



**TAYSIDE AND CENTRAL SCOTLAND
TRANSPORT PARTNERSHIP**

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014**

AUDITED

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
STATEMENT OF ACCOUNTS 2013/14

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TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

EXPLANATORY FOREWORD BY TREASURER

1 INTRODUCTION

This foreword is presented as a commentary on the overall financial position of *tactran* as shown within the Statement of Accounts for the year ended 31 March 2014 and contains explanations of the major influences on the Partnership's income, expenditure and cash flow.

2 ACCOUNTING POLICIES

The Statement of Accounting Policies sets out the basis upon which the Financial Statements have been prepared and explains the accounting treatment of both general and specific items.

3 STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement sets out the framework within which financial control is managed and reviewed. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

4 STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

This statement sets out the main financial responsibilities of the Partnership and the Treasurer.

5 REVENUE EXPENDITURE

At its meeting on 11 December 2012, the Tayside and Central Scotland Transport Partnership Board approved the 2013/14 Core Revenue Budget of £419,630 of which £318,630 was met by Grant in Aid funding from the Scottish Government. In addition, £15,945 of budgeted income from the Councils was brought forward from 2012/13 to fund key RTS priorities. A further £101,000 in 2013/14 was requisitioned from the four constituent Councils, using a Scottish Government allocation methodology based on 95% population and 5% area, as follows:

| | | |
|----------------------------|---------------|-----------------|
| Angus Council | 22.9% | £23,130 |
| Dundee City Council | 28.4% | £28,690 |
| Perth and Kinross Council | 30.3% | £30,600 |
| Stirling Council | 18.4% | £18,580 |
| Total Council Requisitions | <u>100.0%</u> | <u>£101,000</u> |

The Scottish Government also provided additional Grant in Aid revenue funding for the financial year 2013/14 for the Regional Transport Strategy of £204,120.

Additional income was received from Stirling Council of £5,975 as a contribution to the Bridge of Allan study, an estimated £14,500 from European projects, although the final position was £13,000 and £5,000 each from NHS Forth Valley and NHS Tayside as a contribution towards the Health and Transport Framework during 2013/14. This additional income increased the Regional Transport Strategy budget by £30,475.

This resulted in a gross revenue budget for 2013/14 of £668,670.

During 2013/14, the Partnership Board received regular revenue and capital monitoring reports in order to keep the members fully apprised as to the projected outturn position.

For 2013/14, the main factors underlying each of the variances are as follows:

Requisitions from Councils

As a result of reduced level of expenditure of £1,742, the Partnership did not require the full requisitions due from the four constituent authorities. At the Partnership meeting of 11 March 2014 it was agreed that this amount would be used by the Partnership to support the 2014/15 RTS Revenue Budget.

The total deficit on the Comprehensive Income and Expenditure Statement was £373,000 which reflects, in accordance with International Accounting Standard 19 (Retirement Benefits) ("IAS 19"), the entries required in respect of pension costs and accumulated absences.

6 GENERAL FUND

The Partnership has, under the Transport (Scotland) Act 2005, no powers to hold a balance on the General Fund. Any underspends are therefore treated as creditors repayable to the funder or amounts received in advance from the funding source.

7 CAPITAL EXPENDITURE

During 2013/14, the Partnership did not incur any direct capital expenditure. A Regional Transport Strategy Capital Programme totalling £2.002 million, utilising Capital Grant within the Dundee City Council and Perth and Kinross Council Capital Programmes was progressed during 2013/14.

8 PENSION LIABILITY

Under International Accounting Standard (IAS) 19-Employee Benefits, the Partnership is required to include in the Statement of Accounts amounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. Based on information provided by Local Government Pension Scheme Actuaries, it has been estimated that the Partnership had a net pension liability of £826,000 as at 31 March 2014. The estimated net pension liability at 31 March 2013 was £459,000.

The pension liability represents the best estimate of the current value of the pension benefits that will have to be funded by the Partnership through its constituent Councils. The liability relates to benefits earned in the Local Government Pension Scheme by existing or previous employees up to 31 March 2014.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This allows for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received in, for example, ten years time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money a discount factor based on a corporate bond rate is used.

9 BALANCE SHEET NET LIABILITIES

The Balance Sheet at 31 March 2014 shows net liabilities of £834,000. This net liability position reflects the inclusion of net pension liabilities of £826,000 falling due in future years and arising from the application of IAS 19 and £8,000 for the application of the short term employee benefits accrual. It is appropriate to adopt a going concern basis for the preparation of the financial statements as the constituent authorities have a legal obligation under the Transport (Scotland) Act 2005 to provide the Partnership with funding to meet all liabilities as they fall due.

10 MAJOR CHANGES IN ACCOUNTING PRACTICE

The International Accounting Standards Board has published a final version of the revised IAS 19-Employee Benefits standard which will apply for accounting periods beginning on or after 1 January 2013. Therefore, the 2012/13 figures have been restated to reflect these changes.

11 PRIOR PERIOD ADJUSTMENTS

Due to the revision of changes to IAS 19-Employee Benefits the 2012/13 comparative figures within the Financial Statements relating to this accounting standard have been restated to reflect these changes.

12 POST BALANCE SHEET EVENTS

No significant events occurred between the Balance Sheet date and the date the Treasurer signed the accounts that would have a material impact on the 2013/14 Statement of Accounts.

13 THE FINANCIAL STATEMENTS

Movement in Reserves Statement

This statement shows the movement in the year on different Reserves held by the Partnership. This is analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure) and 'Unusable Reserves'. The Partnership does not have statutory powers to operate a Usable Reserve.

Comprehensive Income and Expenditure Statement

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

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by Reserves held by the Partnership.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Partnership during the reporting period. The statement shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Notes to the Core Financial Statements

These notes are intended to give the reader further information which is not separately detailed in the core financial statements.

14 REMUNERATION REPORT

The Local Authority Accounts (Scotland) Amendment Regulations 2011 require Regional Transport Partnerships to include a Remuneration Report in the Financial Statements. The Remuneration Report discloses information for each senior employee.

Partnership Board members receive no remuneration in relation to their appointment to the Partnership. Board members may claim reasonable expenses incurred in relation to their participation in Partnership business. Expenses for Councillor Members are borne by the constituent Councils. Expenses paid to non-Councillor members are reported in Note 7: Members Allowances.

