



Annual Accounts
Unaudited

2020/2021

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Membership of the South West of Scotland Transport Partnership Board

Andrew Wood (Chairman) (Dumfries and Galloway Council)
David Bryson (NHS Dumfries and Galloway)
Richard Brodie (Dumfries and Galloway Council)
John Campbell (Vice-Chairman) (Dumfries and Galloway Council)
Karen Jackson (South of Scotland Enterprise) – from 23 October 2020
Vacancy (Scottish Enterprise) – to 22 October 2020
Ronnie Tait (Dumfries and Galloway Council)
Adam Wilson (Dumfries and Galloway Council)

The Council members have substitutes being:-

Ian Carruthers (Dumfries and Galloway Council)
Katie Hagmann (Dumfries and Galloway Council)
Jim McColm (Dumfries and Galloway Council)
Davie Stitt (Dumfries and Galloway Council)
Vacancy (Dumfries and Galloway Council)

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 2021. 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.

Activities during 2020/21

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2020/21. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the National Transport Strategy, the Transport (Scotland) Act 2019 and the second Strategic Transport Projects Review (STPR2).

There were a no changes to the five Councillor members on the SWestrans Board in 2020/21 who are joined by two external members to complete the Board. At the September 2020 meeting, the Board approved the appointment of Karen Jackson to the Board on behalf of South of Scotland Enterprise and at its June 2020 meeting David Bryson was confirmed as the NHS Dumfries and Galloway representative for his third four-year term. David had been Vice-Chair for his first two terms but as a third term cannot be served in the position, the Board confirmed Councillor John Campbell as the new Vice-Chair.

The Covid-19 pandemic impacted directly on Board meetings with the planned meetings in March 2020 and May 2020 cancelled as officers and members dealt with the initial phase of response to the virus. The 2020 meetings in June, September and November along with the 2021 meetings in January and March were held remotely on Microsoft Teams to comply with virus suppression requirements.

Management Commentary (Continued)

Over the last year the world has faced the unprecedented rigours of the Covid 19 pandemic, which in common with many industry sectors, has devastated bus services. In Dumfries and Galloway this was clearly illustrated by comparing the passenger figures in September 2020, with level 1 restrictions in place, to the usage figures across the network during the same period in 2019:

Type	2019	2020	%Difference
Supported	1,375,920	704,392	-49%
Commercial	3,378,782	1,519,668	-55%
Total	4,754,702	2,224,060	

Analysis of the SWestrans supported service information showed the 49% passenger decline was based on a reduction of Adults (44%), Children (41%) and Concessions (55%).

The Scottish Government agreed to provide bus operators with additional financial assistance to maintain essential services. This was intended to offset the impact that reduced demand was having on the viability of local services for key workers and to protect the industry for the future. Concessionary travel reimbursement and Bus Service Operator Grant payments have been maintained at the levels forecasted prior to the impact of Covid-19. Operators continue to receive additional payments matching the difference between actual payments and those previously forecasted. In 2020/21, funding of some £144M was provided and a further £61.4M has been made available to cover the period up to 27 June 2021. This level of funding is highly unlikely to be sustainable and when this support is reduced or ceases there is a significant risk to bus services across the region which were already fragile. This was and continues to be closely monitored by officers and the Board received a number of papers throughout the year on the future sustainability of the local bus network in the region.

Delivery of the capital programme was challenging through the year as most construction was stopped for the majority of the period due to the impact of the pandemic. However, land purchase for Phase 3 car parking at Lockerbie Station was concluded and construction work to create the 45 space car park started (completion due in 2021). SWestrans agreed contribution to the Dumfries and Galloway Royal Infirmary active travel mitigation works was passed to Dumfries and Galloway Council with works expected to conclude in 2021. Two 29 seat low floor buses were purchased and are in operation on supported local bus services operated by Stagecoach West Scotland.

