

# WYITA

West Yorkshire Integrated Transport Authority

## ***Statement of Accounts***

For the year ending 31 March 2011

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# West Yorkshire Integrated Transport Authority and Passenger Transport Executive

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

## Explanatory Foreword to the Annual Accounts 2010/11

The Annual Review and Accounts document has been prepared to provide an outline of the activities of the Authority and Executive (The Group) for the year 2010/11. This Review sets out how progress has been made towards the 20 year vision and the Local Transport Plan 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.

### Responsibilities

The Integrated Transport Authority is responsible for determining public transport policies in West Yorkshire and for providing funds to the Executive to carry them out. In 2010/11 the Authority provided a revenue grant to the Executive of **£84.518m** to cover the costs of meeting those policies. The attached statements show the grant to the Executive and the sources of funding. The Executive's accounts indicate the use made of those funds.

West Yorkshire Integrated Transport Authority now has the statutory duty of producing the Local Transport Plan and, in partnership with the District Councils, has produced LTP3, branded 'MyJourney' for the period 2011-2026. Enhanced governance arrangements as set out below will ensure effective delivery of the objectives of LTP3.

### Review of the year

Over the last 12 months progress has continued to be made on delivering, in conjunction with District Councils, key elements of the Leeds City Region Transport Vision. The third Local Transport Plan, covering 2011-2026 has been developed in partnership with the Districts and Metro has used its new sole responsibility for the LTP to establish a more strategic approach to allocating resources. Detailed three year implementation plans have been agreed with each District Council and appropriate arrangements for monitoring progress and ensuring delivery have been put in place.

Despite the tough financial climate during 2010/11, Metro has managed to deliver further service innovations and improve key customer satisfaction scores as demonstrated by the Passenger Focus survey. Successes over the past 12 months have included the opening of the new £2.5m Pudsey Bus Station, which with a fully-accessible enclosed waiting area, real-time departure information and 24-hour monitored CCTV means local bus passengers can enjoy a facility that is in line with Metro's other modern, award-winning West Yorkshire bus stations.

There has been overwhelming public support for plans to reverse the current decline in bus passenger numbers and ensure passengers have services that meet their needs and expectations through a Quality Contract Scheme or Partnership that would make Metro responsible for setting routes, fares, timetables and quality standards in the future. As well as the public vote of confidence in Metro's plans, over 30 MPs signed an Early Day Motion praising Metro's decision 'to back the Quality Bus Contract Scheme'. Good progress has been made in establishing the partnership offer from bus operators and a decision will be made later in the year about whether to proceed with a formal quality contract scheme.

Work got underway on the A65 Quality Bus scheme, a partnership scheme between Metro, Leeds City Council and First that will feature new bus priority lanes, signal priority for buses at junctions, better buses and shelters, and real-time information displays and will shave up to an hour a week off commuters' journeys.

In June 2010 Metro's website at [www.wymetro.com](http://www.wymetro.com) was awarded accreditation for its high level of accessibility for users with disabilities, by the Shaw Trust and in August, eight million texts had been sent by Metro's yournextbus service by people wanting real-time information about their bus.

## Foreword to the Annual Accounts 2010/11 (continued)

Also in August, Cyclepoint, a hugely successful Dutch concept brought to the UK by Abellio and developed in partnership with Northern Rail, Department for Transport, Metro and Network Rail opened at Leeds station. Cyclepoint offers secure, fully-staffed parking for 300 bicycles, maintenance, rental bikes, bike and accessory sales and cycling information.

In February 2011, Metro and its partners Network Rail and Northern received approval for a new, £14.4m entrance for Leeds Station from both sides of the River Aire on Granary Wharf, which will provide access to the station from the fast-growing south of the city centre. Construction for the scheme, which will relieve pressure on the station's existing northern entrance could begin early in 2013 and be operational early in 2014.

Metro has continued to seek to maximise the benefits of joint working and shared services. A good example of this was the migration in February 2011 of Metro's analogue CCTV system to a brand new state of the art digital facility shared with Leeds City Council. This in turn has provided the opportunity to move all office staff into one building and generate significant savings on office rentals. Further ongoing savings have been made by a staffing restructure which has contributed to the 10% reduction in headcount over the last two years.

Significant work has also gone into the preparation of the accounts this year as a result of the move to International Financial Reporting Standards ("IFRS"). Full details are set out in the policies notes and are summarised below.

### The accounts

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2010/11 which is based on approved International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The impact of the move to IFRS is set out fully within the accounts, with note 21 providing a reconciliation to the restated opening balance sheet at 1 April 2009. The changes are largely presentational with the overall reserves position unaffected by the changes. The accounts consist of the following:-

**The Statement of Accounting Policies** which explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. This includes the basis of charges to revenue and the calculation of balance sheet items.

**The Statement of Responsibilities** for the Statement of Accounts.

**The Comprehensive Income and Expenditure Statement** which shows the net cost for the current year of all the services for which the Authority is responsible and demonstrates how that cost has been financed.

**The Movement in Reserves Statement** reconciles the outturn on the income and expenditure account to the balance on the General Fund that is established by complying with the relevant statutory provisions. It facilitates a full presentation of the financial performance of the Authority for the year.

**The Balance Sheet** shows the Authority's assets and liabilities.

**The Cash Flow Statement** summarises the inflows and outflows of cash arising from transactions with other parties for revenue and capital purposes.

**The Group Accounts** show the Authority's accounts combined with those of the West Yorkshire Passenger Transport Executive.

**The Annual Governance Statement** is not part of the Statement of Accounts but is required to be provided with them. It provides information regarding the system of internal control during the financial year and covers the effectiveness of this for the group.

## Foreword to the Annual Accounts 2010/11 (continued)

Following the IFRS Based Code requirements means that the Authority has a negative balance sheet. This arises as a result of 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 IAS19 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 is in accordance with the requirements of the Accounts and Audit Regulations 2011 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.

### Review of revenue expenditure for the Group

	2010/11 Approved Budget £m	2010/11 Actual £m
<b>Funding</b>		
Government grants	82.4	82.4
District Council Levies - net	91.8	91.8
Ticket Sales	27.5	28.8
Income generation	8.0	7.9
Transfer from/(to) reserves	0.5	(0.7)
	<u>210.2</u>	<u>210.2</u>
<b>Revenue Expenditure</b>		
Concessionary Travel	51.0	51.4
Subsidised Bus Services	23.0	22.4
Special Needs Transport	1.6	1.4
Passenger Services support	13.3	12.9
Prepaid tickets	27.5	28.8
Local Rail Services	72.1	72.1
Financing costs (net)	8.3	8.2
Support costs	13.4	13.0
	<u>210.2</u>	<u>210.2</u>

The presentation above reflects the agreed format in which the budget is approved by the Authority and provides a more meaningful analysis of expenditure for the users of the accounts as the Group accounts present the majority of the expenditure in one line 'Highways and Transport Services.' The segmental reporting note provides further analysis which is compatible with the presentation here. The use of reserves figure is the same irrespective of the presentation adopted.

### Revenue funding

In 2010/11 grant income was received from Central Government to cover franchised rail costs and to make payments under the Rural Bus initiative. A direct grant was also received as a result of the Government's national extension of free local bus travel for senior citizens. The remainder of the Authority's expenditure was met by a Levy on the five constituent District Councils (Bradford, Calderdale, Kirklees, Leeds and Wakefield).

In 2006/07 the government introduced free local bus travel for senior citizens and disabled passengers and funded this through increases to the Revenue Support Grant provided to the constituent District Councils. There was an uneven distribution between Districts and the Levy was issued to adjust for this with any excess being returned to the Districts. This agreement has subsequently been continued and the Levy shown in the accounts for both 2010/11 and 2009/10 is the net amount.

## **Foreword to the Annual Accounts 2010/11 (continued)**

### **Revenue funding (continued)**

Overall the net Levy rose from 09/10 by only half of one percent. This has meant the Authority has had to find savings in the year and plan for further reductions in future years in expectation of cuts to local authority funding as set out in the Comprehensive Spending Review(CSR). A staffing restructure commenced late in 2010/11, alongside a refurbishment plan to Wellington House to enable all office staff to be based here and save on office rental costs.

### **Revenue expenditure**

During 2010/11 the Authority sought to make savings where possible to ensure the reserves position was as robust as possible to respond to the expected funding cuts in 2011/12 and onwards under CSR. Savings were identified in the tendered services budget due to increased competition and new approaches to service provision. Smaller scale savings were made in a number of areas across the passenger services and other activities headings.

The Authority continues to seek to reduce its costs through identifying efficiencies where possible and is planning how to manage the expected impact of more significant funding reductions from 2011/12 onwards. This will be particularly challenging with the need to meet a large statutory concessions cost leaving only discretionary concessions and tendered services as areas to be considered where reductions of millions of pounds can be achieved. This is likely to impact on the service provided and the staffing restructure has provided for an enhanced resource for consultation with the public on change.

### **Capital expenditure**

Total capital expenditure in the year was £16.539m, for which a grant of £14.054m was made by the Authority to the Executive. This is a slight increase in expenditure compared to 09/10 and reflects the increased LTP funding made available as a one off uplift. The Authority received an LTP grant of £7.348m in 2010/11, an LTP uplift grant of £8.882m and external contributions of £0.550m. Some of this funding has been carried forward to 2011/12, particularly the uplift funding which is being used to fund a strategic programme of schemes across the county. Capital schemes in the year include the completion of Pudsey Bus Station, the shared digital CCTV facility at Middleton, investment in shelter replacements, contributions to rail schemes including the cycle hub at Leeds and updates to ICT systems such as traffic light priority as well as preparatory work on New Generation Transport and Yorcard. Progress was made on the strategic programme of schemes including the Calderdale Burr Walls, Kirklees Economic Zone, Bradford Integrated Transport and the North Wakefield Gateway.

From 2011/12 onwards the Authority is responsible for the delivery of LTP3 'MyJourney.' All LTP grant is held by the Authority and is allocated in accordance with the priorities identified in the LTP. Delivery of individual projects may be by Metro or any of the District Councils and a governance framework has been set up to ensure effective management and delivery of the programme by the Authority and its partners. Key schemes for 2011/12 include enhanced information, the progression of Smartcard ticketing, improvements to existing assets and further work on delivering major schemes including Leeds Station Southern Entrance. Work is continuing on making the case for the Leeds New Generation Transport System and a proposed funding package will be presented to the Department for Transport later in the year.

### **Treasury management**

The Authority has continued to follow its approved treasury management policy and full details are set out in the accounts. The Authority's long term borrowing at the end of the year is £80.5m, a £1m reduction on the previous year due to the repayment of a £1m loan falling due within one year. During the year the difficult financial situation has meant there have been no opportunities to undertake any refinancing of loans. The Authority's borrowing requirement is reducing over coming years, reflecting the increase in cash grants rather than borrowing approvals for capital expenditure, and thus no further loans have been required.

## **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 is also available on the following web sites:

Authority: [www.wyita.gov.uk](http://www.wyita.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

# ACCOUNTING POLICIES FOR THE ACCOUNTS

## 1. BASIS OF PREPARATION

The Authority's and Executive's (Group) accounts follow the The Code of Practice on Local Authority Accounting UK 2010/11 (The Code) which is based on approved International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2011. The Code has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Authority and Group have prepared their accounts in accordance with International Financial Reporting standards ("IFRS") adopted by the European Union and with IFRIC interpretations and the Accounts and Audit(Amendment)(England) Regulations 2011. The financial statements are prepared under the historical cost convention with the exception of the revaluation of the Authority's non-infrastructure property .

The following standards or interpretations to existing standards have been adopted for the first time during the year:

- IFRS 1 First time adoption
- IFRS 5 Non-current assets held for sale
- IFRS 7 Financial Instruments : Disclosures
- IAS 7 Statement of cashflows
- IAS 8 Accounting Policies
- IAS 10 Events after the Reporting period
- IAS 16 Property, Plant and Equipment
- IAS 17/IFRIC 4 Leases
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants
- IAS 24 Related Party Transactions
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and measurement
- IFRIC 12 Service Concession Arrangements

There have been no new standards, amendments to published standards and interpretations to existing standards effective in 2011 adopted by the Authority.

Standards, interpretations and amendments to published standards effective in 2011 but which are not relevant to the Group:

- IAS 2 (Revised), IFRS 3 (revised), IFRS 4, IFRS 6, IFRS 8, IAS 23 (revised), IAS 27 (revised), IAS 28, IAS 40 improvements to IFRS by the IASB, IFRIC 13, IFRIC 15, IFRIC 16 and IFRIC 17 are mandatory for the Executive's accounting periods beginning on or after 1 January 2011 or later periods but are currently not relevant to the Authority's operations.

The statements are prepared on a going concern basis with the accounts being prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

## **Critical Accounting Estimates and Judgements**

The preparation of financial statements in accordance with IFRS requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate, and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements. Areas where assumptions, estimates and judgements may give rise to adjustments to the carrying values of assets and liabilities in the financial year are as follows:

- Property revaluation (Group note 10): the Authority carries its non- infrastructure land and buildings at fair value. Periodically, external surveyors are used, and the last independent survey was carried out as at 31 March 2011. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates are subject to some judgement.
- Leases (Group note 23) : The Authority has classified leases as either finance or operating leases based on the extent to which the risks and rewards incidental to ownership lie with the lessee or lessor. The Executive has classified certain contracts as operating leases although the legal form of the arrangement is not a lease.
- Retirement benefit obligations (Group note 6) : the cost of defined benefit pension plans is determined using independent actuarial valuation, involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates, inflation and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries.
- Contingent Liabilities (Group note 24): The Authority has a contingent liability at the balance sheet date. The Authority/Executive's legal advisors have assessed the liability but due to the uncertainty it is not practical to disclose the timing, financial effect or amount.

## **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.

## **REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE**

Expenditure financed from capital under statute is written down to revenue in the year that it is recognised in accordance with the requirements of the Code.

3.

a)

## PROPERTY PLANT AND EQUIPMENT

Infrastructure Assets and Plant and Equipment are stated at depreciated historical cost, net of accumulated impairment losses. Non- Infrastructure Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed at intervals of no more than five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation of the Executive's Non-Infrastructure Land and Buildings and the Authority's office building (Wellington House) was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2011 on an Existing Use Value (EUV) and Depreciated Replacement Cost (DRC) in accordance with IAS 16. A revaluation of the Executive's on-street furniture was carried out as at 31 March 2008. The Authority have considered the impairment of fixed assets in accordance with IAS 36 and after instructing external surveyors to review the property portfolio can identify no circumstances or events that would affect the carrying values of the assets.

- Property, plant and equipment is recorded at original cost less accumulated depreciation and any recognised impairment loss. Cost includes professional fees and, for assets constructed by the Group, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income. Subsequent costs are included in the carrying value of an asset when it is probable that additional future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and renewals are charged to the income statement as incurred.
- Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and intangible fixed assets including those held under finance leases. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use. The estimated useful lives for the main categories of property, plant and equipment and intangible assets are:

- Freehold and Long Leasehold 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

- Freehold land, either at cost or valuation, is not depreciated. Management regularly considers whether there are any indications of impairment to carrying values of property, plant and equipment. Impairment reviews are based on risk adjusted discounted cash flow projections. Significant judgement is applied to the assumptions underlying these projections which include estimated discount rates, growth rates, future selling prices and direct costs. Changes to these assumptions could have a material impact on the financial position of the Group and on the result for the year.

b) **Progress payments for capital assets**

Progress payments for capital assets or schemes not yet completed are held in Work In Progress. The assets are transferred to the appropriate heading and are subject to depreciation when they become available for use. The Group writes out directly attributable costs on capital schemes where no tangible asset exists to reflect a true and fair view of the Group's asset base.

c) **Discontinued Operations and Non-current Assets Held for Sale**

Discontinued operations and Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Discontinued operations and current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case, when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated.

d) **Donated Assets**

Donated assets are assets that have been transferred to the Group at nil value or acquired at less than fair value. Donated assets are initially recognised at fair value at the date of acquisition. After initial recognition the donated assets will be revalued and depreciated in accordance with the Group's revaluation and depreciation policy. A Donated Assets account recognises the benefit received from these assets where conditions apply to the assets use.

4. **RAIL INFRASTRUCTURE**

Expenditure now incurred by the Group on any rail infrastructure projects is not capitalised. The Group has no ownership/legal rights in respect of the infrastructure and as a consequence the costs are charged directly to revenue.

