

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

ACCOUNTS TO 31ST MARCH 2010



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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

Independent Auditor's Report to the Directors of West Yorkshire Passenger Transport Executive

I have audited the accounting statements of West Yorkshire Passenger Transport Executive for the year ended 31 March 2010. The accounting statements comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These accounting statements have been prepared under the accounting policies set out within them.

This report is made solely to the Directors of West Yorkshire Passenger Transport Executive in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in April 2008.

Respective responsibilities of the Directors and auditor

The Directors are responsible for preparing the accounting statements in accordance with the Accounts and Audit Regulations 2003 as amended.

My responsibility is to audit the accounting statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements, of the financial position of the Executive and its income and expenditure for the year. I also report to you whether, in my opinion, the information which comprises the Report of the Directors, is consistent with the accounting statements.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Executive's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Report of the Directors and consider whether it is consistent with the audited accounting statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Executive accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements. It also includes an assessment of the significant estimates and judgements made by the Executive in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Executive's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements.

Opinion

In my opinion the Executive accounting statements give a true and fair view of the state of affairs of West Yorkshire Passenger Transport Executive as at 31 March 2010 and of its income and expenditure for the year then ended in accordance with the accounting policies adopted by the Executive; and information which comprises the Report of the Directors is consistent with the financial statements.

Simon Dennis
Appointed Auditor

29 September 2010

Audit Commission
Leeds Regional Office,
3, Leeds City Office Park,
Holbeck,
Leeds LS11 5BD

**REPORT OF THE DIRECTORS OF
THE WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2010**

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by company law to prepare financial statements for each financial year which present a true and fair view of the Executive's financial position and performance for that period.

In preparing the financial statements, the Directors are required to :

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- keep proper financial records which are up to date; and
- ensure that the financial management and accounting control systems are adequate and effective.

2. THE EXECUTIVE' S RESPONSIBILITIES

The Executive's responsibilities are :-

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In the Executive, that officer was the Assistant Director Finance until 31 May 2010. From 1 June 2010 that officer is the Director of Resources.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

3. ACTIVITIES

The primary function of the West Yorkshire Passenger Transport Executive is to implement the policies of the West Yorkshire Integrated Transport Authority. The main policies being the provision of public passenger transport services where the needs of the area are not met by the commercial network, the administration of a concessionary travel scheme and a prepaid tickets (Metrocard) scheme and the planning and development of major transport projects. Metro also manages the public transport infrastructure in West Yorkshire. This includes the operation of bus stations across the county and the provision and maintenance of bus stops and shelters and the provision of bus and rail information via timetables, Metroline and real time information systems.

The Executive in conjunction with the Integrated Transport Authority has adopted the corporate name "Metro" in order to promote public transport throughout West Yorkshire. The West Yorkshire Integrated Transport Authority is the ultimate parent company and is located at Wellington House, 40-50 Wellington St, Leeds, LS1 2DE

4. FINANCIAL RESULTS

The financial results of the Executive for the period are detailed in the accounts on pages 12 to 37 of this report.

5. FIXED ASSETS

Changes in Fixed Assets are detailed in note 11 to the accounts.

6. SIGNIFICANT DEVELOPMENTS

During the past 12 months Metro has pursued and delivered a number of significant projects and initiatives and these are outlined below:-

Brighouse Bus Station

One example of this work was the new Brighouse Bus Station which was officially opened on 21 May and dedicated to former Calderdale District Spokesman and champion of the development Councillor Geoffrey Wainwright, who died last year.

In line with Metro's modern, award-winning bus stations across West Yorkshire, the new £2.38m facility will provide passengers with more comfortable and safer enclosed waiting areas, new seating and lighting, real-time electronic passenger information, 24-hour CCTV surveillance, and additional footpaths and pedestrian crossings leading to the town centre.

Pudsey Bus Station

In October 2009, work began on another new West Yorkshire Bus Station, this time in the town of Pudsey on the outskirts of Leeds. Due to be completed by September 2010, the new £3m Bus Station will provide the high levels of comfort and security that passengers have come to expect from Metro's facilities across West Yorkshire. It will be fully accessible and will include an enclosed waiting area together with real-time electronic information and CCTV which will be monitored 24 hours a day.

MetroLocal

In 2009, Metro introduced further MetroLocal services in Kirklees based upon the success of the services launched in 2008. MetroLocal combines an enhanced home-to-school service for pupils with special educational needs, with an off-peak bus service providing access to local shops and services for people with limited mobility. While most MetroLocal services have been immediately successful others have taken some fine tuning and targeted marketing. Passenger numbers on one MetroLocal service grew by over 70% over the summer of 2009 thanks to a local promotional campaign.

Major Schemes

Metro and Leeds City Council have welcomed the 'go ahead' from the Government for the proposed new trolleybus network dubbed New Generation Transport or NGT. Designed to provide sustainable support to Leeds' and the City Region's economic growth, NGT will link two new Park & Ride sites at the edge of Leeds with the city centre, and will also connect the city's hospitals and universities. The Transport Minister has announced £235m of funding for the network's south and north routes including a proposed extension of the north line to Holt Park.

Metro and Network Rail's proposed southern entrance to Leeds Rail Station has passed the planning approval stage and Programme Entry Status was granted for £13.5m funding from the Department for Transport.

Metro and Network Rail are developing the scheme for a new southern pedestrian entrance which will allow people to get in and out of the station from both sides of the river Aire around Granary Wharf.

City Region

Metro has played a key role in progressing the Leeds City Region Transport Vision, including the development of a 20 year strategy which aligns with the government's Delivering a Sustainable Transport System (DaSTS) policy. It has also agreed with Government, as part of the Forerunner programme, a series of commitments to devolve to the city region, including major scheme appraisal; road and rail protocols to align national investment; and a consolidated, long-term transport funding package.

Governance Review Process

The Authority has undertaken a governance review and has agreed in principle some significant changes to its own governance arrangements in advance of a full governance scheme as anticipated under the Local Transport Act 2008. This will take full effect from June 2010 and will ensure the Authority is well placed to deliver strategically and effectively.

FreeBus services

In November 2009, Bradford's FreeCityBus service notched up its millionth customer, and December saw the introduction of a FreeTownBus in Dewsbury.

In total, the five services have now carried over 10.4 million passenger journeys contributing to the reduction of congestion in city and town centres by encouraging people to leave their cars at home and use connecting trains and buses instead.

Metro Active

Young people told Metro that they would use the bus more if it was more affordable so in August 2009, Metro, in partnership with the county's bus operators, set up and funded Metro Active.

Throughout that month, anyone with a Metro Young Person's or Scholar's Photocard was able to buy a Metro Active ticket and travel anywhere in West Yorkshire by bus for just £1 all day (after 9.30 am on weekdays and at any time during weekends and Bank Holidays).

