WYCA

West Yorkshire Combined Authority

Statement of Accounts

For the year ending 31 March 2015

CONTENTS

West Yorkshire Combined Authority

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

Explanatory Foreword to the Annual Accounts 2014/15

Introduction

The Explanatory Foreword has been prepared to provide an outline of the activities for the year 2014/15, providing both a guide to the Combined Authority's accounts and to the West Yorkshire Combined Authority's achievement in delivering growth through transport and economic development and regeneration.

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 the West Yorkshire Integrated Transport Authority (WYITA) and the West Yorkshire Passenger Transport Executive (WYPTE) were dissolved. All of the functions, assets, liabilities and powers of 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 (LEP). WYCA has established a Transport Committee, through which it conducts the majority of Local Transport Authority functions, and an Investment Committee which provides 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.

These are the inaugural accounts of the Combined Authority with the balances transferred from WYITA at 1 April 14 shown at note 28. Also to assist comparability with 2013/14 the WYITA group balance sheet and CIES are provided in the foreword.

Responsibilities

The West Yorkshire Combined Authority is responsible for determining public transport policies in West Yorkshire and for providing funds to carry them out. In 2014/15 the Authority received a transport levy of £96.2m to cover the costs of meeting those policies. The WYCA will be the accountable body for the Leeds City Region Local Enterprise Partnership which delivers the economic growth and regeneration agenda from 1 April 2015 with all LEP funding and expenditure being recognised in the 2015/16 accounts.

The West Yorkshire Combined 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. Governance arrangements as set out below will ensure continuing effective delivery of the objectives of LTP3.

The WYCA has an important role to play in providing the vehicle for closer partnership working between the West Yorkshire and York District Councils and the LEP in order to ensure improved economic outcomes for local people.

Review of the year

2014/15 has been the first year of business for the West Yorkshire Combined Authority. At its inaugural meeting on 1 April 2014 it set out its agenda of economic growth for West Yorkshire that would improve the quality of life for its residents. This will only be achieved through working closely together with the constituent local councils and the LEP.

The WYCA has adopted the Strategic Economic Plan (SEP) produced by the LEP that sets out the plan for economic growth in the region. This will be supported by the Single Transport Plan (STP) which will provide an update to the Local Transport Plan (LTP3) which covers the period 2011 to 2026.

In its first year the WYCA has secured some notable successes. In partnership with the Leeds City Region Enterprise Partnership it secured a £1bn Growth Deal settlement, the country's largest, which uniquely included £420m to establish a £1.4bn West Yorkshire plus Transport Fund. This was supplemented by an additional £54.6m of Growth Deal funding announced in January. Work is underway to move a range of projects including transport, housing and regeneration from the planning stage to construction, ensuring the organisation has the right structures, skills and resources to deliver this agenda. A number of projects within the West Yorkshire plus Transport Fund are now progressing through the gateway approval process which reflects the governance arrangements agreed in the assurance frameworks in place. Funding is also included in this deal for skills which will see further development of the successful programmes to get young people into apprenticeships and encourage businesses to invest in skills training.

The budget statement in March included a first-stage devolution deal with government, giving council leaders and businesses greater influence over investment decisions on skills, transport, housing and support for small businesses. Work is underway to develop the next stage of devolution for the region to enable further economic growth.

Working closely with the LEP the WYCA has also seen good progress on the Better Homes Yorkshire project, which will enable around 12,000 residents across the City Region to save money on their fuel bills by taking advantage of heavily discounted improvement work such as insulation and boiler replacements, as well development of a superfast broadband proposal.

The financial climate continues to provide challenges. The former WYITA 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. This work will continue with the funding available for LEP economic activities being combined with the transport funding to ensure the best use of the available funding for the wider activities of the WYCA.

Foreword to the Annual Accounts 2014/15 (continued)

Despite budgetary pressures and continuing reductions in staffing numbers the WYCA has continued to deliver further service innovations and improve key customer satisfaction scores as demonstrated by the Passenger Focus survey. Usage of the new mobile website for transport has continued to increase since its launch in 2013 and further improvements to assist in self service are planned, including a new customer database for users to manage their Mcard transactions.

The funding from the Better Bus Areas Fund has been fully utilised by the deadline of 31 March 2015. During 2014/15 this has been used to expand the products available on smartcards and to set up the retail offer through payzone outlets. This move has increased the opportunity for users to purchase and top up Mcards, with payzone retailers outnumbering the traditional outlet of post offices and offering longer opening hours. Sales through post offices ceased in December 2014.

Work continues 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.

Funding was secured in 2013 for the Cycle City Connect project, a £26m scheme that includes the construction of a cycle superhighway between Leeds and Bradford. Good progress has been made in 2014/15 with the resurfacing of the towpath well underway along with sections of the superhighway. A bid for fruther funding was successful and this will be used to increase cycle facilities and opportunities in the other West Yorkshire Districts.

Further funding has also been secured in the year to continue the successful activities funded by the Local Sustainable Transport Fund (LSTF) which include enhancing improvements in active transport modes, including cycling and travel planning.

There have been a number of positive developments with regard to rail. Rail North, a partnership involving over 30 local authorities in the north of England, has been established to jointly manage the local rail franchises with the Department for Transport (DfT). Specifications for both the Northern and Transpennine franchises have been developed with DfT and tenders are due back later in 2015, with the new franchises commencing in February 2016. The headquarters for Rail North will be at WYCA and recruitment will commence early in 2015/16.

The government focus on a Northern Powerhouse has brought to the fore discussions for east -west connectivity on rail, to complement the north-south proposals for High Speed 2. The Transport for the North proposals will see these brought together with a range of work underway to provide a coherent transport offer across the north.

Projects to improve the rail offer in West Yorkshire have continued. The improvements to Wakefield Kirkgate Station are almost complete and include a full modernisation of the station facilities. Construction on new rail stations at Kirkstall Forge, Apperley Bridge and Low Moor have commenced, with all three due to open during 2015/16.

Construction of the new Leeds Station Southern Entrance is underway and scheduled for completion in autumn 2015. The public inquiry into the NGT trolleybus system in Leeds took place in 2014 and a decision from the Secretary of State is expected in 2015 with regard to the Transport and Works Act Order application.

Projects on bus infrastructure included the £6m new facility at Castleford which opened in February 2015, providing passengers with a much improved modern enclosed bus station. A bus hub prroviding enhanced passenger shelters and information was completed at Heckmondwike with siimilar work underway in locations across West Yorkshire.

The accounts

The accounts have been prepared in accordance with The Code of Practice on Local Authority Accounting UK 2014/15 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.

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 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 arising from the requirements of IAS19 Accounting for Pension Costs. This requires the Authority to show in their accounts any deficit arising on their proportion of the West Yorkshire Pension Fund obligations as measured by the Actuary. 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 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.

The Group CIES and Group Balance Sheet of the former WYITA are included to assist comparability with the 2013/14 financial year given that the assets, liabilities and powers of WYITA have been passed to the Combined Authority.

