| Due Within 1Year         | 0                                | (6,400)                        | (6,400)                          |
| Due After 1 Year         | (105,000)                        | (4,000)                        | (109,000)                        |
|                          | <u>(105,000)</u>                 | <u>(10,400)</u>                | <u>(115,400)</u>                 |
| <b>Other Changes:</b>    |                                  |                                |                                  |
|                          | 0                                | 0                              | 0                                |
|                          | <u><u>(98,736)</u></u>           | <u><u>(11,275)</u></u>         | <u><u>(110,011)</u></u>          |

\* Restated (see note 1)

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## NOTES TO THE GROUP ACCOUNTS:-

### 1 The Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2006: A Statement of Recommended Practice (the SORP) requires all authorities who have a group interest in another organisation to produce group accounts based on UK GAAP that include that organisation. These accounts therefore include in this section the accounts of both the West Yorkshire Passenger Transport Authority and the West Yorkshire Passenger Transport Executive.

Unlike the Authority accounts, the group accounts show revenue expenditure on transport net of inter-organisation grants, expenditure and income. Consequently the notes do not require a breakdown of such figures. Instead an analysis is included in the explanatory foreword which provides a service analysis of the complete figures in the group revenue account.

The prior year adjustment reflects amendments made to deferred charges arising both from changes to the SORP and as a result of consolidation adjustments

### 2 Depreciation and 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 2006/07 the amount is £4,428m (2005/06 - £4.247m).

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 Group Revenue Account to ensure that the charge to the Amount met from Government Grant and Local Taxation equates to the Minimum Revenue Provision (MRP).

In the Executive's accounts depreciation has been charged directly to the Income and Expenditure account but is largely offset by the release of capital grants held in their balance sheet.

The Executive's balance sheet at 31 March 2007 contains deferred capital grants of £78.5m. However, it is not possible to historically distinguish between those originally provided by the Authority and those originally provided by other sources prior to 31 March 2000.

At 31 March 2000 the Deferred Grants account stood at £20.7m. Since that date additional grants of £135.5m have been received, and £77.7m released, leaving the balance of £78.5m to be apportioned between Authority grants and other grants. An assessment, based on the average grant receipts since 2000 (63.6% of the total received), has been used to consolidate the figures in the group accounts and provide the information in notes 2 and 3.

| 2005/06        |  | 2006/07      |
|----------------|--|--------------|
| £000's         |  | £000's       |
| 1,197          | Depreciation charged to services                       | 5,054        |
| 4,068          | Additional charge to revenue to reflect MRP            | 4,218        |
| 5,265          |  | 9,272        |
| (13,493)       | Less capital grants released (in Executive's accounts) | (4,792)      |
| <b>(8,228)</b> | <b>Group net charge to revenue</b>                     | <b>4,480</b> |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### 3 Capital Financing Account

| 2005/06<br>£000's |                                   | 2006/07<br>£000's |
|-------------------|-----------------------------------|-------------------|
| (61,013)          | Balance at beginning of the Year  | (62,228)          |
|                   | Income items:                     |                   |
| 7,315             | Receipt of grants during the year | 6,250             |
| 895               | Revaluation of PTA Assets         | 0                 |
| <u>8,210</u>      |                                   | <u>6,250</u>      |
|                   | Deduct:                           |                   |
| (9,425)           | Depreciation net of MRP           | (3,824)           |
| 0                 | Deferred charge written out       | (2,500)           |
| <u>(62,228)</u>   | Balance at the end of the Year    | <u>(62,302)</u>   |

### 4 Disposal of Fixed Assets

| 2005/06<br>£000's |  | 2006/07<br>£000's |
|-------------------|--|-------------------|
| <u>4</u>          | Profit on disposal of fixed assets by the Executive            | <u>10</u>         |
|                   | The Authority disposed of no assets during 2005/06 or 2006/07. |                   |

