WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

ACCOUNTS TO 31ST MARCH 2014

CONTENTS

STATEMENT OF RESPONSIBILITIES
WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2014

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 2013/14 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 Director, Resources;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

3. THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Director Resources is responsible for the preparation of the Executive'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 Executive at the accounting date and its income and expenditure for the year ended 31 March 2014.

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 2014 and its income and expenditure for the year ended 31 March 2014.

A Lythgo
Head of Paid Service

Date: 18 September 2014

A Taylor
Director Resources

Date: 18 September 2014

EXPLANATORY FOREWORD
WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
31 MARCH 2014

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 reflect the requirements of the Local Transport Act, setting 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.

From 1 April 2014 the responsibities and the activities of the West Yorkshire PTE and ITA have been transferred to the newly created West Yorkshire Combined Authority. More information on this process is set out in the notes to the accounts.

2. FINANCIAL RESULTS

The Financial Statements include the following primary statements; a note on the purpose of each of these statements is also shown below:

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Executive. These are analysed into ‘Usable’; being those reserves that the Executive may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use; and ‘Unusable’; reserves that the Executive is not able to use to provide services. The primary Unusable Reserve is the Deferred Capital Grants Account, which holds the capital grants received by the Executive to fund its capital programme. This reserve is used to fund the future costs of depreciation on the assets delivered by the programme. As at 31 March 2014 the Executive's usable reserves were £2.32 million (2013: £3.67million) and the Unusable reserves were £12.58 million (2013: £14.35million).

The Comprehensive Income and Expenditure statement shows the accounting cost in the year of providing services and the income generated. The Comprehensive Income and Expenditure Statement for the year shows a net deficit of £3.12 million (2013: net surplus £2.59 million). Income includes capital grants recognised in the year of £57.66 million (2013: £49.67 million), which, following the implementation of IFRS, are required to be recognised as income in the year they are received, unless there are conditions attached which the Executive has not met. Excluding Capital Grants applied and the IAS19 pension adjustments for current service cost, employer contributions and pension finance costs, the net surplus on provision of services at 31 March 2014 is a break even position (2013: £0).

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 reserves as described above. The net assets at 31 March 2014 were £14.9 million (2013: £18.02million).

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. The net increase in cash and cash equivalents during the year was £3.25 million (2013:Increase £0.67 million).

The budget for the Executive is prepared as part of the Group budget which is set out in the foreword to the Group accounts.

3. FIXED ASSETS

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

4. SIGNIFICANT DEVELOPMENTS

2013/14 is the third year of the third Local Transport Plan (LTP3) which covers the period 2011 to 2026. LTP3 was developed in partnership with the five West Yorkshire District Councils and is based on a strategic approach to allocating resources in order to deliver the vision of 'Connecting people and places.' Detailed governance and monitoring arrangements that were set up at the start of the first year are now firmly embedded and have seen good progress in continuing to deliver the initial three year implementation plans which have been drawn up at District level. Key schemes that have been delivered include a wide range of road and junction improvements across the county as well as station improvements, bus station enhancements and significant progress on larger schemes including Castleford Bus Station and Low Moor rail station.

A number of major schemes are continuing to make progress. Following a successful public inquiry major scheme funding has been granted to the new Leeds Station Southern Entrance and construction is now underway. The NGT team has continued to develop the case for a trolleybus system in Leeds and has submitted a Transport and Works Act Order application. The public inquiry into this is scheduled to start in late April.

The Leeds City Region 'City Deal' which was concluded in July 2012 sets out aspirations for the region. Central to this is the creation of a £1.6bn West Yorkshire and York Transport Fund. Metro has taken a leading role in developing the prioritised list of schemes that could be provided through such a Fund and which support the criteria of increasing employment and productivity in West Yorkshire as well as increasing access to jobs. Initial funding has been agreed through the levy process and further work is underway to agree longer term resources and funding. The 'early win' schemes are being developed using this initial funding to ensure that there are sufficient schemes ready to progress when the full funding is secured.

As part of the City Deal agreed with Government the West Yorkshire Metropolitan District and City Councils and the West Yorkshire ITA undertook in 2013 to create a Combined Authority within West Yorkshire to deliver a body with more robust governance for significant devolved decision making powers and funding. The West Yorkshire Authorities and the WYITA conducted a review pursuant to the Local Democracy Economic Development and Construction Act 2008 (LDEDC). Following this review a draft Scheme for a Combined Authority was drawn up which the Authorities unanimously considered would be likely to improve the exercise of statutory functions relating to transport and economic development and regeneration. In view of the plans to create a West Yorkshire and York Transport Fund, the Scheme provided that both the City of York Council and the Leeds City Region LEP would become members of the Combined Authority so far as permitted by the LDEDC.

The draft Scheme was published and submitted to the Secretary of State requesting that he make a Parliamentary Order to create a combined Authority. After a period of negotiation with the Department for Communities and Local Government in late 2013 to ensure the legislation delivered the Scheme as envisaged by the Authorities, the Secretary Of State laid a draft Order before Parliament in early 2014.

4. SIGNIFICANT DEVELOPMENTS (CONTINUED)

The West Yorkshire Combined Authority (WYCA) came into being on 1 April 2014 by virtue of the West Yorkshire Combined Authority Order 864/2014 (the 2014 Order). At the same time, the WYITA and WYPTE were dissolved. All of the functions, assets and powers of the WYITA and WYPTE were transferred to the WYCA under the provisions of the 2014 Order. The WYCA is now the Local Transport Authority for West Yorkshire and also has power to exercise Economic Development and Regeneration functions in conjunction with the district Councils of West Yorkshire. WYCA also includes as members the leader of the City of York Council and the Chair of the Leeds City Region Local Enterprise Partnership. WYCA has established a Transport Committee, through which the intention is to conduct the majority of Local Transport Authority functions, and an Investment Committee which will provide strategic guidance in relation to the investment in and funding of transport and economic development schemes. Membership of WYCA committees is drawn from all district councils within West Yorkshire, together with City of York Council.

In line with the Government's requirements for scrutiny and accountability, the Order provides that there is a Scrutiny Committee which can call in and review any decision made by the Combined Authority. The Procedure Rules of the Combined Authority require that so far as possible, the political balance within West Yorkshire is represented within the membership of the Scrutiny Committee.

The financial climate continues to provide challenges. Metro undertook to make over £5m savings per annum from the bus tendered network through a series of reviews, commencing in 2011/12. These reviews, covering all West Yorkshire Districts, are now complete and have achieved the required savings whilst still maintaining a viable network for users. All areas of Metro's activities have been re-examined during the budget process to seek to achieve cost reductions whilst improving income opportunities.
Despite budgetary pressures and continuing reductions in staffing numbers Metro has continued to deliver further service innovations and improve key customer satisfaction scores as demonstrated by the Passenger Focus survey. The new Metro website was launched in April 2013 and was aimed in particular at improving access to travel information on the move, using mobile phones or tablets. Usage statistics are now showing an increase in the number of pages accessed on the move.
Work is ongoing to develop the case for a statutory bus quality contract scheme. Discussions with operators on a partnership approach have been continuing in parallel, with a focus on seeking agreement on integrated ticketing, value for money and increased competition.

Metro was successful in winning government funding for the Cycle City Connect project, a £28m scheme to construct a cycle superhighway between Leeds and Bradford. It also secured £1m from the clean bus technology fund which has been used to improve the emissions of the fleet of MyBuses.

Funding won last year through the Local Sustainable Transport Fund (LSTF) has continued to be utilised to enhance improvements in active transport modes, including cycling and travel planning as well as access to the Yorkshire Dales.

4. SIGNIFICANT DEVELOPMENTS (CONTINUED)

Similarly the Better Bus Areas Fund (BBAF) funding has continued to be used to expand the activities already underway to progress the roll out of smartcards across West Yorkshire. The majority of buses in the region are now equipped to read smart products, a number of which have now been registered under the name MCard. 11-16 concessionary entitlement passes, school and boarding cards and annual metrocards have now been issued on smartcards with further products to be launched in early 2014/15. In April passengers will be able to purchase and top up MCards at Payzone outlets as well as at post offices and travel centres.