WYITA Comprehensive Income and Expenditure
For the Year Ended 31 March 2014

	2013/14		
	Gross Expenditure £000's	**Gross Income** £000's	**Net Expenditure** £000's
Highways and Transport Services	259,392	(182,225)	77,167
Corporate and Democratic Core	8,492	-	8,492
Cost of Services - continuing operations	**267,884**	**(182,225)**	**85,659**
Interest Payable	3,330	-	3,330
Interest and Investment income	-	(230)	(230)
Pensions interest cost and expected return on assets	2,596		2,596
	273,810	**(182,455)**	**91,355**
Non-Specific Grant Income			
-District Council Levies	-	(99,550)	(99,550)
- Integrated Transport/Maintenance (Capital)	-	(44,829)	(44,829)
- Government and Other Grants (Capital)	-	(7,898)	(7,898)
Capital grants released	59,690	-	59,690
(Surplus) on Provision of Services	**333,500**	**(334,732)**	**(1,232)**
Actuarial gains and losses recognised on pension assets	-	(1,346)	(1,346)
Other Comprehensive Income and Expenditure	-	(1,346)	(1,346)
Total Comprehensive Income and Expenditure			**(2,578)**

WYITA Balance Sheet
As at 31 March 2014

	2013/14 £000's
Assets	
Non-current assets	
Property, Plant, Equipment	83,407
Donated Assets	386
Assets held for sale	726
	84,519
Current Assets	
Short term investment	27,500
Short term debtors	10,772
Cash and cash equivalents	9,467
	47,739
Total assets	**132,258**
Liabilities	
Current liabilities	
Short term borrowing	(2,080)
Trade and Other payables	(15,145)
Accruals and deferred income	(20,724)
Provisions	(151)
	(38,100)
Long term borrowing	(77,500)
Other long term liabilities	
Net Pension liability	(63,893)
Long term liabilities	**(141,393)**
Total Liabilities	**(179,493)**
NET LIABILITIES	**(47,235)**
General Fund Balance	6,571
Capital Grants Unapplied Reserve	12,523
Rail Reserve	2,075
NGT Reserve	1,043
WY Transport Fund Reserve	4,085
Usable Reserves	**26,297**
Deferred Capital Grants Account	20,636
Capital Adjustment Account	(41,404)
Financial instrument adjustment account	36
Donated Asset Account	668
Pension Reserves	(63,893)
Revaluation Reserve	10,425
Unusable Reserves	**(73,532)**
Total reserves	**(47,235)**

Review of Revenue Expenditure for the West Yorkshire Combined Authority

	2014/15 Approved Budget £m	2014/15 Actual £m
Funding		
Government grants	43.2	43.2
District Council Levies - net	96.2	96.2
Ticket Sales	31.0	29.7
Transfer to reserves	0.0	(1.4)
	170.4	167.7
Revenue Expenditure		
Concessionary Travel	54.3	53.7
Subsidised Bus Services	17.4	17.8
Special Needs Transport	1.9	1.8
Passenger Services support	8.0	7.6
Prepaid tickets	31.0	29.7
Local Rail Services	43.2	43.2
Financing costs (net)	8.4	8.0
Support costs	6.2	5.9
	170.4	167.7

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 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.

Revenue funding

In 2014/15 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 2014/15 is the net amount.

Overall the net Levy available for normal transport purposes has stayed the same as that paid to the WYITA in 2013/14. The levy was actually increased by 1.5% 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 previous 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 by the former WYITA 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 expects to face challenging financial constraints over the coming years as local government funding is severely reduced at a time when the activities of the Combined Authority are increasing. 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 £81.063m, funded through a combination of grants primarily from the Department for Transport. These included the LTP Integrated Transport block funding and highways maintenance grant totalling £50.9m which is then utilised by the Combined Authority and the constituent District Councils. The Authority also received capital grants for the City Cycle Ambition Grant of £7.2m and major scheme funding for Leeds Station Southern Entrance of £11.8m and for Kirkstall Forge and Apperley Bridge stations £9.4m. Some funding was carried forward from 2013/14, reflecting the change by the DfT in paying multi-year grants in advance and also reflecting some reprofiling of LTP funded projects. Similarly funding will be carried forward to 2015/16 under similar circumstances.

The signficant capital schemes delivered in the year are set in the above narrative and as well as these there have also been investments in ICT, new bus shelters, contributions to highways pinchpoint funded schemes and contributions to rail schemes and carparks and further investment in smartcard technology.

Foreword to the Annual Accounts 2014/15 (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 short term borrowing including accrued interest was £4.6m and long term borrowing at the end of the year is £76.5m, a £1m reduction on the balances transferred in 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

Further Information

The Authority'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 is available on its website www.westyorks-ca.gov.uk

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 WEST YORKSHIRE COMBINED AUTHORITY

1 **BASIS OF PREPARATION**

The Statement of Accounts summarises the Combined Authority's transactions for the 2014/15 financial year and its position for the year end of 31 March 2015. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). This will be the inaugural set of annual accounts of the West Yorkshire Combined Authority.

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)

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 West Yorkshire Combined 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 (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 2015. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates are subject to some judgement.

• Leases (note 24b) : The Authority has classified leases as either finance or operating leases based on the extent to which the risks and rewards incidental to ownership lie with the lessee or lessor. The Authority has classified certain contracts as operating leases although the legal form of the arrangement is not a lease.

• Retirement benefit obligations (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 Authority that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (ie rail infrastructure) is charged to the Comprehensive Income and Expenditure account. The Authority meets this expenditure from existing capital resources with 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. The property assets of the former WYITA Group transferred to the Combined Authority on 1 April 2014. A revaluation of the Authority's Non-Infrastructure Land and Buildings and the 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 2015 on an Existing Use Value (EUV) and Depreciated Replacement Cost (DRC) in accordance with IAS 16. A revaluation of the Authority's on-street furniture was carried out as at 31 March 2008 however under IFRS these are infrastructure assets and are valued at historical cost . 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 Authority, 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 Authority 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 Authority 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 Authority writes out directly attributable costs on capital schemes where no tangible asset exists to reflect a true and fair view of the 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 Authority 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 Authority'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 Authority on any rail infrastructure projects is not capitalised. The Authority 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 Authority depreciation has been shown as part of the service expenditure. The Authority have considered the impairment of fixed assets in accordance with IAS 36 and no charges for impairment have been made. 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 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 Authority 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. Detailed disclosures can be found in note 6 to the Accounts.

The Combined Authority 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 transfer of the Executive's assets and liabilities to the Combined Authority means the Authority 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 former 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 Authority 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 Highways and Transport and Corporate and Democratic Core.

The liabilities of the pension fund attributable to the Authority 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

<u>The change in the net pensions liability is analysed into seven components:</u>

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 balance that arises on the Pensions Reserve thereby measures the adverse 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 Authority 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 Authority'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 Authority. The Authority has taken a consistent approach to estimating environmental provisions.

11. EXCEPTIONAL ITEMS

The Authority 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, Income and Capital Gains 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 presumption is that the Combined Authority is exempt from Corporation, Income and Capital Gains tax by virtue of regulations section 74 of the Local Government Finance Act 1988.

