

WYITA

West Yorkshire Integrated Transport Authority

Statement of Accounts

For the year ending 31 March 2009

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

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WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

West Yorkshire Integrated Transport Authority and Passenger Transport Executive

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

Foreword to the Annual Accounts 2008/09

The Annual Review and Accounts document have been prepared to provide an outline of the activities of the Authority and Executive (Metro) for the year 2008/09. This Review sets out how progress has been made towards the 20 year vision utilising the funds available. It is not exhaustive thus further information is available from Metro, if required, in relation to the various aspects of activity described.

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 2008/09 the Authority provided a revenue grant to the Executive of £89.147m 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.

On 9 February the West Yorkshire Passenger Transport Authority changed its name to West Yorkshire Integrated Transport Authority, in accordance with the Local Transport Act 2008. The change of name signifies a greater responsibility regarding local transport planning, with full responsibility for producing LTP3 for the period 2011-2014 resting with the Authority. The Local Transport Act also allows for the development of governance options to further enhance the role of the Authority and these are being explored in partnership with the District Councils.

Review of the year

Over the last 12 months progress has continued to be made on delivering, in conjunction with District Councils and the Government Office, key elements of the Leeds City Region Transport Vision.

The Regional Transport Board has endorsed new investment of £200 million on projects that form part of the longer term Transport Vision for Leeds. The Authority has also been allocated additional LTP funds which it will manage to ensure they are spent strategically for the county.

Good progress has been made on the development of the detailed business case for the New Generation transport system for Leeds and the Regional Transport Board has committed a further funding for its second phase.

Over 350,000 new smartcard concessionary passes were issued to enable West Yorkshire residents to take advantage of the national entitlement to free bus travel from 1 April 2008. A further 60,000 passes have been issued during the year and travel by senior and disabled people has increased by 10%.

Metro has continued to launch further MetroLocal services in Kirklees, in partnership with the Neighbourhood Communities. These services are providing people with links to local services such as health and community centres, libraries, Post Offices and shops and home to school transport for Special Education Needs children.

Boxing Day bus services were provided for a second year and proved extremely popular with 50,000 trips made, an increase of 35% from 2007/08.

The final (150th) MyBus yellow bus was brought into service in January and the scheme continues to deliver a range of benefits for pupils and the communities. The new generationM web site for young people at www.generationm.co.uk continues to be promoted and is being used to gather views from young people on transport services. This information will help to shape the future delivery of the Young Persons Strategy which was approved during 2008/09.

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Foreword to the Annual Accounts 2008/09 (continued)

Usage of the SMS text message service continued to grow with *yournextbus* being the most used service of its type in the country. The programme of installing 922 real time displays at bus stops was completed.

Communication with customers via MetroMessenger was increased and proved extremely useful during the severe winter weather. Metro achieved record customer satisfaction scores for its information services with MetroLine continuing to rank amongst the best Traveline call centres in the country.

The accounts

The Accounts and Audit (Amendment) (England) Regulations 2006 are fully complied with by both the Authority and the Executive. The main effects are to ensure that whilst the Authority follows the 2008 SORP for its individual accounts both its group accounts and the accounts of the Executive follow UKGAAP requirements. The statement of accounts are set out on the following pages and 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 Income and Expenditure Account 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 Statement of Movement on the General Fund Balance (SMGFB) 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 Statement of Total Recognised Gains and Losses (STRGL) brings together all the gains and losses of the Authority for the year and shows the aggregate movement in its net worth. It includes gains and losses relating to the re-measurement of the net liability to cover the cost of retirement benefits.

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 Authority follows the 2008 SORP for its individual accounts but both group accounts and the accounts of the Executive follow UKGAAP requirements. This means there are some presentational differences between the two sets of accounts.

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.

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

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

Foreword to the Annual Accounts 2008/09 (continued)

Review of revenue expenditure for the Group

	2008/09 Approved Budget £m	2008/09 Actual £m
Funding		
Government grants	81.6	81.6
District Council Levies - net	89.1	89.1
Ticket Sales	29.0	29.0
Income generation	8.6	8.6
Transfer from/(to) reserves	<u>(0.5)</u>	<u>(3.1)</u>
	<u>207.8</u>	<u>205.2</u>
Revenue Expenditure		
Concessionary Travel	46.8	44.5
Subsidised Bus Services	22.4	22.3
Special Needs Transport	2.4	2.4
Passenger Services support	13.3	13.6
Prepaid tickets	29.0	29.0
Local Rail Services	71.9	71.9
Financing costs (net)	9.3	9.2
Support costs	<u>12.7</u>	<u>12.3</u>
	<u>207.8</u>	<u>205.2</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 'Public transport.' The use of reserves figure is the same irrespective of the presentation adopted.

Revenue funding

In 2008/09 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 2008/09 and 2007/08 is the net amount.

Overall the net Levy rose from 07/08 by 4%. At the time of setting the levy this was slightly above inflation but was also set to reflect the high level of risk associated with the costs of concessionary travel. An appeal from one of the major operators was still outstanding, the actual cost of the new national concession scheme was unknown and the reimbursement model was still being finalised. To seek to mitigate against these factors the Authority entered into three year agreements with the major operators, the impact of which is set out below.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

Revenue expenditure

The Authority's and Executive's overall expenditure in the year appears to be £2.5m under budget. However the apparent saving on the concessionary costs line is more complex than it appears. The timing of the payments to the major operators in relation to the three year agreement has been managed to produce a timing benefit to the Authority and that the expected 'saving' is required to fund the agreed payment in 2010/11. The actual 'saving' required for year 3 is £2.9m and there is thus an overspend of £0.6m on payments on rail and to smaller operators. There were further overspends on the passenger services line, primarily relating to increased electricity costs, but a number of small savings on the other budget lines, including reductions in interest payments following debt refinancing, some staffing savings and other efficiency measures.

The Authority continues to seek to reduce its costs through identifying efficiencies where possible and this will be especially relevant in 2009/10 as the impact of the recession is felt. There are challenges expected, particularly relating to tendered services where the operators have already indicated the likelihood of significant cuts and work is underway to address this.

Capital expenditure

Total capital expenditure in the year was £14.0m, for which a grant of £13.0m was made by the Authority to the Executive. This increase in expenditure compared to 07/08 was possible due to a carry forward of unused allocations of £1.6m and an increase in external contributions including funding from the Urban Congestion Fund and Transport Innovation Fund. The Authority received an LTP grant of £8.776m in 08/09 and external contributions of £2.6m. Capital schemes in the year include the completion of the real time display installation programme, replacement AccessBuses, rail enhancements, the building of Brighouse Bus Station as well as preparatory work on New Generation Transport and Castleford Interchange.

Treasury management

The Authority has continued to follow its approved treasury management policy. During the year the opportunity to repay £5m of long term borrowing and replace it with £5m at lower rates and with a shorter maturity was taken. In January a further £10m was repaid which has reduced the Authority's exposure risk in the current uncertain financial climate. The Authority's borrowing requirement is reducing over coming years, reflecting the increase in cash grants rather than borrowing approvals for capital expenditure, and these transactions assist in the management of this.

