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South West of Scotland Transport Partnership



## Annual Accounts

2021/2022



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## Management Commentary

### 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)  
 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)

### 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 2022. 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 2021/22

SWestrans continued to balance service provision and service development through its revenue and capital budgets during 2021/22. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the Regional Transport Strategy, the Transport (Scotland) Act 2019 and the second Strategic Transport Projects Review (STPR2).

There were no changes to the five Councillor members or the two external members representing South of Scotland Enterprise and NHS Dumfries and Galloway on the SWestrans Board in 2021/22.

All Board meetings in 2021/22 were held remotely on Microsoft Teams.

The Covid-19 pandemic continued to impact directly on bus usage across the region, detailed passenger usage for 2019, 2020 and 2021 was collated with Stagecoach providing high-level usage numbers on their commercial journeys. This enabled a comparison to be made across the 3 years with 2019 showing the pre-Covid usage. A summary of the usage figures (annualised) is provided below:

Type	2019	2020	2021
Supported	1,375,920	704,392	1,030,633
Commercial	3,378,782	1,519,668	1,554,462
<b>Totals</b>	<b>4,754,702</b>	<b>2,224,060</b>	<b>2,585,095</b>

## Management Commentary (Continued)

Overall, passenger usage is some 46% below pre-Covid numbers with a slight build back from the 2020 usage which was 53% below pre-Covid usage. Analysis of the supported service information shows the passenger decline is based on a reduction of Adults (17%), Children (41%) and Concessions (50%).

The Scottish Government continued to provide bus operators with additional financial assistance to maintain essential services through two bus service funding schemes:

- The COVID-19 Support Grant (CSG) to maintain core services for essential travel; and
- The COVID-19 Support Grant – Restart (CSG-R) to support service growth while demand is suppressed.

These schemes maintained concessionary travel reimbursement and Bus Service Operator Grant (BSOG) payments at levels budgeted before COVID-19. In February 2022, the Minister for Transport announced that from 1 April 2022, the Network Support Grant will replace the CSG, CSG-R, and the pre-COVID funding scheme, BSOG, to secure services as part of wider improvements to attract passengers back over the longer term. The Scottish Budget for 2022-23 provides up to £93.5 million for this grant, including £40 million in additional funding to support recovery. The Network Support Grant is intended to provide more flexibility than the emergency COVID funding schemes, to enable services to adapt to changed travel patterns. Locally, bus operators are considering the implications of the Network Support Grant on their level of provision. However, if passenger numbers do not return to previous levels there is a significant risk that bus services which were already fragile will be varied or withdrawn

SWestrans continued to work in partnership with Dumfries and Galloway Council on a Public Transport and Travel Transformation Project with the outcomes reported and agreed at the SWestrans Board and the Council's Communities Committee in June 2021. Strategic and technical appraisals on the development and management of public transport operations were undertaken to present a range of options which culminated in the 2 reports (Future opportunities for DGC Buses; Sustainable Public Transport Model). The report on a 'Sustainable Public Transport Model' developed a new sustainable public transport model for the region to ensure that an appropriate and affordable travel option is available to all residents and visitors no matter where they are or which travel mode they use to access services. The 3 tier framework for delivering the new model is outlined below:

- Tier 1 – Community Level Provision: tailored and flexible services providing travel opportunities at community level linking directly to amenities/services or to a more structured/timetabled public transport option. This tier will take the learning and structures developed through the Community Transport Public Social Partnership (PSP) and expand across the region. This 'mainstreaming' of the PSP learnings will be a critical building block for the delivery of needs-based transport.
- Tier 2 – Supported Local Bus and Community Transport Services: supported bus services provided by bus operators, DGC Buses and Community Transport. This would include fixed or semi-fixed bus routes along with Demand Responsive Transport services that would either complement the current supported routes or be an alternative to these routes. Tier 2 services would aim to increase patronage of Tier 3 services through the development of Hub and Spoke feeder services to assist with the overall sustainability of commercial routes.
- Tier 3 – Commercial Local Bus and Rail Services: commercial bus routes and ScotRail services. They would operate on the main corridors where there is high passenger demand for these services.

The development of this new public transport model will be challenging and complex. It will require buy-in from all key stakeholders and the travelling public. As well as designing and introducing new transport services it also requires a different approach to funding, governance and the establishment of key infrastructures and structures to enable delivery. SWestrans agreed to being the lead community planning partner in the development of the new public transport model, subject to the identified additional staff resource being provided, with the transition from current delivery to the new public transport model phased over 2 years up to March 2024. The Council agreed its budget in February 2022 which included £138,500 per annum recurring funding to support increased Swestrans Staff Resources.

