

Annual Accounts



2016/2017

Unaudited



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Membership of the South West of Scotland Transport Partnership Board

Tom McAughtrie (Chairman) (Dumfries and Galloway Council)

David Bryson (Vice –Chairman) (NHS Dumfries and Galloway)

Richard Brodie (Dumfries and Galloway Council)

Marion McCutcheon (Dumfries and Galloway Council)

Alistair McKinnon (Scottish Enterprise)

Denis Male (Dumfries and Galloway Council)

John Syme (Dumfries and Galloway Council)

The Council members have substitutes being:-

Archie Dryburgh

Ian Carruthers

Jim McColm

Graham Nicol

Ted Thompson

Management Commentary

Introduction

The Management Commentary is intended to assist readers of the annual accounts through providing an insight into the activities and priorities of the organisation and also through providing an analysis of financial performance as reflected in the following statements.

The South West of Scotland Transport Partnership (SWestrans) was set up under the Transport (Scotland) Act 2005 and Dumfries and Galloway Council's public transport functions were transferred to the SWestrans under a Transfer of Functions Order on 7 November 2006.

The Financial Statements following this present the South West of Scotland Transport Partnership's (SWestrans) financial position for the year ended 31 March 2017. 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 foreword is intended to give the reader an easily understandable guide to the most significant matters reported in the Accounts.

Management Commentary (continued)

Activities during 2016/17

The work of the South West of Scotland Transport Partnership during 2016/17 was a balance of service provision through its revenue budget, and service development through capital budgets. The Partnership's officers and board members have continued to participate in the development of local and national initiatives including the National Transport Strategy review and the Regional Transport Strategy refresh amongst many others.

Twenty-five local bus contracts totalling some £2.434M (covering Wigtown, Stewartry and Dumfries Town) were due to expire in April 2017 and required to be tendered during 2016. The expiry of these contracts coincides with significant developments including the opening of the new DGRI (2017) and the development of the Dumfries Learning Town model (2018), both of which are anticipated to have major impacts on transport use and provision. The replacements contracts which retained the majority of the journeys with some change in times and operator were implemented smoothly with very little negative impact or comment from the travelling public.

The pressure on parking at Lockerbie Station continues to be an issue which SWestrans is assisting to address. The planned development of a further 21 spaces through re-configuration of the existing car park at the station continued during the year and SWestrans should be in a position to proceed to build early in 2017/18. SWestrans was approached by three private landowners regarding further proposals to create parking availability close to the railway station. The valuation of these three areas of land was concluded and each of the landowners informed of the outcome of this independent land valuation. An offer has been made and the outcome of this possible land acquisition is awaited.

Work continues on the potential development of new rail stations for Dumfries and Galloway. The outcomes of the four STAG Pre-appraisals for the Thornhill, Eastriggs, Dunragit/Glenluce and Beattock areas were reported to the Board at its July 2016 meeting. The Board agreed to progress three of these areas Thornhill, Eastriggs and Beattock through the next stage of the appraisal process, STAG 1. The outputs from STAG 1 were completed in late March 2017 and will be reported to the first meeting of the "new" Board in July 2017.

On 22 August 2016, a Dumfries and Galloway Transport Summit was held at Easterbrook Hall, Crichton Campus, Dumfries. The summit was opened by Mr John Swinney MSP and chaired by Mr Humza Yousaf MSP, the Minister for Transport and the Islands. The summit was aimed at providing a forum for a focussed discussion on identifying the key transport challenges and opportunities for the region's future. Attendees included local elected members of the UK and Scottish Parliaments and Dumfries and Galloway Council, along with representatives from transport and port operators, business groups and the third sector. Presentations on the transport modes were made by Dumfries and Galloway Council and SWestrans officers as well as Transport Scotland Officers and representatives of the major transport sector operators. A Draft Dumfries and Galloway Transport Summit Report was published by Transport Scotland on 19 September 2016 and at its meeting on 23 September 2016, the Board agreed a detailed submission in response to this report. The "Dumfries and Galloway Transport Summit – Final Report" which incorporates the results of the public engagement exercise, was published on 28 December 2016. The SWestrans Board agreed to write to the Minister for Transport and the Islands welcoming the report, offering full assistance in the delivery of the identified actions and seeking agreement that Transport Scotland will provide updates at future Board meetings on progress made.