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
Executive: www.wymetro.com

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

Telephone for general enquiries : 0113 251 7272
Metroline for travel enquiries etc: 0113 245 7676

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

ACCOUNTING POLICIES FOR THE ACCOUNTS

1. GENERAL PRINCIPLES

The Authority's accounts follow the appropriate accounting standards as required by the *Accounting Code of Practice on Local Authority Accounting in Great Britain 2008* (The Code). The Code has been approved as a Statement of Recommended Practice (SORP) which is recognised by statute as representing proper accounting practices. In accordance with the Code the accounts for the Authority have been prepared using the historic cost convention except in relation to fixed assets which are treated differently (see Accounting Policy 5). The accounts recognise the Best Value Accounting Code of Practice and the principal accounting policies the Authority has adopted under ACOP.

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

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

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

2. BASIS OF ACCRUAL

All transactions are recorded on an Income and Expenditure basis, thus all debtors and creditors appear whether or not the cash has actually been paid or received. All revenue grants are credited to the accounts in the period to which they relate.

3. GOING CONCERN BASIS

Whilst the Balance Sheet appears negative this results from government legislation whereby the Authority makes capital grants to the Executive who include the assets within their Balance Sheet. The apparent imbalance between the amount of the Authority borrowings and the Executive's assets derives mainly from the transfer since 1997 of all Rail assets to the privatised Rail companies. The government continues to provide funds within the District Councils to cover the loan charges concerned. The accounts have thus been prepared on a going concern basis. The requirements of FRS15 also contribute to the negative balance sheet as explained in the Explanatory Foreword.

4. 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 SORP.

5. TANGIBLE FIXED ASSETS

5.1 RECOGNITION & MEASUREMENT

All Fixed Assets are depreciated over the agreed life of the assets. All buildings and land are revalued every 5 years in accordance with FRS 15, the latest valuation being at 31 March 2006 by Lambert Smith Hampton, a firm of external Chartered Surveyors. The only other assets revalued are on-street furniture which were revalued at 31 March 2008 in accordance with FRS15. Remaining assets are held at original cost.

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

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ACCOUNTING POLICIES FOR THE ACCOUNTS (CONTINUED)

5.1 RECOGNITION & MEASUREMENT (cont)

All assets, with the exception of freehold land, are depreciated over their useful lives. In addition consideration is given by the Authority and the Executive as to whether any further charge is required to cover impairment (eg. a reduction in the value of a building due to backlog of repairs or any other reason). This has been considered for 08/09 and it has been concluded that no impairment charge is required. Depreciation periods used for assets are:

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

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.

5.2 CHARGES TO REVENUE

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

6. CAPITAL GRANTS

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

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 Reserve is a revenue reserve and transfers to and from the reserve are shown at the bottom of the Statement of Movement on the General Fund balance. Expenditure is charged to revenue and not directly to the reserve. Other reserves (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. VALUE ADDED TAX

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

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

ACCOUNTING POLICIES FOR THE ACCOUNTS (CONTINUED)

10. TAXATION

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

11. PENSIONS

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

12. DEBTORS

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

13. LEASED ASSETS

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

14. 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.

15. FINANCIAL INSTRUMENTS

Both financial assets and liabilities are measured at fair value and carried at their amortised cost. Any premium or discount realised on the refinancing of the loan portfolio is accounted for in accordance with the SORP 2008 and amortised over the appropriate period. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

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STATEMENT OF RESPONSIBILITIES

1. The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Assistant Director Finance 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 fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2009.

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 presents fairly the position of the West Yorkshire Integrated Transport Authority at 31 March 2009 and its income and expenditure for the year ended 31 March 2009.

A Hirst
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 23 June 2009 in accordance with the Accounts and Audit Regulations 2006. There are no material events after the balance sheet date that require reflecting in the Statement of Accounts.

Councillor R Downes
Chair of the Authority
WYITA
24 September 2009

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

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 2009 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 was approved by the Audit and Governance Committee in March and which is available on the Authority's website. A Code of Corporate Governance for the Executive has been approved by the Executive Board in May 2009.

a) Corporate policies and objectives set and communicated by the Authority. These are communicated through the 20:20 Vision document and MetroPlan. The implementation of the vision 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. A three year corporate plan demonstrating the 'golden thread' linking objectives, actions and outcomes is being developed.

b) A number of levels of scrutiny exist for the activities of the Group. Working Groups within the Authority consider policies and objectives and how these are implemented across all areas of their responsibility. Their work is in turn effectively scrutinised by, for example, 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 Executive Board to ensure a further level of challenge and scrutiny is provided.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

3. The governance framework (continued)

- 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 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, monitored by Internal Audit.
- 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 protects 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.

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 Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by External Auditors.

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

The Authority has in place a system based on a framework of standing orders, financial regulations and administrative controls including codes of conduct and administrative policies and procedures. All administrative controls and financial instructions are reviewed on a regular basis by the Authority's management and Internal Audit. Standing orders and financial regulations are also re-approved annually by the Authority. In terms of financial accounting the Authority utilises the core financial system of the Executive which is reviewed annually by Internal and External Audit. 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 Auditor is retained as the internal auditor for the Authority. He has drawn up an audit plan in consultation with the external auditor and is undertaking audit reviews. All such plans and reviews are 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.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

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

The 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 2009. In undertaking this assessment the Executive and Authority consider the recommendations of the external auditor and other advice received. Part of the advice considered this year was the results of the Audit Commission's triennial assessment of the adequacy of the internal audit function. Their report identified a number of areas where improvements could be made.

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 2008/09 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 R Downes
Chairman

K Preston
Clerk to the Authority

25 September 2009

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

2007/08		2008/09			
Net Expenditure Restated £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	
				Notes	
151,773	Public Transport	172,490	(21,259)	151,231	1
806	Corporate and Democratic Core	738	0	738	
0	Non-Distributed Costs	0	0	0	
152,579	NET COST OF SERVICES			151,969	
4,834	Interest Payable			4,653	
(417)	Effect of early settlement of borrowing			(401)	
(604)	Interest and Investment income			(395)	
(9)	Pensions interest cost and expected return on assets			13	6
156,383	NET OPERATING EXPENDITURE			155,839	
(85,718)	<u>Met by</u> - District Council Levies			(89,147)	12
(67,736)	- Special Rail Grant			(71,871)	
(1,069)	- Rural Bus Grant			(1,096)	
1,860	DEFICIT/(SURPLUS)FOR THE YEAR			(6,275)	

The 07/08 figures have been restated to reflect a prior period adjustment relating to FRS17 changes.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

