

Annual Accounts



2011/2012



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Explanatory Foreword by Treasurer

Introduction

The South West of Scotland Transport Partnership (SWestrans) was established by the Transport (Scotland) Act 2005 to provide strategic transport functions across Dumfries & Galloway. The Transport Partnership began working as a statutory body during December 2005, becoming fully established on 1 April 2006. However it was not until the Transfer of Functions Order was signed on 7 November 2006, transferring the provision of public transport services from Dumfries & Galloway Council to the Transport Partnership, when it began to deliver operational services.

The Financial Statements following this foreword present the Transport Partnership's financial position for the year ended 31 March 2012. 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 2011/12

Perhaps the most publicly visible element of work undertaken by SWestrans during 2011/12 was the re-tendering of 75% of the subsidised local bus network for contracts effective 1 April 2012. The Policy and Root and Branch Review, initiated in 2010, was further consulted with stakeholders, and informed the shape of the services ultimately tendered. Through removing a number of extraneous journeys, implementing better connections, and reviewing the size of vehicles specified on all routes, the tendering exercise achieved almost no increase in required funding for the services. This, in the face of considerable inflationary pressures, was a significant result.

Prior to the official opening of the new Stena Line ferry terminal at Loch Ryan Port, Cairnryan, SWestrans undertook an impact assessment of the move on the Regional Transport Strategy, in particular the proposal to transport passengers by coach to Ayr Rail Station for onwards connections north. The assessment concluded that, whilst positive in impact on journey times for through passengers, there was a negative impact locally for Stranraer and environs, and that whilst the proposal may heighten the competitiveness of the new terminal, it would also potentially impact adversely on the local aspiration for improved rail services at Stranraer.

SWestrans is a partner along with Dumfries and 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. The pilot, operated through Wigtown Community Transport, was implemented in the Stranraer area in August 2011, and has proved successful in improving services for users, reducing costs for commissioners, and better utilising available vehicles. Further extension of this approach is scheduled during 2012/13.

A number of other initiatives have been developed utilising SWestrans funding during 2011/12 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;
- implementation of a new bus interchange at Moffat;
- continued investment in DDA compliant buses which have been leased to contracted operators as part of a spend to save initiative. This model for local bus service delivery provides significant revenue savings over the lifetime of the vehicles.

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 including:

- Rail: Intercity West Coast Franchise; High Speed 2 (HS2); West Coast Mainline Route Utilisation Strategy; Scotland Route Utilisation Strategy Generation 2; Transport Scotland Rail 2014; ScotRail timetable review,
- Extending Local Bus Registration and Bus Service Operator Grant to Demand Responsive Transport,
- Local strategy consultations: Local Transport Strategy; Dumfries & Galloway Outdoor Access Strategy; Planned Relocation of Dumfries & Galloway Royal Infirmary.

SWestrans is a partner along with Dumfries and Galloway Council in the Dumfries Sustainable Travel Demonstration Town Project (GoSmart Dumfries). The project is supported by funding totalling some £6.7 million from a variety of sources including the Scottish Government (Smarter Choices, Smarter Places initiative), SWestrans, Dumfries and Galloway Council, the European Structural Funds of the Lowlands and Uplands 2007-2013 Programme, NHS Dumfries and Galloway, the Crichton Development Company and Stagecoach West Scotland. The project allows a number of transport solutions to be trialled which encourage more sustainable travel, and 2011/12 was the final year of the four year project, but some elements will continue into 2012/13.

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2012 is shown on page 8 of these accounts. Income received totalled £5.999 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

	2010/11		2011/12	
	Budget £000	Actual £000	Budget £000	Actual £000
Staff costs	138	113	112	112
Property costs	0	0	0	0
Supplies & services	212	225	166	176
Transport costs	2	2	1	1
Administrative costs	48	47	34	68
Payments to other bodies	4,609	4,672	4,943	4,984
Central Support costs	43	43	43	43
Capital charges	72	72	112	112
Gross Expenditure	5,124	5,174	5,411	5,496
Government Grants	542	567	375	399
Other income	4,582	4,607	5,036	5,097
Gross Income	5,124	5,174	5,411	5,496
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 £4M. 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 and 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.

Of the total income received, £615k was provided from General Capital Grant by Dumfries and Galloway Council. SWestrans awarded capital grants to Dumfries and Galloway Council to support public transport infrastructure works.

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 2012.