The Partnership continued its programme of bus shelter replacement and improvement during 2016/17, with new and valued improvements in a number of locations. There continues to be considerable demand across the region for new infrastructure, and the programme will continue as a key element of SWestrans' Capital Programme going forward.

Management Commentary (continued)

In its wider strategy and policy role SWestrans continues to lobby and respond to a significant number of consultations across all transport modes and on a wide range of other issues at national and local level. SWestrans also submitted its 2015-16 Climate Change Duties Report in the required reporting format to the Sustainable Scotland Network.

In early 2017 SWestrans entered into a Social/Community Transport Public Social Partnership (PSP). This is essentially a multi-agency partnership between the Council, SWestrans, NHS Dumfries and Galloway and the Third Sector/Community Transport operators. The aim of the Dumfries and Galloway Social Transport PSP in general terms will be to improve the design and delivery of transport services and to develop the capacity of the social/community transport sector. This will be achieved by working in partnership to maximise the benefits to the community. PSP development will focus around three work streams:

- Transport Service Developments
- Health and Social Care Transport Solutions
- Capability and capacity building

A number of pilots will be identified by the partnership which will specifically target better outcomes for service users. The pilots will collect evidence on proof of concept and will be reported to the appropriate governance structure of each of the Commissioners.

In July 2016, there was a change in the SWestrans Lead Officer role with Douglas Kirkpatrick becoming the Lead Officer and Steven Herriott leaving the interim role following appointments to Dumfries and Galloway Council's management structure. Two Policy and Projects Officers were recruited to the SWestrans team during 2016/17 and complete the agreed staffing structure.

Management Commentary (continued)

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2017 is shown on page 9 of these accounts. Income received totalled £4.389Million 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 a more summarised version.

Budget Performance Statement

	2015/16		2016/17	
	Budget £000	Budget £000	Budget £000	Actual £000
Staff costs	83	83	80	80
Property costs	2	2	0	0
Supplies & services	34	34	1	1
Transport costs	2	2	7	7
Administrative costs	42	42	31	31
Payments to other bodies	4,441	4,441	4,224	4,224
Central Support costs	49	49	46	46
Capital charges	265	265	309	309
Gross Expenditure	4,918	4,918	4,698	4,698
Government Grants	359	359	359	359
Other income	4,559	4,559	4,339	4,339
Gross Income	4,918	4,918	4,698	4,698
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.

Management Commentary (continued)

SWestrans is not allowed to retain any General Fund balances at the year-end so it cannot 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 10 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2017.

Cash Flow Statement

The Cash Flow Statement is shown on page 11 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

Tom McAughtrie
Chairman

Douglas Kirkpatrick
Lead Officer

Paul Garrett
Treasurer

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 2017 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 2017.

Paul Garrett
Treasurer

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 2017.
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

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 2015	0	(1,498)	(25)	(1,523)	(1,523)
Movements in Reserves during 2015/16					
(Surplus) or Deficit on provision of services	(585)	0	0	0	(585)
Total Comprehensive Income & Expenditure	585	0	0	0	585
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(265)	265	0	265	0
- capital grants & contributions applied	850	(850)	0	(850)	0
	585	(585)	0	(585)	0
Overall decrease in year	0	(585)	0	(585)	(585)
Balance at 31 March 2016 carried forward	0	(2,083)	(25)	(2,108)	(2,108)
Movements in Reserves during 2016/17					
(Surplus) or Deficit on provision of services	309	0	0	0	309
Total Comprehensive Income & Expenditure	309	0	0	0	309
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(309)	309	0	309	0
- capital grants & contributions applied	0	0	0	0	0
	0	309	0	309	0
Overall Increase in year	0	309	0	309	309
Balance at 31 March 2017 carried forward	0	(1,774)	(25)	(1,799)	(1,799)