15 ACKNOWLEDGEMENTS

During the 2013/14 financial year the Partnership's financial position has undertaken regular scrutiny and strict budgetary control. I would wish to place on record my appreciation of the excellent work carried out by the Partnership's officers, supported by the officers of Perth and Kinross Council in the financial management of the Partnership and in the preparation of the 2013/14 Statement of Accounts.



Scott Walker CPFA
Treasurer
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

REPORT BY PARTNERSHIP DIRECTOR

INTRODUCTION

Tayside & Central Scotland Transport Partnership (Tactran) is the statutory Regional Transport Partnership (RTP) covering Angus, Dundee City, Perth & Kinross and Stirling. Tactran's main purpose is to prepare and coordinate the delivery of the statutory Regional Transport Strategy (RTS) for the region and to oversee and generally contribute to effective strategic transport planning and delivery at a regional level.

Tactran is committed to actively supporting Community Planning by fully engaging as a statutory Community Planning agency and supporting the achievement of national and local outcomes, by aligning the RTS and its delivery priorities with the four Single Outcome Agreements (SOAs) covering constituent Council areas. The Partnership is a formal signatory to the updated multi-agency SOAs which were developed and agreed in summer 2013.

As a statutory Key Agency in the Development Planning process Tactran works closely with the relevant Strategic and Local Development Planning Authorities within the region to align strategic transportation and land use policy, planning and delivery. During 2013/14 the Partnership supported and contributed to the ongoing development of the second TAYplan Strategic Development Plan and the Cairngorms National Park Proposed Local Development Plan. The Partnership Board receives reports and comments formally at the key Main Issues Report and Proposed Plan stages for each Development Plan within the region.

2013/14 DEVELOPMENTS AND ACHIEVEMENTS

The statutory Regional Transport Strategy received Ministerial approval in June 2008. The RTS and associated Delivery Plan set out the key priorities, proposals and interventions required to support successful implementation and realisation of the Strategy's vision and objectives.

The RTS Delivery Plan provides a strategic framework for determining Capital and Revenue programmes which will support delivery of the RTS, working in collaboration with partner Councils, Scottish Government, Transport Scotland and other delivery stakeholders.

During the year the Partnership progressed development and delivery of a number of key RTS priorities. The 2013/14 Revenue Programme amounting to £250,540 including external contributions supported:-

- ongoing development and monitoring of the RTS;
- development of our Tay Estuary Rail Strategy (TERS) by building on earlier introduction of enhanced rail services between Dundee/Perth – Glasgow and at Broughty Ferry, Gleneagles, Invergowrie and Carnoustie through further additions to services at Monifieth; progressing Gleneagles Station enhancements; investigating the Business Case for potential relocation of Invergowrie Station; investigating the feasibility of relocating Bridge of Allan station; and contributing to a joint study with SEStran, Perth & Kinross and Fife into the potential for new/re-opened stations at Oudenarde and Newburgh;
- allocation of grant and match funding totalling approximately £111,000 for a range of walking and cycling projects and initiatives across the region, working in partnership with Councils, Cycling Scotland, Sustrans, the Countryside Trust and local communities;
- the Give Me Cycle Space campaign in 30 primary schools throughout the region;
- contribution to the Ring of Breadalbane Explorer bus service during 2013/14 with a continuing funding commitment until 2015/16;
- contribution to development of a DRT pilot service under the Bus Investment Fund in west Kinrossshire/Clackmannanshire with continuing support until 2015/16;
- ongoing maintenance and development of the regional multi-modal travel information portal www.tactranconnect.com ;
- development of locally relevant Health and Transport Action Plans through Community Planning Partnerships to support implementation of the Regional Health & Transport Framework;
- continuing support to public and private sector organisations to develop, implement and monitor effective Active Travel Plans through the www.travelknowhow.org.uk/tactran and www.tactranliftshare.com online resources and Sustainable Travel Grant Scheme funding;

- contribution to the 2013 Safe Drive/Stay Alive road safety education programme for young drivers in Angus, Dundee and Perth & Kinross;
- participation in the Last Mile Logistics (LaMiLo) EU project investigating more sustainable freight distribution practices in urban areas;
- contribution towards the Stirling & Tayside Timber Transport Group's appointment of a Timber Transport officer;
- contribution towards maintaining and promoting air services and connectivity at Dundee Airport;

During 2014/15 the Partnership will undertake a process of refreshing the RTS and associated Delivery Plan.

In addition to our Revenue Programme, the 2013/14 Tactran Capital Programme, amounting to £2.002 million, supported implementation of and contribution towards a number of priority projects within the RTS Delivery Plan, including :-

- a £1.031 million contribution towards upgrading of Gleneagles Station road access, parking and station facilities;
- contribution towards temporary access improvements for ongoing redevelopment and enhancement of Dundee Station;
- joint funding, with Transport Scotland, installation of intelligent driver information systems aimed at increasing efficiency of traffic movement on the strategic road network in and around Dundee;
- extension of low carbon vehicle infrastructure within Dundee City;
- development of the Dundee Green Circular network;
- completion of Quality Bus Corridor improvements between Perth – Blairgowrie – Dundee;
- completion of Blairgowrie Bus Stance improvements;
- contribution towards Lochee regeneration scheme road/bus link in Dundee;
- development and design of proposed Park & Ride facilities at Dundee and Perth;
- progressing design feasibility work on the A9/A94 link road and associated key trunk road junctions at Perth.

Further information on the Partnership's activity, the Regional Transport Strategy and our Revenue and Capital programme work can be obtained by visiting our website www.tactran.gov.uk

PUBLIC SECTOR EFFICIENCY

During 2013/14 modest efficiency savings equivalent to 0.5% of the approved Core Revenue Budget for the year were delivered. Since 2009/10 the Partnership has achieved cumulative and recurring Core Budget efficiency savings of approximately 12%. Whilst the Partnership will continue to seek to effect operational efficiencies moving forward, as a small strategic body, the opportunities for this are increasingly limited.

ACKNOWLEDGEMENTS

My thanks to the Chair, Deputy Chair and all members of the Partnership Board for their continued and valued commitment and support during the year.

Thanks also to all of the Partnership's executive officer team, Proper Officers and their colleagues for their continually professional support and commitment, and also to the many staff in partner Councils and other stakeholder organisations whose contributions are greatly appreciated.