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 Authority, 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 despoits, 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 less than 90 days. 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. 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 liabiliities 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.

16. **FOREIGN CURRENCY TRANSLATION**

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

17. **CONTINGENT LIABILITY**

Contingent Liabilities (note 25): A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannotbe measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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

The Statement of Accounts are authorised for issue by the Chief Financial Officer as at 17 September 2015. 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 2015, 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. **PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES , ESTIMATES AND ERRORS**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimation techniques are accounted for prospectively and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practice or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or performance. Changes are made retrospectively by adjusting opening balances and comparative amounts for the prior period.

20. **CONSOLIDATION OF JOINT VENTURE**

The concept of materiality has been considered in respect of the consolidation of Yorcard Ltd into the Authority'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 note 22 the financial performance and position in accordance with IAS31 "Interests in Joint ventures".

STATEMENT OF RESPONSIBILITIES FOR THE COMBINED AUTHORITY

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 2015.

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 Combined Authority at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

A Taylor

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 17 September 2015 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
Chair of the Authority

17 September 2015

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 throughout the year ended 31 March 2015 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. They are also encapsulated in the Local Code of Corporate Governance which has been approved by the Combined Authority and which is available on its website.

a) Corporate policies and objectives are set and communicated by the Authority. At its initial meeting on 1 April 2014 the Authority clearly set out its ambitions to effect economic growth in West Yorkshire. It subsequently adopted the Strategic Economic Plan (SEP) produced by the Leeds City Region Enterprise Partnership which sets out investment priorities across the four pillars of supporting business, developing a skilled workforce, building a resource smart City Region and delivering the infrastructure for growth. The statutory Local Transport Plan (LTP) is undergoing a refresh and will be relaunched next year as the Single Transport Plan. This will provide close links to the SEP and include new projects and initiatives that have emerged since the LTP was published in 2011.
A manifesto and strategy are being developed to complement the SEP and provide the basis for the annual business plan. These plans are reviewed by officer and Member Groups.

b) The Authority has sole responsibility for LTP3. A system of governance has been agreed to manage the delivery and financial management of LTP3 with the District partners. This includes officer and Member groups which can report as required to the Transport Committee and to the Combined Authority. These groups include representation from the District councils.

c) The West Yorkshire Transport Fund Assurance Framework sets out the appropriate safeguards and processes to be put in place to ensure the proper use of public funds and that value for money is secured.

This includes the prioritisation process for identifying the schemes that are included in the fund and the following 3 stage Gateway Approval process on which investment decisions for prioritised schemes are based:

- **Development Approval (Gateway 1)** - scheme sponsors undertake modelling, appropriate feasibility work and the preparation of a high level business case;

- **Procurement Approval (Gateway 2)** - scheme sponsors continue to develop more robust cost estimates, undertake high level WebTAG appraisal appropriate to the nature and complexity of the scheme, progress detailed design work, refine risk levels, prepare to seek a price from the market to implement the scheme and update the business case;

- **Implementation Approval (Gateway 3) –** before implementation is approved, the WYCA needs to be satisfied that the final cost estimates are robust, risk exposure is acceptable, and that forecast outcomes remain comparable with those agreed in earlier gateways.

The WYCA is responsible for the approval for schemes passing through the above gateways.

Changes to schemes are carefully monitored by promoters through project and programme exception reporting and change control processes. If a scheme is subject to significant change, the WYCA could re-prioritise the scheme and could require the promoter to renew its mandate and revisit the business case.

d) The Combined Authority established new scrutiny arrangements by setting up an Overview and Scrutiny Committee. This meets regularly and consists of 18 members co-opted from the five West Yorkshire Councils and City of York Council and reflecting political balance. In addition 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 District Consultation Sub-Committees in each District give a level of local involvement and allow the public the opportunity to scrutinise any new policy initiatives.
Working groups have been established to enable a more detailed consideration of budget and financial matters (Finance Working Group) and of bus tender awards (Bus Working Group).

e) 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 Head of Paid Service, s151 Officer, and the Monitoring Officer. Staff behaviours are guided by WYCA'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)*. 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 Authority's financial arrangements through a suitably qualified and resourced Finance function.

f) An internal team 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 mandatory nature of the Chief Audit Executive's role; functional reporting relationship with the management team; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

3. The governance framework (continued)

g) Compliance with established procedures, laws and regulations is ensured by a system that requires all decisions to set out all legal and financial implications. Schemes of officer delegation ensure that decisions are made at the appropriate level within the Authority. 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 website..

h) Risk management is embedded in the activities of the Authority with regular reviews of the risk registers and exception reporting through the officer Audit and Risk Group and through the Member Governance and Audit Committee. A Risk Manual, endorsed by the Governance and Audit Committee sets out the risk management strategy in place and the way in which risks are identified, recorded and monitored. Covalent, the Authority's performance management system, is available for the recording of operational risk registers and can provide reports based on a traffic light system, highlighting 'red' risks that may require action.

i) Communication with stakeholders through the District Consultation Sub-Committees and Operator Groups take place. Consultation events have taken place during the year on the Single Transport Plan, major schemes and the bus area network reviews which have successfully sought to reduce costs but retain accessibility for bus users.

j) A system of Standing Orders and Financial Regulations protect the organisation. These are reviewed annually. Procedural manuals and notes underpin these and ensure the reporting of financial transactions is properly managed. Officer schemes of delegation are also considered on an annual basis.

k) 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.

l) Mcards were sold through Post Offices in West Yorkshire until December 2014 and continue to be sold through rail ticket offices. The Authority withdrew from selling tickets through the post office in December and closing balances and destruction of stock were certified at this point. The Authority has in place arrangements whereby an enhanced assurance statement is sought from Northern Rail stating that their systems have operated adequately with no material errors or weaknesses. Payzone sales have replaced the Post Office network and are reconciled to the Hops back office system ensuring that card sales through payzone are fully reimbursed to the Authority. An independent I.T. systems specialist was engaged to undertake a review of the payzone systems control environment.

4. Review of Effectiveness

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

The Authority has 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 a core financial system which is reviewed annually by Internal and External Audit. During the last year the Chief Financial Officer has provided to the Governance and Audit Committee a regular confirmation that key controls have been operating in the period. The Assistant Director Finance reports regularly to the Audit and Risk Management Group that key controls have been operating in the period.

4. Review of Effectiveness (continued)

Within the Authority 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.

An internal team provides the internal audit resource 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 Governance and Audit Committee for consideration and the annual plan is approved by the full Authority. Regular update reports are provided to the Governance and Audit Committee by the Internal Audit Manager, including progress made on the implementation of audit recommendations. Within the Authority Covalent is 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.

The Authority continues to develop and refine its project management framework ensuring that there is greater accountability and improved governance with regard to the management and delivery of projects. Regular reports are provided to the Investment Committee and Combined Authority on progress with Local Growth Deal schemes, including the projects within the West Yorkshire plus Transport Fund. Further work will take place during 2015/16 to ensure that the delivery of capital projects is effectively organised and managed and that the procedures in place are suitably robust for the increasing volume of complex projects that need to be delivered by WYCA.