5. **CHARGES TO REVENUE**

For the Group 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 Code to be credited in the Movement in Reserves Statement 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 are also shown separately through the Movement in Reserves Statement on the General Fund Balance.

6. **CAPITAL GRANTS**

Grants to fund capital expenditure from government and other bodies are credited to the Comprehensive income and expenditure statement (CIES) where the grant conditions have been met. In order to recognise that the capital grants are provided to finance capital expenditure the grants are subsequently transferred from the CIES to the Capital Adjustment Account. The Comprehensive Income and Expenditure account will recognise capital grants to the extent that they offset depreciation on assets owned/leased or capital expenditure charged directly to revenue (see note 5 above).

Details of capital grants receivable and released are set out in Note 2 to the Group Accounts.

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. **RESERVES**

The General Fund Balance is a revenue reserve and transfers to and from the reserve are recognised through the Movement in Reserves Statement. Expenditure is charged to revenue and not directly to the reserve. Other reserves (capital adjustment, financial instruments adjustment, revaluation and pension reserves) are not available for revenue purposes and can only be used for specific statutory purposes.

9. **PENSION COSTS**

The requirements of IAS 19 "Retirement Benefits" have been fully adopted in the financial statements of the Authority and Executive. Detailed disclosures can be found in note 6 to the Group Accounts.

The Group is an employing authority within the West Yorkshire Pension Fund which is a funded pension scheme. Most employees participate in this scheme which provides defined benefits payable to members on and after their retirement. Contributions made to the fund for both current and past services are charged to the revenue account as they are paid. Contribution levels are determined by the Fund. The Fund is a statutorily established pension fund and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 1997.

The Executive has a continuing responsibility for any payments to the Fund in respect of service up to 25 October 1986 for all staff employed by the Executive up to that date. This responsibility includes all staff who were transferred to Yorkshire Rider Limited as a consequence of the Transport Act 1985. For service from 26 October 1986 onwards the Executive is only responsible for payments to the Fund in respect of its own directly employed staff. The annual cost of this responsibility is charged to the revenue account under Democratic and Core.

10. **PROVISIONS**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated. Provisions for environmental issues are judgemental by their nature and more difficult to estimate when they relate to sites no longer directly controlled by the Group. The Group has taken a consistent approach to estimating environmental provisions.

11. **EXCEPTIONAL ITEMS**

The Executive presents certain items separately as 'exceptional'. These are items, which in management's judgement, need to be disclosed by virtue of their size and incidence in order for the user to obtain a proper understanding of the financial information. The determination of which items are separately disclosed as exceptional items requires a significant degree of judgement.

12. **TAXATION**

**Corporation Tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The current tax expense represents the sum of the corporation tax currently payable by the Executive, the Authority is not liable to corporation tax. The tax currently payable is based on interest received for the year.

**Value Added Tax (VAT)**

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Irrecoverable VAT on the purchase of assets or services is recognised as an expense in the income statement.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

13. **DEBTORS**

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

14. **LEASED ASSETS**

Assets acquired under finance leases, where substantially all the risks and rewards of ownership of the assets have passed to the Group, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability.

Rentals payable under operating leases (where the risks and rewards incidental to ownership remain with the lessor), are charged to the income statement on a straight line basis over the lease term. When the lease becomes onerous full provision is made of the expected discounted future cost of the lease.

15. **FINANCIAL INSTRUMENTS**

Financial assets are classified at recognition as loans, deposits or receivables in accordance with IAS 39, and recognised at cost. The Group's non-derivative financial assets include trade and other receivables, and cash and short term deposits. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cashflows on the financial asset.

Trade receivables are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement where there is objective evidence that the asset is impaired. Individual trade receivables are written off when management deem them no longer to be collectable. The risk considerations and bases used for such allowances are detailed in Group note 19.

Cash and cash equivalents consist of cash at bank held by the Group and are shown within current assets. The carrying amount approximates to fair value.

The Group's non-derivative financial liabilities include loans, bank overdrafts, and trade and other payables. These financial liabilities are initially recognised at cost in accordance with IAS 39 on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition loans and borrowings are measured at amortised cost using the effective interest method. The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Trade payables are non interest bearing borrowings and are initially measured at fair value and subsequently carried at amortised cost.

The Group in accordance with IFRS 7 has disclosed the significance of the financial instruments and the nature and extent of risks arising from such financial instruments.

16. **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.

17. **EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Chief Financial Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.

# **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 was the Assistant Director Finance until 31 May 2010. From 1 June 2010 that officer is the Director, Resources who is designated as 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 a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

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 and complied with the Code of Practice.

I have also kept proper accounting records which were up to date and 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 present a true and fair view of the financial position of the West Yorkshire Integrated Transport Authority at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

**A Taylor**  
**Chief Financial Officer**  
**WYITA**

## **4. Approval of the Accounts**

I certify that the Statement of Accounts was authorised for issue and approved by a resolution of the West Yorkshire Integrated Transport Authority Audit and Governance Committee at its meeting on 26 July 2011 in accordance with the Accounts and Audit Regulations 2011. There are no material events after the balance sheet date that require reflecting in the Statement of Accounts.

**Chair of the Authority**  
**WYITA**  
**26 July 2011**

# Annual Governance Statement

## 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 putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Authority's functions including arrangements for the management of risk.

## 2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 governance framework has been in place at the Authority and the Group throughout the year ended 31 March 2011 and up to the date of approval of the financial statements.

## 3. The governance framework

There are a number of key elements of the systems and processes that comprise the Authority's governance arrangements. These are set out below along with the key elements relating to the Executive as it forms part of the Group accounts in these financial statements. They are also encapsulated in the Code of Corporate Governance which has been approved by the Audit and Governance Committee and which is available on the Authority's website. A Code of Corporate Governance for the Passenger Transport Executive has been approved by its Executive Board.

a) Corporate policies and objective are set and communicated by the Authority. These are communicated through the 20:20 Vision document and MetroPlan and play a key role in shaping the Local Transport Plan 3(LTP3). These policies have been revised during the year to reflect the changes arising from the Local Transport Act, ensuring they set the overall framework for the Authority's role in overseeing the Local Transport Plan and ensuring that transport supports the wider policy objectives of the West Yorkshire authorities. The policies focus on providing safe, integrated, efficient and accessible transport facilities and services to meet the current and future transport needs of people who live, work or do business in West Yorkshire. The implementation of LTP3 is reviewed through the MetroPlan monitoring system Covalent and by officer and Member Groups. The quality of the services delivered is reflected in MetroPlan monitoring along with other external scrutiny and feedback. The LTP and the three year corporate plan demonstrate the 'golden thread' linking objectives, actions and outcomes.

### 3. The governance framework (continued)

b) A number of levels of scrutiny exist for the activities of the Group. Governance arrangements within the Authority were revised during the year and two scrutiny committees have been set up to review all areas of activity and decisions made. External scrutiny is provided by the links to the Association of West Yorkshire Authorities, the Local Transport Panel, Local Strategic Partnerships and the City Region Leader's Board. These provide a critical examination of all policies and objectives. Scrutiny committees within the Districts will also often challenge the work being undertaken by the Authority in such areas as accessibility and local bus services. The Passenger Consultative Committees in the Districts give a level of local involvement and allow the public the opportunity to scrutinise any new policy initiatives. The Authority has approved the re-appointment of two non-Executive Directors to the PTE Executive Board to ensure a further level of challenge and scrutiny is provided.

c) Roles are defined and documented through job descriptions and competency based employee specifications. Appointments have been made to all the posts required by statute, including s151 Officer and the Monitoring Officer. Staff behaviours are guided by Metro's values and its Code of Conduct and a similar Code exists for Members who are also required to maintain a register of interests. The Standards Committee meets on a regular basis and considers a range of reports.

d) An Audit Committee that undertakes the core functions as identified and measured through CIPFA's 'Audit Committees - Practical Guidance for Local Authorities' meets on a regular basis in both the Authority and the Executive. The Executive's Audit Committee is chaired by one of the non-Executive Directors who has the opportunity to report to the Authority's Audit and Governance Committee and the Executive Board if required.

e) Compliance with established procedures, laws and regulations is ensured by a system that requires all decisions made by the PTE Executive Board to set out all legal and financial implications. Reports to the Authority are subject to appropriate scrutiny before they are submitted. Procedures and policies are in place to ensure compliance with the Freedom of Information Act, Data Protection Act and Health and Safety requirements. A whistleblowing policy and guidance notes are available on the internet.

f) Risk management is embedded in the activities of the Group with regular reviews of the risk registers and exception reporting where required. Covalent, Metro's performance management system, has been further developed to enable it to contain all the risk registers and provide reports based on a traffic light system, highlighting 'red' risks that may require action. Any actions identified can then be mapped to MetroPlan targets in Covalent and monitored appropriately.

g) A system of Standing Orders and Financial Regulations protect the organisations. These are reviewed annually. Procedural manuals and notes underpin these and ensure the reporting of financial transactions is properly managed.

h) External reviews carried out by auditors and other agencies to achieve Customer Service Excellence, IIP and other accreditations with any recommendations identified creating a workplan for future improvements.

i) From 2011/12 the Authority has sole responsibility for LTP3. A system of governance has been agreed to manage the delivery and financial management of LTP3 with the District partners. This includes officer and Member groups which can report as required to the PTE Executive Board and to the Authority. These groups include representation from the District councils.

j) Metro tickets are sold through Post Offices in West Yorkshire and through rail ticket offices. The PTE has put in place arrangements whereby enhanced assurance statements are sought from the Post Office and Northern Rail stating that their systems have operated adequately with no material errors or weaknesses.

#### **4. Review of Effectiveness**

The Authority has responsibility for conducting, at least annually, a 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 Executive and 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 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. During the last year the Chief Financial Officer has provided to the Audit and Governance Committee a regular confirmation that key controls have been operating in the period. The Executive has in place similar systems and procedures which are subject to scrutiny. The Assistant Director Finance reports monthly to the Audit Committee that key controls have been operating in the period.

Within the Group budgetary responsibility is devolved to Budget Holders and Controllers who are responsible for monitoring and controlling their assigned budget. Regular budget performance reports are prepared by Finance for those charged with governance to ensure ongoing budgetary control is achieved.

The Executive's Internal Audit section is retained as the internal audit section for the Authority. The work of Internal Audit is informed by an assessment of risk and a strategic audit plan is devised based on these assessments. This plan and the audit reviews are submitted to the Authority's Audit and Governance Committee and to the Executive's Audit Committee. Regular update reports are provided to these meetings by the Internal Audit Manager, including progress made on the implementation of audit recommendations. Within the PTE Covalent is now used to monitor progress which allows outstanding recommendations to be considered monthly by the management teams.

#### **4. Review of Effectiveness (continued)**

The Treasury Management function for the Authority is undertaken by Leeds City Council. Their internal audit section provide an annual certification confirming the work they have undertaken during the year and their conclusions reached.

The Authority and Executive have in place comprehensive risk management arrangements. During the year the PTE has reviewed the risk arrangements in place and has redefined the strategic risk register and sought to simplify the detailed departmental risk registers. Reviews of risk now take place at management team level, supported by a comprehensive range of documents which provide guidance on the identification, assessment and reporting of risk. The Executive Risk Management Group meets on a regular basis to ensure consistency in the assessment and management of risk and to provide an overview of the process. The Authority's Risk register is considered quarterly by the Audit and Governance Committee.

The Executive and Authority have reviewed the work of Internal Audit and concluded that it is satisfactory when assessed against the guidelines of the CIPFA Code of Audit practice. The most recent review was in May and June 2011. In undertaking this assessment the Executive and Authority consider any recommendations of the external auditor or other advice received; the Audit Commission have not undertaken a formal review of the Internal Audit function during 2010/11.

#### **5. Significant Internal Control Issues**

This section considers any significant issues that have arisen during the year. This is by exception only.

No such significant issues have arisen in the year.

#### **6. Conclusion**

Throughout 2010/11 the Authority has continued to demonstrate an ongoing commitment to best practice and good corporate governance consistent with the principles of the CIPFA/SOLACE Framework in Local Government and this is clearly demonstrated by the adoption of a Code of Corporate Governance which captures and summarises these principles. We are also satisfied with the improvements that are continuing under the guidance of the Audit and Governance Committee.

We are satisfied that an effective system of internal control has been in place throughout the financial year and is ongoing.

**Cllr Lewis**  
**Chairman**

**K Preston**  
**Clerk to the Authority**

**26 July 2011**

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2011**

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold); and reserves that hold timing differences (for example the Capital Adjustment Account). The net surplus for the year after tax line shows the economic cost of providing the Authority's services and the provision of grants to fund the introduction of capital assets, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	Note	General Fund £'000s	Capital Grants Unapplied £'000s	Total Usable reserves £'000s	Capital Adjustment Account £'000s	Pension Reserve £'000s	Financial instruments Adj Account £'000s	Total Unusable reserves £'000s	Total £'000s
<b>At 31st March 2009</b>		<b>6,052</b>	-	<b>6,052</b>	<b>(105,015)</b>	<b>(265)</b>	<b>695</b>	<b>(104,585)</b>	<b>(98,533)</b>
<b>Movement in reserves during 2009/10</b>									
Surplus on Provision of Service		9,454	-	9,454	-	-	-	-	9,454
MRP	2	(4,511)	-	(4,511)	4,511	-	-	4,511	-
Finance costs early settlement discounts		356	-	356	-	-	(356)	(356)	-
<b>Other Comprehensive Income and Expenditure</b>									
Capital grants applied	2	(19,573)	-	(19,573)	19,573	-	-	19,573	-
Capital grants released	2	14,637	-	14,637	(14,637)	-	-	(14,637)	-
Capital Grants unapplied	3	-	4,936	4,936	(4,936)	-	-	-	-
Depreciation		210	-	210	(210)	-	-	(210)	-
Actuarial Gains/(Losses)	5	-	-	-	-	(191)	-	(191)	(191)
Transfer to pension reserve		18	-	18	-	(18)	-	(18)	-
Revaluation of fixed assets		-	-	-	-	-	-	-	-
<b>Increase/( decrease) in year</b>		<b>591</b>	<b>4,936</b>	<b>5,527</b>	<b>4,301</b>	<b>(209)</b>	<b>(356)</b>	<b>3,736</b>	<b>9,263</b>
<b>At 31st March 2010</b>		<b>6,643</b>	<b>4,936</b>	<b>11,579</b>	<b>(100,714)</b>	<b>(474)</b>	<b>339</b>	<b>(100,849)</b>	<b>(89,270)</b>
<b>Movement in reserves during 2010/11</b>									
Surplus on Provision of Service		7,610	-	7,610	-	-	-	-	7,610
MRP	2	(4,330)	-	(4,330)	4,330	-	-	4,330	-
Finance costs early settlement discounts		75	-	75	-	-	(75)	(75)	-
<b>Other Comprehensive Income and Expenditure</b>									
Capital grants applied	2	(16,785)	-	(16,785)	16,785	-	-	16,785	-
Capital grants released	2	14,054	-	14,054	(14,054)	-	-	(14,054)	-
Capital Grants unapplied	3	-	2,731	2,731	(2,731)	-	-	-	-
Depreciation		210	-	210	(210)	-	-	(210)	-
Actuarial Gains Losses	5	-	-	-	-	(47)	-	(47)	(47)
Transfer to pension reserve		(145)	-	(145)	-	145	-	145	-
Revaluation of fixed assets		-	-	-	(310)	-	-	(310)	(310)
<b>Increase/( decrease) in year</b>		<b>689</b>	<b>2,731</b>	<b>3,420</b>	<b>3,810</b>	<b>98</b>	<b>(75)</b>	<b>3,833</b>	<b>7,253</b>
<b>At 31st March 2011</b>		<b>7,332</b>	<b>7,667</b>	<b>14,999</b>	<b>(96,904)</b>	<b>(376)</b>	<b>264</b>	<b>(97,016)</b>	<b>(82,017)</b>

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

The Comprehensive income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010/11 and the Accounts and Audit Regulations 2011.