Eric Guthrie
Partnership Director
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MEMBERS AND OFFICIALS 2013/14

Tayside and Central Scotland Transport Partnership (*tactran*) is a statutory body established under the Transport (Scotland) Act 2005. Tactran covers the Angus, Dundee City, Perth & Kinross and Stirling Council areas, which together make up approximately 12% of mainland Scotland with nearly 10% of the Scottish population resident in the region.

Tactran works with its partner Councils, Community Planning Partnerships, Development Planning Authorities, Scottish Government, Transport Scotland, transport providers and other key stakeholders to improve and develop Scotland's transport infrastructure and services, in support of promoting sustainable economic growth, social inclusion and environmental sustainability.

PARTNERSHIP BOARD MEMBERSHIP

Membership of the Partnership is prescribed by the Regional Transport Partnerships (Establishment, Membership and Constitution) (Scotland) Order 2005. The Partnership Board consists of 10 Councillors who are nominated by Councils – 3 per Council from Dundee City and Perth & Kinross and 2 per Council from Angus and Stirling – plus 4 or 5 non-Councillor members.

Board membership during 2013/14 was:-

Councillor Members

Angus Council

Councillor Mairi Evans
Councillor Ronnie Proctor

Dundee City Council

Councillor Bill Campbell
Councillor Will Dawson (Chair)
Councillor Brian Gordon

Perth & Kinross Council

Councillor Mike Barnacle
Councillor John Kellas
Councillor Alan Livingstone

Stirling Council

Councillor Danny Gibson
Councillor Alycia Hayes

The current Councillor appointments extend until the next Local Government elections in May 2017.

Non-Councillor Members

Non-Councillor appointments are made by the Partnership, subject to the consent of Scottish Ministers. The Partnership has agreed to appoint the maximum of 5 non-Councillor members permitted by legislation. The non-Councillor members during 2013/14 were:-

Mr Mark Craske – Mark is Travel Manager for NHS Forth Valley and was appointed as health sector representative on the Partnership Board with effect from April 2013.

Mr James (Doug) Fleming – Doug has over 45 years' experience in the transport industry including Managing Director level experience with Travel Dundee and the Stagecoach Group. He was appointed to the Partnership Board in February 2009 and was appointed Deputy Chair of the Partnership from June 2012.

Mr Gavin Roser – Gavin is a Director of Pantrak Transportation Limited and Secretary General to the European Freight and Logistics Leaders Forum. He has over 40 years' senior transport experience in road, rail and shipping companies. He was appointed to the Partnership Board in March 2007.

Mr David Scotney – David has over 30 years' experience of working in transportation policy development and planning in local government and in transport consultancy. He was appointed to the Partnership Board in September 2010.

Mr Bill Wright – Bill has over 25 years' experience at senior management level in financial management and is current chair of Cycling Scotland. He was appointed to the Partnership Board in April 2006.

Advisors

Regional Transport Partnerships may appoint such number of observers or advisors as they consider appropriate. Reflecting the key strategic relationships between regional transportation and land use planning, the Board has appointed TAYplan Strategic Development Plan Manager, Pam Ewen as an advisor to the Partnership.

PARTNERSHIP STAFF

Partnership Director

Eric Guthrie was appointed Partnership Director in July 2006. He has 35 years' experience in local authority transportation policy, planning and delivery. As the Partnership's Chief Officer, he is responsible for ensuring that the Partnership meets all of its statutory obligations and duties and for managing the Partnership and its resources.

Projects Manager

Niall Gardiner was appointed Projects Manager in October 2007. He has over 20 years' experience working in transportation planning and engineering. Niall is responsible for managing the development and implementation of the Partnership's Revenue and Capital delivery programmes, in liaison with partner Councils, Community Planning Partnerships, Development Planning Authorities and other delivery stakeholders.

Strategy Manager

Michael Cairns was appointed Strategy Manager in November 2007. He has over 30 years' experience working in transportation planning and engineering. Michael is responsible for managing development and implementation of the Regional Transport Strategy and related sub-strategies, in liaison with partner Councils, Health Boards, Community Planning Partnerships, Development Planning Authorities and other strategic stakeholders.

Travel Plan Officer

Merry Scott was appointed Travel Plan Officer in January 2007. She has 12 years' experience in travel planning and sustainable transport promotion and delivery. Merry is responsible for developing and implementing the Regional Travel Plan Strategy and sustainable transport initiatives working with partner Councils, Health Boards, Scottish Government and other public and private sector agencies.

Office Manager / Personal Assistant (PA) to Director

Ashley Roger was appointed Office Manager / Personal Assistant to the Director in January 2007. She has 17 years office management / PA experience in the private and public sectors. Ashley is responsible for overseeing all aspects of office management and related administrative support to the Partnership's staff and members and providing PA support to the Partnership Director.

Administration Assistant

Muriel Muirhead was appointed Administration Assistant in September 2008. She has previous administrative and clerical experience in the private and public sectors. Muriel is responsible for providing all aspects of clerical and administrative support to the Partnership's staff and members under the general direction of the Office Manager/PA to Director.

PROPER OFFICERS

In accordance with statutory requirements the Partnership has appointed three Proper Officers who provide specialist corporate governance, financial and treasury management and legal support and advice to the Partnership Board and Partnership Director. These are:-

Partnership Secretary

Gillian Taylor is Head of Democratic Services with Perth & Kinross Council and is the Proper Officer for all matters relating to Partnership governance, meetings and proceedings, and for ethical standards.

Partnership Treasurer

Scott Walker is Chief Accountant with Perth & Kinross Council and is the Proper Officer for all matters relating to financial probity, treasury management and reporting.

Partnership Legal Adviser

Ian Innes is Head of Legal Services with Perth & Kinross Council and is the Proper Officer for all matters of a legal nature, including Execution of Deeds, and representing the Partnership in any legal or tribunal proceedings.

Further information on *tactran* can be found on the Partnership's website – www.tactran.gov.uk

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is made in respect of the 2013/14 Statement of Accounts for the Tayside and Central Scotland Transport Partnership. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. There is no regular internal audit scrutiny for the Partnership but they will provide advice and guidance as and when required.

