

Annual Accounts



2013/2014

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Explanatory Foreword

Introduction

The Financial Statements following this foreword present the South West of Scotland Transport Partnership's (SWestrans) financial position for the year ended 31 March 2014. These statements have been prepared in accordance with proper accounting practice as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The purpose of these Accounts is to provide clear information about the Transport Partnership's financial position and this explanatory foreword is intended to give the reader an easily understandable guide to the most significant matters reported in the Accounts.

Activities during 2013/14

2013/14 saw a continuing period of consolidation for SWestrans, following the significant works associated with the Smarter Choices Smarter Places project in the preceding years. Following agreement by the Board of its priorities for potential station re-openings and refurbishment through the Scottish Stations Fund, officers sought agreement from Dumfries & Galloway Council on its priorities. These were settled as (in order): Stranraer, Thornhill / Eastriggs, Dunragit, Beattock. There was some liaison with Beattock Station Action Group, the most active of community groups seeking station reopening, to advise them of SWestrans' reasons for allocating this station the lowest priority, and seek ways in which they could improve the case for their stations.

A significant amount of time was also invested in developing arrangements for the establishment of a Community Rail partnership for the Stranraer to Ayr Line. SWestrans officers were central to the Officer Pathfinder group which met throughout the year to ensure that proposals being brought forward were best placed to meet community and strategic interests. The SWestrans Board and Strathclyde Partnership for Transport both agreed to support the final proposals in March 2014, and the Stranraer to Ayr Line Support Association's application is now with the Minister for Transport and Veterans for consideration.

SWestrans is a partner along with Dumfries & Galloway Council and other European regions in Rural Transport Solutions, an EU Northern Periphery Programme Project. This project is developing opportunities for improved rural transport service provision through more efficient resource utilisation by a shared partnership approach involving all transport providers. There was significant further progress on this in 2013/14, with grant secured from the Scottish Government's Bus Investment Fund to insure local authority vehicles for use by Community Transport providers, and to employ a Project Officer during 2014/15 and 2015/16. The officer appointed was previously embedded in SWestrans through Dumfries & Galloway Council's Graduate Placement Scheme, illustrating the success of the Scheme in offering quality work experience and enhancement of personal credentials to local graduates, as well as their talent and abilities within the region.

The general economic environment continued to pose some difficulties for local bus operators, and SWestrans maintained close liaison with companies to ensure that service provision continued in the face of these difficulties. Officers also developed contingency plans to ensure that services could be provided in the event of operator failure. Following Strathclyde Partnership for Transport's withdrawal of the contract for Dumfries-Edinburgh services from the previous operator, SWestrans agreed to assume responsibility for management of the service contract, and following tender, the contract for this service was awarded to Stagecoach South Western in July 2013.

A number of other initiatives have been developed utilising SWestrans funding during 2013/14 including:

- continuation of the Information Strategy with upgraded information at bus stops;
- progression of the Real Time Information System;
- bus shelter improvements/ provision across the region;
- cycling and walking infrastructure across the region;
- SWestrans also benefited from grant under the Scottish Government's Green Bus Fund, and used grant of £135k to part-fund acquisition of a fully electric Optare Solo bus. This began service in September 2013, providing a new linkage between Stranraer town, railway station and the ferry terminals at Cairnryan.

In its wider strategy and policy role SWestrans continues to lobby and respond to consultations across all transport modes and on a wide range of other issues at national and local level including:

- Scottish Association of Passenger Transport Consultation on High Speed Rail; draft Private Members' Bill on Bus Regulation (Scotland); Scottish Planning Policy and Third National Planning Framework; Cycling Action Plan for Scotland Refresh; Visit Scotland National Tourism development Framework; Aviation Policy Framework; Healthcare Transport Shortlife Working Group,
- Lockerbie Regeneration Masterplan; Burns Statue Dumfries Redevelopment.

SWestrans also agreed a number of policy documents during 2013/14 including its Equalities Duties Mainstreaming Report and Outcomes; Policy on Appointment of Observers to the Board; and Procurement Standing Orders.

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2014 is shown on page 8 of these accounts. Income received totalled £5.115 Million with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to this total.

SWestrans' financial results for the year, compared against budget are shown below. This presentation differs from that shown in the Comprehensive Income & Expenditure Statement which is set out in accordance with the Service Reporting Code of Practice (SeRCoP).

Budget Performance Statement

	2012/13		2013/14	
	Budget £000	Actual £000	Budget £000	Actual £000
Staff costs	129	90	112	103
Property costs	0	0	2	1
Supplies & services	6	6	3	3
Transport costs	1	1	1	1
Administrative costs	32	32	58	58
Payments to other bodies	4,530	4,560	4,181	4,212
Central Support costs	48	48	47	47
Capital charges	162	158	199	199
Gross Expenditure	4,908	4,895	4,603	4,624
Government Grants	352	352	359	359
Other income	4,556	4,543	4,244	4,265
Gross Income	4,908	4,895	4,603	4,624
Net Expenditure	0	0	0	0

SWestrans achieved a breakeven position for the financial year. The major item of expenditure which created the main budget pressure was the subsidies in respect of the local bus network, which totalled £4 Million. However, through tight spending controls and active budget management, SWestrans achieved a breakeven position.

