

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

ACCOUNTS TO 31ST MARCH 2011



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**STATEMENT OF RESPONSIBILITIES
WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2011**

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010-11 and the Accounts and Audit Regulations 2011 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, Resources; and
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

3. THE CHIEF FINANCIAL OFFICERS RESPONSIBILITIES

The Director Resources is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present a true and fair view of the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

In preparing this Statement of Accounts, I have selected suitable accounting policies and then applied them consistently, made judgements and estimates that were reasonable and prudent and complied with the Code of Practice.

I have also kept proper accounting records which were up to date and taken reasonable steps for the prevention and detection of fraud and other irregularities.

4. CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts present a true and fair view of the financial position of the West Yorkshire Passenger Transport Executive at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

K Preston
Director General

A Taylor
Director resources

Date: 26 July 2011

Date: 26 July 2011

EXPLANATORY FOREWORD
WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2011

1. ACTIVITIES

The primary function of the West Yorkshire Passenger Transport Executive is to implement the policies of the West Yorkshire Integrated Transport Authority. These policies have been revised during the year to reflect the changes arising from the Local Transport Act, ensuring they set the overall framework for the Authority's role in overseeing the Local Transport Plan and ensuring that transport supports the wider policy objectives of the West Yorkshire authorities.

The policies focus on providing safe, integrated, efficient and accessible transport facilities and services to meet the current and future transport needs of people who live, work or do business in West Yorkshire. This includes providing public passenger transport services where the needs of the area are not met by the commercial network, the administration of a concessionary travel scheme, the planning and development of major transport projects and the management of the public transport infrastructure in West Yorkshire.

The Executive, in conjunction with the Integrated Transport Authority, has adopted the corporate name "Metro" in order to promote public transport throughout West Yorkshire.

2. FINANCIAL RESULTS

The financial results of the Executive for the period are detailed in the accounts on pages 10 to 39 of this report.

3. FIXED ASSETS

Changes in Fixed Assets are detailed in note 12 to the accounts.

4. SIGNIFICANT DEVELOPMENTS

Over the last 12 months progress has continued to be made on delivering, in conjunction with District Councils, key elements of the Leeds City Region Transport Vision. The third Local Transport Plan, covering 2011-2026 has been developed in partnership with the Districts and Metro has used its new sole responsibility for the LTP to establish a more strategic approach to allocating resources. Detailed three year implementation plans have been agreed with each District Council and appropriate arrangements for monitoring progress and ensuring delivery have been put in place.

Despite the tough financial climate during 2010/11, Metro has managed to deliver further service innovations and improve key customer satisfaction scores as demonstrated by the Passenger Focus survey. Successes over the past 12 months have included the opening of the new £2.5m Pudsey Bus Station, which with a fully-accessible enclosed waiting area, real-time departure information and 24-hour monitored CCTV means local bus passengers can enjoy a facility that is in line with Metro's other modern, award-winning West Yorkshire bus stations.

There has been overwhelming public support for plans to reverse the current decline in bus passenger numbers and ensure passengers have services that meet their needs and expectations through a Quality Contract Scheme or Partnership that would make Metro responsible for setting routes, fares, timetables and quality standards in the future. As well as the public vote of confidence in Metro's plans, over 30 MPs signed an Early Day Motion praising Metro's decision 'to back the Quality Bus Contract Scheme'. Good progress has been made in establishing the partnership offer from bus operators and a decision will be made later in the year about whether to proceed with a formal quality contract scheme.

Work got underway on the A65 Quality Bus scheme, a partnership scheme between Metro, Leeds City Council and First that will feature new bus priority lanes, signal priority for buses at junctions, better buses and shelters, and real-time information displays and will shave up to an hour a week off commuters' journeys.

In June 2010 Metro's website at www.wymetro.com was awarded accreditation for its high level of accessibility for users with disabilities by the Shaw Trust and in August, eight million texts had been sent by Metro's *yournextbus* service by people wanting real-time information about their bus.

Also in August, Cyclepoint, a hugely successful Dutch concept brought to the UK by Abellio and developed in partnership with Northern Rail, Department for Transport, Metro and Network Rail opened at Leeds station. Cyclepoint offers secure, fully-staffed parking for 300 bicycles, maintenance, rental bikes, bike and accessory sales and cycling information.

And in February 2011, Metro and its partners Network Rail and Northern Rail received approval for a new, £14.4m entrance for Leeds Station from both sides of the River Aire on Granary Wharf, which will provide access to the station from the fast-growing south of the city centre. Construction for the scheme, which will relieve pressure on the station's existing northern entrance could begin early in 2013 and be operational early in 2014.

Metro has continued to seek to maximise the benefits of joint working and shared services. A good example of this was the migration in February 2011 of Metro's analogue CCTV system to a brand new state of the art digital facility shared with Leeds City Council. This in turn has provided the opportunity to move all office staff into one building and generate significant savings on office rentals. Further ongoing savings have been made by a staffing restructure which has contributed to the 10% reduction in headcount over the last two years.

Significant work has also gone into the preparation of the accounts this year as a result of the need to prepare them in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010-11 and the Accounts and Audit Regulations 2011. The 2010/11 Statement of Accounts are the first to be prepared by the Executive in accordance with the Code. Accordingly all comparative amounts for 2010 have been re-stated and a full explanation of the impact of this is set out in the accounts.

5. PRINCIPAL RISKS AND UNCERTAINTIES

Metro is facing significant financial constraints over the coming years. Local government funding has been severely reduced and this in turn impacts upon the available funding from the District Councils via the levy. The 2011/12 levy has effectively been cut by 5%, at a time when there is pressure on Metro to further support the public transport network. Further levy cuts are expected and the three year financial strategy provides the starting point for managing the impact this funding reduction will have on the budget. It is highly likely that changes will be made to the discretionary elements of concessionary payments and that support for tendered services will be reduced. A programme of efficiency savings will continue to be pursued and available funding maximised.

Significant changes have been introduced to the major scheme funding process which has seen the programme entry status for NGT retracted. Further delays await most of the other schemes which were being submitted. Decisions on a range of schemes are now not expected until November 2011, which brings difficulties in retaining the appropriate staff and also leads to increases in scheme costs.

6. 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 Taylor	Director of Resources (Appointed 01/06/10)
Tony Darbyshire	Non Executive Director
Alan Gay	Non Executive Director (Appointed 01/04/10)

7. EMPLOYEES

The Executive is an equal opportunities employer. This 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, monthly newsletters and management meetings.

The Executive continues to give special attention to health and safety matters and seeks to comply 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.

8. AUDITORS

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

K PRESTON
Director General

Date: 26 July 2011

**ANNUAL GOVERNANCE STATEMENT
WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2011**

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. This is in accordance with the Audit & Accounts Regulations 2011 "ensuring that the financial management is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk".

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 2011 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 as follows:-

- a) Identification and communication of the vision through corporate documents such as the 20:20 vision, the Local Transport Plan, 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 activities, including reports to the Board, tendered service contracts and concessionary travel schemes. Additionally procedures and policies are in place ensuring compliance with Data Protection, FOI and Health and Safety.
- h) A whistleblowing policy and guidance notes are on the internet and the Internal Audit Annual Report provides an opinion on the internal control environment as a result of audit assignments undertaken and identifies 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. Additionally the development of the Local Transport Plan 2011-26 during the year has involved wide consultation with stakeholders.
- 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 effectiveness of the system of internal financial control is regularly reported upon by managers and is reviewed annually by internal and 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. This audit plan is considered by the Audit Committee and 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. The monitoring of this is now done using covalent with management teams considering outstanding audit recommendations at their monthly meetings. After endorsement by the Audit Committee audit reports are circulated to the Executive Board. The Internal Audit function has undergone a review by the Executive during 2010/11 which concluded that a satisfactory service was provided.

The Executive has been revising and updating its risk management arrangements over the last year. The Executive's Strategic or Corporate risks have been redefined and will be regularly reviewed by the corporate management team and the Executive Board. The mitigating controls and actions to manage these risks have now been provided within Covalent.

Responsibility for collective review of risk registers has passed to each management team to review risks owned in each directorate.

The role of the Risk Management Group has changed to one of oversight and development of the risk management framework and to ensure that there is consistency in assessment and management of risks throughout Metro. Membership of RMG has been reduced to reflect the move to the strategic responsibilities of the Group.

In addition, a comprehensive range of documents have been created to provide guidance on the identification, assessment and reporting of risks.

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

No significant issues have been identified and reported during the year.