Delivery of the capital programme continued to be challenging through the year with work undertaken on Phase 2 and Phase 3 of car parking at Lockerbie Station, the purchase of low floor buses, the bus shelter programme and active travel interventions. The Board agreed to contribute £100k over 2021/22 and

## Management Commentary (Continued)

2022/23 to Keir, Penpont and Tynron Development Trust to enable progress with their community-led active travel path between Penpont and Thornhill.

Following the publication of the National Transport Strategy 2 and its first Delivery Plan all 7 Regional Transport Partnerships are undertaking a new Regional Transport Strategy (RTS). The development of a new RTS is a significant piece of work which will set the policy and direction for SWestrans for the period from 2022 to 2042. As with all transport strategy and policy documents in Scotland, our RTS will be founded on the principles of the Scottish Transport Appraisal Guidance (STAG), an objective-led framework whereby the options / option packages developed ultimately reflect an evidenced set of problems and opportunities, and Transport Planning Objectives (TPOs) derived from these. Fundamentally, the RTS should:

- clearly set out the transport problems / issues / opportunities which will be faced across the SWestrans area over the RTS period, and
- provide a framework for how these problems / issues / opportunities will be responded to by SWestrans and others.

Ultimately the challenge for the RTS is to produce a strategy and associated implementation / delivery plans that:

- are relevant and meaningful to the public, organisations, and businesses in the SWestrans area, and
- make a material difference in evolving transport in the SWestrans area to a decarbonised and more active future taking into account the largely rural nature of the area.

The development of the new RTS is expected to take some 16 months and is planned to conclude in January 2023. The SWestrans Regional Transport Strategy STAG Case for Change Report was presented to the last meeting of the current SWestrans Board in March 2022 with the intention that the new Board, following the Local Government elections, will take ownership of the process. The Case for Change developed a set of six draft RTS Objectives shown below which reflect and encompass the TPOs and set a clear direction for the strategy:

- Strategy Objective 1 – To facilitate and encourage safe active travel for all by connecting communities and travel hubs.
- Strategy Objective 2 – To improve the quality and sustainability of public transport within, and to / from the region.
- Strategy Objective 3 – To widen access to, and improve connectivity by public transport within and to / from the region.
- Strategy Objective 4 – To improve integration between all modes of travel and freight within and to / from the region.
- Strategy Objective 5 – To provide improved, reliable, resilient, and safe road-based connectivity for the movement of people and goods within the region, and to key locations including Glasgow, Edinburgh, Carlisle and Cairnryan.
- Strategy Objective 6 – To reduce the impact of transport on the people and environment of the region.

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 2 was published on 20 January 2022 and presented the Strategic Business Case for 45 draft recommendations which focus investment on sustainable transport options grouped under 6 themes:

- Improving Active Travel infrastructure.
- Influencing travel choices and behaviours.
- Enhancing access to affordable public transport.
- Decarbonising transport.
- Increasing safety and resilience on the strategic transport network.
- Strengthening strategic connections. SWestrans agreed a response to the consultation on the Phase 1 report.

There is 1 draft recommendation specific to our region (Recommendation 40: Access to Stranraer and the ports at Cairnryan), 4 other draft recommendations highlighted as being of particular benefit and a further 28

## Management Commentary (Continued)

recommendations considered to provide benefits across most parts of Scotland. However, new rail lines and new rail stations have not been recommended to be taken forward. The Board, through correspondence to the Minister for Transport and in its response to the STPR2 consultation, has expressed its extreme disappointment and requested reconsideration of their inclusion given that SWestrans along with our partners in the Beattock, Easttriggs and Thornhill Rail Actions Groups expended significant effort and funding to develop a Strategic Business Case (STAG appraisals) for the possible reopening of each station and the clear equality and decarbonisation benefits of rail links..

### Budget Performance Statement

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

	2021/22		Variance
	Budget £000	Actual £000	
Staff costs	84	84	0
Transport Costs	10	10	0
Administrative costs	61	61	0
Payments to other bodies	4,027	4,027	0
Central Support costs	44	44	0
<b>Gross Expenditure</b>	<b>4,226</b>	<b>4,226</b>	<b>0</b>
Government Grants	259	259	0
Other income	3,967	3,967	0
<b>Gross Income</b>	<b>4,226</b>	<b>4,226</b>	<b>0</b>
<b>Net Expenditure</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 £3.97 Million. However, through tight spending controls and active budget management, SWestrans achieved a breakeven position.