### 5 Interest

| 2005/06<br>£000's |  | 2006/07<br>£000's |
|-------------------|--|-------------------|
| <u>(430)</u>      | Interest receivable on Loans, deposits and Other debts | <u>(493)</u>      |
| <u>4,653</u>      | Interest payable on Loans                              | <u>4,749</u>      |
| <u>(42)</u>       | Effect of early settlement of Loans                    | <u>(724)</u>      |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 6 Pension Costs

### 6.1 Employees

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

In 2006/07 contributions payable for the year to West Yorkshire Pension Fund based on a formal actuarial valuation for 31 March 2004 were £1.15m (2005/06 - £0.91m) representing 15.0% (Executive) and 12.3% (Authority) 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 and Executive are responsible for the pension payments relating to added years benefits they have awarded to former employees, together with related annual increases. They paid £1.46m for such payments in 2006/07 (£1.32m in 2005/06).

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 2006/07. 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 West Yorkshire Pension Fund liabilities have been assessed by Mercers Human Resource Consulting, an independent firm of actuaries.

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 main assumptions used in their calculations have been:

|   | 31 March 2006 | 31 March 2007 |
|---|---------------|---------------|
| Rate of inflation                       | 2.90%         | 3.10%         |
| Rate of increase in salaries            | 4.15%         | 4.35%         |
| Rate of increase in pensions            | 2.90%         | 3.10%         |
| Rate for discounting scheme liabilities | 4.90%         | 5.40%         |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

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 2006 |          |       | 31 March 2007 |          |       |
|------------------------------|---------------|----------|-------|---------------|----------|-------|
|                              | Long term     | Assets   |       | Long term     | Assets   |       |
|                              | Return        |          |       | Return        |          |       |
|                              | %             | £000's   | %     | %             | £000's   | %     |
| Equities                     | 7.00          | 77,606   | 74.8  | 7.50          | 75,552   | 73.7  |
| Government Bonds             | 4.30          | 6,847    | 6.6   | 4.70          | 8,098    | 7.9   |
| Other Bonds                  | 4.90          | 4,254    | 4.1   | 5.40          | 3,690    | 3.6   |
| Property                     | 6.00          | 5,188    | 5.0   | 6.50          | 5,433    | 5.3   |
| Cash/Liquidity               | 4.50          | 6,121    | 5.9   | 5.25          | 4,613    | 4.5   |
| Other                        | 7.00          | 3,735    | 3.6   | 7.50          | 5,125    | 5.0   |
| Total market value of Assets |               | 103,751  | 100.0 |               | 102,511  | 100.0 |
| Present value of liabilities |               | -133,088 |       |               | -123,568 |       |
| Net Pension Liability        |               | -29,337  |       |               | -21,057  |       |

The movement in the net pension liability for the two years is as follows:

|   | 2005/06 | 2006/07 |
|---|---------|---------|
|   | £000's  | £000's  |
| Net pensions liability at 1 April 2006  | -38,160 | -29,337 |
| Service Expenditure                     |         |         |
| - Current Service Cost                  | -1,147  | -1,336  |
| - Past service cost                     | 845     | 0       |
| - Curtailment Cost                      | 0       | 0       |
| - Employer Contributions                | 2,229   | 2,483   |
| Finance Gains and Losses                |         |         |
| - Net Interest/Return on Assets         | -824    | 120     |
| - Actuarial Gain or (Loss)              | 7,720   | 7,013   |
| Net pensions liability at 31 March 2007 | -29,337 | -21,057 |