Feedback was positive and further Metro Active periods in school holidays are now being considered.

Boxing Day Buses

Almost 54,000 people took advantage of Metro-funded bus services in Leeds and Huddersfield on Boxing Day 2009, an increase of 10% over the previous year. Thirty services ran every half hour on main routes into Huddersfield and Leeds centres, and to some shopping centres, from Bradford, Calderdale, Kirklees and Wakefield.

Fixed fares, all-day tickets and free travel for children accompanied with adults have helped to make the 9am to 6pm services popular with people wanting to get to shops and leisure facilities and to make hospital visits.

Rural Services

In October 2009 Metro held a Stakeholders' Day about the West Yorkshire Rural Accessibility Programme, which was attended by representatives from 50 West Yorkshire organisations wanting to find out how they could access up to £500,000 of funding for rural transport and accessibility projects.

Managed by Metro on behalf of Yorkshire Forward, the West Yorkshire Rural Accessibility Programme aims to improve access to employment and training by improving rural transport links through two funding streams between 2009 and 2012. It follows on from the successful Rural Transport Programme, which Metro also managed on behalf of Yorkshire Forward.

7. PRINCIPAL RISKS AND UNCERTAINTIES

Recession/economic climate.

Metro is facing the same difficult economic circumstances as most other organisations including the five West Yorkshire districts which provide its funding through the levy system.

Having agreed a 0.5% levy increase for 2010/11 Metro is implementing a range of cost-saving options including staffing reductions and budget cuts in services where recent value-for-money reviews have shown savings might be found without a deterioration of service. We have also raised the fare for concessionary off-peak train travel to 50p with effect from May 2010.

Concessionary Fares scheme beyond 2010/11

2010/11 is the final year of the three year agreements entered into with the major bus operators to mitigate the risks of a growing concessionary fares budget. During the year it is expected that the Department for Transport will commence a consultation process on both the funding for concessions and the prescribed reimbursement methodology, both of which could have significant implications for Metro and the other PTEs.

Major Scheme Funding

Metro has been successful in achieving programme entry status for two of its major schemes, NGT and Leeds Station Southern Entrance. Other schemes are still awaiting approval. Whilst funding has been identified to deliver these schemes this is not certain until full approval is granted, by which time there is a risk that the available funding has been reduced as a result of cuts.

8. FUTURE DEVELOPMENTS

Major schemes

Having achieved programme entry status Metro will continue to progress with the next stages of developing NGT and Leeds Station Southern Entrance and will continue to seek approval for other major schemes within its capital programme.

Quality Contracts

Metro is leading the UK in doing the groundwork for a Bus Quality Contract and, subject to approval from the Quality Contracts Board, it could have a scheme up and running by September 2011. However, Metro would still welcome the opportunity to improve bus services to predefined standards through a partnership and sees the preparatory work on Quality Contracts as valuable work towards this aim.

Smartcard

Metro was successful in securing government money for the development of Smartcards and will continue to work on delivering, in partnership with South Yorkshire PTE, the necessary back office infrastructure for a regional smartcard system.

9. THE MEMBERS OF THE EXECUTIVE BOARD

The members of the Executive Board who served during the year were:-

Kieran Preston	Director General
John Henkel	Director of Passenger Services
Sheena Pickersgill	Director of Corporate Services (Resigned 31/05/10)
David Hoggarth	Director of Development
Angela Hirst	Director of Resources (Appointed 01/06/10)
David Page	Non Executive Director (Resigned 31/12/09)
Tony Darbyshire	Non Executive Director
Alan Gay	Non Executive Director (Appointed 01/04/10)

10. EMPLOYEES

The Executive is an equal opportunities employer. The Equality and Diversity Policy is designed to provide equal opportunities irrespective of colour, ethnic or national origins, sex or marital status, nationality or disability.

The Directors endeavour to make employees aware of the financial and economic factors affecting the performance of the Executive through regular training and seminars, team meetings, Metroplan Roadshows, 'mint', the intranet and management meetings.

The Executive continues to give special attention to health and safety matters and complies with Health and Safety law in all its requirements.

The attainment of the Investors in People award affirms the Executive's on-going commitment to its employees.

11. AUDITORS

The Audit Commission have been appointed as auditors to the Executive, under the provisions of section 2 of the Audit Commission Act 1998.

The Statement of Accounts was authorised for issue by the Director of Resources on 22 June 2010.

K PRESTON
Director General

Date: 21 September 2010

**ANNUAL GOVERNANCE STATEMENT
THE WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2010**

1. Scope of Responsibility

The Executive is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Executive also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Executive is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Executive's functions including arrangements for the management of risk. The Executive has adopted the CIPFA/SOLACE framework.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Executive is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Executive to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Executive's policies, aims and objectives, to evaluate the likelihood of those risks being realised and their impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Executive for the year ended 31 March 2010 and up to the date of approval of the financial statements.

3. The governance framework

The key elements of the systems and processes that comprise the Executive's governance arrangements are the Code of Corporate Governance which is supported by the following activities:-

- a) Identification and communication of the vision through corporate documents such as the 20:20 Vision, Metroplan, Annual Report and the Corporate Plan.
- b) Review of the organisation's vision and the implications on governance arrangements is undertaken through the Metroplan monitoring system (Covalent) and the corporate management teams.

- c) Measurement of the quality of services delivered is carried out through the Metroplan monitoring system (Covalent), the complaints procedure, service monitoring and internal and external VFM reviews and through feedback obtained from Passenger Consultative Committees (PCCs).
- d) Defining and documentation of roles is performed through job descriptions and competency based employee specifications and staff codes of conduct. The Executive has two Non-Executive Directors at Board level whose roles are clearly defined. A communication strategy provides guidance and direction to enable effective communication both internally and with other external stakeholders.
- e) Review of Standing Orders and Financial Regulations is performed annually with procedures manuals and notes underpinning the SOFR's. Processes and controls to manage risk are present through the Strategic Risk Based Audit Plan and Risk Management Group.
- f) An Audit Committee that undertakes the core functions as identified and measured through CIPFA's "Audit Committees - Practical Guidance for Local Authorities". These requirements are provided in the terms of reference for the Audit Committee.
- g) Consideration of legal implications in all reports to the Board, Standing Orders and Financial Regulations, tendered service contracts and concessionary travel schemes compliant with the Transport Act. Additionally procedures and policies are in place ensuring compliance with Data Protection, Freedom Of Information and Health and Safety.
- h) A whistleblowing policy and guidance notes are on the internet and the Internal Audit Annual Report identifies any instances where protective disclosures have been made.
- i) Identification of training needs through the training and development programme including 6 monthly development reviews encompassing all members of staff. The Executive has a Learning and Development Strategy and a comprehensive Management Development Programme.
- j) Communication with stakeholders through PCCs, the Consultation Strategy, Operator Groups, Performance Review and the internet.
- k) Arrangements for good governance in respect of partnerships through operator group meetings and through contracts for the provision of tendered services. The interests of the 5 district authorities are represented by the ITA's policies and delivered by the Executive.

