

Annual Accounts



2010/2011



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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 2011. 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.

Revisions to the Accounting Requirements

The financial year to 31 March 2011 is the first for which local authority accounts have been prepared on an International Financial Reporting Standards (IFRS) basis and the Transport Partnership's accounts are therefore very different to those previously produced. Adoption of the IFRS requirements has resulted in the restatement of various balances and transactions, with the result that some of the figures presented in the Annual Accounts are different to the comparative figures in the Audited Annual Accounts for 2009/10. Relevant figures for the 2009/10 financial year and for the Balance Sheet at 1 April 2009 are disclosed as appropriate for the purpose of comparison.

Activities during 2010/11

SWestrans has continued to face challenges during 2010/11, particularly with ongoing budget pressures associated with the delivery of the subsidised local bus network. Contracts for services 221 (Wanlockhead – Sanquhar - Kirkconnell) and 372 (Dumfries – Southernness - Dalbeattie) were re-tendered at short notice. Considerable restructuring of service 372 was required to maximise the level of service that could be maintained within the available budget.

Some 75% of the subsidised local bus network is due to be re-tendered during 2011 for contracts expiring in April 2012. To prepare for this tendering exercise a Policy and Root and Branch Review initiated in 2010 continues to be developed. The review will provide a framework in which the unsustainable levels of costs associated with the procurement of the existing local bus network can be addressed. As part of the review a comprehensive stakeholder consultation was undertaken.

In parallel, 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 considering opportunities for improved rural transport service provision through more efficient resource utilisation by a shared partnership approach involving all transport providers.

A number of other initiatives have been developed utilising SWestrans funding during 2010/11 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 Annan,
- purchase of seven new 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:

- Trunk Roads: Links to the Loch Ryan Ferry Ports;
- Rail: Stranraer Town Railway Yard, Stranraer December 2011 Timetable, West Coast Main Line Route Utilisation Strategy, Scotland Route Utilisation Strategy, Future ScotRail Franchise, InterCity West Coast Franchise, and Future High Speed Rail;
- Aviation: Carlisle Airport Planning Application;
- Public Sector Issues: Scottish Budget, Commission on the Future Delivery of Public Services, and the Public Service Reform Act;
- Health: Preventing Overweight and Obesity in Scotland;
- Equalities: Equality Act 2010, and Public Sector Equality Duty;
- Environment: Public Sector Climate Change Duties;
- Commonwealth Games: Legacy, and Transport Strategic Plan Consultation.

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 2010/11 was year three of the four year project.

Comprehensive Income & Expenditure Account

SWestrans' Comprehensive Income & Expenditure Account for the year ended 31 March 2011 is shown on page 8 of these accounts. Income received totalled £5.750 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 Account which is set out in accordance with the *Best Value Accounting Code of Practice (BVACOP)*.

Budget Performance Statement

	2009/10		2010/11	
	Budget £000	Actual £000	Budget £000	Actual £000
Staff costs	106	110	138	113
Property costs	1	0	0	0
Supplies & services	234	175	212	225
Transport costs	3	2	2	2
Administrative costs	36	104	48	47
Payments to other bodies	4,582	4,516	4,609	4,672
Central Support costs	43	43	43	43
Capital charges	0	1	72	72
Gross Expenditure	5,005	4,951	5,124	5,174
Government Grants	333	434	542	567
Other income	4,672	4,517	4,582	4,607
Gross Income	5,005	4,951	5,124	5,174
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, £656k 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 2011.

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
23 June 2011

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 2011 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 2011.

Paul Garrett
Treasurer
23 June 2011

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 2010/11 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 2011.

Paul Garrett
Treasurer
23 June 2011

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 2009	0	0	0	
Movements in Reserves during 2009/10				
Surplus or (Deficit) on provision of services	(404)	0	(404)	
Other Comprehensive Income & Expenditure	0	0	0	
Total Comprehensive Income & Expenditure	(404)	0	(404)	
Adjustments between accounting basis & funding basis under regulations	404	(404)	0	7
Increase/ decrease in 2009/10	0	(404)	(404)	
Balance at 31 March 2010 carried forward	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)	

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	2009/10	Net Expenditure £000		Gross Expenditure £000	2010/11	Net Expenditure £000	Notes
	Income £000				Income £000		
4,940	4,940	0	Roads and Transport Services	5,164	5,102	62	
11	11	0	Corporate and Democratic Core	10	0	10	
4,951	4,951	0	Net Cost of Services	5,174	5,102	72	
		(404)	Taxation & Non Specific Grant Income			(648)	8
		(404)	(Surplus) or Deficit on the Provision of Services			(576)	
		0	(Surplus) or deficit on revaluation of non-current assets			0	
		0	Other Comprehensive Income & Expenditure			0	
		(404)	Total Comprehensive Income & Expenditure			(576)	

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 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".

