



## ***Annual Accounts***



2017/2018

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## **Membership of the South West of Scotland Transport Partnership Board**

Andrew Wood (Chairman) (Dumfries and Galloway Council)  
David Bryson (Vice –Chairman) (NHS Dumfries and Galloway)  
Richard Brodie (Dumfries and Galloway Council)  
John Campbell (Dumfries and Galloway Council)  
Jim Dempster (Dumfries and Galloway Council) – until 19 March 2018  
Alistair McKinnon (Scottish Enterprise)  
David Stitt (Dumfries and Galloway Council)  
Adam Wilson (Dumfries and Galloway Council) – from 29 March 2018

The Council members have substitutes being:-

Ian Carruthers  
Archie Dryburgh  
Andrew Giusti  
Sean Marshall  
Ronnie Tait

## **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 2018. 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 2017/18**

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2017/18. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the review of the National Transport Strategy and the Borders Transport Corridor Appraisal.

There was no Board meeting held in May 2017 due to the local government elections. Dumfries and Galloway Council at its first full meeting following these elections confirmed that the five Councillor Board members for SWestrans were Andrew Wood, John Campbell, James Dempster, David Stitt and Richard Brodie. These Councillor Boards members joined the two existing external Board members from NHS Dumfries and Galloway (David Bryson) and Scottish Enterprise (Alistair McKinnon) with the Board meeting for the first time on 30 June 2017. Andrew Wood was elected as Chairman with David Bryson continuing as Vice -Chairman. Jim Dempster resigned from the Board on the 19 March 2018. Adam Wilson was nominated by Dumfries and Galloway Council as Board Member with effect from 29 March 2018

## Management Commentary (continued)

April 2017 saw the successful implementation of significant changes to the SWestrans supported services on the local bus network covering Dumfries Town and all bus services in the Stewartry and Wigtown areas of the region. These changes delivered the twenty-five local bus contracts, totalling some £2.434M, that were awarded by the Board in January 2017. These contracts retained the majority of the journeys on the network with some change in times and operator. The changes were delivered smoothly with very little negative impact or comment from the travelling public.

The issues created by parking at Lockerbie Station continues to be an area which SWestrans is focussed on addressing through an element of its capital programme spend. The planned provision of a further 25 spaces through re-configuration of the existing car park at the Station continued to be developed during the year with Board being advised that the estimated cost of this provision had risen to some £0.5 Million. SWestrans was approached by three private landowners during 2016/17 regarding further proposals to create parking availability close to the railway station. The Board agreed at its meeting in June 2017 not to progress two of these offers but to continue to develop options on the site at Sydney Place.

Work continues on the potential development of new rail stations for Dumfries and Galloway. The outcomes of the three STAG 1 Appraisals for the Thornhill, Eastriggs and Beattock areas were reported to the Board at its June 2017 and September 2017 meetings. The Board agreed to progress all three of these areas through the next stage of the appraisal process, STAG 2. The outputs from STAG 2 are expected to be complete in mid-2018 and will be reported to the first meeting following their completion.

SWestrans continues 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. This will be achieved by working in partnership to maximise the benefits to the community. The PSP is a multi-agency partnership between Dumfries and Galloway Council, SWestrans, NHS Dumfries and Galloway, Community Transport operators and the Third Sector, Dumfries and Galloway.

The PSP will engage with third sector organisations to work within the PSP around three work streams:

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

SWestrans continued its programme of bus shelter replacement and improvement during 2017/18, 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.

A number of other initiatives have been developed utilising SWestrans funding during 2017/18 including:

- the purchase of fully accessible buses and their subsequent leasing to local bus companies operating on contracted journeys; and
- progression of walking and cycling infrastructure linking communities.

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. These included responses to consultations on, 'Places, People, Planning', Socio-Economic Duty, Climate Change Bill, Free Bus Travel, Local Bus Services, Smart Ticketing and Low Emission Zones. SWestrans also submitted its 2016-17 Climate Change Duties Report in the required reporting format to the Sustainable Scotland Network.

## Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2018 is shown on page 9 of these accounts. Income received totalled £4.478Million with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to this total.