4. **Review of Effectiveness**

The Executive has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the Internal Audit section and that of management within the Executive who have responsibility for the development and maintenance of the internal control environment, and also by comments made by External Auditors.

The Executive has in place a system based on a framework of standing orders, financial regulations and administrative controls including codes of conduct and administrative policies and procedures. This ensures that key decisions of both an operational and strategic nature are taken by the Board with policy direction from the ITA. All administrative controls and financial instructions are reviewed on a regular basis by the Executive's management and Internal Audit and also Standing Orders and Financial Regulations are reviewed on an on-going basis. In terms of financial control the Executive has a core financial system that records all financial transactions and provides adequate accounting control. During the last year the Assistant Director Finance has provided to the Audit Committee a regular confirmation that key controls have been operating in the period.

In terms of budgetary control responsibility is devolved to Budget Controllers and Budget Holders who are responsible for the monitoring and control of their assigned budget. Monthly budget performance reports are prepared by Finance for the Board to ensure that ongoing budgetary control is achieved. The budget monitoring and control process is managed through the Proactis Procurement system which allows Budget Holders to view ongoing commitments and access enhanced reporting tools.

The financial systems are reviewed annually by Internal and External Audit and these reviews of the effectiveness of the system of internal financial control for the Executive are informed by the managers and Internal Audit within the Executive and by External Audit.

The work of Internal Audit is directed by an assessment of the risk to which the Executive is exposed, and a strategic audit plan is devised based on these assessments. The 3 year rolling strategic audit plan is then approved by the Executive Board. Regular internal audit reports are produced by the Internal Auditor and are presented to the Executive's Audit Committee. The Audit Committee convenes on a regular basis to review and consider the findings of Internal Audit ensuring that responsibility for recommendations is agreed and that implementation occurs on a timely basis. After endorsement by the Audit Committee audit reports are circulated to the Executive Board. A triennial review of Internal Audit was performed by the Audit Commission in 2008/09 and identified areas of good practice and suggested some improvements for consideration by the Executive. The Internal Audit Manager has made progress in implementing a number of measures to further enhance the provision of Internal Audit services and continued work on the remaining elements is on-going. The External Auditor reported that progress had been made on the recommendations they made in their review in 2009 and that they were able to rely on some of the work performed by Internal Audit.

The Executive also has in place comprehensive risk management arrangements. The Risk Management Group considers the risks facing the Executive and assesses the action taken to minimise such risks. The work of the Risk Management Group is encapsulated in the Strategic Risk Register which is continually updated to take account of the changing risk environment. Departments maintain and report to Risk Management Group on their own risk registers. A review of these arrangements is underway to ensure they continue to meet best practice.

I have been advised on any implications of the result of the review of the effectiveness of the system of internal control by the Executive and Audit Committee.

5. **Significant Internal Control Issues**

The following section provides a summary, by exception only, of any significant issues that have been identified and reported during the year. None have been identified during the year.

6. **Conclusion**

Throughout 2009/10 the Executive has continued to place significant importance on the process of risk management and the effective governance role vested in the Audit Committee demonstrates an ongoing commitment to best practice and good corporate governance across the Executive. The Executive has implemented a number of governance improvements during the year including an updated Code of Conduct which includes guidance on declarations of interests for Directors and Officers. A local Code of Corporate Governance has been developed which consolidates the various strands of governance within the organisation and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. Furthermore the Board has approved in principle new Board delegations to improve and streamline Board decision-making and make effective use of the management teams. Internal Audit have undertaken a program in the year of raising awareness of countering fraud arrangements and strategies and this has been publicised in a leaflet issued to staff.

The Executive is satisfied that an effective system of internal control has been in place throughout the financial year and is ongoing.

K T Preston
Director General

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

<u>INCOME</u>	<u>Notes</u>	<u>2010</u> £'000	<u>2009</u> £'000	<u>£'000</u>
Revenue Grant from ITA	1	83,488	78,196	
Special Rail Grant	2	72,097	71,871	
Prepaid Tickets	4	27,745	29,512	
Rents, Service and Departure Charges		4,513	4,651	
Other Revenue	1	<u>13,844</u>	<u>13,703</u>	
			201,687	197,933
 <u>EXPENDITURE</u>				
<u>Payments to Operators</u>				
Concessionary Fares	4	50,334	44,579	
Subsidised Services	4	23,855	24,670	
Prepaid Tickets	4	27,745	29,512	
Rail Services	2	<u>71,352</u>	<u>71,123</u>	
		173,286	169,884	
 <u>Administration and Activities</u>				
Administration and Management		7,904	8,271	
Passenger Facilities		6,478	6,681	
Service Planning and Promotion		7,529	7,700	
Pension Interest Cost Expected Return on Assets		<u>4,332</u>	<u>2,479</u>	
		26,243	25,131	
 <u>Depreciation</u>				
	7(a)	362	298	
<u>Operating Lease Costs</u>				
	7(c)	2,211	2,301	
<u>Pension costs re former employees and Non-recurring Costs</u>				
	7(d)	<u>1,545</u>	<u>1,438</u>	
		4,118	4,037	
			203,647	199,052
(DEFICIT) OF INCOME OVER EXPENDITURE BEFORE EXCEPTIONAL ITEMS			(1,960)	(1,119)
Exceptional Items	10		7	210
(DEFICIT) OF INCOME OVER EXPENDITURE			<u>(1,953)</u>	<u>(909)</u>
Interest Receivable			1	31
Interest Payable			-	-
(DEFICIT) FOR THE YEAR BEFORE TAXATION			<u>(1,952)</u>	<u>(878)</u>
Taxation	8		-	(2)
(DEFICIT) FOR THE YEAR, AFTER TAXATION			<u>(1,952)</u>	<u>(880)</u>
MOVEMENT ON PENSION RESERVE			1,952	880
(DEFICIT)/SURPLUS FOR THE YEAR TRANSFERRED TO RESERVES			=====	=====
	9		-	-
			=====	=====

Note :

- 1 A statement of the movement in reserves is shown on page 15.
- 2 The notes on pages 22 to 37 form part of these accounts.
- 3 Income and expenditure arises solely from continuing operations. The Executive has had no acquisitions or disposals in the year.

