

South Yorkshire Passenger
Transport Executive

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2011

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**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SOUTH YORKSHIRE PASSENGER
TRANSPORT EXECUTIVE (SYPTTE)**

Opinion on the SYPTTE and Group accounting statements

I have audited the SYPTTE and Group accounting statements of South Yorkshire Passenger Transport Executive for the year ended 31 March 2011 under the Audit Commission Act 1998. The SYPTTE and Group accounting statements comprise the SYPTTE and Group Comprehensive Income and Expenditure Statement, the SYPTTE and Group Movement in Reserves Statement, the SYPTTE and Group Balance Sheet, the SYPTTE and Group Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in Note 1 to the accounting statements.

This report is made solely to the Directors of South Yorkshire Passenger Transport Executive in accordance with Part II of the Audit Commission Act 1998, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the SYPTTE and Group's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 accounting statements sufficient to give reasonable assurance that the accounting 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 SYPTTE and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the SYPTTE and Group; and the overall presentation of the accounting statements. I read all the information in the Report of the Directors to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of South Yorkshire Passenger Transport Executive's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

In my opinion, the information given in the Report of the Directors for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion, the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Conclusion on Executive's arrangements for securing economy, efficiency and effectiveness in the use of resources

Executive's responsibilities

The Executive is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself that the Executive has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Executive has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I considered, whether all aspects of the Executive's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the criteria for other local government bodies published by the Audit Commission in October 2010.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I considered necessary to form a view on whether, in all significant respects, the Executive had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am satisfied that, in all significant respects, South Yorkshire Passenger Transport Executive put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2011.

Certificate

I certify that I have completed the audit of the Executive and Group accounts of South Yorkshire Passenger Transport Executive in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

David Phillips
Officer of the Audit Commission
3 Leeds City Office Park
Holbeck
Leeds
LS11 5BD

27 September 2011

Members of the Executive Board

Director General - D Brown, BA (Hons)

Director of Customer Experience - D Young, I.eng F.I.H.I.E.

Director of Strategy - Dr B Still, MA, PhD

Non-executive Directors:

P Coppard OBE, B Eng, B Phil, MRTPI, FRSA

M. Kimber, BA

J Mothersole, MA

T Leader, B Sc (Hons), MA, MPA, MRTPI (Barrister) (3 March 2010 to 02 April 2010)

A Gutherson (20 May 2010-7 September 2010)

R Vincent (from October 2010)

W J Wilkinson OBE, BA(Econ), IPFA (up to March 2011)

M McCarthy (from May 2011)

Attendees of the Executive Board

Principal Solicitor and Secretary
to the Executive - L Gandy, LLB(Hons)

Legal Services Manager - S Davenport (Solicitor)

Chief Financial and Systems Officer - A J D Smart, FCA

1. **RESPONSIBILITIES**

a) **SYPTE's Responsibilities**

SYPTE is required:

- 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 SYPTE, that officer is the Chief Financial and Systems Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts

b) **The Responsible Financial Officer's Responsibilities**

The Chief Financial and Systems Officer is responsible for preparing the financial statements for each financial year, in accordance with practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (The Code). In preparing those financial statements, the Chief Financial and Systems Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on the going concern basis.

The Chief Financial and Systems Officer is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of SYPTE and to enable him to ensure that the financial statements comply with the Code. He is also responsible for safeguarding the assets of SYPTE and for taking reasonable steps for the prevention and detection of fraud and other irregularities, and maintaining an adequate and effective internal audit function.

2. **ACTIVITIES**

The main activities of SYPTE are to:

- Produce timetable and route information on all services.
- Design, build and run interchanges and other customer facilities.
- Site and maintain stops and shelters.
- Fund the local rail network through the rail franchise systems.
- Fund the concessionary fares scheme.
- Develop public transport strategy including consultation and research.
- Purchase bus services additional to the commercial network.
- Sell tickets, including Travelmaster.
- Provide policy advice to South Yorkshire Integrated Transport Authority (SYITA) and other public bodies.

Information on the SYITA and SYPTE's business objectives and strategies, performance on the current year, and future developments, are contained in the 2010/11 Business Plan, a copy of which can be obtained from www.southyorks.gov.uk

3. FINANCIAL RESULTS

These were arrived at after charging:

- a) Employee costs (including Directors' remuneration);
- b) Auditor's remuneration;
- c) Payments under operating leases;
- d) Interest payable;

and crediting:

- e) Interest receivable.

Details of the above are shown in Note 3 to the Accounts.

FINANCIAL REVIEW

Revenue spending concerns the day to day running of SYPTE's services. This spending is financed primarily from the grant from SYITA and other government grants. SYPTE's revenue budget contains elements that are either fixed or mandatory such as national concessions, Department for Transport Rail Grant and capital financing charges. The result of this is that the impact of funding changes is felt more severely on the discretionary items as the mandatory elements must be funded first.

The revenue budget for 2010/11 was set at £101.6m. The following table shows the final outturn position for 2010/11. This does not match exactly with the breakdown required in the Comprehensive Income and Expenditure Statement, as the figures in the Comprehensive Income and Expenditure Statement have been subject to accounting adjustments including IAS19 'Accounting for Retirement Benefits' and other accounting adjustments required by the Code of Practice in Local Authority Accounting in the United Kingdom.

2010/11 OUTTURN	Budget	Actual	Variance
	£'000	£'000	£'000
Customer Experience	20,197	18,535	1,662
Strategy	2,541	2,111	430
Concessions and ticketing	34,883	36,651	(1,768)
Support Services	8,629	7,417	1,212
Capital Financing	35,396	35,346	50
Total underspend for the year	101,646	100,060	1,586

KEY SECTIONS INCLUDED IN THE ACCOUNTS

ANNUAL GOVERNANCE STATEMENT

This sets out the position regarding the framework of governance

ACCOUNTING POLICIES

This explains the policies adopted in preparing the Accounts.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This account summarises the revenue costs of providing all SYPTE's services and the income and resources received in financing the expenditure

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by SYPTE.

BALANCE SHEET

The Balance Sheet includes information on SYPTE's current and non current assets. It also shows the long term liabilities and the balances at its disposal at 31 March 2011.

CONSOLIDATED STATEMENT OF CASHFLOWS

This statement provides a summary of the flow of cash into and out of SYPTE for revenue and capital purposes, based on the indirect method of presentation.

NOTES TO THE FINANCIAL STATEMENTS

These notes expand on important points shown in the core statements and provide further explanation of movements and balances.

MATERIAL AND UNUSUAL CHARGE

There was a material and unusual credit of £5,151k to the accounts arising from the change in benefit from RPI to CPI when calculating past service costs in relation to retirement benefits. See note 26b.

OVERHEADS

Overheads are included in the cost of services and are not apportioned to operational departments.

CAPITAL EXPENDITURE

CAPITAL EXPENDITURE 2010/11

Capital spending can generally be defined as spending which generates assets that have a life of more than one year. In 2010/11 SYPTE spent, on an accruals basis, £10,450k on capital projects. Of this £654k related to assets owned by SYPTE and a further £9,796k on assets not owned by SYPTE.

The areas of capital expenditure were:

	£'000
Land and buildings	4
Plant, equipment and vehicles	650
Total assets owned by SYPTE	654

	£'000
Community Transport vehicles	80
Expenditure on transport links such as highways and rail stations	9,716
Total assets not owned by SYPTE	9,796

The capital expenditure identified above was funded through the following means:

Local Transport Plan grant of £6,449k, received from Department for Transport.

The remainder of capital expenditure totalling £4,001k came from other Government Grants such as ERDF, Yorkshire Forward and the four South Yorkshire District Councils.

FUTURE CAPITAL EXPENDITURE

As at March 2011, SYPTE has committed future capital expenditure of £2,057k (£11k relating to SYPTE and £2,046k relating to assets not owned by SYPTE) and authorised but not committed of £12,830k meaning total future capital expenditure of £14,887k. This can be broken down as follows:

	£'000
Land and buildings	2,784
Vehicles	302
Shelters	204
Total assets owned by SYPTE	3,290

	£'000
Expenditure on transport links such as highways and rail stations	11,597

Total assets not owned by SYPTE	11,597
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The capital expenditure forecast above will be funded through Local Transport Plan and other Government Grants.

PFI

SYPTE is deemed to control the operations of the Doncaster PFI interchange, which was signed in December 2003 and runs until June 2039, incorporating the future maintenance and upkeep of the building and the fixtures and fittings. The net book value of £13m is recognised in the financial statements. In 2010/11 and future periods SYPTE will incur costs in relation to the PFI being lease repayment, interest charge and contingent rents. This is detailed further below.

2010/11:

	£'000
Lease repayment	1,590
Interest charge	1,102
Contingent rents	381

2011/12:

	£'000
Lease repayment	1,338
Interest charge	1,093
Contingent rents	401

NON CURRENT ASSETS

Changes in Tangible Non Current Assets are shown in Note 5.

