

# WYITA

West Yorkshire Integrated Transport Authority

## ***Statement of Accounts***

For the year ending 31 March 2014

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# West Yorkshire Integrated Transport Authority and Passenger Transport Executive

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## Explanatory Foreword to the Annual Accounts 2013/14

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 2013/14. 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 the West Yorkshire Combined Authority, 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 2013/14 the Authority provided a revenue grant to the Executive of £86.752m 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 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 continuing effective delivery of the objectives of LTP3.

From 1 April 2014 the responsibilities and the activities of the West Yorkshire PTE and ITA have been transferred to the newly created West Yorkshire Combined Authority. More information on this is set out in the review of the year below.

### Review of the year

2013/14 is the third year of the third Local Transport Plan (LTP3) which covers the period 2011 to 2026. LTP3 was developed in partnership with the five West Yorkshire District Councils and is based on a strategic approach to allocating resources in order to deliver the vision of 'Connecting people and places.' Detailed governance and monitoring arrangements that were set up at the start of the first year are now firmly embedded and have seen good progress in continuing to deliver the initial three year implementation plans which have been drawn up at District level. Key schemes that have been delivered include a wide range of road and junction improvements across the county as well as station improvements, bus station enhancements and significant progress on major schemes such as NGT and Rail Growth.

The financial climate continues to provide challenges. Metro undertook to make over £5m savings per annum from the bus tendered network through a series of reviews commencing in 2011/12. These reviews, covering all West Yorkshire Districts, are now complete and have achieved the required savings whilst still maintaining a viable network for users. All areas of activity have been re-examined as part of the budget process to seek to achieve cost reductions whilst improving income opportunities.

Despite budgetary pressures and continuing reductions in staffing numbers Metro has continued to deliver further service innovations and improve key customer satisfaction scores as demonstrated by the Passenger Focus survey. The new Metro website was launched in April 2013 and was aimed in particular at improving access to travel information on the move, using mobile phones or tablets. Usage statistics show an increase in the number of pages accessed on the move.

Work is ongoing to develop the case for a statutory bus quality contract scheme. Discussions with operators on a partnership approach have been continuing in parallel, with a focus on seeking agreement on integrated ticketing, value for money and increased competition.

Metro was successful in winning government funding for the Cycle City Connect project, a £28m scheme to construct a cycle superhighway between Leeds and Bradford. It also secured £1m from the clean bus technology fund which has been used to improve the emissions of the fleet of MyBuses.

Funding won last year through the Local Sustainable Transport Fund (LSTF) has continued to be utilised to enhance improvements in active transport modes, including cycling and travel planning as well as access to the Yorkshire Dales.

## **Foreword to the Annual Accounts 2013/14 (continued)**

Similarly the Better Bus Areas Fund (BBAF) funding has continued to be used to expand the activities already underway to progress the roll out of smartcards across West Yorkshire. The majority of buses in the region are now equipped to read smart products, a number of which have now been registered under the name MCard. 11-16 concessionary entitlement passes, school and boarding cards and annual metrocards have now been issued on smartcards with further products to be launched in early 2014/15. In April passengers will be able to purchase and top up MCards at Payzone outlets as well as at post offices and travel centres.

Work continues to maximise the proposed introduction of the High Speed 2 rail link to Leeds, with work underway to establish options to improve the local network and utilise released capacity. Metro is working closely with other northern PTEs and councils and the Department for Transport to make the case for partnership working on the management of the local rail franchises to the region. Short term extensions to the Northern and Trans-pennine franchises have been let whilst work progresses on shaping the new franchises to be let in 2016.

The latest phase of work to improve car parking provision at rail stations has seen a new car park completed at New Pudsey. The new and improved Wakefield Westgate Station is now open and Metro plays a key role in the redevelopment underway to improve Wakefield Kirkgate Station. Work at bus stations has included a number of health and safety improvements including an innovative scheme to install cameras at Leeds Bus Station to enable bus drivers to clearly see behind their vehicle as they reverse.

Following a successful public inquiry major scheme funding has been granted to the new Leeds Station Southern Entrance and construction is now underway. The NGT team has continued to develop the case for a trolleybus system in Leeds and has submitted a Transport and Works Act Order application. The public inquiry into this is scheduled to start in late April.

The Leeds City Region 'City Deal' which was concluded in July 2012 sets out aspirations for the region. Central to this is the creation of a £1.6bn West Yorkshire and York Transport Fund. Metro has taken a leading role in developing the prioritised list of schemes that could be provided through such a Fund and which support the criteria of increasing employment and productivity in West Yorkshire as well as increasing access to jobs. Initial funding has been agreed through the levy process and further work is underway to agree longer term resources and funding. The 'early win' schemes are being developed using this initial funding to ensure that there are sufficient schemes ready to progress when the full funding is secured.

The City Deal also committed to creating a Combined Authority for West Yorkshire. The West Yorkshire Combined Authority (WYCA) came into being on 1 April 2014 by virtue of the West Yorkshire Combined Authority Order 864/2014 (the 2014 Order). At the same time, the WYITA and WYPTE were dissolved. All of the functions, assets, liabilities and powers of the WYITA and WYPTE were transferred to the WYCA under the provisions of the 2014 Order. The WYCA is now the Local Transport Authority for West Yorkshire and also has power to exercise Economic Development and Regeneration functions in conjunction with the district Councils of West Yorkshire. WYCA also includes as members the leader of the City of York Council and the Chair of the Leeds City Region Local Enterprise Partnership. WYCA has established a Transport Committee, through which the intention is to conduct the majority of Local Transport Authority functions, and an Investment Committee which will provide strategic guidance in relation to the investment in and funding of transport and economic development schemes. Membership of WYCA committees is drawn from all district councils within West Yorkshire, together with City of York Council.

### **The accounts**

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2013/14 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 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.

## Foreword to the Annual Accounts 2013/14 (continued)

**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.

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

	<b>2013/14</b> <b>Approved Budget</b> £m	<b>2013/14</b> <b>Actual</b> £m
<b>Funding</b>		
Government grants	64.2	64.2
District Council Levies - net	96.2	96.2
Ticket Sales	30.9	30.6
Income generation	8.8	9.5
Transfer from reserves	( 1.4)	( 2.0)
	<u>198.7</u>	<u>198.5</u>
 <b>Revenue Expenditure</b>		
Concessionary Travel	52.3	52.4
Subsidised Bus Services	17.4	17.5
Special Needs Transport	1.7	1.7
Passenger Services support	14.9	14.9
Prepaid tickets	30.9	30.6
Local Rail Services	64.4	64.4
Financing costs (net)	7.4	7.3
Support costs	9.7	9.7
	<u>198.7</u>	<u>198.5</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 transfer to reserves figure is the same irrespective of the presentation adopted.

## **Foreword to the Annual Accounts 2013/14 (continued)**

### **Revenue funding**

In 2013/14 grant income was received from Central Government to cover franchised rail costs. Grants formerly received directly from central Government towards the costs of the English National Concessions Scheme and rural bus services are now paid to the District councils as part of the revenue support grant. 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 2013/14 and 2012/13 is the net amount.

Overall the net Levy available for normal transport purposes has stayed the same as 2012/13 and 2011/12. The levy was actually increased by 1.55% with the full value of the increase being set aside for the West Yorkshire plus Transport Fund (WY+TF). This is in addition to the amounts set aside in the last two years for this purpose, demonstrating the local commitment to establishing the WY+TF.

### **Revenue expenditure**

The continuing levy freeze for normal transport purposes has only been possible as a result of the approach taken by the Authority to ongoing cost reductions. The approach agreed in 2012 to reduce the costs of tendered bus services has been successful, along with the changes to the reimbursement of discretionary concessionary fares. As well as these other efficiency savings have continued to be pursued.

The Authority will continue to face challenging financial constraints over the coming years as local government funding is severely reduced. Significant amounts have been taken out of the concessions and tendered services budgets through a managed process which has seen much of the cost picked up by the operators but further opportunities for savings on this scale are not achievable. Efficiency savings continue to be pursued but as concessionary reimbursement becomes an ever increasing proportion of the budget it is difficult to make the required savings. Another set of three year agreements with bus operators on concessionary reimbursement has been put in place from 1 April 2014 and whilst this will help to manage costs in the short term there will continue to be pressure on this budget. Plans to introduce bus quality contracts or partnerships and rail devolution continue to be progressed and these are likely to introduce further budgetary pressures.

### **Capital expenditure**

Total capital expenditure in the year was £57.661m, for which a grant of £49.784m was made by the Authority to the Executive. The full West Yorkshire LTP capital allocation and highways maintenance grant continue to be received by the Authority and funding is then allocated, through the Executive, to the five Districts. The Authority received an LTP Integrated Transport Block grant of £19.318m in 2013/14 and a capital grant through the Better Bus Area Fund of £0.509m. Some funding was carried forward from 2012/13, reflecting delays in implementing major schemes, and some £13m will be carried forward to 2014/15 under similar circumstances. The Highways Maintenance grant of £25.511m in 2013/14 was paid to the Authority in the same way as the LTP3 funding.

Capital schemes in the year include a number of highways works, investment in shelter replacements, new Metro website, contributions to rail schemes and car parks and further investment in smartcard technology, as well as preparatory work on the NGT trolleybus scheme, rail stations and Leeds Station Southern Entrance.

## **Foreword to the Annual Accounts 2013/14 (continued)**

### **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 £77.5m, 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. This will be reviewed as the West Yorkshire plus Transport Fund and other activities of the West Yorkshire Combined Authority are further developed.

### **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 the WYCA on 0113 251 7227.

Further information on the Authority and the Executive is also available on the following web sites:

WYCA: [www.westyorks-ca.gov.uk](http://www.westyorks-ca.gov.uk)

ITA: [www.wyita.gov.uk](http://www.wyita.gov.uk)

PTE: [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 AUTHORITY AND GROUP ACCOUNTS

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## BASIS OF PREPARATION

The Statement of Accounts summarises the Executive's and Authority's (Group) transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Authority and Group is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require an annual Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

### Statement of Compliance with IFRS

The following accounting standards have been issued but not yet adopted by the Code:

IFRS 13 Fair Value Measurement (May 2011)

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IAS 27 Separate Financial Statements (as amended in 2011)

IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)

IAS 32 Financial Instruments: Presentation

Annual Improvements to IFRSs 2009 – 2011 Cycle

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

### Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.



## **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 full independent survey was carried out as at 31 March 2011 with an interim desktop review carried out at 31 March 2014. 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 24b) : The Group 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 an 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.

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

Expenditure incurred by the Executive that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (ie rail infra-structure) is charged to the Comprehensive Income and Expenditure account. The Executive meets this expenditure from existing capital resources with deferred capital grants reversed against the expenditure charged to revenue so there is no impact on the revenue grant requirement.

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 with an interim desktop valuation undertaken on non-infrastructure assets at 31 March 2014. 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 taking into account factors since external surveyors reviewed the property portfolio can identify no circumstances or events that would affect the carrying values of the assets.

- Infrastructure Assets and 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 the income statement. 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. If expenditure has not been incurred at the balance sheet date the grant is transferred to the Capital Grants Unapplied Account. The Comprehensive Income and Expenditure Statement 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 Corporate and Democratic Core.

The liabilities of the pension fund attributable to the ITA are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employees turnover rates, etc, and projections of projected earnings for current employees. The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- ◆ Quoted securities at current bid price
- ◆ Unquoted securities based on professional estimate
- ◆ Unitised securities at current bid price
- ◆ Property at market value

The change in the net pensions liability is analysed into seven components:

**Current service costs** - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;

**Past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs;

**Interest expense on the defined benefit obligation** - the interest on the present value of liabilities and interest on the net changes in those liabilities during the year calculated using the discount rate at the start of the period debited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement ;

**Interest income on assets** - the interest income applied to the asset and net changes in the asset during the year - credited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement ;

**Gains or losses on settlements and curtailments** - the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs;

**Actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve; and

**Contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to the retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable that are unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## 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 are 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 initial recognition as loans, cash and cash equivalents (short term deposits) or receivables in accordance with IAS 39, and recognised at cost. The Authority has not designated any financial assets as at fair value through profit or loss. The Authority's financial assets include cash, short-term deposits, trade and other receivables. Financial assets are derecognised when the appropriate cash flows have been received, or when the rights to receive cash flows from the asset have expired. Subsequent measurement depends on their classification as follows:-

*Cash and cash equivalents:* cash and short term deposits in the Balance Sheet comprise of cash at bank and in hand and short-term deposits with an initial maturity of 90 days or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

*Loans and deposits:* Consist of non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income and Expenditure Statement when the assets are amortised, derecognised or impaired.