<b>Gross Expenditure £000's</b>	<b>2009/10 Gross Income £000's</b>	<b>Net Expenditure £000's</b>		<b>Notes</b>	<b>Gross Expenditure £000's</b>	<b>2010/11 Gross Income £000's</b>	<b>Net Expenditure £000's</b>
180,272	(82,592)	97,680	Highways and Transport Services	<b>1,4,7</b>	181,155	(82,990)	98,165
745	-	745	Corporate and Democratic Core		584	-	584
<b>181,017</b>	<b>(82,592)</b>	<b>98,425</b>	<b>Cost of Services - continuing operations</b>		<b>181,739</b>	<b>(82,990)</b>	<b>98,749</b>
3,902	-	3,902	Interest Payable		3,500	-	3,500
280	-	280	Effect of early settlement of borrowing		-	-	-
-	(47)	(47)	Interest and Investment income		-	(89)	(89)
23	-	23	Pensions interest cost and expected return on assets	<b>5</b>	1	-	1
<b>185,222</b>	<b>(82,639)</b>	<b>102,583</b>			<b>185,240</b>	<b>(83,079)</b>	<b>102,161</b>
			Taxation and Non-Specific Grant Income				
-	(91,375)	(91,375)	- District Council Levies	<b>11</b>	-	(91,832)	(91,832)
-	(1,125)	(1,125)	- Rural Bus Grant	<b>7</b>	-	(1,154)	(1,154)
-	(17,532)	(17,532)	- Integrated Transport Block (Capital)	<b>7</b>	-	(16,230)	(16,230)
-	(2,005)	(2,005)	- Section 31 (Capital)	<b>7</b>	-	(555)	(555)
<b>185,222</b>	<b>(194,676)</b>	<b>(9,454)</b>	<b>Deficit/(Surplus) on Provision of Services</b>		<b>185,240</b>	<b>(192,850)</b>	<b>(7,610)</b>
191	-	191	Actuarial gains and losses recognised on pension assets and liabilities	<b>5</b>	47	-	47
-	-	-	- Deficit on Revaluation	<b>10</b>	310	-	310
<b>191</b>	<b>-</b>	<b>191</b>	<b>Other Comprehensive Income and Expenditure</b>		<b>357</b>	<b>-</b>	<b>357</b>
		<b>(9,263)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(7,253)</b>
		=====					=====

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2011**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities ) are matched by the reserves held by the Authority. Reserves are reported in two categories being usable and unusable. Usable reserves are those reserves that may be utilised to provide services, subject to the requirement to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Authority are not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses such as the revaluation reserve and those that support the timing differences in capital investment (the Capital Adjustment Account).

	Notes	2010/11 £000's	2009/10 £000's	1 April 09 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, Plant, Equipment	10	7,020	7,540	7,750
<b>TOTAL LONG TERM ASSETS</b>		<b>7,020</b>	<b>7,540</b>	<b>7,750</b>
<b>Current Assets</b>				
Trade and Other Receivables	14	55	497	582
Cash and cash equivalents	15	2,594	1,658	1,080
		<b>2,649</b>	<b>2,155</b>	<b>1,662</b>
<b>Total assets</b>		<b>9,669</b>	<b>9,695</b>	<b>9,412</b>
<b>Current Liabilities</b>				
Short term borrowing	12	(2,107)	(8,188)	(2,432)
Trade and Other Payables	16	(8,467)	(8,759)	(7,213)
Accruals and deferred income	16	(236)	(44)	(35)
		<b>(10,810)</b>	<b>(16,991)</b>	<b>(9,680)</b>
<b>Long Term Borrowing</b>				
Net Pension liability	12,17 5	(80,500) (376)	(81,500) (474)	(98,000) (265)
		<b>(80,876)</b>	<b>(81,974)</b>	<b>(98,265)</b>
<b>Total Liabilities</b>		<b>(91,686)</b>	<b>(98,965)</b>	<b>(107,945)</b>
<b>NET LIABILITIES</b>		<b>(82,017)</b>	<b>(89,270)</b>	<b>(98,533)</b>
<b>Usable reserves</b>				
General Fund Balance		7,332	6,643	6,052
Capital Grants Unapplied reserve	3	7,667	4,936	-
		<b>14,999</b>	<b>11,579</b>	<b>6,052</b>
<b>Unusable reserves</b>				
Capital Adjustment Account	2	(96,904)	(100,714)	(105,015)
Financial Instruments Adjustment Account		264	339	695
Pensions Reserve	5	(376)	(474)	(265)
		<b>(97,016)</b>	<b>(100,849)</b>	<b>(104,585)</b>
<b>Total Reserves</b>		<b>(82,017)</b>	<b>(89,270)</b>	<b>(98,533)</b>

A Taylor  
Chief Financial Officer  
WYITA

Date : 27 July 2011

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

**Purpose of cashflow**

The cashflow is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and cash out of the business.

<u>2010</u> <u>£'000</u>			<u>2011</u> <u>£'000</u>
<b>Operating Activities</b>			
9,454	Surplus on the Provision of Service		7,610
(9,219)	Statutory movements on the general fund balance		(6,996)
356	Finance costs relating to early settlements		75
591	(Deficit)/Surplus transferred to General fund		689
4,148	Interest paid		3,581
280	Discount on early settlement		-
(47)	Interest received		(89)
4,972	Surplus of Income and Expenditure before interest		4,181
4,511	Minimum revenue provision	2	4,330
9,483	Operating cashflow before movement in working capital		8,511
1,642	Movement in working capital		261
11,125	Net cash generated from operations		8,772
47	Interest received		89
(280)	Refinancing discounts received		-
(356)	Finance costs relating to early settlements		(75)
(4,148)	Interest Paid		(3,581)
6,388	<b>Net cash generated from operating activities</b>		<b>5,205</b>
<b>Cash flows from investing activities</b>			
19,573	Capital grants received	2	16,785
(14,637)	Capital grants made	2	(14,054)
-	Proceeds of sale of property, plant and equipment		-
4,936	<b>Net cash used in investing activities</b>		<b>2,731</b>
<b>Cash flows from financing activities</b>			
(20,746)	Repayment of loans	17	(7,000)
7,500	Short term loans raised		-
2,500	long term loans raised		-
(10,746)	<b>Net cash used from financing activities</b>		<b>(7,000)</b>
578	<b>Net increase in cash and cash equivalents</b>		<b>936</b>

Note:

Cash and cash equivalents comprises operational cash balances, cash at bank and short-term bank deposits. Bank overdrafts that are repayable on demand also form an integral part of the Authority's cash management arrangements.

## NOTES TO THE ACCOUNTS:-

### 1 Revenue Expenditure

The Authority's 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:

	2010/11 £000's	2009/10 £000's
Revenue Grant to Executive to meet Public Transport expenditure	84,518	83,487
Direct Service costs (net)	(400)	(400)
Other costs	(2,738)	(4,944)
	<u>81,380</u>	<u>78,143</u>

### 2 Capital Adjustment Account

	2010/11 £000's	2009/10 £000's	01 April 09 £000's
Opening balance	(100,714)	(105,015)	(107,833)
<b>Income</b>			
Minimum Revenue Provision (MRP)	4,330	4,511	4,631
Revaluation Adjustment	(310)	-	-
Less depreciation charged to services	(210)	(210)	(210)
	<u>3,810</u>	<u>4,301</u>	<u>4,421</u>
<b>Expenditure</b>			
Revenue expenditure funded from capital under statute	(14,054)	(14,637)	(12,970)
Premiums charged to the PCL	-	-	-
	<u>(14,054)</u>	<u>(14,637)</u>	<u>(12,970)</u>
Capital receipts unapplied	(2,731)	(4,936)	-
Direct Revenue Financing of Capital	-	-	-
Write down of Capital Grants	16,785	19,573	11,367
	<u>14,054</u>	<u>14,637</u>	<u>11,367</u>
Balance c/f	<u>(96,904)</u>	<u>(100,714)</u>	<u>(105,015)</u>

MRP is 4% of the capital financing requirement as at 1st April 2011 which for the Authority is £108.25m (£112.7m at 31 March 2010).

### 3. Capital Grants unapplied

	2010/11 £000's	2009/10 £000's	01 April 09 £000's
Opening balance	4,936	-	-
Capital Receipts Unapplied in year	2,731	4,936	-
Balance c/f	<u>7,667</u>	<u>4,936</u>	-

### 4. Segmental Reporting

The analysis of income and expenditure by service on the face of the comprehensive income and expenditure statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current/past service cost of benefits accrued in the year. The report presented to the Authority is on a consolidated basis taking into account the operations of the Executive.

Presented below is the restatement of Cost of Services and specific and non-specific grant income as reported to the Authority's decision makers :-

4a. **Segmental Reporting - Resource allocation**

	Bus Services		Concessions		Rail		Pass Facilities		Other		Total	
	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000
Agency/service Fee income	-	-	-	-	-	-	-	-	(1,193)	(1,148)	(1,193)	(1,148)
Government Grants	-	-	(9,116)	(8,871)	(72,125)	(72,097)	-	-	(556)	(476)	(81,797)	(81,444)
<b>Total Income</b>	-	-	<b>(9,116)</b>	<b>(8,871)</b>	<b>(72,125)</b>	<b>(72,097)</b>	-	-	<b>(1,749)</b>	<b>(1,624)</b>	<b>(82,990)</b>	<b>(82,592)</b>
Operating Expenditure	23,804	23,855	51,352	50,334	71,352	71,352	-	-	-	-	146,508	145,541
Other Cost of Service Expenditure	7,543	8,347	-	-	182	181	4,618	4,699	8,401	7,057	20,744	20,284
<b>Total Operating Expenditure</b>	<b>31,347</b>	<b>32,202</b>	<b>51,352</b>	<b>50,334</b>	<b>71,534</b>	<b>71,533</b>	<b>4,618</b>	<b>4,699</b>	<b>8,401</b>	<b>7,057</b>	<b>167,252</b>	<b>165,825</b>
<b>Cost of services</b>	<b>31,347</b>	<b>32,202</b>	<b>42,236</b>	<b>41,463</b>	<b>(591)</b>	<b>(564)</b>	<b>4,618</b>	<b>4,699</b>	<b>6,652</b>	<b>5,433</b>	<b>84,262</b>	<b>83,233</b>

**Reconciliation of Segmental Analysis and Cost of services in the Comprehensive Income and Expenditure Statement**

	2010/11 £'000	2009/10 £'000
Segmental Analysis of		
Cost of Service	84,262	83,233
Pensions IAS19	(147)	(4)
Capital Grants	14,054	14,624
Depreciation/Capital expenditure	580	572
 Cost of Service CIES	 <b>98,749</b>	 <b>98,425</b>

## 5 Pension Costs

### 5.1 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 2010/11 contributions payable for the year to West Yorkshire Pension Fund based on the formal actuarial valuation carried out for 31 March 2007 were £17,222 (2009/10 - £17,751) representing 13% (2009/10 - 12.7%) of pensionable pay. Under the Pension Fund regulations contribution rates are set to meet the overall liabilities of the Fund. The actuarial valuation carried out at 31 March 2010 has determined the employer contributions for the next three years. The contributions as a percentage of salaries for 2011/12, 2012/13 and 2013/14 will be 13%.

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 £2,774 for such payments in 2010/11 (£2,772 in 2009/10).

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.

### 5.2 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 2010/11. The capital costs relating to previous years awards of discretionary added years is not material.

### 5.3 Pension disclosures required under IAS 19

The Authority's West Yorkshire Pension Fund Liabilities have been assessed by AON Hewitt Ltd, 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 2011	31 March 2010
Inflation - RPI	3.7%	3.8%
- CPI	2.8%	N/A
Rate of increase in salaries	5.2%	5.55%
Rate of increase for pensions in payment	2.8%	3.8%
Rate used to discount the scheme liabilities	5.4%	5.5%

#### Mortality assumptions

Post retirement mortality (retirement in normal health):-

<b>Males</b> : CMI 2009 Long term rate of improvement of 1.25%	80% Long Cohort(2007) subject to minimum underpin to improvement factors of 1.25%
<b>Females</b> : CMI 2009 Long term rate of improvement of 1.25%	60% Long Cohort (2007) subject to minimum underpin to improvement factors of 1.25%

#### Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	23.7 (26.0) Years	24.1 (27.9) Years
- of a male (female) current pensioner aged 65	21.9 (24.0) Years	21.8 (25.4) Years

### 5.3 Pension disclosures required under IAS 19 (continued)

As part of the 2010 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2010 and assumptions have been amended regarding life expectancy. The mortality allowance for future improvements uses the Continuous Mortality Investigation (CMI) Mortality Projections model with the model updated annually to reflect the latest emerging experience. This means there will continue to be regular changes to the assumptions for future improvements in mortality rates as new data is taken into account.

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 2011			31 March 2010		
	Long term return %	£000's	Assets %	Long term return %	£000's	Assets %
Equities	8.4	827	73.1	8.00	748	71.6
Government Bonds	4.4	129	11.4	4.50	128	12.2
Other Bonds	5.1	44	3.9	5.50	35	3.4
Property	7.9	41	3.6	8.50	35	3.4
Cash/Liquidity	1.5	26	2.3	0.70	35	3.4
Other	8.4	64	5.7	8.00	63	6.0
Total market value of Assets	7.6%*	1,131	100.0	*7.26%	1,044	100.0
Present value of liabilities		(1,507)			(1,518)	
Net Pension Liability		<u>(376)</u>			<u>(474)</u>	

\* The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date.

The expected investment return on corporate bonds is based on market yields at the relevant date, but we have restricted this expected return to 0.7% p.a. over and above that available on gilts, reflecting the perceived risk of re-rating and default risk. This represents a decrease in this margin of 0.3% compared to the assumption used at the previous accounting date.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 4% p.a. for the "risk premium" associated with equity investment. This is a higher "risk premium" than last year of 0.5% giving a proposed expected return of 8.4%.

The actual return on scheme assets in the year was £0.102m (2010: £0.277m)

#### Reconciliation of present value of scheme liabilities

	£'000		£'000	
	31/03/2011	31/03/2011	31/03/2010	31/03/2010
	Unfunded	All Benefits	Unfunded	All Benefits
1 April		51	40	1,052
Current service cost			-	29
Interest cost		2	3	76
Member Contributions			-	9
Past service cost		(5)	-	(155)
Actuarial gains/ loss		2	11	74
Curtailments		-	-	-
Settlements		-	-	-
Benefits paid		(3)	(3)	(44)
31 March		<u>47</u>	<u>51</u>	<u>1,518</u>

#### Reconciliation of fair value of scheme assets

	£'000		£'000	
	31/03/2011	31/03/2011	31/03/2010	31/03/2010
	Unfunded	All Benefits	Unfunded	All Benefits
1 April		-	-	1,044
Expected return on scheme assets		-	-	75
Actuarial gains/(losses)		-	-	27
Contributions paid by employer		3	3	20
Member Contributions		-	-	9
Benefits paid		(3)	(3)	(44)
31 March		<u>0</u>	<u>0</u>	<u>1,131</u>

### 5.3 Pension disclosures required under IAS 19 (continued)

#### The amounts recognised in the Comprehensive Income and Expenditure Statement

	£'000 31/03/2011	£'000 31/03/2010
<b>Cost of service</b>		
Current Service Cost	29	16
Past Service Cost	(155)	-
Curtailments or settlements	-	-
<b>Financing Investment Income and Expenditure</b>		
Interest on pension liabilities	76	74
Expected return on pension assets	(75)	(51)
Total pension cost recognised	<u>(125)</u>	<u>39</u>

#### The amounts recognised in Other Comprehensive Income and Expenditure

Actuarial Gain/(loss)	(47)	(191)
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#### The Change from Retail Prices Index to Consumer Prices Index for pensions increases

In the UK budget statement on 22 June 2010 the Chancellor announced that public service pensions would with effect from 1 April 2011 be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The Actuary valued the change from 22 June 2010.

This has the effect of reducing the Authority's liabilities in the West Yorkshire Pension Fund by £155k and has been recognised as a past service gain in accordance with guidance set down in UITF abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund.

#### HISTORY OF EXPERIENCE GAINS AND LOSSES

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Defined Benefit Obligation	(1,507)	(1,518)	(1,052)	(1,283)	(1,133)
Scheme assets	1131	1,044	787	943	1,006
Deficit	(376)	(474)	(265)	(340)	(127)
Experience adjustments on scheme assets :	27	226	(226)	(135)	22
Experience adjustments on scheme liabilities:	(140)	11	0	(23)	0
Total amount recognised in other comprehensive income and expenditure: Amount	(47)	(191)	90	(205)	64

## 6 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 2010/11 the amount is £4.330m (2009/10 £4.511m).

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 to the General Fund Balance through the Movement in Reserves Statement to ensure that the charge to the Amount met from Government Grant and Local Taxation equates to the Minimum Revenue Provision (MRP).