The Authority has in place comprehensive risk management arrangements. Reviews of risk take place at management team level, supported by the Risk Manual which provides guidance on the identification, assessment and reporting of risk. An officer Audit and 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 Governance and Audit Committee. These arrangements will be further developed and evolved to meet the changing needs of the West Yorkshire Combined Authority.

Internal Audit's Quality Assurance and Improvement Program ensures that activity is assessed against the requirements of professional standards, the Definition of Internal Audit and the Code of Ethics as specified by the Institute of Internal Auditors. The Authority has reviewed the internal audit function and concluded that it complies with the requirements of PSIAS and the Local Government Application Note.

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 2014/15 the Authority has demonstrated 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 Governance and Audit Committee.

The West Yorkshire Combined Authority Order 2014 dissolved 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) transfered across to the new West Yorkshire Combined Authority (WYCA) the governance arrangements have undergone significant change to reflect the way in which decision making is undertaken within the Authority with the creation of a Transport Committee and an Investment Committee to support the Combined Authority in its capital investment decisions. Appropriate governance arrangements included 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 2015/16 to ensure that all governance arrangements are fully aligned and that the Economic Development and regeneration function are integrated fully into the Authority's governance framework. This will include for example the development of the Authority's risk appetite, ensuring that risk registers are expanded to include the new areas of activity and decision-making and assurance frameworks are fully developed . 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 2015 the inaugural Combined Authority's statement of accounts will be signed by the West Yorkshire Combined Authority's Chair and Head of Paid Service alongside the Chief Financial Officer.

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

Cllr Box
Chair

A Lythgo
Head of Paid Service

17 September 2015

WEST YORKSHIRE COMBINED AUTHORITY
MOVEMENT IN RESERVES STATEMENT AS AT 31 MARCH 2015

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Combined 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 on provision of service 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 Balance £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	Financial Instruments Adj A/C £000's	Revaluation Reserve £000's	Donated Asset A/C £000's	Pension Reserve £000's	Total Unusable reserves £000's	Total £000's
Balance at 1st April 2014		-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of balances 1 April 2014		6,571	12,523	2,075	4,085	1,043	26,297	(20,768)	36	10,425	668	(63,893)	(73,532)	(47,235)
Movement in reserves during 2014/15														
Surplus on Provision of Service		16,378	-	-	-	-	16,378	-	-	-	-	-	-	16,378
Actuarial Gains/(Losses)	6	-	-	-	-	-	-	-	-	-	-	(3,907)	(3,907)	(3,907)
Revaluation of fixed assets	8,10c	-	-	-	-	-	-	-	-	1,436	-	-	1,436	1,436
Total Comprehensive Income and Expenditure		**16,378**	-	-	-	-	**16,378**	-	-	**1,436**	-	(3,907)	**(2,471)**	**13,907**
Adjustments between accounting basis and funding basis under regs														
MRP	2	(3,678)	-	-	-	-	(3,678)	3,678	-	-	-	-	3,678	-
Finance costs early settlement discounts	5	76	-	-	-	-	76	-	(76)	-	-	-	(76)	-
Capital grants released	2	73,956	-	-	-	-	73,956	(73,956)	-	-	-	-	(73,956)	-
Capital grants applied	2	(74,039)	-	-	(7,047)	23	(81,063)	81,063	-	-	-	-	81,063	-
Capital Grants unapplied	2	(12,774)	12,774	-	-	-	-	-	-	-	-	-	-	-
Depreciation	2	5,300	-	-	-	-	5,300	(5,300)	-	-	-	-	(5,300)	-
Transfer to pension reserve		1,050	-	-	-	-	1,050	-	-	-	-	(1,050)	(1,050)	-
Total adjustments between accounting basis and funding basis under regs		**(10,109)**	**12,774**	-	**(7,047)**	**23**	**(4,359)**	**5,485**	**(76)**	**1,436**	-	**(1,050)**	**4,359**	-
Increase/ (decrease) in year before Transfer to ear-marked reserve		**6,269**	**12,774**	-	**(7,047)**	**23**	**12,019**	**5,485**	**(76)**	**1,436**	-	**(4,957)**	**1,888**	**13,907**
Transfer to ear-marked reserve		(4,895)	-	-	4,895		-	-	-	-	-	-	-	-
Increase/ (decrease) in year		**1,374**	**12,774**	-	**(2,152)**	**23**	**12,019**	**5,485**	**(76)**	**1,436**	-	**(4,957)**	**1,888**	**13,907**
Balance at 31st March 2015		**7,945**	**25,297**	**2,075**	**1,933**	**1,066**	**38,316**	**(15,283)**	**(40)**	**11,861**	**668**	**(68,850)**	**(71,644)**	**(33,328)**

WEST YORKSHIRE COMBINED AUTHORITY
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

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 2014/15 and the Accounts and Audit Regulations 2011.

	Notes	2014/15 Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
Highways and Transport Services	3,7	254,901	(171,757)	83,144
Corporate and Democratic Core	3	8,806	-	8,806
Cost of Services - continuing operations		**263,707**	**(171,757)**	**91,950**
Interest Payable	5	3,302	-	3,302
Interest and Investment income	5	-	(291)	(291)
Pensions interest cost and expected return on assets	6	2,611		2,611
		269,620	**(172,048)**	**97,572**
Non-Specific Grant Income				
-District Council Levies	11	-	(101,093)	(101,093)
- Government and Other Grants (Capital)	7	-	(12,857)	(12,857)
(Surplus) on Provision of Services		**269,620**	**(285,998)**	**(16,378)**
Actuarial gains and losses recognised on pension assets	6	3,907	-	3,907
Revaluation Gain	8, 10c	-	(1,436)	(1,436)
Other Comprehensive Income and Expenditure		3,907	(1,436)	2,471
Total Comprehensive Income and Expenditure				**(13,907)**

Note :

1. The movement in reserves statement is shown on page 23.
2. The notes on pages 27 to 44 form part of these accounts.
3. The opening balances of WYCA transferred in on 1 April 2014 are shown in note 28

WEST YORKSHIRE COMBINED AUTHORITY
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Combined 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. Unusable reseves 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 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).