During the year the total expenditure on additions to Non Current Assets was £654k. The significant additions in the year were:

Vehicles (buses) £476k
Route equipment (bus shelters) £174k

Disposals of Non current assets in the year had an initial cost of £1.9m. The significant disposals in the year were:

Office Equipment/plant and machinery £1.7m
Vehicles £0.2m

RESERVES

SYPTE recognises that it must make full provision for depreciation in accordance with the Accounts and Audit (England) Regulations 2011, resulting in a timing difference between the rate at which SYPTE is required to recognise charges in its accounts compared with the rate that income is received to fund those charges.

This timing difference does not create an additional cash requirement for SYPTE.

Total Revenue Reserves stand at a negative £4.806m. This reflects the timing differences above. In order to give clarity as to the nature of the Revenue Reserve at 31 March 2011 it has been broken down on the face of the balance sheet as follows:

Usable Reserves	(£28.885m)
Unusable Reserves	£24.079m)

The financial position of SYPTE is underwritten by SYITA.

SYPTE is required by the 1983 Transport Act to ensure, so far as is practicable, that income and expenditure in its accounts balance in any one period. SYPTE is therefore required by the Act in future periods to take steps to recover this deficit. It should make this assessment by considering what can reasonably be done in practice to eliminate the deficit. Practically this means looking at all of the sources of funds and the application of those resources and ensuring that funds available to be applied to eliminate the deficit are prioritised.

SYPTE already has in place its second Local Transport Plan (LTP), Bus Strategy and other supporting strategies for Ticketing and Information covering the period 2006 to 2011. It has also prepared a Business Plan for the same period. In securing the funding for this, SYPTE is charged with delivering demanding targets during this period. SYPTE must ensure that sufficient resources are in place to deliver those targets.

In setting the budget each year SYPTE must go through the process of examining potential sources of funding and make a commitment to reducing the deficit. It will do this within the context of the purpose for which the funding is received.

SYPTE has a checklist covering all resources received and all expenditure made. Against each item SYPTE will justify on an annual basis the funds that are available to be applied to the Capital Finance Reserve and the Deferred Charges Revenue Reserve.

SYPTE will not seek to recover the deficit through an above inflation increase in the levy because this in turn would put pressure on already hard pressed Councils whose Council Tax increases are capped and would, therefore, have to cut services.

In preparing its budgets SYPTE will observe the process described above. The Audit Commission was consulted in the process to gain some assurance that the process is being followed satisfactorily.

PENSION RESERVE

SYPTE complies with IAS19. This Standard requires SYPTE to recognise fully any deficit in the pension fund in its accounts. The SYPTE's pension deficit of £28.1m at 31 March 2011 is disclosed in note 26 to the accounts.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The current year is the second year of the phased introduction of International Financial Reporting Standards to SYPTE's statements of accounts. From 1 April 2010 IFRS was fully applicable to SYPTE's financial statements. From that date Local Government, Central Government and the Health Service was for the first time accounting on a consistent basis. As a consequence, amendments have been made to the accounting treatment of some financial information. The most significant of these for SYPTE was the accounting requirements for Doncaster Interchange Private Finance Initiative (PFI) contract. This is no longer based on UK Accounting Standards (FRS 5) but on IFRS and the effect of this change has been to bring this scheme on to SYPTE's balance sheet in 2009/10. In 2010/11 the main change related to the accounting for Government Grants and to revisions in the way the figures are disclosed.

4. SIGNIFICANT DEVELOPMENTS

For South Yorkshire Passenger Transport Executive (SYPTE), 2011 was the last year of the second Local Transport Plan (LTP2). However, looking to the future, SYPTE is looking forward to LTP3 which sets the strategic direction of the organisation centred around the customer.

The LTP3 has a broader remit than LTP2 following changes made by the Local Transport Act 2008. The Integrated Transport Authority is now responsible for co-ordinating the delivery of all modes of transport in South Yorkshire. The strategy also has a wider geographical remit for the long-term delivery of transport, covering Sheffield City Region, rather than just South Yorkshire.

The strategy includes four goals, from which we have developed our policies and implementation plan. Our primary goal is to support economic growth, our second is to reduce emissions, our third is to enhance social inclusion and health and our fourth is to maximise safety. The strategy builds on the legacy of success from LTP2, but identifies that there are still significant challenges to be met.

The emerging Public Transport Action Plan sets out the actions that the Public Transport Board (made up of SYPTE, the SY Districts and public transport operators) will implement over the next four years to achieve the

public transport policies of the Sheffield City Region Transport Strategy. This 'living' document supersedes the SYPTE bus, rail, tram and park and ride strategies that formed part of LTP2. It is broken into four key delivery sections 'Planning for the Future', 'Network Services and Facilities', 'Information and Marketing' and 'Ticketing and Affordability'. This important plan was completed this year and forms the basis of all planning and reporting across SYPTE and its partners.

a) BUS STRATEGY

i) Asset Management Plan

An asset management plan has been put in place for all SYPTE's properties, which allows a planned dilapidations programme to be formulated. This will improve management of resources.

ii) Customer Data

Better reporting and use of customer data and complaints information has been achieved, which will allow SYPTE to challenge bus operators on such issues as vehicle cleanliness, deliver quality and address complaints related to punctuality and reliability. This is informing partnership working with the operators and the councils in all four districts, which allows comparisons between the partnership delivery option with that provided by the quality contract (franchise) delivery option.

iii) Interchange Achievements

Barnsley, Rotherham, Sheffield and Meadowhall Interchanges consistently provide an excellent welcoming experience for customers. They are considered to be the main gateways to the cities and towns in South Yorkshire and provide a multi modal choice of on going travel for both new and existing customers. They provide approximately 100 bus stands accommodating in excess of 1.6 million bus departures each year, serving around 20 million people per annum through main interchange sites.

Customer satisfaction is of the utmost importance in ensuring the success of the Interchanges services and facilities. Customer satisfaction pertaining to the quality and cleanliness of facilities and services offered has remained consistently high over the last five year period.

Customer Service Mystery Shopper satisfaction results from 2006 were on average 89.2% across the four main Interchanges, in 2010 satisfaction had increased to 96.4%, showing an increase of 7.2%

Interchange Mystery Shopper satisfaction results from 2006 were on average 93.3% across the four main Interchanges, in 2010 satisfaction had increased to 94.7%, showing an increase of 1.4%

The Interchange management teams and outsourced service delivery teams successfully engage with the local business community, working in partnership with the local authority, South Yorkshire Police, voluntary, private and other public sector agencies in order to address issues of concern to the local community.

Perception of safety has seen a positive trend over the last two years. In 2009/10, there was a reduction of 20.9% in incidents reported on Interchanges, this was against a target of a 10% reduction. Similarly in 2010/11, again the target was a 10% reduction in incidents reported and the actual figure saw a reduction of 19.2%

iv) Work on QC and Voluntary Agreements; SQPS Barnsley

The Barnsley SQPS scheme was introduced in May 2011 and, as a result, the quality of vehicles provided in the town has improved with attendant passenger benefits. Work continues to be carried out on voluntary agreements throughout Sheffield and South Rotherham.

v) New Bus Services/FreeBee Services

Although some operators have reduced frequencies in keeping with declining demand, a number of new routes were introduced by Stagecoach throughout the year and double deck vehicles provided on Route 88 between Bents Green and Ecclesfield. Particular developments include the introduction of X17 Sheffield - Matlock via Chesterfield service with wi-fi equipped vehicles, and

Sheffield City routes 79 (Ecclesfield - Jordanthorpe) and 87 (High Green – Low Edges) whilst Tates Travel have introduced a Barnsley - Meadowhall service.

First have undertaken a fares freeze on their network and in addition have introduced a number of fare reductions, principally in the Doncaster area. A new product, the Sheffield City Wide ticket allowing all day travel on bus and tram for £4.90, was introduced in January 2011.

Passenger numbers on Sheffield and Rotherham FreeBee services are continuing to grow. The existing contract for the Sheffield service will expire in July 2011 but it will continue to run on the same timetable (although with another operator).

b) RAIL STRATEGY

The Rail Strategy was updated in March 2008, replacing the 2004 version.

i) Cycle Facilities

Improvements to cycle facilities have been made at a number of stations.

ii) Real Time

Real Time displays have been introduced at a number of stations to inform customers on the platform of train arrivals.

iii) Rotherham Central Station

SYPTe, in partnership with Rotherham MBC was successful in attaining funding from Yorkshire Forward, ERDF, South Yorkshire LTP and Network Rail (Access for All) to rebuild Rotherham Railway Station building and make improvements to the rest of the site. Works started in February 2010 and completion is due during 2011.

iv) Tram - Train

Work is continuing on the Tram/Train trial between Sheffield Centre and Rotherham Parkgate.

v) High Speed Rail

SYPTe has worked jointly with West Yorkshire PTE in establishing a case for high speed rail serving Sheffield and Leeds.

vi) Rolling Stock

SYPTe is continuing to work with the rail industry to secure better rolling stock and infrastructure for South Yorkshire

c) TRAM STRATEGY

i) SYPTe is building on the success of tram feeder service 1 from Middlewood to Stocksbridge. This year has seen the introduction of a second service into Malin Bridge.

ii) Major Scheme Funding is being pursued in order to secure additional trams to cope with growing demand.

iii) Work is continuing to deliver the refurbishment to the underside of the tram carriages.

d) PARK & RIDE STRATEGY

The Transport Executive, in conjunction with Barnsley MBC, using Leeds City Region Growth Point funding, acquired land for a car park for Park & Ride users at Elsecar Railway Station. Planning permission is in place and access roads have now been developed.