The system of internal financial control is based on a framework of regular management information and budget monitoring, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by senior officials and staff of the Partnership. In particular, the system includes:

- a revenue budget system;
- the preparation of regular financial reports which indicate actual expenditure against forecasts and budget;
- monthly internal monitoring reporting by Partnership staff and accountants
- annual financial reports which indicate actual financial performance against budget;
- clearly defined financial regulations, powers of delegation and scheme of administration; and
- setting targets to measure financial and other performance

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of senior officials and staff of the Partnership;
- budget monitoring meetings;
- assurances received from the Partnership Board; and
- the external auditors in their annual audit letter and any other reports

The Partnership's financial management arrangements conform with the governance arrangements of CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government.

In conclusion, we are not aware of any significant weaknesses or failures in the Partnership's system of internal financial control that could have a material effect on the operations of the Partnership.



Scott Walker CPFA
Treasurer
tactran
9 September 2014



Eric Guthrie
Partnership Director
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Partnership's responsibilities

The Partnership is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that a designated officer has the responsibility for the administration of those affairs. For *tactran* that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Partnership's Statement of Accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Treasurer has also:

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

The Statement of Accounts present a true and fair view of the financial position of the Partnership at the accounting date and its income and expenditure for the year ended 31 March 2014.



Scott Walker CPFA
Treasurer
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

MOVEMENT IN RESERVES STATEMENT

For the year ended 31 March 2014

| | General Fund Balance (Restated) £,000 | Total Usable Reserves (Restated) £,000 | Accumulated Absences Unusable Reserves (Restated) £,000 | Pensions Reserve Unusable Reserves (Restated) £,000 | Total <i>tactran</i> Reserves (Restated) £,000 |
|---|---|--|--|--|--|
| Balance at 31 March 2012 | 0 | 0 | (3) | (603) | (606) |
| <u>Movement in reserves during 2012/13</u> | | | | | |
| Surplus or (deficit) on provision of services | (44) | (44) | 0 | 0 | (44) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | 189 | 189 |
| Total Comprehensive Expenditure and Income | (44) | (44) | 0 | 189 | 145 |
| Adjustments between accounting basis & funding basis under regulations (note 3) | 44 | 44 | 1 | (45) | 0 |
| Increase/Decrease in 2012/13 | 0 | 0 | 1 | 144 | 145 |
| Balance at 31 March 2013 carried forward | 0 | 0 | (2) | (459) | (461) |
| <u>Movement in reserves during 2013/14</u> | | | | | |
| Surplus or (deficit) on provision of services | (44) | (44) | 0 | 0 | (44) |
| Other Comprehensive Expenditure and Income | 0 | 0 | 0 | (329) | (329) |
| Total Comprehensive Expenditure and Income | (44) | (44) | 0 | (329) | (373) |
| Adjustments between accounting basis & funding basis under regulations (note 3) | 44 | 44 | (6) | (38) | 0 |
| Increase/Decrease in 2013/14 | 0 | 0 | (6) | (367) | (373) |
| Balance at 31 March 2014 carried forward | 0 | 0 | (8) | (826) | (834) |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For the year ended 31 March 2014

| <i>2012/13 (Restated)</i> | | | 2013/14 | | | |
|-------------------------------|----------------------------------|--|-------------|-------------------------------|----------------------------------|---|
| <i>Gross Exp £000</i> | <i>Gross Income £000</i> | <i>Net (Income) / Exp £000</i> | Note | Gross Exp £000 | Gross Income £000 | Net (Income) /Exp £000 |
| SERVICES | | | | | | |
| 612 | (535) | 77 | | 660 | (559) | 101 |
| 34 | 0 | 34 | | 36 | 0 | 36 |
| 646 | (535) | 111 | | 696 | (559) | 137 |
| COST OF SERVICES | | | | | | |
| 27 | 0 | 27 | 9 | 22 | 0 | 22 |
| 0 | (94) | (94) | | 0 | (115) | (115) |
| 27 | (94) | (67) | | 22 | (115) | (93) |
| | | 44 | | 718 | (674) | 44 |
| | | (189) | | | | 329 |
| | | (145) | | | | 373 |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

BALANCE SHEET

Year ending 31 March 2014

| As at 31 March 2013 £000 £000 | | Notes | As at 31 March 2014 £000 £000 |
|--|---|-------|--|
| 24 | Short Term Debtors | 13 | 36 |
| <u>112</u> | Cash and Cash Equivalents | 16 | <u>23</u> |
| | 136 Current Assets | | 59 |
| | | | |
| <u>(138)</u> | Short Term Creditors | 14 | <u>(67)</u> |
| | (138) Current Liabilities | | (67) |
| (459) | Other Long Term Liabilities | 9 | (826) |
| <u>(461)</u> | Net Liabilities | | <u>(834)</u> |
| | | | |
| | Financed by Fund Balances and Unusable Reserves: | | |
| (459) | Pensions Reserve | 4 | (826) |
| (2) | Accumulated Absence | 4 | (8) |
| <u>(461)</u> | | | <u>(834)</u> |

The Unaudited Statement of Accounts were authorised for issue on the 17 June 2014 and the Audited Statement of Accounts were authorised for issue on 9 September 2014.



Scott Walker CPFA
Treasurer
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

CASH FLOW STATEMENT

Year ending 31 March 2014

| 2012/13 £000 | Notes | 2013/14 £000 |
|-----------------|---|-----------------|
| (44) | Net surplus or (deficit) on provision of service | (44) |
| 143 | Adjustments to net surplus or (deficit) on the provision of services for non cash movements | (45) |
| 99 | Net Increase/(decrease) in cash and cash equivalents | (89) |
| 13 | Cash and cash equivalents at the beginning of the reporting period | 112 |
| 112 | Cash and cash equivalents at the end of the reporting period | 23 |
| | | |

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

REMUNERATION REPORT

(i) Remuneration Policy for Senior Employees

The Partnership Board determines initial remuneration for senior employees with reference to the level of responsibility of the post.

The Partnership does not operate a Remuneration Committee.

Annual inflationary increases are based on those agreed by the Scottish Joint Negotiating Committee for Chief Officials of Local Authorities (Scotland).

(ii) Remuneration for Senior Councillors

Under current legislation Councillor Members of the Partnership are not entitled to receive any remuneration from *tactran*. Remuneration would be made directly from their constituent authorities and this information would be disclosed within each constituent authority's remuneration report. Expenses paid to Board members are detailed in note 7 to the financial statements.