	2010/11 £000's	2009/10 £000's
Depreciation charged to services	210	210
Additional charge to revenue	4,120	4,301
<b>Minimum Revenue Provision</b>	<b><u>4,330</u></b>	<b><u>4,511</u></b>

## 7 Government Grants

In accordance with statutory requirements the Authority is required to set out the government grants received during the year and to specify the awarding body.

	2010/11 £000's	2009/10 £000's
Special rail Grant - DfT	72,125	72,097
Rural Bus Subsidy Grant - DFT	1,154	1,125
LTP2 - DfT	16,230	17,532
Smartcard Funding - DfT	1,111	1,111
Concessionary Scheme Grant - DfT	9,116	8,871
Section 31 - DfT	-	1,361
	<b>99,736</b>	<b>102,097</b>

## 8 Members' Allowances

The total members' allowances paid in the year was £234,745 (2009/10 - £237,376).

## 9 Officers' Remuneration

The IFRS Based Code of Practice on Local Authority Accounting 2011 requires the disclosure of the number of officers whose remuneration in the year was £50,000 or more, grouped in rising bands of £5,000.

	2010/11 Number	2009/10 Number
£50,000-£55000	1	1

		Salary Fees Allowances	Expenses Bonuses	Compensation for loss of office	Pension Contributions	Total
Deputy Clerk	2009/10	49,845	225	-	6,330	56,400
Deputy Clerk	2010/11	49,845	225	-	6,479	56,549

## 10 Property, Plant and Equipment

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 2011 at a value of £7.020m by a MRICS qualified Valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors.

	Other Land & Buildings 2010/11 £000's	Other Land & Buildings 2009/10 £000's	Other Land & Buildings 01 April 2009 £000's
Valuation at 1 April	8,380	8,380	8,380
Additions	-	-	-
Disposals	-	-	-
Revaluation Adjustment	(1,360)	-	-
Valuation at 31 March	<b>7,020</b>	<b>8,380</b>	<b>8,380</b>
Depreciation charged to 1 April	840	630	420
Impairments	-	-	-
Depreciation charged in the year	210	210	210
Revaluation Adjustment	(1,050)	-	-
Accumulated depreciation	<b>-</b>	<b>840</b>	<b>630</b>
Net book value at 31 March	<b>7,020</b>	<b>7,540</b>	<b>7,750</b>

## 11 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 2010/11, which are not separately disclosed elsewhere, are set out below:

	2010/11 £000's	2009/10 £000's
<b>Levying bodies:</b>		
Bradford MDC	21,217,168	21,114,924
Calderdale MDC	8,371,882	8,332,321
Kirklees MDC	16,640,107	16,577,588
Leeds City Council	31,468,757	31,215,168
Wakefield MDC	14,134,286	14,135,323
	<b>91,832,200</b>	<b>91,375,324</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 one of the five constituent levying Metropolitan District Councils and are appointed onto the Integrated Transport Authority. Other than this no member has declared any such transaction with the Authority.

The Executive can be construed to be a related party of the West Yorkshire Integrated Transport Authority (WYITA) as defined in IAS 24 "Related party transactions". WYITA is the ultimate controlling party of the Executive with the ability to direct the Executive's financial and operating policies.

The WYITA paid revenue grant payments to the Executive of £84.518m and capital grants of £14.05m. The balance owing by the Integrated Transport Authority to the Executive at 31 March 2011 is also shown at Note 16.

### 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. The Authority's s151 Officer is employed by the Executive where she is also their s151 Officer.

## 12 Loans Outstanding

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
<b>Lender:-</b>			
Public Works Loans Board	57,287	62,368	75,113
Other Market Loans	25,320	25,320	25,319
Short Term Loans	-	2,000	-
	<b>82,607</b>	<b>89,688</b>	<b>100,432</b>
<b>Maturity:-</b>			
Loans repayable within 12 months	2,107	8,188	2,432
1-2 years	1,000	1,000	4,000
2-5 years	3,000	3,000	-
5-10 years	1,500	2,500	-
in more than 10 years	75,000	75,000	94,000
	<b>82,607</b>	<b>89,688</b>	<b>100,432</b>

## 13 Capital expenditure and financing

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
<b>Capital investment</b>			
Operational assets	-	-	-
Revenue expenditure funded from capital under statute	14,054	14,637	12,969
	<b>14,054</b>	<b>14,637</b>	<b>12,969</b>
<b>Sources of finance</b>			
Borrowing (credit approvals)	-	-	1,602
Capital receipts	-	-	-
Government grants and other contributions	14,054	14,637	11,367
Revenue contributions	-	-	-
	<b>14,054</b>	<b>14,637</b>	<b>12,969</b>

#### 14 Trade and Other Receivables

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
Central Government	55	66	62
Bodies external to general government	-	431	520
	<b>55</b>	<b>497</b>	<b>582</b>

Trade and other receivables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other receivables.

#### 15 Cash & Cash Equivalents

	2010/11 £'000s	2009/10 £000's	01 April 2009 £000's
Bank current Accounts	2,594	1,658	1,080
	<b>2,594</b>	<b>1,658</b>	<b>1,080</b>

Cash at bank and short term deposits earn interest at floating rates based on bank deposit rates. There is no material difference between the carrying value and fair value of cash and cash equivalents.

#### 16 Trade and Other Payables

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
Central Government	192	-	-
Other local authorities	27	-	-
Public Corporation - WYPTE	8,425	8,748	7,187
Bodies external to general government	59	55	61
	<b>8,703</b>	<b>8,803</b>	<b>7,248</b>

Trade and other payables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other payables.

#### 17.1 Financial Instruments

Financial liabilities, financial assets represented by loans and creditors and short-term debtors and cash and cash equivalents are carried in the Balance Sheet at amortised cost. Their fair value is assessed as the amount at which the instrument could be exchanged in a current transaction between willing parties.

Trade and other receivables are non-interest bearing financial instruments, the short term nature of these instruments means there is no material difference between the carrying value and fair value.

	31 March 2011		31 March 2010		1 April 2009	
	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value
<b>Financial Assets</b>						
Short-term debtors	55	55	497	497	582	582
Cash and cash equivalents	2,594	2,594	1,658	1,658	1,080	1,080
<b>Financial Liabilities</b>						
Short-term creditors	8,702	8,702	8,803	8,803	7,248	7,248
Floating rate borrowing - due within 1yr	-	-	-	-	-	-
Fixed Rate borrowing - due within 1 yr	1,009	1,008	7,079	7,145	1,016	1,029
Floating rate borrowing - due after 1yr	5,085	5,338	-	-	5,019	4,647
Fixed Rate borrowing - due after 1 yr	76,513	70,981	82,609	82,993	94,397	92,445
	<b>82,607</b>	<b>77,327</b>	<b>89,688</b>	<b>90,138</b>	<b>100,432</b>	<b>98,121</b>

The Authority has considered the balance sheet carrying values ie amortised costs of financial instruments of the Group. It is required to disclose the fair value and carrying value for those financial instruments whose carrying value is not a reasonable approximation for fair value. In the Group's books it is only the Authority's loan portfolio which falls into this category.

## Hedging Instruments

The Authority holds no financial instruments that could be classified as hedging instruments.

## Loans and Borrowings

Fair value is determined by calculating the Net Present Value of future cash flows, thus estimating the value of future payments in today's terms. This is a widely accepted and commonly used valuation technique. The discount rate used should be equal to the current rate for a similar loan from a comparable lender. This will be the market rate applicable on the date of valuation for a loan with the same outstanding period to maturity.

However, it may be unlikely that the future cash flows of a loan will fall in equal time periods from the date of valuation, so adjustments are made to each discount factor in order to account for the timing inequality.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date; therefore we have included accrued interest in the fair value calculation.

The discount rates used for the evaluation were obtained by WYITA from Sector. Sector is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

Assumptions used, which do not have a material affect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non working day.

Current	Effective interest rate	Maturity	2011 £000's	2010 £000's	01 April 2009 £000's
Public Works Loan Board	3.39%	Oct 2009	-	-	1,000
PWLB - European Investment Bank	2.81%	June 2010	-	500	-
PWLB - European Investment Bank	2.81%	Dec 2010	-	500	-
Dacorum DC	0.45%	Apr 2010	-	2,000	-
Public Works Loan Board	3.84%	Oct 2010	-	4,000	-
PWLB - European Investment Bank	2.81%	Jun 2011	500	-	-
PWLB - European Investment Bank	2.81%	Dec 2011	500	-	-
			<b>1,000</b>	<b>7,000</b>	<b>1,000</b>
<b>Non- Current</b>					
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000	5,000
Public Works Loan Board	3.84%	Oct 2010	-	-	4,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000	10,000
Public Works Loan Board	4.40%	Jan 2054	8,000	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000	8,000
Public Works Loan Board	4.40%	May 2052	-	-	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000	4,000
Public Works Loan Board	4.55%	Apr 2054	-	-	6,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000	8,000
PWLB - European Investment Bank	2.81%	Jun 2011	-	500	-
PWLB - European Investment Bank	2.81%	Dec 2011	-	500	-
PWLB - European Investment Bank	2.81%	Jun 2012	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2012	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2013	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2013	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2014	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2014	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2015	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2015	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2016	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2016	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2017	500	500	-
Barclays - LOBO's	3.97%	May 2065	5,000	5,000	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000	5,000	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000	5,000	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000	5,000	5,000
Barclays - LOBO's	4.32%	May 2077	5,000	5,000	5,000
			<b>80,500</b>	<b>81,500</b>	<b>98,000</b>
<b>Total</b>			<b>81,500</b>	<b>88,500</b>	<b>99,000</b>

## 17.2 Management of risks arising from financial instruments

There are a number of risks associated with financial instruments to which the Authority is necessarily exposed. However the Authority monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

Credit risk is the risk that amounts due to the Authority may not be received. Almost all of the Authority's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the approved Treasury Management Policy. The effect of this policy is to restrict as far as is practicable the Authority's exposure to risk from the failure of a financial institution. It ensures that deposits are placed only with limited numbers of financial institutions whose credit rating is independently assessed as being sufficiently secure. The term and maximum deposit is also restricted.

Liquidity risk is the risk that the Authority may not have sufficient cash available to meet its day to day obligations to meet payments. The Authority has access to borrowings from the Public Works Loans Board and commercial lenders to meet long term spending and shorter term cashflow requirements. Again measures are in place to actively manage the loan portfolio to ensure refinancing, if required, can be done in a way to minimise the risk of exposure to adverse rates.

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Authority's long term lending is at fixed interest rates but it also borrows some of its money in the form of lender option borrower option loans (LOBOs). This mix of lending assists the Authority in taking advantage of changes to interest rates and it constantly reviews the potential for refinancing debt at more favourable rates.

The Authority is also affected by fluctuations in shorter term interest rates as this impacts on the interest that can be earned in the year on deposits. This is carefully monitored.

The Authority is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. It should be noted that had interest rates been different then in practice different decisions would have been taken in relation to rescheduling of debt and new borrowing and investment undertaken. It is not possible to quantify the likely impact of such different decisions. The Authority's interest payable and receivable would have varied by a net £106k if interest rates varied by 1% in the year.

The Authority is not exposed to any currency risk.

## 18 Net Assets employed

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
Total Reserves and Balances	<b>(82,017)</b>	<b>(89,270)</b>	<b>(98,533)</b>

## 19 Auditor's Remuneration

	2010/11 £000's	2009/10 £000's
Audit Services	43	44
Other Services	-	-
	<b>43</b>	<b>44</b>

## 20 Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 26 July 2011. There have been no adjustments to the financial statements for events after the balance sheet date.

## 21 IFRS 1 First Time Adoption - Disclosures

The Authority's accounts follow the The Code of Practice on Local Authority Accounting UK 2010/11 which is based on approved International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2011. The Code has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Authority has prepared its financial statements for the year ended 31 March 2011 in accordance with IFRS as disclosed in the accounting policies in note 1. This is the first time adoption of IFRS for the Authority which requires that the same accounting policies are used in the opening IFRS balance sheet and throughout all periods presented in the first IFRS financial statements. The opening balance sheet was prepared at 1 April 2009 being the date of transition to IFRS with the notes to the reconciliation below explaining the adjustments resulting from the adoption of IFRS.

### WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY RESTATEMENT OF INCOME AND EXPENDITURE AT 1 APRIL 2009

Note	2009 £'000 SORP	01 April 2009 Adjustment £'000	2009 £'000 IFRS	£'000 SORP	31/03/2010 Adjustment £'000	£'000 IFRS
<b><u>Net Cost of Services</u></b>						
Public Transport	172,491	-	172,491	180,272	-	180,272
Prepaid tickets	-	-	-	-	-	-
Corporate and Democratic Core	738	-	738	745	-	745
Depreciation	-	-	-	-	-	-
Gross Income	(93,131)	-	(93,131)	(102,129)	-	(102,129)
<b>Net Cost of Services</b>	<b>80,098</b>	<b>-</b>	<b>80,098</b>	<b>78,888</b>	<b>-</b>	<b>78,888</b>
Finance Costs	4,653	-	4,653	3,902	-	3,902
Effect of early settlement of borrowing	(401)	-	(401)	280	-	280
Finance Income	(395)	-	(395)	(47)	-	(47)
Pension Interest Cost Expected Return on Assets	13	-	13	23	-	23
<b>Net Operating Expenditure</b>	<b>83,968</b>	<b>-</b>	<b>83,968</b>	<b>83,046</b>	<b>-</b>	<b>83,046</b>
District Councils Levy	(89,147)	-	(89,147)	(91,375)	-	(91,375)
Rural Bus Grant	(1,096)	-	(1,096)	(1,125)	-	(1,125)
<b>Net surplus for the year</b>	<b>(6,275)</b>	<b>-</b>	<b>(6,275)</b>	<b>(9,454)</b>	<b>-</b>	<b>(9,454)</b>

**WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY**  
**RESTATEMENT OF BALANCE SHEET**  
**AT 1 APRIL 2009**

Assets	Notes	01 April 2009 Adjustment			31/03/2010 Adjustment		
		£'000 SORP	£'000	£'000 IFRS	£'000 SORP	£'000	£'000 IFRS
<b>Non-current assets</b>							
Tangible Assets	1	7,750	(7,750)	-	7,540	(7,540)	-
Property, plant and Equipment	1	-	7,750	7,750	-	7,540	7,540
		<u>7,750</u>	<u>-</u>	<u>7,750</u>	<u>7,540</u>	<u>-</u>	<u>7,540</u>
<b>Current Assets</b>							
Debtors	2	582	(582)	-	497	(497)	-
Trade and other receivables	2	-	582	582	-	497	497
Cash and cash equivalents		1,080	-	1,080	1,658	-	1,658
		<u>1,662</u>	<u>-</u>	<u>1,662</u>	<u>2,155</u>	<u>-</u>	<u>2,155</u>
Non-current assets held for sale							
<b>Total assets</b>		<u>9,412</u>	<u>-</u>	<u>9,412</u>	<u>9,695</u>	<u>-</u>	<u>9,695</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Cash and cash equivalents							
Creditors: Amounts Falling Due within One Year	3	(7,246)	7,246	-	(8,803)	8,803	-
Short term borrowing	4	(1,016)	(1,416)	(2,432)	(8,188)	-	(8,188)
Trade and other payables	3	-	(7,213)	(7,213)	-	(8,759)	(8,759)
Accruals and deferred income	3	-	(35)	(35)	-	(44)	(44)
		<u>(8,262)</u>	<u>(1,418)</u>	<u>(9,680)</u>	<u>(16,991)</u>	<u>-</u>	<u>(16,991)</u>
<b>Non-current liabilities</b>							
Long term borrowing		(99,418)	1,418	(98,000)	(81,500)	-	(81,500)
Net pension liability		(265)	-	(265)	(474)	-	(474)
		<u>(99,683)</u>	<u>1,418</u>	<u>(98,265)</u>	<u>(81,974)</u>	<u>-</u>	<u>(81,974)</u>
<b>Total liabilities</b>		<u>(107,945)</u>	<u>-</u>	<u>(107,945)</u>	<u>(98,965)</u>	<u>-</u>	<u>(98,965)</u>
<b>Total Assets Less Total Liabilities</b>		<u>(98,533)</u>	<u>-</u>	<u>(98,533)</u>	<u>(89,270)</u>	<u>-</u>	<u>(89,270)</u>
Revenue Reserves		6,052	-	6,052	6,643	-	6,643
Capital grants unapplied reserve	5	-	-	-	-	4,936	4,936
<b>Usable Reserves</b>		<u>6,052</u>	<u>-</u>	<u>6,052</u>	<u>6,643</u>	<u>4,936</u>	<u>11,579</u>
Capital adjustment account		(105,015)	-	(105,015)	(95,778)	(4,936)	(100,714)
Financial instrument adjustment account		695	-	695	339	-	339
Pension Reserves		(265)	-	(265)	(474)	-	(474)
<b>Unusable reserves</b>		<u>(104,585)</u>	<u>-</u>	<u>(104,585)</u>	<u>(95,913)</u>	<u>(4,936)</u>	<u>(100,849)</u>
<b>Total reserves</b>		<u>(98,533)</u>	<u>-</u>	<u>(98,533)</u>	<u>(89,270)</u>	<u>-</u>	<u>(89,270)</u>

## Notes to the Reconciliation

1. Under the IFRS based code the Tangible assets category has been transferred to Property, Plant and Equipment £7,750,000.
2. Previously all trade receivables were recognised under the heading of Debtors £582,000. Under IFRS the requirement is to recognise these assets as trade and other receivables.
3. Previously all trade payables were recognised under the heading of Creditors: Amounts Falling Due within One Year £7,246,000. Under IFRS the requirement is to recognise these liabilities as trade and other payables £7,213,000 with separate recognition of Accruals and deferred income £35,000 due to the materiality.
4. The loan interest accrual of £1,416,000 is derecognised from the long term borrowing line and recognised as short term borrowing as this forms part of the borrowings payable within 1 year.
5. The capital grants unapplied account has been created at 31 March 2010 to recognise capital grants where no conditions remain outstanding and expenditure has not yet been incurred. The £4,936,000 is derecognised from the Capital Adjustment Account and transferred to Capital Grants Unapplied Account in accordance with 2.3.3.6 of the code.