<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>	2010 £'000	2009 £'000
Deficit for the financial year for the Executive	(1,952)	(880)
Loss on revaluation of land, buildings and interchanges for the Executive	-	-
Actuarial gains and losses recognised in Defined Benefit Pension Scheme	<u>(24,151)</u>	<u>(526)</u>
Total recognised gains and losses in the year	(26,103)	(1,406)
Prior period adjustment arising from FRS17 December 2006 Amendment	<u>-</u>	<u>(268)</u>
Total recognised gains and losses since 31 March 2009	<u>(26,103)</u>	<u>(1,674)</u>

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2010**

	<u>Notes</u>	<u>2010</u> <u>£'000</u>	<u>£'000</u>	<u>2009</u> <u>£'000</u>	<u>£'000</u>
FIXED ASSETS					
Tangible Assets	11(a)	<u>90,440</u>	90,440	<u>95,655</u>	95,655
CURRENT ASSETS					
Debtors	12	17,255		15,041	
Cash at Bank and in Hand	13	<u>868</u>		<u>2,380</u>	
			18,123		17,421
CURRENT LIABILITIES					
Cash at Bank and in Hand	13	-		(30)	
Creditors: Amounts Falling Due Within One Year	14	<u>(20,420)</u>		<u>(20,063)</u>	
			(20,420)		(20,093)
NET CURRENT(LIABILITIES)			(2,297)		(2,672)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>88,143</u>	<u>92,983</u>	
DEFERRED CAPITAL GRANTS	16	(75,519)		(80,359)	
NET PENSION LIABILITY	6	<u>(82,590)</u>		<u>(56,487)</u>	
		<u>(69,966)</u>		<u>(43,863)</u>	
CAPITAL AND RESERVES					
Revaluation Reserve	18	11,213		11,213	
Revenue Reserves		1,411		1,411	
Pension Reserves	6	<u>(82,590)</u>		<u>(56,487)</u>	
		<u>(69,966)</u>		<u>(43,863)</u>	

SIGNED ON BEHALF OF THE EXECUTIVE

The financial statements on pages 12-37 were approved by the Board of Directors on 21 September 2010 and were signed on its behalf by :

K T Preston

DIRECTOR GENERAL

A Hirst

DIRECTOR OF RESOURCES

Note :

1. A statement in the movement in reserves is shown on page 15.
2. The notes on pages 22 to 37 form part of these accounts.

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
STATEMENT OF PENSION RESERVE AS AT 31 MARCH 2010**

	2010 <u>£'000</u>	<u>2009</u> <u>£'000</u>
Opening pension reserve	(56,487)	(55,081)
Movement in pension scheme (deficit) during the year	<u>(26,103)</u>	<u>(1,406)</u>
Balance at end of year	<u>(82,590)</u>	<u>(56,487)</u>

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
STATEMENT OF TOTAL MOVEMENT IN RESERVES AS AT 31 MARCH 2010**

	Revaluation Reserve £'000s	Revenue Reserve £'000s	Pension Reserve £'000s	Total £'000s
Balance as at 1st April 2009	11,213	1,411	(56,487)	(43,863)
Net (deficit) for the year	-	-	(26,103)	(26,103)
Balance as at 31st March 2010	<u>11,213</u>	<u>1,411</u>	<u>(82,590)</u>	<u>(69,966)</u>
	=====			

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2010**

	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Reported Surplus for the Year Before Taxation	2	2
Excess of Actual Depreciation Charge Over Historical Cost Depreciation Charge	-	-
	<hr/>	<hr/>
Historical Cost Surplus for the Year Before Taxation	2	2
Historical Cost Retained Surplus for the Year After Taxation	-	-
	<hr/>	<hr/>

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010**

	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Net Cash (Outflow) from Operating Activities (Note 1)	(15,214)	(2,210)
Returns on Investment and Servicing of Finance		
Interest received	1	31
Interest Paid	-	-
Taxation (net)	(2)	(2)
Capital Expenditure		
Purchase of Tangible Fixed Assets	(6,335)	(11,385)
Capital Grants Received	19,946	14,022
Sale of Fixed Assets	122	-
Cash (outflow)/inflow before financing	<u>(1,482)</u>	<u>456</u>
Financing		
Repayment of transferred debt	-	-
(Decrease)/Increase in Cash in the Year (Note 2)	<u>(1,482)</u> =====	<u>456</u> =====

NOTE 1 : RECONCILIATION OF THE REVENUE ACCOUNT DEFICIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES.

(Deficit) of Income Over Expenditure (includes -£1952k FRS17 statutory override)	(8)	(239)
Depreciation - Net Charge per Note 7 (a)	362	298
Exceptional Items (net)	7	210
Profit on Sale of Fixed Assets	(122)	-
Grant Release to Revenue other than set-off against Depreciation	(18,929)	(5,361)
Fixed Assets charged to Revenue	4,416	2,724
(Increase) in Debtors	(2,161)	(814)
Increase in Creditors	1,221	972
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>(15,214)</u> =====	<u>(2,210)</u> =====

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010
NOTES TO THE CASH FLOW STATEMENT**

NOTE 2: RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<u>2010</u> <u>£'000</u>	2009 £'000
(Decrease)/Increase in Cash in the Year	(1,482)	456
Transferred Debt Repaid	-	-
Change in Net Debt	<u>(1,482)</u>	<u>456</u>
Net Debt at beginning of the year	2,350	1,894
Net Funds at end of year	<u>868</u>	<u>2,350</u>

NOTE 3: ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2009 £'000	Cash Flows £'000	Other Changes £'000	At 31 March 2010 £'000
Cash at Bank and in Hand	2,350	(1,482)	-	868
Debt Due Within 1Year	-	-	-	-
Debt Due After 1 Year	-	-	-	-
	<u>2,350</u>	<u>(1,482)</u>	<u>-</u>	<u>868</u>

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE STATEMENT OF ACCOUNTING POLICIES

I CONVENTION

The accounts have been prepared under the historical cost convention, with the exception that the revaluation of the Executive's properties including certain fixed plant and services have been incorporated in these accounts. The accounts have been prepared in accordance with applicable accounting standards.

The principal accounting policies which the Executive has adopted within that convention are set out below. The accounts have been prepared in compliance with the Accounts and Audit (Amendment no. 2)(England) Regulations 2009.

Income and Expenditure are accrued in the year to which they relate. Where income is received for specific activities to be delivered in future years, this income is deferred.

II TANGIBLE ASSETS

(a) A revaluation of the Executive's land and buildings was carried out by an MRICS qualified valuer of Lambert Smith Hampton, a firm of external Chartered Surveyors. The revaluation was carried out as at 31 March 2006 on a depreciated replacement cost basis in accordance with FRS 15. A revaluation of the Executive's on-street furniture was carried out as at 31 March 2008 in accordance with FRS15. The Directors have considered the impairment of fixed assets in accordance with FRS11 and after instructing external surveyors to review the Executive's property portfolio at 31 March 2009 can identify no circumstances or events that would affect the carrying values of the assets at 31 March 2010.

(b) All material expenditure on fixed assets is initially included at cost.