SWestrans' received income totalling £4.226 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 2021/22 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.

### Exemption from preparing a remuneration report

The board members who sit on SWestrans Board do not receive any additional remuneration from that received for the remuneration for being a Councillor with Dumfries and Galloway Council. SWestrans does not directly employ any staff but uses staff time of direct employees of Dumfries and Galloway Council.

**Comprehensive Income & Expenditure Statement**

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2022 is shown on page 13 of these accounts.

**Movement in Reserves Statement**

The Movement in Reserves Statement is shown on page 14 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 15 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2022.

**Cash Flow Statement**

The Cash Flow Statement is shown on page 16 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

**Andrew Wood**  
Chair (2021/22)  
11 April 2023

**Douglas Kirkpatrick**  
Lead Officer  
11 April 2023

**Paul Garrett**  
Treasurer  
11 April 2023



## 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 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 audited Annual Accounts were approved for signature by the Transport Partnership at its meeting on 31 March 2023 and signed on its behalf

**Andrew Wood**  
**Chairman (2021/22)**  
**11 April 2023**

### 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 2022.

**Paul Garrett**  
**Treasurer**  
**11 April 2023**

## 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. In discharging this responsibility, the South West of Scotland Transport Partnership has established governance arrangements including a members Code of Conduct.

The lead officer has been appointed to:

- oversee the implementation and monitor the operation of the Governance Arrangements in place; and
- review the operation of the governance arrangements in practice.

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2021/22. 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 Partnership Board have oversight of the risks and issues facing the organisation.

### Review of effectiveness

South West of Scotland Transport Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. 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.

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.

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 2022.

### Significant Governance Issues

In considering governance arrangements we report below on the progress on significant governance issues during the year and actions planned for the coming year:-

- Internal Audit assurance – The partnership use financial and operational systems and resources provided by Dumfries and Galloway Council. In considering the systems of internal control, the Partnership considers the findings of the Council's Internal Audit service. However, there is an

## South West of Scotland Transport Partnership audited Annual Accounts 2021/22

opportunity to enhance the level of oversight and assurance of systems of internal control, risk management and governance arrangement through having specific Internal audit assurance to the Partnership. Over the coming year the Partnership will look at developing independent assurance arrangements from Internal Audit.

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.

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.

**Conclusion**

While we have identified opportunities for improving and developing governance arrangements, we are 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 2022 and that the actions identified in the Statement to will address the issues identified and highlighted in this Statement reflect the Partnership's commitment to continuous improvement and will further enhance our corporate governance and internal control arrangements.

**Andrew Wood**  
**Chairman (2021/22)**  
**11 April 2023**

**Douglas Kirkpatrick**  
**Lead officer**  
**11 April 2023**

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

### **Reporting 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 South West of Scotland Transport Partnership for the year ended 31 March 2022 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 financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the body as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. 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 were appointed by the Accounts Commission on 31 May 2016. The period of total uninterrupted appointment is six years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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 concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

#### **Risks of material misstatement**

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## **Responsibilities of the Treasurer and Transport Partnership 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 body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

The South West of Scotland Transport Partnership Board is responsible for overseeing the financial reporting process.

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

Our objectives are to obtain 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 decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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.

## Reporting on other requirements

### Other information

The Treasurer is responsible for other information in the annual accounts. The other information comprises the Management Commentary, Annual Governance Statement and Statement of Responsibilities.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### Opinions prescribed by the Accounts Commission on the Management Commentary and Annual Governance Statement

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 and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in our Annual Audit Report.

### Use of our report

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, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

[Signature]

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

110 Queen Street  
Glasgow  
G1 3BX

11 April 2023

## Comprehensive Income & Expenditure Statement

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

2020/21			2021/22			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
4,501	(4,238)	263	Roads and Transport Services	4,491	(4,226)	265
<b>4,501</b>	<b>(4,238)</b>	<b>263</b>	<b>Net Cost of Services</b>	<b>4,491</b>	<b>(4,226)</b>	<b>265</b>
		0	(Gains) & losses on sale of non-current assets			0
		(285)	Capital grants & contributions			0
		<b>(22)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>265</b>
		<b>0</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>0</b>
		<b>(22)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>265</b>

The notes on pages 17 to 25 form part of the accounts.