*Trade and other receivables:* recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should an amount become uncollectable, it is written off to the income statement in the period in which it is recognised.

*Impairment of financial assets:* the Authority assesses at each period end whether there is any evidence that a financial asset, or group of assets, is impaired. Financial assets are impaired if, and only if, there is objective evidence of one or more events that will negatively impact future expected cash flows, and the impact can be reliably estimated. Objective evidence may be that a debtor is experiencing financial difficulty to the extent that cash flows are, or are likely to be, negatively impacted. If such objective evidence exists, then the financial asset is impaired to the extent of the present value of estimated cash flow shortfall. The amount of the allowance for impairment is recorded separately to the asset, and written off against income.

Financial liabilities are classified at initial recognition as loans and borrowings in accordance with IAS 39, and recognised at cost. The Authority has not designated any financial liabilities as at fair value through profit or loss. The Authority's financial liabilities include short term creditors, loans and other payables, and bank overdraft. Financial liabilities are derecognised when the appropriate cash flow obligations have been discharged, expired or otherwise cancelled.

Subsequent measurement depends on their classification as follows:

*Loans and borrowings:* non-derivative financial liabilities with fixed or determinable payments not quoted in an active market. Such interest-bearing liabilities are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income and Expenditure Statement when the liabilities are amortised, derecognised or impaired.

*Trade and other payables:* recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the Statement of Income and Expenditure in the period in which it is recognised.

### **Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset, and the net amount reported in the Balance sheet, if and only if there is an enforceable legal right to offset, and there is an intention to settle on a net basis in order to realise the assets and discharge the liabilities simultaneously.

## **FOREIGN CURRENCY TRANSLATION**

16.

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. **CONTINGENT LIABILITY**

Contingent Liabilities (Group note 25): The Group 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.

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

The Statement of Accounts are 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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information (adjusting events). Events indicative of conditions that arose after the reporting period are not adjusted (non-adjusting events).

19. **Consolidation of Joint Venture**

The concept of materiality has been considered in respect of the consolidation of Yorcard Ltd into the Executive's accounts. Materiality is determined as an omission or misstatement that may influence an economic decision of the user of the accounts. On this basis Management have adopted a policy to exclude the Yorcard Ltd Joint Venture from full consolidation but have disclosed in the notes the financial performance and position in accordance with IAS31 "Interests in Joint ventures".



# **STATEMENT OF RESPONSIBILITIES FOR THE AUTHORITY AND GROUP**

## **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 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.
- to approve the Statement of Accounts.

## **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 2014.

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 2014 and its income and expenditure for the year ended 31 March 2014.

**A Taylor**

**Chief Financial Officer**

## **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 Combined Authority meeting on 18 September 2014 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.

**Councillor Box**  
**Chairman of the Authority**

**18 September 2014**

# 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. This is in accordance with the Accounts and Audit Regulations 2011 'ensuring that the financial management is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes 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 2014 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 objectives are set and communicated by the Authority. These form a key role in determining the 15 year strategy of the Local Transport Plan and what it should deliver. LTP3 clearly articulates a vision for transport and sets out three key objectives and identifies four themes for delivery. The Authority's policies were revised two years ago to reflect the changes arising from the Local Transport Act. They 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 four years ago and two scrutiny committees 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 Leaders' 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 continued the 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; both employees and Members are required to maintain a register of interests. New arrangements are being put in place to reflect the changes to the standards regime brought about by the Localism Act. The Authority conforms to the requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)*. For the Executive the Chief Financial Officer is the Director Resources who is a key member of the management team and is responsible for the proper administration of the Executive's financial arrangements through a suitably qualified and resourced Finance function.

d) The Executive's Internal Audit team also provide the internal audit service to the Authority. Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the internal audit activity to be defined in an internal audit charter, consistent with the definition of Internal Auditing, the Code of Ethics and the Standards. The Internal Audit Charter establishes internal audit's position within the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the Board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

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) Communication with stakeholders through the Passenger Consultative Committees, District Liaison Committees and Operator Groups take place. Consultation events have taken place during the year on the LTP, major schemes and the bus area network reviews which have successfully sought to reduce costs but retain accessibility for bus users. Consultation has also taken place on the proposals to create a Combined Authority for West Yorkshire.

h) 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.

i) 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.

j) From 2011/12 the Authority has had 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, with the Portfolio holders for transport being invited to attend all meetings of the Authority's Executive Board.

k) 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.

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.

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

The Executive continues to develop and refine the project management framework ensuring that Portfolio Board provides greater accountability and improved governance with regard to the management and delivery of projects. A six monthly review of the Portfolio Board was undertaken and improvements to template documents were actioned to place greater emphasis on the financial information presented to the Portfolio Board to facilitate more robust monitoring of annual capital expenditure. The exception reporting process has also been refined with tolerances set to ensure that Project Executives are reporting back to Portfolio Board where projects are deviating from plan. Internal audit work during the year has supported this through the inclusion of a number of compliance reviews of projects to ensure PRINCE project management principles are being followed.

The Authority and Executive have in place comprehensive risk management arrangements. Reviews of risk 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 periodic 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. These arrangements will be further developed and evolved to meet the needs of the West Yorkshire Combined Authority.

The Executive and Authority have reviewed the internal audit function and concluded that it is satisfactory when assessed against the guidelines of the PSIAS.

From the 2014 Spending Review period, it is proposed that the DfT will devolve and distribute major scheme funding based on population to voluntary local partnerships and with decisions on this funding being taken by accountable local partners. This new local partnership is to be known as a 'Local Transport Body' (LTB). The ITA has agreed that, for an interim period to April 2014, the West Yorkshire Integrated Transport Authority administers the functions of the new West Yorkshire and York LTB. This will be provided until arrangements are in place for the establishment of a Combined Authority. These interim arrangements mean that the ITA Executive Board will act as a conduit for the on-going scheme prioritisation process within the West Yorkshire Plus Transport Fund.

#### **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 2013/14 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.

The West Yorkshire Combined Authority Order 2014 abolishes both the West Yorkshire Passenger Transport Executive and the West Yorkshire Integrated Transport Authority from 1 April 2014. While the assets and functions of the Executive (and Authority) transfer across to the new West Yorkshire Combined Authority (WYCA) the governance arrangements will undergo change to reflect the way in which decision making is undertaken within a local authority and as a result of two organisations being merged into one. Appropriate governance arrangements including revised Standing Orders, Financial Regulations, codes of conduct and decision making arrangements for the new committee structure were prepared for approval at the inaugural meeting of the West Yorkshire Combined Authority on 1 April 2014.

There is further work to be done during 2014/15 to ensure that all governance arrangements are fully aligned with those elements already in place. This will include for example ensuring that risk registers are expanded to include the new areas of activity that will be introduced during the early years of the WYCA. Any new governance arrangements will be kept under review by the WYCA and will also be reflected in internal audit work programmes. For the year ended 31 March 2014 the Integrated Transport Authority's statement of accounts will be signed by the West Yorkshire Combined Authority's Chairman and Head of Paid service alongside the Chief Financial Officer. The Chairman and Head of Paid Service were not in post during the financial year however it is deemed appropriate under the new governance arrangements that the most senior Member and officer currently in post undertake these responsibilities as those charged with governance.

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

**Cllr Box  
Chairman**

**A Lythgo  
Head of Paid Service**

**18 September 2014**

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY**  
**MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2014**

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 £000's	Capital Grants Unapplied £000's	Rail Reserve £000's	WY Transport Fund £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Pension Reserve £000's	Financial instruments Adj Account £000's	Total Unusable reserves £000's	Total £000's
<b>At 31st March 2012</b>	<b>4,462</b>	<b>13,998</b>	<b>2,379</b>	<b>-</b>	<b>20,839</b>	<b>(92,947)</b>	<b>(584)</b>	<b>188</b>	<b>(93,343)</b>	<b>(72,504)</b>
<b>Movement in reserves during 2012/13 Restated</b>										
Surplus on Provision of Service (restated)	4,558	-	-	-	4,558	-	-	-	-	4,558
Actuarial Gains (restated)	5	-	-	-	-	-	111	-	111	111
<b>Total Comprehensive Income and Expenditure</b>	<b>4,558</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,558</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>111</b>	<b>4,669</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>										
MRP	2	(3,991)	-	-	(3,991)	3,991	-	-	3,991	-
Finance costs early settlement discounts		76	-	-	76	-	-	(76)	(76)	-
Capital grants applied	2	(46,152)	-	-	(46,152)	46,152	-	-	46,152	-
Capital grants released	2	46,811	-	-	46,811	(46,811)	-	-	(46,811)	-
Capital grants applied	3	-	(658)	-	(658)	658	-	-	658	-
Depreciation	2	200	-	-	200	(200)	-	-	(200)	-
Transfer to pension reserve		34	-	-	34	-	(34)	-	(34)	-
Revaluation of fixed assets		-	-	-	-	-	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>(3,022)</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	<b>(3,680)</b>	<b>3,790</b>	<b>(34)</b>	<b>(76)</b>	<b>3,680</b>	<b>-</b>
<b>Increase/( decrease) in year before transfer to ear-marked reserve</b>	<b>1,536</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	<b>878</b>	<b>3,790</b>	<b>77</b>	<b>(76)</b>	<b>3,791</b>	<b>4,669</b>
Transfer to ear-marked reserve		(2,700)	-	2,700	-	-	-	-	-	-
<b>Increase/( decrease) in year</b>	<b>(1,164)</b>	<b>(658)</b>	<b>-</b>	<b>2,700</b>	<b>878</b>	<b>3,790</b>	<b>77</b>	<b>(76)</b>	<b>3,791</b>	<b>4,669</b>
<b>Balance at 31st March 2013</b>	<b>3,298</b>	<b>13,340</b>	<b>2,379</b>	<b>2,700</b>	<b>21,717</b>	<b>(89,157)</b>	<b>(507)</b>	<b>112</b>	<b>(89,552)</b>	<b>(67,835)</b>
<b>Movement in reserves during 2013/14</b>										
Surplus on Provision of Service	5	5,781	-	-	5,781	-	-	-	-	5,781
Actuarial Gains Losses		-	-	-	-	-	(81)	-	(81)	(81)
<b>Total Comprehensive Income and Expenditure</b>	<b>5,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,781</b>	<b>-</b>	<b>(81)</b>	<b>-</b>	<b>(81)</b>	<b>5,700</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>										
MRP	2	(3,831)	-	-	(3,831)	3,831	-	-	3,831	-
Finance costs early settlement discounts		76	-	-	76	-	-	(76)	(76)	-
Capital grants applied	2	(46,196)	-	(1,967)	(48,968)	48,968	-	-	48,968	-
Capital grants released	2	49,784	-	-	49,784	(49,784)	-	-	(49,784)	-
Capital grants applied	3	-	(817)	-	(817)	817	-	-	817	-
Depreciation	2	200	-	-	200	(200)	-	-	(200)	-
Transfer to pension reserve		32	-	-	32	-	(32)	-	(32)	-
Revaluation of fixed assets		-	-	-	-	-	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>65</b>	<b>(817)</b>	<b>(805)</b>	<b>(1,967)</b>	<b>(3,524)</b>	<b>3,632</b>	<b>(32)</b>	<b>(76)</b>	<b>3,524</b>	<b>-</b>
<b>Increase/( decrease) in year before transfer to ear-marked reserve</b>	<b>5,846</b>	<b>(817)</b>	<b>(805)</b>	<b>(1,967)</b>	<b>2,257</b>	<b>3,632</b>	<b>(113)</b>	<b>(76)</b>	<b>3,443</b>	<b>5,700</b>
Transfer to ear-marked reserve		(3,853)	-	501	3,352	-	-	-	-	-
<b>Increase/( decrease) in year</b>	<b>1,993</b>	<b>(817)</b>	<b>(304)</b>	<b>1,385</b>	<b>2,257</b>	<b>3,632</b>	<b>(113)</b>	<b>(76)</b>	<b>3,443</b>	<b>5,700</b>
<b>Balance at 31st March 2014</b>	<b>5,291</b>	<b>12,523</b>	<b>2,075</b>	<b>4,085</b>	<b>23,974</b>	<b>(85,525)</b>	<b>(620)</b>	<b>36</b>	<b>(86,109)</b>	<b>(62,135)</b>

\*The MIRS for 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 5 and 22.

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

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 2013/14 and the Accounts and Audit Regulations 2011.