(c) Depreciation is provided for on either the cost or professional valuation of the tangible assets by equal instalments over the expected life of the assets as follows:

Freehold and Long Leasehold Buildings Between 5 and 50 years
On-street Furniture and Infrastructure between 20 years
Rail Units Leased 10 years
Vehicles Between 4 and 16 years
Plant and Equipment Between 5 and 10 years
Office Furniture and Equipment Between 4 and 10 years

(d) Freehold land, either at cost or valuation, is not depreciated.

(e) Progress payments for capital assets or schemes not yet completed are held in Work In Progress. The assets are transferred to the appropriate heading and are subject to depreciation when they become available for use. The Executive writes out directly attributable costs on capital schemes where no tangible asset exists to reflect a true and fair view of the Executive's asset base.

III **RAIL INFRASTRUCTURE**

Expenditure now incurred by the Executive on any rail infrastructure projects is not capitalised. The Executive has no ownership/legal rights in respect of the infrastructure and as a consequence the costs are charged directly to revenue.

IV **CAPITAL GRANTS**

The Executive has fully adopted SSAP4 (Revised) "Accounting for Government Grants" to include any grants receivable at the end of the financial year. The grants on assets owned or leased are released to the revenue account over the same period as that used for depreciation purposes. Grants receivable in respect of capital expenditure charged directly to Revenue (see III above) are released directly to revenue in full in the year in which the costs are charged. Details of capital grants receivable and released are set out in Notes 7(a) and 16.

V **REVENUE GRANT**

Revenue grant is credited to the revenue account in the period to which the grant relates.

VI **LEASED ASSETS**

The Executive complies with the requirements of Statement of Standard Accounting Practice 21, "Accounting for Leases and Hire Purchase Contracts". A finance lease is a lease which results in the Executive receiving substantially all of the risks and rewards of ownership of an asset. Assets subject to finance lease agreements are capitalised at cost and depreciated over the term of the primary period of the lease.

The minimum lease payments, derived by discounting at the interest rate implicit in the lease, are taken as liabilities in the balance sheet. The interest element implicit in the leases is charged to the revenue account over the primary period of the leases on the reducing balance method. Rental payments on operating leases are charged directly to the revenue account in the year in which the cost arises.

VII

PENSION COSTS

The requirements of FRS17 "Retirement Benefits" were amended in December 2006 and have been fully adopted in the financial statements of the Executive. Detailed disclosures can be found in note 6 to the accounts.

The Executive is an employing authority within the West Yorkshire Pension Fund which is a funded pension scheme. Most employees participate in this scheme which provides defined benefits payable to members on and after their retirement. Contributions made to the fund for both current and past services are charged to the revenue account as they are paid. Contribution levels are determined by the Fund. The Fund is a statutory body and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 1997.

The Executive has a continuing responsibility for any payments to the Fund in respect of service up to 25 October 1986 for all staff employed by the Executive up to that date. This responsibility includes all staff who were transferred to Yorkshire Rider Limited as a consequence of the Transport Act 1985. For service from 26 October 1986 onwards the Executive is only responsible for payments to the Fund in respect of its own directly employed staff. The annual cost of this responsibility is charged to the revenue account under Pension and Non-recurring costs.

VIII

TAXATION

The Executive is liable to Corporation Tax on interest receivable in a financial year.

IX

FOREIGN CURRENCY TRANSLATION

All foreign currency income and expenses are translated at the rate ruling on the day of the transaction with the resultant profit or loss recognised immediately in the revenue account. All foreign currency assets and liabilities in the balance sheet are translated at the balance sheet date.

X

GOING CONCERN

Whilst the Balance Sheet appears negative this has arisen from the full implementation of FRS17 and the requirement to recognise the pension deficit on the balance sheet. The Executive is taking the necessary corrective action to redress this deficit, the accounts have thus been prepared on a going concern basis.

XI

FINANCIAL INSTRUMENTS

In accordance with FRS 25, FRS 26 and FRS 29 all financial instruments have been measured and disclosed at amortised cost.

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2010**

1. REVENUE GRANT

The Integrated Transport Authority made the following grant payments to the Executive in respect of the financial years:

	2009/2010 £'000	2008/2009 £'000
General Revenue Grant	82,363	77,100
Rural Bus Grant	1,125	1,096
	83,488	78,196

Note: Concessionary Fares Grant of £8.871m was included in Other Revenue of £13.844m in 2009/10.

2. LOCAL RAIL SERVICES - FUNDING ARRANGEMENTS IN 2009/10

The full cost of local rail services (franchised services) was funded by MRPSG (Metropolitan Railway Passenger Services Grant) from Central Government.

In summary, payments to franchise operators amounted to £71.352 million (2008/2009 - £71.123 million). Funding was provided by MRPSG of £71.352million.

	£'000	£'000
Payments to Franchise Operators		71,352
	71,352	
MRPSG		71,352

The Executive's direct rail costs were also funded by MRPSG up to a pre-determined cap of £744,864 for 2009/10 as approved by the Department for Transport.

The funding for the provision of rail services under the franchising arrangements was paid directly to the Executive by the Authority. The Authority received the pre-determined sums directly from the Government in the first instance. The amounts payable to the Executive were as follows:-

	2009/2010 £'000	2008/2009 £'000
Rail Franchise costs paid in the year :-	71,352	71,123
<u>Add:</u> Contribution to the Executive administration costs	745	748
	<u>72,097</u>	<u>71,871</u>

The Executive received in Special Rail Grant from the Authority a sum of £72.097m.

Local rail services costs for 2009/2010 are shown below, together with the comparative costs for 2008/2009:

	2009/2010 £'000	2008/2009 £'000
Rail Franchising Costs:-		
Payments to Operators	71,352	71,123
	<u>71,352</u>	<u>71,123</u>

3. RELATED PARTY DISCLOSURES

The Integrated Transport Authority can be construed to be a related party in terms of its dealings with the Executive as defined in FRS 8 "Related party disclosures".

The Executive provides agency services for educational transport to the district councils for which fees are paid. This is set out in the WYITA group accounts note 11 page 36.

The revenue grant payments to the Executive are disclosed in Notes 1 and 2 above and capital grants are disclosed in Note 16. In addition a further revenue grant was received of £8.871m for concessionary fares. The balance owing by the Integrated Transport Authority to the Executive at 31 March 2010 is also shown at Note 12(a).

Mr K Preston, Director-General, is also Clerk to the Authority of the Integrated Transport Authority (ITA). His services to the Authority are not recharged to the Authority by the PTE. The Executive's s151 Officer is employed by the Authority where she is also their s151 Officer.

The Executive has a Joint Venture as disclosed in note 17 to the Notes to the Accounts. The Executive's Director of Passenger Services is a Director of the Joint Venture, but does not receive remuneration from the Joint Venture.

4. **PAYMENTS TO OPERATORS**

The Integrated Transport Authority determines the annual revenue grant to be paid to the Executive out of which all payments to operators are funded. These payments to operators fall into the three main categories of concessionary fares, subsidised bus services and franchised local rail services.