(iii) Officers Remuneration

The Partnership has three Proper Officers who undertake tasks within their specialised areas, who earn in excess of £50,000 (Partnership Secretary, Treasurer and Legal Adviser), however all Proper Officers are employed and paid by Perth & Kinross Council and are not included within the Remuneration report. The Partnership is recharged a total of £9,000 by Perth and Kinross Council for these individual officers.

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

| <i>Number of Employees 2012/13</i> | Salary Banding | Number of Employees 2013/14 |
|--|-----------------------|--|
| 1 | £75,000 - £79,999 | 1 |

(iv) Senior Employees Remuneration

| Name and Post Title | Salary, Fees and Allowance | Total Remuneration 2013/14 | Total Remuneration 2012/13 £,000 |
|-----------------------------------|---|---|---|
| Eric Guthrie Partnership Director | £79,689 | £79,689 | 79 |
| | £79,689 | £79,689 | 79 |

The senior employee in the above table has overall chief executive officer responsibility and accountability for the strategic direction and management of the Partnership, to the extent that the person has powers and authority to direct and control the major activities of the Partnership, including activities involving the expenditure of money. He is also responsible for ensuring that the Partnership fulfils its statutory duties and obligations in line with priorities set by the Partnership Board during the year to which the Report relates, whether solely or collectively with other persons.

(v) Senior Employees Pension Entitlement

The pension entitlement of the Partnership senior employee is as follows:

| In year pension contributions | | | | Accrued pension benefits | | |
|-----------------------------------|-----------|-----------|----------|--------------------------|----------|------------|
| Name and Post Title | 2012/13 | 2013/14 | | As at 31 | As at 31 | Difference |
| | £000 | £000 | | March | March | from 31 |
| | | | | 2013 | 2014 | March |
| | | | | £000 | £000 | 2013 |
| | | | | | | £000 |
| Eric Guthrie Partnership Director | 15 | 15 | Pension | 35 | 37 | 2 |
| | | | Lump Sum | 89 | 90 | 1 |
| | <u>15</u> | <u>15</u> | | | | |

(vi) Audit Review

All information disclosed within the tables is audited by the Partnership's appointed External Auditors. The other sections of the Remuneration Report are reviewed by External Auditors to ensure that they are consistent with the financial statements.



Eric Guthrie
Partnership Director
tactran
9 September 2014



Will Dawson
Chairperson
tactran
9 September 2014

TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

These Statement of Accounts summarise the Partnerships transactions for 2013/14 and its position at 31 March 2014. The Partnership is required to prepare an annual Statement of Accounts by the Transport (Scotland) Act 2005, section 3 and section 12 of the Local Government in Scotland Act 2003 requires they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the Service Reporting Code of Practice for Local Authorities 2013/14, supported by International Financial Reporting Standards (IFRS).

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

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.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Partnership's cash management.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave and any non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Partnership. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed from the General Fund Balance by crediting the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Pension Fund attributable to the Partnership 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 Tayside Pension Fund attributable to the Partnership are included in the Balance Sheet at their fair value,
 - quoted securities – current bid price,
 - unquoted securities – professional estimate,
 - unitised securities – current bid price,
 - property – market value,

- The change in the net pensions liability is analysed into seven components:
 - current service cost – 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 employees 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/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
 - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - expected return on assets – the annual investment return on the fund assets attributable to the Authority, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - gains/losses on settlements and curtailments – the result of actions to relieve the Partnership of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of 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;
 - contributions paid to the Tayside 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 retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Partnership 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 but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Partnership also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants, third party contributions and donations are recognised as due to the Partnership when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments and
- the grants or contributions will be received.

Amounts recognised as due to the Partnership are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) in the Comprehensive Income and Expenditure Statement.

FINANCIAL INSTRUMENTS

In the Notes to the Financial Statements, financial instruments are required to be shown at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

LEASES

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

RESERVES

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The Reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement.

Certain reserves are kept to manage the accounting processes for retirement benefits and accumulated absences do not represent usable resources for the Partnership – these reserves are explained in note 4.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Partnership about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Partnerships Balance Sheet at 31 March 2014 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Partnership with expert advice about the assumptions to be applied.

The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £63,876 (£51,762 for 2012/13).

However, the assumptions interact in complex ways. During 2013/14, the Partnership's actuaries advised that the net pension's liability had increased by £367,000 (2012/13 pension liability increased by £144,000) due to an updating of the assumptions.

3. MOVEMENT IN RESERVES STATEMENT – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

The Partnership holds no Usable Reserves.

| | Movement in Unusable Reserves (Restated) 2012/13 £000 | Movement in Unusable Reserves 2013/14 £000 |
|---|--|--|
| Adjustments involving the Pensions Reserve: | | |
| Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (89) | (84) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 44 | 46 |
| Adjustment involving the Accumulating Compensated Absences Adjustment Account | | |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 1 | (6) |
| Total Adjustments | (44) | (44) |

4. BALANCE SHEET – UNUSABLE RESERVES

| 31 March 2013 £000 | | 31 March 2014 £000 |
|-----------------------|--|-----------------------|
| (459) | Pensions Reserve | (826) |
| (2) | Accumulating Compensated Absences Adjustment Account | (8) |
| (461) | Total Unusable Reserves | (834) |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Partnership accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Partnership makes employer's contributions to pension's funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Partnership has set aside to meet them. The statutory requirement on constituent Councils to meet the net cost of the Partnership will ensure that funding will have been set aside by the time the benefits come to be paid.

| <i>(Restated)</i> 2012/13 £000 | | 2013/14 £000 |
|--------------------------------------|--|-----------------|
| (603) | Balance at 1 April | (459) |
| 189 | Other Comprehensive Income | (330) |
| (89) | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | (83) |
| 44 | Employer's pensions contributions and direct payments to pensioners payable in the year | 46 |
| (459) | Balance as at 31 March | (826) |

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|---|-----------------|
| (3) | Balance at 1 April | (2) |
| 1 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (6) |
| (2) | Balance at 31 March | (8) |

5. CASH FLOW STATEMENT – CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

| 31 March 2013 £000 | | 31 March 2014 £000 |
|-----------------------|----------------------------|-----------------------|
| 112 | Bank current accounts | 23 |
| 112 | Balance at 31 March | 23 |

6. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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 for Local Authorities. However, decisions regarding resource allocation are taken by the Partnership's Board on the basis of budget reports analysed across functions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- the cost of retirement benefits is based on cash flows (payments of employer's pensions contributions) rather than current service cost of benefits accrued in the year,
- expenditure on some support services is budgeted for centrally and not charged to projects.