SWestrans is not allowed to retain any General Fund balances at the year-end so it can not show a surplus. If SWestrans is in deficit then it can requisition the shortfall from Dumfries & Galloway Council. Therefore income and expenditure will always net to zero, excluding accounting entry requirements, and the budget has been set to take account of this requirement.

Balance Sheet

SWestrans' Balance Sheet is shown on page 9 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2014.

Cash Flow Statement

The Cash Flow Statement is shown on page 10 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

Paul Garrett
Treasurer
26 June 2014

Statement of Responsibilities for the Statement of Accounts

The Transport Partnership's Responsibilities

The Transport Partnership is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Transport Partnership, that officer in the year to 31 March 2014 was the Treasurer (who was also the Section 95 Officer of Dumfries & Galloway Council),
- to manage its affairs, to secure economic, efficient and effective use of resources and safeguard its assets,
- to approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Transport Partnership's statement of accounts in accordance with proper practices as set out in the CIPFA/ LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that were reasonable and prudent,
- complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which are up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts provides a 'true and fair view' of the financial position of the Partnership at the accounting date and its income and expenditure for the year ended 31 March 2014.

Paul Garrett
Treasurer
26 June 2014

Statement on the System of Internal Financial Control

1. This statement is given in respect of the statement of accounts of the South West of Scotland Transport Partnership. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.
2. The system of internal financial control can provide only reasonable and not absolute assurance that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.
3. The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including the segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by the Board of the Transport Partnership. The system currently includes regular financial reports to the Board and management.
4. The Transport Partnership currently uses the financial systems and resources of Dumfries & Galloway Council. The Internal Audit section of Dumfries & Galloway Council has reviewed these systems and has determined that reasonable assurance can be placed upon the adequacy and effectiveness of the systems.
5. My review of the effectiveness of the system has been informed by the work of managers in the Transport Partnership, the work of Internal Audit and reviews by External Audit.
6. In my opinion, based on the above information, reasonable assurance can be placed upon the adequacy and effectiveness of the Transport Partnership's internal financial control system in the year to 31 March 2014.
7. The Transport Partnership's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Paul Garrett
Treasurer
26 June 2014

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Transport Partnership, analysed into usable reserves – i.e. those that can be applied to fund expenditure – and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Transport Partnership’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance.

	Usable Reserves	Unusable Reserves			Total Reserves
	General Fund Balance £000	Capital Adjustment Account £000	Revaluation Reserve £000	Total Unusable Reserves £000	£000
Balance at 31 March 2012	0	(1,483)	0	(1,483)	(1,483)
Movements in Reserves during 2012/13					
(Surplus) or Deficit on provision of services	(177)	0	0	0	(177)
Total Comprehensive Income & Expenditure	(177)	0	0		(177)
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(158)	158	0	158	0
- capital grants & contributions applied	335	(335)	0	(335)	0
	177	(177)	0	(177)	0
Overall (Increase)/ decrease in year	0	(177)	0	(177)	(177)
Balance at 31 March 2013 carried forward	0	(1,660)	0	(1,660)	(1,660)
Movements in Reserves during 2013/14					
(Surplus) or Deficit on provision of services	(52)	0	0	0	(52)
Other Comprehensive Income & Expenditure	0	0	(25)	(25)	(25)
Total Comprehensive Income & Expenditure	(52)	0	(25)	(25)	(77)
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(198)	198	0	198	0
- capital grants & contributions applied	250	(250)	0	(250)	0
	52	(52)	0	(52)	0
Overall (Increase)/ decrease in year	0	(52)	(25)	(77)	(77)
Balance at 31 March 2014 carried forward	0	(1,712)	(25)	(1,737)	(1,737)

Comprehensive Income & Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices.

Gross Expenditure £000	2012/13			2013/14		Net Expenditure £000
	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	
4,888	(4,737)	151	Roads and Transport Services	5,054	(4,866)	188
7	0	7	Corporate and Democratic Core	10	0	10
4,895	(4,737)	158	Net Cost of Services	5,064	(4,866)	198
		(335)	Taxation & Non Specific Grant Income - capital grants & contributions			(250)
		(177)	(Surplus) or Deficit on the Provision of Services			(52)
		0	(Surplus) or Deficit on revaluation of non-current assets			(25)
		0	Other Comprehensive Income & Expenditure			(25)
		(177)	Total Comprehensive Income & Expenditure			(77)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by reserves held by the Partnership. Reserves are reported in two categories. The first category of reserves are usable reserves which can be used to help fund services. The second category of reserves is those that the Partnership is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses where the amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between the accounting basis and funding basis under regulations".