Payments for concessionary fares are made in accordance with the Authority's concessionary fares scheme. Payments are calculated on the basis of reimbursement of revenue foregone by operators with adjustments for patronage generated by the scheme. The accounts reflect the impact of the government's decision to extend the free concession for senior citizens and the disabled to a national entitlement. Three year agreements have been made with the major bus operators to seek to manage these increased costs more effectively.

Subsidised services are secured by the Executive, within the overall framework of the Authority's policies, where they are considered to be socially necessary and no commercial service or adequate commercial service exists. All licensed operators are eligible to submit tenders for services required.

Payments are made to one franchised rail operator for the provision of local rail services. A note of the effect of rail franchising and the funding arrangements is attached as part of these accounts on page 22 (Note 2).

In accordance with the overall policies of the Integrated Transport Authority, the Executive administers a prepaid ticket scheme on behalf of the West Yorkshire Ticketing Company Ltd. The Executive receives revenues from prepaid ticket sales which are then pooled and distributed to operators based on passenger journey and usage data collected by the Executive. This prepaid ticket income is included in the Executive's revenue account together with an equivalent amount shown as payment to operators.

All these payments to operators are summarised in the revenue account on page 12.

5. **EMPLOYEES**

	2009/2010 <u>£'000</u>	2008/2009 <u>£'000</u>
(a) Employees Costs Amounted to:		
Wages and Salaries	9,390	8,865
Social Security Costs	668	639
Other Pension Costs	1,951	1,644
	<u>12,009</u>	<u>11,148</u>

	<u>Number</u>	<u>Number</u>
(b) The average number of persons employed was:		
Manual	75	74
Management and Administration	357	344
	<u>432</u>	<u>418</u>

(c) The employee costs set out above include directors emoluments (see below).

<u>Directors</u>	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Aggregate emoluments	502,883	489,168
	<u>502,883</u>	<u>489,168</u>

Retirement benefits are accruing to all the directors under a defined benefit scheme.

(c) cont'd

<u>Highest Paid Director</u>	<u>2010</u> <u>£</u>	<u>2009</u> <u>£</u>
Aggregate emoluments	146,739	146,649
Defined benefit pension scheme :		
Accrued pension at end of year	76,898	74,457
Accrued lump sum at end of year	216,046	216,046
	=====	=====

Directors received emoluments excluding employers national insurance and pension contributions in the following ranges :

	Number	Number
£Nil - £5000	1	1
£10001 - £15000	1	1
£70001 - £75000	1	1
£85001 - £90000	-	1
£90001 - £95000	1	-
£95001 - £100000	1	1
£145001 - £150000	1	1

Officers received emoluments excluding employers national insurance and pension contributions in the following ranges :

£55001 - £60000	4	7
£60001 - £65000	2	-
£70001 - £75000	1	1

6. **PENSION COSTS**

The West Yorkshire Pension Fund is a funded scheme which provides defined benefits to its members. Over 88% of the Executive's employees participate in the scheme. The Fund determines contribution levels and the Executive charges all payments made to its revenue account. The funding policy of the Pension Fund is set within the overall framework of the Local Government Pension Scheme Regulations 1997. These Regulations now require full actuarial valuations every three years and also determine how the proportion of future liabilities have to be met.

The pension costs for the year ended 31 March 2010 and the previous financial year were as follows:

		2009/10 <u>£'000</u>	2008/2009 <u>£'000</u>
i)	Current Employees	1,951	1,644
ii)	Former Employees	1,474	1,388

A large proportion of the pension costs in respect of former employees is in respect of staff transferred to Yorkshire Rider Limited, as explained in the Executive's accounting policy note on pension costs.

No material changes are expected in the Executive's future pension arrangements. The latest Fund accounts published were those for the year ended 31 March 2009. Copies of the pension fund accounts can be obtained from Bradford MDC who are the administering Authority for the West Yorkshire Pension Fund.

An independent actuarial valuation was carried out as at 31 March 2007 which determined the employer's pension contributions for the next three years. The amended contributions are designed to be such that the pension cost is an amount based on the average remaining service lives of current employees in the scheme. The policy is to bring the fund value and its corresponding liabilities into balance within that period. The pension contributions as a percentage of salaries for 2008/09, 2009/10 and 2010/11 will be 20%, 22.6% and 25.1% respectively.

The employers contributions made in 2009/10 were 22.6% of pensionable pay.

The following actuarial assumptions were made in the most recent valuation:-

	31/03/2010	31/03/2009
Inflation	3.8%	3.3%
Rate of increase in salaries	5.55%	4.55%
Rate of increase for pensions in payment	3.8%	3.3%
Rate used to discount the scheme liabilities	5.5%	7.1%

Post retirement mortality assumptions

Non-retired members (retiring in normal health) - males	PA92mc YOB Tables+2yrs	PA92mc YOB Tables+ 2yrs
- females	PA92mc YOB Tables+1yr	PA92mc YOB Tables+1yr

Current pensioners (retired in normal health) -males	PA92mc YOB Tables+2yrs	PA92mc YOB Tables + 2yrs
-females	PA92mc YOB Tables + 1yr	PA92mc YOB Tables + 1yr

Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	24.1 (27.9) Years	21.3 (25.0) Years
- of a male (female) current pensioner aged 65	21.8 (25.4) Years	20.3 (24.0) Years

As part of the 2007 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2007 and assumptions have been amended regarding life expectancy. To allow for future improvements the "medium cohort" mortality tables have been used and adjustments made to the standard tables to allow for the experience of local authority funds generally.

The valuation as at 31 March 2007 of the pension scheme proportion as applied to the West Yorkshire Passenger Transport Executive (showing the proportion of assets between the classes of investment) was as follows:-

The assets of the scheme and the expected rate of return were:

	Expected rate of return on assets 31/3/10	Assets at 31/3/10 £'000	Assets %	Expected rate of return on assets 31/3/09	Assets at 31/3/09 £'000	Assets %
Equities	8.0%	66,133	71.6	7.5%	47,861	62.0
Government Bonds	4.5%	11,269	12.2	4.0%	9,495	12.3
Other Bonds	5.5%	3,140	3.4	6.0%	4,632	6.0
Property	8.5%	3,140	3.4	6.5%	3,242	4.2
Cash/Liquidity	0.7%	3,140	3.4	0.5%	3,860	5.0
Other	8.0%	5,542	6.0	7.5%	8,106	10.5
Total market value assets	7.26%*	92,364	100.00	6.59%*	77,196	100.0
Present value of scheme liabilities		(174,954)			(133,683)	
Net pension liability		<u>(82,590)</u>			<u>(56,487)</u>	

*Following the amendment to FRS17 issued in December 2006, disclosure of the expected return on assets by asset category is no longer required(only the total rate is required). The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class, and is shown in the bottom row of the above table.