Work continues to maximise the proposed introduction of the High Speed 2 rail link to Leeds, with work underway to establish options to improve the local network and utilise released capacity. Metro is working closely with other northern PTEs and councils and the Department for Transport to make the case for partnership working on the management of the local rail franchises to the region. Short term extensions to the Northern and Trans-pennine franchises have been let whilst work progresses on shaping the new franchises to be let in 2016.

The latest phase of work to improve car parking provision at rail stations has seen a new car park completed at New Pudsey. The new and improved Wakefield Westgate Station is now open and Metro plays a key role in the redevelopment underway to improve Wakefield Kirkgate Station. Work at bus stations has included a number of health and safety improvements including an innovative scheme to install cameras at Leeds Bus Station to enable bus drivers to clearly see behind their vehicle as they reverse.

5. PRINCIPAL RISKS AND UNCERTAINTIES

There has been little change in the economic outlook since last year. Metro continues to face significant financial constraints over the coming years as local government funding is severely reduced, in turn reducing the funding available from the District Councils via the levy**.** Metro has taken significant amounts out of the concessions and tendered services budgets through a managed process which has seen the operators pick up much of the cost rather than the travelling public but further opportunities for this scale of savings are not available. Efficiency savings continue to be pursued and available funding maximised but as concessionary reimbursement becomes a higher and higher proportion of the total budget costs become more difficult to manage. In order to help in managing this three year agreements on concessionary reimbursement have been agreed in principle with the major bus operators to run from 1 April 2014.

There are a number of challenging projects to deliver in the coming year , including rail stations and the Leeds Station Southern Entrance. In addition the public inquiry into the NGT trolleybus system will take place early in 2014/15, the outcome of which may not be known until next year.

Work has continued to develop funding proposals for the £1.6bn West Yorkshire plus Transport Fund and to ensure sufficient schemes are being developed to enable rapid progress to be made when the full funding is secured. Work is also continuing on rail partnership with a consortium of other northern authorities and further developments on bus partnership or bus quality contracts would bring an increase in risk to the organisation.

The explanatory foreword in an earlier paragraph set out the process whereby the West Yorkshire Combined Authority has been created from 1 April 2014, taking on the activities, responsibilities and assets of the West Yorkshire Passenger Transport Executive and Integrated Transport Authority. Significant work has been done to ensure a smooth transition and that appropriate governance and operating arrangements are in place from 1 April but these will need to be kept under careful review as the new organisation develops. The breadth of activities of the new Combined Authority is wider than that of a transport authority as it can also exercise economic development and regeneration functions in conjunction with the district Councils of West Yorkshire. A revised medium term financial strategy to reflect these changes will be prepared early in 2014/15.

6. THE MEMBERS OF THE EXECUTIVE BOARD

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

Kieran Preston	Director General - (Voluntary Redundancy 24 January 2014)
John Henkel	Director of Passenger Services
David Hoggarth	Director of Development
Angela Taylor	Director of Resources
Tony Darbyshire	Non Executive Director (retired 28 February 2014)
Alan Gay	Non Executive Director

7. EMPLOYEES

The Executive is an equal opportunities employer. It has adopted a number of policies to ensure it provides 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 team meetings, emails, bulletins on the intranet, 'roadshows' and through 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

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

A Lythgo
Head of Paid Service

Date: 18 September 2014

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 Accounts & Audit 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 2014 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 the Local Transport Plan 3 and other corporate documents such as the 20:20 vision, Transport Business Plan, Metroplan, Annual Report and the business planning process.

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). Customer feedback is obtained through regular tracker surveys that measure satisfaction with a range of services and facilities provided.

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.

The Executive conforms to the requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010).* As Chief Financial Officer the Director Resources is a key member of the management team and is responsible for the proper administration of the Executive's financial arrangements through a suitably qualified and resourced Finance function.

Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the internal audit activity to be defined in an internal audit charter, consistent with the definition of Internal Auditing, the Code of Ethics and the Standards. The Internal Audit Charter establishes internal audit's position within the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the Board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

e) A 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. The Executive has produced a detailed risk manual which includes guidance on identifying, assessing and recording risks. Training has been held with risk owners to further develop the recording of risks and associated controls and actions in Covalent.

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, Freedom of Information 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) Counter fraud procedures are established and are incorporated within an anti fraud and corruption and bribery policy.

j) 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.

k) Communication with stakeholders through Passenger Consultative Committees, the Consultation Strategy, Operator Groups, Performance Review and the internet. Additionally progress on the Local Transport Plan 2011-26 during the year will be communicated to stakeholders. A communication strategy provides guidance and direction to enable effective communication both internally and with other external stakeholders.

l) Arrangements for good governance in respect of partnerships through Operator Group meetings and through contracts for the provision of tendered services. The West Yorkshire Bus Partnership Board provides a forum for bus operators, Metro and the District Councils to work together.

m) 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.

n) Significant levels of consultation have taken place during the year as part of the Bus Area Network reviews and development projects including NGT, Castleford Bus Station and Leeds Rail Station Southern Entrance. The Executive has recently completed its plan to save up to 25% savings on the renewal of bus tender batches and in order to achieve this whilst still maintaining accessibility it has consulted with a wide range of stakeholders through a variety of means including on-line, public meetings and through questionnaires. Consultation was also undertaken as part of the work to create the new West Yorkshire Combined Authority from 1 April 2014.

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.
Internal Audit have developed a risk-based approach to delivering the audit function. References have been made to the Executive’s audit universe risk profile which was used to form the basis of internal audit’s operational plan.

The review process draws on key indicators of risk to the organisation and attempts to ensure that suitable audit time and resources are provided for these areas. Factors used in assessing risk include financial materiality, legislative requirements, previous audit experience, and the potential for fraud. This risk based approach to audit planning results in a comprehensive range of audits that were undertaken during the course of the year to support the overall opinion on the internal control environment.

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 undertaken 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 2013/14 which concluded that a satisfactory service was provided.

Risk management arrangements have continued to develop in the year with opportunities being identified to the way in which corporate risk management expectations are communicated and coordinated. This will be further developed as risk management arrangements are evolved to meet the needs of the Combined Authority.

The Executive continues to develop and refine the project management framework ensuring that Portfolio Board provides greater accountability and improved governance with regard to the management and delivery of projects. A six monthly review of the Portfolio Board was undertaken and improvements to template documents were actioned to place greater emphasis on the financial information presented to the Portfolio Board to facilitate more robust monitoring of annual capital expenditure. The exception reporting process has also been refined with tolerances set to ensure that Project Executives are reporting back to Portfolio Board where projects are deviating from plan. Internal audit work during the year has supported this through the inclusion of a number of compliance reviews of projects to ensure PRINCE project management principles are being followed.

Contract management arrangements have been further developed with the emphasis now on improving the control of contractors from a health and safety perspective. This involves the further development of the five stages of managing contractors, to ensure a consistency across the organisation. Further training has been provided for some project managers as part of this work.

A counter fraud policy has been approved by the Audit Committee which introduces stronger anti fraud, bribery and corruption procedures and ensures these comply with fraud management standards published by CIPFA and are aligned to the Executive's disciplinary process.

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 2013/14 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.

6. **Conclusion Continued**

The Executive has in place a number of governance mechanisms including an Anti-Fraud, Bribery and Corruption policy and a Code of Conduct for employees. Arrangements to improve accessibility to information and mechanisms to make protected disclosures have been provided on the Executive's web site. In addition, information providing details of the Executive's anti fraud and anti corruption arrangements and how to report concerns about suspected fraud and/or corruption were provided to employees. The Disciplinary, Conduct and Capability Policy and Procedure has been revised to include guidance where suspected bribery, fraud or corruption is identified.