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

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

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

2007/08		2008/09	Notes
£000's		£000's	
1,860	Income and Expenditure account deficit/(surplus)	(6,275)	
<p>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the year.</p> <p>to be debited or credited to the General Fund Balance for the year:</p>			
(210)	Depreciation and Impairment of fixed Assets	(210)	7
(6,005)	Revenue expenditure funded from capital under statute	(12,969)	2
(5)	Transfer (to)/from pension fund	(15)	6
379	Finance costs relating to early settlement discounts	316	
(5,841)		(12,878)	
<p>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the year.</p>			
4,608	Minimum revenue provision	4,632	7
794	Capital grant written-off to Capital Adjustment account	11,367	2
-	Capital expenditure charged to revenue	-	
5,402		15,999	
<p>Transfers to or from the General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year</p>			
-	None	-	
<p>(Surplus)/Deficit for the year on the Income and Expenditure</p>			
1,421	account	(3,154)	
(4,319)	General Fund Balance Brought Forward	(2,898)	
(2,898)	General Fund Balance Carried Forward	(6,052)	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Re-stated		2008/09	
2007/08		£000's	
£000's		£000's	
1,860	Income and Expenditure account deficit/(surplus)	(6,275)	
<p>- (Surplus)/deficit arising on revaluation of fixed assets</p>			
205	Actuarial gains and losses on pension fund assets and liabilities	(90)	
<p>- Other gains and losses required to be disclosed in the Statement</p>			
2,065	Total recognised (gains) and losses for the year	(6,365)	
	Prior Period Adjustment arising from FRS17 Dec 2006 Amendment	2	
		(6,363)	

The 07/08 figures have been restated to reflect a prior period adjustment relating to FRS 17 changes.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

BALANCE SHEET AS AT 31 MARCH 2009

31 March 2008 £000's Re-Stated		31 March 2009 £000's	31 March 2009 £000's	Notes
	Fixed Assets			
7,960	Land and Buildings		7,750	11
7,960	TOTAL LONG TERM ASSETS		7,750	
	Current Assets			
316	Debtors	582		15
-	Investments	-		
2,553	Cash and Bank	1,080		
2,869			1,662	
	Current Liabilities			
-	Short Term Borrowing		(1,016)	13
(4,895)	Creditors		(7,246)	16
-	Bank Overdraft		-	
5,934			1,150	
(110,490)	Long Term Borrowing		(99,418)	13
(340)	Liability related to defined benefit pension schemes		(265)	6
(104,896)	TOTAL ASSETS LESS LIABILITIES		(98,533)	
(107,833)	Capital Adjustment Account		(105,015)	2
379	Financial Instruments Adjustment Account		695	3
(340)	Pensions Reserve		(265)	6
2,898	General Fund Balance		6,052	
(104,896)	TOTAL NET WORTH		(98,533)	

The 07/08 figures have been restated to reflect a prior period adjustment relating to FRS 17 changes.

A Hirst
Chief Financial Officer
WYITA

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

2007/08 £000's		2008/09 £000's
	Revenue activities (Note A)	
	Cash Outflows:	
(491)	Cash paid to and on behalf of employees	(422)
-	Other operating cash payments	(6,673)
(148,602)	Revenue Grants to WYPTE	(158,734)
(149,093)		(165,829)
	Cash Inflows:	
85,718	District Council Levies	89,147
67,736	Special Rail Grant	71,871
1,069	Rural Bus Grant	1,096
2,818	Other operating cash receipts	17,443
157,341		179,557
8,248	Net Cash flow from Revenue Activities	13,728
	Returns on Investment and Servicing of Finance	
	Cash outflows	
(4,210)	Interest Paid	(4,653)
	Cash inflows	
586	Interest received	395
418	Refinancing discounts received	401
379		316
	Capital Activities	
	Cash outflows	
(6,005)	Capital Grants made	(12,969)
	Cash inflows	
3,704	Capital grants received	11,365
3,120	Cash inflow/(outflow) before financing	8,583
	Management of Liquid Resources	
5,000	(Increase)/decrease in short term investments	-
	Financing	
	Cash outflows	
(6,400)	Repayments of amounts borrowed	-
(35,000)	Repayment of loans	(15,142)
	Cash inflows	
-	Short term loans raised	1,016
35,000	Long term loans raised	4,070
1,720	Increase/(Decrease) in Cash in the Year (Note B)	(1,473)

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009 NOTES TO THE CASH FLOW STATEMENT

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

2007/08 £000's		2008/09 £000's
(1,860)	(Deficit)/Surplus on Income and Expenditure account	6,275
818	Statutory movements on general fund balance	(2,805)
(379)	Finance costs relating to early settlements	(316)
(1,421)	(Deficit)/Surplus transferred to General fund	3,154
4,834	Interest payable	4,653
(418)	Discount on early settlement	(401)
(642)	Interest receivable	(395)
2,353	Surplus of Income and Expenditure before interest	7,011
4,608	Minimum revenue provision	4,632
536	Decrease/(increase) in Debtors	(266)
751	Increase in Creditors	2,351
8,248	NET CASH INFLOW FROM OPERATING ACTIVITIES	13,728

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

2007/08 £000's		2008/09 £000's
2,138	(Decrease)/increase in Cash in the Year	(1,473)
1,400	Cash used to increase liquid resources	-
-	Long term loan repaid	15,142
-	New short term loan raised	(1,016)
-	New long term loan raised	(4,070)
3,538	Change in Net Debt	8,583
(111,475)	Net Debt at 1 April	(107,937)
(107,937)	Net Funds at 31 March	(99,354)

NOTE C: ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2008 £000's	Movements in year £000's	At 31 March 2009 £000's
Cash flows:			
Cash at Bank and in Hand	2,553	(1,473)	1,080
Short term Investment	-	-	-
Debt outstanding:			
Due Within 1Year	-	(1,016)	(1,016)
Due After 1 Year	(110,490)	11,072	(99,418)
	(110,490)	10,056	(100,434)
Other Changes:	0	0	0
	(107,937)	8,583	(99,354)

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

NOTES TO THE ACCOUNTS:-

1 Revenue Expenditure

In order to comply with the SORP the revenue expenditure on public transport comprises both direct expenditure undertaken by the Executive for which the Authority provides a grant and direct expenditure by the Authority itself:

2007/08 £000's		2008/09 £000's
146,962	Revenue Grant to Executive to meet Public Transport expenditure	150,067
(400)	Direct Service costs (net)	(400)
5,211	Other costs	1,564
<u>151,773</u>		<u>151,231</u>

2 Capital Adjustment Account

2007/08 £000's		2008/09 £000's
(107,020)	Opening balance	(107,833)
Income		
4,608	Minimum Revenue Provision (MRP)	4,632
<u>(210)</u>	Less depreciation charged to services	<u>(210)</u>
4,398		4,422
Expenditure		
(6,005)	Revenue expenditure funded from capital under statute	(12,969)
-	Premiums charged to the PCL	-
		(12,969)
-	Capital receipts set aside	-
-	Capital receipts applied	-
-	Direct Revenue Financing of Capital	-
<u>794</u>	Write down of Capital Grants	<u>11,365</u>
-		11,365
<u>(107,833)</u>	Balance c/f	<u>(105,015)</u>

MRP is 4% of the capital financing requirement as at 1st April 2008 which for the Authority is £115.8m (£115.2m at 31 March 2007)

3 Analysis of the Movements of Reserves in the year

	CAPITAL RESERVES		REVENUE RESERVES		Total
	Capital Adjustment Account	Financial Instruments Adj Account	Pensions Reserve	General Fund	
	£000's	£000's	£000's	£000's	£000's
Balance as at 1 April 2008	(107,833)	379	(338)	2,898	(104,894)
Prior year adjustment	-	-	(2)	-	(2)
Restated balance 1 April 2008	<u>(107,833)</u>	<u>379</u>	<u>(340)</u>	<u>2,898</u>	<u>(104,896)</u>
Net surplus/(deficit) for year	2,818	316	75	3,154	6,363
Balance as at 31 March 2009	<u>(105,015)</u>	<u>695</u>	<u>(265)</u>	<u>6,052</u>	<u>(98,533)</u>

There have been no disposals of fixed assets during 2008/09

4 S137 Expenditure

The Authority did not incur any expenditure under S.137 of the Local Government Act 1972 in 2008/09 (£nil in 2007/08).