West Yorkshire Passenger Transport Executive employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2010.

The actual return on scheme assets in the year was £25.716m (2009: -£20.026m)

Reconciliation of present value of scheme liabilities

	£'000	£'000	£'000	£'000
	31/03/2010	31/03/2010	31/03/2009	31/03/2009
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	13,266	133,683	16,005	162,104
Current service cost	-	937	-	1,400
Interest cost	894	9,040	935	9,535
Member Contributions	-	574	-	547
Past service cost	-	-	-	-
Actuarial (gains)/losses	2,646	45,159	(2,326)	(26,556)
Curtailments	-	-	-	175
Benefits paid	(1,366)	(14,439)	(1,348)	(13,522)
31 March	15,440	174,954	13,266	133,683

Reconciliation of fair value of scheme assets

	£'000	£'000	£'000	£'000
	31/03/2010	31/03/2010	31/03/2010	31/03/2010
	Unfunded	All Benefits	Unfunded	All Benefits
1 April	-	77,196	-	107,023
Expected return on scheme assets	-	4,708	-	7,056
Actuarial (losses)/gains	-	21,008	-	(27,082)
Contributions paid by employer	1,366	3,317	1,348	3,174
Member Contributions	-	574	-	547
Benefits paid	(1,366)	(14,439)	(1,348)	(13,522)
31 March	-	92,364	-	77,196

The Executive reverses out of the revenue account amounts charged under FRS17 and replaces these with a charge equal to the retirement benefits payments and contributions to pension funds which are payable during the year.

The amounts recognised in the Income and Expenditure account

	£'000 31/03/2010	£'000 31/03/2009
Current Service Cost	937	1,400
Interest on pension liabilities	9,040	9,535
Expected return on pension assets	(4,708)	(7,056)
Past Service Cost	-	-
Curtailments or settlements	-	175
Total pension cost recognised	5,269	4,054

The amounts recognised in the Statement of Recognised gains and Losses

Actuarial Gain/(loss)	(24,151)	(526)
	(24,151)	(526)

Amounts for current period and previous four periods

	<u>2010</u> £'000	<u>2009</u> £'000	<u>2008</u> £'000	<u>2007</u> £'000	<u>2006</u> £'000
Defined benefit obligation	(174,954)	(133,683)	(162,104)	(122,435)	(131,944)
Scheme assets	92,364	77,196	107,023	101,505	102,821
Deficit	(82,590)	(56,487)	(55,081)	(20,930)	(29,123)
Experience adjustments on scheme assets: Amount	21,008	(27,082)	9,035	2,311	16,417
Experience adjustments on scheme liabilities: Amount	2,766	-	(34,847)	-	(818)
Total amount of actuarial gains/losses recognised in statement of total recognised gains and losses: Amount	(24,151)	(526)	(35,350)	6,927	7,707

On the 22nd June 2010 the government announced a change to pension increase indexation linking public sector pensions to the Consumer Price Index rather than the Retail Price index effective from April 2011. It is not possible to estimate the financial effect of this event.

7. **SURPLUS FOR THE YEAR BEFORE TAXATION**

The Surplus for the year before taxation (excluding FRS17 adjustments), is arrived at after taking account of these items:

	2009/2010 £'000	2008/2009 £'000
(a) <u>Depreciation and Other Asset Charges</u>		
Charge for the Year (Note 11 (a))	6,272	5,934
Less :		
Capital Grants Released (Note 16)	(5,910)	(5,636)
	<u>362</u>	<u>298</u>
	=====	=====
The mismatch between the depreciation charge and capital grants released has arisen due to capital schemes not being fully grant funded in previous years.		
Profit on Disposal of fixed assets	122	-
	<u>122</u>	<u>-</u>
	=====	=====
(b) <u>Auditors Remuneration</u>		
Audit Services		
-Core audit	79	78
-Grants	5	1
	<u>84</u>	<u>79</u>
	=====	=====
(c) <u>Operating Lease and related costs</u>		
Lease Rentals - rail assets	1,865	1,955
- other related costs	346	346
	<u>2,211</u>	<u>2,301</u>
	=====	=====
(d) <u>Pension and Non-recurring Costs (see Note below)</u>		
Pension Costs Relating to Former Employees	1,474	1,388
Other Non-recurring Items	71	50
	<u>1,545</u>	<u>1,438</u>
	=====	=====
(e) Interest Receivable on Loans, Deposits and Other Debts	1	31
	<u>1</u>	<u>31</u>
	=====	=====

(g) <u>Capital Schemes Charged to Revenue</u>	2009/2010 £'000	2008/2009 £'000
Capital scheme costs	18,943	5,361
Capital grant received and released in full	18,929	(5,361)
	=====	=====

Note Pension and non-recurring costs includes expenditure on rail infrastructure projects and other capital schemes where the Executive has no ownership or disposal rights. The expenditure is funded by capital grants and these are fully released to the revenue account in the same year.

8. TAXATION

Corporation Tax @ 21% (21% 2008/2009) on sundry interest received in the year.

-	2
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-	2
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All corporation tax liabilities up to and including 31 March 2010 have been agreed.

9. RESULT FOR THE YEAR, AFTER TAXATION, TRANSFERRED TO REVENUE RESERVES

The Income and Expenditure account shows a break even position for the year 2009/10.

10. EXCEPTIONAL ITEMS

The income in 2009/2010 relates to prior year rate rebates on the Executive's properties.

11. TANGIBLE FIXED ASSETS

a) The movements
in the year
1 April 2009 to
31 March 2010 are :

	TOTAL	FREEHOLD LAND AND BUILDINGS	LEASEHOLD LAND AND BUILDINGS	RAIL UNITS OWNED	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>COST VALUATION</u>									
At 1 April 2009	131,918	62,570	1,132	6,622	21,687	8	18,059	54	21,786
Additions	5,473	3,055	-	-	900	-	84	-	1,434
Transfer from payments on assets in course of construction	-	-	-	-	-	-	-	-	-
	-	2,168	-	-	-	-	712	-	(2,880)
Disposals	(1,429)	-	-	-	(1,429)	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
Reclassification	-	104	(104)	-	-	-	-	-	-
W/Off to Revenue	(4,416)	-	-	-	-	-	-	-	(4,416)
At 31 March 2010	131,546	67,897	1,028	6,622	21,158	8	18,855	54	15,924
<u>ACCUMULATED DEPRECIATION</u>									
At 1 April 2009	36,263	10,998	472	6,622	6,341	8	11,768	54	-
Charge for the year (Note7(a))	6,272	2,180	54	-	1,707	-	2,331	-	-
Disposals	(1,429)	-	-	-	(1,429)	-	-	-	-
Reclassification adjustments	-	31	(31)	-	-	-	-	-	-
At 31 March 2010	41,106	13,209	495	6,622	6,619	8	14,099	54	-
<u>NET BOOK VALUES</u>									
31 March 2010	90,440	54,688	533	-	14,539	-	4,756	-	15,924
1 April 2009	95,655	51,572	660	-	15,346	-	6,291	-	21,786