6. Conclusion

Throughout 2010/11 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 in place a number of governance mechanisms including an Anti-Fraud and Corruption policy and a Code of Conduct for employees. In addition, the Executive has produced a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

Arrangements are in place to enable Metro tickets to be sold through Post Offices in West Yorkshire and also through rail ticket offices. A feature of the overall control environment is that these organisations operate robust systems to safeguard ticket stocks and that provide accurate information concerning sales income received and the levels of stockholding. For 2010/2011 the Executive has received enhanced assurance statements from the Post Office and Northern Rail stating that these systems have operated adequately and that there have not been any material errors or weaknesses noted.

The Executive has developed a system of governance to manage the delivery of the LTP3 plan with its District partners as directed by the ITA. Arrangements have been established for each strategic theme to oversee the delivery of the LTP initiatives within the Implementation Plan, with regular performance management reports provided to the LTP Board. The key role is management of the total funding allocated to initiatives within each of the strategic themes. The LTP Board advises the LTP Committee/ PTE Executive Board on the delivery of LTP3 and reports to them on priorities and funding allocations to be adjusted in the Implementation Plan as well as reviewing new initiatives for inclusion in the Implementation Plan. The LTP Committee is responsible for advising the ITA Executive Board on the delivery of LTP, the performance of the LTP and for making recommendations to adjust priorities and funding allocations in the Implementation Plan. The role of the ITA as advised by the PTE is the approval of LTP3 and subsequent amendments and providing funding to the PTE and District partners to deliver LTP3.

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

Date: 26 July 2011

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
MOVEMENT IN RESERVES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Executive, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold); and reserves that hold timing differences (for example the Deferred Capital Grants Account). The net surplus for the year after tax shows the economic cost of providing the Executive's services and the provision of grants to fund the introduction of capital assets, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Note	General Fund Balance £'000s	Total Usable reserves £'000s	Deferred			Donated Assets Account £'000s	Total Unusable reserves £'000s	Total £'000s
			Capital Grants Account £'000s	Revaluation Reserve £'000s	Pension Reserve £'000s			
At 31st March 2009	1,285	1,285	80,359	10,626	(56,487)	587	35,085	36,370
Movement in reserves during 2009/10								
Net Surplus for the year after tax	18,042	18,042	-	-	-	-	-	18,042
Net Surplus for the year after tax	-	-	-	-	-	-	-	-
Other Comprehensive Income and Expenditure								
Capital grants released Depn	-	-	(5,910)	-	-	-	(5,910)	(5,910)
Capital grants released (W/off revenue)	18	-	(18,929)	-	-	-	(18,929)	(18,929)
Capital Grants applied	18	(19,999)	19,999	-	-	-	19,999	-
Actuarial Gains/(Losses)	7	-	-	-	(24,151)	-	(24,151)	(24,151)
Transfer to pension reserve	1,952	1,952	-	-	(1,952)	-	(1,952)	-
Revaluation of fixed assets	-	-	-	-	-	-	-	-
Increase/ (decrease) in year	(5)	(5)	(4,840)	-	(26,103)	-	(30,943)	(30,948)
At 31st March 2010	1,280	1,280	75,519	10,626	(82,590)	587	4,142	5,422
Movement in reserves during 2010/11								
Net Surplus for the year after tax	39,202	39,202	-	-	-	-	-	39,202
Other Comprehensive Income and Expenditure								
Capital grants released Depn	-	-	(6,103)	-	-	-	(6,103)	(6,103)
Capital grants released (W/off revenue)	18	-	(11,002)	-	-	-	(11,002)	(11,002)
Capital Grants applied	18	(16,540)	16,540	-	-	-	16,540	16,540
Actuarial Gains/(Losses)	7	-	-	-	12,086	-	12,086	12,086
Transfer to pension reserve	(22,662)	(22,662)	-	-	22,662	-	22,662	-
Revaluation of fixed assets	-	-	-	(201)	-	-	(201)	(201)
Increase/(decrease) in year	-	-	(565)	(201)	34,748	-	33,982	33,982
At 31st March 2011	1,280	1,280	74,954	10,425	(47,842)	587	38,124	39,404

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

The Comprehensive income and Expenditure statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010/11 and the Accounts and Audit Regulations 2011.

2009/10			2010/11				
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Notes	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	
229,809	(163,490)	66,319	Highways and Transport Services	3	222,440	(152,359)	70,081
9,440	-	9,440	Corporate and Democratic Core	3	10,204	-	10,204
239,249	(163,490)	75,759	Cost of Services - continuing operations		232,644	(152,359)	80,285
-	(7)	(7)	Exceptional item	7,11	(22,900)	-	(22,900)
-	(1)	(1)	Interest and Investment income		-	(1)	(1)
4,332		4,332	Pensions interest cost and expected return on assets	7	1,986	-	1,986
243,581	(163,498)	80,083			211,730	(152,360)	59,370
			Non-Specific Grant Income				
-	(82,363)	(82,363)	Revenue Grant	2	-	(83,364)	(83,364)
-	(1,125)	(1,125)	Rural Bus Grant	2	-	(1,154)	(1,154)
-	(14,637)	(14,637)	Integrated Transport Block (Capital)	2	-	(14,054)	(14,054)
243,581	(261,623)	(18,042)	Deficit/(Surplus) on Provision of Services		211,730	(250,932)	(39,202)
24,151	-	24,151	Actuarial gains and losses recognised on pension assets and liabilities	7	-	(12,086)	(12,086)
-	-	-	Deficit on Revaluation	12e	201	-	201
24,839	-	24,839	Other Comprehensive Expenditure	18	17,105		17,105
48,990	-	48,990	Other Comprehensive Income and Expenditure		17,306	(12,086)	5,220
		30,948	Total Comprehensive Income and Expenditure				(33,982)
		=====					=====

Note :

- 1 The movement in reserves statement is shown on page 10.
- 2 The notes on pages 14 to 39 form part of these accounts.
- 3 Income and expenditure arises solely from continuing operations. The Executive has had no acquisitions or disposals of operations in the year.

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2011**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Executive. The net assets (assets less liabilities) are matched by the reserves held by the Executive. Reserves are reported in two categories being usable and unusable. Usable reserves are those reserves that may be utilised to provide services, subject to the requirement to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Executive is not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses such as the revaluation reserve and those that support the timing differences in capital investment (the Deferred Capital Grants Account).

Assets	<u>Notes</u>	<u>2011</u> £'000	<u>2010</u> £'000	<u>01 April 2009</u> £'000
Non-current assets				
Property, plant and Equipment	12(e)	88,813	89,907	95,068
Donated assets		447	533	587
		<u>89,260</u>	<u>90,440</u>	<u>95,655</u>
Current Assets				
Assets held for sale	12(b)	9	-	-
Trade and other receivables	13(a)	7,686	8,507	7,854
Amounts receivable from WYITA	13(b)	8,425	8,748	7,187
Cash and cash equivalents	14	1,628	868	2,350
		<u>17,748</u>	<u>18,123</u>	<u>17,391</u>
Total assets		<u>107,008</u>	<u>108,563</u>	<u>113,046</u>
Liabilities				
Current liabilities				
Trade and other payables	15	(12,778)	(15,236)	(15,832)
Accruals and deferred income	15	(6,585)	(5,315)	(4,357)
Provisions	17	(399)	-	-
		<u>(19,762)</u>	<u>(20,551)</u>	<u>(20,189)</u>
Other long-term liabilities				
Net pension liability	7	(47,842)	(82,590)	(56,487)
		<u>(47,842)</u>	<u>(82,590)</u>	<u>(56,487)</u>
Total Liabilities		<u>(67,604)</u>	<u>(103,141)</u>	<u>(76,676)</u>
Net Assets		<u>39,404</u>	<u>5,422</u>	<u>36,370</u>
General Fund Balance		1,280	1,280	1,285
Usable Reserves		<u>1,280</u>	<u>1,280</u>	<u>1,285</u>
Deferred Capital Grants Account	18	74,954	75,519	80,359
Donated Asset Account	12(c)	587	587	587
Pension Reserve	7	(47,842)	(82,590)	(56,487)
Revaluation Reserve	20	10,425	10,626	10,626
Unusable Reserves		<u>38,124</u>	<u>4,142</u>	<u>35,085</u>
Total Reserves		<u>39,404</u>	<u>5,422</u>	<u>36,370</u>

SIGNED ON BEHALF OF THE EXECUTIVE

The financial statements on pages 10-39 were approved by the Board of Directors on 26 July 2011 and were signed on its behalf by :

K T Preston
DIRECTOR GENERAL

A Taylor
DIRECTOR RESOURCES

Note :

1. The movement in reserves statement is shown on page 10.
2. The notes on pages 14 to 39 form part of these accounts.

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011**

Purpose of cashflow

The cashflow is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and cash out of the business.