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	2015/16			2016/17		Net Expenditure £000
	Gross Expenditure £000	Income £000		Gross Expenditure £000	Income £000	
4,919	(4,654)	265	Roads and Transport Services	4,698	(4,389)	309
4,919	(4,654)	265	Net Cost of Services	4,698	(4,389)	309
		(850)	Taxation & Non Specific Grant Income - capital grants & contributions			(0)
		(585)	(Surplus) or Deficit on the Provision of Services			309
		0	Other Comprehensive Income & Expenditure			0
		(585)	Total Comprehensive Income & Expenditure			309

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 2016 £000		31 March 2017 £000	Note
2,108	Property, Plant & Equipment	1,799	7
2,108	Long Term Assets	1,799	
	Short Term Debtors		
25	- Central Government bodies	18	
205	- Other entities & individuals	181	
230	Current Assets	199	
	Short Term Creditors		
(230)	- Other entities & individuals	(199)	
(230)	Current Liabilities	(199)	
2,108	Net Assets	1,799	
	Usable Reserves	0	
2,108	Unusable Reserves	1,799	9
2,108	Total Reserves	1,799	

The Unaudited Accounts were issued on 30 June 2017.

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.

2015/16		2016/17
£000		£000
(585)	Net (surplus) or deficit on the provision of services	309
(265)	Adjustment to net (surplus) on the provision of services for non-cash movements	(309)
(850)	Net cash flow from or used in operating activities	(0)
	Investing activities	
850	- Purchase of property, plant & equipment	0
0	Net (increase) or decrease in cash and cash equivalents	0
0	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 2016/17 financial year and its position at the year end of 31 March 2017. The Partnership is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014, which sets out that they require to be prepared in accordance with proper accounting practice. These practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (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 2016/17,
- 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.

Notes to the Accounts (continued)

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.

Notes to the Accounts (continued)

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.

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.

Notes to the Accounts (continued)

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 2016/17.

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. There will be no changes applicable 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.

Notes to the Accounts (continued)

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 2017 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 30 June 2017. 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.

	2015/16	2016/17
	Vehicles	Vehicles
	£000	£000
Cost or Valuation		
At 1 April	2,278	3,128
Additions	850	0
Revaluations	0	0
At 31 March	3,128	3,128
Accumulated Depreciation at 1 April	(755)	(1,020)
Charge for year	(265)	(309)
Accumulated Depreciation at 31 March	(1,020)	(1,329)
Net Book Value at 31 March	2,108	1,799

Notes to the Accounts (continued)

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.

	2015/16 £000	2016/17 £000
Balance at 1 April	(1,498)	(2,083)
Depreciation of non-current assets	265	309
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(850)	(0)
Balance at 31 March	(2,083)	(1,774)

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.

Notes to the Accounts (continued)

	2015/16 £000	2016/17 £000
Balance at 1 April	(25)	(25)
Upward revaluation of assets	0	0
Balance at 31 March	<u>(25)</u>	<u>(25)</u>

10. Payments to Members

No payments were made to Members of the SWestrans Board during 2016/17 or 2015/16.

11. Audit Fees

The external audit fee payable for 2016/17 was £9,370 (£11,440 in 2015/16).

12. Grant Income

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

	2015/16 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(850)	(0)
Total	<u>(850)</u>	<u>(0)</u>
Credited to Services		
Scottish Government grants	(259)	(259)
Dumfries & Galloway Council service funding	(3,739)	(3,573)
Total	<u>(4,848)</u>	<u>(3,832)</u>

Notes to the Accounts (continued)

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 2016/17 the Council provided £100k (£100k in 2015/16) as match funding to a Scottish Government grant for core running costs and a further £3.473 Million (£3.735 Million in 2015/16) was requisitioned by the Transport Partnership to cover the operating costs for 2016/17. SWestrans does not employ its own staff and during 2016/17 Dumfries & Galloway Council charged SWestrans £152k (£164k in 2015/16) in respect of staff support, supplies and other support services.

14. Leases

Partnership as Lessor

SWestrans purchased no buses in 2016/17 (10 buses in 2015/16) and the buses are leased to private bus operators as part of specific route tenders. No income is received from these operating leases.

Independent Auditors' Report