	Notes	31 March 15 £000's
Assets		
Non-current assets		
Property, Plant, Equipment	10(d)	85,989
Donated Assets	10(d)	397
Assets held for sale	10(d)	650
		87,036
Current Assets		
Short term investment	19	35,000
Short term debtors	14	21,430
Cash and cash equivalents	15	9,175
		65,605
Total assets		**152,641**
Liabilities		
Current liabilities		
Short term borrowing	17	(4,572)
Trade and Other payables	16	(25,050)
Accruals and deferred income	16	(10,843)
Provisions	21	(154)
		(40,619)
Long term borrowing	17,19	(76,500)
Other long term liabilities		
Net Pension liability	6	(68,850)
Long term liabilities		**(145,350)**
Total Liabilities		**(185,969)**
NET LIABILITIES		**(33,328)**
General Fund Balance		7,945
Capital Grants Unapplied Reserve	2	25,297
Rail Reserve	20	2,075
NGT Reserve	20	1,066
WY Transport Fund Reserve	20	1,933
Usable Reserves		**38,316**
Capital Adjustment Account	2	(15,283)
Donated Asset Account	10(c)	668
Financial instrument adjustment account		(40)
Pension Reserves	6	(68,850)
Revaluation Reserve	8	11,861
Unusable Reserves		**(71,644)**
Total reserves		**(33,328)**

Note :
1. The movement in reserves statement is shown on page 23.
2. The notes on pages 27 to 44 form part of these accounts.
3. The opening balances of WYCA transferred in on 1 April 2014 are shown in note 28

SIGNED ON BEHALF OF THE COMBINED AUTHORITY
The financial statements on pages 23-44 were approved by the Combined Authority on 17 September 2015 and were signed on their behalf by :

A Taylor

A Taylor
Chief Financial Officer
WYCA

Date : **17 September 2015**

WEST YORKSHIRE COMBINED AUTHORITY
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Purpose of cashflow

The cashflow statement 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.

		2014/15 £000's
Operating Activities		
Surplus on the Provision of Service		16,378
Depreciation	10d	5,300
Increase in creditors		16
(Increase) in debtors		(10,658)
Transfer to the Pension Reserve		1,050
Provisions		3
Profit from the sale of property, plant and equipment,	4	(54)
Fixed assets charged to revenue		794
Net cash generated from operating activities		12,829
Cash flows from investing activities		
Purchase of property, plant and equipment,	10d	(7,901)
Short term investment	19	(7,500)
Proceeds from the sale of property, plant and equipment,	4	780
Net cash flows from investing activities		(14,621)
Cash flows from financing activities		
Receipt of new loans		2,500
Repayment of loans	17	(1,000)
Net cash used from financing activities		1,500
Net decrease in cash and cash equivalents		(292)
Cash and cash equivalents at the beginning of the reporting period		-
Balances transferred in at 1 April 2014		9,467
Cash and cash equivalents at the end of the reporting period	15	9,175

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

		2014/15 £000's
Interest paid	5	3,302
Interest received	5	(291)

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. 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 ACCOUNTS:-

1 The Accounts

The Code of Practice on Local Authority Accounting based code on International Financial Reporting Standards in the United Kingdom 2014/15(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 adaptions for public sector apply. The accounts of the West Yorkshire Combined Authority however have not been prepared as group accounts reflecting that the West Yorkshire Combined Authority is now a single entity carrying out the functions and powers of the former West Yorkshire Integrated Transport Authority and the West Yorkshire Passenger Transport Executive.

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 2014/15 the amount is £3.678m.

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).

	2014/15
Capital Adjustment Account	**£000's**
Opening Balance	-
Balance transferred in	20,768
	20,768
Revenue Funded from Capital Under statute	73,956
Depreciation	5,300
Capital Grants applied to financing	-
Statutory provision for the financing of Capital Investment (MRP)	(3,678)
Capital receipts applied	(81,063)
Balance at the end of the Year	15,283

Capital Grants unapplied	
Opening balance	-
Balance transferred in	12,523
Capital receipts (applied)/unapplied in year	12,774
Balance c/f	**25,297**

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 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 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.

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

;. Segmental Reporting - Resource allocation

	Bus Services	Concessions	Rail	Prepaid Tickets	Passenger Facilities	Other	Total
	2015 £000's	2015 £000's	2015 £000's	2015 £000's	2015 £000's	2015 £000's	2015 £000's
)ther Income	(13,214)	-	-	(29,678)	(2,581)	(4,905)	(50,378)
;overnment Grants	(4,269)	-	(43,154)	-	-	-	(47,423)
otal Income	**(17,483)**	**-**	**(43,154)**	**(29,678)**	**(2,581)**	**(4,905)**	**(97,801)**
)perating Expenditure	34,825	53,736	42,251	29,678	-	-	160,490
)ther Cost of Service :xpenditure	7,798	-	-	-	8,363	9,361	25,522
otal Operating Expenditure	**42,623**	**53,736**	**42,251**	**29,678**	**8,363**	**9,361**	**186,012**
;ost of services	**25,140**	**53,736**	**(903)**	**-**	**5,782**	**4,456**	**88,211**

₹econciliation of Segmental Analysis and Cost of services in the Comprehensive Income and Expenditure Statement

	2014/15 £000's
;egmental Analysis of	
;ost of Service	88,211
?ensions IAS19	(1,561)
√on Government Capital Grants	-
)epreciation/Capital expenditure	5,300
;ost of Service CIES	**91,950**

4 Disposal of Fixed Assets

	2014/15 £000's
Net Book Value of Assets	726
Proceeds from sale	(780)
(Profit) on disposal of fixed assets by the Authority	(54)

5 Financing Income and Costs

	2014/15 £000's
Interest receivable on Loans, deposits and other debts	(291)
Interest payable on Loans	3,302
Effect of early settlement of Loans	76

6 Pension Costs

6.1 Defined Benefit Pension Scheme

The Authority participates 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. The pension assets and liabilities transferred to the Combined Authority were subject to the actuarial valuation carried out at 31 March 2013 which determined the employer contributions for the next three years. In recognising that the WYPTE and WYITA have been dissolved and its pension assets and liabilities transfered 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. The contribution rate for 2015/16 and 2016/17 remains at 13.5% and the deficit lump sums are £1.03m and £1.09m respectively.

6.2 Capital Cost of Discretionary Increases in Pension Payments.

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

		31 March 2015 £000's
i)	Current Employees	2,270
ii)	Former Employees	1,226

A large proportion of the pension costs in respect of former employees is in respect of staff transferred to Yorkshire Rider Limited, as explained in the Authority's accounting policy note on pension costs.

6.3 Pension disclosures required under IAS 19

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

	31/03/2015	
	Unfunded	Funded
Duration of liabilities	12	14.4
Inflation : RPI	2.9%	2.9%
CPI	1.8%	1.8%
Rate of increase in salaries	-	3.3%
Rate of increase for pensions in payment	1.8%	1.8%
Pension account revaluation rate	-	1.8%
Rate used to discount funded scheme liabilities	3.1%	3.1%

6.3 Pension disclosures required under IAS 19 (continued)

Mortality assumptions
Post retirement mortality (retirement in normal health) :-

31/03/2015

Males : CMI 2012 Long term rate of improvement of 1.5%

Females : CMI 2012 Long term rate of improvement of 1.5%

Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	24.8 (27.8) Years
- of a male (female) current pensioner aged 65	22.6 (25.5) 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 is rolled forward for 31 March 2015 (showing the proportion of assets between the classes of investment) and are as follows:-

The assets of the scheme were:

	31 March 2015			
	Quoted	Unquoted	Total	Asset
	%	%	%	£000's
Equities	69.9	6.3	76.2	95,672
Government Bonds	10.6	0.0	10.6	13,309
Other Bonds	4.7	0.0	4.7	5,901
Property	4.3	0.0	4.3	5,399
Cash/Liquidity	1.9	0.0	1.9	2,386
Other	0.0	2.3	2.3	2,888
Total	91.4	8.6	100.0	125,555