<u>2010</u> <u>£'000</u>	Note	<u>2011</u> <u>£'000</u>
Operating Activities		
18,034		16,301
(18,047)		(39,202)
362	8a	370
(18,929)	18	(11,002)
-		-
-		399
(122)		30
4,416	12e	726
(14,286)		(32,378)
(935)		(267)
(15,221)		(32,645)
Cash flows from investing activities		
(6,335)		(5,969)
19,946		16,471
122		2
1		1
-		-
(2)		-
7		22,900
(1,482)		760
-		-
-		-
(1,482)		760

Note

Cash and cash equivalents comprises operational cash balances, cash at bank and short-term bank deposits. Bank overdrafts that are repayable on demand also form an integral part of the Executive's cash management arrangements. Included in cash and cash equivalents is cash at bank held on behalf of third parties where the liability to repay these amounts is recognised under creditors.

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE STATEMENT OF ACCOUNTING POLICIES

1. ACCOUNTING POLICIES

The principal accounting policies adopted are set out below. These policies have been applied consistently in dealing with items considered material to the Executive's financial statements.

BASIS OF PREPARATION

The accounts have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the Code of Practice on Local Authority Accounting 2010/11 and the Accounts and Audit Regulations 2011. Paragraph 17 of the Accounts and Audit Regulations 2011 states that "A statement of accounts of a Passenger Transport Executive must be prepared as if the proper practices in relation to accounts applicable to a local authority were, so far as appropriate, applicable to an Executive." Proper practices for the Executive are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The 2010/11 Statement of Accounts are the first to be prepared by the Executive in accordance with the Code. Accordingly all comparative amounts for 2010 have been re-stated. The effects of this re-statement are shown in note 23.

The financial statements are prepared under the historical cost convention, with the exception that the revaluation of the Executive's properties, which are not classified as Infrastructure assets, including certain fixed plant and services have been incorporated in these accounts. The accounts have been prepared in accordance with applicable accounting standards.

The following standards or interpretations to existing standards have been adopted for the first time during the year:

- IFRS 1 First time adoption
- IFRS 5 Non-current assets held for sale
- IFRS 7 Financial Instruments : Disclosures
- IAS 7 Statement of cashflows
- IAS 8 Accounting Policies
- IAS 10 Events after the Reporting period
- IAS 16 Property, Plant and Equipment
- IAS 17/IFRIC 4 Leases
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants
- IAS 24 Related Party Transactions
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 39 Financial Instruments: Recognition and measurement
- IFRIC 12 Service Concession Arrangements

There have been no new standards, amendments to published standards and interpretations to existing standards effective in 2011 adopted by the Executive. Standards, interpretations and amendments to published standards effective in 2011 but which are not relevant to the Executive:

- IAS 2 (Revised), IFRS 3 (revised), IFRS 4, IFRS 6 IFRS 8, IAS 23 (revised), IAS 27 (revised), IAS 28, IAS 40 improvements to IFRS by the IASB, IFRIC 13, IFRIC 15, IFRIC 16 and IFRIC 17 are mandatory for the Executive's accounting periods beginning on or after 1 January 2011 or later periods but are currently not relevant to the Executive's operations.

The statements are prepared on a going concern basis with the accounts being prepared on the assumption that the functions of the Executive will continue in operational existence for the foreseeable future.

All transactions are recorded on an Income and Expenditure basis, thus all debtors and creditors appear whether or not the cash has actually been paid or received. All revenue grants are credited to the accounts in the period to which they relate.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make certain assumptions, estimates and judgements that may affect the reported amounts of assets, liabilities, income and expenses. These are based on historical experience and any other factors, including expectations of future events, that are considered appropriate, and these are continually reviewed. Subsequent actual results may however differ from these estimates and judgements. Areas where assumptions, estimates and judgements may give rise to adjustments to the carrying values of assets and liabilities in the financial year are as follows:

- Property revaluation (note 12): the Executive carries its Non- Infrastructure Land and Buildings at fair value. Periodically, external surveyors are used and the last independent survey was carried out as at 31 March 2011. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates are subject to some judgement.
- Leases (note 8 & 21) : The Executive has classified leases as either finance or operating leases based on the extent to which the risks and rewards incidental to ownership lie with the lessee or lessor. The Executive has classified certain contracts as operating leases although the legal form of the arrangement is not a lease.
- Retirement benefit obligations (note 7) : the cost of defined benefit pension plans is determined using independent actuarial valuation, involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries.
- Contingent Liabilities (note 22): The Executive has a contingent liability at the balance sheet date. The Executive's legal advisors have assessed the liability but due to the uncertainty it is not practical to disclose the timing, financial effect or amount.

a) **Property Plant and Equipment**

Infrastructure Assets and Plant and Equipment are stated at depreciated historical cost, net of accumulated impairment losses. Non Infrastructure Land and Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed at intervals of no more than five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. 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 2011 on an Existing Use Value (EUV) and Depreciated Replacement Cost (DRC) basis in accordance with IAS 16. A revaluation of the Executive's on-street furniture was carried out as at 31 March 2008. The Directors have considered the impairment of fixed assets in accordance with IAS 36 and after instructing external surveyors to review the Executive's property portfolio can identify no circumstances or events that would affect the carrying values of the assets.

- Depreciation or amortisation is provided so as to write off, on a straight-line basis, the cost of property, plant and equipment and intangible fixed assets including those held under finance leases. These charges are commenced from the dates the assets are available for their intended use and are spread over their estimated useful economic lives. The estimated useful lives of assets are reviewed regularly and, when necessary, revised. Accelerated depreciation or amortisation is provided where an asset is expected to become obsolete before the end of its normal useful life or if events or changes in circumstances indicate that an impairment loss needs to be recognised, as discussed below. No further charges are provided in respect of assets that are fully written down but are still in use. The estimated useful lives for the main categories of property, plant and equipment are:

Freehold and Long Leasehold Buildings Between 5 and 50 years
Infrastructure Assets 5 - 50 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

- Freehold land, either at cost or valuation, is not depreciated. Management regularly considers whether there are any indications of impairment to carrying values of property, plant and equipment. Impairment reviews are based on risk adjusted discounted cash flow projections. Significant judgement is applied to the assumptions underlying these projections which include estimated discount rates, growth rates, future selling prices and direct costs. Changes to these assumptions could have a material impact on the financial position of the Executive and on the result for the year.

b) **Progress Payments for Capital Assets**

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.

c) **Discontinued Operations and Non-current Assets Held for Sale**

Discontinued operations and Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Discontinued operations and current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This is the case, when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated.

Further, the asset has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one year from the date that it is classified as held for sale.

d) **Donated Assets**

Donated assets are assets that have been transferred to the Executive at nil value or acquired at less than fair value. Donated Assets are initially recognised at fair value at the date of acquisition. After initial recognition the Donated Assets will be revalued and depreciated in accordance with the Executive's revaluation and depreciation policy. A Donated Assets Account recognises the benefit received from these assets where conditions apply to the assets use.

e) **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.

f) **Capital Grants**

Grants to fund capital expenditure from government and other bodies are credited to the Comprehensive income and expenditure statement (CIES) where the grant conditions have been met. In order to recognise that the capital grants are provided to finance capital expenditure the grants are subsequently transferred from the CIES to the Deferred Capital Grants Account. If expenditure has not been incurred at the balance sheet date the grant is transferred to the capital grants unapplied account.

The CIES will recognise capital grants to the extent that they offset depreciation on assets owned/leased or capital expenditure charged directly to revenue (see (e) above). Details of capital grants receivable and released are set out in Notes 8(a), 8(f) and 18.

g) **Revenue Grant**

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

h) **Leased Assets**

Assets acquired under finance leases, where substantially all the risks and rewards of ownership of the assets have passed to the Executive, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability.

Rentals payable under operating leases (where the risks and rewards incidental to ownership remain with the lessor), are charged to the income statement on a straight line basis over the lease term. When the lease becomes onerous full provision is made of the expected discounted future cost of the lease.

i) **Pension Costs**

The requirements of IAS 19 "Retirement Benefits" have been fully adopted in the financial statements of the Executive. Detailed disclosures can be found in note 7 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 statutorily established pension fund 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 Democratic and Core.

j) **Provisions**

A provision is recognised in the balance sheet when the Executive has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for restructuring is recognised when the Executive has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. In accordance with the Executive's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated. Provisions for environmental issues are judgemental by their nature and more difficult to estimate when they relate to sites no longer directly controlled by the Executive. The Executive has taken a consistent approach to estimating environmental provisions.

k) **Exceptional Items**

The Executive presents certain items separately as 'exceptional'. These are items, which, in management's judgement, need to be disclosed by virtue of their size and incidence in order for the user to obtain a proper understanding of the financial information. The determination of which items are separately disclosed as exceptional items requires a significant degree of judgement.

l) **Taxation**

Corporation Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The current tax expense represents the sum of the corporation tax currently payable. The tax currently payable is based on interest received for the year.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Irrecoverable VAT on the purchase of assets or services is recognised as an expense in the income statement.
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to the taxation authority is included as part of receivables or payables in the statement of financial position.

m) **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.

n) **Financial Instruments**

Financial assets are classified at recognition as loans, deposits or receivables in accordance with IAS 39, and recognised at cost. The Executive's non-derivative financial assets include trade and other receivables, and cash and short term deposits. The Executive derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cashflows on the financial asset.