In addition,the Executive has in place 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 2013/2014 the Executive has received 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 West Yorkshire Combined Authority Order 2014 abolishes both the West Yorkshire Passenger Transport Executive and the West Yorkshire Integrated Transport Authority from 1 April 2014. While the assets and functions of the Executive (and Authority) transfer across to the new West Yorkshire Combined Authority (WYCA) the governance arrangements will undergo change to reflect the way in which decision making is undertaken within a local authority and as a result of two organisations being merged into one. Appropriate governance arrangements including revised Standing Orders, Financial Regulations, codes of conduct and officer schemes of delegation were prepared for approval at the inaugural meeting of the West Yorkshire Combined Authority on 1 April 2014. New committee arrangements and terms of reference for them were also approved. There is further work to be done during 2014/15 to ensure that all governance arrangements are fully aligned with those elements already in place. This will include for example ensuring that risk registers are expanded to include the new areas of activity that will be introduced during the early years of the WYCA. Any new governance arrangements will be kept under review by the WYCA and will also be reflected in internal audit work programmes. For the year end 31 March 14 the Executive's statement of accounts will be signed by the Combined Authority's Head of Paid service alongside the Director of Resources. Although the Head of Paid Service post did not exist during the financial year it is deemed appropriate , under the new governance arrangements , that the most senior officer currently in post undertakes this reponisibility as the person charged with governance .

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

A Lythgo
Head of Paid Service

Date: 18 September 2014

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
MOVEMENT IN RESERVES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

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	NGT Capital Reserve £'000s	Total Usable reserves £'000s	Deferred Capital Grants Account £'000s	Revaluation Reserve £'000s	Pension Reserve £'000s	Donated Assets Account £'000s	Total Unusable reserves £'000s	Total £'000s
At 31st March 2012		**1,280**	**-**	**1,280**	**69,311**	**10,425**	**(66,257)**	**668**	**14,147**	**15,427**
Movement in reserves during 2012/13 restated*										
Surplus/(deficit) on the provision of services (restated)		(1,437)	-	(1,437)	-	-	-	-	-	(1,437)
Actuarial Gains/(Losses) (restated)	7	-	-	-	-	-	4,031	-	4,031	4,031
Total Comprehensive Income and Expenditure		**(1,437)**	**-**	**(1,437)**	**-**	**-**	**4,031**	**-**	**4,031**	**2,594**
Adjustments between accounting basis and funding basis under regulations										
Capital grants released Depn	18	4,374	-	4,374	(4,374)	-	-	-	(4,374)	-
Capital grants released (Write off revenue)	18	45,429	-	45,429	(45,429)	-	-	-	(45,429)	-
Capital Grants applied	18	(49,666)	-	(49,666)	49,666	-	-	-	49,666	-
Transfer to pension reserve		1,300	-	1,300	-	-	(1,300)	-	(1,300)	-
Revaluation of fixed assets		-	-	-	-	-	-	-	-	-
Total adjustments between accounting basis and funding basis under regulations		**1,437**	**-**	**1,437**	**(137)**	**-**	**(1,300)**	-	**(1,437)**	-
Increase/(decrease) in year before transfer to ear-marked reserve		**-**	**-**	**-**	**(137)**	**-**	**2,731**		**2,594**	2,594
Transfer to ear-marked reserve	21	-	2,389	2,389	(2,389)	**-**	**-**	**-**	(2,389)	**-**
Increase/(decrease) in year		**-**	**2,389**	2,389	**(2,526)**	**-**	**2,731**	**-**	**205**	**2,594**
At 31st March 2013		**1,280**	**2,389**	**3,669**	**66,785**	**10,425**	**(63,526)**	**668**	**14,352**	**18,021**
Movement in reserves during 2013/14										
Surplus/(deficit) on the provision of services		(4,549)	-	(4,549)	-	-	-	-	-	(4,549)
Actuarial Gains/(Losses)	7	-	-	-	-	-	1,427	-	1427	1,427
Total Comprehensive Income and Expenditure		**(4,549)**	**-**	**(4,549)**	**-**	**-**	**1427**	**-**	**1,427**	**(3,122)**
Adjustments between accounting basis and funding basis under regulations										
Capital grants released Depn	18	4,593	-	4,593	(4,593)	-	-	-	(4,593)	-
Capital grants released (Write off revenue)	18	55,097	-	55,097	(55,097)	-	-	-	(55,097)	-
Capital Grants applied	18, 21	(56,315)	(1,346)	(57,661)	57,661	-	-	-	57,661	-
Transfer to pension reserve		1,174	-	1,174	-	-	(1,174)	-	(1,174)	-
Revaluation of fixed assets		-	-	-	-	-	-	-	-	-
Total adjustments between accounting basis and funding basis under regulations		**4,549**	**(1,346)**	**3,203**	**(2,029)**	**-**	**(1,174)**	**-**	**(3,203)**	**-**
Increase/(decrease) in year before transfer to ear-marked reserve		**-**	**(1,346)**	**(1,346)**	**(2,029)**	**-**	**253**	**-**	**(1,776)**	**(3,122)**
Transfer to ear-marked reserve		-	-	-	-	**-**	**-**	**-**	-	**-**
Increase/ (decrease) in year		**-**	**(1,346)**	**(1,346)**	**(2,029)**	**-**	**253**	**-**	**(1,776)**	**(3,122)**
At 31st March 2014		**1,280**	**1,043**	**2,323**	**64,756**	**10,425**	**(63,273)**	**668**	**12,576**	**14,899**

*The MIRS for 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 7 and 26.

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

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 2013/14 and the Accounts and Audit Regulations 2011.

2012/13 Restated					**2013/14**		
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**
244,061	(165,768)	78,293	Highways and Transport Services	**3**	258,589	(182,443)	76,146
8,961	-	8,961	Corporate and Democratic Core	**3**	9,209	-	9,209
253,022	**(165,768)**	**87,254**	**Cost of Services - continuing operations**		**267,798**	**(182,443)**	**85,355**
-	-	-	Exceptional item	**11**	-	-	-
-	(2)	(2)	Interest and Investment income		-	(3)	(3)
2,965	-	2,965	Pensions interest expense/income on the net liability	**7**	2,574	-	2,574
255,987	**(165,770)**	**90,217**			**270,372**	**(182,446)**	**87,926**
			Non-Specific Grant Income				
-	(88,917)	(88,917)	Revenue Grant	**2**	-	(86,752)	(86,752)
-	(45,628)	(45,628)	Integrated Transport Block (Capital)	**2**	-	(47,779)	(47,779)
-	(4,038)	(4,038)	Government and Other Grants (Capital)	**2**	-	(8,536)	(8,536)
49,803	-	49,803	Capital grants released	**18**	59,690	-	59,690
305,790	**(304,353)**	**1,437**	**Deficit on Provision of Services**		**330,062**	**(325,513)**	**4,549**
-	(4,031)	(4,031)	Actuarial gains and losses recognised on pension assets and liabilities	**7**	-	(1,427)	(1,427)
-	-	-	(Surplus)/Deficit on Revaluation	**12a,c,d**	-	-	-
-	**(4,031)**	**(4,031)**	**Other Comprehensive Income**		**-**	**(1,427)**	**(1,427)**
		(2,594)	**Total Comprehensive Expenditure**				**3,122**
		===========					===========

Note :

1 The movement in reserves statement is shown on page 13.

2 The notes on pages 17 to 43 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.

4 The Comprehensive income and expenditure account 2012/13 is restated to reflect changes to IAS 19 Pension Benefits see note 7 and 26.

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2014

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).

		2014	2013
Assets	Notes	£'000	£'000
Non-current assets			
Property, plant and Equipment	12(d)	76,987	80,019
Donated assets	12(e)	386	434
Assets held for sale	12(b)	726	-
		78,099	80,453
Current Assets			
Trade and other receivables	13(a)	10,637	9,026
Amounts receivable from WYITA	13(b)	1,036	2,903
Cash and cash equivalents	14	4,208	956
		15,881	12,885
Total assets		93,980	93,338
Liabilities			
Current liabilities			
Trade and other payables	15	(15,098)	(10,201)
Accruals and deferred income	15	(559)	(1,457)
Provisions	17	(151)	(133)
		(15,808)	(11,791)
Other long-term liabilities			
Net pension liability	7	(63,273)	(63,526)
		(63,273)	(63,526)
Total Liabilities		(79,081)	(75,317)
Net Assets		14,899	18,021
General Fund Balance		1,280	1,280
NGT Reserve	21	1,043	2,389
Usable Reserves		2,323	3,669
Deferred Capital Grants Account	18	64,756	66,785
Donated Asset Account	12(e)	668	668
Pension Reserve	7	(63,273)	(63,526)
Revaluation Reserve	20	10,425	10,425
Unusable Reserves		12,576	14,352
Total Reserves		14,899	18,021

SIGNED ON BEHALF OF THE EXECUTIVE
The financial statements on pages 13-43 were approved by the Combined Authority on 18 September 2014 and were signed on their behalf by :

A Lythgo
HEAD OF PAID SERVICE

A Taylor
DIRECTOR RESOURCES

Note :
1. The movement in reserves statement is shown on page 13.
2. The notes on pages 17 to 43 form part of these accounts.