**CONSOLIDATED GROUP ACCOUNTS**  
**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**GROUP MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2011**

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold); and reserves that hold timing differences (for example the Capital Adjustment Account/Deferred Capital grants Account). The net surplus on provision of service shows the economic cost of providing the Group's services and the provision of grants to fund the introduction of capital assets, more details of which are shown in the Comprehensive Income and Expenditure Statement.

	General Fund	Capital Grants	Total Usable reserves	Capital Adjustment Accounts	Deferred Capital Grants A/C	Financial Instruments Adj account	Revaluation Reserve	Pension Reserve	Donated Assets Account	Total Unusable reserves	Total
Note	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>At 31st March 2009</b>	<b>7,337</b>	-	<b>7,337</b>	<b>(47,415)</b>	<b>22,759</b>	<b>695</b>	<b>10,626</b>	<b>(56,752)</b>	<b>587</b>	<b>(69,500)</b>	<b>(62,163)</b>
<b>Movement in reserves during 2009/10</b>											
Surplus on Provision of Service	27,496	-	27,496	-	-	-	-	-	-	-	27,496
MRP	(4,511)	-	(4,511)	4,511	-	-	-	-	-	4,511	-
Finance costs early settlement discounts	356	-	356	-	-	(356)	-	-	-	(356)	-
<b>Other Comprehensive Income and Expenditure</b>											
Capital grants released	-	-	-	(18,179)	(6,660)	-	-	-	-	(24,839)	(24,839)
Capital grants applied	2 (24,935)	-	(24,935)	19,573	5,362	-	-	-	-	24,935	-
Capital Grants unapplied	2 -	4,936	4,936	(4,936)	-	-	-	-	-	(4,936)	-
Depreciation	210	-	210	(210)	-	-	-	-	-	(210)	-
Actuarial Gains/(Losses)	6 -	-	-	-	-	-	-	(24,342)	-	(24,342)	(24,342)
Transfer to pension reserve	1,970	-	1,970	-	-	-	-	(1,970)	-	(1,970)	-
Revaluation of fixed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Increase/(decrease) in year</b>	<b>586</b>	<b>4,936</b>	<b>5,522</b>	<b>759</b>	<b>(1,298)</b>	<b>(356)</b>	<b>-</b>	<b>(26,312)</b>	<b>-</b>	<b>(27,207)</b>	<b>(21,685)</b>
<b>At 31st March 2010</b>	<b>7,923</b>	<b>4,936</b>	<b>12,859</b>	<b>(46,656)</b>	<b>21,461</b>	<b>339</b>	<b>10,626</b>	<b>(83,064)</b>	<b>587</b>	<b>(96,707)</b>	<b>(83,848)</b>
Surplus on Provision of Service	46,812	-	46,812	-	-	-	-	-	-	-	46,812
MRP	(4,330)	-	(4,330)	4,330	-	-	-	-	-	4,330	-
Finance costs early settlement discounts	75	-	75	-	-	(75)	-	-	-	(75)	-
<b>Other Comprehensive Income and Expenditure</b>											
Capital grants released	-	-	-	(14,534)	(2,571)	-	-	-	-	(17,105)	(17,105)
Capital grants applied	2 (19,271)	-	(19,271)	16,785	2,486	-	-	-	-	19,271	-
Capital Grants unapplied	2 -	2,731	2,731	(2,731)	-	-	-	-	-	(2,731)	-
Depreciation	210	-	210	(210)	-	-	-	-	-	(210)	-
Actuarial Gains/(Losses)	6 -	-	-	-	-	-	-	12,039	-	12,039	12,039
Transfer to pension reserve	(22,807)	-	(22,807)	-	-	-	-	22,807	-	22,807	-
Revaluation of fixed assets	-	-	-	(310)	-	-	(201)	-	-	(511)	(511)
<b>Increase/ (decrease) in year</b>	<b>689</b>	<b>2,731</b>	<b>3,420</b>	<b>3,330</b>	<b>(85)</b>	<b>(75)</b>	<b>(201)</b>	<b>34,846</b>	<b>-</b>	<b>37,815</b>	<b>41,235</b>
<b>At 31st March 2011</b>	<b>8,612</b>	<b>7,667</b>	<b>16,279</b>	<b>(43,326)</b>	<b>21,376</b>	<b>264</b>	<b>10,425</b>	<b>(48,218)</b>	<b>587</b>	<b>(58,892)</b>	<b>(42,613)</b>

2010/11  
£'000

2009/10  
£'000

**RECONCILIATION OF AUTHORITY (SURPLUS) TO GROUP (SURPLUS)**  
**(Surplus) for year on Authority/Executive Comprehensive Income and Expenditure Statement**

Adjustment for transactions with Executive	(7,610)	(9,454)
Surplus in Group I and E attributable to Authority	(7,610)	(9,454)
Deficit in Group attributable to Group entities (adjusted)	(39,202)	(18,042)
<b>(Surplus) for the year</b>	<b>(46,812)</b>	<b>(27,496)</b>

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

The Comprehensive income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010/11 and the Accounts and Audit Regulations 2011.

2009/10				2010/11		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
229,675	(162,969)	66,706	Highways and Transport Services	221,122	(150,104)	71,018
9,353	-	9,353	Corporate and Democratic Core	9,444	-	9,444
<b>239,028</b>	<b>(162,969)</b>	<b>76,059</b>	<b>Cost of Services - continuing operations</b>	<b>230,566</b>	<b>(150,104)</b>	<b>80,462</b>
3,902	-	3,902	Interest Payable	3,500	-	3,500
280	-	280	Effect of early settlement of borrowing	-	-	-
-	(7)	(7)	Exceptional item	(22,900)	-	(22,900)
-	(48)	(48)	Interest and Investment income	-	(90)	(90)
4,355	-	4,355	Pensions interest cost and expected return on assets	1,987	-	1,987
<b>247,565</b>	<b>(163,024)</b>	<b>84,541</b>	<b>Non-Specific Grant Income</b>	<b>213,153</b>	<b>(150,194)</b>	<b>62,959</b>
-	(91,375)	(91,375)	-District Council Levies	-	(91,832)	(91,832)
-	(1,125)	(1,125)	- Rural Bus Grant	-	(1,154)	(1,154)
-	(17,532)	(17,532)	- Integrated Transport Block (Capital)	-	(16,230)	(16,230)
-	(2,005)	(2,005)	- Section 31 (Capital)	-	(555)	(555)
<b>247,565</b>	<b>(275,061)</b>	<b>(27,496)</b>	<b>Deficit/(Surplus) on Provision of Services</b>	<b>213,153</b>	<b>(259,965)</b>	<b>(46,812)</b>
24,342	-	24,342	Actuarial gains and losses recognised on pension assets	-	(12,039)	(12,039)
-	-	-	- Deficit on Revaluation	511	-	511
24,839	-	24,839	Other Comprehensive Expenditure	17,105	-	17,105
<b>49,181</b>	<b>-</b>	<b>49,181</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>17,616</b>	<b>(12,039)</b>	<b>5,577</b>
		<b>21,685</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(41,235)</b>

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**GROUP BALANCE SHEET**  
**FOR THE YEAR ENDED 31 MARCH 2011**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories being usable and unusable. Unusable reserves are those reserves that may be utilised to provide services, subject to the requirement to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Group is not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses such as the revaluation reserve and those that support the timing differences in capital investment (the Capital Adjustment Account/Deferred Capital Grants Account).

	Notes	2010/11 £'000	2009/10 £'000	01/04/2009 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, Plant, Equipment	10(d) (e)	95,833	97,447	102,818
Donated Assets	10(c)	447	533	587
		<u>96,280</u>	<u>97,980</u>	<u>103,405</u>
<b>Current Assets</b>				
Assets held for sale	10(b)	9	-	-
Trade and Other Receivables	14	7,741	9,004	8,436
Cash and cash equivalents	15	4,222	2,526	3,430
		<u>11,972</u>	<u>11,530</u>	<u>11,866</u>
<b>Total assets</b>		<u>108,252</u>	<u>109,510</u>	<u>115,271</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short term borrowing	17	(2,107)	(8,188)	(2,432)
Trade and Other payables	16	(12,820)	(15,247)	(15,858)
Accruals and deferred income	16	(6,821)	(5,359)	(4,392)
Provisions	20	(399)	-	-
		<u>(22,147)</u>	<u>(28,794)</u>	<u>(22,682)</u>
<b>Long term borrowing</b>	19	(80,500)	(81,500)	(98,000)
<b>Other long term liabilities</b>				
Net Pension liability	6	(48,218)	(83,064)	(56,752)
		<u>(128,718)</u>	<u>(164,564)</u>	<u>(154,752)</u>
<b>Total Liabilities</b>		<u>(150,865)</u>	<u>(193,358)</u>	<u>(177,434)</u>
<b>NET LIABILITIES</b>		<u>(42,613)</u>	<u>(83,848)</u>	<u>(62,163)</u>
<b>Reserves</b>				
General Fund Balance		8,612	7,923	7,337
Capital Grants Unapplied Reserve	2	7,667	4,936	-
<b>Usable Reserves</b>		<u>16,279</u>	<u>12,859</u>	<u>7,337</u>
Deferred Capital Grants Account	2	21,376	21,461	22,759
Capital Adjustment Account	2	(43,326)	(46,656)	(47,415)
Financial instrument adjustment account		264	339	695
Donated Asset Account	10(c)	587	587	587
Pension Reserves	6	(48,218)	(83,064)	(56,752)
Revaluation Reserve	8	10,425	10,626	10,626
<b>Unusable Reserves</b>		<u>(58,892)</u>	<u>(96,707)</u>	<u>(69,500)</u>
<b>Total reserves</b>		<u>(42,613)</u>	<u>(83,848)</u>	<u>(62,163)</u>

A Taylor  
Chief Financial Officer  
WYITA

Date : 27 July 2011

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

**Purpose of cashflow**

The cashflow is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and cash out of the business.

<b>2009/10</b>			<b>2010/11</b>
<b>£'000</b>		<b>Note</b>	<b>£'000</b>
<b>Operating Activities</b>			
27,496	Surplus on Provision of service		46,812
573	Depreciation/deferred charges adjustment		580
4,148	Interest paid		3,581
280	Discount on early settlement		-
(48)	Interest received		(90)
<u>32,449</u>			<u>50,883</u>
(43,863)	Grant release to revenue other than set-off against depreciation		(30,273)
-	- Provisions	20	399
1,970	IAS 19 Adjustments	6	(22,807)
(122)	Profit on sale of fixed assets		30
4,416	Fixed assets charged to revenue	10e	726
<u>(5,150)</u>	Operating cashflow before movement in working capital		<u>(1,042)</u>
705	Movement in working capital		6
<b>(4,445)</b>	<b>Net cash generated from operations</b>		<b>(1,036)</b>
<b>Cash flows from investing activities</b>			
48	Interest received		90
(280)	Refinancing discounts received		-
(4,148)	Interest Paid		(3,581)
(2)	Tax Paid		-
<b>(8,827)</b>	<b>Net cash generated from operating activities</b>		<b>(4,527)</b>
(6,335)	Purchase of property, plant and equipment		(5,969)
24,882	Capital grants received		19,271
122	Proceeds of sale of property, plant and equipment		2
<b>18,669</b>	<b>Net cash used in investing activities</b>		<b>13,304</b>
<b>Cash flows from financing activities</b>			
(20,746)	Repayment of loans	19	(7,081)
7,500	Short term loans raised		-
2,500	long term loans raised		-
<b>(10,746)</b>	<b>Net cash used from financing activities</b>		<b>(7,081)</b>
<b>(904)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>1,696</b>

Note

Cash and cash equivalents comprises operational cash balances, cash at bank and short-term bank deposits. Bank overdrafts that are repayable on demand also form an integral part of the Group's cash management arrangements. Included in cash and cash equivalents is cash at bank held on behalf of third parties where the liability to repay these amounts is recognised under creditors.

## NOTES TO THE GROUP ACCOUNTS:-

### 1 The Group Accounts

The Code of Practice on Local Authority Accounting based code on International Financial Reporting Standards in the United Kingdom 2010/11(IFRS based code): The IFRS based code requires all authorities who have a group interest in another organisation to produce group accounts based on IFRS 3 business combinations and IAS 27 consolidated and separate financial statements except where interpretations or adaptations for public sector apply. These accounts therefore include in this section the accounts of both the West Yorkshire Integrated 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. The analysis of these figures is recognised in the segmental reporting note.

### 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 2010/11 the amount is £4.330m (2009/010 - £4.511m).

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 Adjustment Account to the Group General Fund Balance 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.

	2010/11 £000's	2009/10 £000's	
Depreciation charged to services	6,683	6,482	
Additional charge to revenue to reflect MRP	4,540	4,721	
	<u>11,223</u>	<u>11,203</u>	
Less capital grants released (in Executive's accounts)	(6,103)	(5,910)	
Less depreciation shown in MIRS	(210)	(210)	
<b>Group net charge to revenue</b>	<b><u>4,910</u></b>	<b><u>5,083</u></b>	
<b>Capital Adjustment Account</b>	<b>2010/11 £000's</b>	<b>2009/10 £000's</b>	<b>01 April 2009 £000's</b>
Opening balance	(46,656)	(47,415)	(54,630)
Income items:			
Receipt of grants during the year	16,785	19,573	12,969
Capital Grants Unapplied	(2,731)	(4,936)	-
Revaluation of ITA Assets	(310)	-	-
	<u>13,744</u>	<u>14,637</u>	<u>12,969</u>
Deduct:			
Depreciation net of MRP	(10,414)	(13,878)	(5,754)
Balance at the end of the Year	<u>(43,326)</u>	<u>(46,656)</u>	<u>(47,415)</u>
<b>Deferred Capital Grant Account</b>			
Opening balance	21,461	22,759	22,532
Non ITA grants to PTE	2,486	5,362	1,052
	<u>23,947</u>	<u>28,121</u>	<u>23,584</u>
Depreciation and Revenue W/Off	(2,571)	(6,660)	(825)
Balance at the end of the Year	<u>21,376</u>	<u>21,461</u>	<u>22,759</u>
<b>Capital Grants unapplied</b>			
Opening balance	4,936	-	-
Capital Receipts Unapplied in year	2,731	4,936	-
Balance c/f	<u>7,667</u>	<u>4,936</u>	<u>-</u>

### 3 Segmental Reporting

The analysis of income and expenditure by service on the face of the comprehensive income and expenditure statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Group on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular capital grants are credited to the revenue account over the life of the asset to offset depreciation charges and the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current/past service cost of benefits accrued in the year. The report presented to the Authority is on a consolidated basis taking into account the operations of the Executive.