1 April 2009 £000	31 March 2010 £000		31 March 2011 £000	Note
0	404	Property, Plant & Equipment	980	9
	404	Long Term Assets	980	
112	51	Short Term Debtors	211	11
128	181	Cash & Cash Equivalents	0	10
240	232	Current Assets	211	
(240)	(232)	Short Term Creditors	(211)	12
(240)	(232)	Current Liabilities	(211)	
0	404	Net Assets	980	
0	0	Usable Reserves	0	13
0	404	Unusable Reserves	980	14
0	404	Total Reserves	980	

The unaudited Accounts were issued on 23 June 2011 and the audited accounts were issued on 22 September 2011.

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.

2009/10		2010/11	Note
£000		£000	
(404)	Net (surplus) or deficit on the provision of services	(576)	
(53)	Adjust net (surplus) or deficit on the provision of services for non- cash movements	109	
(457)	Net cash flow from operating activities	(467)	
404	Investing activities	648	15
(53)	Net (increase) or decrease in cash and cash equivalents	181	
128	Cash and cash equivalents at the beginning of the period	181	
181	Cash and cash equivalents at the end of the reporting period	0	10

Notes

1. Summary of Significant Accounting Policies

a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2010/11 financial year and its position at the year end of 31 March 2011. 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, 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 2010/11 (the Code) and the Best Value Accounting Code of Practice 2010/11 (BVACOP), 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) Changes in Accounting Policy

These Annual Accounts are the first to be prepared by the Partnership on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some of the figures presented in the Annual Accounts are different to the comparative figures in the Audited Annual Accounts for 2009/10. An explanation of the material differences between the two figures is provided in note 2. Relevant figures for the 2009/10 financial year and for the Balance Sheet at 1 April 2009 are disclosed as appropriate for the purpose of comparison.

c) 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.

d) 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 2010/11, 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 2010/11,
- 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.

e) 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.

f) 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 Council'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.

g) 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,

h) 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.

i) 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 2011. 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.

j) 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.

k) Property, Plant & Equipment

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

Recognition

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

Measurement

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

Revaluation

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

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

Impairment

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

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

Depreciation

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

l) 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 BVACOP 2010/11 the costs of Corporate and Democratic Core have been identified and reported separately within the Comprehensive Income & Expenditure Statement.

m) 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.

n) 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. Transitional Arrangements for First Time Adoption of IFRS

The Annual Accounts for 2010/11 are the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented are different from the equivalent figures presented in the Audited Annual Accounts for 2009/10. An explanation of the differences between the amounts presented in the Annual Accounts for 2009/10 and the equivalent amounts presented in the 2010/11 Annual Accounts is provided in the following table and notes.

The following table explains the material differences between the amounts presented in the 2009/10 Annual Accounts and the equivalent amounts presented in the 2010/11 Annual Accounts.

Reconciliation of net worth reported under previous UK GAAP to net worth under IFRS at the date of transition to IFRS (1 April 2009) and the end of the latest period presented in the most recent financial statements under UK GAAP (31 March 2010)			
	Note	1 April 2009 £000	31 March 2010 £000
Net assets/ (liabilities) under UK GAAP		0	0
Adjustments made:			
IAS 20 – accounting for government grants	a	0	(404)
Net assets/ (liabilities) under IFRS		0	(404)

This table provides a reconciliation between the income and expenditure shown in the 2009/10 Annual Accounts on a UK GAAP basis and the revised 2009/10 income and expenditure shown on an IFRS basis.

	2009/10 £000
Total recognised (gains)/ losses for 2009/10 based on UK GAAP	0
IAS 20 – Accounting for Government grants	(404)
Total Comprehensive Income and Expenditure for 2009/10 based on IFRS	(404)

Note:

a) Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Government Grants Deferred Account at 31 March 2010 has been transferred to the Capital Adjustment Account in the restated 31 March 2010 Balance Sheet. This has resulted in a balance being shown on the Capital Adjustment account in the IFRS accounts for the first time

3. Remuneration Report

SWestrans does not employ any staff, therefore a Remuneration Report is not required for 2010/11.