WEST YORKSHIRE PASSENGER TRANSPORT EXECUTIVE
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

Purpose of cashflow

The cashflow is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents breaking 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.

2013 £'000		Note	2014 £'000
	Operating Activities		
(1,439)	Surplus on the provision of services before interest and exceptional items		(4,552)
(48,366)	Statutory movements on the General Fund Balance		(55,141)
4,707	Depreciation of property,plant and equipment	8a	4,919
-	Revenue Expenditure funded from capital under statute		-
17	Provision for charges	17	18
(1)	(Profit) on sale of property, plant and equipment	8a	(1)
-	Fixed assets charged to revenue	12c,12d	444
(45,082)	Operating cashflow before movement in working capital		(54,313)
(1,664)	Movement in working capital		5,080
(46,746)	**Net cash generated from operations**		(49,233)
	Cash flows from investing activities		
(2,455)	Purchase of property, plant and equipment	12d	(3,009)
49,868	Capital grants received	18	55,490
1	Proceeds of sale of property, plant and equipment		1
2	Interest received	8e	3
-	Interest Paid		-
-	Tax paid		-
-	Exceptional items	11	-
670	**Net cash used in investing activities**		3,252
	Cash flows from financing activities		
-	Loans raised (repayments)		-
670	**Net increase in cash and cash equivalents**		3,252
286	Cash and cash equivalents at the beginning of the reporting period		956
956	Cash and cash equivalents at the end of the reporting period		4,208

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.

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 Statement of Accounts summarises the Executive's transactions for the 2013/14 financial year and its position at the year-end of 31 March 2014. The Executive is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require an annual Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice 2013/14, supported by International Financial Reporting Standards (IFRS).

Statement of Compliance with IFRS

The following accounting standards have been issued but not yet adopted by the Code:
IFRS 13 Fair Value Measurement (May 2011)
IFRS 10 Consolidated Financial Statements;
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IAS 27 Separate Financial Statements (as amended in 2011)
IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)
IAS 32 Financial Instruments: Presentation
Annual Improvements to IFRSs 2009 – 2011 Cycle.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Executive transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Executive.
- Revenue from the provision of services is recognised when the Executive can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Executive.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 full independent survey was carried out as at 31 March 2011 with an interim desktop valuation undertaken at 31 March 14. Between independent surveys, reviews are carried out by internal but qualified staff. Such valuations and any attached estimates including the useful life of an asset are subject to some judgement.

• Leases (note 8c & 22b) : 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 an 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.

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 with an interim desktop valuation undertaken on non-infrastructure assets at 31 March 2014. 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 taking into account factors since the external surveyors full review of the Executive's property portfolio can identify no circumstances or events that would affect the carrying values of the assets. The interim desktop review by external surveyors of non-infra-structre assets shows no material change to carrying values at 31 March 2014.

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
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/Revenue Expenditure Financed from Capital Under Statute**

Expenditure incurred by the Executive that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (ie rail infra-structure) is charged to the Comprehensive Income and Expenditure account. The Executive meets this expenditure from existing capital resources with deferred capital grants reversed against the expenditure charged to revenue so there is no impact on the revenue grant requirement.

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.

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 Corporate and Democratic Core.

The liabilities of the pension fund attributable to the Executive are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
The assets of the pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

- Quoted securities at current bid price

- Unquoted securities based on professional estimate
- Unitised securities at current bid price
- Property at market value

The change in the net pensions liability is analysed into components:

Current service costs - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked;
Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs;
Interest expense on the defined benefit obligation - the interest on the present value of liaiblities and interest on the net changes in those liabilities during the year calculated using the discount rate at the start of the period debited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement ;
Interest income on assets - the interest income applied to the asset and net changes in the asset during the year - credited to the Pensions interest expense/income on the net liability in the Comprehensive Income and Expenditure Statement ;
Gains or losses on settlements and curtailments - the result of actions to relieve the Executive of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributed Costs;
Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve; and
Contributions paid to the pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.
In relation to the retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the Executive to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable that are unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by the employees.

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 initial recognition as loans, cash and cash equivalents (short term deposits) or receivables in accordance with IAS 39, and recognsied at cost. The Executive has not designated any financial assets as at fair value through profit or loss. The Executive financial assets include cash, short-term despoits, trade and other receivables. Financial assets are dereocgnised when the appropriate cash flows have been received, or when the rights to receive cash flows from the asset have expired.

Subsequent measurement depends on their classification as follows:-

Cash and cash equivalents: cash and short term despoits in the Statement of Financial Position comprise of cash at bank and in hand and short-term despoits with an initial maturity of 90 days or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Loans and deposits: Consist of non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and lossses are recognised in the Income and Expnediture Statement when the assets are amortised, derecognised or impaired.

Trade and other receivables: recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should an amount become uncollectable, it is written off to the income statement in the period in which it is recognised.

Impairment of financial assets: the Executive assesses at each period end whether there is any evidence that a financial asset, or group of assets, is impaired. Financial assets are impaired if, and only if, there is objective evidence of one or more events that will negatively impact future expected cash flows, and the impact can be reliably estimated. Objective evidence may be that a debtor is experiencing financial difficulty to the extent that cash flows are, or are likely to be, negatively impacted. If such objective evidence exists, then the finanial asset is impaired to the extent of the present value of estimated cash flow shortfall. The amount of the allowance for impairment is recorded separately to the asset, and written off against income.

Financial liabilities are classified at initial recognition as loans and borrowings in accordance with IAS 39, and recongised at cost. The Executive has not designated any financial liabilities as at fair value through profit or loss. The financial liabilities include short term creditors, loans and other payables, and bank overdrafts. Financial liabilities are derecognised when the appropriate cashflow obligations have been discharged, expired or otherwise cancelled. Subsequent measurement depends on their classification as follows:

Loans and borrowings: non-derivative financial liabilities with fixed or determinable payments not quoted in an active market. Such interest-bearing liabilities are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income and Expenditure Statement when the liabiliities are amortised, derecognised or impaired.

Trade and other payables: recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the Statement of Income and Expenditure in the period in which it is recognised.

o) **Contingent Liability**

Contingent Liabilities (note 23): 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.

p) **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 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of the information (adjusting events). Events indicative of conditions that arose after the reporting period are not adjusted (non-adjusting events).

q) **Consolidation of Joint Venture**

The concept of materiality has been considered in respect of the consolidation of Yorcard Ltd into the Executive's accounts. Materiality is determined as an omission or misstatement that may influence an economic decision of the user of the accounts. On this basis Management have adopted a policy to exclude the Yorcard Ltd Joint Venture from full consolidation but have disclosed in the notes the financial performance and position in accordance with IAS31 "Interests in Joint ventures".

2. GRANT INCOME

The Executive recognised the following grants and contributions to the Comprehensive Income and Expenditure statement in 2013/14.