31 March 2013 £000		31 March 2014 £000	Note
1,660	Property, Plant & Equipment	1,737	7
1,660	Long Term Assets	1,737	
	Short Term Debtors		
69	- Central Government bodies	23	
224	- Other entities & individuals	348	
293	Current Assets	371	
	Short Term Creditors		
(293)	- Other entities & individuals	(371)	
(293)	Current Liabilities	(371)	
1,660	Net Assets	1,737	
	Usable Reserves	0	
1,660	Unusable Reserves	1,737	9
1,660	Total Reserves	1,737	

The unaudited Accounts were issued on 26 June 2014 and the audited accounts were issued on 23 September 2014.

Paul Garrett
Treasurer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Transport Partnership during the reporting period. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Transport Partnership are funded by way of grant income or from recipients of services provided by the Transport Partnership.

2012/13 £000	2013/14 £000
(177) Net (surplus) or deficit on the provision of services	(52)
(158) Adjustment to net (surplus) or deficit on the provision of services for non-cash movements	(198)
<hr/> (335) Net cash flow from operating activities	<hr/> (250)
Investing activities	
335 - Purchase of property, plant & equipment	250
<hr/> 0 Net (increase) or decrease in cash and cash equivalents	<hr/> 0
0 Cash and cash equivalents at the beginning of the period	0
<hr/> 0 Cash and cash equivalents at the end of the reporting period	<hr/> 0

Notes to the Accounts

1. Summary of Significant Accounting Policies

a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2013/14 financial year and its position at the year end of 31 March 2014. The Partnership is required to prepare an annual Statement of Accounts by the Local Authority (Scotland) Regulations 1985, which section 12 of the Local Government in Scotland Act 2003 requires to be prepared in accordance with proper accounting practice. These practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) and the Service Reporting Code of Practice (SeRCOP) supported by International Financial Reporting Standards (IFRS). They are designed to provide a 'true and fair view' of the financial performance and position of the Council.

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

b) Accruals of Income & Expenditure

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

- suppliers' invoices paid in the two weeks following the year-end have been analysed and included together with specific accruals in respect of further material items provided the goods and services were received in 2013/14,
- all known specific and material sums payable to the Partnership have been included. Revenue for the sale of goods or the provision of services is recognised when it is determined that the service has been provided,
- supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income which will not be collected.

c) Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of changes in value.

d) Changes in Accounting Policies and Prior Period Adjustments

Changes in accounting policies are only made when required by proper accounting practice or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Partnership's financial position or financial performance. Where a change is made it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior periods as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

e) Charges to Revenue for Non-Current Assets

The Partnership is charged with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the Partnership,
- revaluation and impairment losses on assets used by the Partnership where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

f) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is adjusted for events which provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is not adjusted for events which are indicative of conditions which arose after the end of the reporting period. However where such events would have a material effect, a disclosure is made in the Notes to the Accounts of the nature of the event and the estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

g) Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Accounts, depending on how significant the items are to an understanding of the Partnership's financial performance.

h) Grants & Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions & donations are recognised as due to the Partnership when there is a reasonable assurance that:

- the Partnership will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as grants in advance. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants) or Taxation & Non Specific Grant Income (capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grant Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

i) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases.

The Partnership as Lessor

Operating leases

The Partnership has entered into leases relating to the operational use of vehicles, which are accounted for as operating leases. Where the Partnership grants an operating lease over a vehicle the asset is retained on the Balance Sheet.

j) Overheads and Support Services

The costs of Central Support departments, such as Financial Services, Legal Services and accommodation, are procured from Dumfries & Galloway Council. The cost of these is based on services provided to SWestrans during the year. In accordance with SeRCOP, the costs of Corporate and Democratic Core have been identified and reported separately within the Comprehensive Income & Expenditure Statement.

k) Property, Plant & Equipment

Assets which have a physical substance and are held for use in the provision of services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant & Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits associated with the asset will flow to the Partnership and the cost of the item can be reliably measured. Expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are carried on the Balance Sheet at fair value, determined as the amount that would be paid for the assets in its existing use.

Revaluation

All assets are formally revalued at least once every five years and the revised amount is then included in the Balance Sheet. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in the value are identified these are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain,
- where there is no or insufficient balance on the Revaluation Reserve, the loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Impairment

Assets are reviewed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised. Impairment losses are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain,
- where there is no or insufficient balance on the Revaluation Reserve, the impairment loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Depreciation

Depreciation is provided on all Property, Plant & Equipment, on a straight line basis over the expected life of the asset. Where an item of Property, Plant & Equipment has major components whose lives are different and whose costs are significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

l) Reserves

Reserves are categorised under accounting regulations into two broad categories:

- usable reserves, which are available to support services,
- unusable reserves, which are required to facilitate accounting requirements.