The income and expenditure of the Partnership's principal functions recorded in the budget reports for the year is as follows:

| Segmental Income & Expenditure 2013/14 | Core Service £,000 | Projects £,000 | Totals £,000 |
|---|-------------------------------|---------------------------|-------------------------|
| Fees, charges & other service income | (5) | (31) | (36) |
| Interest and Investment Income | 0 | 0 | 0 |
| Government Grants | (319) | (204) | (523) |
| Constituent Council requisitions | (99) | (16) | (115) |
| Total Income | (423) | (251) | (674) |
| Employee Expenses | 323 | 0 | 323 |
| Other service expenses | 78 | 0 | 78 |
| Support service recharges | 22 | 0 | 22 |
| Project Costs | 0 | 251 | 251 |
| Total Expenditure | 423 | 251 | 674 |
| Net Expenditure | 0 | 0 | 0 |

| Segmental Income & Expenditure 2012/13 | Core Service £,000 | Projects £,000 | Totals £,000 |
|---|-------------------------------|---------------------------|-------------------------|
| Fees, charges & other service income | (10) | (2) | (12) |
| Interest and Investment Income | 0 | 0 | 0 |
| Government Grants | (312) | (211) | (523) |
| Constituent Council requisitions | (84) | (10) | (94) |
| Total Income | (406) | (223) | (629) |
| Employee Expenses | 314 | 0 | 314 |
| Other service expenses | 66 | 0 | 66 |
| Support service recharges | 26 | 0 | 26 |
| Project Costs | 0 | 223 | 223 |
| Total Expenditure | 406 | 223 | 629 |
| Net Expenditure | 0 | 0 | 0 |

Reconciliation of Segmental Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how figures in the analysis of the segmental income and expenditure relate to amounts included in the Comprehensive Income and Expenditure Statement.

| | 2012/13 (Restated) £000 | 2013/14 £000 |
|--|-------------------------------|-----------------|
| Net Expenditure in Segmental Analysis | 0 | 0 |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in Segmental Analysis | 89 | 84 |
| Amounts included in the Segmental Analysis not included in the Comprehensive Income and Expenditure Statement | (45) | (40) |
| Cost of Services in Comprehensive Income and Expenditure Statement | 44 | 44 |

Reconciliation to Subjective Analysis

This reconciliation demonstrates how the figures in the analysis of the segmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement (CIES).

| 2013/14 | Segmental Analysis | Not Reported to Mgmt | Not included in CIES | Cost of Services | Corporate Amounts | Deficit on Provision of Service |
|--|-----------------------|----------------------------|----------------------------|---------------------|----------------------|--|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Reconciliation to Subjective Analysis | | | | | | |
| Fees, charges & other service income | (36) | | | | | (36) |
| Interest & Investment Income | 0 | | | | | 0 |
| Government Grants | (523) | | | | | (523) |
| Constituent Councils requisitions | (115) | | | | | (115) |
| | (674) | 0 | 0 | 0 | 0 | (674) |
| Employee expenses | 323 | | | | | 323 |
| Other service expenses | 78 | | | | | 78 |
| Support service recharge | 22 | | | | | 22 |
| Project costs | 251 | | | | | 251 |
| Pension interest cost | | 94 | | | | 94 |
| Expected return on pension assets | | (72) | | | | (72) |
| Past service gains | | 0 | | | | 0 |
| Employer contributions | | 0 | (46) | | | (46) |
| Current service cost | | 62 | | | | 62 |
| Accumulated absences | | 6 | | | | 6 |
| | 674 | 90 | (46) | 0 | 0 | 718 |
| Deficit on the provision of Service | 0 | 90 | (46) | 0 | 0 | 44 |

| 2012/13 | Segmental Analysis | Not Reported to Mgmt | Not included in CIES | Cost of Services | Corporate Amounts | Deficit on Provision of Service |
|--|--------------------|----------------------|----------------------|------------------|-------------------|---------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Reconciliation to Subjective Analysis | | | | | | |
| Fees, charges & other service income | (12) | | | | | (12) |
| Government Grants | (523) | | | | | (523) |
| Constituent Councils requisitions | (94) | | | | | (94) |
| | <u>(629)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(629)</u> |
| Employee expenses | 314 | | | | | 314 |
| Other service expenses | 66 | | | | | 66 |
| Support service recharge | 26 | | | | | 26 |
| Project costs | 223 | | | | | 223 |
| Pension interest cost | | 84 | | | | 84 |
| Expected return on pension assets | | (57) | | | | (57) |
| Past service gains | | 0 | | | | 0 |
| Employer contributions | | 0 | (44) | | | (44) |
| Service cost | | 62 | | | | 62 |
| Accumulated absences | | (1) | | | | (1) |
| | <u>629</u> | <u>88</u> | <u>(44)</u> | <u>0</u> | <u>0</u> | <u>673</u> |
| Deficit on the provision of Service | <u>0</u> | <u>88</u> | <u>(44)</u> | <u>0</u> | <u>0</u> | <u>44</u> |

7. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Partnership during the year.

| | 2012/13 £000 | 2013/14 £000 |
|----------|-----------------|-----------------|
| Expenses | 1 | 1 |
| | <u>1</u> | <u>1</u> |

8. EXTERNAL AUDIT COSTS

The external auditors of the Partnership are appointed by the Accounts Commission for Scotland, for a period of 5 years. The total fee payable to Audit Scotland in respect of the 2013/14 financial year, for external audit services undertaken in accordance with the Code of Audit Practice is £9,760 (2012/13 £9,760). During 2013/14, the external auditor did not provide any other services to the Partnership other than the duties undertaken in accordance with the Code of Audit Practice.

9. DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Partnership has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Partnership participates in the Local Government Pension Scheme, administered locally by Dundee City Council is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions relating to post employment benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge which requires to be made is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

| | Local Government Pension Scheme £000 2012/13 (Restated) | Local Government Pension Scheme £000 2013/14 |
|---|--|---|
| Costs of Services | | |
| Service Cost | 62 | 62 |
| Financial and Investment Income and Expenditure | | |
| Net Interest on defined liability | 26 | 21 |
| Administration | 1 | 1 |
| Total Post Employment Benefit Charged to the surplus or Deficit on the Provision of Services | 89 | 84 |
| Remeasurements | 189 | (329) |
| Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 278 | (245) |
| Movement in Reserves Statement | | |
| Reversal of net charges made to the surplus or Deficit for the Provision of Services for Post employment benefits in accordance with the code | (45) | (38) |
| Employers contributions payable to scheme | 44 | 46 |

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

| | Funded liabilities Local Government Pension Scheme 2012/13 (Restated) £000 | Funded liabilities Local Government Pension Scheme 2013/14 £000 |
|--------------------------------------|---|--|
| Opening Balance at 1 April | 1,831 | 1,962 |
| Current Service Costs | 62 | 62 |
| Interest Cost | 84 | 93 |
| Contributions by scheme participants | 19 | 19 |
| Change in assumptions | (34) | 372 |
| Closing balance at 31 March | 1,962 | 2,508 |

| | Assets 2012/13 (Restated) £000 | Assets 2013/14 £000 |
|--------------------------------------|---|------------------------------------|
| Opening Balance at 1 April | 1,228 | 1,503 |
| Interest on assets | 58 | 72 |
| Return on assets (less interest) | 155 | 42 |
| Employer contributions | 44 | 46 |
| Contributions by scheme participants | 19 | 20 |
| Administration Expenses | (1) | (1) |
| Closing balance at 31 March | 1,503 | 1,682 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The annual gain on scheme assets in the year was £114,504 (2012/13: return of £212,715).

Scheme History

| | 2010/11 £ | 2011/12 £ | 2012/13 £ | 2013/14 £ |
|---|----------------------|----------------------|----------------------|----------------------|
| Present Value of Liabilities | | | | |
| Local Government scheme | (1,782,872) | (1,831,036) | (1,962,124) | (2,507,866) |
| Fair Value of Assets in Local Government Pension Scheme | 1,292,977 | 1,227,973 | 1,503,207 | 1,682,062 |
| (Deficit) of the Scheme | (489,895) | (603,063) | (458,917) | (825,804) |

The liabilities show the underlying commitments that the Partnership has in the long term to pay post employment (retirement) benefits. The total liability of £826,000 has a substantial impact on the net worth of *tactran* as recorded in the Balance Sheet, resulting in a negative overall balance of £834,000. However, statutory arrangements which require the pensions funding deficit to be met by constituent Councils, mean that the financial position of the Partnership remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Funding is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest full valuation of the scheme as at 31 March 2014.

The principal assumptions used by the actuary have been:

Local Government Discretionary Benefits Pension Scheme

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|---------|---------|---------|---------|
| Expected Return | 7.3% | 6.1% | 6.1% | 7% |
| Mortality assumptions: | | | | |
| Longevity at 65 for current pensioners: | | | | |
| Retiring Today: | | | | |
| Males | 21.4 | 20.6 | 20.6 | 21.0 |
| Females | 24.4 | 22.8 | 22.9 | 23.3 |
| Retiring in 20 Years: | | | | |
| Males | 22.3 | 21.8 | 21.9 | 23.2 |
| Females | 25.3 | 24.4 | 24.5 | 25.6 |
| Rate of inflation | 3.5% | 3.3% | 3.4% | 3.7% |
| Rate of increase in salaries | 5.0% | 4.8% | 4.8% | 5.1% |
| Rate of increase in pensions | 2.7% | 2.5% | 2.6% | 2.9% |
| Rate for discounting scheme liabilities | 5.5% | 4.6% | 4.7% | 4.6% |

Discretionary Benefits

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets.

| | 31 March 2013 | 31 March 2014 |
|-------------|---------------|---------------|
| Equities | 71% | 71% |
| Gilts | 7% | 5% |
| Other Bonds | 11% | 13% |
| Property | 9% | 9% |
| Cash | 2% | 2% |
| Total | 100% | 100% |

The actuary advised that gains and losses are estimated for each year but only calculated on an actual basis every 3 years.

The total contributions expected to be made to the Local Government Pension Scheme by the Partnership in the year to 31 March 2015 is £43,810.

10. TRANSACTIONS WITH RELATED PARTIES

The four constituent Councils are related parties of *tactran*, in terms of the Accounting Code of Practice, as both *tactran* and the Councils are subject to common control by Central Government. During 2013/14, the Partnership entered into a number of transactions with the constituent Councils and these are detailed as follows:

| 2012/13 | | | 2013/14 | |
|------------------------------------|---------------------|----------------------------|---------------------|---------------------|
| Income From £ | Payments To £ | | Income From £ | Payments To £ |
| Angus Council | | | | |
| (21,547) | 0 | <i>tactran</i> Requisition | (26,383) | 0 |
| (88) | 0 | Other Income | 0 | 0 |
| 0 | 0 | Supplies and Services | 0 | 0 |
| 0 | 1,253 | Third Party Payments | 0 | 2,103 |
| <u>(21,635)</u> | <u>1,253</u> | | <u>(26,383)</u> | <u>2,103</u> |
| Dundee City Council | | | | |
| (27,238) | 0 | <i>tactran</i> Requisition | (32,724) | 0 |
| (94) | 0 | Other Income | (9,037) | 0 |
| 0 | 1,490 | Supplies and Services | 0 | 0 |
| 0 | 10,286 | Third Party Payments | 0 | 33,754 |
| <u>(27,332)</u> | <u>11,776</u> | | <u>(41,761)</u> | <u>33,754</u> |
| Perth & Kinross Council | | | | |
| (28,510) | 0 | <i>tactran</i> Requisition | (34,904) | 0 |
| (123) | 0 | Interest Receivable | (100) | 0 |
| (243) | 0 | Other Income | 0 | 0 |
| 0 | 380 | Supplies and Services | 0 | 5,214 |
| 0 | 27,901 | Third Party Payments | 0 | 36,938 |
| 0 | 25,000 | Central Support Services | 0 | 25,000 |
| 0 | 5,541 | Property Costs | 0 | 6,259 |
| 0 | 2,751 | Transport Costs | 0 | 3,916 |
| <u>(28,876)</u> | <u>61,573</u> | | <u>(35,004)</u> | <u>77,327</u> |
| Stirling Council | | | | |
| (17,313) | 0 | <i>tactran</i> Requisition | (21,193) | 0 |
| (87) | 0 | Other Income | (6,875) | 0 |
| 0 | 16,686 | Third Party Payments | 0 | 12,100 |
| <u>(17,400)</u> | <u>16,686</u> | | <u>(28,068)</u> | <u>12,100</u> |