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 2007:

| Revenue Items                                    | 2005/06 | 2006/07 |
|--|---------|---------|
|  | £000's  | £000's  |
| <b>Operating</b>                                 |         |         |
| Current service cost                             | -1,147  | -1,336  |
| Past service cost                                | 845     | 0       |
| Curtailment cost                                 | 0       | 0       |
| Settlement gain                                  | 0       | 0       |
|  | -302    | -1,336  |
| <b>Finance</b>                                   |         |         |
| Expected return on Assets                        | 5,863   | 6,370   |
| Interest on Pension Liabilities                  | -6,687  | -6,250  |
| Net gain/(cost)                                  | -824    | 120     |
| <b>Statement of Actuarial gains and (Losses)</b> |         |         |
| Asset gain/ (loss)                               | 16,558  | 2,333   |
| Liability gain / (loss)                          | -846    | 0       |
| Change in Assumptions                            | -7,992  | 4,680   |
| Net gain / (loss)                                | 7,720   | 7,013   |

| History of experience of Gains and Losses                                  | 2007   | 2006   | 2005    |
|--|--------|--------|---------|
|  | £000's | £000's | £000's  |
| Difference between the expected and actual returns on scheme assets:       | 2,333  | 16,558 | 5,176   |
|  | 2.3%   | 16.0%  | 4.7%    |
| Experience gains and losses on scheme liabilities:                         | 0      | -846   | -7,654  |
|  | 0.0%   | 60.0%  | 5.9%    |
| Total amount recognised in statement of total recognised gains and losses: | 6,991  | 7,720  | -23,346 |
|  | 5.7%   | -5.8%  | 18.1%   |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### 7 S137 Expenditure

Neither the Authority nor Executive have incurred any expenditure under S.137 of the Local Government Act 1972 (£nil in 2005/06)

### 8 Government grants receivable in the year

| 2005/06<br>£'000s    |         |             | 2006/07<br>£'000s |                      |
|----------------------|---------|-------------|-------------------|----------------------|
| 55,606               | Revenue | - Authority | 68,855            |                      |
| 1,133                |         | - Executive | 1,258             |                      |
| <u>56,739</u>        |         |             |                   | 70,113               |
| 7,315                | Capital | - Authority | 6,250             |                      |
| 2,263                |         | - Executive | 2,250             | 8,500                |
| <u>9,578</u>         |         |             |                   |                      |
| <u><b>66,317</b></u> |         |             |                   | <u><b>78,613</b></u> |

### 9 Revaluation Reserve

| 2005/06<br>£'000s    |                        |  | 2006/07<br>£'000s    |  |
|----------------------|------------------------|--|----------------------|--|
| 9,459                | Balance at 1 April     |  | 19,665               |  |
| 10,206               | Surplus on revaluation |  | 0                    |  |
| <u><b>19,665</b></u> | Balance at 31 March    |  | <u><b>19,665</b></u> |  |

### 10 Officers' emoluments

The Accounts and Audit Regulations 2006 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. The Companies Act requires Directors shown in their appropriate £5,000 band. The following table therefore shows all Executive Directors and Employees in their appropriate band. There were no such employees in the Authority in either year.

| £'000     | Directors only |         | £'000   | Officers |         |
|-----------|----------------|---------|---------|----------|---------|
|           | 2005/06        | 2006/07 |         | 2005/06  | 2006/07 |
| 0 - 5     | 2              | 2       | 50 - 60 | 8        | 8       |
| 65 - 70   | -              | 1       | 60 - 70 | -        | 1       |
| 75 - 80   | 1              | -       |         |          |         |
| 80 - 85   | 1              | -       |         |          |         |
| 85 - 90   | -              | 1       |         |          |         |
| 135 - 140 | 1              | -       |         |          |         |
| 140 - 145 | -              | 1       |         |          |         |

### 11 Fixed Assets

a). The attached table provides the cost of assets by original cost/valuation and shows accumulated depreciation to give the net book values shown in the balance sheet.

b). The original cost and depreciation of leasehold and freehold land and buildings (at a valuation) including fixed plan and services is as follows:

| 2005/06<br>£'000s    |                            |  | 2006/07<br>£'000s     |  |
|----------------------|----------------------------|--|-----------------------|--|
| 116,593              | Original cost              |  | 129,265               |  |
| 21,712               | Depreciation based on cost |  | 26,663                |  |
| <u><b>94,881</b></u> | Balance at 31 March        |  | <u><b>102,602</b></u> |  |