## 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
<b>Balance at 31 March 2020</b>	<b>0</b>	<b>(1,169)</b>	<b>(25)</b>	<b>(1,194)</b>	<b>(1,194)</b>
<b>Movements in Reserves during 2020/21</b>					
Surplus or (Deficit) on provision of services	(22)	0	0	0	(22)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(22)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(22)</b>
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(263)	263	0	263	0
- capital grants & contributions applied	285	(285)	0	(285)	0
- Gains & losses on disposal of non-current assets	0	0	0	0	0
	<b>22</b>	<b>(22)</b>	<b>0</b>	<b>(22)</b>	<b>0</b>
<b>Overall Increase/Decrease in year</b>	<b>0</b>	<b>(22)</b>	<b>0</b>	<b>(22)</b>	<b>(22)</b>
<b>Balance at 31 March 2021 carried forward</b>	<b>0</b>	<b>(1,191)</b>	<b>(25)</b>	<b>(1,216)</b>	<b>(1,216)</b>
<b>Movements in Reserves during 2021/22</b>					
Surplus or (Deficit) on provision of services	265	0	0	0	265
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>265</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>265</b>
Adjustments between accounting basis & funding basis under regulations					
- charges for depreciation of non-current assets	(265)	265	0	265	0
- capital grants & contributions applied	0	0	0	0	0
- Gains & losses on disposal of non-current assets	0	(25)	25	0	0
	<b>(265)</b>	<b>240</b>	<b>25</b>	<b>265</b>	<b>0</b>
<b>Overall Increase/Decrease in year</b>	<b>0</b>	<b>240</b>	<b>25</b>	<b>265</b>	<b>265</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>0</b>	<b>(951)</b>	<b>0</b>	<b>(951)</b>	<b>(951)</b>

The notes on pages 17 to 25 form part of the accounts.

## 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 2021 £000		31 March 2022 £000	Note
1,216	Property, Plant & Equipment	951	7
<b>1,216</b>	<b>Long Term Assets</b>	<b>951</b>	
	Short Term Debtors		
7	- Central Government bodies	17	
121	- Other entities & individuals	109	<b>16</b>
<b>128</b>	<b>Current Assets</b>	<b>126</b>	
	Short Term Creditors		
(128)	- Other entities & individuals	(126)	16
<b>(128)</b>	<b>Current Liabilities</b>	<b>(126)</b>	
<b>1,216</b>	<b>Net Assets</b>	<b>951</b>	
1,216	Unusable Reserves	951	9
<b>1,216</b>	<b>Total Reserves</b>	<b>951</b>	

The Accounts were issued on 11 April 2023.

The notes on pages 17 to 25 form part of the accounts.

**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>2020/21</b> <b>£000</b>		<b>2021/22</b> <b>£000</b>
(22)	Net (surplus) or deficit on the provision of services	265
(263)	Adjustment to net (surplus) on the provision of services for non-cash movements	(265)
<b>(285)</b>	<b>Net cash flow from or used in operating activities</b>	<b>(0)</b>
	Investing activities	
285	- Purchase of property, plant & equipment	0
<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>

The notes on pages 17 to 25 form part of the accounts.

## Notes to the Accounts

### 1. Summary of Significant Accounting Policies

#### a) General Principles

The Annual Accounts summarise the Council's transactions for the 2021/22 financial year and its financial position at the year end of 31 March 2022. 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 2021/22 (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 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 2021/22,
- 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 at cost, 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.

## **I) 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.

## Notes to the Accounts (continued)

### 2. 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 2022, therefore there is no impact on the 2021/22 financial statements. This applies to the adoption of the following new or amended standards within the 2021/22 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.

There are no other accounting standards issued and not yet adopted that will have a material impact on the 2021/22 Annual Accounts

IFRS 16 has not yet been adopted by the Code and is expected to be adopted in April 2022. While officers are unable to quantify the impact of the new standards at this stage these are not expected to have a material impact on the financial statements.

### 3. 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.

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### 4. 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 2022 for which there is a significant risk of material adjustment in the forthcoming financial year.

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### 5. Events After the Balance Sheet Date

The unaudited Statement of Accounts were issued by the Treasurer on 24 June 2022. 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.