Land has been acquired at Dore Railway Station for a Park and Ride site. A public consultation exercise has been carried out, the results of which will feed into the design before the submission of the planning application.

SYPTE is continuing to market its Park and Ride facilities, including extra signs on the A1 to direct visitors to Doncaster into the A638 Park and Ride site.

e) INFORMATION

i) Website

In March SYPTE launched a new website for Travel South Yorkshire which focuses on helping customers get to the information they want about their journeys in the quickest, simplest way possible. New maps have been being rolled out in information leaflets, providing customers with a much clearer geographic reference of bus routes. The same style of mapping is available online through the new Travel South Yorkshire website.

f) TICKETING AND PRICING

i) Concessionary Fares

2010/11 saw the publication by the Department for Transport of revised guidance on the reimbursement to operators of revenue forgone under the English National Concessionary Travel Scheme (ENCTS). Over the course of the year SYPTE has developed a new reimbursement model that builds on this guidance and locally available information to ensure that operators are appropriately reimbursed.

SYPTE has also developed and implemented a new reimbursement model for children's and students' travel. In parallel with this development SYPTE prepared for increases in the children's and students' concessionary fare from 40 pence to 50 pence in April 2011 and to 60 pence a year later.

ii) Yorcard

The Yorcard Project has proceeded steadily towards a successful outcome. Central Office systems have been implemented during the last few months after extensive testing; development work continues on the exciting "Travel Money" solution which will bring the benefits of Oyster-like ticketing functionality to South and West Yorkshire. The coming year will see the deployment by key operators of smart ticketing equipment and the delivery into the field, by Yorcard, of smart enabled retail facilities and a managed service aimed primarily at smaller operators to enable them to cost effectively participate in the integrated smart ticketing world.

iii) Other Smartcard Issues

During 2010/11 SYPTE procured a new Cardholder Management System. The system allows the management of data relating to the holding of concessionary passes and prepaid tickets. It will be gradually rolled out to cover most of SYPTE's different types of concessionary passes and the TravelMaster ticket family. At present, ENCTS passes and SYPTE staff TravelMasters are being managed through this system.

g) EDUCATION, BUSINESS AND COMMUNITY

i) Education

In 2010/11 the team visited 367 primary schools delivering travel advice to over 12,500 pupils;

96.1% of them demonstrated learning in terms of using sustainable transport and the importance of good behaviour.

97.8% of year 6 children attending our lesson will now feel confident when using public transport.

A new mode of delivery through a dedicated web site is being developed to allow the service to expand into High Schools and Further Education Centres

ii) Business & Community

The B & C team addresses two markets – engaging with employers to promote sustainable travel to and from the workplace and engaging with employment agencies to remove the barrier of access to those seeking employment/training/education.

Over 145 organisations were engaged with to promote workplace access including travel tickets sales of £1,015,010 generating 1,152,612 passenger journeys.

Over 74 employment agencies were engaged with helping over 3,000 job seekers into interviews for employment/training/education.

iii) Information Centres

The network of Information Centres helped over 1.2 million customers offering free advice and receiving income of £9,244,078 including travel ticket sales of £8,278,291 generating 6,556,578 passenger journeys and providing a direct “face” of the organisation with a customer satisfaction level of over 95%.

iv) Crime & Disorder Reduction

The Crime & Disorder Reduction team works with South Yorkshire Police and other agencies to both protect assets and to improve both actual, and perception of, safety on sustainable transport. Key achievements included;

- i) Shelter Damage incidents reduced by 9.9% compared with the previous year.
- ii) Bus/Tram Incidents reduced by 25.4% compared with the previous year.
- iii) Interchange Incidents reduced by 19.2% compared with the previous year.
- iv) Public Perception of Safety has increased from 71.1% to 71.3%.

v) Contact Centre

The Contact Centre has now expanded beyond being just a telephone information service and now offers a remote access point to SYPTE. Customers contact now by various forms of e-communications in addition to traditional mail and telephone. Incident reporting services for Shelter Watch and a help desk service for Your Next Bus and SMS services are part of the Contact Centre customer offer.

The Contact Centre also provides the response service to customer comments and complaints working with both service Operators and SYPTE staff to use this learning to further improve services for the future, as well as providing up to date disruption information to the web site.

In addition the Contact Centre is also the hub for the deployment of Contingency Plans and was a key customer information source during the heavy snowfalls.

The number of calls received in 2010/11 was 634,810. On average 87.8% are answered within opening hours and on average 75.7% are answered within 30 seconds. Customer satisfaction exceeds 95%.

5. **THE MEMBERS OF THE EXECUTIVE BOARD**

Members who served during the year are shown below with details of meetings attendance in 2010/11.

Director	Executive Board meetings attended	Audit & Risk Committee meetings attended
Mr D Brown	10	n/a
Mr D Young	10	n/a
Dr B Still	10	n/a
Mr P Coppard OBE	8	-
Mr K Battersby	2	n/a
Mr M Kimber	6	n/a
Mr J Mothersole	9	3
Mr T Leader (3 March 2010 to 2 April 2010)	4	n/a
Mr A Gutherson (20 May 2010)	6	n/a

REPORT OF THE DIRECTORS of the SYPTE for the year ended 31 March 2011

Mr W J Wilkinson OBE	6	2
Mr G Boydell	n/a	3
Mr R Vincent	5	n/a
Total number of meetings in period	11	3

6. EMPLOYEES

SYPTE's employment policy is designed to provide equal opportunities irrespective of colour, ethnic or national origin, sex or marital status, nationality or disability. Every consideration is given to the training and career development of disabled employees who, subject only to their aptitudes and abilities, are treated equally with other employees.

The Directors endeavour to make employees aware of the financial and economic factors affecting the performance of SYPTE. Methods of communication used include a monthly in-house journal, notice board bulletins and senior and middle management meetings at which information is provided to and by, both the Directors and employees.

Health and Safety at work matters continue to receive special attention and SYPTE complies with the law in all its requirements.

The possession of the Investors in People award affirms SYPTE's commitment to its employees.

7. AUDITOR

D Phillips, Engagement Lead, has been appointed as the auditor to the SYPTE, under the provisions of Section 2 Schedule 2 and Section 30 of the Audit Commission Act 1998.

D BROWN
Director General

26 September 2011

1. **Scope of Responsibility**

SYPTE 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.

In discharging this overall responsibility, SYPTE is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

SYPTE has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code and Action Plan is on our website at www.syppte.co.uk or can be obtained from the Principal Solicitor & Secretary, SYPTE, 11 Broad Street West, Sheffield, S1 2BQ. This statement explains how SYPTE has complied with the Code and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2003 (as amended 2006) in relation to the publication of a Statement on Internal Control.

2. **The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, culture and values, by which SYPTE is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables SYPTE to monitor the achievement of its 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 SYPTE's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at SYPTE for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Statement of Accounts.

3. **The Governance Framework**

The organisation has published a comprehensive set of Standing Orders and Financial Regulations as from April 2009. These are periodically reviewed, updated and approved by the SYPTE Board. All staff are made aware of the Standing Orders and Financial Regulations and training interventions are used where necessary on an ongoing basis. Governance is monitored by the Management Board and Executive Board, which each meet monthly, and by the Audit & Risk Committee, which meets quarterly.

SYPTE has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the SYPTE's Management Board which has responsibility for the development and maintenance of the internal control and governance environment, Internal Audit's annual report, and also by comments made by the Audit Commission in their use of resources risk assessment.

4. **'Vision' and Performance Management**

The goals and objectives of SYPTE are set by the Integrated Transport Authority (SYITA) and are consistent with the objectives of South Yorkshire's second Local Transport Plan, which is developed in conjunction with the District Councils. SYPTE and the SYITA published their Business Plan for 2010/11, which identifies the targets for SYPTE as well as the actions required to deliver these targets.

The performance of SYPTE is closely monitored by the SYITA, which receives regular quarterly updates on key performance perspectives, including;

- a) Progress towards desired National Transport Goals and Local Area Agreement indicator targets; and
- b) Progress towards implementation of the Bus, Rail, Tram and Park & Ride Strategies underpinning the Local Transport Plan.