Trade receivables are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement where there is objective evidence that the asset is impaired. Individual trade receivables are written off when management deem them no longer to be collectable. The risk considerations and bases used for such allowances are detailed in note 16.

Cash and cash equivalents consist of cash at bank held by the Executive and are shown within current assets. The carrying amount approximates to fair value.

The Executive's non-derivative financial liabilities include bank overdrafts, and trade and other payables. These financial liabilities are initially recognised at cost in accordance with IAS 39 on the trade date at which the Executive becomes a party to the contractual provisions of the instrument. The Executive derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Trade payables are non interest bearing borrowings and are initially measured at fair value and subsequently carried at amortised cost.

The Executive in accordance with IFRS 7 has disclosed the significance of the financial instruments and the nature and extent of risks arising from such financial instruments.

o) **Events After the Balance Sheet Date**

The Statement of Accounts are authorised for issue by the Director of Resources. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information.

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2011**

2. GRANT INCOME

The Executive recognised the following grants and contributions to the Comprehensive Income and Expenditure statement in 2010/11 and 2009/10.

Non Specific Grant Income	2010/11 £'000	2009/2010 £'000
General Revenue Grant - Integrated Transport Authority	83,364	82,363
Rural Bus Subsidy Grant - Department for Transport	1,154	1,125
	<u>84,518</u>	<u>83,488</u>
Specific Grant Income		
Rural Challenge Grant - Department for Transport	-	10
Urban Challenge Grant - Department for Transport	18	163
Single Programme Grant - Yorkshire Forward	34	329
Concessionary Fares Grant - Department for Transport	9,116	8,871
Special Rail Grant (SRG) - Integrated Transport Authority	72,125	72,097
Integrated Transport Block (Capital) - Integrated Transport Authority	14,054	14,637
	<u>95,347</u>	<u>96,107</u>

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 (DfT) in the first instance. The amounts payable to the Executive were as follows:-

	2010/11 £'000	2009/2010 £'000
Payments to Operators	71,352	71,352
Contribution to the Executive's administration costs	773	745
	<u>72,125</u>	<u>72,097</u>

3. SEGMENTAL REPORTING

The analysis of income and expenditure by service on the face of the comprehensive income and expenditure statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Executive's Board on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular capital grants are credited to the revenue account over the life of the asset to offset depreciation charges and the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current/past service cost of benefits accrued in the year. The report presented to the Executive Board is on a consolidated basis taking into account the operations of the ITA.

Presented below is the restatement of Cost of Services and specific and non-specific grant income as reported to the Executive's decision makers :-

3a.

Segmental Reporting - Resource allocation

	Bus Services		Concessions		Rail		Prepaid Tickets		Passenger Facilities		Other Activities		Total	
	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000
Agency/ service fee Income	(13,893)	(15,090)	-	-	(1,967)	(2,030)	(28,836)	(27,745)	(2,493)	(2,483)	(4,338)	(4,973)	(51,527)	(52,321)
Government Grants			(9,116)	(8,871)	(72,125)	(72,097)							(81,241)	(80,968)
Total Income	(13,893)	(15,090)	(9,116)	(8,871)	(74,092)	(74,127)	(28,836)	(27,745)	(2,493)	(2,483)	(4,338)	(4,973)	(132,768)	(133,289)
Operating Expenditure	37,697	38,945	51,352	50,334	71,352	71,352	28,836	27,745	-	-	-	-	189,237	188,376
Other Cost of Service Expenditure	7,543	8,347	-	-	2,149	2,211	-	-	7,111	7,182	10,875	10,298	27,678	28,038
Total Operating Expenditure	45,240	47,292	51,352	50,334	73,501	73,563	28,836	27,745	7,111	7,182	10,875	10,298	216,915	216,414
Cost of services	31,347	32,202	42,236	41,463	(591)	(564)	0	0	4,618	4,699	6,537	5,325	84,147	83,125

Reconciliation of Segmental Analysis and Cost of services in the Comprehensive Income and Expenditure Statement

	2010/11 £'000	2009/10 £'000
Segmental Analysis of		
Cost of Service	84,147	83,125
Pensions IAS19	(1,746)	(2,380)
Non Government Capital Grants	(2,486)	(5,362)
Depreciation/Capital expenditure	370	376
Cost of Service CIES	80,285	75,759

4. RELATED PARTY DISCLOSURES

The Directors regard the following as related parties:-

The West Yorkshire Integrated Transport Authority (WYITA) can be construed to be a related party in terms of its dealings with the Executive as defined in IAS 24 "Related party transactions". WYITA is the ultimate controlling party by virtue of its ability to direct the financial and operating policies of WYPTE.

The revenue grant payments to the Executive are disclosed in Notes 2 and 3 above and capital grants are disclosed in Note 18. The balance owing by the Integrated Transport Authority to the Executive at 31 March 2011 is also shown at Note 13(b).

The District Councils can be deemed to be a related party of the Executive via their relationship with the WYITA. The Executive provides agency services for educational transport to the district councils for which fees are paid. These are set out below: -

	2010/11	2009/10
	£m	£m
Bradford MDC	2.44	3.33
Calderdale MDC	1.00	1.05
Kirklees MDC	0.00	0.00
Leeds City Council	2.35	2.15
Wakefield MDC	2.28	2.18
	8.07	8.71

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

Yorcard Ltd is a Joint Venture trading company operated in conjunction with SYPTTE and is fully disclosed in note 19. Mr John Henkel is a Director of WYPTE and of Yorcard Ltd.

West Yorkshire Ticketing (TICCO) Ltd administers and develops a range of multi-operator, multi-modal tickets. Mr John Henkel is a Director of WYPTE and of TICCO Ltd. During the year ended 31 March 2011 recharges totalling £23,000 were invoiced to the Executive.

ITSO Ltd is a trading company established to promote the development of interoperable smart card applications to public transport. Mr John Henkel is a Director of WYPTE and of ITSO Ltd. During the year ended 31 March 2011 fees totalling £15,254 were invoiced by ITSO Ltd to the Executive.

5. 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 which is based on the reimbursement guidance issued by the Department for Transport. Discussions are underway with the major bus operators to enter into three year agreements within the framework of this guidance which would remove an element of financial risk for all parties.

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 20 (Note 2).

In accordance with the overall policies of the Integrated Transport Authority, the Executive administers a prepaid ticket scheme. 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 comprehensive income and expenditure statement on page 11.

6. **OFFICER'S REMUNERATION**

	2010/11 £'000	2009/2010 £'000
(a) Employees Costs Amounted to:		
Wages and Salaries	9,152	9,390
Social Security Costs	662	668
Other Pension Costs	2,116	1,951
	<u>11,930</u>	<u>12,009</u>

	<u>Number</u>	<u>Number</u>
(b) The average number of persons employed was:		
Manual	67	75
Management and Administration	350	357
	<u>417</u>	<u>432</u>

c) At 31 March 2011 the unused holiday entitlement across the Executive totalled:-

	2010/11 £'000	2009/2010 £'000
	<u>152</u>	<u>131</u>

The Executive's policy on flexi-leave carried over is that it does not give rise to a financial entitlement.

(d) The employee costs set out above include Directors' remuneration (see below).