Non Specific Grant Income	2013/14 £'000	2012/13 £'000
General Revenue Grant - Integrated Transport Authority	86,752	88,917
	86,752	88,917
Specific Grant Income		
Special Rail Grant (SRG) - Integrated Transport Authority	64,209	57,613
Integrated Transport Block/Maintenance (Capital) WYITA	47,779	45,628
Congestion Performance Fund (Revenue/Capital) - Department for Transport	392	349
Local Sustainable Transport Fund (Capital) - Department for Transport	687	534
Local Sustainable Transport Fund (Revenue) - Department for Transport	472	650
Local Sustainable Transport Fund DITA (Revenue) - Department for Transport	220	289
Better Bus Area Funding BBAF (Capital)- Department for Transport	509	649
Better Bus Area Funding BBAF (Revenue) - Department for Transport	1,125	464
Cycle City Ambition Grant (Capital) - Department for Transport	858	-
Cleaner Bus Technology Grant (Capital) -Department for Transport	1,000	-
Leeds Station Southern Entrance (Capital) - Department for Transport	640	-
NGT/Supertram Funding (Capital)	3,867	2,389
Other third Party Capital Contributions	1,023	466
Community Transport Support - Department for Transport (Revenue)	159	-
Bus Services Operator Grant -Department for Transport (Revenue)	513	-
	123,453	109,031

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:-

	2013/14 £'000	2012/13 £'000
Payments to Operators	63,335	56,771
Contribution to the Executive's Admin costs	874	842
	64,209	57,613

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 Service Reporting Code of Practice (SeRCOP). 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 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	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Agency/ service fee Income	(14,575)	(16,993)	-	-	(3,167)	(2,126)	(30,610)	(30,519)	(2,790)	(2,757)	(5,586)	(4,554)	(56,728)	(56,949)
Government Grants	-	-	-	-	(64,209)	(57,613)	-	-	-	-	-	-	(64,209)	(57,613)
Total Income	**(14,575)**	**(16,993)**	**-**	**-**	**(67,376)**	**(59,739)**	**(30,610)**	**(30,519)**	**(2,790)**	**(2,757)**	**(5,586)**	**(4,554)**	**(120,937)**	**(114,562)**
Operating Expenditure	33,750	38,028	52,362	51,619	63,335	56,771	30,610	30,519	-	-	-	-	180,057	176,937
Other Cost of Service Expenditure	5,703	5,868	-	-	3,352	2,308	-	-	8,548	8,458	9,706	9,577	27,309	26,211
Total Operating Expenditure	**39,453**	**43,896**	**52,362**	**51,619**	**66,687**	**59,079**	**30,610**	**30,519**	**8,548**	**8,458**	**9,706**	**9,577**	**207,366**	**203,148**
Cost of services	**24,878**	**26,903**	**52,362**	**51,619**	**(689)**	**(660)**	**-**	**-**	**5,758**	**5,701**	**4,120**	**5,023**	**86,429**	**88,586**

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

	2013/14 £'000	**2012/13 £'000**
Segmental Analysis of Cost of Service	86,429	88,586
Pensions IAS19	(1,400)	(1,665)
Non Government Capital Grants	0	0
Depreciation/Capital expenditure	326	333
Cost of Service CIES	**85,355**	**87,254**

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 2014 is also shown at Note 13(b).

The UK Government exerts significant influence through legislation and grant funding as disclosed in Note 2.

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 education transport to the district councils for which fees are paid. These are set out below:-

	2013/14	**2012/13**
	£m	£m
Bradford MDC	2.23	2.56
Calderdale MDC	0.81	0.89
Kirklees MDC	0.30	2.08
Leeds City Council	2.19	2.27
Wakefield MDC	2.10	2.09
	7.63	**9.89**

Mr K Preston, Clerk to the Authority, was also Director-General of the Passenger Transport Executive (PTE), he took voluntary redundancy on 24th January 2014. His services to the Authority were not recharged to the Authority by the Executive. Mrs A Taylor is the Authority's s151 Officer and is employed by the Executive as Director Resources and also their s151 Officer.

Yorcard Ltd is a Joint Venture trading company operated in conjunction with SYPTE 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 2014 recharges totalling £112,000 were invoiced to the Executive.

ITSO Services 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 Services Ltd. During the year ended 31 March 2014 fees totalling £0 were invoiced by ITSO Services 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. The Executive has entered into three year agreements with the major bus operators within the framework of this guidance in order to 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 24 (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 14.

6. **OFFICER'S REMUNERATION**

	2013/14	2012/13
	£'000	£'000
(a) Employees Costs Amounted to:		
Wages and Salaries	8,778	8,371
Social Security Costs	622	598
Other Pension Costs	2,057	2,031
	11,457	11,000

(b) The average number of persons employed was:

	Number	Number
Manual	44	45
Management and Administration	339	331
	383	376

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

2013/14	2012/13
£'000	£'000
143	142

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).

Directors	2013/14	2012/13
	£	£
Remuneration including Employers Pension Contributions	633,912	485,455

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

Highest Paid Director	2013/14	2012/13
	£	£
Director Remuneration	120,119	146,484
Termination Pay	168,557	-
	288,676	146,484

Defined benefit pension scheme :

Accrued pension at end of year	86,224	84,222
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 :

	2013/14 Number	2012/13 Number
£90,001 - £95,000	1	2
£95,001 - £100,000	1	1
£100,001 - £105,000	1	-
£120,101 - £125,000	1	-
£145,001 - £150,000	-	1

Senior Officers received remuneration of £50k or more on an annualised basis excluding employers national insurance and pension contributions in the following ranges :

£50,001 - £55,000	1	1
£55,001 - £60,000	6	6
£65,001 - £70,000	-	1
£70,001 - £75,000	2	1

Termination benefits were paid by the Executive arising from the termination of employment incurring liabilities of £215,168 in 2013/14 (£39,388 in 2012/13). See the table below for the number of exit packages and total cost per band. The exit packages payable included voluntary redundancy payments and enhanced pension benefits payable.

		Salary Fees Allowances	Bonuses	Expenses Allowances	Compensation for loss of office	Pension ** Contributions	Total
Director General	2012/13	146,484	-	111	-	19,043	165,638
	2013/14	120,101	-	699	168,557	15,613	304,970
Director of Passenger	2012/13	98,550	-	-	-	12,812	111,362
Services	2013/14	101,798	-	12	-	13,234	115,044
Director of Development	2012/13	93,864	-	13	-	12,202	106,079
	2013/14	95,699	-	206	-	12,441	108,346
Director of Resources	2012/13	90,708	-	-	-	11,792	102,500
	2013/14	94,193	-	-	-	12,245	106,438
Assistant Director	2012/13	59,220	-	-	-	7,969	67,189
Legal	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director	2012/13	57,498	-	-	-	7,475	64,973
Finance	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director ICT	2013/14	54,739	-	272	-	7,116	62,127
Assistant Director	2012/13	59,220	-	32	-	7,699	66,951
Corporate Development	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director	2012/13	59,220	-	137	-	7,699	67,056
Integrated Transport	2013/14	59,812	-	200	-	7,776	67,788
Assistant Director	2012/13	69,584	-	393	-	9,046	79,023
Rapid Transit	2013/14	71,765	-	1,155	-	9,329	82,249
Assistant Director	2012/13	57,498	-	363	-	7,475	65,336
Customer Services	2013/14	59,812	-	-	-	7,776	67,588
Assistant Director	2012/13	55,822	-	18	-	7,257	63,097
Transport Services	2013/14	58,783	-	11	-	7,642	66,436
Director of Pteg	2012/13	73,333	-	1,441	-	9,533	84,307
	2013/14	73,333	-	1,505	-	9,533	84,371
Assistant Director Pteg	2012/13	54,197	-	1,147	-	7,046	62,390

** The pension contributions as a percentage of salaries for 2013/14 were 13% plus a lump sum of £0.979m as compared to 13% plus a lump sum of £1.014m in 2012/13.

Exit Packages

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13 £	2013/14 £
£0-£20,000	0	0	0	2	0	2	0	25,021
£20,001-£40,000	0	0	1	1	1	1	39,388	21,590
£150,001-£200,000	0	0	0	1	0	1	0	168,557
Total	0	0	1	4	1	4	39,388	215,168

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 paid by the Executive for the year ended 31 March 2014 and the previous financial year were as follows :

		2013/14 £'000	2012/13 £'000
i)	Current Employees*	2,057	2,031
ii)	Former Employees*	1,333	1,320

* The actual pension costs above differ from the estimated Employer contributions used in the IAS19 diclosures.
The difference between the actual contributions and the estimated contributions does not have a material impact on the expenses or balance sheet position.

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 with the new West Yorkshire Combined Authority taking responsibility for the pension liability and on-going pension contributions . The latest Fund accounts published were those for the year ended 31 March 2013. 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 were set at 13% for the 3 years plus a lump sum of £1.049m, £1.014m and £0.98m respectively. The actuarial valuation carried out at 31 March 2013 has determined the employer contributions for the next three years but recognising that the WYPTE will be dissolved and its pension assets and liabilities transfered to the West Yorkshire Combined Authority at 1 April 2014. The a rate has been determined for the new entity of 13.5% plus a lump sum of £0.96m in 2014/15.