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
28 June 2012

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 2012 was the Treasurer (who was also the Section 95 Officer of Dumfries and 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 2012.

Paul Garrett
Treasurer
28 June 2012

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. The Internal Audit section has provided services directly to SWestrans during 2011/12 based on a risk assessment process.
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 2012.

Paul Garrett
Treasurer
28 June 2012

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.

	General Fund Balance	Total Unusable Reserves	Total Reserves	Note
	£000	£000	£000	
Balance at 31 March 2010	0	(404)	(404)	
Movements in Reserves during 2010/11				
Surplus or (Deficit) on provision of services	(576)	0	(576)	
Other Comprehensive Income & Expenditure	0	0	0	
Total Comprehensive Income & Expenditure	(576)	0	(576)	
Adjustments between accounting basis & funding basis under regulations	576	(576)	0	7
Increase/ decrease in year	0	(576)	(576)	
Balance at 31 March 2011 carried forward	0	(980)	(980)	
Movements in Reserves during 2011/12				
Surplus or (Deficit) on provision of services	(503)	0	(503)	
Other Comprehensive Income & Expenditure	0	0	0	
Total Comprehensive Income & Expenditure	(503)	0	(503)	
Adjustments between accounting basis & funding basis under regulations	503	(503)	0	7
Increase/ decrease in year	0	(503)	(503)	
Balance at 31 March 2012 carried forward	0	(1,483)	(1,483)	

Comprehensive Income and Expenditure Statement

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

Gross Expenditure £000	2010/11			Gross Expenditure £000	2011/12		Notes
	Income £000	Net Expenditure £000			Income £000	Net Expenditure £000	
5,164	(5,102)	62	Roads and Transport Services	5,487	(5,384)	103	
10	0	10	Corporate and Democratic Core	9	0	9	
5,174	(5,102)	72	Net Cost of Services	5,496	(5,384)	112	
		(648)	Taxation & Non Specific Grant Income			(615)	8
		(576)	(Surplus) or Deficit on the Provision of Services			(503)	
		0	(Surplus) or deficit on revaluation of non-current assets			0	
		0	Other Comprehensive Income & Expenditure			0	
		(576)	Total Comprehensive Income & Expenditure			(503)	

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 2011 £000		31 March 2012 £000	Note
980	Property, Plant & Equipment	1,483	9
980	Long Term Assets	1,483	
211	Short Term Debtors	531	10
211	Current Assets	531	
(211)	Short Term Creditors	(531)	11
(211)	Current Liabilities	(531)	
980	Net Assets	1,483	
0	Usable Reserves	0	12
980	Unusable Reserves	1,483	13
980	Total Reserves	1,483	

The unaudited Accounts were issued on 28 June 2012 and the audited Accounts were issued on 25 September 2012.

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.

2010/11		2011/12	Note
£000		£000	
(576)	Net (surplus) or deficit on the provision of services	(503)	
109	Adjustment to net (surplus) or deficit on the provision of services for non - cash movements	(112)	
(467)	Net cash flow from operating activities	(615)	
648	Investing activities	615	14
181	Net (increase) or decrease in cash and cash equivalents	0	
181	Cash and cash equivalents at the beginning of the period	0	
0	Cash and cash equivalents at the end of the reporting period	0	

Notes to the Accounts

1. Summary of Significant Accounting Policies

a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2011/12 financial year and its position at the year end of 31 March 2012. 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 2011/12 (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) 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.

c) 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, relating to 2011/12, paid in the two weeks following the year end have been included together with specific accruals in respect of further material items provided that the goods or services were received in 2011/12,
- 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.

d) 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.

e) 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.

f) 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.

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

Grants have been credited to the Comprehensive Income & Expenditure Statement at the date the Partnership satisfies the conditions of entitlement to the grant. Where applicable, accruals have been made for outstanding grants due at 31 March 2012. Where capital grants and contributions have been received for the acquisition of assets, these have been credited to the Comprehensive Income & Expenditure Statement and reversed out of the General Fund Balance in the Movement in Reserves Statement. Applied grants are credited to the Capital Adjustment Account. Grants which have yet to be used are posted to the Capital Grants Unapplied Reserve.

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) 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.

k) 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.

l) Reserves

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is included in the appropriate service in that year so as to be included in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement

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.

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 2011/12.

3. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) has introduced a change of accounting policy in relation to the treatment of financial instruments, which will have to be fully adopted by the Partnership in the 2012/13 Annual Accounts. However this will not be applicable to the Partnership as it holds no financial instruments.