<u>Directors</u>	<u>2011</u> £	<u>2010</u> £
Aggregate Remuneration	<u>597,483</u>	<u>502,883</u>

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

<u>Highest Paid Director</u>	<u>2011</u> £	<u>2010</u> £
Aggregate Remuneration	<u>146,769</u>	<u>146,739</u>
Defined benefit pension scheme :		
Accrued pension at end of year	79,339	76,898
Accrued lump sum at end of year	216,046	216,046
	=====	=====

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

	<u>2011</u> Number	<u>2010</u> Number
£Nil - £5000	1	1
£10001 - £15000	2	1
£70001 - £75000	-	1
£85001 - £90000	1	-
£90001 - £95000	1	1
£95001 - £100000	1	1
£145001 - £150000	1	1

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

£50001 - £55000	2	-
£55001 - £60000	4	4
£60001 - £65000	2	1
£65000 - £70000	-	1
£70001 - £75000	1	1

		Salary Fees	Bonuses	Expenses	Compensation	Pension	Total
		Allowances		Allowances	for loss of	Contributions	
					office		
Director General	2009/10	146,484	225	30	-	33,105	179,844
	2010/11	146,484	225	60	-	36,768	183,537
Director of Passenger Services	2009/10	98,550	225	-	-	22,272	121,047
	2010/11	98,550	225	-	-	24,736	123,511
Director of Development	2009/10	90,708	225	-	-	20,500	111,433
	2010/11	92,286	225	-	-	23,164	115,675
Director Corporate Services	2009/10	75,091	225	-	-	16,971	92,287
	2010/11	12,515	-	-	51,844	-	64,359
Director of Resources	2009/10	-	-	-	-	-	-
	2010/11	84,804	225	-	-	21,286	106,315
Assistant Director Legal	2009/10	-	-	-	-	-	-
	2010/11	57,498	100	-	-	14,432	72,030
Assistant Director Finance	2009/10	71,064	225	-	-	16,060	87,349
	2010/11	52,412	225	-	-	13,155	65,792
Assistant Director ICT	2009/10	59,220	225	-	-	13,384	72,829
	2010/11	59,220	225	-	-	14,864	74,309
Assistant Director Corporate Development	2009/10	57,498	-	-	-	12,995	70,493
	2010/11	59,220	225	-	-	14,864	74,309
Assistant Director Integrated Transport	2009/10	57,498	225	-	-	12,995	70,718
	2010/11	59,220	225	-	-	14,864	74,309
Assistant Director Rapid Transit	2009/10	59,220	225	-	-	13,384	72,829
	2010/11	64,155	225	-	-	16,103	80,483
Assistant Director Customer Services	2009/10	-	-	-	-	-	-
	2010/11	54,197	225	-	-	13,603	68,025
Assistant Director Transport Co-ordination	2009/10	59,220	225	1,025	-	13,384	73,854
	2010/11	59,220	225	917	-	14,864	75,226
Director of Pteg	2009/10	68,214	225	-	-	15,416	83,855
	2010/11	69,921	225	-	-	17,550	87,696
Assistant Director Pteg	2009/10	-	-	-	-	-	-
	2010/11	51,093	225	-	-	12,824	64,142

7. DEFINED BENEFIT PENSION SCHEME

The West Yorkshire Pension Fund is a funded scheme which provides defined benefits to its members. The majority of the Executive's permanent 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 2011 and the previous financial year were as follows:

		2010/11 £'000	2009/2010 £'000
i)	Current Employees	2,116	1,951
ii)	Former Employees	1,396	1,474

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 2010. 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 2010 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 2011/12, 2012/13 and 2013/14 will be 13% for the 3 years plus a lump sum of £1.049m, £1.014m and £0.98m respectively.

The employers contributions made in 2010/11 were 25.1% of pensionable pay.

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

	31/03/2011	31/03/2010
Inflation : RPI	3.6%	3.8%
CPI	2.7%	N/A
Rate of increase in salaries	5.1%	5.55%
Rate of increase for pensions in payment	2.7%	3.8%
Rate used to discount the scheme liabilities	5.5%	5.5%

Mortality assumptions

Post retirement mortality (retirement in normal health:-

Males : CMI 2009 Long term rate of improvement of 1.25%	80% Long Cohort(2007) subject to minimum underpin to improvement factors of 1.25%
Females : CMI 2009 Long term rate of improvement of 1.25%	60% Long Cohort (2007) subject to minimum underpin to improvement factors of 1.25%

Life Expectancy

- of a male (female) future pensioner aged 65 in 20yrs time	23.7 (26.0) Years	24.1 (27.9) Years
- of a male (female) current pensioner aged 65	21.9 (24.0) Years	21.8 (25.4) Years

As part of the 2010 actuarial valuation the mortality experience was analysed across the fund over a 3 year period to 31 March 2010 and assumptions have been amended regarding life expectancy. The mortality allowance for future improvements uses the Continuous Mortality Investigation (CMI) Mortality Projections model with the model updated annually to reflect the latest emerging experience. This means there will continue to be regular changes to the assumptions for future improvements in mortality rates as new data is taken into account.

The valuation as at 31 March 2010 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 31/3/11	Assets at 31/3/11 £'000	Assets %	Expected rate of return on assets 31/3/10	Assets at 31/3/10 £'000	Assets %
Equities	8.4%	81,885	73.1	8.0%	66,133	71.6
Government Bonds	4.4%	12,770	11.4	4.5%	11,269	12.2
Other Bonds	5.1%	4,369	3.9	5.5%	3,140	3.4
Property	7.9%	4,033	3.6	8.5%	3,140	3.4
Cash/Liquidity	1.5%	2,576	2.3	0.7%	3,140	3.4
Other	8.4%	6,385	5.7	8.0%	5,542	6.0
Total market value assets	7.6%*	112,018		7.3%*	92,364	
Present value of scheme liabilities		(159,860)			(174,954)	
Net pension liability		(47,842)			(82,590)	

* The overall expected rate of return on Fund assets is a weighted average of the individual expected rates of return on each asset class.

Reconciliation of present value of scheme liabilities

	£'000 31/03/2011 Unfunded	£'000 31/03/2011 All Benefits	£'000 31/03/2010 Unfunded	£'000 31/03/2010 All Benefits
1 April	15,440	174,954	13,266	133,683
Current service cost	-	1,713	-	937
Interest cost	764	8,465	894	9,040
Member Contributions	-	564	-	574
Past service cost	(1,191)	(22,900)	-	-
Actuarial (gains)/losses	534	6,477	2,646	45,159
Curtailments	-	-	-	-
Benefits paid	(1,300)	(9,413)	(1,366)	(14,439)
31 March	14,247	159,860	15,440	174,954

Reconciliation of fair value of scheme assets

	£'000 31/03/2011 Unfunded	£'000 31/03/2011 All Benefits	£'000 31/03/2010 Unfunded	£'000 31/03/2010 All Benefits
1 April	-	92,364	-	77,196
Expected return on scheme assets	-	6,479	-	4,708
Actuarial gains	-	18,563	-	21,008
Contributions paid by employer	1,300	3,461	1,366	3,317
Member Contributions	-	564	-	574
Benefits paid	(1,300)	(9,413)	(1,366)	(14,439)
31 March	-	112,018	-	92,364

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date.

The expected investment return on corporate bonds is based on market yields at the relevant date, but we have restricted this expected return to 0.7% p.a. over and above that available on gilts, reflecting the perceived risk of re-rating and default risk. This represents an increase in this margin of 0.3% compared to the assumption used at the previous accounting date.

The assumed investment return on equities is the yield on 20-year fixed interest gilts plus an allowance of about 4% p.a. for the "risk premium" associated with equity investment. This is a higher "risk premium" than last year of 0.5% giving a proposed expected return of 8.4%.

The actual return on scheme assets in the year was £25.042 m (2010: £25.716m).

The amounts recognised in the Income and Expenditure Account

	£'000 31/03/2011	£'000 31/03/2010
Cost of Service		
Current Service Cost	1,713	937
Past Service Cost	(22,900)	-
Curtailements or settlements	-	-
Financing Investment Income and Expenditure		
Interest on pension liabilities	8,465	9,040
Expected return on pension assets	(6,479)	(4,708)
Total pension cost recognised	<u>(19,201)</u>	<u>5,269</u>

The amounts recognised in Other Comprehensive Income and Expenditure

Actuarial Gain/(loss)	12,086	(24,151)
	<u>12,086</u>	<u>(24,151)</u>

The Change from Retail Prices Index to Consumer Prices Index for pensions increases

In the UK budget statement on 22 June 2010 the Chancellor announced that public service pensions would with effect from 1 April 2011 be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The Actuary valued the change from 22 June 2010.

This has the effect of reducing the Executive's liabilities the West Yorkshire Pension Fund by £22.9m and has been recognised as a past service gain in accordance with guidance set down in UITF abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund Balance.