A new corporate reporting framework was introduced during the 2009/10 financial year to enable the Management Board, Executive Board and SYITA, respectively, to review and manage performance in an appropriate level of detail. This has been adhered to throughout the 2010/11 reporting period.

SYPTE established 12 departmental/operational plans for 2010/11 which were aligned to the strategies of the business through the Integrated Planning Process (IPP), which introduced this 'golden thread' to the annual business planning cycle. The IPP process also introduced the key principles of zero-based budgeting with a *Budget Bidding* competition for financial and staff resources designed to optimise the impact achieved by SYPTE. A comprehensive set of performance indicators was developed to track the effectiveness of delivery of SYPTE's 12 departmental/operational plans during 2010/11.

A performance management system enables performance against these plans to be established and reviewed, based upon regular monthly updates, and reporting through to Management Board.

Two outcome-based indicators from the National Indicator set, developed by Central Government - *NI 167: Congestion* and *NI 47: People Killed or Seriously Injured* - were adopted by all four of the South Yorkshire districts through their Local Area Agreements. These and a number of other 'proxy' indicators were chosen to be consistent with the five National Transport Goals introduced by Central Government, which recognise the broad contribution of transport to society, including at local level.

SYPTE continued to benchmark its performance against the other PTEs through a set of 23 agreed comparative indicators, which relate to both desired transport outcomes and corporate health indicators.

5. Internal Controls and Use of Resources

The Directors are responsible for putting in place proper arrangements to secure the economic, efficient and effective use of its resources, and to ensure proper stewardship and governance of SYPTE and its group undertakings.

Performance Management, Financial Management and the systems of Internal Control form the key parts of these arrangements.

Financial Management

A comprehensive management accounting system is in place providing management with regular financial and performance information against budget. The Management Board reviews the detailed management accounts each month and variances from plan are analysed, explained and acted on in a timely manner. In addition the Management Board receives a financial and progress report on the Capital Programme on a monthly basis for discussion and action.

An account management process has been established whereby a member of the finance team will work closely with all budget holders to identify and monitor variances in their budgets. This leads to more informed reporting to Management Board and is also used to inform the budget setting phase of the Integrated Planning Process.

System of Internal Control

The system of internal control is designed to manage risk. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of SYPTE's Business Plan and Strategies, to evaluate the likelihood of those risks being realised and the impact should they be realised. Specific actions to improve Internal Control include the following:

- A clear organisational structure exists, detailing lines of authority and control responsibilities. Standing Orders clearly set out the roles of the Executive Board and its committees as well as individual officer delegations. The professionalism and competence of staff is maintained through rigorous recruitment policies and the VALUED process that establishes targets, identifies how the individual contributes to the organisational goals, reinforces accountability and control consciousness and identifies appropriate training requirements. Action plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that SYPTE can meet its future staffing requirements.

- SYPTE has adopted a Code of Conduct applicable to all its staff. This is supplemented and enhanced further by the Anti-Fraud and Corruption Policy, Confidential Reporting Policy and Diversity Policy. All staff receive induction training on these policies on initial employment and update training is provided when considered necessary. In addition there is an adopted Protocol on Member/Officer Relations.
- SYPTE has in place a local Code of Corporate Governance and an associated Action Plan that has been adopted and implemented by the Management Board.
- Information systems are developed to support SYPTE's long-term objectives and are managed by a professionally staffed Information Technology department. Appropriate policies and procedures are in place covering all significant areas of the business. These detail lower level controls including authorisations and approval processes.

Internal Audit

The role of SYPTE's internal auditors is to provide an independent appraisal function for the review of the system of internal control. They undertake a cyclical review based on a rolling three year audit plan of the main financial and operational systems based on an analysis of risk. The key financial systems are reviewed on a cyclical basis. Internal Audit work closely with External Audit, and comply with CIPFA standards for Internal Audit.

Throughout the year 2010/11 Internal Audit completed 28 audits of SYPTE's systems and procedures, 20 of which were awarded High or Moderate assurance levels by the Auditors, the remainder being either Limited or Advisory. No audits had a Critical recommendation.

This year there were eight limited rated reviews and 114 recommendations raised, compared to 13 limited rated reviews and 158 recommendations raised in 2009/10. This demonstrates an improvement in the individual assignments compared to last year.

Part of the internal audit function is to follow up on the recommendations of previous years. In 2009/10 49% of recommendations had been fully implemented compared to 53% this year. This demonstrates a slight improvement in the management action taken in implementing the internal audit recommendations.

The Internal Auditors provide four levels of opinion; High, Moderate, Limited and No assurance. The Internal Audit Annual Report for 2010/11 has given the following opinion:

"Taking into account the limited rated reviews, **Moderate Assurance** has been assigned on the design, adequacy and effectiveness of the system of internal control.

Moderate Assurance in our annual opinion is provided whereby we have identified mostly low and medium rated risks during the course of our audit work on business critical systems, but there have been some isolated high risk recommendations and the number of medium rated risks is significant in aggregate. The level of our assurance will therefore be moderated by these risks and we cannot provide a high level of assurance.

During the course of the financial year we have not become aware of other issues that we believe could, or have had, a significant impact upon the organisation's system of internal control."

6. Audit and Risks

The Audit and Risk Committee meets quarterly has been independently chaired by a non-executive director of SYPTE (W J Wilkinson), and includes two non-executive members of the Committee. The Committee approves the Internal Audit Plan and receives reports from Internal Audit, the Audit Commission and the Executive Board on all aspects of internal control, governance and risk management.

SYPTE has a Risk Management Strategy which is supplemented by an IT- based Risk Management System incorporating a 5x5 matrix of inherent and residual risks. The System ensures regular and timely review of all risks and the related controls through automatically generated reminders and reports. Results are reported to the Audit and Risk Committee.

As last year, a process is followed to analyse the Risk Register and make sure of its correlation with the Internal Audit Plan. This two-way process ensures high risk areas are covered by the internal audit and any issues identified by the audit are considered in the risk register.

7. **Review of effectiveness**

The Audit Commission’s Annual Audit Letter for 2009/10 reported that the auditor had issued an unqualified opinion and VFM conclusion. Two recommendations were made:-

“The Executive should continue to work with the ITA to ensure that its deficit recovery strategy enables it to meet the requirements of the 1983 Transport Act following the October spending review”.

“The Audit and Risk Committee should ensure that it receives regular briefings on the implementation of IFRS”.

Regular meetings are held with officers of SYLTE and SYITA to review the deficit reduction strategy which is in turn discussed with the Audit Commission. We remain on track to eliminate this deficit in the agreed timeframe.

The Audit and Risk Committee has received reports showing SYLTE’s plan for the implementation of IFRS and again these have been separately discussed with the Audit Commission.

8. **Significant governance issues**

Whilst no significant issues have arisen, over the coming year we propose to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

.....
D BROWN
Director General

Date: 26 September 2011

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENTS for the year ended 31 March 2011

The Comprehensive Income and Expenditure Statements show the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2009/10 SYPTE			<u>SYPTE</u>	2010/11 SYPTE		
Gross Expenditure	Gross Income	Net Expenditure	<u>Notes</u>	Gross Expenditure	Gross Income	Net Expenditure
	95,494	(95,494)	Grants from SYITA		94,745	(94,745)
30,593	30,555	38	Rail Network	32,012	31,919	93
	2,218	(2,218)	Rents receivable		2,213	(2,213)
	6,049	(6,049)	Revenue Grants		6,841	(6,841)
36,388	2,708	33,680	Concessionary Travel	39,246	2,595	36,651
	5,266	(5,266)	English National Concessions		5,411	(5,411)
12,679	302	12,377	Tendered contracts	11,907	123	11,784
1,958		1,958	Route equipment, cleaning & maintenance	1,875		1,875
	3,256	(3,256)	Miscellaneous		3,094	(3,094)
1,957		1,957	Impairment of Short-term Deposit	-		-
9,873		9,873	Employee costs & Rechargeable pensions	10,540		10,540
7,006		7,006	Premises costs	7,113		7,113
4,921		4,921	Supplies and services	5,644		5,644
17		17	Transport	17		17
2,987		2,987	Administrative expenses	2,412		2,412
251		251	Miscellaneous expenses	(94)		(94)
29,779	-	29,779	Capital financing costs	23,380		23,380
			3g			
138,409	145,848	(7,439)	Transport services	134,052	146,941	(12,889)
154	-	154	Corporate and democratic core	156		156
			Non distributed costs – past service costs	(5,151)		(5,151)
138,563	145,848	(7,285)	Cost of Services	129,057	146,941	(17,884)
	7	(7)	(Gains)/losses on disposal of non current assets	-	-	-
17,303	692	16,611	Financing and investment income and expenditure	17,360	725	16,635
				3d,3f		
2,323	-	2,323	Pension interest and expected return on pension assets	1,564	-	1,564
				26b		
-	11,045	(11,045)	Capital Grants	-	10,865	(10,865)
				4		
158,189	157,592	597	(Surplus)/Deficit on the provision of services	147,981	158,531	(10,550)
-	-	-	Surplus or deficit on revaluation of Property, Plant and Equipment assets	-	-	-
7,686	-	7,686	Actuarial (gain)/loss on pension assets/liabilities	-	2,875	(2,875)
				26b		
7,686	-	7,686	Other Comprehensive Income and Expenditure	-	2,875	(2,875)
165,875	157,592	8,283	Total Comprehensive Income and Expenditure	147,981	161,406	(13,425)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENTS for the year ended 31 March 2011