2012/13 Restated *			Notes	2013/14			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	
195,301	(59,981)	135,320	Highways and Transport Services	1,4,7	203,857	(67,740)	136,117
718	-	718	Corporate and Democratic Core		723	-	723
<b>196,019</b>	<b>(59,981)</b>	<b>136,038</b>	<b>Cost of Services - continuing operations</b>		<b>204,580</b>	<b>(67,740)</b>	<b>136,840</b>
3,352	-	3,352	Interest Payable		3,330	-	3,330
-	-	-	Effect of early settlement of borrowing		-	-	-
-	(225)	(225)	Interest and Investment income		-	(227)	(227)
27	-	27	Pensions interest cost and expected return on assets	5	22	-	22
<b>199,398</b>	<b>(60,206)</b>	<b>139,192</b>	<b>Taxation and Non-Specific Grant Income</b>		<b>207,932</b>	<b>(67,967)</b>	<b>139,965</b>
-	(97,598)	(97,598)	- District Council Levies	11	-	(99,550)	(99,550)
-	(45,503)	(45,503)	- Integrated Transport/Maintenance (Capital)	7	-	(44,829)	(44,829)
-	(649)	(649)	- Section 31 (Capital)	7	-	(1,367)	(1,367)
<b>199,398</b>	<b>(203,956)</b>	<b>(4,558)</b>	<b>(Surplus) on Provision of Services</b>		<b>207,932</b>	<b>(213,713)</b>	<b>(5,781)</b>
-	(111)	(111)	Actuarial gains and losses recognised on pension assets and liabilities	5	81	-	81
-	--	(111)	<b>Other Comprehensive Income and Expenditure</b>		-	-	81
		<b>(4,669)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(5,700)</b>

**Note :**

- 1 The movement in reserves statement is shown on page 22.
- 2 The notes on pages 26 to 36 form part of these accounts.
- 3 Income and expenditure arises solely from continuing operations. The Authority has had no acquisitions or disposals of operations in the year.
- 4 The Comprehensive income and expenditure account 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 5 and 22.



**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2014**

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	2013/14 £000's	2012/13 £000's
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant, Equipment	10	6,420	6,620
<b>TOTAL LONG TERM ASSETS</b>		<b>6,420</b>	<b>6,620</b>
<b>Current Assets</b>			
Short term investment	17	27,500	5,000
Short term debtors	14	135	125
Cash and cash equivalents	15	5,259	9,461
		<b>32,894</b>	<b>14,586</b>
<b>Total assets</b>		<b>39,314</b>	<b>21,206</b>
<b>Current Liabilities</b>			
Short term borrowing	12	(2,080)	(2,089)
Trade and Other Payables	16	(1,083)	(2,960)
Grants Received in Advance	16	(20,166)	(4,985)
		<b>(23,329)</b>	<b>(10,034)</b>
<b>Long Term Borrowing</b>			
Net Pension liability	5	(620)	(507)
		<b>(78,120)</b>	<b>(79,007)</b>
<b>Total Liabilities</b>		<b>(101,449)</b>	<b>(89,041)</b>
<b>NET LIABILITIES</b>		<b>(62,135)</b>	<b>(67,835)</b>
<b>Usable reserves</b>			
General Fund Balance		5,291	3,298
Capital Grants Unapplied reserve	3	12,523	13,340
Rail Reserve	18	2,075	2,379
WY Transport Fund Reserve	18	4,085	2,700
		<b>23,974</b>	<b>21,717</b>
<b>Unusable reserves</b>			
Capital Adjustment Account	2	(85,525)	(89,157)
Financial Instruments Adjustment Account		36	112
Pensions Reserve	5	(620)	(507)
		<b>(86,109)</b>	<b>(89,552)</b>
<b>Total Reserves</b>		<b>(62,135)</b>	<b>(67,835)</b>

**Note :**

1. The movement in reserves statement is shown on page 22.
2. The notes on pages 26 to 36 form part of these accounts.

**SIGNED ON BEHALF OF THE EXECUTIVE**

The financial statements on pages 22-36 were approved by the Combined Authority on 18 September 2014 and were signed on their behalf by :

**A Taylor  
Chief Financial Officer  
WYITA**

**Date :** 18 September 2014

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

**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>2012/13</b>		<b>2013/14</b>
<b>£000's</b>		<b>£000's</b>
<b>restated*</b>		
<b>Operating Activities</b>		
4,558	Surplus on the Provision of Service	5,781
200	Depreciation	200
		10
3,341	(Decrease)/Increase in creditors	13,294
(86)	Decrease/(Increase) in debtors	(9)
34	Transfer to the Pension Reserve	32
	- Proceeds from the sale of property, plant and equipment,	18
8,047	<b>Net cash generated from operating activities</b>	<b>19,298</b>
<b>Cash flows from investing activities</b>		
(5,000)	Short term investment	17
	- Proceeds from the sale of property, plant and equipment,	18
(5,000)	<b>Net cash flows from investing activities</b>	<b>(22,500)</b>
<b>Cash flows from financing activities</b>		
(1,000)	Repayment of loans	17
(1,000)	<b>Net cash used from financing activities</b>	<b>(1,000)</b>
2,047	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,202)</b>
7,414	Cash and cash equivalents at the beginning of the reporting period	9,461
9,461	Cash and cash equivalents at the end of the reporting period	<b>5,259</b>

The surplus on the provision of service includes the following items:

<b>2012/13</b>		<b>2013/14</b>
<b>£000's</b>		<b>£000's</b>
3,352	Interest paid	3,330
(225)	Interest received	(227)

**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:

	2013/14 £000's	2012/13 £000's
Revenue Grant to Executive to meet Public Transport expenditure	86,752	88,917
Direct Service costs (net)	422	421
Other costs	1,135	1,135
	<b>88,309</b>	<b>90,473</b>

### 2 Capital Adjustment Account

	2013/14 £000's	2012/13 £000's
Opening balance	(89,157)	(92,947)
<b>Income</b>		
Minimum Revenue Provision (MRP)	3,831	3,991
Revaluation Adjustment		-
Less depreciation charged to services	(200)	(200)
	<b>3,631</b>	<b>3,791</b>
<b>Expenditure</b>		
Revenue expenditure funded from capital under statute	(49,784)	(46,811)
	<b>(49,784)</b>	<b>(46,811)</b>
Capital receipts applied/(unapplied)	817	658
Write down of Capital Grants	48,968	46,152
	<b>49,785</b>	<b>46,810</b>
Balance c/f	<b>(85,525)</b>	<b>(89,157)</b>

MRP is 4% of the capital financing requirement as at 1st April 2014 which for the Authority is £95.77m (£99.77m at 1st April 2013).

### 3. Capital Grants unapplied

	2013/14 £000's	2012/13 £000's
Opening balance	13,340	13,998
Capital receipts (applied) in year	(817)	(658)
Balance C/fwd	<b>12,523</b>	<b>13,340</b>

### 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 Service Reporting Code of Practice (SeRCOP). 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		Passenger Facilities		Other		Total	
	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's
Agency/service Fee income	-	-	-	-	-	-	-	-	(1,263)	(1,254)	(1,263)	(1,254)
Government Grants	-	-	-	-	(64,209)	(57,613)	-	-	(2,269)	(1,114)	(66,478)	(58,727)
<b>Total Income</b>	-	-	-	-	<b>(64,209)</b>	<b>(57,613)</b>	-	-	<b>(3,532)</b>	<b>(2,368)</b>	<b>(67,741)</b>	<b>(59,981)</b>
Operating Expenditure	19,175	21,035	52,362	51,619	63,335	56,771	-	-	-	-	134,872	129,425
Other Cost of Service Expenditure	5,703	5,868	-	-	185	182	5,758	5,701	7,743	7,492	19,389	19,243
<b>Total Operating Expenditure</b>	<b>24,878</b>	<b>26,903</b>	<b>52,362</b>	<b>51,619</b>	<b>63,520</b>	<b>56,953</b>	<b>5,758</b>	<b>5,701</b>	<b>7,743</b>	<b>7,492</b>	<b>154,261</b>	<b>148,668</b>
<b>Cost of services</b>	<b>24,878</b>	<b>26,903</b>	<b>52,362</b>	<b>51,619</b>	<b>(689)</b>	<b>(660)</b>	<b>5,758</b>	<b>5,701</b>	<b>4,211</b>	<b>5,124</b>	<b>86,520</b>	<b>88,687</b>

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

	2013/14 £000's	2012/13 £000's
Segmental Analysis of		
Cost of Service	86,520	88,687
Pensions IAS19	10	7
Capital Grants	49,784	46,811
Depreciation/Capital expenditure	526	533
Cost of Service CIES	<b>136,840</b>	<b>136,038</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 2013/14 contributions payable for the year to West Yorkshire Pension Fund based on the formal actuarial valuation carried out for 31 March 2010 were £17,084 (2012/13 - £16,946) representing 13% (2012/13 - 13%) of pensionable pay with an additional deficit payment of £2,218 (2012-13 - £2,106). 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 2013 has determined the employer contributions for the next three years but recognising that the WYITA will be dissolved and its pension assets and liabilities transferred to the West Yorkshire Combined Authority at 1 April 2014 the a rate has been determined for the new entity of 13.5%.

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. The Authority paid £3,074 for such payments in 2013/14 (£3,005 in 2012/13).

### 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:

#### Financial Assumptions

Funded	31 March 2014	31 March 2013
Duration of liabilities (years)	18.9	19.2
Inflation - RPI	3.4%	3.4%
- CPI	2.4%	2.5%
Rate of increase in salaries	3.9%	4.4%
Rate of increase for pensions in payment	2.4%	2.5%
Rate used to discount the scheme liabilities	4.3%	4.5%
<b>Unfunded</b>		
Duration of liabilities (years)	12	12
Inflation - RPI	3.2%	3.2%
- CPI	2.2%	2.3%
Rate of increase for pensions in payment	2.2%	2.3%
Rate used to discount the scheme liabilities	4.2%	4.1%

#### Mortality assumptions

Post retirement mortality (retirement in normal health):-

**31 March 2014**

**Males :** CMI 2012 Long term rate of improvement of 1.5%p.a.

**Females :** CMI 2012 Long term rate of improvement of 1.5%p.a.

**31 March 2013**

**Males :** CMI 2009 Long term rate of improvement of 1.25%

**Females :** CMI 2009 Long term rate of improvement of 1.25%

#### Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	24.7 (27.7) Years	23.9 (26.2) Years
- of a male (female) current pensioner aged 65	22.5 (25.4) Years	22.1 (24.3) Years

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

As part of the 2013 actuarial valuation the mortality experience was analysed across the fund over a 3 year period 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 2014			31 March 2013		
	Quoted %	Unquoted %	Total %	Asset £000's	Asset Split %	Asset £000's
Equities	70.1	5.2	75.3	915	72.5	928
Government Bonds	10.5	0.0	10.5	128	11.9	152
Other Bonds	5.4	0.0	5.4	66	5.7	73
Property	3.2	0.0	3.2	39	3.1	40
Cash/Liquidity	3.1	0.0	3.1	38	3.6	46
Other	0.0	2.5	2.5	30	3.2	41
<b>Total</b>	<b>92.3</b>	<b>7.7</b>	<b>100.0</b>	<b>1,216</b>	<b>100.0</b>	<b>1,280</b>

#### Reconciliation of unfunded/funded status to Balance Sheet

	31/03/2014 £000's Unfunded	31/03/2014 £000's Funded	31/03/2013 £000's Unfunded	31/03/2013 £000's Funded
Fair Value of assets	-	1,216	-	1,280
Present value of funded defined benefit obligation	52	1,784	52	1,735
Funded status	-	(568)	-	(455)
Impact of minimum funding requirement /asset ceiling	-	-	-	-
Asset/(liability) recognised on the balance sheet	(52)	(568)	(52)	(455)

#### Reconciliation of present value of scheme liabilities

	31/03/2014 £000's Unfunded	31/03/2014 £000's All Benefits	31/03/2013 £000's Unfunded	31/03/2013 £000's All Benefits
1 April	52	1,787	51	1,724
Current service cost	-	32	-	26
Interest cost	2	79	2	81
Member Contributions	-	9	-	7
Past service cost	-	-	-	-
Actuarial (gains)/loss Financial	(1)	(15)	2	(5)
Actuarial (gains)/loss Demographic	1	(82)	-	-
Actuarial (gains)/loss Experience	1	71	-	(2)
Curtailments	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(3)	(45)	(3)	(44)
<b>31 March</b>	<b>52</b>	<b>1,836</b>	<b>52</b>	<b>1,787</b>