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

5 Publicity

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

2007/08		2008/09
£		£
-	Recruitment advertising	-
-	Other advertising	-
-	Publicity relating to local government reorganisation	-
3,901	Other publicity	2,090
3,901		2,090

6 Pension Costs

6.1 Employees

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

In 2008/09 contributions payable for the year to West Yorkshire Pension Fund based on the formal actuarial valuation carried out for 31 March 2007 were £17,443 (2007/08 - £20,557) representing 12.3% (2007/08 - 11.9%) of pensionable pay. Under the Pension Fund regulations contribution rates are set to meet the overall liabilities of the Fund.

In addition to employer's contributions the Authority is responsible for the pension payments relating to added years benefits it has awarded, together with related annual increases. The Authority paid £2,640 for such payments in 2008/09 (£2,541 in 2007/08).

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

6.2 Capital Cost of Discretionary Increases in Pension Payments.

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

There were no in year capital costs of non-funded discretionary added years in 2008/09. The capital costs relating to previous years awards of discretionary added years is not material.

6.3 Pension disclosures required under Financial Reporting Standard 17

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The main assumptions used in their calculations have been:

	31 March 2009	31 March 2008
Inflation	3.3%	3.6%
Rate of increase in salaries	4.55%	4.85%
Rate of increase for pensions in payment	3.3%	3.6%
Rate used to discount the scheme liabilities	7.1%	6.1%

Post retirement mortality assumptions

Non-retired members (retiring in normal health) - male	PA92mc YOB Tables+2yrs	PA92mc YOB Tables+ 2yrs
- females	PA92mc YOB Tables+1yr	PA92mc YOB Tables+1yr
Current pensioners (retired in normal health) - males	PA92mc YOB Tables+2yrs	PA92mc YOB Tables + 2yrs
-females	PA92mc YOB Tables + 1yr	PA92mc YOB Tables + 1yr

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

6.3 Pension disclosures required under Financial Reporting Standard 17 (continued)

Life Expectancy

- of a male (female) future pensioner aged 65 in 20 yrs time	21.3 (25.0) Years	21.3 (25.0) Years
- of a male (female) current pensioner aged 65	20.3 (24.0) Years	20.3 (24.0) Years

As part of the 2007 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2007 and assumptions have been amended regarding life expectancy. To allow for future improvements the "medium cohort" mortality tables have been used and adjustments made to the standard tables to allow for the experience of local authority funds generally.

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 2009			31 March 2008		
	Long term return	Assets		Long term return	Assets	
	%	£000's	%	%	£000's	%
Equities	7.50	488	62	7.50	646	68.4
Government Bonds	4.00	97	12.3	4.60	95	10.1
Other Bonds	6.00	47	6.0	6.10	42	4.5
Property	6.50	33	4.2	6.50	45	4.8
Cash/Liquidity	0.50	39	5.0	5.25	42	4.5
Other	7.50	83	10.5	7.50	73	7.7
Total market value of Assets		787	100.0		943	100.0
Present value of liabilities		(1,052)			(1,283)	
Net Pension Liability		(265)			(340)	

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 2% p.a. over and above that available on gilts, reflecting an increased risk of default in the corporate bond yield. This means that the expected return on corporate bond investments is now lower than the discount rate used in the calculations.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 3.5% p.a for the "risk premium" associated with equity investment. This is a higher "risk premium" than used in the past, reflecting the increased demand for gilts, partly as a result of the government's programme of quantitative easing.

The actual return on scheme assets in the year was -£0.186m (2008: -£0.033m)

Reconciliation of present value of scheme liabilities

	£'000		£'000		(As Restated)	
	31/03/2009	31/03/2009	31/03/2008	31/03/2008	31/03/2008	31/03/2008
	Unfunded	All Benefits	Unfunded	All Benefits	Unfunded	All Benefits
1 April	46	1,283	41	1,133		
Current service cost	-	22	-	25		
Interest cost	3	78	2	61		
Member Contributions	-	9	-	10		
Past service cost	-	-	-	12		
Actuarial loss	(6)	(316)	6	70		
Curtailments	-	-	-	-		
Benefits paid	(3)	(24)	(3)	(28)		
31 March	40	1,052	46	1,283		

Reconciliation of fair value of scheme assets

	£'000		£'000		(As Restated)	
	31/03/2009	31/03/2009	31/03/2008	31/03/2008	31/03/2008	31/03/2008
	Unfunded	All Benefits	Unfunded	All Benefits	Unfunded	All Benefits
1 April	-	943	-	1,003		
Expected return on scheme assets	-	65	-	70		
Actuarial gains/(losses)	-	(226)	-	(135)		
Contributions paid by employer	3	20	3	23		
Member Contributions	-	9	-	10		
Benefits paid	(3)	(24)	(3)	(28)		
31 March	0	787	0	943		

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

6.3 Pension disclosures required under Financial Reporting Standard 17 (continued)

The amounts recognised in the Income and Expenditure account

	£'000 31/03/2009	£'000 31/03/2008
Current Service Cost	22	25
Interest on pension liabilities	78	61
Expected return on pension assets	(65)	(70)
Past Service Cost	-	12
Curtailments or settlements	-	
Total pension cost recognised	35	28

HISTORY OF EXPERIENCE GAINS AND LOSSES	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
		Re-stated			
Defined Benefit Obligation	(1,052)	(1,283)	(1,133)	(1,144)	(973)
Scheme assets	787	943	1,006	930	729
Deficit	(265)	(340)	(127)	(214)	(244)
Experience adjustments on scheme assets :	(226)	(135)	22	141	38
Experience adjustments on scheme liabilities:	0	(23)	0	(28)	61
Total amount recognised in statement of total recognised gains and losses:	90	(205)	64	13	(79)

7 Minimum Revenue Provision

The Authority has a statutory obligation to make adequate provision to meet its liabilities in respect of capital expenditure financed by external borrowing. The method of calculating the provision is defined by statute. For 2008/09 the amount is £4.632m (2007/08 - £4.608m).