The employers contributions made in 2013/14 were 13% of pensionable pay.

Financial Assumptions	31/03/2014		31/03/2013	
	Unfunded	Funded	Unfunded	Funded
Duration of liabilities	12	14.4	12	13.4
Inflation : RPI	3.2%	3.3%	3.2%	3.2%
CPI	2.2%	2.3%	2.3%	2.3%
Rate of increase in salaries	-	3.8%	-	4.2%
Rate of increase for pensions in payment	2.2%	2.3%	2.3%	2.3%
Rate used to discount funded scheme liabilities	4.2%	4.2%	4.1%	4.2%

Mortality assumptions

Post retirement mortality (retirement in normal health):-	31/03/2014	31/03/2013
	Males : CMI 2012 Long term rate of improvement of 1.5%	**Males** : CMI 2009 Long term rate of improvement of 1.25%
	Females : CMI 2012 Long term rate of improvement of 1.5%	**Females :** CMI 2009 Long term rate of improvement of 1.25%

Life Expectancy		
- of a male (female) future pensioner aged 65 in 20yrs time	24.7 (27.7) Years	23.9 (26.2) Years
- of a male (female) current pensioner aged 65	22.5 (25.4) Years	22.1 (24.3) Years

As part of the 2013 actuarial valuation the mortality experience was analysed across the fund over a 3 year period 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.

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories set out below.

	31 March 2014				31 March 2013	
	Quoted %	Unquoted %	Total %	Asset £000's	Asset Split %	Asset £000's
Equities	75.3	0.0	75.3	87,257	72.5	86,075
Government Bonds	10.5	0.0	10.5	12,167	11.9	14,128
Other Bonds	5.4	0.0	5.4	6,258	5.7	6,767
Property	3.2	0.0	3.2	3,708	3.1	3,681
Cash/Liquidity	3.1	0.0	3.1	3,592	3.6	4,274
Other	2.5	0.0	2.5	2,897	3.2	3,799
Total	100.0	0.0	100.0	115,879	100.0	118,724

Reconciliation of unfunded/funded status to Balance Sheet

	31/03/2014 £000's Unfunded	31/03/2014 £000's Funded	31/03/2013 £000's Unfunded	31/03/2013 £000's Funded
Fair Value of assets	-	115,879	-	117,444
Present value of unfunded/ funded defined benefit obligation	13,687	165,465	14,418	166,552
Funded status	-	(49,586)		(49,108)
Impact of minimum funding requirement /asset ceiling	-	-	-	-
Asset/(liability) recognised on the balance sheet	(13,687)	(49,586)	(14,418)	(49,108)

Reconciliation of present value of scheme liabilities	**31/03/2014 £'000 Unfunded**	**31/03/2014 £'000 All Benefits**	**31/03/2013 £'000 Unfunded**	**31/03/2013 £'000 All Benefits**
1 April	14,418	180,970	14,652	174,529
Current service cost	-	1,907	-	1,537
Interest Expense	566	7,389	645	7,818
Member Contributions	-	590	-	456
Actuarial (gains)/loss - financial assumption	(216)	(2,974)	431	5,882
Actuarial (gains)/loss - Demographic assumption	464	406	-	-
Actuarial (gains)/loss - experience	(292)	400	(27)	(2)
Net benefits paid out	(1,253)	(9,544)	(1,283)	(9,297)
Past service cost (inc. curtailments)	-	8	-	47
Net increase in liabilities from disposals/acquisitions	-	-	-	-
Settlements	-	-	-	-
31 March	13,687	179,152	14,418	180,970

Reconciliation of fair value of scheme assets	**£'000 31/03/2014 Unfunded**	**£'000 31/03/2014 All Benefits**	**£'000 31/03/2013 Unfunded**	**£'000 31/03/2013 All Benefits**
1 April	-	117,444	-	108,272
Interest income on scheme assets	-	4,815	-	4,853
Remeasurement of gains/(loss) on asset	-	(741)	-	9,911
Contributions paid by employer	1,253	3,315	1,283	3,249
Member Contributions	-	590	-	456
Benefits paid	(1,253)	(9,544)	(1,283)	(9,297)
31 March	-	115,879	-	117,444

Actual return on assets	**31/03/2014 £000's**	**31/03/2013 £000's**
Interest income on assets	4,815	4,853
Remeasurement gain/(loss) on assets	(741)	9,911
Actual return on assets	4,074	14,764

The amounts recognised in the Comprehensive Income and Expenditure Statement

Cost of Service	**31/03/2014 £'000**	**31/03/2013 £'000**
Current Service Cost	1,907	1,537
Past Service Cost	8	47
Curtailments or settlements	-	-
Financing Investment Income and Expenditure		
Interest on net defined benefit liability	2,574	2,965
Total pension cost recognised	4,489	4,549

Remeasurements in Other Comprehensive Income and Expenditure

Return on plan assets (in excess)/below that recognised in net interest	741	(9,911)
Actuarial gains/losses due to change in Financial assumption	(2,974)	5882
Actuarial gains/losses due to change in Demograghic assumpt.	406	-
Actuarial gains/losses due to liability experience	400	(2)
Total amount recognised in Other Comprehensive income	(1,427)	(4,031)
Total amount recognised	3,062	518

Sensitivity Analysis

The sensitivity analysis showing the impact of changing key actuarial assumptions on the present value of the funded defined benefit obligation as at 31 March 2014 and the projected service cost for the year ending 31 March 2015 is set out below. Only the assumptions mentioned are altered all other assumptions remain the same. There is no sensitivity for unfunded benefits on materiality grounds.

Funded LGPS benefits

Adjustment to discount rate	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	162,928	168,029
% change in present value of total obligation	-1.5%	1.5%
Projected service cost £000's	1,738	1,845
Approximate % change in projected service cost	-2.9%	3.0%

Adjustment to rate of increase in salaries	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	165,854	165,072
% change in present value of total obligation	0.2%	-0.2%
Projected service cost £000's	1,790	1,790
Approximate % change in projected service cost	0.0%	0.0%

Adjustment to pension increase rate	**+0.1%pa**	**-0.1%pa**
Present value of total obligation £000's	167,583	163,420
% change in present value of total obligation	1.3%	-1.2%
Projected service cost £000's	1,846	1,736
Approximate % change in projected service cost	3.2%	-3.0%

Adjustment to mortality age rating assumption	**-1 year**	**+1 year**
Present value of total obligation £000's	170,440	160,479
% change in present value of total obligation	3.0%	-3.0%
Projected service cost £000's	1,846	1,735
Approximate % change in projected service cost	3.1%	-3.1%

Estimated Income and Expenditure /Surplus or deficit in future periods

This is an estimate of the charges to the estimated surplus or deficit on the income and expenditure /provision of services in future periods, based on the assumptions as at 31 March 2014 as set out above plus the additional assumption to reflect that the projected cost is based on benefits being earned under a Career Average scheme.

	31/03/2014	31/03/2013
	£'000	£'000
Rate of revaluation of pension accounts	2.3	n/a

Funded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services

	31/03/2015
	£'000
Projected service cost	1,790
Past Service cost	-
Interest on the net defined benefit liability/(asset)	2,026
	3,816

Unfunded LGPS benefits - Expected amounts charged to Surplus or Deficit on the Provision of Services

	31/03/2015
	£'000
Past Service cost	-
Interest on the net defined benefit liability/(asset)	549
	549

The revised IAS 19 has come into force for accounting periods beginning on or after 1 January 2013. Adoption of the revised IAS 19 increases the expenses recognised for funded benefits from £1.329M to £3.904M for the comparative year ended 31 March 2013. There is no effect on the Balance Sheet.

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:

		2013/14	2012/13
		£'000	£'000
(a) Depreciation and Other Asset Charges			
Charge for the Year (Note 12c,12d)		4,919	4,707
Less :			
Capital Grants Released (Note 18)		(4,593)	(4,374)
		326	333

The mismatch between the depreciation charge and capital grants released has arisen due to capital schemes not being fully grant funded in previous years.