Reconciliation of unfunded/funded status to Balance Sheet

	31 March 2015		
	£000's	£000's	£000's
	Unfunded	Funded	All Benefits
Fair Value of assets	-	125,555	125,555
Present value of unfunded/ funded defined benefit obligation	13,608	180,797	194,405
Funded status	(13,608)	(55,242)	(68,850)
Impact of minimum funding requirement /asset ceiling	-	-	-
Asset/(liability) recognised on the balance sheet	(13,608)	(55,242)	(68,850)

Reconciliation of present value of scheme liabilities

	£000's 31/03/2015 Unfunded	£000's 31/03/2015 All Benefits
Opening Balance	-	-
Balance transferred in at 1 April 2014	13,739	180,988
Current service cost	-	1,826
Interest cost	552	7,424
Member Contributions	-	634
Past service cost	-	76
Actuarial gain/loss financial assumptn	668	13,911
Actuarial gain/loss Demographic	0	0
Actuarial gain/loss experience	(128)	(1,290)
Curtailments	-	-
Benefits paid	(1,223)	(9,164)
31 March 2015	13,608	194,405

Reconciliation of fair value of scheme assets

	£000's 31/03/2015 Unfunded	£000's 31/03/2015 All Benefits
Opening Balance	-	-
Balance transferred in at 1 April 2014	-	117,095
Interest income on scheme assets	-	4,813
Remeasurement of (losses)/gains	-	8,714
Contributions paid by employer	1,223	3,463
Member Contributions	-	634
Benefits paid	(1,223)	(9,164)
31 March 2015	-	125,555

Actual return on assets

	31/03/2015 £000's
Interest income on assets	4,813
Remeasurement gain/(loss) on assets	8,714
Actual return on assets	13,527

The amounts recognised in the Comprehensive Income and Expenditure Statement

Cost of Service	**31/03/2015 £'000**
Current Service Cost	1,826
Past Service Cost	76
Curtailments or settlements	-
Financing Investment Income and Expenditure	
Interest on net defined benefit liability	2,611
Total pension cost recognised	4,513
Remeasurements in Other Comprehensive Income and Expenditure	
Return on plan assets (in excess)/below that recognised in net interest	(8,714)
Actuarial gains/losses due to change in Financial assumption	13,911
Actuarial gains/losses due to change in Demograghic assumption	-
Actuarial gains/losses due to liability experience	(1,290)
Total amount recognised in Other Comprehensive income	3,907
Total amount recognised	8,420

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 2015 and the projected service cost for the year ending 31 March 2016 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

Adjustment to discount rate	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	178,266	183,421
% change in present value of total obligation	-1.4%	1.5%
Projected service cost £000's	2,169	2,313
Approximate % change in projected service cost	-3.2%	3.2%

Adjustment to rate of increase in salaries	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	181,246	180,353
% change in present value of total obligation	0.2%	-0.2%
Projected service cost £000's	2,240	2,240
Approximate % change in projected service cost	0.0%	0.0%

Adjustment to pension increase rate and the rate of revaluation of pension accounts	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	184,413	177,181
% change in present value of total obligation	2%	-2.0%
Projected service cost £000's	2,313	2,169
Approximate % change in projected service cost	3.2%	-3.2%

Adjustment to mortality age rating assumption	-1 year	+1 year
Present value of total obligation £000's	185,661	175,937
% change in present value of total obligation	2.7%	-2.7%
Projected service cost £000's	2,318	2,162
Approximate % change in projected service cost	3.5%	-3.5%

Estimated pension expense 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 2015 as set out above.

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

	31/03/2016 £'000
Projected service cost	2,240
Past Service cost	-
Interest on the net defined benefit liability/(asset)	1,668
	3,908

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

	31/03/2016 £'000
Past Service cost	-
Interest on the net defined benefit liability/(asset)	403
	403

7 Government and Other Grant Income

Revenue

	2014/15 £000's
Special Rail Grant (SRG) - Department for Transport	43,154
Section 31 LSTF - Department for Transport	1,125
Section 31 BBAF - Department for Transport	998
Community Transport Support Grant - Department for Transport	42
Bus Service Operator Grant - Department for Transport	2,066
Congestion Performance Fund - Department for Transport	38
	47,423

Capital

Integrated Transport Block/Maintenance - DfT	50,931
Section 31 BBAF - Department for Transport	1,230
Section 31 Cycle City Ambition Grant - Department for Transport	7,163
Section 31 LSTF - Department for Transport	94
Cleaner Bus Technology Grant - Department for Transport	499
Section 31 Leeds Station Southern Ent - Department for Transport	11,760
Section 31 Kirkstall Forge App Bridge - Department for Transport	9,375
Section 31 Huddersfield Rail Station Gates Grant	101
Other Capital Grants	5,660
	86,813

Of the £86,813,000 capital grants, £73,956,000 is recognised in the cost of service gross income line of the Comprehensive Income and Expenditure Statement.

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

	2014/15
	£000's
Payments to Operators	42,251
Contribution to the Authority administration costs	903
	43,154

8 Revaluation Reserve

	2014/15
	£000's
Balance at 1 April 2014	-
Transfer of balances 1 April 2014	10,425
Surplus on revaluation	1,436
Balance at 31 March 2015	11,861

9 Officers' Remuneration and Members Allowances

	2014/15
	£000's
(a) Employees Costs Amounted to:	
Wages and Salaries	9,395
Social Security Costs	651
Other Pension Costs	2,190
	12,236

Members' Allowances :-

The total members' allowances paid in the year was £157,812 .

(b) The average number of persons employed was:	**Number**
Manual	42
Management and Administration	368
	410

c) At 31 March 15 the unused holiday entitlement across the Authority totalled:-

31/03/15
£'000s
138

The Authority's 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 senior employees of the Authority in their appropriate band.

Band	**Senior Officers 2014/15**
£50,001 - £55,000	6
£55,001 - £60,000	1
£60,001 - £65,000	6
£70,001 - £75,000	2
£100,001 - £105,000	2
£115,001 - £120,000	1

Termination benefits were paid by the Authority arising from the termination of employment incurring liabilities of £127,619 in 2014/15. The exit package payable included voluntary redundancy payments and enhanced pension benefits payable arising from the re-structuring and rationalisation of specific business areas.

Senior Employees

		Salary Fees Allowances	Bonuses	Expenses Allowances	Compensation for loss of office	Pension Contributions	Total
Director of Passenger Services	2014/15	116,589	-	968	-	15,740	133,297
Director of Development	2014/15	104,055	-	136	-	14,047	118,238
Director of Resources - S151 Officer	2014/15	104,055	-	-	-	14,047	118,102
Assistant Director Legal - Monitoring Officer	2014/15	60,410	-	25	-	8,155	68,590

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
	2014/15	**2014/15**	**2014/15**	**2014/15** **£**
£0-£20,000	**0**	2	2	28,806
£80,001-£100,000	**0**	1	1	98,813
Total	0	3	3	127,619

10 Property, Plant & Equipment

(a) The property assets of the former WYITA Group transferred to the Combined Authority on 1 April 2014.