#### Reconciliation of fair value of scheme assets

	31/03/2014 £000's Unfunded	31/03/2014 £000's All Benefits	31/03/2013 £000's Unfunded	31/03/2013 £000's All Benefits
1 April	-	1,280	-	1,140
Interest income on scheme assets	-	57	-	54
Actuarial gains/(loss)	-	(107)	-	104
Contributions paid by employer	3	22	3	19
Member Contributions	-	9	-	7
Benefits paid	(3)	(45)	(3)	(44)
<b>31 March</b>	<b>-</b>	<b>1,216</b>	<b>-</b>	<b>1,280</b>

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

	31/03/2014 £000's	31/03/2013 £000's
Actual Return on assets		
Interest income on assets	57	54
Remeasurement gain/(loss) on assets	(107)	104
Actual return on assets	<u>(50)</u>	<u>158</u>

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

	31/03/2014 £000's	31/03/2013 £000's
<b>Cost of service</b>		
Current Service Cost	32	26
Past Service Cost	-	-
Curtailments or settlements	-	-
<b>Financing Investment Income and Expenditure</b>		
Interest on net defined benefit liability	22	27
Total pension cost recognised	<u>54</u>	<u>53</u>

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

Return on plan assets (in excess)/below that recognised in net interest	107	(104)
Actuarial gains/losses due to change in Financl assumpt.	(15)	(5)
Actuarial gains/losses due to change in Demographic assumpt.	(82)	-
Actuarial gains/losses due to liability experience	71	(2)
Total amount recognised in Other Comprehensive inc.	<u>81</u>	<u>(111)</u>
Total amount recognised	135	(58)

#### Sensitivity Analysis

The sensitivity analysis showing the impact of changing key actuarial assumptions on the present value of the funded defined benefit obligation as at 31 March 2014 and the projected service cost for the year ending 31 March 2015 is set out below. Only the assumptions mentioned are altered all other assumptions remain the same.

#### Funded LGPS benefits

<b>Adjustment to discount rate</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	1,751	1,817
% change in present value of total obligation	-1.8%	1.8%
<b>Adjustment to rate of increase in salaries</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	1,795	1,773
% change in present value of total obligation	0.6%	-0.6%
<b>Adjustment to pension increase rate</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	1,806	1,762
% change in present value of total obligation	1.2%	-1.2%
<b>Adjustment to mortality age rating assumption</b>	<b>+1 year</b>	<b>-1 year</b>
Present value of total obligation £000's	1,826	1,742
% change in present value of total obligation	2.4%	-2.4%

The revised IAS 19 has come into force for accounting periods beginning on or after 1 January 2013. Adoption of the revised IAS 19 increases the expenses recognised for funded benefits from £0.026M to £0.051M for the comparative year ended 31 March 2013. There is no effect on the Balance Sheet.

## 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 2013/14 the amount is £3.831m (2012/13 £3.991m).

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).

	2013/14 £000's	2012/13 £000's
Depreciation charged to services	200	200
Additional charge to revenue	3,631	3,791
<b>Minimum Revenue Provision</b>	<b>3,831</b>	<b>3,991</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.

	2013/14 £000's	2012/13 £000's
Special Rail Grant - Department for Transport	64,209	57,613
Integrated Transport Block/Maintenance - Department for Transport	44,829	45,503
Section 31 LSTF - Department for Transport (Revenue)	472	650
Section 31 BBAF- Department for Transport (Capital)	509	649
Section 31 BBAF- Department for Transport (Revenue)	1,125	464
Section 31 CCAG- Department for Transport (Capital)	858	-
Community Transport Support - Department for Transport (Revenue)	159	-
Bus Services Operator Grant -Department for Transport (Revenue)	513	-
	<b>112,674</b>	<b>104,879</b>

## 8 Members' Allowances

The total members' allowances paid in the year was £252,700 (2012/13 - £251,705).

## 9 Officers' Remuneration

The IFRS Based Code of Practice on Local Authority Accounting 2014 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. For the year ended 31 March 2014 one officer of the Authority received remuneration of £50,000 or more as set out below:-

		Band		2013/14 Number	2012/13 Number	
		£50,000-£55,000		1	-	
		Salary Fees Allowances	Expenses Bonuses Allowances	Compensation for loss of office	Pension Contributions	Total
Deputy Clerk	2012/13	49,845	-	-	6,480	56,325
Deputy Clerk	2013/14	50,101	-	-	6,513	56,614



## 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. An independent desktop review of the office building was undertaken by a MRICS qualified Valuer of Lambert Smith Hampton at 31 March 2014 which confirmed there was no material change to the carrying value.

	<b>Other Land &amp; Buildings 2013/14 £000's</b>	<b>Other Land &amp; Buildings 2012/13 £000's</b>
Valuation at 1 April	6,620	6,820
Additions	-	-
Disposals	-	-
Revaluation Adjustment	-	-
Valuation at 31 March	<u>6,620</u>	<u>6,820</u>
Depreciation charged to 1 April	-	-
Impairments	-	-
Depreciation charged in the year	200	200
Revaluation Adjustment	-	-
Accumulated depreciation	<u>200</u>	<u>200</u>
Net book value at 31 March	<b>6,420</b>	<b>6,620</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 2013/14, which are not separately disclosed elsewhere, are set out below:

<b>Levying bodies:</b>	<b>2013/14 £000's</b>	<b>2012/13 £000's</b>
Bradford MDC	23,542,172	22,592,439
Calderdale MDC	8,983,692	8,699,955
Kirklees MDC	18,343,122	17,444,539
Leeds City Council	33,433,821	34,040,608
Wakefield MDC	15,247,432	14,820,733
	<u><b>99,550,239</b></u>	<u><b>97,598,274</b></u>

The UK Government exerts significant influence through legislation and the grant funding it provides to the Authority. Government grant funding received is disclosed in Note 7.

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 £86.752m and capital grants of £49.784m. The balance owing by the Integrated Transport Authority to the Executive at 31 March 2014 is also shown at Note 16.

### Officers

Mr K Preston, Clerk to the Authority, is also Director-General of the Passenger Transport Executive (PTE), he took voluntary redundancy on 24th January 2014. His services to the Authority are not recharged to the Authority by the PTE. Mrs A Taylor is the Authority's s151 Officer and is employed by the Executive as Director Resources and also their s151 Officer.

**12 Loans Outstanding**

	2013/14 £000's	2012/13 £000's
<b>Lender:-</b>		
Public Works Loans Board	54,261	55,270
Other Market Loans	25,319	25,319
Short Term Loans	-	-
	<b>79,580</b>	<b>80,589</b>
<b>Maturity:-</b>		
Loans repayable within 12 months	2,080	2,089
1-2 years	1,000	1,000
2-5 years	1,500	2,500
5-10 years	-	-
in more than 10 years	75,000	75,000
	<b>79,580</b>	<b>80,589</b>

**13 Capital expenditure and financing**

	2013/14 £000's	2012/13 £000's
<b>Capital investment</b>		
Operational assets	-	-
Revenue expenditure funded from capital under statute	49,784	46,811
	<b>49,784</b>	<b>46,811</b>
<b>Sources of finance</b>		
Borrowing (credit approvals)	-	-
Capital receipts	-	-
Government grants and other contributions	49,784	46,811
Revenue contributions	-	-
	<b>49,784</b>	<b>46,811</b>

**14 Short Term Debtors**

	2013/14 £000's	2012/13 £000's
Central government bodies	98	51
Bodies external to general government	37	74
	<b>135</b>	<b>125</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**

	2013/14 £000's	2012/13 £000's
Bank current Accounts	5,259	9,461
	<b>5,259</b>	<b>9,461</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**

	2013/14 £000's	2012/13 £000's
Other local authorities	7	25
Public Corporation - WYPTE	1,036	2,903
Bodies external to general government	40	32
	<b>1,083</b>	<b>2,960</b>
<b>Grants Received in Advance</b>		
Central government	20,137	4,956
Other local authorities	29	29
Bodies external to general government	-	-
	<b>20,166</b>	<b>4,985</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 2014		31 March 2013	
	£000's	£000's	£000's	£000's
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial Assets</b>				
Current trade debtors	135	135	125	125
Cash and cash equivalents	5,259	5,259	9,461	9,461
Short term Investment	27,500	27,569	5,000	5,124
<b>Financial Liabilities</b>				
Short-term creditors	21,249	21,249	7,945	7,945
Floating rate borrowing - due within 1yr	-	-	-	-
Fixed Rate borrowing - due within 1 yr	1,009	1,014	1,009	1,016
Floating rate borrowing - due after 1 yr	5,019	4,414	5,062	5,199
Fixed Rate borrowing - due after 1 yr	73,552	73,386	74,518	77,684
	<u>79,580</u>	<u>78,814</u>	<u>80,589</u>	<u>83,899</u>

The Authority has considered the balance sheet carrying values ie amortised costs of financial instruments of the Authority. 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 and short term investment which fall 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 Capita. Capita 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	2013/14 £000's	2012/13 £000's
PWLB - EIP	2.81%	Jun 2013	-	500
PWLB - EIP	2.81%	Dec 2013	-	500
PWLB - EIP	2.81%	Jun 2014	500	-
PWLB - EIP	2.81%	Dec 2014	500	-
			<u>1,000</u>	<u>1,000</u>
<b>Non- Current</b>				
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000
Public Works Loan Board	4.40%	Jul 2054	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000
PWLB - EIP	2.81%	Jun 2014	-	500
PWLB - EIP	2.81%	Dec 2014	-	500
PWLB - EIP	2.81%	Jun 2015	500	500
PWLB - EIP	2.81%	Dec 2015	500	500
PWLB - EIP	2.81%	Jun 2016	500	500
PWLB - EIP	2.81%	Dec 2016	500	500
PWLB - EIP	2.81%	Jun 2017	500	500
Barclays - LOBO's	3.97%	May 2065	5,000	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000	5,000
Barclays - LOBO's	4.32%	May 2077	5,000	5,000
			<u>77,500</u>	<u>78,500</u>
<b>Total</b>			<u>78,500</u>	<u>79,500</u>

## 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 £274k if interest rates varied by 1% in the year.

The Authority is not exposed to any material currency risk.

## 18 Net Assets employed

	2013/14 £000's	2012/13 £000's
Total Reserves and Balances	<u>(62,135)</u>	<u>(67,835)</u>

The Total Reserves balance for the Authority includes a Rail Reserve under Usable Reserves which recognises the disposal of Rail Rolling stock and Yorkshire 6 funding surpluses with the reserve totalling £2.075m at 31 March 2014. The Authority ear-marked the rail rolling stock disposal proceeds for rail infrastructure investment and funds were transferred to the Authority to be held in the Rail Reserve pending investment in identified rail projects. As at 31 March 2014 the Rail Reserve has provided £805k of funding for the Leeds Station Southern Entrance scheme.

In addition the Reserves include the West Yorkshire Transport Fund Reserve to reflect additional levy contributions from the Districts in 2012/13 and 2013/14 to develop strategic transport schemes in West Yorkshire. The reserve has a balance of £4.085m at 31 March 2014.

## 19 Auditor's Remuneration

	2013/14 £000's	2012/13 £000's
Audit Services	<u>21</u>	<u>21</u>

## 20 GOING CONCERN

The accounts of the Authority have been prepared on a going concern basis. While the West Yorkshire Combined Authority order 2014 dissolves the Executive at 1st April 2014 it provides that all the assets, liabilities and functions of the Authority continue under the West Yorkshire Combined Authority. This is deemed to be a transfer of services under combinations of public sector bodies and therefore the presumption of going concern continues in accordance with the code.

## 21 Events After the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 18 September 2014. There have been no adjustments to the financial statements for events after the balance sheet date.

## 22. PRIOR PERIOD ADJUSTMENT AND CHANGES IN ACCOUNTING POLICY

The IAS 19 Change to Accounting Standard Adjustments have been made to the 2012/13 financial statements to take account of the amended IAS 19 Pension Costs accounting standard. The revised standard implemented a change to the expected return on asset component of pension cost. The change means that the expected return on assets is calculated at the discount rate, instead of, as previously, at an expected rate of return based on actual plan assets held. Below is an extract of the changes in respect of the Comprehensive Income & Expenditure Statement, Movement in Reserves and Cash Flow. Where figures within the supplementary notes to the accounts have been restated this is indicated on the note. Note 7 – Pension Costs has been prepared based on the restated figures for 2012/13.