2009/10 GROUP			GROUP	2010/11 GROUP		
Gross Expenditure	Gross Income	Net Expenditure	Notes	Gross Expenditure	Gross Income	Net Expenditure
	95,494	(95,494)				
30,593	30,555	38		32,012	31,919	93
	2,218	(2,218)			2,213	(2,213)
	4,362	(4,362)			4,362	(4,362)
	6,049	(6,049)			6,841	(6,841)
36,388	2,708	33,680		39,246	2,595	36,651
	5,266	(5,266)			5,411	(5,411)
12,679	302	12,377		11,907	123	11,784
1,958		1,958		1,875		1,875
	3,367	(3,367)			3,622	(3,622)
1,957		1,957		-		-
9,873		9,873		10,540		10,540
7,006		7,006		7,113		7,113
4,921		4,921		5,644		5,644
17		17		17		17
3,106		3,106		2,961		2,961
251		251		(94)		(94)
31,927		31,927	3g	25,529		25,529
140,676	150,321	(9,645)		136,750	151,831	(15,081)
154		154		156		156
				(5,151)		(5,151)
140,830	150,321	(9,491)		131,755	151,831	(20,076)
	7	(7)				
19,957	2,013	17,944	3d,3f	19,749	2,261	17,488
2,323		2,323	26b	1,564		1,564
	11,045	(11,045)	4		10,865	(10,865)
163,110	163,386	(276)		153,068	164,957	(11,889)
-	-	-		-	-	-
7,686		7,686	26b	-	2,875	(2,875)
7,686		7,686		-	2,875	(2,875)
170,796	163,386	7,410		153,068	167,832	(14,764)

Income and expenditure arises solely from continuing operations. SYPTE has had no acquisitions or disposals in the year.

MOVEMENT IN RESERVES STATEMENTS for the year ended 31 March 2011

The Movement in Reserves Statements show 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 Reserve). The Surplus on the Provision of Services line shows the economic cost of providing the SYPTE's services and the provision of grants to fund the introduction of capital assets, more detail of which are shown in the Comprehensive Income and Expenditure Statement. Opening balances at 1 April 2009 and Closing balances at 31 March 2010 have been restated for the effect of the transition to IFRS.

	USABLE RESERVES							
	SYPTE		SYPTE AND GROUP			SYPTE	GROUP	GROUP
	Operational Revenue Reserve £000	Capital Receipts Reserve £000	Capital Financing Revenue Reserve £000	Deferred Charges Revenue Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Operational Revenue Reserve £000	Total Usable Reserves £000
2010/11								
Balance at 1 April 2010	13,704	2,187	(29,516)	(28,446)	5,424	(36,647)	13,138	(37,213)
Surplus on the provision of services	10,550	-	-	-	-	10,550	11,889	11,889
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	10,550	-	-	-	-	10,550	11,889	11,889
Adjustments between accounting basis and funding basis under regulation								
Reversal of Comprehensive Income and Expenditure Statement entries	(2,323)	-	-	-	-	(2,323)	(2,323)	(2,323)
Employer's pension contributions	(2,481)	-	-	-	-	(2,481)	(2,481)	(2,481)
Transfer to Accumulating Compensated Absences Adjustment Account	7	-	-	-	-	7	7	7
Grants received and receivable during the year	(10,497)	-	-	-	-	(10,497)	(10,497)	(10,497)
Grants released to Operational Revenue Reserve	11,690	-	-	-	-	11,690	11,690	11,690
Release from Revaluation Reserve	43	-	-	-	-	43	43	43
Net increase/(decrease) before transfers to earmarked reserves	6,989	-	-	-	-	6,989	8,328	8,328
Transfer (to)/from earmarked reserves								
Transfer to Deferred Charges Revenue Reserve	(28,446)	-	-	28,446	-	-	(28,446)	-
Capital financing transfer to Operational Revenue Reserve	(3,111)	-	3,111	-	-	-	(3,111)	-
Transfer from Capital Receipts Reserve	111	(111)	-	-	-	-	111	-
Transfer to Capital Grants Unapplied Reserve	(305)	-	-	-	305	-	(305)	-
Increase/(decrease) in year	(24,762)	(111)	3,111	28,446	305	6,989	(23,423)	8,328
Balance at 31 March 2011	(11,058)	2,076	(26,405)	=	5,729	(29,658)	(10,285)	(28,885)

MOVEMENT IN RESERVES STATEMENTS for the year ended 31 March 2011

	UNUSABLE RESERVES SYLTE AND GROUP				TOTAL RESERVES SYLTE AND GROUP		
	Deferred Capital Grants £000	Pension Reserve £000	Revaluation Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total Unusable Reserves £000	Total Reserves £000	Total Reserves £000
2010/11							
Balance at 1 April 2010	37,777	(35,782)	15,767	(122)	17,640	(19,007)	(19,573)
Surplus on the provision of services	-	-	-	-	-	10,550	11,889
Other Comprehensive Income and Expenditure	-	2,875	-	-	2,875	2,875	2,875
Total Comprehensive Income and Expenditure	-	2,875	-	-	2,875	13,425	14,764
Adjustments between accounting basis and funding basis under regulation							
Reversal of Comprehensive Income and Expenditure Statement entries	-	2,323	-	-	2,323	-	-
Employer's pension contributions	-	2,481	-	-	2,481	-	-
Transfer to Accumulating Compensated Absences Adjustment Account	-	-	-	(7)	(7)	-	-
Grants received and receivable during the year	10,497	-	-	-	10,497	-	-
Grants released to Operational Revenue Reserve	(11,690)	-	-	-	(11,690)	-	-
Release from Revaluation Reserve	-	-	(43)	-	(43)	-	-
Net increase/(decrease) before transfers to earmarked reserves	(1,193)	7,679	(43)	(7)	6,436	13,425	14,764
Transfer (to)/from earmarked reserves							
Transfer to Deferred Charges Revenue Reserve	-	-	-	-	-	-	-
Capital financing transfer to Operational Revenue Reserve	-	-	-	-	-	-	-
Transfer from Capital Receipts Reserve	-	-	-	-	-	-	-
Increase/(decrease) in year	(1,193)	7,679	(43)	(7)	6,436	13,425	14,764
Balance at 31 March 2011	36,584	(28,103)	15,724	(129)	24,076	(5,582)	(4,809)

MOVEMENT IN RESERVES STATEMENTS for the year ended 31 March 2011

	USABLE RESERVES						GROUP	GROUP
	SYLTE	SYLTE AND GROUP			SYLTE			
	Operational Revenue Reserve	Capital Receipts Reserve £000	Capital Financing Revenue Reserve £000	Deferred Charges Revenue Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Operational Revenue Reserve £000	Total Usable Reserves £000
2009/10								
Balance at 1 April 2009	13,051	2,500	(33,855)	(30,276)	4,163	(44,417)	11,612	(45,856)
Surplus/(Deficit) on the provision of services	(596)	-	-	-	-	(596)	276	276
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-
Total Comprehensive Income and Expenditure	(596)	-	-	-	-	(596)	276	276
Adjustments between accounting basis and funding basis under regulation								
Reversal of Comprehensive Income and Expenditure Statement entries	3,040	-	-	-	-	3,040	3,040	3,040
Employer's pension contributions	(2,536)	-	-	-	-	(2,536)	(2,536)	(2,536)
Transfer to Accumulating Compensated Absences Adjustment Account	25	-	-	-	-	25	25	25
Grants received and receivable during the year	(9,785)	-	-	-	-	(9,785)	(9,785)	(9,785)
Grants released to Operational Revenue Reserve	17,530	-	-	-	-	17,530	17,530	17,530
Release from Revaluation Reserve	92	-	-	-	-	92	92	92
Revaluation during year	-	-	-	-	-	-	-	-
Net increase/(decrease) before transfers to earmarked reserves	7,770	-	-	-	-	7,770	8,642	8,642
Transfer (to)/from earmarked reserves								
Transfer to Deferred Charges Revenue Reserve	(1,830)	-	-	1,830	-	-	(1,830)	-
Capital financing transfer to Operational Revenue Reserve	(4,339)	-	4,339	-	-	-	(4,339)	-
Transfer from Capital Receipts Reserve	313	(313)	-	-	-	-	313	-
Transfer to Capital Grants Unapplied Reserve	(1,261)	-	-	-	1,261	-	(1,261)	-
Increase/(decrease) in year	653	(313)	4,339	1,830	1,261	7,770	1,525	8,642
Balance at 31 March 2010	13,704	2,187	(29,516)	(28,446)	5,424	(36,647)	13,137	(37,214)