Previously a revaluation of the Authority's On-Street Furniture was carried out by the Infrastructure Manager as an internal expert. 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.

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 Authority's non-infrastructure 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 2015 on an Existing Use Value (EUV) basis in accordance with IAS 16. This resulted in an overall valuation of £9,198,000 which gave a gain on revaluation of £1,246,000. A revaluation gain of £190,000 was recognised on Apperley Bridge land held as a Donated Asset.

b) Assets Held for Sale

The Authority has identified Crow Nest Lane office and warehouse facility as an asset to be classified as held for sale as the property has been deemed surplus to requirements for the purposes of the Authority's continuing business. The sale has been agreed with a Vehicle hire company. The asset was held in non-infrastructure land and buildings and revalued at 31 March 15, this value has been used to measure the asset's value for classification as an asset held for sale.

	2014/15 £000's
Balance Outstanding at start of the year	-
Balances transferred in 1 April 2014	726
Assets newly classified held for sale :-	-
Property plant and Equipment	650
Disposal of property,plant and Equipment in year	(726)
Balance Outstanding at end of the year	650

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 Authority's leased bus stations and land at Apperley Bridge (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 either Infrastructure Assets and are valued at historical cost or for Non-Infrastructure Assets are valued at fair value.

Donated Asset Account	2014/15 £000's
Balance at 1 April 2014	-
Transfer of balances 1 April 2014	668
Movement in year	-
Balance C/fwd 31 March 2015	668

). PROPERTY, PLANT AND EQUIPMENT

The movements in the year 1 April 2014 to 31 March 2015 are :

	TOTAL	LAND AND BUILDINGS	INFRA-STRUCTURE ASSETS	DONATED ASSETS	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
OST VALUATION										
pening Balance	-	-	-	-	-	-	-	-	-	-
ansferred in at 1 April 2014	140,517	8,861	71,133	1,013	726	22,258	8	22,067	54	14,397
dditions	7,901	-	241	-	-	1,358	-	79	-	6,223
ansfer from payments on ssets in course of construction	-	-	5,495	-	-	-	-	69	-	(5,564)
isposals	(1,275)	-	-	-	(726)	(549)	-		-	-
evaluation Adjustments	527	337		190	-	-	-	-	-	-
eclassification Adjustments	-	-	440	(440)		-	-	-	-	-
/rite off to Revenue	(794)	-	-	-	-	-	-	-	-	(794)
ansfer Assets held for sale	-	(650)	-	-	650	-	-	-	-	-
t 31 March 2015	146,876	8,548	77,309	763	650	23,067	8	22,215	54	14,262
CCUMULATED DEPRECIATION										
pening Balance	-	-	-	-	-	-	-	-	-	-
ansferred in at 1 April 2014	55,998	681	21,349	627	-	13,092	8	20,187	54	-
harge for the year	5,300	228	2,467	47	-	1,794	-	764	-	-
isposals	(549)	-		-	-	(549)	-		-	-
eclassification adjustments	-	-	308	(308)	-	-	-	-	-	-
evaluation Adjustments	(909)	(909)	-	-	-	-	-	-	-	-
ansfer Assets held for Sale	-	-	-	-	-	-	-	-	-	-
t 31 March 2015	59,840	0	24,124	366	-	14,337	8	20,951	54	-
ET BOOK VALUES										
1 March 2015	87,036	8,548	53,185	397	650	8,730	-	1,264	-	14,262
pening Balance	-	-	-	-	-	-	-	-	-	-
ansferred in1 April 2014	84,519	8,180	49,784	386	726	9,166	-	1,880	-	14,397

11 Related Party Transactions

The Combined Authority 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. Disclosure of these transactions allows readers to assess the extent to which it might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

MEMBERS

The Combined 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 or City of York Council and are appointed to the Combined Authority or co-opted to one of its committees. Other than this no Member has declared any such transaction with the Authority.

The Authority has 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 Authority. Government grant funding received is disclosed in Note 7.

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

- The Authority 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 2014/15 are set out below:

	Education transport amounts received by the Authority :-	Transport Levy:-	Local Transport Block Funding:-
	2014/15	**2014/15**	**2014/15**
	£m	£m	£m
Bradford MDC	2.05	23.85	6.26
Calderdale MDC	0.80	9.12	4.61
Kirklees MDC	0.38	18.63	5.82
Leeds City Council	1.89	34.03	10.50
Wakefield MDC	1.96	15.46	4.42
	7.08	**101.09**	**31.61**

Officers

Mr A Lythgo was the Head of Paid Service for the Combined Authority and also the Chief Executive of Kirklees Council. No remuneration was paid to the Head of Paid Service for undertaking the role of Head of Paid Service for the Combined Authority.

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 West Yorkshire Combined Authority 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 the West Yorkshire Combined Authority and of TICCO Ltd. During the year ended 31 March 2015 recharges totalling £82,000 were invoiced by TICCO Ltd to the Authority.

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 West Yorkshire Combined Authority and of ITSO Services Ltd. During the year ended 31 March 2015 fees totalling £0 were invoiced by ITSO Services Ltd to the Authority.

Payments to Operators

The Combined Authority makes significant payments to operators funded from the transport levy. 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 bus services are secured by the Authority, 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 33 (Note 7).

In accordance with its overall policies the Combined Authority administers a prepaid ticket scheme. The Authority receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected by the Authority. This prepaid ticket income is included in the Authority'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 28.

12 Exceptional Item

There were no exceptional items in 2014/15.

13 Taxation

The West Yorkshire Combined Authority is deemed to be a body with the power to issue a levy by virtue of regulations under section 74 of the Local Government Finance Act 1988 and is therefore exempt from paying Corporation tax, income tax and capital gains tax.

14 Short Term Debtors

	31 March 15 £000's
Central government bodies	14,230
Other Local Authorities	3,906
Bodies external to general government	3,294
	21,430

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

	31 March 15 £000's
Bank Current Accounts	9,175
	9,175

Cash balances include £5.6m 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**

	31 March 15 £000's
Central government bodies	180
Other Local Authorities	5,471
Bodies external to general government	19,399
	25,050

DEFERRED INCOME	31 March 15 £000's
Central government	10,705
Other local authorities	-
Bodies external to general government	138
	10,843

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**

	31 March 15 £000's
Lender:-	
Public Works Loans Board	53,251
Other Market Loans	25,321
Short Term Loans	2,500
	81,072
Maturity:-	
Loans repayable within 12 months	4,572
1-2 years	1,000
2-5 years	500
5-10 years	-
in more than 10 years	75,000
	81,072

18 **Capital Expenditure and Financing**

	2014/15 £000's
Capital investment	
Operational assets acquired in year	81,063
Sources of finance	
Borrowing (credit approvals)	-
Capital receipts	-
Government grants and other contributions	81,063
Revenue contributions	-
	81,063

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.