### MIRS:

Reserve	Line	2012/13 Published	IAS 19 Adjustment	Restated
General Fund Balance	(Surplus)/Deficit on provision of services	-4,583	25	-4,558
Pension Reserve	Actuarial Gains/(Losses)	-86	-25	-111
General Fund Balance	Transfer to Pension Reserve	-9	-25	-34
Pension Reserve	Transfer to Pension Reserve	9	25	34

### I&E:

Income/Expenditure	Line	2012/13 Published	IAS 19 Adjustment	Restated
Gross Expenditure	Corporate and Democratic Core Pensions interest expense on the net liability	717	1	718
Gross Expenditure	Actuarial gains and losses recognised on pension assets and liabilities	3	24	27
Gross Income		-86	-25	-111

### Cashflow:

Activities	Line	2012/13 Published	IAS 19 Adjustment	Restated
Operating activities	Surplus on the provision of services	4,583	-25	4,558
Operating activities	Transfer to the pension reserve	9	25	34

### Note 3

Income/Expenditure	Line	2012/13 Published	IAS 19 Adjustment	Restated
Segmental analysis	Pensions IAS19	6	1	7

CONSOLIDATED GROUP ACCOUNTS  
WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
GROUP MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2014

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.

Note	General Fund £000's	Capital Grants Unapplied £000's	Rail Reserve £000's	WY Transport Fund £000's	NGT Reserve £000's	Total Usable reserves £000's	Capital Adjustment Account £000's	Deferred Capital Grants A/C £000's	Financial Instrument Adj A/C £000's	Revaluation Reserve £000's	Pension Reserve £000's	Donated Assets Account £000's	Total Unusable reserves £000's	Total £000's
<b>At 31st March 2012</b>	<b>5,742</b>	<b>13,998</b>	<b>2,379</b>	-	-	<b>22,119</b>	<b>(44,694)</b>	<b>21,059</b>	<b>188</b>	<b>10,425</b>	<b>(66,841)</b>	<b>668</b>	<b>(79,195)</b>	<b>(57,076)</b>
<b>Movement in reserves during 2012/13</b>														
Surplus on Provision of Service restated	3,121	-	-	-	-	3,121	-	-	-	-	-	-	-	3,121
Actuarial Gains restated	-	-	-	-	-	-	-	-	-	-	4,142	-	4,142	4,142
<b>Total Comprehensive Income and Expenditure</b>	<b>3,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,121</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,142</b>	<b>-</b>	<b>4,142</b>	<b>7,263</b>
<b>Adjustments between accounting basis and funding basis under regs</b>														
MRP	(3,991)	-	-	-	-	(3,991)	3,991	-	-	-	-	-	3,991	-
Finance costs early settlement discounts	76	-	-	-	-	76	-	-	(76)	-	-	-	(76)	-
Capital grants released	49,803	-	-	-	-	49,803	(49,192)	(611)	-	-	-	-	(49,803)	-
Capital grants applied	(49,007)	-	-	-	-	(49,007)	46,152	2,855	-	-	-	-	49,007	-
Capital Grants unapplied	-	(658)	-	-	-	(658)	658	-	-	-	-	-	658	-
Depreciation	200	-	-	-	-	200	(200)	-	-	-	-	-	(200)	-
Transfer to pension reserve	1,334	-	-	-	-	1,334	-	-	-	-	(1,334)	-	(1,334)	-
Revaluation of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regs</b>	<b>(1,585)</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,243)</b>	<b>1,409</b>	<b>2,244</b>	<b>(76)</b>	<b>-</b>	<b>(1,334)</b>	<b>-</b>	<b>2,243</b>	<b>-</b>
<b>Increase/ (decrease) in year before transfer to ear-marked reserve</b>	<b>1,536</b>	<b>(658)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>878</b>	<b>1,409</b>	<b>2,244</b>	<b>(76)</b>	<b>-</b>	<b>2,808</b>	<b>-</b>	<b>6,385</b>	<b>7,263</b>
<b>Transfer to ear-marked reserve</b>	<b>(2,700)</b>	<b>-</b>	<b>-</b>	<b>2,700</b>	<b>2,389</b>	<b>2,389</b>	<b>-</b>	<b>(2,389)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,389)</b>	<b>-</b>
<b>Increase/(decrease) in year</b>	<b>(1,164)</b>	<b>(658)</b>	<b>-</b>	<b>2,700</b>	<b>2,389</b>	<b>3,267</b>	<b>1,409</b>	<b>(145)</b>	<b>(76)</b>	<b>-</b>	<b>2,808</b>	<b>-</b>	<b>3,996</b>	<b>7,263</b>
<b>Balance at 31st March 2013</b>	<b>4,578</b>	<b>13,340</b>	<b>2,379</b>	<b>2,700</b>	<b>2,389</b>	<b>25,386</b>	<b>(43,285)</b>	<b>20,914</b>	<b>112</b>	<b>10,425</b>	<b>(64,033)</b>	<b>668</b>	<b>(75,199)</b>	<b>(49,813)</b>
<b>Movement in reserves during 2013/14</b>														
Surplus on Provision of Service	1,232	-	-	-	-	1,232	-	-	-	-	-	-	-	1,232
Actuarial Gains/(Losses)	-	-	-	-	-	-	-	-	-	-	1,346	-	1,346	1,346
<b>Total Comprehensive Income and Expenditure</b>	<b>1,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,346</b>	<b>-</b>	<b>1,346</b>	<b>2,578</b>
<b>Adjustments between accounting basis and funding basis under regs</b>														
MRP	(3,831)	-	-	-	-	(3,831)	3,831	-	-	-	-	-	3,831	-
Finance costs early settlement discounts	76	-	-	-	-	76	-	-	(76)	-	-	-	(76)	-
Capital grants released	59,690	-	-	-	-	59,690	(51,535)	(8,155)	-	-	-	-	(59,690)	-
Capital grants applied	(52,727)	-	(805)	(1,967)	(1,346)	(56,845)	48,968	7,877	-	-	-	-	56,845	-
Capital Grants unapplied	-	(817)	-	-	-	(817)	817	-	-	-	-	-	817	-
Depreciation	200	-	-	-	-	200	(200)	-	-	-	-	-	(200)	-
Transfer to pension reserve	1,206	-	-	-	-	1,206	-	-	-	-	(1,206)	-	(1,206)	-
Revaluation of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regs</b>	<b>4,614</b>	<b>(817)</b>	<b>(805)</b>	<b>(1,967)</b>	<b>(1,346)</b>	<b>(321)</b>	<b>1,881</b>	<b>(278)</b>	<b>(76)</b>	<b>-</b>	<b>(1,206)</b>	<b>-</b>	<b>321</b>	<b>-</b>
<b>Increase/ (decrease) in year before transfer to ear-marked reserve</b>	<b>5,846</b>	<b>(817)</b>	<b>(805)</b>	<b>(1,967)</b>	<b>(1,346)</b>	<b>911</b>	<b>1,881</b>	<b>(278)</b>	<b>(76)</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>1,667</b>	<b>2,578</b>
<b>Transfer to ear-marked reserve</b>	<b>(3,853)</b>	<b>-</b>	<b>501</b>	<b>3,352</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase/ (decrease) in year</b>	<b>1,993</b>	<b>(817)</b>	<b>(304)</b>	<b>1,385</b>	<b>(1,346)</b>	<b>911</b>	<b>1,881</b>	<b>(278)</b>	<b>(76)</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>1,667</b>	<b>2,578</b>
<b>Balance at 31st March 2014</b>	<b>6,571</b>	<b>12,523</b>	<b>2,075</b>	<b>4,085</b>	<b>1,043</b>	<b>26,297</b>	<b>(41,404)</b>	<b>20,636</b>	<b>36</b>	<b>10,425</b>	<b>(63,893)</b>	<b>668</b>	<b>(73,532)</b>	<b>(47,235)</b>

	2013/14 £000's	2012/13 £000's
<b>RECONCILIATION OF AUTHORITY (SURPLUS) TO GROUP (SURPLUS)</b>		
<b>(Surplus) for year on Authority Comprehensive Income and Expenditure Statement</b>	(5,781)	(4,558)
(Surplus)/Deficit in Group I and E attributable to Executive	4,549	1,437
<b>(Surplus) for the year in the Group</b>	<b>(1,232)</b>	<b>(3,121)</b>

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2014**

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 2013/14 and the Accounts and Audit Regulations 2011.

2012/13 Restated			2013/14			
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's		Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
244,822	(165,506)	79,316	Highways and Transport Services	259,392	(182,225)	77,167
8,248	-	8,248	Corporate and Democratic Core	8,492	-	8,492
<b>253,070</b>	<b>(165,506)</b>	<b>87,564</b>	<b>Cost of Services - continuing operations</b>	<b>267,884</b>	<b>(182,225)</b>	<b>85,659</b>
3,352	-	3,352	Interest Payable	3,330	-	3,330
-	(227)	(227)	Interest and Investment income	-	(230)	(230)
2,992	-	2,992	Pensions interest cost and expected return on assets	2,596		2,596
<b>259,414</b>	<b>(165,733)</b>	<b>93,681</b>	<b>Non-Specific Grant Income</b>	<b>273,810</b>	<b>(182,455)</b>	<b>91,355</b>
-	(97,598)	(97,598)	-District Council Levies	-	(99,550)	(99,550)
-	(45,503)	(45,503)	- Integrated Transport/Maintenance (Capital)	-	(44,829)	(44,829)
-	(3,504)	(3,504)	- Government and Other Grants (Capital)	-	(7,898)	(7,898)
49,803	-	49,803	Capital grants released	59,690	-	59,690
<b>309,217</b>	<b>(312,338)</b>	<b>(3,121)</b>	<b>(Surplus) on Provision of Services</b>	<b>333,500</b>	<b>(334,732)</b>	<b>(1,232)</b>
-	(4,142)	(4,142)	Actuarial gains and losses recognised on pension assets	-	(1,346)	(1,346)
<b>0</b>	<b>(4,142)</b>	<b>(4,142)</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>-</b>	<b>(1,346)</b>	<b>(1,346)</b>
		<b>(7,263)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(2,578)</b>

\* The Comprehensive Income and Expenditure Statement 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 6

**Note :**

- 1 The movement in reserves statement is shown on page 37.
- 2 The notes on pages 41 to 59 form part of these accounts.
- 3 Income and expenditure arises solely from continuing operations. The Group has had no acquisitions or disposals of operations in the year.
- 4 The Comprehensive income and expenditure account 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 28.

**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
GROUP BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2014**

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	2013/14 £000's	2012/13 £000's
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant, Equipment	10(e)	83,407	86,639
Donated Assets	10(e)	386	434
Assets held for sale	10(e)	726	-
		<u>84,519</u>	<u>87,073</u>
<b>Current Assets</b>			
Short term investment	19	27,500	5,000
Short term debtors	14	10,772	9,151
Cash and cash equivalents	15	9,467	10,417
		<u>47,739</u>	<u>24,568</u>
<b>Total assets</b>		<u>132,258</u>	<u>111,641</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowing	17	(2,080)	(2,089)
Trade and Other payables	16	(15,145)	(10,258)
Accruals and deferred income	16	(20,724)	(6,441)
Provisions	21	(151)	(133)
		<u>(38,100)</u>	<u>(18,921)</u>
<b>Long term borrowing</b>	19	(77,500)	(78,500)
<b>Other long term liabilities</b>			
Net Pension liability	6	(63,893)	(64,033)
		<u>(141,393)</u>	<u>(142,533)</u>
<b>Total Liabilities</b>		<u>(179,493)</u>	<u>(161,454)</u>
<b>NET LIABILITIES</b>		<u>(47,235)</u>	<u>(49,813)</u>
<b>Usable Reserves</b>			
General Fund Balance		6,571	4,578
Capital Grants Unapplied Reserve	2	12,523	13,340
Rail Reserve	20	2,075	2,379
NGT Reserve	20	1,043	2,389
WY Transport Fund Reserve	20	4,085	2,700
		<u>26,297</u>	<u>25,386</u>
<b>Unusable Reserves</b>			
Deferred Capital Grants Account	2	20,636	20,914
Capital Adjustment Account	2	(41,404)	(43,285)
Financial instrument adjustment account		36	112
Donated Asset Account	10(c)	668	668
Pension Reserves	6	(63,893)	(64,033)
Revaluation Reserve	8	10,425	10,425
		<u>(73,532)</u>	<u>(75,199)</u>
<b>Total reserves</b>		<u>(47,235)</u>	<u>(49,813)</u>

- Note :**
1. The movement in reserves statement is shown on page 37.
  2. The notes on pages 41 to 59 form part of these accounts.