Presented below is the restatement of Cost of Services and specific and non-specific grant income as reported to the Group's decision makers.

### 3. Segmental Reporting - Resource allocation

	Bus Services		Concessions		Rail		Prepaid Tickets		Pass Facilities		Other		Total	
	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000
Other Income	(13,893)	(15,090)	-	-	(1,967)	(2,030)	(28,836)	(27,745)	(2,286)	(2,287)	(4,289)	(4,922)	(51,271)	(52,074)
Government Grants	-	-	(9,116)	(8,871)	(72,125)	(72,097)	-	-	-	-	-	(476)	(81,241)	(81,444)
<b>Total Income</b>	<b>(13,893)</b>	<b>(15,090)</b>	<b>(9,116)</b>	<b>(8,871)</b>	<b>(74,092)</b>	<b>(74,127)</b>	<b>(28,836)</b>	<b>(27,745)</b>	<b>(2,286)</b>	<b>(2,287)</b>	<b>(4,289)</b>	<b>(5,398)</b>	<b>(132,512)</b>	<b>(133,518)</b>
Operating Expenditure	37,697	38,945	51,352	50,334	71,352	71,352	28,836	27,745	-	-	-	-	189,237	188,376
Other Cost of Service Expenditure	7,543	8,347	-	-	2,149	2,211	-	-	7,111	7,602	10,734	10,215	27,537	28,375
<b>Total Operating Expenditure</b>	<b>45,240</b>	<b>47,292</b>	<b>51,352</b>	<b>50,334</b>	<b>73,501</b>	<b>73,563</b>	<b>28,836</b>	<b>27,745</b>	<b>7,111</b>	<b>7,602</b>	<b>10,734</b>	<b>10,215</b>	<b>216,774</b>	<b>216,751</b>
<b>Cost of services</b>	<b>31,347</b>	<b>32,202</b>	<b>42,236</b>	<b>41,463</b>	<b>(591)</b>	<b>(564)</b>	<b>-</b>	<b>-</b>	<b>4,825</b>	<b>5,315</b>	<b>6,445</b>	<b>4,817</b>	<b>84,262</b>	<b>83,233</b>

### Reconciliation of Segmental Analysis and Cost of services in the Comprehensive Income and Expenditure Statement

	2010/11 £'000	2009/10 £'000
Segmental Analysis of		
Cost of Service	84,262	83,233
Pensions IAS19	(1,894)	(2,384)
Non Government Capital Grants	(2,486)	(5,362)
Depreciation/Capital expenditure	580	572
<b>Cost of Service CIES</b>	<b>80,462</b>	<b>76,059</b>

#### 4 Disposal of Fixed Assets

	2010/11 £000's	2009/10 £000's
Loss/(Profit) on disposal of fixed assets by the Executive	30	(122)

The Authority disposed of no assets during 2009/10 or 2010/11.

#### 5 Financing Income and Costs

	2010/11 £000's	2009/10 £000's
Interest receivable on Loans, deposits and other debts	(90)	(48)
Interest payable on Loans	3,500	3,902
Effect of early settlement of Loans	75	280

#### 6 Pension Costs

##### 6.1 Defined Benefit Pension Scheme

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 2010/11 contributions payable for the year to West Yorkshire Pension Fund based on a formal actuarial valuation for 31 March 2007 were £2.13m (2009/10 - £1.97m) representing 25.1% (Executive) and 13% (Authority) of pensionable pay. Under the Pension 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 £1.3m for such payments in 2010/11 (£1.37m in 2009/10). Under the pension fund regulations contribution rates are set to meet the overall liabilities of the Fund.

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

The Group 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 2010/11. The capital costs relating to previous years awards of discretionary added years are set out below:-

	2010/11 £'000	2009/2010 £'000
i) Current Employees	2,133	1,968
ii) Former Employees	1,399	1,477

##### 6.3 Pension disclosures required under IAS 19

The Group's West Yorkshire Pension Fund liabilities have been assessed by AON Hewitt Ltd, 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 2011	31 March 2010
Rate of inflation - RPI	3.7%	3.8%
- CPI	2.8%	-
Rate of increase in salaries	5.2%	5.55%
Rate of increase in pensions	2.8%	3.8%
Rate for discounting scheme liabilities	5.4%	5.5%

### 6.3 Pension disclosures required under IAS 19 (continued)

#### Mortality assumptions

Post retirement mortality (retirement in normal health) :-

<b>Males</b> : CMI 2009 Long term rate of improvement of 1.25%	80% Long Cohort(2007) subject to minimum underpin to improvement factors of 1.25%
<b>Females</b> : CMI 2009 Long term rate of improvement of 1.25%	60% Long Cohort (2007) subject to minimum underpin to improvement factors of 1.25%

#### Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	23.7 (26.0) Years	24.1 (27.9) Years
- of a male (female) current pensioner aged 65	21.9 (24.0) Years	21.8 (25.4) Years

As part of the 2010 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2010 and assumptions have been amended regarding life expectancy. The mortality allowance for future improvements uses the Continuous Mortality Investigation (CMI) Mortality Projections model with the model updated annually to reflect the latest emerging experience. This means there will continue to be regular changes to the assumptions for future improvements in mortality rates as new data is taken into account.

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories set out below. The valuation as at 31 March 2010 of the pension scheme proportion as applied to the Authority and Executive (showing the proportion of assets between the classes of investment) were as follows:-

The assets of the scheme and the expected rate of return were:

	Expected rate of return on assets 31/3/11	Assets at 31/3/11 £'000	Assets %	Expected rate of return on assets 31/3/10	Assets at 31/3/10 £'000	Assets %
Equities	8.4%	82,712	73.1	8.0%	66,881	71.6
Government Bonds	4.4%	12,899	11.4	4.5%	11,397	12.2
Other Bonds	5.1%	4,413	3.9	5.5%	3,175	3.4
Property	7.9%	4,074	3.6	8.5%	3,175	3.4
Cash/Liquidity	1.5%	2,602	2.3	0.7%	3,175	3.4
Other	8.4%	6,449	5.7	8.0%	5,605	6.0
<b>Total market value assets</b>		<u>113,149</u>	<u>100.0</u>		<u>93,408</u>	<u>100.0</u>
<b>Present value of scheme liabilities</b>		<u>(161,367)</u>			<u>(176,472)</u>	
<b>Net pension liability</b>		<u>(48,218)</u>			<u>(83,064)</u>	

### Reconciliation of present value of scheme liabilities

	£'000	£'000	£'000	£'000
	31/03/2011	31/03/2011	31/03/2010	31/03/2010
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	15,491	176,472	13,306	134,735
Current service cost	-	1,742	-	953
Interest cost	766	8,541	897	9,114
Member Contributions	-	573	-	583
Past service cost	(1,196)	(23,055)	-	-
Actuarial (gains)/losses	536	6,551	2,657	45,576
Curtailments	-	-	-	-
Benefits paid	(1,303)	(9,457)	(1,369)	(14,489)
31 March	14,294	161,367	15,491	176,472

### Reconciliation of fair value of scheme assets

	£'000	£'000	£'000	£'000
	31/03/2011	31/03/2011	31/03/2010	31/03/2010
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	-	93,408	-	77,983
Expected return on scheme assets	-	6,554	-	4,759
Actuarial (losses)/gains	-	18,590	-	21,234
Contributions paid by employer	1,303	3,481	1,369	3,338
Member Contributions	-	573	-	583
Benefits paid	(1,303)	(9,457)	(1,369)	(14,489)
31 March	-	113,149	-	93,408

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date.

The expected investment return on corporate bonds is based on market yields at the relevant date, but we have restricted this expected return to 0.7% p.a. over and above that available on gilts, reflecting the perceived risk of re-rating and default risk. This represents a decrease in this margin of 0.3% compared to the assumption used at the previous accounting date.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 4% p.a. for the "risk premium" associated with equity investment. This is a higher "risk premium" than last year of 0.5% giving a proposed expected return of 8.4%.

The actual return on scheme assets in the year was £25.144m (2010: £25.993m).

### The amounts recognised in the Comprehensive Income and Expenditure Statement

	£'000	£'000
	31/03/2011	31/03/2010
<b>Cost of Service</b>		
Current Service Cost	1,742	953
Past Service Cost	(23,055)	-
Curtailments or settlements	-	-
<b>Financing Investment Income and Expenditure</b>		
Interest on pension liabilities	8,541	9,114
Expected return on pension assets	(6,554)	(4,759)
Total pension cost recognised	(19,326)	5,308

### The amounts recognised in Other Comprehensive Income and Expenditure

Actuarial Gains/(loss)	12,039	(24,342)
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### The Change from Retail Prices Index to Consumer Prices Index for pensions increases

In the UK budget statement on 22 June 2010 the Chancellor announced that public service pensions would with effect from 1 April 2011 be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The Actuary valued the change from 22 June 2010.

This has the effect of reducing the Group's liabilities the West Yorkshire Pension Fund by £23.05m (Executive £22.9m) and has been recognised as a past service gain in accordance with guidance set down in UITF abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund Balance.

## Amounts for current period and previous four periods

	<u>2011</u> £'000	<u>2010</u> £'000	<u>2009</u> £'000	<u>2008</u> £'000	<u>2007</u> £'000
Defined benefit obligation	(161,367)	(176,472)	(134,735)	(163,387)	(122,435)
Scheme assets	113,149	93,408	77,983	107,966	101,505
Deficit	(48,218)	(83,064)	(56,752)	(55,421)	(20,930)
Experience adjustments on scheme assets: Amount	18,590	21,234	(27,308)	8,900	2,311
Experience adjustments on scheme liabilities: Amount	19,906	2,777	-	(34,870)	-
Total amount of actuarial gains/(losses) recognised in other income and expenditure : Amount	12,039	(24,342)	(436)	(35,555)	6,927

## 7 Government Grant Income

	<b>2010/11</b> <b>£000's</b>	<b>2009/10</b> <b>£'000s</b>
<b>Revenue</b> - Authority		
Special rail Grant - DfT	72,125	72,097
Rural Bus Subsidy Grant - DFT	1,154	1,125
Concessionary Scheme Grant - DFT	9,116	8,871
Smartcard Funding - DfT	555	467
- Executive	-	-
	<u>82,950</u>	<u>82,560</u>
<b>Capital</b> - Authority		
LTP2 - DfT	16,230	17,532
Smartcard Funding - DfT	555	644
Section 31 - DfT	-	1,361
- Executive	-	-
	<u>16,785</u>	<u>19,537</u>
	<u><b>99,735</b></u>	<u><b>102,097</b></u>

The funding for the provision of rail services under the franchising arrangements was paid directly to the Executive by the Authority. The Authority received the pre-determined sums directly from the Government (DfT) in the first instance. The amounts payable to the Executive were as follows:-

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>
Payments to Operators	71,352	71,352
Contribution to the Executive administration costs	773	745
	<u>72,125</u>	<u>72,097</u>

## 8 Revaluation Reserve

	<b>2010/11</b> <b>£000's</b>	<b>2009/10</b> <b>£'000s</b>	<b>1 April 2009</b> <b>£'000s</b>
Balance at 1 April	10,626	10,626	10,626
Deficit on revaluation	(201)	-	-
Balance at 31 March	<u><b>10,425</b></u>	<u><b>10,626</b></u>	<u><b>10,626</b></u>

**9 Officers' Remuneration**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Employees Costs Amounted to:		
(a) Wages and Salaries	9,286	9,530
Social Security Costs	672	679
Other Pension Costs	2,133	1,968
	<hr/> 12,091	<hr/> 12,177

(b) The average number of persons employed was:

	<b><u>Number</u></b>	<b><u>Number</u></b>
Manual	67	75
Management and Administration	354	362
	<hr/> 421	<hr/> 437

At 31 March 2011 the unused holiday entitlement across the Executive totalled:-

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
	<hr/> 152	<hr/> 131

The Executives policy on flexi-leave carried over is that it does not give rise to a financial entitlement.

The Accounts and Audit Regulations 2011 requires the disclosure of the number of officers whose remuneration in the year was £50,000 or more, grouped in rising bands of £5,000. The following table therefore shows all Executive Directors and senior employees and Authority employees in their appropriate band.

	<b>Directors only</b>			<b>Officers</b>	
	<b>2010/11</b>	<b>2009/10</b>		<b>2010/11</b>	<b>2009/10</b>
£Nil -£5000	1	1	£50001 - £55000	3	1
£10001 - £15000	2	1	£55001 - £60000	4	4
£70001 - £75000	-	1	£60001 - £65000	2	2
£85001 - £90000	1	-	£65001 - £70000	1	-
£90001 - £95000	1	1	£70001 - £75000	-	1
£95001 - £100000	1	1			
£145001 - £150000	1	1			

**Officers' Remuneration (continued)**

		Compensation						Total
		Salary	Fees	Expenses	for loss of	Pension	Contributions	
		Allowances	Bonuses	Allowances	office			
Director General	2009/10	146,484	225	30	-	33,105	179,844	
	2010/11	146,484	225	60	-	36,768	183,537	
Director of Passenger Services	2009/10	98,550	225	-	-	22,272	121,047	
	2010/11	98,550	225	-	-	24,736	123,511	
Director of Development	2009/10	90,708	225	-	-	20,500	111,433	
	2010/11	92,286	225	-	-	23,164	115,675	
Director Corporate Services	2009/10	75,091	225	-	-	16,971	92,287	
	2010/11	12,515	-	-	51,844	-	64,359	
Director of Resources	2009/10	-	-	-	-	-	-	
	2010/11	84,804	225	-	-	21,286	106,315	
Assistant Director Legal	2009/10	-	-	-	-	-	-	
	2010/11	57,498	100	-	-	14,432	72,030	
Assistant Director Finance	2009/10	71,064	225	-	-	16,060	87,349	
	2010/11	52,412	225	-	-	13,155	65,792	
Assistant Director ICT	2009/10	59,220	225	-	-	13,384	72,829	
	2010/11	59,220	225	-	-	14,864	74,309	
Assistant Director Corporate Development	2009/10	57,498	-	-	-	12,995	70,493	
	2010/11	59,220	225	-	-	14,864	74,309	
Assistant Director Integrated Transport	2009/10	57,498	225	-	-	12,995	70,718	
	2010/11	59,220	225	-	-	14,864	74,309	
Assistant Director Rapid Transit	2009/10	59,220	225	-	-	13,384	72,829	
	2010/11	64,155	225	-	-	16,103	80,483	
Assistant Director Passenger Services	2009/10	-	-	-	-	-	-	
	2010/11	54,197	225	-	-	13,603	68,025	
Assistant Director Transport Co-ordination	2009/10	59,220	225	1,025	-	13,384	73,854	
	2010/11	59,220	225	917	-	14,864	75,226	
Director of Pteg	2009/10	68,214	225	-	-	15,416	83,855	
	2010/11	69,921	225	-	-	17,550	87,696	
Assistant Director Pteg	2009/10	-	-	-	-	-	-	
	2010/11	51,093	225	-	-	12,824	64,142	
Deputy Clerk - ITA	2009/10	49,845	225	-	-	6,330	56,400	
	2010/11	49,845	225	-	-	6,479	56,549	

**10 Property, Plant & Equipment**

- (a) A revaluation of the Group's On-Street Furniture was carried out by the Infrastructure Manager and approved by the Executive Board as internal experts. The revaluation was carried out as at 31 March 2008.

All On-Street Furniture was included in the revaluation. The basis of the valuation was depreciated replacement cost as these assets are deemed to be specialised. This resulted in an overall valuation of £16,212,823 which gave a loss on revaluation of £71,966. All the revalued amounts have been incorporated in the accounts for 2007/08.

The On-street furniture assets under IFRS code are re-classified as infrastructure assets and valued at historical cost deemed to be the value at 1 April 2007 adjusted for subsequent depreciation or impairment. As the valuation method used at 31 March 2008 was on a depreciated replacement cost basis this acts as a suitable proxy for historical cost.

A revaluation of the Group's land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2011 on an Existing Use Value (EU), and Depreciated Replacement Cost (DRC) basis in accordance with IAS 16. This resulted in an overall valuation of £8,870,000 which gave a loss on revaluation of £511,000.

- b) **Assets Held for Sale**

The Group has identified assets held for sale in the form of the Rail Units Owned and land at Salterhebble Wood. The assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. The appropriate level of management is committed to a plan to sell the assets and a buyer has been located with an indicative offer of £2.4million for the rolling stock and £10,833 for the Wood as at 31 March 2011.