		2013/14	2012/13
Profit/(Loss) on Disposal of fixed assets		1	1
(b) Auditor's Remuneration			
Audit Services	-Core audit	39	40
	-Grants	1	3
		40	43

	2013/14	2012/13
	£'000	£'000
(c) Operating Lease Costs		
Lease Rentals - rail assets	3,003	1,962
- other related costs	349	346
Tendered Bus Contracts - Non -School	2,384	2,529
- Schools	5,135	4,980
	10,871	9,817

(d) Pension and Non-recurring Costs (see Note below)

Pension Costs Relating to Former Employees	1,333	1,342
Other Non-recurring Items	214	45
	1,547	1,387

(e) Interest Receivable on Loans, Deposits and Other Debts	3	2

(f) Capital Schemes Charged to Revenue

Capital scheme costs	55,097	45,429
Capital grant received and released in full	(55,097)	(45,429)
	-	-

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 at 20% (20% 2012/2013) is charged on sundry interest received in the year. The liability for the year ended 31 March 2014 is £158.47 (£118.18 2012/13).

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 2013/14 (a break even position was reported in 2012/13).

11. EXCEPTIONAL ITEMS

There were no exceptional items in 2013/14 or 2012/13.

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. A valuation of the Executive's Donated Asset at Hemsworth was undertaken at 31 March 2012 on a Fair Value basis resulting in a valuation of £81,000. An independent review of the Executive's non-infrastructure assets has been undertaken by an MRICS qualified valuer of Lambert Smith Hampton to provide assurance that there was no material change in the fair values at 31 March 2014. There were no material changes reported.

(b) **ASSETS HELD FOR SALE**

The Executive has identified an asset to be classified as held for sale in the form of an NGT land property which has been deemed to be surplus to requirements for the purposes of the NGT scheme. The sale has been agreed with the developer of Leeds Eastgate to acquire the land based on the Compulsory Purchase order compensation value paid by the Executive of £726,000. The asset was held in work -in- progress and valued at historical cost, this carrying value has been used to measure the assets value for classification as an asset held for sale .

	2013/14 £'000	2012/13 £'000
Balance Outstanding at start of the year	-	-
Assets newly classified held for sale	-	-
-Property plant and Equipment	726	-
-Disposal of Property plant and Equipment in year	-	-
Balance Outstanding at end of the year	726	-

12. **PROPERTY, PLANT AND EQUIPMENT**

c) The movements in the year 1 April 2012 to 31 March 2013 are :

	TOTAL	**LAND AND BUILDINGS**	**INFRA-STRUCTURE ASSETS**	**DONATED ASSETS**	**VEHICLES OWNED**	**VEHICLES LEASED**	**EQUIPMENT OWNED**	**EQUIPMENT LEASED**	**PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST VALUATION									
At 1 April 2012	130,127	1,841	71,541	1,013	21,121	8	19,701	54	14,848
Additions	1,847	-	321	-	-	-	49	-	1,477
Transfer from payments on assets in course of construction	-	-	-	-	-	-	1,571	-	(1,571)
Disposals	(7)	-	-	-	(7)	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-
W/Off to Revenue	-	-	-	-	-	-	-	-	-
Transfer Assets held for sale	-	-	-	-	-	-	-	-	-
At 31 March 2013	131,967	1,841	71,862	1,013	21,114	8	21,321	54	14,754
ACCUMULATED DEPRECIATION									
At 1 April 2012	46,814	27	17,580	532	9,909	8	18,704	54	-
Charge for the year (Note8(a))	4,707	27	2,386	47	1,655	-	592	-	-
Disposals	(7)	-	-	-	(7)	-	-	-	-
Revaluation Adjustments	-	-	-	-	-	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-
At 31 March 2013	51,514	54	19,966	579	11,557	8	19,296	54	-
NET BOOK VALUES									
1 April 2013	80,453	1,787	51,896	434	9,557	-	2,025	-	14,754
1 April 2012	83,313	1,814	53,961	481	11,212	-	997	-	14,848

12. **PROPERTY, PLANT AND EQUIPMENT**

d) The movements in the year 1 April 2013 to 31 March 2014 are :

	TOTAL	**LAND AND BUILDINGS**	**INFRA-STRUCTURE ASSETS**	**DONATED ASSETS**	**ASSET HELD FOR SALE**	**VEHICLES OWNED**	**VEHICLES LEASED**	**EQUIPMENT OWNED**	**EQUIPMENT LEASED**	**PAYMENTS ON ACCOUNT AND ASSETS IN THE COURSE OF CONSTRUCTION**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST VALUATION										
At 1 April 2013	131,967	1,841	71,862	1,013	-	21,114	8	21,321	54	14,754
Additions	3,009	-	296	-		1,154	-	156	-	1,403
Transfer from payments on assets in course of construction	-	-	-	-	-	-	-	590	-	(590)
Disposals	(10)	-	-	-	-	(10)	-	-	-	-
Revaluation Adjustments	(1,025)	-	(1,025)	-	-	-	-	-	-	-
Reclassification adjustments	-	-	-	-	726	-	-	-	-	(726)
W/Off to Revenue	(444)	-	-	-	-	-	-	-	-	(444)
Transfer Assets held for sale	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	133,497	1,841	71,133	1,013	726	22,258	8	22,067	54	14,397
ACCUMULATED DEPRECIATION										
At 1 April 2013	51,514	54	19,966	579	-	11,557	8	19,296	54	-
Charge for the year (Note8(a))	4,919	27	2,408	48	-	1,545	-	891	-	-
Disposals	(10)	-		-	-	(10)	-	-	-	-
Revaluation Adjustments	(1,025)	-	(1,025)	-	-	-	-	-	-	-
Reclassification adjustments	-	-	-	-	-	-	-	-	-	-
Transfer Assets held for Sale	-	-	-	-	-	-	-	-	-	-
At 31 March 2014	55,398	81	21,349	627	-	13,092	8	20,187	54	-
NET BOOK VALUES										
1 April 2014	78,099	1,760	49,784	386	726	9,166	-	1,880	-	14,397
1 April 2013	80,453	1,787	51,896	434	-	9,557	-	2,025	-	14,754

(e) **DONATED ASSET ACCOUNT**

The CIPFA code introduces the concept of Donated Assets where assets have been acquired for less than their fair value. The c ode 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 a t 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.

Donated Asset Account	2013/14	2012/13
	£'000	£'000
Balance B/fwd 1 April	668	668
Donated Assets with conditions applied	-	-
Balance C/fwd 31 March	668	668

13. TRADE AND OTHER RECEIVABLES

	2013/14	2012/13
	£'000	£'000
(a) Amounts receivable Within One Year		
Central Government	1,586	365
Other Local Authorities	4,191	2,747
Bodies external to General Government	4,860	5,914
	10,637	9,026

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.

	2013/14	2012/13
	£'000	£'000
(b) Other Local Authority - West Yorkshire ITA	1,036	2,903
	1,036	2,903

14. CASH & CASH EQUIVALENTS

	2013/14	2012/13
	£'000	£'000
Bank Current Accounts	4,208	956
	4,208	956

Cash balances include £625k (2012/13: £119k) 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.

15. TRADE AND OTHER PAYABLES

	2013/14 £'000	2012/13 £'000
Central Government	203	4
Other Local Authorities	4,309	2,694
Bodies external to General Government	10,586	7,503
	15,098	10,201

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.

DEFERRED INCOME

	2013/14 £'000	2012/13 £'000
Central Government	416	1,102
Other Local authorities	-	214
Bodies external to General Government	143	141
	559	1,457

(a) Central government deferred income relates to Grants received in advance where conditions have not been met at the year end.

(b) Other Local Authorities deferred income relates to capital contributions to small infrastructure projects that have not yet been complete and conditions remain outstanding.

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 2013/14 £'000	Fair value 2013/14 £'000	Carrying Amount 2012/13 £'000	Fair value 2012/13 £'000
Financial Assets:				
Current trade debtors	10,637	10,637	9,026	9,026
Amounts receivable from WYITA	1,036	1,036	2,903	2,903
Cash and cash equivalents	4,208	4,208	956	956
	15,881	15,881	12,885	12,885
Financial Liabilities:				
Short term creditors	15,657	15,657	11,658	11,658

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 by ensuring transactions are only undertaken with bank counter-parties who have suitable credit agency ratings. Almost all the Executive's material trade receivables are with recognised, creditworthy third parties which restricts as far 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. The Executive has overdraft facilities in place to provide flexibility across the key current accounts and these are renewable annually. The ITA is able to meet the Executive's cashflow requirements by first drawing down from the Business Reserve account or where necessary undertaking short term borrowing through PWLB or commercial counter-parties. These arrangements provide the appropriate level of finance to support the Executive's current and future requirements.