**SIGNED ON BEHALF OF THE EXECUTIVE**

The financial statements on pages 37-59 were approved by the Combined Authority on 18 September 2014 and were signed on their behalf by :

**A Taylor**  
Chief Financial Officer  
WYITA

**Date :** 18 September 2014



**WEST YORKSHIRE INTEGRATED TRANSPORT AUTHORITY  
GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

**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.

2012/13 £000's		2013/14 £000's
<b>Operating Activities</b>		
3,121	Surplus on the Provision of Service	1,232
4,907	Depreciation	5,119
(464)	(Decrease) in creditors	19,161
2,257	(Increase)/Decrease in debtors	(1,621)
1,334	Transfer to the Pension Reserve	1,206
17	Provisions	18
(1)	Proceeds from the sale of property, plant and equipment,	(1)
	- Fixed assets charged to revenue	444
<u>11,171</u>	<b>Net cash generated from operating activities</b>	<u>25,558</u>
<b>Cash flows from investing activities</b>		
(2,455)	Purchase of property, plant and equipment,	(3,009)
(5,000)	Short term investment	(22,500)
1	Proceeds from the sale of property, plant and equipment,	1
<u>(7,454)</u>	<b>Net cash flows from investing activities</b>	<u>(25,508)</u>
<b>Cash flows from financing activities</b>		
(1,000)	Repayment of loans	(1,000)
<u>(1,000)</u>	<b>Net cash used from financing activities</b>	<u>(1,000)</u>
<u>2,717</u>	<b>Net increase in cash and cash equivalents</b>	<u>(950)</u>
7,700	Cash and cash equivalents at the beginning of the reporting period	10,417
<u>10,417</u>	Cash and cash equivalents at the end of the reporting period	<u>9,467</u>

The surplus on the provision of service includes the following items:

2012/13 £000's		2013/14 £000's
3,352	Interest paid	3,330
(227)	Interest received	(230)

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 2013/14(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 2013/14 the amount is £3.831m (2012/13 - £3.991m).

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.

	2013/14	2012/13
	£000's	£000's
Depreciation charged to services	5,119	4,907
Additional charge to revenue to reflect MRP	3,831	3991*
	<u>8,950</u>	<u>8,898</u>
Less capital grants released (in Executive's accounts)	(4,593)	(4,374)
Less depreciation shown in MIRS	(200)	(200)
<b>Group net charge to revenue</b>	<b><u>4,157</u></b>	<b><u>4,324</u></b>
<b>Capital Adjustment Account</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Opening balance	(43,285)	(44,694)
Income items:		
Receipt of grants during the year	48,967	46,152
Capital receipts applied	817	658
Revaluation of ITA Assets	-	-
	<u>49,784</u>	<u>46,810</u>
Deduct:		
Depreciation net of MRP	(47,903)	(45,401)
Balance at the end of the Year	<u>(41,404)</u>	<u>(43,285)</u>
<b>Deferred Capital Grant Account</b>		
Opening balance	20,914	21,059
Non ITA grants to PTE	7,877	2,855
	<u>28,791</u>	<u>23,914</u>
Depreciation and Revenue W/Off	(8,155)	(3,000)
Balance at the end of the Year	<u>20,636</u>	<u>20,914</u>
<b>Capital Grants unapplied</b>		
Opening balance	13,340	13,998
Capital receipts (applied)/unapplied in year	(817)	(658)
Balance c/f	<b><u>12,523</u></b>	<b><u>13,340</u></b>

\* Subsequent examination of the MRP calculation showed an overstatement of £200k. This has no impact on the financial statements.

### 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 Service Reporting Code of Practice (SeRCOP). 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		Passenger Facilities		Other		Total	
	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's	2014 £000's	2013 £000's
Other Income	(14,575)	(16,993)	-	-	(3,167)	(2,126)	(30,610)	(30,519)	(2,575)	(2,544)	(5,544)	(4,506)	(56,471)	(56,688)
Government Grants	-	-	-	-	(64,209)	(57,613)	-	-	-	-	-	-	(64,209)	(57,613)
<b>Total Income</b>	<b>(14,575)</b>	<b>(16,993)</b>	<b>-</b>	<b>-</b>	<b>(67,376)</b>	<b>(59,739)</b>	<b>(30,610)</b>	<b>(30,519)</b>	<b>(2,575)</b>	<b>(2,544)</b>	<b>(5,544)</b>	<b>(4,506)</b>	<b>(120,680)</b>	<b>(114,301)</b>
Operating Expenditure	33,750	38,028	52,362	51,619	63,335	56,771	30,610	30,519	-	-	-	-	180,057	176,937
Other Cost of Service Expenditure	5,703	5,868	-	-	3,352	2,308	-	-	8,548	8,458	9,543	9,419	27,146	26,053
<b>Total Operating Expenditure</b>	<b>39,453</b>	<b>43,896</b>	<b>52,362</b>	<b>51,619</b>	<b>66,687</b>	<b>59,079</b>	<b>30,610</b>	<b>30,519</b>	<b>8,548</b>	<b>8,458</b>	<b>9,543</b>	<b>9,419</b>	<b>207,203</b>	<b>202,990</b>
<b>Cost of services</b>	<b>24,878</b>	<b>26,903</b>	<b>52,362</b>	<b>51,619</b>	<b>(689)</b>	<b>(660)</b>	<b>-</b>	<b>-</b>	<b>5,973</b>	<b>5,914</b>	<b>3,999</b>	<b>4,913</b>	<b>86,523</b>	<b>88,689</b>

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

	2013/14 £000's	2012/13 £000's
Segmental Analysis of		
Cost of Service	86,523	88,689
Pensions IAS19	(1,390)	(1,658)
Non Government Capital Grants	-	-
Depreciation/Capital expenditure	526	533
<b>Cost of Service CIES</b>	<b>85,659</b>	<b>87,564</b>

#### 4 Disposal of Fixed Assets

	2013/14 £000's	2012/13 £000's
(Profit) on disposal of fixed assets by the Executive	(1)	(1)

#### 5 Financing Income and Costs

	2013/14 £000's	2012/13 £000's
Interest receivable on Loans, deposits and other debts	(230)	(227)
Interest payable on Loans	3,330	3,352
Effect of early settlement of Loans	76	76

#### 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 2013/14 contributions payable for the year to West Yorkshire Pension Fund based on a formal actuarial valuation for 31 March 2010 were £2.08m (2012/13 - £2.05m) representing 13% (Executive) and 13% (Authority) of pensionable pay with additional lump sum payments in 2013/14 of £0.979m (Executive) and £0.002m (Authority). 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 2013/14 (£1.3m in 2012/13). 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 2013 has determined the employer contributions for the next three years but recognising that the WYPTE and WYITA will be dissolved and its pension assets and liabilities transferred to the West Yorkshire Combined Authority at 1 April 2014 a rate has been determined for the new entity of 13.5% plus a lump sum of £0.96m in 2014/15.

##### 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. The capital costs relating to the awards of discretionary added years are set out below:-

	2013/14 £000's	2012/13 £000's
i) Current Employees	2,076	2,050
ii) Former Employees	1,336	1,323

##### 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:

	31/03/2014		31/03/2013	
	Unfunded	Funded	Unfunded	Funded
Duration of liabilities	12	14.4	12	13.4
Inflation : RPI	3.2%	3.3%	3.2%	3.2%
CPI	2.2%	2.3%	2.3%	2.3%
Rate of increase in salaries	-	3.8%	-	4.2%
Rate of increase for pensions in payment	2.2%	2.3%	2.3%	2.3%
Rate used to discount funded scheme liabilities	4.2%	4.2%	4.1%	4.2%

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

#### Mortality assumptions

Post retirement mortality (retirement in normal health) :-

	31/03/2014	31/03/2013
<b>Males</b> : CMI 2012 Long term rate of improvement of 1.5%		<b>Males</b> : CMI 2009 Long term rate of improvement of 1.25%
<b>Females</b> : CMI 2012 Long term rate of improvement of 1.5%		<b>Females</b> : CMI 2009 Long term rate of improvement of 1.25%

#### Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	24.7 (27.7) Years	23.9 (26.2) Years
- of a male (female) current pensioner aged 65	22.5 (25.4) Years	22.1 (24.3) Years

As part of the 2013 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2013 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 2013 of the pension scheme proportion as applied to the Authority and Executive is rolled forward for 31 March 2014 (showing the proportion of assets between the classes of investment) and are as follows:-

The assets of the scheme were:

	31 March 2014			31 March 2013		
	Quoted %	Unquoted %	Total %	Asset £000's	Asset Split %	Asset £000's
Equities	75.3	0.0	75.3	88,172	72.5	86,075
Government Bonds	10.5	0.0	10.5	12,295	11.9	14,128
Other Bonds	5.4	0.0	5.4	6,324	5.7	6,767
Property	3.2	0.0	3.2	3,747	3.1	3,681
Cash/Liquidity	3.1	0.0	3.1	3,630	3.6	4,274
Other	2.5	0.0	2.5	2,927	3.2	3,799
<b>Total</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>117,095</b>	<b>100.0</b>	<b>118,724</b>

#### Reconciliation of unfunded/funded status to Balance Sheet

	31/03/2014 £000's	31/03/2014 £000's	31/03/2013 £000's	31/03/2013 £000's
	Unfunded	Funded	Unfunded	Funded
Fair Value of assets	-	117,095	-	118,724
Present value of unfunded/ funded defined benefit obligation	13,739	167,249	14,470	168,287
Funded status	-	(50,154)	-	(49,563)
Impact of minimum funding requirement /asset ceiling	-	-	-	-
Asset/(liability) recognised on the balance sheet	(13,739)	(50,154)	(14,470)	(49,563)

#### Reconciliation of present value of scheme liabilities

	£000's 31/03/2014	£000's 31/03/2014	£000's 31/03/2013	£000's 31/03/2013
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	14,470	182,757	14,703	176,253
Current service cost	-	1,939	-	1,563
Interest cost	568	7,468	647	7,899
Member Contributions	-	599	-	463
Past service cost	-	8	-	47
Actuarial gain/loss financial assumptn	(217)	(2,989)	433	5,877
Actuarial gain/loss Demographic	465	324	-	-
Actuarial gain/loss experience	(291)	471	(27)	(4)
Curtailments	-	-	-	-
Benefits paid	(1,256)	(9,589)	(1,286)	(9,341)
31 March	<b>13,739</b>	<b>180,988</b>	<b>14,470</b>	<b>182,757</b>

**Reconciliation of fair value of scheme assets**

	£000's		£000's	
	31/03/2014	31/03/2014	31/03/2013	31/03/2013
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	-	118,724	-	109,412
Interest income on scheme assets	-	4,872	-	4,907
Remeasurement of (losses)/gains	-	(848)	-	10,015
Contributions paid by employer	1,256	3,337	1,286	3,268
Member Contributions	-	599	-	463
Benefits paid	(1,256)	(9,589)	(1,286)	(9,341)
31 March	-	117,095	-	118,724

**Actual return on assets**

	31/03/2014	31/03/2013
	£000's	£000's
Interest income on assets	4,872	4,907
Remeasurement gain/(loss) on assets	(848)	10,015
Actual return on assets	4,024	14,922

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

	31/03/2014	31/03/2013
	£'000	£'000
<b>Cost of Service</b>		
Current Service Cost	1,939	1,563
Past Service Cost	8	47
Curtailments or settlements	-	-

**Financing Investment Income and Expenditure**

Interest on net defined benefit liability	2,596	2,992
Total pension cost recognised	4,543	4,602

**Remeasurements in Other Comprehensive Income and Expenditure**

Return on plan assets (in excess)/below that recognised in net interest	848	(10,015)
Actuarial gains/losses due to change in Financial assumption	(2,989)	5,877
Actuarial gains/losses due to change in Demographic assumption	324	-
Actuarial gains/losses due to liability experience	471	(4)
Total amount recognised in Other Comprehensive income	(1,346)	(4,142)

**Total amount recognised**

	3,197	460
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**Sensitivity Analysis**

The sensitivity analysis showing the impact of changing key actuarial assumptions on the present value of the funded defined benefit obligation as at 31 March 2014 and the projected service cost for the year ending 31 March 2015 is set out below. Only the assumptions mentioned are altered all other assumptions remain the same. There is no sensitivity for unfunded benefits on materiality grounds.