Amounts for current period and previous four periods

	<u>2011</u> £'000	<u>2010</u> £'000	<u>2009</u> £'000	<u>2008</u> £'000	<u>2007</u> £'000
Defined benefit obligation	(159,860)	(174,954)	(133,683)	(162,104)	(122,435)
Scheme assets	112,018	92,364	77,196	107,023	101,505
Deficit	(47,842)	(82,590)	(56,487)	(55,081)	(20,930)
Experience adjustments on scheme assets: Amount	18,563	21,008	(27,082)	9,035	2,311
Experience adjustments on scheme liabilities: Amount	20,046	2,766	-	(34,847)	-
Total amount of actuarial gains/losses recognised in Other comprehensive income and expenditure : Amount	12,086	(24,151)	(526)	(35,350)	6,927

8. **SURPLUS FOR THE YEAR ON PROVISION OF SERVICE**

The Surplus for the year on provision of services is arrived at after taking account of these items:

	2010/11 £'000	2009/2010 £'000
(a) <u>Depreciation and Other Asset Charges</u>		
Charge for the Year (Note 12 (e))	6,473	6,272
Less :		
Capital Grants Released (Note 18)	(6,103)	(5,910)
	<u>370</u>	<u>362</u>
(Loss)/Profit on Disposal of fixed assets	<u>(30)</u>	<u>122</u>
(b) <u>Auditor's Remuneration</u>		
Audit Services		
-Core audit	79	79
-Grants	3	5
	<u>82</u>	<u>84</u>
(c) <u>Operating Lease Costs</u>		
Lease Rentals - rail assets	1,803	1,865
- other related costs	346	346
Tendered Bus Contracts - Non -School	2,667	1,554
- Schools	5,301	5,204
	<u>10,117</u>	<u>8,969</u>
(d) <u>Pension and Non-recurring Costs (see Note below)</u>		
Pension Costs Relating to Former Employees	1,396	1,474
Other Non-recurring Items	325	71
	<u>1,721</u>	<u>1,545</u>
(e) Interest Receivable on Loans, Deposits and Other Debts	<u>1</u>	<u>1</u>
(f) <u>Capital Schemes Charged to Revenue</u>	2010/2011 £'000	2009/2010 £'000
Capital scheme costs	11,002	18,943
Capital grant received and released in full	<u>(11,002)</u>	<u>(18,929)</u>

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.

9. **TAXATION**

Corporation Tax @ 21% (21% 2009/2010) is charged on sundry interest received in the year. The liability for the year ended 31 March 2011 was £48.78 (£65.78 2009/10).

10. **RESULT FOR THE YEAR TRANSFERRED TO GENERAL FUND BALANCE**

The General Fund Balance Movement in Reserve Statement shows a break even position for the year 2010/11.

11. **EXCEPTIONAL ITEMS**

There was an exceptional item in 2010/2011 of £22.9m (£7K in 2009/10 relating to rating income) relating to the past service gain arising from the change from RPI to CPI for pension increases as set out in note 7.

12. **PROPERTY, PLANT & EQUIPMENT**

- (a) 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.

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.

The On-street furniture assets under IFRS code are re-classified as infrastructure assets and valued at historical cost deemed to be the value at 1 April 2007 adjusted for subsequent depreciation or impairment. As the valuation method used at 31 March 2008 was on a depreciated replacement cost basis this acts as a suitable proxy for historical cost.

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 2011 on an Existing Use Value (EUV), Market Value (MV) and Depreciated Replacement Cost (DRC) basis in accordance with IAS 16. This resulted in an overall valuation of £1,850,000 which gave a loss on revaluation of £201,000.

- (b) **ASSETS HELD FOR SALE**

The Executive has identified assets held for sale in the form of the Rail Units owned and land at Salterhebble Wood. The assets are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable. The appropriate level of management is committed to a plan to sell the assets and a buyer has been located with an indicative offer of £2.4million for the rolling stock and £10,833 for the Wood as at 31 March 2011.

	<u>2011</u> £'000	<u>2010</u> £'000	<u>2009</u> £'000
Balance Outstanding at start of the year	-	-	-
Assets newly classified held for sale	-	-	-
'-Property plant and Equipment	9	-	-
	<hr/> 9	<hr/> -	<hr/> -

12. **PROPERTY, PLANT AND EQUIPMENT**

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

	LAND AND BUILDINGS	INFRA- STRUCTURE ASSETS	LEASEHOLD DONATED ASSETS	RAIL UNITS OWNED	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION	
TOTAL	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>COST VALUATION</u>										
At 1 April 2009	131,918	2,274	60,400	1,028	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	-	-	-	-	-	-	-	-	-	-
W/Off to Revenue	(4,416)	-	-	-	-	-	-	-	-	(4,416)
At 31 March 2010	131,546	2,274	65,623	1,028	6,622	21,158	8	18,855	54	15,924
<u>ACCUMULATED DEPRECIATION</u>										
At 1 April 2009	36,263	151	10,878	441	6,622	6,341	8	11,768	54	-
Charge for the year (Note8(a))	6,272	36	2,144	54	-	1,707	-	2,331	-	-
Disposals	(1,429)	-	-	-	-	(1,429)	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-	-
At 31 March 2010	41,106	187	13,022	495	6,622	6,619	8	14,099	54	-
<u>NET BOOK VALUES</u>										
31 March 2010	90,440	2,087	52,601	533	-	14,539	-	4,756	-	15,924
1 April 2009	95,655	2,123	49,522	587	-	15,346	-	6,291	-	21,786

12. PROPERTY, PLANT AND EQUIPMENT

e) The movements
in the year
1 April 2010 to
31 March 2011 are :

	LAND AND BUILDINGS	INFRA- STRUCTURE ASSETS	DONATED ASSETS	RAIL UNITS OWNED	VEHICLES OWNED	VEHICLES LEASED	EQUIPMENT OWNED	EQUIPMENT LEASED	PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>COST VALUATION</u>										
At 1 April 2010	131,546	2,274	65,623	1,028	6,622	21,158	8	18,855	54	15,924
Additions	6,261	-	1,750	-	-	-	-	153	-	4,358
Transfer from payments on assets in course of construction	-	-	3,078	-	-	-	-	275	-	(3,353)
Disposals	(138)	-	-	(96)	-	(42)	-	-	-	-
Revaluation Adjustments	(424)	(424)	-	-	-	-	-	-	-	-
Reclassification Adjustments	-	-	-	-	-	-	-	-	-	-
W/Off to Revenue	(726)	-	-	-	-	-	-	-	-	(726)
Transfer Assets held for sale	(6,631)	(9)	-	-	(6,622)	-	-	-	-	-
At 31 March 2011	129,888	1,841	70,451	932	-	21,116	8	19,283	54	16,203

ACCUMULATED DEPRECIATION

At 1 April 2010	41,106	187	13,022	495	6,622	6,619	8	14,099	54	-
Charge for the year (Note8(a))	6,473	36	2,251	54	-	1,723	-	2,409	-	-
Disposals	(106)	-	-	(64)	-	(42)	-	-	-	-
Revaluation Adjustments	(223)	(223)	-	-	-	-	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	(6,622)	-	-	-	(6,622)	-	-	-	-	-
At 31 March 2011	40,628	-	15,273	485	-	8,300	8	16,508	54	-

NET BOOK VALUES

1 April 2011	89,260	1,841	55,178	447	-	12,816	-	2,775	-	16,203
1 April 2010	90,440	2,087	52,601	533	-	14,539	-	4,756	-	15,924

(c) **DONATED ASSET ACCOUNT**

The CIPFA code introduces the concept of Donated Assets where assets have been acquired for less than their fair value. The code stipulates that the difference between the fair value of the asset and the consideration paid shall be recognised immediately in the Comprehensive Income and Expenditure Statement as income, or in the event that the transfer has conditions, recognised in the Donated Asset Account until such time as the conditions have been met. The Executive's leased bus stations (finance leases on-balance sheet) meet the criteria of Donated Assets with conditions attached, as failure to fulfil the conditions on an on-going basis would result in the assets being returned to the relevant councils. These assets were received at little or no cost but are recognised on the balance sheet at fair value to reflect the true benefit of these assets with a corresponding reserve created in the form of a Donated Asset Account. After initial recognition Donated Assets are categorised as Infra-structure Assets and are valued at historical cost.

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Donated Asset Account	587	587	587

13. **TRADE AND OTHER RECEIVABLES**

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
(a) <u>Amounts receivable Within One Year</u>			
Central Government	420	646	1,072
Other Local Authorities	1,438	902	1,464
Bodies external to General Government	5,828	6,959	5,318
	<u>7,686</u>	<u>8,507</u>	<u>7,854</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.

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
(b) Other Local Authority - West Yorkshire ITA	8,425	8,748	7,187
	<u>8,425</u>	<u>8,748</u>	<u>7,187</u>

14. **CASH & CASH EQUIVALENTS**

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Bank Current Accounts	1,628	868	2,350
	<u>1,628</u>	<u>868</u>	<u>2,350</u>

Cash balances include £138k (2009/10: £501k) 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.

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
15. <u>TRADE AND OTHER PAYABLES</u>			
Central Government	-	-	37
Other Local Authorities	2,610	1,803	903
Bodies external to General Government	10,168	13,433	14,892
	<u>12,778</u>	<u>15,236</u>	<u>15,832</u>

<u>DEFERRED INCOME</u>	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Central Government	3,250	2,755	1,474
Other Local authorities	2,735	2,440	2,795
Bodies external to General Government	600	120	88
	<u>6,585</u>	<u>5,315</u>	<u>4,357</u>

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.