SWestrans is statutorily unable to hold balances on its usable reserves at the year end.

m) VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it.

2. Remuneration Report

SWestrans does not employ any staff, therefore a Remuneration Report is not required for 2013/14.

3. Accounting Standards Issued & Not Yet Adopted

The Partnership must disclose information relating to the impact of an accounting change that will be required by a new Accounting Standard that has been issued but not yet adopted. For 2013/14 these relate to amendments to IFRSs which will impact on group accounts. These will not be applicable to the Partnership.

4. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies in note 1, the Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- all leases involving the Partnership as lessor have been reviewed and it has been determined that the Partnership is not party to any finance leases.
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5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There were no items in the Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year.

6. Events After the Balance Sheet Date

The unaudited Statement of Accounts were issued by the Treasurer on 26 June 2014. Events taking place after this date are not reflected in the financial statements or notes. There have been no material or non-material events since the date of the Balance Sheet which have required the figures in the financial statements and notes to be adjusted.

7. Property, Plant & Equipment

The following table contains details on the movements on the Property, Plant & Equipment assets contained in the Balance Sheet.

	2012/13 Vehicles £000	2013/14 Vehicles £000
Cost or Valuation		
At 1 April	1,668	2,003
Additions	335	250
Revaluations	0	25
At 31 March	2,003	2,278
Accumulated Depreciation at 1 April	(185)	(343)
Charge for year	(158)	(198)
Accumulated Depreciation at 31 March	(343)	(541)
Net Book Value at 31 March	1,660	1,737

Depreciation

Depreciation has been provided for on non-current assets with a finite useful life which can be determined at the time of acquisition or revaluation. The depreciation methods and useful lives used within each category of non-current assets have been determined on an individual asset basis in line with the Royal Institute of Chartered Surveyors (RICS) recommended practice. Vehicles are depreciated on a straight line basis over up to 12 years.

8. Usable Reserves

Movements in the Transport Partnership's usable reserves are detailed in the Movement in Reserves Statement.

9. Unusable Reserves

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement. The Account is credited with the amounts set aside by the Partnership as finance for the costs of acquisition, construction and enhancement.

	2012/13 £000	2013/14 £000
Balance at 1 April	(1,483)	(1,660)
Depreciation of non-current assets	158	198
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(335)	(250)
Balance at 31 March	(1,660)	(1,712)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation,
- disposed of and the gains are realised.

	2013/14 £000
Balance at 1 April	0
Upward revaluation of assets	(25)
Balance at 31 March	(25)

10. Payments to Members

No payments were made to Members of the SWestrans Board during 2013/14 or 2012/13.

11. Audit Fees

The external audit fee payable for 2013/14 was £11,328 (£9,072 in 2012/13).

12. Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income & Expenditure Statement:

	2012/13 £000	2013/14 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(335)	(250)
Total	(335)	(250)
Credited to Services		
Scottish Government grants	(252)	(259)
Dumfries & Galloway Council service funding	(3,768)	(3,402)
Total	(4,020)	(3,661)

13. Related Parties

The Transport Partnership is required to disclose material transactions with related bodies – bodies or individuals that have the potential to control or influence the Transport Partnership or to be controlled and influenced by the Transport Partnership.

Central Government

Central Government is responsible for providing the statutory framework within which the Transport Partnership operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Transport Partnership has with other parties. Details of Central Government Grants received are contained in Note 12 (grant income).

Other Public Bodies

Dumfries & Galloway Council is responsible for providing the funding for the day to day operation of the Transport Partnership under the Transport (Scotland) Act 2005. In 2013/14 the Council provided £100k (£100k in 2012/13) as match funding to a Scottish Government grant for core running costs and a further

£3.622 Million (£3.668 Million in 2012/13) was requisitioned by the Transport Partnership to cover the operating costs for 2013/14. SWestrans does not employ its own staff and during 2013/14 Dumfries & Galloway Council charged SWestrans £195k (£154k in 2012/13) in respect of staff support, supplies and other support services.

14. Leases

Partnership as Lessor

SWestrans has purchased 1 bus in 2013/14 (3 in 2012/13) and leased it to private bus operators as part of specific route tenders. No income is received from these operating leases.

Independent Auditors' Report

Independent auditor's report to the members of the South West of Scotland Transport Partnership and the Accounts Commission for Scotland

We certify that we have audited the financial statements of the South West of Scotland Transport Partnership for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the authority-only Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

- the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2013/14 Code; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Lindsey Paterson, for and on behalf of PricewaterhouseCoopers LLP

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23 September 2014