MOVEMENT IN RESERVES STATEMENTS for the year ended 31 March 2011

	UNUSABLE RESERVES SYLTE AND GROUP				TOTAL RESERVES SYLTE AND GROUP		
	Deferred Capital Grants £000	Pension Reserve £000	Revaluation Reserve £000	Accumulating Compensated Absences Adjustment Account £000	Total Unusable Reserves £000	Total Reserves £000	Total Reserves £000
2009/10							
Balance at 1 April 2009	45,522	(27,592)	15,854	(96)	33,688	(10,729)	(12,168)
Surplus on the provision of services	-	-	-	-	-	(596)	276
Other Comprehensive Income and Expenditure	-	(7,686)	-	-	(7,686)	(7,686)	(7,686)
Total Comprehensive Income and Expenditure	-	(7,686)	-	-	(7,686)	(8,282)	(7,410)
Adjustments between accounting basis and funding basis under regulation							
Reversal of Comprehensive Income and Expenditure Statement entries	-	(3,040)	-	-	(3,040)	-	-
Employer's pension contributions	-	2,536	-	-	2,536	-	-
Transfer to Accumulating Compensated Absences Adjustment Account	-	-	-	(25)	(25)	-	-
Grants received and receivable during the year	9,785	-	-	-	9,785	-	-
Grants released to Operational Revenue Reserve	(17,530)	-	-	-	(17,530)	-	-
Release from Revaluation Reserve	-	-	(92)	-	(92)	-	-
Revaluation during year	-	-	5	-	5	5	5
Net increase/(decrease) before transfers to earmarked reserves	(7,745)	(8,190)	(87)	(25)	(16,047)	(8,277)	(7,405)
Transfer (to)/from earmarked reserves							
Transfer to Deferred Charges Revenue Reserve	-	-	-	-	-	-	-
Capital financing transfer to Operational Revenue Reserve	-	-	-	-	-	-	-
Transfer from Capital Receipts Reserve	-	-	-	-	-	-	-
Increase/(decrease) in year	(7,745)	(8,190)	(87)	(25)	(16,047)	(8,277)	(7,405)
Balance at 31 March 2010	37,777	(35,782)	15,767	(121)	17,641	(19,006)	(19,573)

BALANCE SHEET AS AT 31 MARCH 2011

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Executive. The net assets of the Executive (assets less liabilities) are matched by the reserves held by the Executive. Reserves are reported in two categories – usable and unusable. Usable are those reserves that SYPTE may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that SYPTE is not able to use to provide services. 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.

1 April 2009		31 March 2010				31 March 2011	
SYPTE	GROUP	SYPTE	GROUP		NOTES	SYPTE	GROUP
£'000	£'000	£'000	£'000			£'000	£'000
96,848	129,070	86,434	116,509	Property Plant and Equipment	5	83,675	111,601
1,152	1,152	1,138	1,138	Investment Property	6	1,138	1,138
-	12,487	550	13,037	Intangible Assets	9	550	13,037
133	-	133	-	Investments in Subsidiaries	30	133	-
1,848	1,848	161	161	Long Term Debtors	12b	11	11
1,725	1,725	3,522	3,522	Long Term Investments	12c	3,522	3,522
33,143	-	35,295	-	Amounts receivable from Group undertakings	12b	37,538	-
-	27,111	-	30,564	Sinking Fund	10	-	34,265
134,849	173,393	127,233	164,931	Long Term Assets		126,567	163,574
250	250	-	-	Assets held for sale	7	-	-
693	693	445	445	Inventories	11	248	248
13,685	15,137	11,732	14,645	Short Term Debtors	12a	11,307	13,417
3,734	3,734	-	-	Short Term Investments		-	-
104,201	104,201	117,511	117,511	Amounts receivable from SYITA	12a	121,809	121,809
-	-	-	-	Short-term deposits		-	-
4,212	7,025	2,883	4,289	Cash and cash equivalents		5,048	6,774
126,775	131,040	132,571	136,890	Current Assets		138,412	142,248
(17,706)	(20,816)	(14,678)	(17,762)	Short Term Creditors	13a	(15,659)	(17,899)
(98)	(1,736)	(107)	(1,859)	Short Term Borrowings	13b	(116)	(1,788)
(141)	(141)	(198)	(198)	Provisions	25	(198)	(198)
(170)	(170)	(1,448)	(1,448)	Cash and cash equivalents - overdrawn		-	-
(18,115)	(22,863)	(16,431)	(21,267)	Current Liabilities		(15,973)	(19,885)
108,660	108,177	116,140	115,623	NET CURRENT ASSETS		122,439	122,363
243,509	281,570	243,373	280,554	TOTAL ASSETS less CURRENT LIABILITIES		249,006	285,937
(213,312)	(213,312)	(213,371)	(213,371)	Long Term Borrowing	21	(213,374)	(213,374)
(12,619)	(52,119)	(12,512)	(50,259)	Other Long Term Liabilities	22	(12,396)	(48,551)
(715)	(715)	(715)	(715)	Provisions	25	(715)	(715)
(27,592)	(27,592)	(35,782)	(35,782)	Provision for Pensions Liability	26	(28,103)	(28,103)
(254,238)	(293,738)	(262,380)	(300,127)	Long Term Liabilities		(254,588)	(290,743)
(10,729)	(12,168)	(19,007)	(19,573)	NET ASSET / LIABILITIES		(5,582)	(4,806)
(44,416)	(45,856)	(36,646)	(37,213)	Usable Reserves	14,15,16 17, 18	(29,657)	(28,885)
33,687	33,688	17,639	17,640	Unusable Reserves	18-20, 26	24,075	24,079
(10,729)	(12,168)	(19,007)	(19,573)	TOTAL RESERVES		(5,582)	(4,806)

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I hereby certify that the statement of accounts presents a true and fair view of the financial position of SYPTE as at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

Signed.....Chief Financial and Systems Officer

26 September 2011

APPROVAL OF THE STATEMENT OF ACCOUNTS

The Accounting Policies and the Financial Statements were approved for issue by the Executive Board on 26 September 2011. Events after the balance sheet date have been considered up to the date of approval.

Signed on behalf of the Executive Board

.....D BROWN
Director General

26 September 2011

.....A J D SMART
Chief Financial and Systems Officer

26 September 2011

CASH FLOW STATEMENTS

The Cash Flow Statements show the changes in cash and cash equivalents of the SYPTE and Group during the reporting period. The statements show how SYPTE generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Executive are funded by way of grant income or from the recipients of services provided by SYPTE. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to SYPTE's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to SYPTE.

	Notes	2011		2010	
		SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	23	19,185	25,730	19,043	24,061
Interest paid		(17,335)	(19,724)	(17,474)	(20,128)
Interest received		725	2,261	692	2,013
Income tax paid		-	-	-	(2)
Past service cost		5,151	5,151		
Pension interest		(1,564)	(1,564)	(2,323)	(2,323)
Net cash generated from operating activities		6,162	11,854	(62)	3,621
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property plant and equipment		(888)	(888)	(1,452)	(1,452)
Proceeds from sale of property plant and equipment		6	6	253	253
Capital expenditure that does not result in the creation of a fixed asset		(9,796)	(9,796)	(7,961)	(7,961)
Sinking Fund (increase)		-	(3,701)	-	(3,453)
Net cash used in investing activities		(10,678)	(14,379)	(9,160)	(12,613)
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance leases and on Balance Sheet PFI obligations		(107)	(1,779)	(98)	(1,736)
Capital Grants received in year		8,237	8,237	6,714	6,714
Net cash used in financing activities		8,130	6,458	6,616	4,978
Net (decrease)/increase in cash and cash equivalents		3,614	3,933	(2,606)	(4,014)
Cash and cash equivalents at beginning of year		1,434	2,841	4,041	6,855
Cash and cash equivalents at end of year		5,048	6,774	1,435	2,841

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 GENERAL INFORMATION

The role of SYPTE is to promote the maximum use of public transport throughout South Yorkshire, encourage growth of the public transport network, and to fund services which would otherwise not run on a commercial basis. Essentially, the role is to provide the information and infrastructure to help people access public transport, working closely with operators of transport services, local councils and other key stakeholders to develop the network and services.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 General Principles

The consolidated financial statements summarise SYPTE's transactions for the 2010/11 financial year and its position at the year end 31 March 2011. SYPTE is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority accounting in the United Kingdom 2010/11 supported by International Financial reporting Standards (IFRS). The accounting convention adopted in the consolidated financial statements is principally historical cost, modified by the revaluation of SYPTE's properties including certain non-current assets.