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

2007/08 £000's	2008/09 £000's
210 Depreciation charged to services	210
4,398 Additional charge to revenue	4,422
4,608 Minimum Revenue Provision	4,632

8 Provision for credit liabilities

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

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

2007/08 £000's	2008/09 £000's
- Balance brought forward	-
- Reserved proportion of capital receipts	-
- Usable receipts voluntarily set-aside	-
4,608 Minimum revenue provision	4,632
4,608	4,632
(4,608) Repayment of external loans	(4,632)
-	-

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

9 Members' allowances

The total members' allowances paid in the year was £225,859 (2007/08 - £224,346).

10 Officers' emoluments

The Code of Practice on Local Authority Accounting 2008 requires the disclosure of the number of officers whose emoluments in the year were £50,000 or more, grouped in rising bands of £10,000. In 2008/09 there was one officer whose emoluments fell within the band £50,000-£60,000. (None above £50k in 2007/08).

11 Fixed Assets

Fixed Assets wholly relate to the Authority's office building in Wellington Street, Leeds which was purchased in 1988. The building was last revalued at 31 March 2006 at a value of £8.380m by Lambert Smith Hampton, a firm of external Chartered Surveyors.

	Other Land & Buildings £000's
Cost/valuation at 1 April 2008	8,380
Additions	-
Disposals	-
Cost/valuation at 31 March 2009	8,380
Depreciation charged to 1 April 2008	420
Impairments	-
Depreciation charged in the year	210
Accumulated depreciation	630
Net book value at 31 March 2009	7,750
Net book value at 31 March 2008	7,960

12 Related Party Transactions

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

The Authority's transactions with related parties during 2008/09, which are not separately disclosed elsewhere, are set out below:

	2007/08	2008/09
	£	£
Levying bodies:		
Bradford MDC	19,881,420	20,606,308
Calderdale MDC	7,840,666	8,131,897
Kirklees MDC	15,697,924	16,191,293
Leeds City Council	28,763,313	30,327,553
Wakefield MDC	13,534,677	13,889,949
	85,718,000	89,147,000

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.

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.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

13 Loans Outstanding

	2007/08 £000's			2008/09 £000's
		Lender:-		
	85,169	Public Works Loans Board		75,113
	25,321	Other Market Loans		25,321
		Short Term Loans		-
	110,490			100,434
		Maturity:-		
	-	Loans repayable within 12 months		1,016
	-	1-2 years		-
	-	2-5 years		4,070
	-	5-10 years		-
	110,490	in more than 10 years		95,348
	110,490			100,434

14 Capital expenditure and financing

	2007/08 £000's			2008/09 £000's
		Capital investment		
	-	Operational assets		-
	6,005	Revenue expenditure funded from capital under statute		12,969
	6,005			12,969
		Sources of finance		
	5,211	Borrowing (credit approvals)		1,602
	-	Capital receipts		-
	794	Government grants and other contributions		11,367
	-	Revenue contributions		-
	6,005			12,969

15 Debtors

	2007/08 £000's			2008/09 £000's
	63	General Debtors		242
	253	Government grant outstanding		340
	316			582

16 Creditors

	2007/08 £000's			2008/09 £000's
	4,580	Passenger Transport Executive (Net)		7,187
	85	Government grant due		-
	230	Other Creditors		59
	4,895			7,246

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

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17 Financial instruments

17.1

The Authority has considered its balance sheet carrying values ie amortised costs of financial instruments. 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 Authority's books it is only the loan portfolio which falls into this category.

	31 March 2008		31 March 2009	
	£000's	£000's	£000's	£000's
	Amortised cost	Fair value	Amortised cost	Fair value
Financial liabilities	110,490	109,676	100,434	98,121

The market rates used in the fair value calculation were provided by PWLB for the PWLB loans and by Sector for the LOBOs.

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 £126k if interest rates varied by 1% in the year.

The Authority is not exposed to any currency risk.

18 Net Assets employed

2007/08		2008/09
£000's		£000's
<u>(104,896)</u>	Total Reserves and Balances	<u>(98,533)</u>

19 Auditors Remuneration

2007/08		2008/09
£'000s		£'000s
42	Audit Services	43
-	Other Services	-
<u>42</u>		<u>43</u>

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

2007/08		2008/09	
Previous Year Net Expenditure restated £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
(150,298)	Public Transport	59,017	(145,808)
(2,062)	Corporate and Democratic Core	0	(2,008)
(152,360)	NET COST OF SERVICES		(147,816)
(4,836)	Interest Payable		(4,653)
417	Effect of early settlement of borrowing		401
-	Exceptional Items		210
635	Interest and Investment income		426
424	Pension Interest Costs and Expected Return on Assets		(2,492)
(2)	Taxation of group entities		(2)
(155,722)	AMOUNT TO BE MET FROM GOVERNMENT GRANTS AND LOCAL TAXPAYERS		(153,926)
85,718	<u>Met by</u> - District Council Levies		89,147
67,736	- Special Rail Grant		71,871
1,069	- Rural Bus Grant		1,096
(1,199)	(DEFICIT) /SURPLUS FOR THE YEAR		8,188
	RECONCILIATION OF AUTHORITY DEFICIT/(SURPLUS) TO GROUP DEFICIT/(SURPLUS)		
1,860	Deficit/(surplus) for year on Authority's Income and Expenditure Account		(6,275)
(6,005)	Adjustment for transactions with Executive		(12,969)
(4,145)	Surplus in Group I and E attributable to Authority		(19,244)
5,344	Deficit in Group attributable to Group entities (adjusted)		11,056
1,199	Deficit/(surplus) for the year		(8,188)
	STATEMENT OF MOVEMENT ON GENERAL FUND		
1,199	Deficit/(surplus) for the year		(8,188)
(210)	Depreciation and impairment of fixed assets		(210)
1,448	Transfer to pension		(895)
379	Finance costs relating to early settlement discounts		316
2,816	Surplus for the year		(8,977)
(2,189)	MRP		(5,544)
794	Capital grant written off to CAA		11,367
1,421	Deficit/(surplus) for the year		(3,154)
	STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES		
<small>re-stated</small>			
2007/08		2008/09	
£000's		£000's	
1,199	Income and Expenditure account deficit/(surplus)	(8,188)	
72	(Surplus)/deficit arising on revaluation of fixed assets	-	
35,555	Actuarial gains and losses on pension fund assets and liabilities	437	
-	Other gains and losses required to be disclosed in the Statement	-	
36,826	Total recognised (gains) and losses for the year	(7,751)	
2,989	Prior Period Adjustment arising from FRS17 amendments	271	
39,815	Total recognised gains and losses since 31 March	(7,480)	