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
<b>Balance Outstanding at start of the year</b>	-	-	-
Assets newly classified held for sale	-	-	-
Property plant and Equipment	9	-	-
	<u>9</u>	<u>-</u>	<u>-</u>

- c) **Donated Asset Account**

The CIPFA code introduces the concept of Donated Assets where assets have been acquired for less than their fair value. The code stipulates that the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has conditions, recognised in the Donated Asset Account until such time as the conditions have been met. The Executive's leased bus stations (finance leases on-balance sheet) meet the criteria of Donated Assets with conditions attached, as failure to fulfil the conditions on an on-going basis would result in the assets being returned to the relevant councils. These assets were received at little or no cost but are recognised on the balance sheet at fair value to reflect the true benefit of these assets with a corresponding reserve created in the form of a Donated Asset Account. After initial recognition Donated Assets are categorised as Infra-structure Assets and are valued at historical cost.

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Donated Asset Account	<u>587</u>	<u>587</u>	<u>587</u>

10. PROPERTY, PLANT AND EQUIPMENT

d) The movements  
in the year  
1 April 2009 to  
31 March 2010 are :

	LAND AND BUILDINGS	INFRA- STRUCTURE ASSETS	DONATED ASSETS	RAIL UNITS OWNED	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION	
TOTAL	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b><u>COST VALUATION</u></b>										
At 1 April 2009	140,298	10,654	60,400	1,028	6,622	21,687	8	18,059	54	21,786
Additions	5,473		3,055	-	-	900	-	84	-	1,434
Transfer from payments on assets in course of construction	-	-	-	-	-	-	-	-	-	-
	-		2,168	-	-	-	-	712	-	(2,880)
Disposals	(1,429)	-	-	-	-	(1,429)	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-
W/Off to Revenue	(4,416)	-	-	-	-	-	-	-	-	(4,416)
At 31 March 2010	139,926	10,654	65,623	1,028	6,622	21,158	8	18,855	54	15,924
<b><u>ACCUMULATED DEPRECIATION</u></b>										
At 1 April 2009	36,893	781	10,878	441	6,622	6,341	8	11,768	54	-
Charge for the year	6,482	246	2,144	54	-	1,707	-	2,331	-	-
Disposals	(1,429)	-	-	-	-	(1,429)	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2010	41,946	1,027	13,022	495	6,622	6,619	8	14,099	54	-
<b><u>NET BOOK VALUES</u></b>										
31 March 2010	97,980	9,627	52,601	533	-	14,539	-	4,756	-	15,924
1 April 2009	103,405	9,873	49,522	587	-	15,346	-	6,291	-	21,786

10. PROPERTY, PLANT AND EQUIPMENT

e) The movements  
in the year  
1 April 2010 to  
31 March 2011 are :

	TOTAL	INFRA- LAND AND BUILDINGS	STRUCTURE ASSETS	DONATED RAIL ASSETS	RAIL UNITS OWNED	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>COST VALUATION</u></b>										
At 1 April 2010	139,926	10,654	65,623	1,028	6,622	21,158	8	18,855	54	15,924
Additions	6,261		1,750					153		4,358
Transfer from payments on assets in course of construction	-	-	3,078	-	-	-	-	275	-	(3,353)
Disposals	(138)	-	-	(96)	-	(42)	-	-	-	-
Revaluation Adjustments	(1,784)	(1,784)	-	-	-	-	-	-	-	-
Reclassification Adjustments	-	-	-	-	-	-	-	-	-	-
W/Off to Revenue	(726)	-	-	-	-	-	-	-	-	(726)
Transfer Assets held for sale	(6,631)	(9)			(6,622)					
<b>At 31 March 2011</b>	<b>136,908</b>	<b>8,861</b>	<b>70,451</b>	<b>932</b>	<b>-</b>	<b>21,116</b>	<b>8</b>	<b>19,283</b>	<b>54</b>	<b>16,203</b>

**ACCUMULATED DEPRECIATION**

At 1 April 2010	41,946	1,027	13,022	495	6,622	6,619	8	14,099	54	-
Charge for the year	6,683	246	2,251	54	-	1,723	-	2,409	-	-
Disposals	(106)	-	-	(64)	-	(42)	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	(1,273)	(1,273)	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	(6,622)	-	-	-	(6,622)	-	-	-	-	-
<b>At 31 March 2011</b>	<b>40,628</b>	<b>-</b>	<b>15,273</b>	<b>485</b>	<b>-</b>	<b>8,300</b>	<b>8</b>	<b>16,508</b>	<b>54</b>	<b>-</b>

**NET BOOK VALUES**

1 April 2011	96,280	8,861	55,178	447	-	12,816	-	2,775	-	16,203
1 April 2010	97,980	9,627	52,601	533	-	14,539	-	4,756	-	15,924

## 11 Related Party Transactions

The Authority/Executive is required to disclose material transactions with related parties in accordance with IAS 24 "Related party transactions". Related parties are bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority/Executive. 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/Executive.

### 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 one of the five constituent levying Metropolitan District Councils and are appointed onto the Integrated 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 from the District Councils.
- The Executive provides agency services for Educational transport for which they are paid fees.

The figures for 2009/10 and 2010/11 are set out below:

Education transport amounts received by the Executive

Levy received by the Authority

	2010/11	2009/10	2010/11	2009/10
	£m	£m	£m	£m
Bradford MDC	2.44	3.33	21.22	21.11
Calderdale MDC	1.00	1.05	8.37	8.33
Kirklees MDC	0.00	0.00	16.64	16.58
Leeds City Council	2.35	2.15	31.47	31.22
Wakefield MDC	2.28	2.18	14.13	14.14
	<b>8.07</b>	<b>8.71</b>	<b>91.83</b>	<b>91.38</b>

### 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. The Authority's s151 Officer is employed by the Executive where she is also their s151 Officer.

Yorcard Ltd is a Joint Venture trading company operated in conjunction with SYPTE and is fully disclosed in note 20. Mr John Henkel is a Director of WYPTE and of Yorcard Ltd.

West Yorkshire Ticketing (TICCO) Ltd administers and develops a range of multi-operator, multi-modal tickets.

Mr John Henkel is a Director of WYPTE and of TICCO Ltd. During the year ended 31 March 2011 recharges totalling £23,000 were invoiced by TICCO Ltd to the Executive.

ITSO Ltd is a trading company established to promote the development of interoperable smart card applications to public transport. Mr John Henkel is a Director of WYPTE and of ITSO Ltd. During the year ended 31 March 2011 fees totalling £15,254 were invoiced by ITSO Ltd to the Executive.

## Payments to Operators

The Integrated Transport Authority determines the annual revenue grant to be paid to the Executive out of which all payments to operators are funded. These payments to operators fall into the three main categories of concessionary fares, subsidised bus services and franchised local rail services.

Payments for concessionary fares are made in accordance with the Authority's concessionary fares scheme which is based on the reimbursement guidance issued by the Department for Transport. Discussions are underway with the major bus operators to enter into three year agreements within the framework of this guidance which would remove an element of financial risk for all parties.

Subsidised services are secured by the Executive, within the overall framework of the Authority's policies, where they are considered to be socially necessary and no commercial service or adequate commercial service exists. All licensed operators are eligible to submit tenders for services required.

Payments are made to one franchised rail operator for the provision of local rail services. A note of the effect of rail franchising and the funding arrangements is attached as part of these accounts on page 45 (Note 7).

In accordance with the overall policies of the Integrated Transport Authority, the Executive administers a prepaid ticket scheme. The Executive receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected by the Executive. This prepaid ticket income is included in the Executive's revenue account together with an equivalent amount shown as payment to operators.

All these payments to operators are summarised in the Comprehensive Income and Expenditure Statement on page 37.

## 12 Exceptional Item

There was an exceptional item in 2010/2011 of £22.9m (£7K in 2009/10 relating to rating income) relating to the past service gain arising from the change from RPI to CPI for pension increases in the Executive as set out in note 6.

## 13 Taxation

The Executive paid Corporation Tax @ 21% (21% 2009/2010) which is charged on sundry interest received in the year. The liability for the year ended 31 March 2011 was £48.78 (£65.78 2009/10).

## 14 Trade and Other Receivables

	2010/11 £'000s	2009/10 £000's	01 April 2009 £000's
Central Government	475	712	1,134
Other Local Authorities	1,438	902	1,464
Bodies external to Central Government	5,828	7,390	5,838
	<b>7,741</b>	<b>9,004</b>	<b>8,436</b>

Trade and other receivables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other receivables.

## 15 Cash & Cash Equivalents

	2010/11 £'000s	2009/10 £000's	01 April 2009 £000's
Bank Current Accounts	4,222	2,526	3,430
	<b>4,222</b>	<b>2,526</b>	<b>3,430</b>

Cash balances include £138k (2009/10: £501k) held on behalf of third parties. The liability to repay these amounts is included under creditors.

Cash at bank and short term deposits earn interest at floating rates based on bank deposit rates. There is no material difference between the carrying value and fair value of cash and cash equivalents.

**16 Trade and Other Payables**

	2010/11 £'000s	2009/10 £000's	01 April 2009 £000's
Central Government	-	-	37
Other Local Authorities	2,637	1,803	903
Bodies external to General Government	10,183	13,444	14,918
	<b>12,820</b>	<b>15,247</b>	<b>15,858</b>

**DEFERRED INCOME**

	2010/11 £'000s	2009/10 £000's	01 April 2009 £000's
Central government	3,442	2,755	1,474
Other local authorities	2,735	2,440	2,795
Bodies external to general government	644	164	123
	<b>6,821</b>	<b>5,359</b>	<b>4,392</b>

**Notes**

- (a) Deferred income relates to prepaid ticket sales and deferred income from grants and supertram funding.

Trade and other payables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other payables.

**17 Loans Outstanding**

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
<b>Lender:-</b>			
Public Works Loans Board	57,287	62,368	75,113
Other Market Loans	25,320	25,320	25,319
Short Term Loans	-	2,000	-
	<b>82,607</b>	<b>89,688</b>	<b>100,432</b>
<b>Maturity:-</b>			
Loans repayable within 12 months	2,107	8,188	2,432
1-2 years	1,000	1,000	4,000
2-5 years	3,000	3,000	-
5-10 years	1,500	2,500	-
in more than 10 years	75,000	75,000	94,000
	<b>82,607</b>	<b>89,688</b>	<b>100,432</b>

**18 Capital Expenditure and Financing**

	2010/11 £000's	2009/10 £000's	01 April 2009 £000's
<b>Capital investment</b>			
Operational assets acquired in year	16,540	19,999	14,021
<b>Sources of finance</b>			
Borrowing (credit approvals)	-	-	1,602
Capital receipts	-	-	-
Government grants and other contributions	16,474	19,731	12,286
Revenue contributions	66	268	133
	<b>16,540</b>	<b>19,999</b>	<b>14,021</b>

**19 Financial Instruments**

Financial liabilities, financial assets represented by loans, creditors and trade receivables and short-term debtors are carried in the Balance sheet at amortised cost. Their fair value is assessed as the amount at which the instrument could be exchanged in a current transaction between willing parties.

Trade and other receivables are non-interest bearing financial instruments. The short term nature of these instruments means there is no material difference between the carrying value and fair value.

	31 March 2011		31 March 2010		1 April 2009	
	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value
<b>Financial Assets</b>						
Short-term debtors	7,741	7,741	9,004	9,004	8,436	8,436
Cash and cash equivalents	4,222	4,222	2,526	2,526	3,430	3,430
<b>Financial Liabilities</b>						
Short-term creditors	19,641	19,641	20,606	20,606	20,250	20,250
Floating rate borrowing - due within 1yr	-	-	-	-	-	-
Fixed Rate borrowing - due within 1 yr	1,009	1,008	7,079	7,145	1,016	1,029
Floating rate borrowing - due after 1yr	5,085	5,338	-	-	5,019	4,647
Fixed Rate borrowing - due after 1 yr	76,513	70,981	82,609	82,993	94,397	92,445
	<u>82,607</u>	<u>77,327</u>	<u>89,688</u>	<u>90,138</u>	<u>100,432</u>	<u>98,121</u>

The Authority has considered the balance sheet carrying values ie amortised costs of financial instruments of the Group. It is required to disclose the fair value and carrying value for those financial instruments whose carrying value is not a reasonable approximation for fair value. In the Group's books it is only the Authority's loan portfolio which falls into this category.

### Hedging Instruments

The Group holds no financial instruments that could be classified as hedging instruments.

### Loans and Borrowings

Fair value is determined by calculating the Net Present Value of future cash flows, thus estimating the value of future payments in today's terms. This is a widely accepted and commonly used valuation technique. The discount rate used should be equal to the current rate for a similar loan from a comparable lender. This will be the market rate applicable on the date of valuation for a loan with the same outstanding period to maturity.

However, it may be unlikely that the future cash flows of a loan will fall in equal time periods from the date of valuation, so adjustments are made to each discount factor in order account for the timing inequality.

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date; therefore we have included accrued interest in the fair value calculation.

The discount rates used for the evaluation were obtained by WYITA from Sector. Sector is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.

Assumptions used, which do not have a material affect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non working day.

<b>Current</b>	<b>Effective interest rate</b>	<b>Maturity</b>	<b>2011 £000's</b>	<b>2010 £000's</b>	<b>01 April 2009 £000's</b>
Public Works Loan Board	3.39%	Oct 2009	-	-	1,000
PWLB - European Investment Bank	2.81%	June 2010	-	500	-
PWLB - European Investment Bank	2.81%	Dec 2010	-	500	-
Dacorum DC	0.45%	Apr 2010	-	2,000	-
Public Works Loan Board	3.84%	Oct 2010	-	4,000	-
PWLB - European Investment Bank	2.81%	Jun 2011	500	-	-
PWLB - European Investment Bank	2.81%	Dec 2011	500	-	-
			<b>1,000</b>	<b>7,000</b>	<b>1,000</b>
<b>Non- Current</b>					
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000	5,000
Public Works Loan Board	3.84%	Oct 2010	-	-	4,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000	10,000
Public Works Loan Board	4.40%	Jan 2054	8,000	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000	8,000
Public Works Loan Board	4.40%	May 2052	-	-	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000	4,000
Public Works Loan Board	4.55%	Apr 2054	-	-	6,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000	8,000
PWLB - European Investment Bank	2.81%	Jun 2011	-	500	-
PWLB - European Investment Bank	2.81%	Dec 2011	-	500	-
PWLB - European Investment Bank	2.81%	Jun 2012	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2012	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2013	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2013	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2014	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2014	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2015	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2015	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2016	500	500	-
PWLB - European Investment Bank	2.81%	Dec 2016	500	500	-
PWLB - European Investment Bank	2.81%	Jun 2017	500	500	-
Barclays - LOBO's	3.97%	May 2065	5,000	5,000	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000	5,000	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000	5,000	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000	5,000	5,000
Barclays - LOBO's	4.32%	May 2077	5,000	5,000	5,000
			<b>80,500</b>	<b>81,500</b>	<b>98,000</b>
<b>Total</b>			<b>81,500</b>	<b>88,500</b>	<b>99,000</b>

## 19 Management of risks arising from financial instruments

There are a number of risks associated with financial instruments to which the Group is necessarily exposed. However the Authority monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

Credit risk is the risk that amounts due to the Group may not be received. Almost all of the Authority's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the approved Treasury Management Policy. The effect of this policy is to restrict as far as is practicable the Authority's exposure to risk from the failure of a financial institution. It ensures that deposits are placed only with limited numbers of financial institutions whose credit rating is independently assessed as being sufficiently secure. The term and maximum deposit is also restricted.

Liquidity risk is the risk that the Group may not have sufficient cash available to meet its day to day obligations to meet payments. The Authority has access to borrowings from the Public Works Loans Board and commercial lenders to meet long term spending and shorter term cashflow requirements. Again measures are in place to actively manage the loan portfolio to ensure refinancing, if required, can be done in a way to minimise the risk of exposure to adverse rates.

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Group's long term lending is at fixed interest rates but it also borrows some of its money in the form of lender option borrower option loans (LOBOs). This mix of lending assists the Group in taking advantage of changes to interest rates and it constantly reviews the potential for refinancing debt at more favourable rates.

The Group is also affected by fluctuations in shorter term interest rates as this impacts on the interest that can be earned in the year on deposits. This is carefully monitored.