1.2.1 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 SYPTE 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 SYPTE.
- Revenue from the provision of services is recognised when SYPTE 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 SYPTE.
- 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 are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument.
- 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 there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.2.2 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. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE ACCOUNTS

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

1.2.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

1.2.4 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

1.3 PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

1.3.1 Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to SYPTE and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Plant, Machinery and Equipment is capitalised if it forms part of the initial cost of a new scheme, or has a cost value of over £2,000.

1.3.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

SYPTE does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of SYPTE. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by SYPTE. Assets are then carried in the Balance Sheet using the following measurement bases:

NOTES TO THE ACCOUNTS

- infrastructure, community assets and assets under construction – depreciated historical cost.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

1.3.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.3.4 Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Surplus or Deficit on disposal of property, plant and equipment assets line in the Comprehensive Income and Expenditure

NOTES TO THE ACCOUNTS

Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

1.3.5 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer, usually 40 years;
- vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

plant, machinery and fixtures and fittings 10 years
motor vehicles 5 years
computer equipment 3 years

- infrastructure – straight-line allocation
Park and Ride 15 years
operational equipment 10 years
route equipment 10 years
- Supertram Assets Ltd.
- rolling stock and the trackbed and system are depreciated over the period of the lease, which is 25 years.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost.

1.3.6 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are initially recognised at cost, including any direct transaction costs. They are subsequently revalued annually in accordance with the fair value model (based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length), reflecting market conditions at the Balance Sheet date. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are derecognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of derecognition.

Rentals received in relation to investment properties are credited to the Comprehensive Income and Expenditure account.

1.3.7 Expenditure that does not result in the Creation of a Non-Current Asset

This is either capital expenditure that has contributed to a fixed asset not owned by SYPTE or preconstruction costs on existing assets which do not enhance the value of the asset. Examples are rail and highway

NOTES TO THE ACCOUNTS

infrastructure, and grants payable. SYPTE has no ownership/legal rights in respect of these assets and as a consequence the costs are charged directly to revenue.

1.3.8 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by SYPTE as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to SYPTE.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and SYPTE will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the SYPTE's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by SYPTE can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Administrative expenditure line in the Comprehensive Income and Expenditure Statement.

1.4 GRANTS RECEIVED

SYPTE receives two forms of grant being those of a revenue nature and those of a capital nature. The policy for each of these grants has been noted below:

1.4.1 Capital Grants

In compliance with IAS 20 "Government Grants", grants against capital expenditure from government and other bodies will be shown within creditors in the Balance Sheet, where grant conditions have not been met. Once grant conditions are met the grants are credited to the relevant line of the Comprehensive Income and Expenditure Statement. They are then reversed out of the Operational Revenue Reserve balance in the Movement in Reserves Statement, to the Deferred Capital Grants Reserve.

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.

1.4.2 Revenue Grants

Once the conditions of the grant are met, revenue grant is credited to the Comprehensive Income and Expenditure Statement.

1.5 LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1.5.1 As Lessee

1.5.1.1 Finance Leases

Where substantially all the risks and rewards of ownership of a leased asset are borne by SYPTE, the asset is recorded as Property, Plant and Equipment and a liability is recorded for the obligation to pay the lessor. The value at which both are recognised is the lower of the fair value of the assets of the present value of the minimum lease payments, discounted by the interest rate implicit in the lease. Initial costs of SYPTE are added to the carrying amount of the asset. The assets recognised on the balance sheet are depreciated over their useful economic lives or the lease term if this is shorter.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires.

The annual rental is split between the repayment of the liability and a finance cost. The annual finance cost is calculated and charged to finance costs in the Comprehensive Income and Expenditure Statement, over the period of the lease and is calculated so that it represents a constant proportion of the lease liability.

1.5.1.2 Operating Leases

Other leases are regarded as operating leases by SYPTE (where the risks and rewards incidental to ownership remain with the lessor), and the rentals are charged to operating expenses on a straight line basis over the life of the lease. When the lease becomes onerous, full provision is made of the expected discounted future cost of the lease.

1.5.2 As Lessor

1.5.2.1 Operating Leases

Assets held for operating leases are recognised in the Balance Sheet according to the nature of the asset. Lease income is recognised over the lease term on a straight line basis, unless another systematic basis is more representative of the time pattern in which the benefit is derived.

Incentives for the agreement of an operating lease are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

Initial direct and incremental costs incurred by lessors in negotiating leases are to be recognised over the lease term.

1.6 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

1.6.1 Provisions

Provisions are made where an event has taken place that gives SYPTE a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that SYPTE becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if SYPTE settles the obligation.

NOTES TO THE ACCOUNTS

SYPTE has created provisions for:

- Legal claims, which represents a provision for certain legal and insurance claims brought against SYPTE.
- Other, which relates to surplus government grants, in respect of rail operations in the county, which have been made based on estimations of fares revenue.

1.6.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives SYPTE a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of SYPTE. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.6.3 Contingent Assets

A contingent asset arises where an event has taken place that gives SYPTE a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of SYPTE.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.7 INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First In First Out (FIFO) costing formula.

1.8 SINKING FUND

Supertram Assets Ltd. has a tram lease that lasts until 2024 but the lessor requires it to be fully cash collateralised by 31 March 2012. Supertram Assets Ltd. is therefore required to build up funds in a bank account, the Collateral Account, to secure its obligations to the lessor in 2012.

1.9 EMPLOYEE BENEFITS

1.9.1 Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to SYPTE. 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 being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the Operational Revenue Reserve by a debit to the Accumulating Compensated Absences Adjustment Account (within unusable reserves) in the Movement in Reserves Statement.

1.9.2 Post Employment Benefits

The requirements of IAS 19 "Retirement Benefits" have been fully adopted in the financial statements of SYPTE. Detailed disclosures can be found in note 26 to the accounts.

IAS 19, together with IFRIC 14 requires that the limit on a defined benefit asset, minimum funding requirements and their interaction sets out the extent to which a pension scheme surplus can be recognised as an asset of SYPTE and also considers how a pension balance sheet asset or liability could be affected by statutory or contractual minimum funding requirements.

NOTES TO THE ACCOUNTS

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

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

The scheme is accounted for as a defined benefit scheme:

- The liabilities of the fund attributable to SYPTE 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 South Yorkshire pension fund attributable to SYPTE 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 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 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 SYPTE, 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 SYPTE 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

NOTES TO THE ACCOUNTS

- contributions paid to the 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 Comprehensive Revenue Reserve balance to be charged with the amount payable by SYPTE to the pension fund, 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 Comprehensive Revenue Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1.10 **GROUP POLICY**

1.10.1 **Interests in Companies and Other Entities**

SYPTE has material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities and require it to prepare group accounts. In SYPTE’s own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

These accounts have been prepared in accordance with the form approved by SYITA.

SYPTE’s interests in subsidiary companies consolidated within these accounts are listed below. All the companies are incorporated in England.

Non-Trading

Booth and Fisher (Motor Services) Limited and its subsidiary Booth and Fisher (Sales and Service) Limited

South Yorkshire Transportation Systems Limited

South Yorkshire Metro Limited

Yorkshire Metro Limited

Trading

Supertram Assets Limited

Yorcard Limited

1.11 **TAXATION**

SYPTE is a public body and consequently is not subject to payment of Corporation Tax and therefore the management of SYPTE have been advised that it is unlikely that there will be any Corporation Tax payable in the foreseeable future.

For Supertram Assets Limited, deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax balances are not discounted.

1.12 **FOREIGN CURRENCY TRANSACTIONS**

In line with the requirements of IAS 21 “Foreign Currency” the functional and presentational currencies of SYPTE are deemed to be UK pounds sterling.

Where transactions are denominated in a foreign currency these are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange gains and losses are taken to the Comprehensive Income and Expenditure Statement.

NOTES TO THE ACCOUNTS

1.13 **GOING CONCERN**

Whilst the Balance Sheet shows a negative balance of (£4.8m) (2009/10 £19.6m) (2008/09 £12.2m). This negative position has arisen from:

- A deferred charge in relation to expenditure incurred in the construction of the South Yorkshire Light Rail way system. The balance of £28.4m in the Deferred Charges Revenue Reserve was transferred into the Operational Revenue Reserve in 2010/11
- A pensions reserve which has arisen from the full implementation of IAS 19 (formerly FRS 17) and the requirement to recognise the pension deficit on the Balance Sheet.
- A capital Financing Revenue Reserve which deals with the timing issue of matching depreciation with MRP received through the SYITA grant.

SYPTE are aware of this situation and have put in place a deficit recovery strategy to improve the financial position and considers itself to be a going concern.

1.14 **RESERVES**

SYPTE sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Operational Revenue Reserve 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.

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and that do not represent usable resources for SYPTE – these reserves are explained in the relevant policies.

1.15 **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.

1.16 **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 Financial statements are 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 Financial statements are adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Financial statements 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 financial statements.