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

GROUP BALANCE SHEET AS AT 31 MARCH 2009

31 March 2008 £000's		£000's	31 March 2009 £000's	Notes
100,892	Fixed Assets			
	Tangible fixed assets		103,405	11
100,892	TOTAL LONG TERM ASSETS		103,405	
	Current Assets			
9,963	Debtors	8,436		16
-	Investments	-		
4,447	Cash and Bank	3,460		
14,410			11,896	
	Current Liabilities			
-	Short Term Borrowing		(1,016)	14
(19,406)	Creditors		(20,122)	17
-	Bank overdraft		(30)	
95,896	TOTAL ASSETS LESS CURRENT LIABILITIES		94,133	
(110,490)	Long Term Borrowing		(99,418)	14
(55,421)	Liability related to defined benefit pension schemes		(56,752)	6
(22,532)	Deferred Capital Grants		(22,759)	19
(92,547)			(84,796)	
11,213	Revaluation Reserve		11,213	9
(53,027)	Capital Adjustment Account		(47,415)	3
379	Financial Instrument Adjustment Account		695	22
(55,421)	Pensions Reserve		(56,752)	6
4,309	General Fund Reserve		7,463	22
(92,547)	TOTAL BALANCES AND RESERVES		(84,796)	

A Hirst
Chief Financial Officer
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WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

2007/08 £000's		2008/09 £000's
	Revenue activities (Note A)	
8,531	Net Cash flow from Revenue Activities	11,834
	Returns on Investment and Servicing of Finance	
	Cash outflows	
(4,212)	Interest Paid	(4,653)
	Cash inflows	
653	Interest received	426
418	Early settlement discounts received	401
(1)	Taxation (net)	(2)
	Capital Expenditure	
(6,429)	Purchase of Fixed assets	(11,385)
6,490	Capital Grants received	12,418
8	Sale of Fixed assets	-
5,458	Cash inflow before financing	9,039
	Management of Liquid Resources	
5,000	Decrease in short term deposits	-
	Financing	
	Cash outflows	
(6,400)	Repayments of amounts borrowed	-
(35,000)	Repayments of loans	(15,142)
	Cash inflows	
-	Short term loans raised	1,016
35,000	Long term loans raised	4,070
4,058	Increase/(decrease) in Cash in the Year (Note B)	(1,017)

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009 NOTES TO THE CASH FLOW STATEMENT

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

2007/08 £000's		2008/09 £000's
(1,199)	(Deficit)/surplus of income over Expenditure after interest	8,188
4,836	Interest Payable	4,653
(635)	Interest Receivable	(426)
(418)	Discount on early settlement receivable	(401)
2,584	Surplus of income over Expenditure before interest	12,014
7,278	Depreciation/deferred charges adjustment	10,686
(1,448)	FRS17 movement	895
(7)	Profit on sale of Fixed assets	-
576	Fixed assets charged to revenue	2,724
(3,735)	Grant release to revenue (other than offset against Dep'n)	(16,728)
5,248		9,591
1,200	Decrease in Debtors	1,527
2,083	Increase in Creditors	716
8,531	NET CASH INFLOW FROM OPERATING ACTIVITIES	11,834

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

4,058	Increase/(Decrease) in Cash in the Year	(1,017)
6,400	New short term loan raised	(1,016)
(5,000)	New long term loan raised	(4,070)
-	Long term loan repaid	15,142
-	Increase in short term deposits	-
5,458	Change in Net Debt	9,039
(110,011)	Net Debt at 1 April	(106,043)
(1,490)	Interest accrual	-
(106,043)	Net Funds at 31 March	(97,004)

NOTE C: ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2008 £000's	Movements in year £000's	At 31 March 2009 £000's
Cash flows:			
Cash at Bank and in Hand	4,447	(1,017)	3,430
Short term Investment	-	-	-
Debt outstanding:			
Due Within 1Year	-	(1,016)	(1,016)
Due After 1 Year	(110,490)	11,072	(99,418)
	(110,490)	10,056	(100,434)
Other Changes:	-	-	-
	(106,043)	9,039	(97,004)

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

NOTES TO THE GROUP ACCOUNTS:-

1 The Group Accounts

The Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (the SORP) requires all authorities who have a group interest in another organisation to produce group accounts based on UK GAAP that include that organisation. These accounts therefore include in this section the accounts of both the West Yorkshire 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. Consequently the notes do not require a breakdown of such figures. Instead an analysis is included in the explanatory foreword which provides a service analysis of the complete figures in the group revenue account.

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 2008/09 the amount is £4.632m (2007/08 - £4.608m).

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

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

The Executive's balance sheet at 31 March 2009 contains deferred capital grants of £80.359m. However, it is not possible to historically distinguish between those originally provided by the Authority and those originally provided by other sources prior to 31 March 2000.

At 31 March 2000 the Deferred Grants account stood at £20.7m. Since that date additional grants of £158.3m have been received, and £98.6m released, leaving the balance of £80.3m to be apportioned between Authority grants and other grants. An assessment, based on the average grant receipts since 2000 (63.6% of the total received), has been used to consolidate the figures in the group accounts and provide the information in notes 2, 3 and 4.

2007/08		2008/09
£000's		£000's
8,313	Depreciation charged to services	8,341
4,398	Additional charge to revenue to reflect MRP	4,842
<u>12,711</u>		<u>13,183</u>
(7,833)	Less capital grants released (in Executive's accounts)	(5,635)
(210)	Less depreciation shown in SMGFB	(210)
<u>4,668</u>	Group net charge to revenue	<u>7,338</u>

3 Capital Adjustment Account

2007/08		2008/09
£000's		£000's
(51,422)	Opening balance	(53,027)
	Income items:	
794	Receipt of grants during the year	11,367
-	Revaluation of ITA Assets	-
<u>794</u>		<u>11,367</u>
	Deduct:	
(2,399)	Depreciation net of MRP	(5,755)
<u>(53,027)</u>	Balance at the end of the Year	<u>(47,415)</u>

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

4 Disposal of Fixed Assets

	2007/08 £000's			2008/09 £000's
	7	Profit on disposal of fixed assets by the Executive		-
The Authority disposed of no assets during 2007/08 or 2008/09.				

5 Interest

	2007/08 £000's			2008/09 £000's
	(635)	Interest receivable on Loans, deposits and other debts		(426)
	4,836	Interest payable on Loans		4,653
	(417)	Effect of early settlement of Loans		(401)

6 Pension Costs

6.1 Employees

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

In 2008/09 contributions payable for the year to West Yorkshire Pension Fund based on a formal actuarial valuation for 31 March 2007 were £1.66m (2007/08 - £1.40m) representing 20% (Executive) and 12.3% (Authority) of pensionable pay. Under the Pension Fund regulations contribution rates are set to meet the overall liabilities of the Fund.

In addition to employer's contributions the Authority and Executive are responsible for the pension payments relating to added years benefits they have awarded to former employees, together with related annual increases. They paid £1.6m for such payments in 2008/09 (£1.36m in 2007/08).

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

6.2 Capital Cost of Discretionary Increases in Pension Payments.

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

There were no in year capital costs of non-funded discretionary added years in 2008/09. The capital costs relating to previous years awards of discretionary added years is not material.