**Funded LGPS benefits**

<b>Adjustment to discount rate</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	164,679	169,846
% change in present value of total obligation	-1.5%	1.5%
Projected service cost £000's	1,738	1,845
Approximate % change in projected service cost	-2.9%	3.0%
<b>Adjustment to rate of increase in salaries</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	167,649	166,845
% change in present value of total obligation	0.2%	-0.2%
Projected service cost £000's	1,790	1,790
Approximate % change in projected service cost	0.0%	0.0%
<b>Adjustment to pension increase rate</b>	<b>+0.1%pa</b>	<b>-0.1%pa</b>
Present value of total obligation £000's	169,389	165,182
% change in present value of total obligation	1.3%	-1.2%
Projected service cost £000's	1,846	1,736
Approximate % change in projected service cost	3.2%	-3.0%

<b>Adjustment to mortality age rating assumption</b>	<b>-1 year</b>	<b>+1 year</b>
Present value of total obligation £000's	172,266	162,221
% change in present value of total obligation	3.0%	-3.0%
Projected service cost £000's	1,846	1,735
Approximate % change in projected service cost	3.1%	-3.1%

#### **Estimated Income and Expenditure /Surplus or deficit in future periods**

This is an estimate of the charges to the estimated surplus or deficit on the income and expenditure /provision of services in future periods, based on the assumptions as at 31 March 2014 as set out above plus the additional assumption to reflect that the projected cost is based on benefits being earned under a Career Average scheme.

	<b>31/03/2014</b>	<b>31/03/2013</b>
	<b>£'000</b>	<b>£'000</b>
Rate of revaluation of pension accounts	2.3	n/a

#### **Funded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services**

	<b>31/03/2015</b>
	<b>£'000</b>
Projected service cost	1,790
Past Service cost	-
Interest on the net defined benefit liability/(asset)	<u>2,026</u>
	3,816

#### **Unfunded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services**

	<b>31/03/2015</b>
	<b>£'000</b>
Past Service cost	-
Interest on the net defined benefit liability/(asset)	<u>549</u>
	549

A revised IAS 19 will come into force for accounting periods beginning on or after 1 January 2013. If this revised IAS 19 were adopted for the accounting period ending 31 March 2013 then this will increase the expenses recognised for funded benefits from £1.355M to £3.955M. There is no effect on the Balance Sheet.

<b>7 Government Grant Income</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
<b>Revenue - Authority</b>		
Special Rail Grant (SRG) - Department for Transport	64,209	57,613
Section 31 LSTF - Department for Transport	472	650
Section 31 BBAF - Department for Transport	1,125	464
Community Transport Support Grant - Department for Transport	159	-
Bus Service Operator Grant - Department for Transport	<u>513</u>	-
	66,478	58,727
<b>- Executive</b>		
Section 31 LSTF - Department for Transport	<u>220</u>	<u>289</u>
	66,698	59,016
<b>Capital</b>		
<b>- Authority</b>		
Integrated Transport Block/Maintenance - DfT	44,829	45,503
Section 31 BBAF - Department for Transport	509	649
Section 31 City Cycle Ambition Grant - Department for Transport	<u>858</u>	-
	46,196	46,152
<b>- Executive</b>		
Congestion Performance Fund - Department for Transport	392	349
Section 31 LSTF - Department for Transport	48	17
NGT/Supertram Funding (Capital)	-	2,389
Cleaner Bus Technology Grant - Department for Transport	1,000	-
Section 31 Leeds Station Southern Ent - Department for Transport	<u>640</u>	-
	<u><b>114,974</b></u>	<u><b>107,923</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:-

	2013/14 £000's	2012/13 £000's
Payments to Operators	63,335	56,771
Contribution to the Executive administration costs	874	842
	64,209	57,613

#### 8 Revaluation Reserve

	2013/14 £000's	2012/13 £000's
Balance at 1 April	10,425	10,425
Deficit on revaluation	-	-
Balance at 31 March	10,425	10,425

#### 9 Officers' Remuneration and Members Allowances

	2013/14 £000's	2012/13 £000's
(a) Employees Costs Amounted to:		
Wages and Salaries	8,910	8,502
Social Security Costs	633	608
Other Pension Costs	2,076	2,050
	11,619	11,160

Members' Allowances :-

The total members' allowances paid in the year was £252,700 (2012/13 - £251,705).

(b) The average number of persons employed was:

	<u>Number</u>	<u>Number</u>
Manual	44	45
Management and Administration	343	335
	387	380

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

	31/03/14 £'000s	31/03/13 £'000s
	143	142

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

d) The Accounts and Audit Regulations 2011 requires the disclosure of the number of senior 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.

Band	Directors only		Band	Officers	
	2013/14	2012/13		2013/14	2012/13
£90,001 - £95,000	1	2	£50,001 - £55,000	2	1
£95,001 - £100,000	1	1	£55,001 - £60,000	6	6
£100,001 - £105,000	1	-	£65,001 - £70,000	-	1
£120,001 - £125,000	1	-	£70,001 - £75,000	2	1
£145,001 - £150,000	-	1			



Termination benefits were paid by the Executive arising from the termination of employment incurring liabilities of £215,167 in 2013/14 (£39,388 in 2012/13). The exit package payable included voluntary redundancy payments and enhanced pension benefits payable to one officer within the Passenger Services Directorate reflecting a restructuring and rationalisation of this service area.

#### Officers' Remuneration (continued)

		Salary Fees		Expenses	Compensation for loss of office	Pension Contributions	Total
		Allowances	Bonuses				
Director General	2012/13	146,484	-	111	-	19,043	165,638
	2013/14	120,101	-	699	168,557	15,613	304,970
Director of Passenger Services	2012/13	98,550	-	-	-	12,812	111,362
	2013/14	101,799	-	12	-	13,234	115,045
Director of Development	2012/13	93,864	-	13	-	12,202	106,079
	2013/14	95,699	-	206	-	12,441	108,346
Director of Resources	2012/13	90,708	-	-	-	11,792	102,500
	2013/14	94,193	-	-	-	12,245	106,438
Assistant Director Legal	2012/13	59,220	-	-	-	7,969	67,189
	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director Finance	2012/13	57,498	-	-	-	7,475	64,973
	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director ICT	2013/14	54,738	-	272	-	7,116	62,126
Assistant Director Corporate Development	2012/13	59,220	-	32	-	7,699	66,951
	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director Integrated Transport	2012/13	59,220	-	137	-	7,699	67,056
	2013/14	59,812	-	200	-	7,776	67,788
Assistant Director Rapid Transit	2012/13	69,584	-	393	-	9,046	79,023
	2013/14	71,765	-	1,155	-	9,329	82,249
Assistant Director Customer Services	2012/13	57,498	-	363	-	7,475	65,336
	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director Transport Services	2012/13	55,822	-	18	-	7,257	63,097
	2013/14	58,783	-	11	-	7,642	66,436
Director of Pteg	2012/13	73,333	-	1,441	-	9,533	84,307
	2013/14	73,333	-	1,505	-	9,533	84,371
Assistant Director Pteg	2012/13	54,197	-	1,147	-	7,046	62,390
Deputy Clerk - ITA	2013/14	50,101	-	-	-	6,513	56,614

#### Exit Packages

Exit Package cost band (inc. special payments)	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £	2013/14 £
£0-£20,000	0	0	0	2	0	2	0	25,021
£20,001-£40,000	0	0	1	1	1	1	39,388	21,590
£150,001-£200,000	0	0	0	1	0	1	0	168,557
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>39,388</b>	<b>215,168</b>

**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 (EUV), 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. A valuation of the Executive's Donated Asset at Hemsworth was undertaken at 31 March 2012 on a Fair Value basis resulting in a valuation of £81,000. An independent review of the Group's non-infrastructure assets has been undertaken by an MRICS qualified valuer of Lambert Smith Hampton to provide assurance that there was no material change in the fair values at 31 March 2014. There were no material changes reported.

- b) **Assets Held for Sale**

The Executive has identified an asset to be classified as held for sale in the form of an NGT land property which has been deemed to be surplus to requirements for the purposes of the NGT scheme. The sale has been agreed with the developer of Leeds Eastgate to acquire the land based on the Compulsory Purchase order compensation value paid by the Executive of £726,000. The asset was held in working progress and valued at historical cost, this carrying value has been used to measure the assets value for classification as an asset held for sale.

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
<b>Balance Outstanding at start of the year</b>		
Assets newly classified held for sale	-	-
Property plant and Equipment	726	-
Disposal of property, plant and Equipment in year	-	-
<b>Balance Outstanding at end of the year</b>	<u>726</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.

<b>Donated Asset Account</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Balance B/fwd 1 April	668	668
Donated Assets with conditions applied	-	-
Balance C/fwd 31 March	<u>668</u>	<u>668</u>

10. PROPERTY, PLANT AND EQUIPMENT

d) The movements

in the year  
1 April 2012 to  
31 March 2013 are :

	TOTAL	INFRA- LAND AND BUILDINGS	STRUCTURE ASSETS	DONATED VEHICLES ASSETS	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>COST VALUATION</b>									
At 1 April 2012	137,147	8,861	71,541	1,013	21,121	8	19,701	54	14,848
Additions	1,847	-	321	-	-	-	49	-	1,477
Transfer from payments on assets in course of construction	-	-	-	-	-	-	1,571	-	(1,571)
Disposals	(7)	-	-	-	(7)	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
Reclassification Adjustments	-	-	-	-	-	-	-	-	-
Write off to Revenue	-	-	-	-	-	-	-	-	-
Transfer Assets held for sale	-	-	-	-	-	-	-	-	-
At 31 March 2013	138,987	8,861	71,862	1,013	21,114	8	21,321	54	14,754
<b>ACCUMULATED DEPRECIATION</b>									
At 1 April 2012	47,014	227	17,580	532	9,909	8	18,704	54	-
Charge for the year	4,907	227	2,386	47	1,655	-	592	-	-
Disposals	(7)	-	-	-	(7)	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-
At 31 March 2013	51,914	454	19,966	579	11,557	8	19,296	54	-
<b>NET BOOK VALUES</b>									
1 April 2013	87,073	8,407	51,896	434	9,557	-	2,025	-	14,754
1 April 2012	90,133	8,634	53,961	481	11,212	-	997	-	14,848

10. PROPERTY, PLANT AND EQUIPMENT

e) The movements  
in the year  
1 April 2013 to  
31 March 2014 are :

	TOTAL	INFRA- LAND AND BUILDINGS	STRUCTURE ASSETS	DONATED ASSETS ASSETS FOR SALE	ASSETS HELD FOR SALE	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>COST VALUATION</b>										
At 1 April 2013	138,987	8,861	71,862	1,013	-	21,114	8	21,321	54	14,754
Additions	3,009	-	296	-	-	1,154	-	156	-	1,403
Transfer from payments on assets in course of construction	-	-	-	-	-	-	-	590	-	(590)
Disposals	(10)	-	-	-	-	(10)	-	-	-	-
Revaluation Adjustments	(1,025)	-	(1,025)	-	-	-	-	-	-	-
Reclassification Adjustments	-	-	-	-	726	-	-	-	-	(726)
Write off to Revenue	(444)	-	-	-	-	-	-	-	-	(444)
Transfer Assets held for sale	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	140,517	8,861	71,133	1,013	726	22,258	8	22,067	54	14,397

**ACCUMULATED DEPRECIATION**

At 1 April 2013	51,914	454	19,966	579	-	11,557	8	19,296	54	-
Charge for the year	5,119	227	2,408	48	-	1,545	-	891	-	-
Disposals	(10)	-	-	-	-	(10)	-	-	-	-
Reclassification adjustments	(1,025)	-	(1,025)	-	-	-	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	55,998	681	21,349	627	-	13,092	8	20,187	54	-

**NET BOOK VALUES**

1 April 2014	84,519	8,180	49,784	386	726	9,166	-	1,880	-	14,397
1 April 2013	87,073	8,407	51,896	434	-	9,557	-	2,025	-	14,754

## 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 UK Government exerts significant influence through legislation and the grant funding it provides to the Group. Government grant funding received is disclosed in Note 7.

- The Authority receives financing through its Levy from the District Councils.
- The Executive provides agency services for Education transport for which they are paid fees.
- The Authority received Local Transport Block Funding of which an allocation was paid to the District Councils.