The Group is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. It should be noted that had interest rates been different then in practice different decisions would have been taken in relation to rescheduling of debt and new borrowing and investment undertaken. It is not possible to quantify the likely impact of such different decisions. The Group's interest payable and receivable would have varied by a net £106k if interest rates varied by 1% in the year.

The Group is not exposed to any currency risk.

## 20 Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions during the year are analysed as follows:-

	Restruc- turing	Total
At 1 April 2009	-	-
Arising during year	-	-
At 31 March 2010	-	-
Arising during year	399	399
Utilised in year	-	-
At 31 March 2011	<u>399</u>	<u>399</u>

The executive has provided for the costs of an organisational restructure on the basis that management were fully committed to the restructuring plan at the 31 March 2011 as specified in IAS37. There were no environmental provisions at 31 March 2011.

## 21 Joint Venture

At 31 March 2011 the Executive had the following Joint Venture :

### Yorcard Ltd

The joint venture is a trading company which was incorporated in England on the 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire PTE and South Yorkshire PTE with control shared equally under a contractual arrangement.

Yorcard Ltd performs transaction processing services for smartcard ticketing in West and South Yorkshire.

After considering the materiality of the Joint Venture management have agreed not to consolidate Yorcard Ltd into the Group's accounts . The performance and financial position of the Group's share of Yorcard Ltd is disclosed below in accordance with IAS31 'Interests in Joint Ventures' :-

	2010/11 £'000
Turnover	333
Profit before Tax	-
Taxation	-
Profit after Tax	-
Fixed Assets	-
Current Assets	220
Liabilities due within 1yr	(212)
Liabilities due after 1yr or more	-
Net Assets	<u>8</u>

## 22 Auditors Remuneration

	2011 £000's	2010 £000's
Audit Services	122	123
Other Services	3	-
	<u>125</u>	<u>123</u>

## 23 Financial Commitments

	2011 £'000	2010 £'000
(a) <u>Capital Commitments</u>		
Contracted For but not Provided in the Accounts	7,141	22,657
Authorised but not Contracted For	23,324	10,873
	<u>30,465</u>	<u>33,530</u>

### (b) Revenue Commitments - Operating Leases

At 31 March 2011 the Executive had outstanding commitments to meet future minimum lease payments under non-cancellable operating leases, falling due as follows:

<u>Rail Rolling Stock</u>	2011 £'000	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised in the year :	1,803	1,865	1,900
Within 1 year	1,803	1,803	1,900
1 to 5 years	2,630	4,434	6,570
Beyond 5 years	-	-	-
	<u>4,433</u>	<u>6,237</u>	<u>8,470</u>

The lease rentals beyond five years in respect of rail units 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 however recovers all the lease rental costs from rail operators under the rail franchising agreements.

The Executive has a number of bus contracts that incorporate a lease under IFRIC4. The Executive has a number of contracts with operators that convey the right to use specific assets in return for a series of payments to deliver services under the Executive's tendered service obligations. The minimum lease payments are substantially for service provision with a small proportion for the rental of the assets while the life of the contracts are substantially shorter than the asset's economic useful life and are therefore deemed to be operating leases.

<u>Bus Operator Payments - IFRIC 4</u>	2011 £'000	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised in the year :	2,667	1,554	1,219
Within 1 year	2,721	2,667	1,554
2 to 5 years	2,421	5,143	7,789
Beyond 5 years	-	-	22
	<u>5,142</u>	<u>7,810</u>	<u>9,365</u>

The Executive has a number of contracts for the operation of Mybus school services that are operated as service concession arrangements under IFRIC12. The Executive awards the contract to operators to provide a service for the public regulating the level of service, price and infra-structure provided. The school buses that form the infra-structure to deliver the service are initially recognised on the balance sheet at fair value. The service element of the arrangement is expensed through the Comprehensive Income and Expenditure Statement and the minimum lease payments are scheduled below :-

<u>Bus Operator Payments - IFRIC 12</u>	2011 £'000	2010 £'000	2009 £'000
Minimum lease payments under IFRIC 12 recognised in the year :	5,301	5,204	5,372
Within 1 year	3,834	5,301	5,204
Within 2-5 years	10,288	12,136	15,446
Beyond 5 years	2,714	4,701	6,691
	<u>16,836</u>	<u>22,138</u>	<u>27,341</u>

## 24 Contingent Liabilities

The Executive had a contingent liability at 31 March 2010 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2011 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.

## 25 Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 26 July 2011. There have been no adjustments to the financial statements for events after the balance sheet date.

## 26 IFRS 1 First Time Adoption - Disclosures

The Group's accounts follow the The Code of Practice on Local Authority Accounting UK 2010/11 which is based on approved International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2011. The Code has been developed by the CIPFA/LASAAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Group has prepared its financial statements for the year ended 31 March 2011 in accordance with IFRS as disclosed in the accounting policies in note 1. This is the first time adoption of IFRS for the Group which requires that the same accounting policies are used in the opening IFRS balance sheet and throughout all periods presented in the first IFRS financial statements. The opening balance sheet was prepared at 1 April 2009 being the date of transition to IFRS with the notes to the reconciliation below explaining the adjustments resulting from the adoption of IFRS.

### WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY GROUP RESTATEMENT OF INCOME AND EXPENDITURE AT 1 APRIL 2009

	Notes	01 April 2009		31 March 2010			
		2009 £'000 SORP	Adjustment £'000	2009 £'000 IFRS	£'000 SORP	Adjustment £'000	£'000 IFRS
<b>GROSS INCOME</b>							
Subsidised Services	1	-	15,254	15,254	-	15,090	15,090
Special rail grant		71,871	-	71,871	72,097	-	72,097
Prepaid tickets		29,512	-	29,512	27,745	-	27,745
Rents, service and departure charges		4,448	-	4,448	4,317	-	4,317
Other revenue	2	25,057	(11,367)	13,690	33,806	(19,573)	14,233
Capital Grants Applied	2	-	12,419	12,419	-	24,935	24,935
Capital Expenditure Charges	3	-	15,812	15,812	-	24,089	24,089
		<b>130,888</b>	<b>32,118</b>	<b>163,006</b>	<b>137,965</b>	<b>44,541</b>	<b>182,506</b>
<b>HIGHWAYS AND TRANSPORT SERVICES</b>							
Concessionary Fares		(44,579)	-	(44,579)	(50,334)	-	(50,334)
Subsidised services	1	(24,670)	(15,254)	(39,924)	(23,855)	(15,090)	(38,945)
Prepaid tickets		(29,512)	-	(29,512)	(27,745)	-	(27,745)
Rail services		(71,123)	-	(71,123)	(71,352)	-	(71,352)
Passenger Facilities		(6,653)	-	(6,653)	(6,898)	-	(6,898)
Service Planning and Promotion		(7,728)	-	(7,728)	(7,528)	-	(7,528)
Administration and Management	4	(7,575)	7,575	0	(7,220)	7,220	0
Operating Lease Costs	5	(2,301)	-	(2,301)	(2,212)	-	(2,212)
Capital Expenditure Charges	3	(10,176)	-	(10,176)	(18,179)	-	(18,179)
Depreciation	3	(508)	(5,636)	(6,144)	(572)	(5,910)	(6,482)
		<b>(204,825)</b>	<b>(13,315)</b>	<b>(218,140)</b>	<b>(215,895)</b>	<b>(13,780)</b>	<b>(229,675)</b>
Corporate and Democratic Core	4	(2,008)	(7,575)	(9,583)	(2,128)	(7,225)	(9,353)
		-	-	-	-	-	-
<b>Net Cost of Services</b>		<b>(75,945)</b>	<b>11,228</b>	<b>(64,717)</b>	<b>(80,058)</b>	<b>23,536</b>	<b>(56,522)</b>
Exceptional items		210	-	210	7	-	7
Finance Costs		(4,653)	-	(4,653)	(3,902)	-	(3,902)
Effect of early settlement of borrowing		401	-	401	(280)	-	(280)
Finance Income		426	-	426	48	-	48
Pension Interest Cost Expected Return on Assets		(2,492)	-	(2,492)	(4,355)	-	(4,355)
<b>Net Operating Expenditure</b>		<b>(82,053)</b>	<b>11,228</b>	<b>(70,825)</b>	<b>(88,540)</b>	<b>23,536</b>	<b>(65,004)</b>
Taxation of group entities		(2)	-	(2)	-	-	0
District Councils Levy		89,147	-	89,147	91,375	-	91,375
Rural Bus Grant		1,096	-	1,096	1,125	-	1,125
<b>Net surplus for the year</b>		<b>8,188</b>	<b>11,228</b>	<b>19,416</b>	<b>3,960</b>	<b>23,536</b>	<b>27,496</b>

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**GROUP BALANCE SHEET**  
**AT 1 APRIL 2009**

	Notes	01 April 2009 Adjustment		31 March 2010 Adjustment		£'000 IFRS	£'000 IFRS
		£'000 SORP	£'000	£'000 IFRS	£'000 SORP		
<b>Assets</b>							
<b>Non-current assets</b>							
Tangible Assets	6	103,405	(103,405)	-	97,980	(97,980)	-
Property, plant and Equipment	6	-	102,818	102,818	-	97,447	97,447
Donated Assets	6	-	587	587	-	533	533
		<u>103,405</u>	<u>-</u>	<u>103,405</u>	<u>97,980</u>	<u>-</u>	<u>97,980</u>
<b>Current Assets</b>							
Debtors	7	8,436	(8,436)	-	9,004	(9,004)	-
Trade and other receivables	7	-	8,436	8,436	-	9,004	9,004
Cash and cash equivalents	11	3,460	(30)	3,430	2,526	-	2,526
		<u>11,896</u>	<u>(30)</u>	<u>11,866</u>	<u>11,530</u>	<u>0</u>	<u>11,530</u>
<b>Total assets</b>		<u>115,301</u>	<u>(30)</u>	<u>115,271</u>	<u>109,510</u>	<u>0</u>	<u>109,510</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Cash and cash equivalents	11	(30)	30	-	-	-	-
Short Term Borrowing	9	(1,016)	(1,416)	(2,432)	(8,188)	-	(8,188)
Creditors: Amounts Falling Due within One Year	8	(20,122)	20,122	-	(20,475)	20,475	0
Trade and other payables	8	-	(15,856)	(15,856)	-	(15,247)	(15,247)
Accruals and deferred income	8	-	(4,392)	(4,392)	-	(5,359)	(5,359)
Current income tax liabilities		-	(2)	(2)	-	-	-
		<u>(21,168)</u>	<u>(1,514)</u>	<u>(22,682)</u>	<u>(28,663)</u>	<u>(131)</u>	<u>(28,794)</u>
<b>Non-current liabilities</b>							
Long term borrowing		(99,418)	1,418	(98,000)	(81,500)	-	(81,500)
Deferred capital grants	10	(22,759)	22,759	0	(21,461)	21,461	0
Net pension liability		(56,752)	-	(56,752)	(83,064)	-	(83,064)
		<u>(178,929)</u>	<u>24,177</u>	<u>(154,752)</u>	<u>(186,025)</u>	<u>21,461</u>	<u>(164,564)</u>
<b>Total liabilities</b>		<u>(200,097)</u>	<u>22,663</u>	<u>(177,434)</u>	<u>(214,688)</u>	<u>21,330</u>	<u>(193,358)</u>
<b>Total Assets Less Total Liabilities</b>		<u>(84,796)</u>	<u>22,633</u>	<u>(62,163)</u>	<u>(105,178)</u>	<u>21,330</u>	<u>(83,848)</u>
<b>Reserves</b>							
General Fund Reserve	8	7,463	(126)	7,337	8,054	(131)	7,923
Capital grants Unapplied reserve	12	-	-	-	-	4,936	4,936
<b>Usable reserves</b>		<u>7,463</u>	<u>(126)</u>	<u>7,337</u>	<u>8,054</u>	<u>4,805</u>	<u>12,859</u>
Revaluation Reserve		11,213	(587)	10,626	11,213	(587)	10,626
Deferred capital grants Account	10	-	22,759	22,759	-	21,461	21,461
Capital adjustment account	12	(47,415)	-	(47,415)	(41,720)	(4,936)	(46,656)
Financial instrument adjustment account		695	-	695	339	-	339
Pension Reserves		(56,752)	-	(56,752)	(83,064)	-	(83,064)
Donated Assets	6	-	587	587	-	587	587
<b>Unusable reserves</b>		<u>(92,259)</u>	<u>22,759</u>	<u>(69,500)</u>	<u>(113,232)</u>	<u>16,525</u>	<u>(96,707)</u>
<b>Total reserves</b>		<u>(84,796)</u>	<u>22,633</u>	<u>(62,163)</u>	<u>(105,178)</u>	<u>21,330</u>	<u>(83,848)</u>

## Notes to the Reconciliation

1. The IFRS code requires the Executive to disclose the gross income generated in the reporting period. Under UK GAAP the income on Tendered Subsidised services was presented as a contribution to the tendered service provision and the expenditure was shown net. The effect of this means subsidised service income of £15,254,000 and a gross expenditure of £39,924,000 are recognised in the CIES under IFRS.
2. The IFRS based code requires the Executive to recognise capital grants received where conditions have been met. The effect of this is that (£11,367,000) of capital grants are derecognised from other revenue and credited to Capital Grants receivable £11,367,000. Additionally the other Capital Grants of £1,052,000 are recognised under the code resulting in total capital grants receivable of £12,419,000. Subsequently capital grants receivable are transferred to the Capital Adjustment Account and Deferred Capital Grants Account as set out in 2.3.3.5 of the code.
3. The accounting treatment of capital expenditure on rail infrastructure and third party assets of which the Executive has no legal ownership rights or control are charged directly to revenue along with the corresponding capital grant received. Additionally capital grant is released to revenue to offset depreciation in the Executive. Capital grant received from the ITA is adjusted as part of the consolidation process calculated as £10,176,000. The Capital grant release of £10,176,000 and the release for depreciation of £5,636,000 is recognised as income while the write off of third party assets is recognised as expenditure of £10,176,000 with depreciation grossed up from £508,000 to £6,144,000.
4. The expenditure line for Administration and Management of £7,575,000 will also be recognised as Corporate and Democratic Core representing management and support costs which are non- highways and transport .
5. IAS 17 Leases prescribes the appropriate accounting treatment of leases for lessees and lessors in relation to finance and operating leases. A finance lease is classified as such where substantially all risks and rewards of ownership are transferred to the lessee. IFRIC 4 embedded leases requires lease payments under an operating lease will be recognised as an expense on a straight line basis. A number of bus operator contracts that were not previously treated as leases under UK GAAP are treated as operating leases under IFRIC 4 resulting in additional disclosures in the notes to the accounts.
6. Under IFRS tangible assets has been analysed into the categories of Property, Plant and Equipment £102,818,000 and Donated Assets of £587,000. The Donated assets are those which the Executive receives benefits from at significantly less than the assets fair value but conditions are attached to such properties. A transfer to the Donated Asset Account from the Revaluation Reserve recognises the Donated Assets at transition.
7. Previously all trade receivables were recognised under the heading of Debtors £8,436,000. Under IFRS the requirement is to recognise these assets as trade and other receivables £8,436,000.
8. Previously all trade payables were recognised under the heading of Creditors: Amounts Falling Due within One Year £20,122,000. Under IFRS the requirement is to recognise these liabilities as trade and other payables £15,856,000 with separate recognition of Accruals and Deferred Income £4,392,000 due to the materiality. IAS 19 Employee benefits requires the Executive to provide for short term accumulating compensated absences where an employee is entitled to carry annual leave forward into a future period. The Group has recognised £126,000 of accumulated absences which give rise to a cash entitlement on leaving the Executive, this is recognised in Accruals and Deferred Income.
9. The loan interest accrual of £1,416,000 is derecognised from the long term borrowing line and recognised as short term borrowing as this forms part of the borrowings payable within 1 year.
10. The IFRS based code requires the balance on the Deferred Capital Grants £22,759,000 to be transferred to the Deferred Capital Grants Account . The Deferred Capital Grants Account is recognised as a reserve in the accounts of the Executive.
11. The Bank overdraft £30,000 is transferred to a cash and cash equivalents heading within current assets as the overdraft fluctuates depending on the Executive's cash management arrangements as set out in the under IFRS based code 3.4.2.14.
12. The capital grants unapplied account has been created at 31 March 2010 to recognise capital grants where no conditions remain outstanding and expenditure has not yet been incurred. The £4,936,000 is derecognised from the Capital Adjustment Account and transferred to Capital Grants Unapplied Account in accordance with 2.3.3.6 of the code.