6.3 Pension disclosures required under Financial Reporting Standard 17

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

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The main assumptions used in their calculations have been:

	31 March 2008	31 March 2009
Rate of inflation	3.6%	3.3%
Rate of increase in salaries	4.85%	4.55%
Rate of increase in pensions	3.6%	3.3%
Rate for discounting scheme liabilities	6.1%	7.1%

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:

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

6.3 Pension disclosures required under Financial Reporting Standard 17 (continued)

Post retirement mortality assumptions

Non-retired members (retiring in norm: PA92mc YOB Tables+2yrs PA92mc YOB Tables+ 2yrs
 - females PA92mc YOB Tables+1yr PA92mc YOB Tables+1yr

Current pensioners (retire -males PA92mc YOB Tables+2yrs PA92mc YOB Tables + 2yrs
 -females PA92mc YOB Tables + 1yr PA92mc YOB Tables + 1yr

Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time 21.3 (25.0) Years 21.3 (25.0) Years
 - of a male (female) current pensioner aged 65 20.3 (24.0) Years 20.3 (24.0) Years

As part of the 2007 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2007 and assumptions have been amended regarding life expectancy. To allow for future improvements the "medium cohort" mortality tables have been used and adjustments made to the standard tables to allow for the experience of local authority funds generally.

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

	Expected rate of return on assets 31/3/09	Assets at 31/3/09 £'000	Assets %	Expected rate of return on assets 31/3/08	Assets at 31/3/08 (As Re-stated) £'000	Assets %
Equities	7.5%	48,349	62.0	7.5%	74,064	68.6
Government Bonds	4.0%	9,592	12.3	4.6%	10,797	10.0
Other Bonds	6.0%	4,679	6.0	6.1%	4,751	4.4
Property	6.5%	3,275	4.2	6.5%	5,182	4.8
Cash/Liquidity	0.5%	3,899	5.0	5.25%	4,858	4.5
Other	7.5%	8,189	10.5	7.5%	8,314	7.7
Total market value assets		<u>77,983</u>	100.0		<u>107,966</u>	100.0
Present value of scheme liabilities		<u>(134,735)</u>			<u>(163,387)</u>	
Net pension liability		<u>(56,752)</u>			<u>(55,421)</u>	

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 2% p.a. over and above that available on gilts, reflecting an increased risk of default in the corporate bond yield. This means that the expected return on corporate bond investments is now lower than the discount rate used in the calculations.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 3.5% p.a for the "risk premium" associated with equity investment. This is a higher "risk premium" than used in the past, reflecting the increased demand for gilts, partly as a result of the government's programme of quantitative easing.

The actual return on scheme assets in the year was -£20.212m (2008: -£3.286m)

Reconciliation of present value of scheme liabilities

	£'000 31/03/2009	£'000 31/03/2009	(As Restated) £'000 31/03/2008	(As Restated) £'000 31/03/2008
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	16,051	163,387	13,784	123,568
Current service cost	-	1,422	-	1,206
Interest cost	938	9,613	708	6,362
Member Contributions	-	556	-	479
Past service cost	-	-	-	504
Actuarial (gains)/losses	(2,332)	(26,872)	2,895	44,455
Curtailments	-	175	-	-
Benefits paid	<u>(1,351)</u>	<u>(13,546)</u>	<u>(1,336)</u>	<u>(13,187)</u>
31 March	13,306	134,735	16,051	163,387

Reconciliation of fair value of scheme assets

	£'000 31/03/2009	£'000 31/03/2009	(As Restated) £'000 31/03/2008	(As Restated) £'000 31/03/2008
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	-	107,966	-	102,254
Expected return on scheme assets	-	7,121	-	6,786
Actuarial (losses)/gains	-	(27,308)	-	8,900
Contributions paid by employer	1,351	3,194	1,336	2,734
Member Contributions	-	556	-	479
Benefits paid	<u>(1,351)</u>	<u>(13,546)</u>	<u>(1,336)</u>	<u>(13,187)</u>
31 March	-	77,983	-	107,966

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6.3 Pension disclosures required under Financial Reporting Standard 17 (continued)

The amounts recognised in the Income and Expenditure account

	£'000 31/03/2009	£'000 31/03/2008
Current Service Cost	1,375	1,156
Interest on pension liabilities	9,474	6,240
Expected return on pension assets	(6,986)	(6,646)
Past Service Cost	(12)	480
Curtailments or settlements	175	-
Total pension cost recognised	4,026	1,230

Amounts for current period and previous four periods

	<u>2009</u> £'000	<u>2008</u> £'000	<u>2007</u> £'000	<u>2006</u> £'000	<u>2005</u> £'000
		(Re-stated)			
Defined benefit obligation	(134,735)	(163,387)	(122,435)	(131,944)	(128,266)
Scheme assets	77,983	107,966	101,505	102,821	90,350
Deficit	(56,752)	(55,421)	(20,930)	(29,123)	(37,916)
Experience adjustments on scheme assets: Amount	(27,308)	8,900	2,311	16,417	5,138
Experience adjustments on scheme liabilities: Amount	-	(34,870)	-	(818)	(7,715)
Total amount of actuarial gains/losses recognised in statement of total recognised gains and losses: Amount	(436)	(35,555)	6,927	7,707	(23,267)

7 S137 Expenditure

Neither the Authority nor Executive have incurred any expenditure under S.137 of the Local Government Act

8 Government grants receivable in the year

2007/08 £'000s			2008/09 £'000s
70,163	Revenue	- Authority	81,634
-		- Executive	-
70,163			81,634
794	Capital	- Authority	9,196
2,786		- Executive	-
3,580			9,196
73,743			90,830

9 Revaluation Reserve

2007/08 £'000s			2008/09 £'000s
11,285	Balance at 1 April		11,213
(72)	Deficit on revaluation		-
11,213	Balance at 31 March		11,213

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10 Officers' emoluments

The Accounts and Audit Regulations 2006 requires the disclosure of the number of officers whose emoluments in the year were £50,000 or more, grouped in rising bands of £10,000. The Companies Act requires Directors shown in their appropriate £5,000 band. The following table therefore shows all Executive Directors and employees and Authority employees in their appropriate band.