16. FINANCIAL INSTRUMENTS

Financial liabilities, financial assets represented by creditors and trade receivables and short-term debtors are carried in the Balance sheet at amortised cost. Their fair value is assessed as the amount at which the instrument could be exchanged in a current transaction between willing parties. Trade and other receivables are non-interest bearing financial instruments. The short term nature of these instruments means there is no material difference between the carrying value and fair value.

	Carrying Amount <u>2011</u> <u>£'000</u>	Fair value <u>2011</u> <u>£'000</u>	Carrying Amount <u>2010</u> <u>£'000</u>	Fair value <u>2010</u> <u>£'000</u>	Carrying Amount <u>2009</u> <u>£'000</u>	Fair value <u>2009</u> <u>£'000</u>
Financial Assets:						
Current trade debtors	7,686	7,686	8,507	8,507	7,854	7,854
Amounts receivable from WYITA	8,425	8,425	8,748	8,748	7,187	7,187
Loans and receivables	1,628	1,628	868	868	2,350	2,350
	<u>17,739</u>	<u>17,739</u>	<u>18,123</u>	<u>18,123</u>	<u>17,391</u>	<u>17,391</u>
Financial Liabilities:						
Current trade payables and accruals	<u>19,363</u>	<u>19,363</u>	<u>20,551</u>	<u>20,551</u>	<u>20,189</u>	<u>20,189</u>

The Executive's policies with regards to financial instruments are in accordance with IAS 39 and IFRS 7. 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 Treasury Management Policy. The effect of this policy 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.

17. PROVISIONS

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions during the year are analysed as follows:-

	Restructuring	Total
At 1 April 2009	-	-
Arising during year	-	-
At 31 March 2010	-	-
Arising during year	399	399
Utilised in year	-	-
At 31 March 2011	<u>399</u>	<u>399</u>

The Executive has provided for the costs of an organisational restructure on the basis that management were fully committed to the restructuring plan at the 31 March 2011 as specified in IAS37. There were no environmental provisions at 31 March 2011.

18. DEFERRED CAPITAL GRANTS ACCOUNT

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Balance at the beginning of the Year	75,519	80,359	77,338
Grants Receivable in the Year : LTP	14,054	14,637	12,970
Other	2,420	5,094	919
	<u>16,474</u>	<u>19,731</u>	<u>13,889</u>
Other funding sources	66	268	133
	<u>92,059</u>	<u>100,358</u>	<u>91,360</u>
<u>Deduct:</u> Annual Release to Revenue Account - set off against Depreciation Charge (Note 8 (a))	(6,103)	(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)	(11,002)	(18,929)	(5,361)
Write back of Capital Grants Released	-	-	-
Balance at the end of the Year	<u>74,954</u>	<u>75,519</u>	<u>80,359</u>

Notes

- (a) The release against project schemes relates to 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 1e and Note 8f).

19. **JOINT VENTURE**

At 31 March 2011 the Executive had the following Joint Venture :

Yorcard Ltd

The joint venture is a trading company which was incorporated in England on 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.

After considering the materiality of the Joint Venture management have agreed not to consolidate Yorcard Ltd into the Executive's accounts after the Joint venture was formalised on 31 March 2010 . The performance and financial position of the Executive's share of Yorcard Ltd is disclosed below in accordance with IAS31 'Interests in Joint Ventures' :-

	<u>2010/11</u> <u>£'000</u>
Turnover	333
Profit before Tax	-
Taxation	-
Profit after Tax	-
Fixed Assets	-
Current Assets	220
Liabilities due within 1yr	(212)
Liabilities due after 1yr or more	-
Net Assets	<u>8</u>

20. **REVALUATION RESERVE**

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>	<u>2009</u> <u>£'000</u>
Balance at beginning of the year	10,626	10,626	10,626
Loss on revaluation	(201)	-	-
Balance at the end of the year	<u>10,425</u>	<u>10,626</u>	<u>10,626</u>

21. **FINANCIAL COMMITMENTS**

	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
(a) <u>Capital Commitments</u>		
Contracted For but not Provided in the Accounts	7,141	22,657
Authorised but not Contracted For	23,324	10,873
	<u>30,465</u>	<u>33,530</u>

(b) Revenue Commitments - Operating Leases

At 31 March 2011 the Executive had outstanding commitments to meet future minimum lease payments under non-cancellable operating leases, falling due as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Rail Rolling Stock			
Minimum lease payments under operating leases recognised in the year :	1,803	1,865	1,900
Within 1 year	1,803	1,803	1,900
1 to 5 years	2,630	4,434	6,570
Beyond 5 years	-	-	-
	<u>4,433</u>	<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.

The Executive has a number of bus contracts that incorporate a lease under IFRIC4 . The Executive has a number of contracts with operators that convey the right to use specific assets in return for a series of payments to deliver services under the Executive's tendered service obligations. The minimum lease payments are substantially for service provision with a small proportion for the rental of the assets while the life of the contracts are substantially shorter than the asset's economic useful life and are therefore deemed to be operating leases.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bus Operator Payments - IFRIC 4			
Minimum lease payments under operating leases recognised in the year :	2,667	1,554	1,219
Within 1 year	2,721	2,667	1,554
2 to 5 years	2,421	5,143	7,789
Beyond 5 years	-	-	22
	<u>5,142</u>	<u>7,810</u>	<u>9,365</u>

The Executive has a number of contracts for the operation of Mybus school services that are operated as service concession agreements under IFRIC 12. The Executive awards the contract to operators to provide a service for the public, regulating the level of service, price and infra-structure provided. The school buses that form the infra-structure to deliver the service are initially recognised on the balance sheet at fair value. The service element of the arrangement is expensed through the Comprehensive Income and Expenditure Statement and the minimum lease payments are scheduled below :-

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Bus Operator Payments - IFRIC 12			
Minimum lease payments under IFRIC 12 recognised in the year :	5,301	5,204	5,372
Within 1 year	3,834	5,301	5,204
Within 2-5 years	10,288	12,136	15,446
Beyond 5 years	2,714	4,701	6,691
	<u>16,836</u>	<u>22,138</u>	<u>27,341</u>

22. CONTINGENT LIABILITIES

The Executive had a contingent liability at 31 March 2010 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2011 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.

23. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts were authorised for issue by the Director of Resources on 26 July 2011. There have been no adjustments to the financial statements for events after the balance sheet date.

24. IFRS 1 First Time Adoption - Disclosures

As stated in Note 1 Accounting Policies, the Executive has prepared these accounts in accordance with the Accounts and Audit Regulations 2011. Paragraph 17 of the Accounts and Audit Regulations 2011 states that 'A statement of accounts of a Passenger Transport Executive must be prepared as if the proper practices in relation to accounts applicable to a local authority were, so far as appropriate, applicable to an Executive'. Proper practices for the Executive are set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

The 2010/11 Statement of Accounts are the first to be prepared by the Executive in accordance with the Code. Accordingly all comparative amounts for 2009 and 2010 have been re-stated. The effects of this re-statement for 2009 are shown in the analyses below. This shows the comparison of the amounts previously reported at 31 March 2009, prepared in accordance with UK GAAP, with those reported in accordance with IFRS, in line with the requirements of the Code.

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE RESTATEMENT OF INCOME AND EXPENDITURE ACCOUNT AT 1 APRIL 2009

Notes	01/04/2009 Adjustment		31/03/2010 Adjustment		£'000	£'000
	£'000	£'000	£'000	£'000		
	UK GAAP		IFRS	UK GAAP		IFRS
GROSS INCOME						
Subsidised Services	1	-	15,254	-	15,090	15,090
Special rail grant		71,871	-	72,097	-	72,097
Prepaid tickets		29,512	-	27,745	-	27,745
Rents, service and departure charges		4,651	-	4,513	-	4,513
Other revenue		13,703	-	13,844	-	13,844
Capital Grants Applied	2	-	14,022	-	19,999	19,999
Capital Expenditure Charges	3	-	10,997	-	24,839	24,839
		119,737	40,273	118,199	59,928	178,127
HIGHWAYS AND TRANSPORT SERVICES						
Concessionary Fares		(44,579)	-	(50,334)	-	(50,334)
Subsidised services	1	(24,670)	(15,254)	(23,855)	(15,090)	(38,945)
Prepaid tickets		(29,512)	-	(27,745)	-	(27,745)
Rail services		(71,123)	-	(71,352)	-	(71,352)
Passenger Facilities		(6,681)	-	(6,478)	-	(6,478)
Service Planning and Promotion		(7,700)	-	(7,529)	-	(7,529)
Depreciation	3	(298)	(5,636)	(362)	(5,910)	(6,272)
Operating Lease Costs	7	(2,301)	-	(2,211)	-	(2,211)
Capital Expenditure Charges	3	-	(5,361)	-	(18,943)	(18,943)
Taxation		(2)	-	-	-	-
		(186,866)	(26,251)	(189,866)	(39,943)	(229,809)
Administration and Management	5	(8,271)	8,271	(7,904)	7,904	-
Pension and non recurring costs	4	(1,438)	1,438	(1,545)	1,545	-
Democratic and Core	4,5	-	(9,709)	-	(9,440)	(9,440)
	3	(9,709)	-	(9,449)	9	(9,440)
Transfer to Capital						
Exceptional items		210	-	7	-	7
Finance Income		31	-	1	-	1
Pension Interest Cost Expected Return on Assets	6	(2,479)	-	(4,332)	-	(4,332)
		(2,238)	-	(4,324)	-	(4,324)
TAXATION AND NON-SPECIFIC GRANT INCOME						
Revenue Grant		77,100	-	82,363	-	82,363
Rural Bus Grant		1,096	-	1,125	-	1,125
		78,196	-	83,488	-	83,488
Deficit/Surplus on Provision of services		(880)	-	(1,952)	-	18,042
Actuarial Gains and Losses		(526)	-	(24,151)	-	(24,151)
Surplus for the year transferred to reserves		(1,406)	14,022	12,616	19,994	(6,109)

**WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
RESTATEMENT OF BALANCE SHEET
AT 31 MARCH 2009**

	Notes	01 April 2009		31 March 2010			
		£'000	Adjustment £'000	£'000	Adjustment £'000	£'000	
Assets							
Non-current assets							
Tangible Assets	8	95,655	(95,655)	-	90,440	(90,440)	-
Property, plant and Equipment	8	-	95,068	95,068	-	89,907	89,907
Donated Assets	8	-	587	587	-	533	533
		<u>95,655</u>	<u>-</u>	<u>95,655</u>	<u>90,440</u>	<u>-</u>	<u>90,440</u>
Current Assets							
Debtors	9	15,041	(15,041)	-	17,255	(17,255)	-
Trade and other receivables	9	-	7,854	7,854	-	8,507	8,507
Amounts receivable from WYITA	9	-	7,187	7,187	-	8,748	8,748
Cash and cash equivalents		2,380	(30)	2,350	868	-	868
		<u>17,421</u>	<u>(30)</u>	<u>17,391</u>	<u>18,123</u>	<u>-</u>	<u>18,123</u>
Total assets		<u>113,076</u>	<u>(30)</u>	<u>113,046</u>	<u>108,563</u>	<u>-</u>	<u>108,563</u>
Liabilities							
Current liabilities							
Bank Overdraft	11	(30)	30	-	-	-	-
Creditors: Amounts Falling Due within One Year	10	(20,063)	20,063	-	(20,420)	20,420	-
Trade and other payables	10	-	(15,832)	(15,832)	-	(15,236)	(15,236)
Accruals and deferred income	10	-	(4,357)	(4,357)	-	(5,315)	(5,315)
Current income tax liabilities		-	-	-	-	-	-
		<u>(20,093)</u>	<u>(96)</u>	<u>(20,189)</u>	<u>(20,420)</u>	<u>(131)</u>	<u>(20,551)</u>
Non-current liabilities							
Deferred capital grants	12	(80,359)	80,359	-	(75,519)	75,519	-
Net pension liability		<u>(56,487)</u>	<u>-</u>	<u>(56,487)</u>	<u>(82,590)</u>	<u>-</u>	<u>(82,590)</u>
		<u>(136,846)</u>	<u>80,359</u>	<u>(56,487)</u>	<u>(158,109)</u>	<u>75,519</u>	<u>(82,590)</u>
Total liabilities		<u>(156,939)</u>	<u>80,263</u>	<u>(76,676)</u>	<u>(178,529)</u>	<u>75,388</u>	<u>(103,141)</u>
Total Assets Less Total Liabilities		<u>(43,863)</u>	<u>80,233</u>	<u>36,370</u>	<u>(69,966)</u>	<u>75,388</u>	<u>5,422</u>
Revenue Reserves		1,411	(126)	1,285	1,411	(131)	1,280
Usable Reserves		<u>1,411</u>	<u>(126)</u>	<u>1,285</u>	<u>1,411</u>	<u>(131)</u>	<u>1,280</u>
Deferred Capital Grants Account	12	-	80,359	80,359	-	75,519	75,519
Revaluation Reserve	8	11,213	(587)	10,626	11,213	(587)	10,626
Pension Reserves		<u>(56,487)</u>	<u>-</u>	<u>(56,487)</u>	<u>(82,590)</u>	<u>-</u>	<u>(82,590)</u>
Donated Assets	8	-	587	587	-	587	587
Unusable Reserves		<u>(45,274)</u>	<u>80,359</u>	<u>35,085</u>	<u>(71,377)</u>	<u>75,519</u>	<u>4,142</u>
Total Reserves		<u>(43,863)</u>	<u>80,233</u>	<u>36,370</u>	<u>(69,966)</u>	<u>75,388</u>	<u>5,422</u>

Notes to the Reconciliation

1. The IFRS code requires the Executive to disclose the gross income generated in the reporting period. Under UK GAAP the income on Tendered Subsidised services was presented as a contribution to the tendered service provision and the expenditure was shown net. The effect of this means subsidised service income of £15,254,000 and a gross expenditure of £39,924,000 are recognised in the CIES under IFRS.
2. The IFRS based code requires the Executive to recognise capital grants received where conditions have been met. The effect of this is that £14,022,000 of capital grants are recognised through the CIES and are subsequently transferred to the Deferred Capital Grants Account as set out in 2.3.3.5 of the code.
3. The accounting treatment of capital expenditure on rail infrastructure and third party assets of which the Executive has no legal ownership rights or control were previously charged directly to revenue along with the corresponding capital grant received. Additionally capital grant was released against the depreciation on assets owned/leased. Under IFRS the capital grant released to fund these third party assets and depreciation is recognised as gross income of £10,997,000, with the corresponding expenditure of £5,361,000 on capital projects written off and £5,636,000 on depreciation recognised as gross expenditure.
4. Previously all unfunded pension contributions, gratuity contributions and associated employee redundancy costs were recognised in the pension costs re former employees and other costs line £1,438,000. Under IFRS these employee costs are recognised in Corporate and Democratic Core.
5. The expenditure line for Administration and Management of £8,271,000 will also be recognised as Corporate and Democratic Core representing management and support costs which are non- highways and transport .
6. The expenditure relating to pension interest cost expected return on assets £2,479,000 was previously recognised as a cost of service. Under IFRS this is now recognised as a financing cost.
7. IAS 17 Leases prescribes the appropriate accounting treatment of leases for lessees and lessors in relation to finance and operating leases. A finance lease is classified as such where substantially all risks and rewards of ownership are transferred to the lessee. IFRIC 4 embedded leases requires lease payments under an operating lease will be recognised as an expense on a straight line basis. A number of bus operator contracts that were not previously treated as leases under UK GAAP are treated as operating leases under IFRIC 4 resulting in additional disclosures in the notes to the accounts.
8. Under IFRS Tangible assets has been analysed into two separate categories of Property, Plant and Equipment £95,069,000 and Donated Assets £587,000. The Donated Assets represent leased properties that meet the criteria of Donated assets set out in the IFRS based code. These are assets which the Executive receives benefits from at significantly less than the assets fair value but conditions are attached to the use of such properties. A transfer to the Donated Asset Account from the Revaluation reserve recognises the Donated Asset value at transition.
9. Previously all trade receivables were recognised under the heading of Debtors £15,041,000. Under IFRS the requirement is to recognise these assets as trade and other receivables £7,854,000 with separate recognition of the receivable from WYITA £7,187,000. This was recognised in the note prior to IFRS but due to its materiality, and as a related party transaction it is recognised separately on the balance sheet.
10. Previously all trade payables were recognised under the heading of Creditors: Amounts Falling Due within One Year £20,063,000. Under IFRS the requirement is to recognise these liabilities as trade and other payables £15,832,000 with separate recognition of Accruals and deferred income £4,231,000 due to the materiality. IAS 19 Employee benefits requires the Executive to provide for short term accumulating compensated absences where an employee is entitled to carry annual leave forward into a future period. Accruals and deferred income recognises £126,000 of accumulated absences which give rise to a cash entitlement on leaving the Executive.
11. The Bank overdraft £30,000 is transferred to a cash and cash equivalents heading within current assets as the overdraft fluctuates depending on the Executive's cash management arrangements as set out in the under IFRS based code 3.4.2.14.
12. The IFRS based code requires the balance on Deferred Capital Grants £80,359,000 to be transferred to the Deferred Capital Grants Account . The Deferred Capital Grants Account is recognised as a reserve in the accounts of the Executive.