11. BALANCES WITH RELATED PARTIES

The four constituent Councils are related parties of *tactran*, in terms of the Accounting Code of Practice, as both are subject to common control by Central Government. The following balances existed between the Partnership and its related parties as at 31 March 2014.

| 2012/13 Amount Due To/(From) Received In Advance From £ | | 2013/14 Amount Due To/(From) Received In Advance From £ |
|---|------------------------------------|---|
| | Angus Council | |
| 3,651 | <i>tactran</i> Requisition | (5,384) |
| (88) | Supplies and Services | 0 |
| <u>3,563</u> | | <u>(5,384)</u> |
| | Dundee City Council | |
| 4,528 | <i>tactran</i> Requisition | 495 |
| 2,869 | Supplies and Services | 450 |
| 0 | Other Income | (2,346) |
| <u>7,397</u> | | <u>(1,401)</u> |
| | Perth & Kinross Council | |
| (83) | Interest Receivable/(Payable) | (50) |
| 4,831 | <i>tactran</i> Requisition | 528 |
| 0 | Other Income | 0 |
| 26,545 | Staff Cost | 27,312 |
| 6,550 | Supplies and Services | 3,677 |
| <u>37,843</u> | | <u>31,467</u> |
| | Stirling Council | |
| 2,934 | <i>tactran</i> Requisition | 321 |
| 0 | Other Income | (6,875) |
| <u>2,934</u> | | <u>(6,554)</u> |

12. FINANCE AND OPERATING LEASES

Partnership as Lessee

The Partnership held no assets on finance lease during 2013/14 (2012/13: None) and accordingly there were no finance lease rentals paid to lessors during 2013/14 (2012/13: None). The Partnership occupies office premises in Perth on an operating lease which commenced in November 2006. The lease was originally for a period of six years which was renewed in November 2012. A further 3 year extension to the lease was agreed in June 2012 on existing terms. The annual rent is £12,000.

13. DEBTORS

| 2012/13 £000 | | 2013/14 £000 |
|-----------------|------------------------------------|-----------------|
| | <u>Current (Due within 1 year)</u> | |
| 17 | Central Government | 14 |
| 0 | Angus Council | 6 |
| 1 | Dundee City Council | 2 |
| 0 | Stirling Council | 7 |
| 6 | Other Entities and Individuals | 7 |
| <u>24</u> | | <u>36</u> |

14. CREDITORS

| 2012/13 £ 000 | | 2013/14 £000 |
|------------------|--------------------------------|-----------------|
| 4 | Angus Council | 0 |
| 9 | Dundee City Council | 1 |
| 38 | Perth and Kinross Council | 32 |
| 3 | Stirling Council | 0 |
| 10 | NHS | 0 |
| 74 | Other Entities and Individuals | 34 |
| <u>138</u> | | <u>67</u> |

15. GRANT INCOME

The Partnership received the following grants and contributions in 2013/14:

| | 2012/13 £000 | 2013/14 £000 |
|-------------------------|-----------------|-----------------|
| Scottish Government | 523 | 523 |
| Constituent Authorities | 94 | 114 |
| | <u>617</u> | <u>637</u> |

16. FINANCIAL INSTRUMENT BALANCES

Accounting regulations require that the "financial instruments" shown on the balance sheet be further analysed into various defined categories.

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

Fair value of Financial Assets carried at Amortised cost (Less than 12 months)

| | 31 March 2013 | | 31 March 2014 | |
|------|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying Amount £000 | Fair Value £000 | Carrying Amount £000 | Fair Value £000 |
| Cash | 112 | 112 | 23 | 23 |
| | 112 | 112 | 23 | 23 |

Nature and extent of risks arising from Financial Instruments

The Partnership's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Partnership;
- liquidity risk – the possibility that the Partnership might not have funds available to meet its commitments to make payments;
- market risk – the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rates.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Partnership's customers. The Partnership places deposits with The Co-operative Bank and Perth and Kinross Council.

The following analysis summarises the Partnership's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Partnership expects full repayment on the due date of deposits placed with its counterparties.

| | Amounts at 31 March 2014 £000 | Historical experience of default % | Historical experience adjusted for market conditions as at 31 March 2013 % | Estimated maximum exposure to default and uncollectability £000 |
|---|--|---|---|---|
| Deposits with banks and other financial institutions | 23 | 0 | 0 | 0 |
| Customers | 36 | 0 | 0 | 0 |
| Total | 59 | 0 | 0 | 0 |

Debtors

The Partnership does not generally allow credit for customers, such that no amount of the balance is past its due date for payment. The level of debtors can be analysed by age as follows:

| | 31 March 2014 £000 |
|------------------------|-----------------------|
| Less than three months | 36 |
| Total | 36 |

Liquidity Risk

The Partnership has deposits with both The Co-operative Bank and Perth and Kinross Council, both of which are on-call with immediate access. Therefore, there is no significant risk that the Partnership will be unable to raise finance from these sources to meet its commitments under financial instruments. As of April 2014 the Partnership has transferred its banking operation from The Co-operative Bank to The Royal Bank of Scotland.

17. AUTHORISATION OF ACCOUNTS

The Unaudited Statement of Accounts were authorised for issue on the 17 June 2014 and the Audited Statement of Accounts were authorised for issue on 9 September 2014.

Independent auditor's report to the members of Tayside and Central Scotland Transport Partnership and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Tayside and Central Scotland Transport Partnership for the year ended 31 March 2014 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the 2013/14 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2013/14 Code of the state of the affairs of the body as at 31 March 2014 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2013/14 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the Explanatory Foreword and the Report by Partnership Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2013/14 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.



Neil O'Connor
Acting Senior Audit Manager
Audit Scotland
18 George Street
Edinburgh
EH2 2QU

9 September 2014