£'000s	Directors only		£'000	Officers	
	2007/08	2008/09		2007/08	2008/09
0 - 50	2	2			
65 - 70	-	-	50 - 60	8	8
70 - 75	1	1	60 - 70	1	1
75 - 80	-	-			
85 - 90	1	1			
96 - 100	1	1			
140 - 145	1	-			
145 - 150	-	1			

11 Fixed Assets

- a). The attached table provides the cost of assets by original cost/valuation and shows accumulated depreciation to give the net book values shown in the balance sheet.
- b). The original cost and depreciation of leasehold and freehold land and buildings (at a valuation) is as follows:

2007/08			2008/09	
£'000s			£'000s	
108,365	Original cost		111,545	
<u>38,414</u>	Depreciation based on cost		<u>43,350</u>	
<u>69,951</u>	Balance at 31 March		<u>68,195</u>	

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

11. TANGIBLE FIXED ASSETS

a) The movements in the year 1 April 2008 to 31 March 2009 are :	FREEHOLD LAND AND BUILDINGS	LEASEHOLD LAND AND BUILDINGS	RAIL UNITS LEASED	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	
<u>COST VALUATION</u>									
At 1 April 2008	131,663	68,445	1,132	6,622	19,750	8	17,400	54	18,252
Additions	11,385	2,500	-	-	1,379	-	685	-	6,821
Transfer from payments on assets in course of construction	-	5	-	-	558	-	-	-	(563)
Disposals	(26)	-	-	-	-	-	(26)	-	-
Revaluation adjustments	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-
WIP W/Off to revenue	(2,724)	-	-	-	-	-	-	-	(2,724)
At 31 March 2009	140,298	70,950	1,132	6,622	21,687	8	18,059	54	21,786
<u>ACCUMULATED DEPRECIATION</u>									
At 1 April 2008	30,771	9,459	408	6,622	4,789	8	9,431	54	-
Charge for the year	6,144	2,169	64	-	1,552	-	2,359	-	-
Disposals	(22)	-	-	-	-	-	(22)	-	-
Revaluation adjustments	-	-	-	-	-	-	-	-	-
At 31 March 2009	36,893	11,628	472	6,622	6,341	8	11,768	54	-
<u>NET BOOK VALUES</u>									
31 March 2009	103,405	59,322	660	-	15,346	0	6,291	-	21,786
1 April 2008	100,892	58,986	724	-	14,961	0	7,969	-	18,252

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

12 Related Party Transactions

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

Members

The Authority requires Members to complete a declaration of Related Party Transactions and this information is used to prepare this note. All members have at least two roles under the Local Government Act 1985 in that they are members of 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 on the District Councils.
- The Executive provides agency services for Educational transport for which they are paid fees.

The figures for 2007/08 and 2008/09 are set out below:

	Education transport amounts received by the Executive		Levy received by the Authority	
	2007/08 £m	2008/09 £m	2007/08 £m	2008/09 £m
Bradford MDC	4.89	5.26	19.88	20.60
Calderdale MDC	0.96	1.01	7.84	8.13
Kirklees MDC	0.00	0.00	15.70	16.20
Leeds City Council	1.26	1.74	28.76	30.33
Wakefield MDC	2.26	2.32	13.54	13.89
	<u>9.37</u>	<u>10.33</u>	<u>85.72</u>	<u>89.15</u>

Officers

Mr K Preston, Clerk to the Authority, is also Director-General of the Passenger Transport Executive (PTE). His services to the Authority are not recharged to the Authority by the Executive. The Authority's s151 Officer is employed by the Executive where she is also their s151 Officer.

13 Taxation

2007/08 £'000s		2008/09 £'000s
<u>2</u>	Corporation Tax on sundry interest received in year	<u>2</u>

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

14 Loans Outstanding

2007/08 £000's		2008/09 £000's
85,169	Lender:- Public Works Loans Board	75,113
25,321	Other Market Loans	25,321
-	Short Term Loans	-
<u>110,490</u>		<u>100,434</u>
	Maturity:-	
-	Loans repayable within 12 months	1,016
-	1-2 years	-
-	2-5 years	4,070
-	5-10 years	-
110,490	in more than 10 years	95,348
<u>110,490</u>		<u>100,434</u>

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

15 Capital expenditure and financing

	2007/08		2008/09
	£000's		£000's
	<u>8,791</u>	Capital investment	
		Operational assets acquired in year	<u>14,021</u>
		Sources of finance	
	5,211	Borrowing (credit approvals)	1,602
	-	Capital receipts	-
	3,370	Government grants and other contributions	12,286
	<u>210</u>	Revenue contributions	<u>133</u>
	<u>8,791</u>		<u>14,021</u>

16 Debtors

	2007/08		2008/09
	£000's		£000's
	9,115	Trade Debtors	7,355
	253	Government Grants	340
	361	Other Debtors	538
	<u>234</u>	Prepayments and accrued income	<u>203</u>
	<u>9,963</u>		<u>8,436</u>

17 Creditors

	2007/08		2008/09
	£000's		£000's
	13,897	Trade creditors	14,504
	2,075	Other creditors	1,385
	3,432	Deferred Income	4,231
	<u>2</u>	Corporation Tax	<u>2</u>
	<u>19,406</u>		<u>20,122</u>

Deferred income relates to the Executive and covers prepaid ticket sales and deferred income from grants.

18 Financial instruments

18.1

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.

	31 March 2008		31 March 2009	
	£000's	£000's	£000's	£000's
	Amortised cost	Fair value	Amortised cost	Fair value
Financial liabilities	110,490	109,676	100,434	98,121

The market rates used in the fair value calculation were provided by PWLB for the PWLB loans and by Sector for the LOBOs.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

18.2 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 £126k if interest rates varied by 1% in the year.

The Group is not exposed to any currency risk.

19 Deferred Capital Grants

2007/08		2008/09
£000's		£000's
22,900	Balance at 1 April	22,532
<u>2,786</u>	Grants Receivable in the Year	<u>1,052</u>
25,686		23,584
<u>(3,154)</u>	Annual release to revenue	<u>(825)</u>
<u><u>22,532</u></u>		<u><u>22,759</u></u>

20 Auditors Remuneration

2007/08		2008/09
£'000s		£'000s
119	Audit Services	122
<u>-</u>	Other Services	<u>-</u>
<u><u>119</u></u>		<u><u>122</u></u>

21 Exceptional Items

The income in 2008/09 relates to prior year rates rebates on the Executive's properties.

WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY

22 GROUP STATEMENT OF TOTAL MOVEMENTS IN RESERVES IN 2008/2009

	CAPITAL RESERVES			REVENUE RESERVES		Total £000's
	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adj Account	Pensions Reserves	General Reserves	
	(Note 9)	(Note 3)		(Note 6)		
	£000's	£000's	£000's	£000's	£000's	
Balance as at 1st April 2008	11,213	(53,027)	379	(55,151)	4,309	(92,277)
Prior year adjustment	-	-	-	(270)	-	(270)
Restated balance 1 April 2008	11,213	(53,027)	379	(55,421)	4,309	(92,547)
Movement in year	-	5,612	316	(1,331)	3,154	7,751
Balance as at 31st March 2009	11,213	(47,415)	695	(56,752)	7,463	(84,796)

Thus the total net assets employed were :

2007/08 £000's		2008/09 £000's
<u>(92,547)</u>	Total Reserves and Balances	<u>(84,796)</u>

23 Financial Commitments

2007/08 £'000s		2008/09 £'000s
10,285	<u>Capital commitments</u>	
9,118	Contracted for but not provided in the accounts	20,158
<u>19,403</u>	Authorised but not contracted for	<u>3,432</u>
		<u>23,590</u>
	<u>Revenue commitments - operating leases</u>	
0	Within 1 year	0
0	1 to 5 years	0
<u>1,934</u>	Beyond 5 years	<u>1,900</u>
<u>1,934</u>		<u>1,900</u>

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

24 Contingent Liabilities

The Executive had a contingent liability at 31 March 2008 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2009 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.