SWestrans continued to be a key partner in the development and delivery of the Social Transport Public Social Partnership (PSP) which is seeking to improve the design of transport services delivered on behalf of the regions transport commissioners (SWestrans, Dumfries and Galloway Council, NHS Dumfries and Galloway) and to develop the capacity of the social/community transport sector. The PSP has trialled transport solutions to needs identified through pilot projects, and the progress in 2020/21 in delivering on the PSP has resulted in:

- Ongoing delivery of the 517 Borge to Kirkcudbright local bus service.
- A report was prepared on the Health Transport Pilot Project progress. It highlighted that from March 2018 to March 2020 a total of 1,110 patients used the volunteer car schemes operated by Annandale Community Transport Service (ACTS) and Galloway Community Transport (GCT) with 75% of patients over the age of 65. Volunteer drivers provided a total of 4,442 volunteer hours driving over 107,000 miles which is the equivalent to a cost of £44,220 of paid work. The report recommended that it was vital to continue with the project, that it was important that it is expanded to other areas and highlighted that it will be a key delivery partner for the transport hub.
- The continuation of the two Health Transport volunteer car schemes operated ACTS and GCT. Although it is operating at reduced capacity due to COVID-19 both services are still meeting a vital need at this time.
- A Short-Life Working Group (SLWG) has been established to take forward the NHS Dumfries and Galloway transport hub. The SLWG comprises of staff from NHS Dumfries and Galloway, Dumfries and Galloway Council and SWestrans and oversees the development and implementation of the hub. The pilot phase of the hub will see NHS Dumfries and Galloway working in partnership with NHS Lanarkshire, who have been operating a transport hub since April 2019. This partnership is the most cost-effective solution and provides sufficient flexibility to prove the concept locally and to

Management Commentary (Continued)

develop and expand it should the evaluation demonstrate the need. It is anticipated that the hub will be operational by March 2021.

- The establishment of the Community Transport Network. The Network will provide an opportunity for the Community Transport Sector in Dumfries and Galloway to work in partnership to assist in bringing co-ordination, enhanced quality and better use of resources within the sector. 12 Community Transport Operators have been invited to become part of the Network. The first meeting of the Network took place in December 2020 and will meet quarterly and will feed into the PSP Steering Group.
- The development of a Dumfries and Galloway Community Transport Umbrella Organisation. This new Organisation will be developed as a social enterprise. Its overall vision will be for increased and enhanced social, health and community transport services across Dumfries and Galloway, which are more frequently used by people isolated through location or circumstance, in order to improve their quality of life; and to widen the social and economic impact of community transport in these same communities. One of the key objectives will be to integrate the community transport sector to deliver transport solutions across the South West of Scotland and in partnership with Network Members, deliver transport solutions to local communities throughout Dumfries and Galloway. A business plan and operational model is currently being developed.

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

- The Strategic Transport Projects Review Phase 1 was published on 3 February 2021 and resulted in 20 interventions being recommended, against 8 themes, with each component important in addressing the complex transport needs of our nation. Many of these will rely heavily on Transport Scotland and partners such as SWestrans to take forward to “lock in” the benefits and travel behaviours of individuals and provide a step change in investment which supports the priorities and outcomes of the National Transport Strategy. SWestrans agreed a response to the consultation on the Phase 1 report.
- SWestrans also contributed to consultations on the Draft Infrastructure and Investment Plan for Scotland 2021-22 to 2025-26; Free bus travel for people resident in Scotland aged under 19, and the HS2 Phase 2b Western Leg Design Refinement – Annandale Depot.
- SWestrans officers, with input from Board members, responded to the Call for Evidence for the Union Connectivity Review.

SWestrans submitted its 2019/20 Climate Change Duties Report in the required reporting format to the Sustainable Scotland Network and developed and agreed a new set of equality outcomes for the period 2021-2025. These draft outcomes are:

- EO1: Everyone will be able to easily access and understand the local bus service information they need.
- EO2: Public transport services are more flexible to meet the identified travel needs of those who need them most.
- EO3: Access and affordability issues are reduced through new transport solutions developed with partners.
- EO4: Our work is informed by a greater understanding of the transport and travel needs, barriers faced and experiences of people with protected characteristics.

Management Commentary (continued)

Budget Performance Statement

The table below provides a summary outturn statement which outlines expenditure against budget for SWestrans.

	Budget £000	2020/21	
		Actual £000	Variance
Staff costs	117	117	0
Supplies & services	0	0	0
Administrative costs	14	14	0
Payments to other bodies	4,062	4,062	0
Central Support costs	45	45	0
Gross Expenditure	4,238	4,238	0
Government Grants	259	259	0
Other income	3,979	3,979	0
Gross Income	4,238	4,238	0
Net Expenditure	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 £4.1 Million. However, through tight spending controls and active budget management, SWestrans achieved a breakeven position.