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### 6. 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)**

	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
<b>SWestrans</b>	<b>0</b>	<b>263</b>	<b>263</b>
<b>Net Costs of Services</b>	<b>0</b>	<b>263</b>	<b>263</b>
(Gains) & losses on disposal of non-current assets	0	0	0
Capital grants & contributions	0	(285)	(285)
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>(22)</b>	<b>(22)</b>

	2021/22 Net Expenditure Chargeable to the General Fund £000	2021/22 Adjustments between the Funding and Accounting Basis £000	2021/22 Expenditure in the Comprehensive Income & Expenditure Statement £000
<b>SWestrans</b>	<b>0</b>	<b>265</b>	<b>265</b>
<b>Net Costs of Services</b>	<b>0</b>	<b>265</b>	<b>265</b>
(Gains) & losses on disposal of non-current assets	0	0	0
Capital grants & contributions	0	0	0
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>0</b>	<b>265</b>	<b>265</b>

**7. Property, Plant & Equipment**

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

	2020/21 Vehicles £000	2021/22 Vehicles £000
<b>Cost or Valuation</b>		
<b>At 1 April</b>	<b>3,206</b>	<b>3,491</b>
Additions	285	0
Disposals	0	(66)
<b>At 31 March</b>	<b>3,491</b>	<b>3,425</b>
<b>Accumulated Depreciation at 1 April</b>	<b>(2,012)</b>	<b>(2,275)</b>
Charge for year	(263)	(265)
Write Back on Disposal	0	66
<b>Accumulated Depreciation at 31 March</b>	<b>(2,275)</b>	<b>(2,474)</b>
<b>Net Book Value at 31 March</b>	<b>1,216</b>	<b>951</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. 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 does 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.

	2020/21 £000	2021/22 £000
<b>Balance at 1 April</b>	<b>(1,169)</b>	<b>(1,191)</b>
Assets Disposed of during the year	0	(25)
Depreciation of non-current assets	263	265
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(285)	0
<b>Balance at 31 March</b>	<b>(1,191)</b>	<b>(951)</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.

	2020/21 £000	2021/22 £000
<b>Balance at 1 April</b>	<b>(25)</b>	<b>(25)</b>
Assets Disposed of during the year	0	25
<b>Balance at 31 March</b>	<b>(25)</b>	<b>0</b>

### 10. Payments to Members

No payments were made to Members of the SWestrans Board during 2021/22 or 2020/21.

### 11. Audit Fees

The external audit fee payable for 2021/22 was £10,530 (£10,240 in 2020/21). There were no fees paid for non-audit services.

## Notes to the Accounts (continued)

### 12. Grant Income

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

	2020/21 £000	2021/22 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Capital grants & contributions	(285)	0
<b>Total</b>	<b>(285)</b>	<b>0</b>
<b>Credited to Services</b>		
Scottish Government grants	(259)	(259)
Dumfries & Galloway Council service funding	(3,578)	(3,548)
<b>Total</b>	<b>(3,837)</b>	<b>(3,807)</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 2021/22, the Council provided £100k (£100k in 2021/22) as match funding to a Scottish Government grant for core running costs, a capital grant of £0k (£285k 2020/21) and a further £3.591 Million (£3.573 Million in 2020/21) was requisitioned by the Transport Partnership to cover the operating costs for 2021/22. SWestrans does not employ its own staff and during 2021/22 Dumfries & Galloway Council charged SWestrans £131k (£163k in 2020/21) in respect of staff support, supplies and other support services. NHS Dumfries and Galloway contributed £70k (£70k in 2020/21) to a specific bus contract. At the year-end £46k (£39k in 2020/21) was outstanding for payments to Dumfries and Galloway Council and £80k (£82k in 2020/21) in relation to sums held in the Dumfries and Galloway Council Loans Fund.

### 14. Leases

#### Partnership as Lessor

SWestrans purchased 0 buses in 2021/22 (2 buses in 2020/21) and 30 (34 in 2020/21) 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)

### 15. Key Management Personnel

SWestrans do not directly employ any staff and Dumfries and Galloway Council recharge SWestrans for staff and operational support during the year. Included within this recharge is an estimate of the share of the Lead Officer's time on SWestrans activities. Their remuneration for short term benefits is set below (Note share of pension movements is unavailable):

	2020/21 £000	2021/22 £000
SWestrans' charge of wages and salaries	42	43

### 16. Financial Instrument Balances

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another. They are recognised at fair value or amortised cost, or where no reliable measurement exists, measured at cost. The following categories of financial instruments are carried in the Balance Sheet. These are all current:

	Current – Amortised cost	
	2020/21 £000	2021/22 £000
<b>Financial Liabilities</b>		
Short term creditors (current)	(128)	(126)
	<b>Current- Amortised cost</b>	
	2020/21 £000	2021/22 £000
<b>Financial assets</b>		
Short term debtors (current)	121	109

There were no gains and losses recognised in the comprehensive Income and Expenditure Statement in relation to financial instruments during 2021/22 (2020/21: £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 2022. 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.