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 2012 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 28 June 2012 and the audited Statement of Accounts were issued on 25 September 2012. 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. Adjustments between Accounting Basis & Funding Basis under Regulations

The Adjustments between Accounting Basis & Funding Basis under Regulations line in the Movement in Reserves Statement comprises the following elements:

	2010/11		2011/12	
	Adjustments to Comprehensive Income & Expenditure Statement £000	Capital Adjustment Account £000	Adjustments to Comprehensive Income & Expenditure Statement £000	Capital Adjustment Account £000
Charges for depreciation of non-current assets	(72)	72	(112)	112
Capital grants and contributions applied	648	(648)	615	(615)
Total Adjustments	576	(576)	503	(503)

8. Taxation and Non-Specific Grant Income

Taxation and Non-Specific Grant Income in the Comprehensive Income & Expenditure Statement comprises the following elements:

	2010/11 £000	2011/12 £000
Capital grants & contributions	(648)	(615)
	(648)	(615)

9. Property, Plant & Equipment

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

	2010/11 Vehicles £000	2011/12 Vehicles £000
Cost or Valuation		
At 1 April	405	1,053
Additions	648	615
At 31 March	1,053	1,668
Accumulated Depreciation at 1 April	(1)	(73)
Charge for year	(72)	(112)
Accumulated Depreciation at 31 March	(73)	(185)
Net Book Value at 31 March	980	1,483

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 fixed assets have been determined on an individual asset basis in line with RICS recommended practice. Vehicles are depreciated on a straight line basis over up to 12 years.

10. Short Term Debtors

The following table provides details of the Short Term Debtors included in the Balance Sheet.

	2010/11 £000	2011/12 £000
Central Government Bodies	201	119
Other entities & individuals	10	412
	211	531

11. Short Term Creditors

The following table provides details of the Short Term Creditors included in the Balance Sheet.

	2010/11 Other creditors £000	2011/12 Other creditors £000
Other entities & individuals	211	531
	211	531

12. Usable Reserves

Movements in the Transport Partnership's usable reserves are detailed in the Movement on Reserves Statement and in note 7 (adjustments between accounting basis and funding basis under regulation).

13. 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.

	2010/11 £000	2011/12 £000
Balance at 1 April	(404)	(980)
Depreciation & impairment of non-current assets	72	112
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(648)	(615)
Balance at 31 March	(980)	(1,483)

14. Cash Flow – Investing Activities

	2010/11 £000	2011/12 £000
Purchase of property, plant & equipment	648	615
Net cash flows from investing activities	648	615

15. Payments to Members

No payments were made to Members of the SWestrans Board during 2011/12 or 2010/11.

16. Audit Fees

The external audit fee payable for 2011/12 was £9,072 (£10,240 in 2010/11).

17. Grant Income

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

	2010/11 £000	2011/12 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(648)	(615)
Total	(648)	(615)
Credited to Services		
Scottish Government grants	(567)	(338)
Dumfries & Galloway Council service funding	(3,347)	(3,412)
Dumfries & Galloway Council project funding	(656)	0
Total	(4,570)	(3,750)

18. 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 17 (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 2011/12 the Council provided £100k (£100k in 2010/11) as match funding to a Scottish Government grant for core running costs and a further £3.617 Million (£3.548 Million in 2010/11) was requisitioned by the Transport Partnership to cover the operating costs for 2011/12. SWestrans does not employ its own staff and during 2011/12 Dumfries & Galloway Council charged SWestrans £259k (£210k in 2010/11) in respect of staff support, supplies and other support services.

19. Leases

Partnership as Lessor

SWestrans has purchased 6 buses in 2011/12 (11 in 2010/11) and leased these to private bus operators as part of specific route tenders. No income is received from these operating leases.

Independent Auditor's Report

Independent auditors' report to the Members of the South West of Scotland Transport Partnership

We have audited the financial statements of The South West of Scotland Transport Partnership for the year ended 31 March 2012 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, and the 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 2011/12 (the 2011/12 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 set out on page 5, 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 to identify material inconsistencies with the audited financial statements. 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 2011/12 Code of the state of the affairs of the body as at 31 March 2012 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 2011/12 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 have nothing to report in respect of the following matters where 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 Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

PricewaterhouseCoopers LLP
141 Bothwell Street, Glasgow
27 September 2012