The figures for 2012/13 and 2013/14 are set out below:

	Education transport amounts received by the Executive :-		Authority Levy:-		Local Transport Block Funding:-	
	2013/14 £m	2012/13 £m	2013/14 £m	2012/13 £m	2013/14 £m	2012/13 £m
Bradford MDC	2.23	2.56	23.54	22.59	8.76	8.57
Calderdale MDC	0.81	0.89	8.98	8.70	4.38	4.85
Kirklees MDC	0.30	2.08	18.34	17.45	7.52	8.75
Leeds City Council	2.19	2.27	33.44	34.04	13.31	12.42
Wakefield MDC	2.10	2.09	15.25	14.82	5.85	5.11
	<b>7.63</b>	<b>9.89</b>	<b>99.55</b>	<b>97.60</b>	<b>39.82</b>	<b>39.70</b>

### Officers

Mr K Preston, Clerk to the Authority, was also Director-General of the Passenger Transport Executive (PTE). He took voluntary redundancy on 24th January 2014. His services to the Authority are not recharged to the Authority by the Executive. Mrs A Taylor is the Authority's s151 Officer and is employed by the Executive as Director Resources and also their s151 Officer.

Yorcard Ltd is a Joint Venture trading company operated in conjunction with SYPTE and is fully disclosed in note 22. 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 2014 recharges totalling £112,000 were invoiced by TICCO Ltd to the Executive.

ITSO Services 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 Services Ltd. During the year ended 31 March 2014 fees totalling £0 were invoiced by ITSO Services 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. The Authority has entered into three year agreements with the major bus operators within the framework of this guidance which 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 segmental reporting on page 41.

## 12 Exceptional Item

There were no exceptional items in 2013/14 or 2012/13.

## 13 Taxation

The Executive paid Corporation Tax at 20% (20% 2012/2013) which is charged on sundry interest received in the year. The liability for the year ended 31 March 2014 was £158.47 (£118.18 2012/13).

## 14 Short Term Debtors

	2013/14 £000's	2012/13 £000's
Central government bodies	1,683	416
Other Local Authorities	4,191	2,747
Bodies external to general government	4,898	5,988
	<b>10,772</b>	<b>9,151</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

	2013/14 £000's	2012/13 £000's
Bank Current Accounts	9,467	10,417
	<b>9,467</b>	<b>10,417</b>

Cash balances include £652k (2012/13: £119k) 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**

	2013/14 £000's	2012/13 £000's
Central government bodies	203	4
Other Local Authorities	4,316	2,720
Bodies external to general government	10,626	7,534
	<u>15,145</u>	<u>10,258</u>

**DEFERRED INCOME**

	2013/14 £000's	2012/13 £000's
Central government	20,552	6,056
Other local authorities	29	243
Bodies external to general government	143	142
	<u>20,724</u>	<u>6,441</u>

**Notes**

- (a) Central government deferred income relates to Grants received in advance where conditions have not been met at the year end.
- (b) Other Local Authorities deferred income relates to capital contributions to small infrastructure projects that have not yet been complete and conditions remain outstanding.

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**

	2013/14 £000's	2012/13 £000's
<b>Lender:-</b>		
Public Works Loans Board	54,261	55,270
Other Market Loans	25,319	25,319
Short Term Loans	-	-
	<u>79,580</u>	<u>80,589</u>
<b>Maturity:-</b>		
Loans repayable within 12 months	2,080	2,089
1-2 years	1,000	1,000
2-5 years	1,500	2,500
5-10 years	-	-
in more than 10 years	75,000	75,000
	<u>79,580</u>	<u>80,589</u>

**18 Capital Expenditure and Financing**

	2013/14 £000's	2012/13 £000's
<b>Capital investment</b>		
Operational assets acquired in year	57,661	49,666
<b>Sources of finance</b>		
Borrowing (credit approvals)	-	-
Capital receipts	1	-
Government grants and other contributions	57,660	49,720
Revenue contributions	-	(54)
	<u>57,661</u>	<u>49,666</u>

**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.

## Financial Instruments Cont'd

	31 March 2014		31 March 2013	
	£000's Carrying Amount	£000's Fair value	£000's Carrying Amount	£000's Fair value
<b>Financial Assets</b>				
Current trade debtors	10,772	10,772	9,151	9,151
Cash and cash equivalents	9,467	9,467	10,417	10,417
Short term investment	27,500	27,569	5,000	5,124
<b>Financial Liabilities</b>				
Short-term creditors	35,869	35,869	16,699	16,699
Floating rate borrowing - due within 1yr	-	-	-	-
Fixed Rate borrowing - due within 1 yr	1,009	1,014	1,009	1,013
Floating rate borrowing - due after 1yr	5,019	4,414	5,062	5,199
Fixed Rate borrowing - due after 1 yr	73,552	73,386	74,518	77,648
	<u>79,580</u>	<u>78,814</u>	<u>80,589</u>	<u>83,860</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 and short term investment which fall 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 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 Capita. Capita 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.



## Financial Instruments Cont'd

Current	Effective interest rate	Maturity	2013/14 £000's	2012/13 £000's
PWLB - EIP	2.81%	Jun 2013	-	500
PWLB - EIP	2.81%	Dec 2013	-	500
PWLB - EIP	2.81%	Jun 2014	500	-
PWLB - EIP	2.81%	Dec 2014	500	-
			<b>1,000</b>	<b>1,000</b>
<b>Non- Current</b>				
Public Works Loan Board	3.70%	Jan 2056	5,000	5,000
Public Works Loan Board	4.40%	Jan 2052	5,000	5,000
Public Works Loan Board	4.40%	Jan 2054	8,000	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000	4,000
Public Works Loan Board	4.55%	Apr 2055	6,000	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000	8,000
PWLB - EIP	2.81%	Jun 2014	-	500
PWLB - EIP	2.81%	Dec 2014	-	500
PWLB - EIP	2.81%	Jun 2015	500	500
PWLB - EIP	2.81%	Dec 2015	500	500
PWLB - EIP	2.81%	Jun 2016	500	500
PWLB - EIP	2.81%	Dec 2016	500	500
PWLB - EIP	2.81%	Jun 2017	500	500
Barclays - LOBO's	3.97%	May 2065	5,000	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000	5,000
Barclays - LOBO's	4.32%	May 2077	5,000	5,000
			<b>77,500</b>	<b>78,500</b>
<b>Total</b>			<b>78,500</b>	<b>79,500</b>

### 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 to reduce risk exposure.

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 and these arrangements provide the appropriate level of finance to support the Authority's and Executive's current and future requirements. Also 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 and opportunities to secure advantageous interest rates are considered.

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 £274k if interest rates varied by 1% in the year.

The Group is not exposed to any material currency risk.

<b>20 Net Assets employed</b>	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Total Reserves and Balances	<u>(47,235)</u>	<u>(49,813)</u>

The Total Reserves balance for the Group includes a Rail Reserve under Usable Reserves which recognises the disposal of Rail Rolling stock and Yorkshire 6 funding surpluses with the reserve totalling £2.075m at 31 March 2014. The Authority ear-marked the rail rolling stock disposal proceeds for rail infrastructure investment and funds were transferred to the Authority to be held in the Rail Reserve pending investment in identified rail projects. As at 31 March 2014 the Rail Reserve has provided £805k of funding for the Leeds Station Southern Entrance scheme.

The Total Reserves balance for the Group includes an NGT Reserve of £1.043m under Usable Reserves created as at 31 March 2014 to ear-mark capital funding that is designated solely for the purpose of delivering the Leeds NGT scheme which received DfT programme entry in July 2012.

In addition the Reserves include the West Yorkshire Transport Fund Reserve to reflect additional levy contributions from the Districts in 2012/13 and 2013/14 to develop strategic transport schemes in West Yorkshire. The reserve has a balance of £4.085m at 31 March 2014.

## 21 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:-

	<b>Other</b>	<b>Restructure</b>	<b>Total</b>
At 31 March 2013	133	-	133
Arising during year	18	-	18
Utilised in year	-	-	-
At 31 March 2014	<u>151</u>	<u>0</u>	<u>151</u>

The Executive as at 31 March 2014 has provided for liabilities relating to the now insolvent company Mutual Municipal Insurance (MMI) Ltd representing the potential clawback of claims made by the Executive in previous years. There were no further provisions for organisational restructure at 31 March 2014 as specified in IAS37. There were no environmental provisions at 31 March 2014.

## 22 Joint Venture

At 31 March 2014 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 'Interest s in Joint Ventures' :-

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Turnover	686	644
Profit before Tax	-	-
Taxation	-	-
Profit after Tax	-	-
Fixed Assets	13	55
Current Assets	198	181
Liabilities due within 1yr	(191)	(173)
Liabilities due after 1yr or more	(13)	(55)
Net Assets	<u>7</u>	<u>8</u>

## 23 Auditors Remuneration

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Audit Services	60	61
Other Services	1	3
	<u>61</u>	<u>64</u>

**24 Financial Commitments**

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
(a) <u>Capital Commitments</u>		
Contracted For but not Provided in the Accounts	82,030	13,533
Authorised but not Contracted For	998	716
	<u>83,028</u>	<u>14,249</u>

Capital Commitments Authorised but not contracted for have increased in 2013/14 reflecting the approval of large scale capital schemes in the year such as NGT Development of £25.3m , Rail Growth Package of £15.8m and the Cycle City Ambition project of £25.8m.

**(b) Revenue Commitments - Operating Leases**

At 31 March 2014 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>	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Minimum lease payments under operating leases recognised in the year :	<u>3,003</u>	<u>1,962</u>
Within 1 year	-	1,924
2 to 5 years	-	-
Beyond 5 years	-	-
	<u>-</u>	<u>1,924</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.

Bus Operator Payments - IFRIC 4

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Minimum lease payments under operating leases recognised in the year :	<u>2,384</u>	<u>2,529</u>
Within 1 year	1,838	2,013
2 to 5 years	2,329	1,585
Beyond 5 years	-	-
	<u>4,167</u>	<u>3,598</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 :-

Bus Operator Payments - IFRIC 12

	<b>2013/14</b>	<b>2012/13</b>
	<b>£000's</b>	<b>£000's</b>
Minimum lease payments under IFRIC 12 recognised in the year :	<u>5,135</u>	<u>4,980</u>
Within 1 year	5,200	5,022
Within 2-5 years	19,539	20,035
Beyond 5 years	2,519	3,892
	<u>27,258</u>	<u>28,949</u>

**25 Contingent Liabilities**

The Executive had a contingent liability at 31 March 2013 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2014 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.

26 **Going Concern**

The accounts of the Group have been prepared on a going concern basis. While the West Yorkshire Combined Authority order 2014 dissolves the Authority and Executive at 1st April 2014 it provides that all the assets, liabilities and functions of the Executive continue under the West Yorkshire Combined Authority. This is deemed to be a transfer of services under combinations of public sector bodies and therefore the presumption of going concern continues in accordance with the code.

27 **Events After the Balance Sheet Date**

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 18 September 2014. There have been no adjustments to the financial statements for events after the balance sheet date.

28 **PRIOR PERIOD ADJUSTMENT AND CHANGES IN ACCOUNTING POLICY**

The IAS 19 Change to Accounting Standard Adjustments have been made to the 2012/13 financial statements to take account of the amended IAS 19 Pension Costs accounting standard. The revised standard implemented a change to the expected return on asset component of pension cost. The change means that the expected return on assets is calculated at the discount rate, instead of, as previously, at an expected rate of return based on actual plan assets held. Below is an extract of the changes in respect of the Comprehensive Income & Expenditure Statement, Movement in Reserves and Cash Flow. Where figures within the supplementary notes to the accounts have been restated this is indicated on the note. Note 7 – Pension Costs has been prepared based on the restated figures for 2012/13.

**MIRS:**

Reserve	Line	2012/13 Published	IAS 19 Adjustment	Restated
General Fund Balance	(Surplus)/Deficit on provision of services	-5,721	2,600	-3,121
Pension Reserve	Actuarial Gains/(Losses)	-1,542	-2,600	-4,142
General Fund Balance	Transfer to Pension Reserve	1,266	-2,600	-1,334
Pension Reserve	Transfer to Pension Reserve	-1,266	2,600	1,334

**I&E:**

Income/Expenditure	Line	2012/13 Published	IAS 19 Adjustment	Restated
Gross Expenditure	Highways and Transport Services	244,749	73	244,822
Gross Expenditure	Pensions interest expense on the net liability	465	2,527	2,992
Gross Income	Actuarial gains and losses recognised on pension assets and liabilities	-1,542	-2,600	-4,142

**Cashflow:**

Activities	Line	2012/13 Published	IAS 19 Adjustment	Restated
Operating activities	Surplus on the provision of services	5,721	-2,600	3,121
Operating activities	Transfer to the pension reserve	-1,266	2,600	1,334

**Note 3**

Income/Expenditure	Line	2012/13 Published	IAS 19 Adjustment	Restated
Segmental analysis	Pensions IAS19	-1,731	73	-1,658