19 Financial Instruments Continued

	31 March 2015	
	£000's	£000's
	Carrying Amount	Fair value
Financial Assets		
Current trade debtors	21,430	21,430
Cash and cash equivalents	9,175	9,175
Short term investment	35,000	35,113
Financial Liabilities		
Short-term creditors	35,893	35,893
Floating rate borrowing - due within 1yr	-	-
Fixed Rate borrowing - due within 1 yr	3,509	3,516
Floating rate borrowing - due after 1yr	5,067	6,054
Fixed Rate borrowing - due after 1 yr	72,496	91,474
	81,072	101,044

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 Authority's 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 WYCA 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.

19 Financial Instruments Continued

Current	Effective interest rate	Maturity	31 March 15 £000's
Salford MBC	0.42%	Apr 2015	2,500
PWLB - EIP	2.81%	Jun 2015	500
PWLB - EIP	2.81%	Dec 2015	500
			3,500
Non- Current			
Public Works Loan Board	3.70%	Jan 2056	5,000
Public Works Loan Board	4.40%	Jan 2052	5,000
Public Works Loan Board	4.40%	Jul 2054	8,000
Public Works Loan Board	4.40%	Jun 2053	8,000
Public Works Loan Board	4.55%	Jun 2052	4,000
Public Works Loan Board	4.55%	Apr 2055	6,000
Public Works Loan Board	4.55%	Apr 2056	6,000
Public Works Loan Board	4.55%	Apr 2057	8,000
PWLB - EIP	2.81%	Jun 2015	-
PWLB - EIP	2.81%	Dec 2015	-
PWLB - EIP	2.81%	Jun 2016	500
PWLB - EIP	2.81%	Dec 2016	500
PWLB - EIP	2.81%	Jun 2017	500
Barclays - LOBO's	3.97%	May 2065	5,000
Barclays - LOBO's	3.80%	Aug 2065	5,000
Barclays - LOBO's	3.99%	Oct 2066	5,000
Barclays - LOBO's	4.30%	Dec 2076	5,000
Barclays - LOBO's	4.32%	May 2077	5,000
			76,500
Total			**80,000**

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 to reduce risk exposure.

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 and these arrangements provide the appropriate level of finance to support the Authority'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 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 and opportunities to secure advantageous interest rates are considered.

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 £325k if interest rates varied by 1% in the year.

The Authority is not exposed to any material currency risk.

20 Net Assets employed

	31 March 15 £000's
Total Reserves and Balances	(33,328)

The Total Reserves balance for the Authority incudes 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 2015. The Rail Reserve is ear-marked for rail infrastructure investment and is to be held pending future investment into identified rail projects. As at 31 March 2015 the Rail Reserve has so far provided £805k of funding for the Leeds Station Southern Entrance scheme.

The Total Reserves balance for the Authority includes an NGT Reserve of £1.066m under Usable Reserves at 31 March 2015 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 to develop strategic transport schemes in West Yorkshire. The reserve has a balance of £1.933m at 31 March 2015.

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:-

	Other	Total
At 1 April 2014	-	-
Balances transferred in 1 April 2014	151	151
Arising during year	3	3
Utilised in year	-	-
At 31 March 2015	154	154

The Combined Authority as at 31 March 2015 has provided for liabilities relating to the now insolvent company Mutual Municipal Insurance (MMI) Ltd representing the potential clawback of claims made by the former West Yorkshire Passenger Transport Executive in previous years. There were no further provisions for organisational restructure at 31 March 2015 as specified in IAS37. There were no environmental provisions at 31 March 2015.

22 Joint Venture

At 31 March 2015 the Combined Authority 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 Combined Authority 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 Authority's accounts . The performance and financial position of the Authority's share of Yorcard Ltd is disclosed below in accordance with IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities :-

	2014/15 £000's
Turnover and other income	673
Expenses	(675)
Profit before Tax	(2)
Taxation	-
Profit after Tax	(2)
Fixed Assets	8
Current Assets	228
Liabilities due within 1yr	(223)
Liabilities due after 1yr or more	(8)
Net Assets	5

23 Auditors Remuneration

	2014/15 £000's
Audit Services	40
Other Services	2
	42

24 Financial Commitments

	31 March 15 £000's
(a) Capital Commitments	
Contracted For but not Provided in the Accounts	59,501
Authorised but not Contracted For	50,593
	110,094

Capital Commitments Authorised but not contracted for have increased in 2014/15 reflecting the approval of large scale capital schemes in the year such as West Yorkshire Transport Fund schemes of £36.3m and LTP transport block payments of £10.3m.

(b) Revenue Commitments - Operating Leases

The Authority has a number of bus contracts that incorporate a lease under IFRIC4 . The Authority 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 Authority'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	2014/15 £000's
Minimum lease payments under operating leases recognised in the year :	3,031
Within 1 year	2,338
Within 2-5 years	4,584
Beyond 5 years	-
	6,922

The Combined Authority has a number of contracts for the operation of Mybus school services that are operated as service concession arangements under IFRIC12. The Authority 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 infrastructure 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	2014/15 £000's
Minimum lease payments under IFRIC 12 recognised in the year :	5,242
Within 1 year	5,117
Within 2-5 years	14,637
Beyond 5 years	2,483
	22,237

25 Contingent Liabilities

The Combined Authority had a contingent liability at 1 April 2014 arising from possible claims relating to NGT acquisitions. The liability continues at 31 March 2015 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 Combined Authority have been prepared on a going concern basis. The West Yorkshire Combined Authority order 2014 created the Combined Authority at 1st April 2014 and provided that all the assets, liabilities and functions of the Integrated Transport Authority and Passenger Transport Executive were transferred across. This was 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. The negative balance sheet arising from the pension liability does not undermine the presumption of going concern as the Combined Authority is making additional pension contributions to address the deficit.

27 **Events After the Balance Sheet Date**

The Statement of Accounts were authorised for issue by the Chief Financial Officer on 17 September 2015. There have been no adjustments to the financial statements for events after the balance sheet date.

28 **Transfer of Balances**

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 transfer of former WYITA and WYPTE group balances took effect on the 1st April 2014 establishing the opening position for the newly formed West Yorkshire Combined Authority. The assets, liabilities and reserves subject to the transfer are disclosed below:-

	01 April 14 £000's
Non-current assets	
Property, Plant, Equipment	83,407
Donated Assets	386
Assets held for sale	726
	84,519
Current Assets	
Short term investment	27,500
Short term debtors	10,772
Cash and cash equivalents	9,467
	47,739
Current liabilities	
Short term borrowing	(2,080)
Trade and Other payables	(15,145)
Accruals and deferred income	(20,724)
Provisions	(151)
	(38,100)
Long term borrowing	(77,500)
Other long term liabilities	
Net Pension liability	(63,893)
Net liability	**(47,235)**
Usable Reserves	
General Fund Balance	6,571
Capital Grants Unapplied Reserve	12,523
Rail Reserve	2,075
NGT Reserve	1,043
WY Transport Fund Reserve	4,085
	26,297
Unusable Reserves	
Capital Adjustment Account	(20,768)
Financial instrument adjustment account	36
Donated Asset Account	668
Pension Reserves	(63,893)
Revaluation Reserve	10,425
	(73,532)
Total Reserves	**(47,235)**