SWestrans' received income totalling £4.238 Million with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to this total.

On 15 November 2019 a new Transport (Scotland) Act 2019 received Royal Assent, this act included a provision in the order (section 122) that would allow a partnership to carry funds over from one financial year to the next and therefore enable a General Fund reserve to be held. The Commencement Order for this Act was agreed at Scottish Parliament in March 2020 and became effective for the 2019/20 Financial Year. Although SWestrans did not make a surplus in 2020/21 if they succeed in doing so in future years it now has the ability to create a General Fund balance at the end of that financial year.

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2021 is shown on page 9 of these accounts.

Movement in Reserves Statement

The Movement in Reserves Statement is shown on page 10 of the accounts and 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.

Balance Sheet

SWestrans' Balance Sheet is shown on page 11 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2021.

Cash Flow Statement

The Cash Flow Statement is shown on page 12 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

Andrew Wood
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:

- Make arrangements for the proper administration of its financial affairs and to Secure that the proper officer of the Transport Partnership has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Transport Partnership, that officer is the Treasurer (who was also the Section 95 Officer of Dumfries & Galloway Council);
- Manage its affairs, to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Statement of Accounts.

I confirm that these Unaudited Annual Accounts were approved for signature by the Transport Partnership at its meeting on 25 June 2021 and signed

Andrew Wood
Chairman

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Transport Partnership's Annual Accounts in accordance with proper practices as required by legislation and 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 legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)

The Treasurer has also:

- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Partnership at the reporting date and the transactions of the partnership for the year ended 31 March 2021.

Paul Garrett
Treasurer

Annual Governance Statement

This statement is given in respect of the statement of accounts of the South West of Scotland Transport Partnership. The South West of Scotland Transport Partnership is responsible for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The South West of Scotland Transport Partnership is committed to openness and acting in the public interest. It works with key partners to support engagement with stakeholders and wider community, ensuring accountability and encouraging open consultation.

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2019/20. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the National Transport Strategy, the Transport (Scotland) Act 2019 and the second Strategic Transport Projects Review (STPR2).

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.

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. This includes consideration of the effectiveness of decision-making framework and information and data provided to the board to support decision making. In line with the Dumfries and Galloway members training arrangements, where required training will be provided to members of the Board. The system currently includes regular financial reports to the Board and management.

The South West of Scotland Transport Partnership Board monitor the performance of services and related projects to ensure that they are delivered in accordance with defined outcomes and they represent best use of resources and value for money.

The Transport Partnership currently uses the financial systems and resources of Dumfries & Galloway Council. This includes effective counter fraud and anti-corruption arrangements as developed and maintained by the 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 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.

In our 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 2021.

The Transport Partnership's complies with the requirements on the Role of the Chief Financial Officer in Local Government, contained in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 2010 Statement and the Local Authority (Scotland) Regulations 2014.

In response to the COVID19 Pandemic, the Board operated virtually and remains confident sound governance continues to operate during the period of disruption and is fully committed to maintaining the system to deliver this.

We are therefore satisfied that the Transport Partnership has in place appropriate arrangements for the governance of its affairs and that reasonable assurance can be placed on the adequacy and effectiveness of the Partnership's corporate governance systems in the year to 31 March 2021.

Andrew Wood
Chairman

Douglas Kirkpatrick
Lead officer

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

To be updated for the audited accounts

Comprehensive Income & Expenditure Statement

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

2019/20			2020/21			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
4,608	(4,284)	324	Roads and Transport Services	4,501	(4,238)	263
4,608	(4,284)	324	Net Cost of Services	4,501	(4,238)	263
		136	(Gains) & losses on sale of non-current assets			0
		(190)	Capital grants & contributions			(285)
		270	(Surplus) or Deficit on the Provision of Services			(22)
		0	Other Comprehensive Income & Expenditure			0
		270	Total Comprehensive Income & Expenditure			(22)

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 movement in reserves statement shows how the movements in year of the Partnership's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to the General Fund. The net increase/decrease line shows the statutory general fund balance in the year following those adjustments.