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### 11. TANGIBLE FIXED ASSETS

| a) The movements<br>in the year<br>1 April 2006 to<br>31 March 2007 are : | FREEHOLD<br>LAND AND<br>BUILDINGS | LEASEHOLD<br>LAND AND<br>BUILDINGS | RAIL<br>UNITS<br>LEASED | VEHICLES<br>OWNED | VEHICLES<br>LEASED | EQUIPMENT<br>OWNED | EQUIPMENT<br>LEASED | PAYMENTS<br>ON ACCOUNT<br>AND ASSETS<br>IN THE<br>COURSE OF<br>CONSTRUCTION |               |
|---|-----------------------------------|------------------------------------|-------------------------|-------------------|--------------------|--------------------|---------------------|---|---------------|
| TOTAL<br>£'000  | £'000                             | £'000                              | £'000                   | £'000             | £'000              | £'000              | £'000               | £'000   |               |
| <b><u>COST VALUATION</u></b>  |                                   |                                    |                         |                   |                    |                    |                     |   |               |
| At 1 April 2006   | 116,593                           | 65,642                             | 1,132                   | 6,622             | 2,867              | 8                  | 5,575               | 54  | 34,693        |
| Additions   | 14,645                            | 3,842                              | -                       | -                 | 327                | -                  | 42                  | -   | 10,434        |
| Transfer from payments on<br>assets in course of construction             | 0                                 | 0                                  | -                       | -                 | 15,547             | -                  | 7,649               | -   | (23,196)      |
| Disposals   | 0                                 | 0                                  | -                       | -                 | 0                  | -                  | -                   | -   | -             |
| Other adjustments   | 0                                 | 0                                  | 0                       | -                 | -                  | -                  | 0                   | -   | 0             |
| Revaluation adjustments   | (313)                             | 0                                  | 0                       | -                 | (313)              | -                  | -                   | -   | -             |
| WIP W/Off to revenue  | (1,660)                           | 0                                  | -                       | -                 | -                  | -                  | -                   | -   | (1,660)       |
| <b>At 31 March 2007</b>   | <b>129,265</b>                    | <b>69,484</b>                      | <b>1,132</b>            | <b>6,622</b>      | <b>18,428</b>      | <b>8</b>           | <b>13,266</b>       | <b>54</b>   | <b>20,271</b> |
| <b><u>ACCUMULATED DEPRECIATION</u></b>                                    |                                   |                                    |                         |                   |                    |                    |                     |   |               |
| At 1 April 2006   | 21,712                            | 8,533                              | 280                     | 6,622             | 2,236              | 8                  | 3,979               | 54  | 0             |
| Charge for the year   | 5,264                             | 2,073                              | 64                      | -                 | 146                | -                  | 2,981               | -   | -             |
| Disposals   | (313)                             | 0                                  | -                       | -                 | (313)              | -                  | -                   | -   | -             |
| Other adjustments   | 0                                 | 0                                  | 0                       | -                 | -                  | -                  | 0                   | -   | -             |
| Adj for revaluation   | 0                                 | 0                                  | 0                       | -                 | -                  | -                  | -                   | -   | -             |
| <b>At 31 March 2007</b>   | <b>26,663</b>                     | <b>10,606</b>                      | <b>344</b>              | <b>6,622</b>      | <b>2,069</b>       | <b>8</b>           | <b>6,960</b>        | <b>54</b>   | <b>-</b>      |
| <b><u>NET BOOK VALUES</u></b>   |                                   |                                    |                         |                   |                    |                    |                     |   |               |
| 31 March 2007   | 102,602                           | 58,878                             | 788                     | 0                 | 16,359             | 0                  | 6,306               | 0   | 20,271        |
| 1 April 2006  | 94,881                            | 57,109                             | 852                     | 0                 | 631                | 0                  | 1,596               | 0   | 34,693        |

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 12 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 it 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.

### 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.

The Authority and Executive have a number of financial transactions with related parties. The significant revenue transactions, not separately disclosed elsewhere or covering basic areas of expenditure such as rates and other service charges are:

- The Authority receives financing through its Levy on the District Councils.