## Management Commentary (continued)

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

	2016/17		2017/18	
	Budget £000	Actual £000	Budget £000	Actual £000
Staff costs	80	80	106	106
Property costs	0	0	0	0
Supplies & services	1	1	1	1
Transport costs	7	7	18	18
Administrative costs	31	31	25	25
Payments to other bodies	4,224	4,224	4,282	4,282
Central Support costs	46	46	45	45
Capital charges	309	309	332	332
<b>Gross Expenditure</b>	<b>4,698</b>	<b>4,698</b>	<b>4,809</b>	<b>4,809</b>
Government Grants	359	359	259	259
Other income	4,339	4,339	4,550	4,550
<b>Gross Income</b>	<b>4,698</b>	<b>4,698</b>	<b>4,809</b>	<b>4,809</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 £4.3 Million. However, through tight spending controls and active budget management, SWestrans achieved a breakeven position.

SWestrans is not allowed to retain any General Fund balances at the year-end so it 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 11 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2018.

### 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:

- 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 2018 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 2018.

**Paul Garrett**  
**Treasurer**

## **Annual Governance Statement**

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 2018.
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

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

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 120 of the Code of Audit Practice approved by the Accounts Commission, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

We certify that we have audited the financial statements in the annual accounts of the South West of Scotland Transport Partnership for the year ended 31 March 2018 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 notes to the accounts, including a summary of significant accounting policies. 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 2017/18 (the 2017/18 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of affairs of Swestrans as at 31 March 2018 and of its income and expenditure 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 2017/18 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern basis of accounting**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that

may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Treasurer and board for the financial statements**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the partnerships ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The board is responsible for overseeing the financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Report on other requirements**

### **Opinions on matters prescribed by the Accounts Commission**

In our opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which we are required to report by exception**

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Joanne Brown, for and on behalf of Grant Thornton UK LLP

110 Queen Street

Glasgow

G1 3BX

21 September 2018

## Comprehensive Income & Expenditure Statement

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

2016/17				2017/18		
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
4,698	(4,389)	309	Roads and Transport Services	4,810	(4,478)	332
<b>4,698</b>	<b>(4,389)</b>	<b>309</b>	<b>Net Cost of Services</b>	<b>4,810</b>	<b>(4,478)</b>	<b>332</b>
		(0)	Taxation & Non Specific Grant Income capital grants & contributions			(347)
		<b>309</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>(15)</b>
		<b>0</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>0</b>
		<b>309</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(15)</b>

## 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
<b>Balance at 31 March 2016</b>	<b>0</b>	<b>(2,083)</b>	<b>(25)</b>	<b>(2,108)</b>	<b>(2,108)</b>
<b>Movements in Reserves during 2016/17</b>					
(Surplus) or Deficit on provision of services	309	0	0	0	309
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>309</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>309</b>
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
	<b>0</b>	<b>309</b>	<b>0</b>	<b>309</b>	<b>0</b>
<b>Overall decrease in year</b>	<b>0</b>	<b>309</b>	<b>0</b>	<b>309</b>	<b>309</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>0</b>	<b>(1,774)</b>	<b>(25)</b>	<b>(1,799)</b>	<b>(1,799)</b>
<b>Movements in Reserves during 2017/18</b>					
(Surplus) or Deficit on provision of services	(15)	0	0	0	(15)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(15)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15)</b>
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(332)	332	0	332	0
- capital grants & contributions applied	347	(347)	0	(347)	0
	<b>15</b>	<b>(15)</b>	<b>0</b>	<b>(15)</b>	<b>(0)</b>
<b>Overall Increase in year</b>	<b>0</b>	<b>(15)</b>	<b>0</b>	<b>(15)</b>	<b>(15)</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>0</b>	<b>(1,789)</b>	<b>(25)</b>	<b>(1,814)</b>	<b>(1,814)</b>

## 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”.

<b>31 March 2017 £000</b>		<b>31 March 2018 £000</b>	<b>Note</b>
1,799	Property, Plant & Equipment	1,814	7
<b>1,799</b>	<b>Long Term Assets</b>	<b>1,814</b>	
	Short Term Debtors		
18	- Central Government bodies	37	
181	- Other entities & individuals	173	
<b>199</b>	<b>Current Assets</b>	<b>210</b>	
	Short Term Creditors		
(199)	- Other entities & individuals	(210)	
<b>(199)</b>	<b>Current Liabilities</b>	<b>(210)</b>	
<b>1,799</b>	<b>Net Assets</b>	<b>1,814</b>	
1,799	Unusable Reserves	1,814	9
<b>1,799</b>	<b>Total Reserves</b>	<b>1,814</b>	

The Audited Accounts were issued on 21 September 2018.