11. **TANGIBLE FIXED ASSETS (continued)**

	2010 <u>£'000</u>	<u>2009</u> <u>£'000</u>
(b) Original cost and depreciation based on the cost of leasehold and freehold land and buildings including fixed plant and services (included in the above at a valuation) is as follows:-		
Original cost	110,494 (42,892)	105,192 (39,540)
	<u>67,602</u>	<u>65,652</u>
(c) A revaluation of the Executive's On-Street Furniture was carried out by the Infrastructure Manager and approved by the Executive Board as internal experts. The revaluation was carried out as at 31 March 2008 in accordance with FRS15. All On-Street Furniture was included in the revaluation. The basis of the valuation was depreciated replacement cost as these assets are deemed to be specialised. This resulted in an overall valuation of £16,212,823 which gave a loss on revaluation of £71,966. All the revalued amounts have been incorporated in the accounts for 2007/08.		

12. **DEBTORS**

	2010 <u>£'000</u>	<u>2009</u> <u>£'000</u>
(a) <u>Amounts receivable Within One Year</u>		
Trade Debtors	7,019	7,113
VAT	407	533
Amounts due from West Yorkshire ITA	8,748	7,187
Other Debtors	5	5
Prepayments and Accrued Income	1,076	203
	<u>17,255</u>	<u>15,041</u>

Trade and other receivables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other receivables.

	2010 <u>£'000</u>	<u>2009</u> <u>£'000</u>
13. <u>CASH</u>		
Cash at bank and in hand	868	2,380
Bank Overdrafts	-	(30)
	<u>868</u>	<u>2,350</u>

Cash balances include £501k (2008/09: £655k) held on behalf of third parties. The liability to repay these amounts is included under creditors.

Cash at bank and short term deposits earn interest at floating rates based on bank deposit rates. There is no material difference between the carrying value and fair value of cash and cash equivalents.

	2010	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
14. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Trade Creditors	14,010	14,445
Other Creditors, Social Security and PAYE	1,226	1,385
Deferred Income (Note 14 (a))	5,184	4,231
Corporation Tax	-	2
	<hr/>	<hr/>
	20,420	20,063
	<hr/>	<hr/>

Notes

(a) Deferred income relates to prepaid ticket sales and deferred income from grants and Supertram funding.

Trade and other payables are non-interest bearing financial instruments. There is no material difference between the carrying value and the fair value of trade and other payables.

15. FINANCIAL INSTRUMENTS

The convergence to IFRS has introduced a number of changes to the way in which public corporations account for financial instruments, in accordance with FRS 25, FRS 26 and FRS 29. A financial instrument is any contract which gives rise to a financial asset in one entity and a financial liability in the other. The Executive has considered its balance sheet carrying values of financial instruments which are a reasonable approximation to fair value. It is required to disclose the fair value and carrying value for those financial instruments whose carrying value is not a reasonable approximation for fair value.

Management of risks arising from financial instruments

There are a number of risks associated with financial instruments which the Executive is necessarily exposed to. However the Executive monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

Credit risk is the risk that amounts due to the Executive on short term deposits and trade receivables may not be received. Almost all of the Executive's short term deposits are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the Executive's procedures. The effect of this is to restrict as far as is practicable the Executive's exposure to risk from the failure of a financial institution. Almost all the Executive's material trade receivables are with recognised, creditworthy third parties which restricts as far as is practicable the Executive's exposure to risk of loss. There is no further credit risk provision required in excess of the normal provision for doubtful receivables.

Liquidity risk is the risk that the Executive may not have sufficient cash available to meet its day to day payment obligations. The Executive's daily cashflow requirements are satisfied by the Authority ensuring the Executive meets these payment obligations.

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Executive's exposure to interest rate risk arises on floating rate short term deposits. The impact on the Executive of a change is minimal as larger deposits are held on the Executive's behalf by the Authority.

The Executive is not exposed to any currency risk.

16. <u>DEFERRED CAPITAL GRANTS</u>	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>
Balance at the beginning of the Year	80,359	77,338
Grants Receivable in the Year : ITA (including LTP & Other Govt. Grants)	14,637	12,970
Other	5,094	919
	19,731	13,889
Other funding sources: Non SCE(R)	268	133
	100,358	91,360
<u>Deduct:</u> Annual Release to Revenue Account - set off against Depreciation Charge (Note 7 (a))	(5,910)	(5,636)
Release to Revenue account - set off loss on disposal of fixed asset	-	(4)
Release against Project Schemes charged to Revenue direct (see Note below)	(18,929)	(5,361)
	75,519	80,359
Balance at the end of the Year	75,519	80,359

Notes

- (a) The release against project schemes relates to the certain capital scheme costs charged directly to the Revenue Account in the year and the grant equates fully to the scheme costs. (See Policy Note IV and Note 7g).

17. **JOINT VENTURE**

At 31 March 2010 the Executive had the following Joint Venture :

Yorcard Ltd

The Joint Venture is a trading company which was incorporated in England on the 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire PTE and South Yorkshire PTE, with control shared equally under a contractual arrangement.

Yorcard Ltd performs transaction processing services for smartcard ticketing in West and South Yorkshire. The Joint Venture agreement was completed on 31 March 2010 and after considering the materiality of the Joint Venture management have agreed not to consolidate Yorcard Ltd into the Executive's accounts.

18. <u>REVALUATION RESERVE</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Balance at beginning of the year	11,213	11,213
Loss on revaluation	-	-
Balance at the end of the year	<u>11,213</u>	<u>11,213</u>

19. <u>FINANCIAL COMMITMENTS</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
(a) <u>Capital Commitments</u>		
Contracted For but not Provided in the Accounts	22,657	20,158
Authorised but not Contracted For	10,873	3,432
	<u>33,530</u>	<u>23,590</u>

(b) Revenue Commitments - Operating Leases

The annual commitments under operating leases are analysed according to the period in which each lease

	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Minimum lease payments under operating leases recognised in the year :	1,865	1,900
Plant and Equipment		
Within 1 year	1,803	1,900
2 to 5 years	4,434	6,570
Beyond 5 years	-	-
	<u>6,237</u>	<u>8,470</u>

The lease rentals beyond five years in respect of rail units are affected by variable interest rates. The above commitments are the basic annual rentals due each year within the terms of the lease agreements. The Executive however recovers all the lease rental costs from rail operators under the rail franchising agreements.

20. **CONTINGENT LIABILITIES**

The Executive had a contingent liability at 31 March 2009 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2010 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.