	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 2019	0	(1,439)	(25)	(1,464)	(1,464)
Movements in Reserves during 2019/20					
Surplus or (Deficit) on provision of services	270	0	0	0	270
Total Comprehensive Income & Expenditure	270	0	0	0	270
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(324)	324	0	324	0
- capital grants & contributions applied	190	(190)	0	(190)	0
- Gains & losses on disposal of non-current assets	(136)	136		136	0
	(270)	270	0	270	270
Overall Increase/Decrease in year	0	270	0	270	270
Balance at 31 March 2020 carried forward	0	(1,169)	(25)	(1,194)	(1,194)
Movements in Reserves during 2020/21					
Surplus or (Deficit) on provision of services	(22)	0	0	0	(22)
Total Comprehensive Income & Expenditure	(22)	0	0	0	(22)
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(263)	263	0	263	0
- capital grants & contributions applied	0	0	0	0	0
- Gains & losses on disposal of non-current assets	285	(285)	0	(285)	0
	22	(22)	0	(22)	0
Overall Increase/Decrease in year	0	(22)	0	(22)	(22)
Balance at 31 March 2021 carried forward	0	(1,191)	(25)	(1,216)	(1,216)

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 2020 £000		31 March 2021 £000	Note
1,194	Property, Plant & Equipment	1,216	8
1,194	Long Term Assets	1,216	
	Short Term Debtors		
6	- Central Government bodies	7	
134	- Other entities & individuals	121	
140	Current Assets	128	
	Short Term Creditors		
(140)	- Other entities & individuals	(128)	
(140)	Current Liabilities	(128)	
1,194	Net Assets	1,216	
1,194	Unusable Reserves	1,216	10
1,194	Total Reserves	1,216	

The Unaudited Accounts were issued on 25 June 2021.

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.

2019/20 £000		2020/21 £000
270	Net (surplus) or deficit on the provision of services	(22)
(460)	Adjustment to net (surplus) on the provision of services for non-cash movements	(263)
(190)	Net cash flow from or used in operating activities	(285)
	Investing activities	
190	- Purchase of property, plant & equipment	285
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 Council's transactions for the 2020/21 financial year and its financial position at the year end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, and these are required under section 12 of the Local Government in Scotland Act 2003 to be prepared in accordance with proper accounting practice. These practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) and the Service Reporting Code of Practice 2020/21 (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 Partnership.

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.

The accounts are prepared on a going concern basis.

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 2020/21,
- 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.

Notes to the Accounts (continued)

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.

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.

Notes to the Accounts (continued)

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 depreciated historical cost as a proxy for current value of assets as the useful economic life of the assets are considered a realistic reflection of the life of the asset and the depreciation method used is a realistic reflection of the consumption of that asset class.

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. Vehicles are held at depreciated historic cost as a proxy for current value and not subject to revaluation. These assets are depreciated over their useful economic lives.

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 & Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

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 2020/21.

Notes to the Accounts (continued)

3. Accounting Standards Issued & Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code requires implementation from 1 April 2021, therefore there is no impact on the 2020/21 financial statements. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

- Definition of a Business: Amendments to IFRS3 Business Combinations;
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

There are no other accounting standards issued and not yet adopted that will have a material impact on the 2020/21 Annual Accounts

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. There are no critical judgements to disclose.

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 2021 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 25 June 2021. 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. SWestrans continued to pay operators as normal following the COVID 19 pandemic with staff and the Board working remotely. The impact on local bus contracts has and continues to be closely monitored.

7. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Transport Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by partnership in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Notes to the Accounts (continued)

	2019/20 Net Expenditure Chargeable to the General Fund £000	2019/20 Adjustments between the Funding and Accounting Basis £000	2019/20 Expenditure in the Comprehensive Income & Expenditure Statement £000
SWestrans	0	324	324
Net Costs of Services	0	324	324
Other Operating Income & Expenditure	0	136	136
Taxation & Non-Specific Grant Income	0	(190)	(190)
(Surplus)/Deficit on the Provision of Services	0	270	270

	2020/21 Net Expenditure Chargeable to the General Fund £000	2020/21 Adjustments between the Funding and Accounting Basis £000	2020/21 Expenditure in the Comprehensive Income & Expenditure Statement £000
SWestrans	0	263	263
Net Costs of Services	0	263	263
(Gains) & losses on disposal of non-current assets	0	0	0
Capital grants & contributions	0	(285)	(285)
(Surplus)/Deficit on the Provision of Services	0	22	22

8. Property, Plant & Equipment

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

	2019/20 Vehicles £000	2020/21 Vehicles £000
Cost or Valuation		
At 1 April	3,475	3,206
Additions	190	285
Disposals	(459)	0
At 31 March	3,206	3,491
Accumulated Depreciation at 1 April	(2,011)	(2,012)
Charge for year	(324)	(263)
Write Back on Disposal	323	0
Accumulated Depreciation at 31 March	(2,012)	(2,275)
Net Book Value at 31 March	1,194	1,216

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.