4. 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 heritage assets, which will have to be fully adopted by the Partnership in the 2011/12 Annual Accounts. However this will not be applicable to the Partnership as it holds no heritage assets.

5. 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.

6. 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 2011 for which there is a significant risk of material adjustment in the forthcoming financial year.

7. Events After the Balance Sheet Date

The unaudited Statement of Accounts was authorised for issue by the Treasurer on 23 June 2011 and the audited Statement of Accounts was authorised for issue on 22 September 2011. Events taking place after this date are not reflected in the financial statements or notes. There have been no material events since the date of the Balance Sheet which have required the figures in the financial statements and notes to be adjusted.

8. 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:

	2009/10		2010/11	
	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 and impairment of non-current assets	(1)	1	(72)	72
Capital grants and contributions applied	405	(405)	648	(648)
Total Adjustments	404	(404)	576	(576)

9. Taxation and Non-Specific Grant Income

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

	2009/10 £000	2010/11 £000
Capital grants & contributions	(404)	(648)
	(404)	(648)

10. Property, Plant & Equipment

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

	2009/10 Vehicles & Plant £000	2010/11 Vehicles & Plant £000
Gross Book Value at 1 April	0	405
Additions	405	648
Gross Book Value at 31 March	405	1,053
Depreciation at 1 April	0	(1)
Charge for year	(1)	(72)
Depreciation at 31 March	(1)	(73)
Net Book Value at 31 March	404	980

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.

11. Cash & Cash Equivalents

The balance of Cash & Cash Equivalents is made up of the following elements:

	2009/10 £000	2010/11 £000
Short-term deposits with financial institutions	181	0
Total Cash & Cash Equivalents	181	0

12. Short Term Debtors

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

	2009/10 £000	2010/11 £000
Central Government Bodies	23	201
Other entities & individuals	28	10
	51	211

13. Short Term Creditors

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

	2009/10			2010/11	
	Trade creditors £000	Other creditors £000	Total Creditors 2009/10 £000	Other creditors £000	Total Creditors 2010/11 £000
Other entities & individuals	36	196	232	211	211
	36	196	232	211	211

14. 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).

15. 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.

	2009/10 £000	2010/11 £000
Balance at 1 April	0	(404)
Depreciation & impairment of non-current assets	1	72
Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(405)	(648)
Balance at 31 March	(404)	(980)

16. Cash Flow – Investing Activities

	2009/10 £000	2010/11 £000
Purchase of property, plant & equipment	404	648
Net cash flows from investing activities	404	648

17. Payments to Members

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

18. Audit Fees

The external audit fee payable to Audit Scotland for 2010/11 was £10,240 (£10,500 in 2009/10).

19. Grant Income

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

	2009/10 £000	2010/11 £000
Credited to Taxation and Non Specific Grant Income		
Capital grants & contributions	(404)	(648)
Total	(404)	(648)
Credited to Services		
Scottish Government grants	(434)	(567)
Dumfries & Galloway Council service funding	(3,212)	(3,347)
Dumfries & Galloway Council project funding	(790)	(656)
Total	(4,436)	(4,570)

20. 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 19 (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 2010/11 the Council provided £100k (£100k in 2009/10) as match funding to a Scottish Government grant for core running costs and a further £3.548 Million (£3.021 Million in 2009/10) was requisitioned by the Transport Partnership to cover the operating costs for 2010/11. SWestrans does not employ its own staff and during 2010/11 Dumfries & Galloway Council charged SWestrans £210k (£293k in 2009/10) in respect of staff support, supplies and other support services.

21. Leases

Partnership as Lessor

SWestrans has purchased 11 buses 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 auditor's report to the members of the South West of Scotland Transport Partnership and the Accounts Commission for Scotland

I certify that I have audited the financial statements of the South West of Scotland Transport Partnership for the year ended 31 March 2011 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 2010/11 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 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My 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 me 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, I read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2010/11 Code of the state of the local government body as at 31 March 2011 and of the income and expenditure of the local government 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 2010/11 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 my 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 I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2010/11 Code.

I have nothing to report in respect of these matters.

*Elaine Barrowman
Audit Scotland
7th Floor
Plaza Tower
East Kilbride
G74 1LW*

30 September 2011