FINANCIAL INSTRUMENTS Continued

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The E xecutive'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 with short term overnight deposits held within the Executive kept to a minimum. All Long term borrowing is undertak en by the Authority and is largely on fixed term rates again reducing interest rate risk.

The Executive is not exposed to any material 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:-

	Other	Restructuring	Total
At 31 March 2013	133	-	133
Arising during year	18	-	18
Utilised in year	-	-	-
At 31 March 2014	151	-	151

The Executive as at 31 March 2014 has provided for liabilities relating to the now insolvent company Mutual Municipal Insuran ce (MMI) Ltd representing the potential clawback of claims made by the Executive in previous years. There were no further provisions for organisational restructure at 31 March 2014 as specified in IAS37. There were no environmental provisions at 31 March 2014.

18. DEFERRED CAPITAL GRANTS ACCOUNT

	2013/14 £'000	2012/13 £'000
Balance at the beginning of the Year	66,785	69,311
Grants Receivable in the Year : WYITA	49,784	46,811
Other	6,531	521
	56,315	47,332
Other funding sources	1,346	2,334
	124,446	118,977
Deduct: Annual Release to Revenue Account - set off against Depreciation Charge (Note 8a)	(4,593)	(4,374)
Release to revenue Account - set off loss on disposal of fixed asset		
Release against Project Schemes charged to Revenue direct REFCUS (see note below)	(55,097)	(45,429)
Transfer to NGT Reserve	-	(2,389)
Balance at the end of the Year	64,756	66,785

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). The capital grant release relating to REFCUS has been adjusted in the comprehensive income and expenditure account to be recognised as a provision of service item rather than an other comprehensive income item in the year ended 31 March 2014 and the prior year 31 March 2013.

19. **JOINT VENTURE**

At 31 March 2014 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 Executi ve's accounts after the Joint venture was formalised on 31 March 2010 . The performance and financial position of the Executive's share of Yorcard L td is disclosed below in accordance with IAS31 'Interests in Joint Ventures' :-

	2013/14	2012/13
	£'000	£'000
Turnover	686	644
Profit before Tax	-	-
Taxation	-	-
Profit after Tax	-	-
Fixed Assets	13	55
Current Assets	198	181
Liabilities due within 1yr	(191)	(173)
Liabilities due after 1yr or more	(13)	(55)
Net Assets	7	8

20. **REVALUATION RESERVE**

	2013/14	2012/13
	£'000	£'000
Balance at beginning of the year	10,425	10,425
Loss on revaluation	-	-
Balance at the end of the year	10,425	10,425

21. **NGT RESERVE**

	2013/14	2012/13
	£'000	£'000
Balance at beginning of the year	2,389	2,389
Movement in reserve	(1,346)	-
Balance at the end of year	1,043	2,389

The NGT reserve has been created as a usable reserve in order to ear-mark capital funding that is designated solely for the purpose of delivering the Leeds NGT scheme which received DfT programme entry in July 2012. The scheme reserve has been utilised in 2013/14 to fund capital expenditure on the NGT project to the value of £1,345,567 in accordance with the funding bid.

22. **FINANCIAL COMMITMENTS**

	2013/14	2012/13
	£'000	£'000
(a) Capital Commitments		
Contracted for but not Provided in the Accounts	82,030	13,533
Authorised but not Contracted For	998	716
	83,028	14,249

Capital Commitments Authorised but not contracted for have increased in 2013/14 reflecting the approval of large scale capital schemes in the year such as NGT Development of £25.3m , Rail Growth Package of £15.8m and Cycle City Ambition project £25.8m.

(b) Revenue Commitments - Operating Leases

At 31 March 2014 the Executive had outstanding commitments to meet future minimum lease payments under non -cancellable operating leases, falling due as follows:

	2013/14	2012/13
	£'000	£'000
Rail Rolling Stock		
Minimum lease payments under operating leases recognised in the year :	3,003	1,962
Within 1 year	-	1,924
2 to 5 years	-	-
Beyond 5 years	-	-
	-	1,924

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. As of 1st April 2014 the Executive will no longer have an obligation under these leases the train operating company taking direct responsibility under the Direct Award.

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.

	2013/14	2012/13
Bus Operator Payments - IFRIC 4	£'000	£'000
Minimum lease payments under operating leases recognised in the year :	2,384	2,529
Within 1 year	1,838	2,013
2 to 5 years	2,329	1,585
Beyond 5 years	-	-
	4,167	3,598

The Executive has a number of contracts for the operation of Mybus school services that are operated as service concession a greements 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 elemen t of the arrangement is expensed through the Comprehensive Income and Expenditure Statement and the minimum lease payments are scheduled below : -

Bus Operator Payments - IFRIC 12	2013/14	2012/13
	£'000	£'000
Minimum lease payments under IFRIC 12 recognised in the year :	5,135	4,980
Within 1 year	5,200	5,022
Within 2-5 years	19,539	20,035
Beyond 5 years	2,519	3,892
	27,258	28,949

23. CONTINGENT LIABILITIES

The Executive had a contingent liability at 31 March 2013 arising from possible claims relating to Supertram acquisitions. The liability continues at 31 March 2014 but it is not practical to disclose an estimate of the financial effect, amount and timing due to the uncertainty.

24. GOING CONCERN

The accounts of the Executive have been prepared on a going concern basis. While the West Yorkshire Combined Authority Order 2014 dissolves the Executive at 1st April 2014 it provides that all the assets, liabilities and functions of the Executive continue under the West Yorkshire Combined Authority . This is deemed to be a transfer of services under combinations of public sector bodies and therefore the presumption of going concern continues in accordance with the code.

25. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts were authorised for issue by the Director of Resources on 18 September 2014. There have been no adjustments to the financial statements for events after the balance sheet date.

26. **PRIOR PERIOD ADJUSTMENT AND CHANGES IN ACCOUNTING POLICY**

The IAS 19 Change to Accounting Standard Adjustments have been made to the 2012/13 financial statements to take account of the amended IAS 19 Pension Costs accounting standard. The revised standard implemented a change to the expected return on asset component of pension cost. The change means that the expected return on assets is calculated at the discount rate, instead of, as previously, at an expected rate of return based on actual plan assets held. Below is an extract of the changes in respect of the Comprehensive Income & Expenditure Statement, Movement in Reserves and Cash Flow. Where figures within the supplementary notes to the accounts have been restated this is indicated on the note. Note 7 – Pension Costs has been prepared based on the restated figures for 2012/13.

MIRS:

Reserve	**Line**	**2012/13 Published**	**IAS 19 Adjustment**	**Restated**
General Fund Balance	(Surplus)/Deficit on provision of services	-1,138	2,575	1,437
Pension Reserve	Actuarial Gains/(Losses)	-1,456	-2,575	-4,031
General Fund Balance	Transfer to Pension Reserve	1,275	-2,575	-1,300
Pension Reserve	Transfer to Pension Reserve	-1,275	2,575	1,300

I&E:

Income/Expenditure	**Line**	**2012/13 Published**	**IAS 19 Adjustment**	**Restated**
Gross Expenditure	Highways and Transport Services	243,989	72	244,061
Gross Expenditure	Pensions interest expense on the net liability	462	2,503	2,965
Gross Income	Actuarial gains and losses recognised on pension assets and liabilities	-1,456	-2,575	-4,031

Cashflow:

Activities	**Line**	**2012/13 Published**	**IAS 19 Adjustment**	**Restated**
Operating activities	Surplus on the provision of services before exceptionals and interest	1,136	-2,575	-1,439
Operating activities	Statutory movements on the General Fund Balance	-50,941	2,575	-48,366

Note 3

Income/Expenditure	**Line**	**2012/13 Published**	**IAS 19 Adjustment**	**Restated**
Segmental analysis	Pensions IAS19	-1,737	72	-1,665