9. Usable Reserves

Movements in the Transport Partnership's usable reserves are detailed in the Movement in Reserves Statement, the Partnership does not hold any usable reserves.

10. 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.

	2019/20 £000	2020/21 £000
Balance at 1 April	(1,439)	(1,169)
Assets Disposed of during the year	136	0
Depreciation of non-current assets	324	263
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(190)	(285)
Balance at 31 March	(1,169)	(1,191)

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.

	2019/20 £000	2020/21 £000
Balance at 1 April	(25)	(25)
Balance at 31 March	(25)	(25)

11. Payments to Members

No payments were made to Members of the SWestrans Board during 2020/21 or 2019/20.

12. Audit Fees

The external audit fee payable for 2020/21 was £10,240 (£10,000 in 2019/20)

Notes to the Accounts (continued)

13. Grant Income

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

	2019/20 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(190)	(285)
Total	(190)	(285)
Credited to Services		
Scottish Government grants	(259)	(259)
Dumfries & Galloway Council service funding	(3,516)	(3,578)
Total	(3,775)	(3,837)

14. 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 13 (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 2020/21, the Council provided £100k (£100k in 2019/20) as match funding to a Scottish Government grant for core running costs, a capital grant of £285K (£190k 2019/20) and a further £3.573 Million (£3.416 Million in 2019/20) was requisitioned by the Transport Partnership to cover the operating costs for 2020/21. SWestrans does not employ its own staff and during 2020/21 Dumfries & Galloway Council charged SWestrans £163k (£142k in 2019/20) in respect of staff support, supplies and other support services. NHS Dumfries and Galloway contribute £70k (£70k in 2019/20) to a specific bus contract. At the year end £39k (£71k in 2019/20) was outstanding for payments to Dumfries and Galloway Council.

15. Leases

Partnership as Lessor

SWestrans purchased 2 buses in 2020/21 (2 buses in 2019/20) and 34 (33 in 2019/20) buses are leased to private bus operators as part of specific route tenders. No income is received from these operating leases.

Notes to the Accounts (continued)

16. Financial Instrument Balances

The following categories of financial instruments are carried in the Balance Sheet. These are all current:

	Current – Amortised cost		Current – Fair Value	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Financial Liabilities				
Short term creditors (current)	(140)	(128)	(140)	(128)
	Current- Amortised cost		Current – Fair value	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Financial assets				
Short term debtors (current)	(140)	(128)	(140)	(128)

There were no gains and losses recognised in the comprehensive Income and Expenditure Statement in relation to financial instruments during 2020/21 (2019/20:£nil).

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Transport Partnership and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Transport Partnership. The Transport Partnership Financial liabilities were short term creditors held at amortised cost.

Financial assets

A financial asset is a right to future economic benefits controlled by the Transport Partnership that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Transport Partnership during the year are accounted at amortised cost and comprise short term receivables.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2021. The fair value of short-term instruments, including trade payables and receivables, is taken to be the invoiced or billed amount.

Nature and Extent of Risks Arising from Financial Instruments

All Treasury Management is carried out on the Partnership's behalf by Dumfries and Galloway Council. The Council, on behalf of the Transport Partnership, has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Market risk - the possibility that financial loss might arise for the Transport Partnership as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Transport Authority are such that during the year there was no interest payable or receivable.

Credit risk - the possibility that other parties might fail to pay amounts due to the Transport Partnership is considered insignificant on the basis debt payable to the Transport Partnership is due from other public bodies.

Liquidity risk – the risk that the Transport Partnership might not have funds available to meet its commitments to make payments is considered immaterial given its statutory responsibility to have a balanced budget and that constituent authorities have to fund the Transport Partnership's activities

Price and foreign exchange risk - the possibility that fluctuations in equity prices or fluctuations in exchange rates has a significant impact on the value of financial instruments held is considered immaterial because of the nature of financial instruments held. Are neither in shares or denominated in foreign currencies.