**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.

<b>2016/17</b> <b>£000</b>		<b>2017/18</b> <b>£000</b>
309	Net (surplus) or deficit on the provision of services	(15)
(309)	Adjustment to net (surplus) on the provision of services for non-cash movements	(332)
<b>0</b>	<b>Net cash flow from or used in operating activities</b>	<b>(347)</b>
	Investing activities	
0	- Purchase of property, plant & equipment	347
<b>0</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>0</b>
0	Cash and cash equivalents at the beginning of the period	0
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>

## Notes to the Accounts

### 1. Summary of Significant Accounting Policies

#### a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. 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 2017/18 (the Code), 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 accounts are prepared on a going concern basis. 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 2017/18,
- 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 fair value, determined as the amount that would be paid for the assets in its existing use.

### Revaluation

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

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

### Impairment

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

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

### Depreciation

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

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

## **I) 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.

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## **2. Remuneration Report**

SWestrans does not employ any staff; therefore, a Remuneration Report is not required for 2017/18.

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## Notes to the Accounts (continued)

### 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. Currently this includes; IFRS 9 Financial Instruments (effective 1 January 2018), IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018) and IFRS 16 Leases (effective 1 January 2019 although not yet endorsed). Further work will be progressed to establish the impact of these changes. However, it is not anticipated that these standards will have a material impact on these 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. 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.

### 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 2018 for which there is a significant risk of material adjustment in the forthcoming financial year.

### 6. Events After the Balance Sheet Date

The audited Statement of Accounts were issued by the Treasurer on 21 September 2018. 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.

	2016/17 Vehicles £000	2017/18 Vehicles £000
<b>Cost or Valuation</b>		
<b>At 1 April</b>	3,128	3,128
Additions	0	347
<b>At 31 March</b>	<b>3,128</b>	<b>3,475</b>
<b>Accumulated Depreciation at 1 April</b>	<b>(1,020)</b>	<b>(1,329)</b>
Charge for year	(309)	(332)
<b>Accumulated Depreciation at 31 March</b>	<b>(1,329)</b>	<b>(1,661)</b>
<b>Net Book Value at 31 March</b>	<b>1,799</b>	<b>1,814</b>

## 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, the Partnership do not hold any usable reserves.

### 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.

	2016/17 £000	2017/18 £000
<b>Balance at 1 April</b>	<b>(2,083)</b>	<b>(1,774)</b>
Depreciation of non-current assets	309	332
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(0)	(347)
<b>Balance at 31 March</b>	<b>(1,774)</b>	<b>(1,789)</b>

#### 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.

	2016/17 £000	2017/18 £000
<b>Balance at 1 April</b>	<b>(25)</b>	<b>(25)</b>
<b>Balance at 31 March</b>	<b>(25)</b>	<b>(25)</b>

### 10. Payments to Members

No payments were made to Members of the SWestrans Board during 2017/18 or 2016/17.

## Notes to the Accounts (continued)

### 11. Audit Fees

The external audit fee payable for 2017/18 was £9,500 (£9,370 in 2016/17).

### 12. Grant Income

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

	2016/17 £000	2017/18 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Capital grants & contributions	(0)	(347)
<b>Total</b>	<b>(0)</b>	<b>(347)</b>
<b>Credited to Services</b>		
Scottish Government grants	(259)	(259)
Dumfries & Galloway Council service funding	(3,573)	(3,618)
<b>Total</b>	<b>(3,832)</b>	<b>(3,877)</b>

### 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 2017/18, the Council provided £100k (£100k in 2016/17) as match funding to a Scottish Government grant for core running costs, a capital grant of £117K (nil 2016/17) and a further £3.401 Million (£3.473 Million in 2016/17) was requisitioned by the Transport Partnership to cover the operating costs for 2017/18. SWestrans does not employ its own staff and during 2017/18 Dumfries & Galloway Council charged SWestrans £167k (£152k in 2016/17) in respect of staff support, supplies and other support services.

### 14. Leases

#### Partnership as Lessor

SWestrans purchased 3 buses in 2017/18 (No buses in 2016/17) and the buses are leased to private bus operators as part of specific route tenders. No income is received from these operating leases.