- The Executive provides agency services for Educational transport for which they are paid fees.

The figures for 2005/06 and 2006/07 are set out below:

|                    | Education transport amounts<br>received by the Executive |             | Levy received by the<br>Authority |              |
|--------------------|--|-------------|-----------------------------------|--------------|
|                    | 2005/06  | 2006/07     | 2005/06                           | 2006/07      |
|                    | £m   | £m          | £m                                | £m           |
| Bradford MDC       | 4.10   | 4.00        | 14.64                             | 19.35        |
| Calderdale MDC     | 0.88   | 0.90        | 5.92                              | 7.66         |
| Kirklees MDC       | 0.00   | 0.00        | 11.99                             | 15.36        |
| Leeds City Council | 1.98   | 1.90        | 21.92                             | 28.10        |
| Wakefield MDC      | 2.30   | 2.60        | 9.76                              | 13.23        |
|                    | <u>9.26</u>  | <u>9.40</u> | <u>64.23</u>                      | <u>83.70</u> |

### 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 Executive.

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.

## 13 Taxation

| 2005/06<br>£'000s |   | 2006/07<br>£'000s |
|-------------------|---|-------------------|
| <u>1</u>          | Corporation Tax on sundry interest received in year | <u>1</u>          |

The Authority is a non-taxable entity therefore all taxation involved refers to the Executive.

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### 14 Loans Outstanding

| 2005/06<br>£000's |                                  | 2006/07<br>£000's |
|-------------------|----------------------------------|-------------------|
|                   | <b>Lender:-</b>                  |                   |
| 85,000            | Public Works Loans Board         | 84,000            |
| 20,000            | Other Market Loans               | 25,000            |
| -                 | Short Term Loans                 | 6,400             |
| <u>105,000</u>    |                                  | <u>115,400</u>    |
|                   | <b>Maturity:-</b>                |                   |
| -                 | Loans repayable within 12 months | 6,400             |
| -                 | 1-2 years                        | -                 |
| -                 | 2-5 years                        | -                 |
| -                 | 5-10 years                       | -                 |
| 105,000           | in more than 10 years            | 109,000           |
| <u>105,000</u>    |                                  | <u>115,400</u>    |

### 15 Capital expenditure and financing

| 2005/06<br>£000's |   | 2006/07<br>£000's |
|-------------------|---|-------------------|
|                   | <b>Capital investment</b>                 |                   |
| <u>18,343</u>     | Operational assets acquired in year       | <u>19,928</u>     |
|                   | <b>Sources of finance</b>                 |                   |
| 8,765             | Borrowing (credit approvals)              | 8,928             |
| -                 | Capital receipts                          | -                 |
| 9,556             | Government grants and other contributions | 7,877             |
| 22                | Revenue contributions                     | 3,123             |
| <u>18,343</u>     |   | <u>19,928</u>     |

### 16 Debtors

| 2005/06<br>£000's |                                | 2006/07<br>£000's |
|-------------------|--------------------------------|-------------------|
| 8,626             | Trade Debtors                  | 10,134            |
| 4,231             | Government Grants              | 3,067             |
| 752               | Other Debtors                  | 555               |
| 437               | Prepayments and accrued income | 250               |
| <u>14,046</u>     |                                | <u>14,006</u>     |

### 17 Creditors

| 2005/06<br>£000's |                 | 2006/07<br>£000's |
|-------------------|-----------------|-------------------|
| 18,217            | Trade creditors | 13,415            |
| 967               | Other creditors | 1,109             |
| 799               | Deferred Income | 590               |
| 1                 | Corporation Tax | 1                 |
| <u>19,984</u>     |                 | <u>15,115</u>     |

Deferred income relates to Executive's accounts and covers prepaid ticket sales, deferred income from grants and a surplus on renegotiation of operating leases in 2005/06 which was used for rolling stock maintenance in 2006/07.

## WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

### 18 Deferred Capital Grants

| 2005/06<br>£000's    |  | 2006/07<br>£000's    |
|----------------------|--|----------------------|
| 36,803               | Balance at 1 April                             | 21,842               |
| <u>2,263</u>         | Grants Receivable in the Year                  | <u>2,250</u>         |
| 39,066               |  | 24,092               |
| <u>-17,224</u>       | Annual release to revenue against depreciation | <u>-1,192</u>        |
| <u><u>21,842</u></u> |  | <u><u>22,900</u></u> |

### 19 Auditors Remuneration

| 2005/06<br>£'000s |                | 2006/07<br>£'000s |
|-------------------|----------------|-------------------|
| 133               | Audit Services | 121               |
| <u>-</u>          | Other Services | <u>-</u>          |
| <u><u>133</u></u> |                | <u><u>121</u></u> |

### 20 Provisions for Liabilities and Charges

| 2005/06<br>£'000s |                                   | 2006/07<br>£'000s |
|-------------------|-----------------------------------|-------------------|
| 160               | Balance at beginning of the Year  | 160               |
| <u>-</u>          | Movement on provision in the Year | <u>( 160)</u>     |
| <u><u>160</u></u> | Balance at the end of the Year    | <u><u>-</u></u>   |

This provision related to claims from ex-employees whilst employed by the Executive prior to October 1986. The provision has been written out at 31 March 2007 as the Executive is fully insured against such claims.

### 21 Exceptional Items

There were no exceptional items in 2006/07.

# WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

## 22                      GROUP STATEMENT OF TOTAL MOVEMENTS IN RESERVES IN 2006/2007

|                                      | CAPITAL RESERVES          |                      | REVENUE RESERVES       |                      |                        |
|--------------------------------------|---------------------------|----------------------|------------------------|----------------------|------------------------|
|                                      | Capital                   | Revaluation          | Pensions               | General              | Total                  |
|                                      | Financing Reserve Account | Reserve              | Reserves               | Reserves             | Reserves               |
|                                      | (Note 3)                  | (Note 9)             | (Note 6)               |                      |                        |
|                                      | £000's                    | £000's               | £000's                 | £000's               | £000's                 |
| Balance as at 1st April 2006         | (62,228)                  | 19,665               | (29,337)               | 10,768               | (61,132)               |
| Movement                             | (74)                      | 0                    | 8,280                  | 451                  | 8,657                  |
| <b>Balance as at 31st March 2007</b> | <b><u>(62,302)</u></b>    | <b><u>19,665</u></b> | <b><u>(21,057)</u></b> | <b><u>11,219</u></b> | <b><u>(52,475)</u></b> |

Thus the total net assets employed were :

| 2005/06<br>£000's |                             | 2006/07<br>£000's |
|-------------------|-----------------------------|-------------------|
| <u>(61,132)</u>   | Total Reserves and Balances | <u>(52,475)</u>   |

## 23                      Financial Commitments

| 2005/06<br>£'000s |   | 2006/07<br>£'000s |
|-------------------|---|-------------------|
|                   | <u>Capital commitments</u>                      |                   |
| 20,528            | Contracted for but not provided in the accounts | 9,537             |
| 4,038             | Authorised but not contracted for               | 7,638             |
| <u>24,566</u>     |   | <u>17,175</u>     |
|                   | Revenue commitments - operating leases          |                   |
| 0                 | Within 1 year                                   | 0                 |
| 0                 | 1 to 5 years                                    | 0                 |
| 1,918             | Beyond 5 years                                  | 1,929             |
| <u>1,918</u>      |   | <u>1,929</u>      |

The lease rentals are in respect of rail units leased by the Executive and are affected by variable interest rates. The above commitments are the basic annual rentals due each year within the terms of the lease agreements. The Executive recovers all the lease rental costs from the rail operators under the franchising agreements.

## 24                      Contingent Liabilities

The Executive had a contingent liability at 31 March 2006 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2007 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.