1.17 **FINANCIAL INSTRUMENTS**

Financial Assets

Financial assets are classified into two types:

- loans and debtors – assets that have fixed or determinable payments but are not quoted in an active market; and
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Financial assets are classified at recognition as loans, deposits or debtors in accordance with IAS 39, and recognised at cost. SYPTE's non-derivative financial assets include trade and other debtors, and cash and

NOTES TO THE ACCOUNTS

short term deposits. SYPTE derecognises a financial asset when the contractual rights to the cashflows from the asset expire, or it transfers the rights to receive the contractual cashflows on the financial asset.

Trade debtors are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the Comprehensive Income and Expenditure Statement where there is objective evidence that the asset is impaired. Individual trade debtors are written off when management deem them no longer to be collectable. The risk considerations and bases used for such allowances are detailed in note 31.

Annual credits to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest.

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that SYPTE has, this means that the amount present in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure statement is the amount payable for the year according to the loan agreement.

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

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

SYPTE in accordance with IFRS 7 has disclosed the significance of the financial instruments and the nature and extent of risks arising from such financial instruments in note 31.

1.18 **MANAGEMENT OF LIQUID RESOURCES**

Funds that are surplus to current cash flow requirements are invested with reputable financial institutions or SYPTE's bankers. By reference to the major financial credit rating agencies, SYPTE's Treasury Management Consultants provide monthly counterparty lists for such investments recommending maximum values and periods that surplus funds should be invested. Investments are made in line with SYITA's Treasury Policy, as detailed within the Directors' Report.

1.19 **PRIVATE FINANCE INITIATIVE TRANSACTIONS**

PFI contracts are agreements to receive services, where the responsibility for making available the non current assets needed to provide the services passes to the PFI contractor. As SYPTE is deemed to control the services that are provided under its PFI schemes and as ownership of the non current assets will pass to SYPTE at the end of the contracts for no additional charge. SYPTE carries the non current assets used under the contracts on the Balance Sheet.

SYPTE's PFI scheme is the provision and operation of Doncaster Interchange. PFI transactions which meet the IFRIC 12 (Service Concession Arrangements) definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-balance sheet' by SYPTE.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by SYPTE.

NOTES TO THE ACCOUNTS

The original recognition of these non current assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

The amounts payable to the PFI operators each year are analysed as follows:

- Fair value of the services received during the year – this is debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability is debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract are debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – where these represent payments to maintain the asset rather than being a fixed asset addition they are charged to the relevant service in the Comprehensive Income and Expenditure Statement.

1.20 **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of SYPTE's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions have been based on historical experience and other relevant factors. Due to the nature of such items, the actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised by SYPTE in the period to which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods, where the revision affects both current and future periods.

The areas where SYPTE believe, such assumptions, estimates and judgements may give rise to a material adjustment to the carrying values of assets and liabilities in the next financial year are as follows:

Critical Judgements

- There is a high degree of uncertainty about future levels of funding for Local Government. However, SYPTE has determined that this uncertainty is not yet sufficient to provide an indication that assets might need to be impaired as a result of any changes to service provision.
- SYPTE has £6m deposited with Icelandic banks Landsbanki and Glitner who collapsed in October 2008. Based on the latest information available SYPTE has recognised an impairment adjustment. As available information is not yet definitive, there are likely to be further adjustments in the future.
- SYPTE is deemed to control the operations of the Doncaster PFI interchange, which was signed in December 2003 and runs until June 2039, incorporating the future maintenance and upkeep of the building and the fixtures and fittings. The accounting policies for the PFI scheme have been applied consistently and the net book value of £13m is recognised in the financial statements.
- SYPTE have a number of legal and insurance claims that have been brought against them. SYPTE have correctly provided for these based on legal advice. The total of these provisions in 2010/11 is £198k.
- SYPTE have included a provision for surplus government grants in respect of rail operations, which have been based on estimations of fee revenue. In 2010/11 this provision totalled £715k.

NOTES TO THE ACCOUNTS**Assumptions made about the future and other major sources of estimation uncertainty**

Item	Uncertainties	Effect if actual results differ from assumptions
Plant Property and Equipment	Assets are depreciated over useful economic lives that are dependent on assumptions made by SYPTE and its valuers. The current economic climate and capital investment could impact on the useful economic live of assets and in turn the valuation of the asset when reviewed by SYPTE's valuers.	If the asset lives are reduced, depreciation increases and the carrying amount of the asset would fall. Reductions in the carrying value of assets may also be identified by SYPTE's valuers on an annual basis, increasing the volatility of the carrying value.
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 actuaries (Mercer Ltd) is engaged to provide SYPTE with expert advice about the assumptions applied.	The effects on the net pensions liability of changes in individual assumptions can be measured and understood. For example an increase in the discount rate would lead to a decrease in the pension liability. However, the assumptions interact in complex ways. During 2009/10 the actuary advised that the liability would increase by £8.1m, before reducing by £7.6m in 2010/11 reflecting changes in assumptions.

1.21 Accounting standards not yet adopted

The 2011/12 accounts will be the first to reflect the requirements of FRS30 (Heritage Assets) and IPSAS 31 (Intangible Heritage Assets) to separately recognise Heritage Assets as a separate class of assets in the Balance Sheet. The Code will require that heritage assets are measured at valuation in the 2011/12 financial statements (including the 2010/11 comparative information). SYPTE does not hold any Heritage Assets and as such there will be no impact to the financial statements of SYPTE through the code adopting this.

NOTES TO THE ACCOUNTS

2. 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 *Best Value Accounting Code of Practice*. However, decisions about resource allocation are taken by SYPTE's Management Board on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment 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 departments.

2010/11

Departmental Income and Expenditure	Customer Experience £'000	Strategy £'000	Concessions & Ticketing £'000	Support Services £'000	Total £'000
Fees, Charges & Other Income	(7,461)	(140)	-	(416)	(8,018)
Grant Income	(400)	(237)	-	(533)	(1,169)
Total Income	(7,861)	(377)	-	(949)	(9,187)
Employee Expenses	3,452	1,819	-	4,321	9,592
Other Service Expenses	23,228	669	36,651	39,107	99,655
Total Expenditure	26,680	2,488	36,651	43,428	109,247
Net Expenditure	18,819	2,111	36,651	42,479	100,060

2009/10

Departmental Income and Expenditure	Customer Experience £'000	Strategy £'000	Concessions & Ticketing £'000	Support Services £'000	Total £'000
Fees, Charges & Other Income	(7,187)	(140)	-	(430)	(7,757)
Grant Income	(419)	(366)	-	(494)	(1,279)
Total Income	(7,606)	(506)	-	(924)	(9,036)
Employee Expenses	4,112	1,812	-	3,751	9,675
Other Service Expenses	23,264	793	33,679	40,035	97,771
Total Expenditure	27,376	2,605	33,679	43,786	107,446
Net Expenditure	19,770	2,099	33,679	42,862	98,410

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

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

Departmental Income and Expenditure	2010/11 £'000	2009/10 £'000
Net expenditure in the Departmental analysis	100,060	98,410
Net expenditure of subsidiaries not included in the analysis	(2,192)	(2,206)
Amounts in the Comprehensive Income & Expenditure Statement not reported to management in the analysis	(117,944)	(105,695)
Cost of services in Group Comprehensive Income & Expenditure Statement	(20,076)	(9,491)

NOTES TO THE ACCOUNTS

Reconciliation to subjective analysis

This reconciliation shows how the figures in the analysis of Departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Group Comprehensive Income and Expenditure Statement.

2010/11

	Departmental analysis £'000	Amounts in Comprehensive Income and Expenditure Statement not reported to management in the analysis £'000	Net Expenditure of Subsidiaries not included in the analysis £'000	Total £'000
Fees, charges and other income	8,018	213	7,132	15,363
Government grants and contributions	1,169	105,763	-	106,932
Deferred capital grants released	-	10,865	-	10,865
Intercompany (SAL)	-	2,175	-	2,175
Pension adjustment	-	4,804	-	4,804
Total income	9,187	123,820	7,132	140,139
Employee expenses	9,592	-	-	9,592
Depreciation and amortisation	-	13,211	2,149	15,360
Other service expenses	99,655	-	3,643	103,298
Impairment of investments	-	-	-	-
Pension adjustment	-	-	-	-
Total expenditure	109,247	13,211	5,792	128,250
Group Surplus/(deficit) on the provision of services	(100,060)	110,609	1,340	11,889

2009/10

	Departmental analysis £'000	Amounts in Comprehensive Income and Expenditure Statement not reported to management in the analysis £'000	Net Expenditure of Subsidiaries not included in the analysis £'000	Total £'000
Fees, charges and other income	7,758	54	6,456	14,268
Government grants and contributions	1,279	106,480	-	107,759
Deferred capital grants released	-	11,044	-	11,044
Intercompany (SAL)	-	2,135	-	2,135
Pension adjustment	-	-	-	-
Total income	9,037	119,713	6,456	135,206
Employee expenses	9,676	-	-	9,676
Depreciation and amortisation	-	19,345	2,149	21,494
Other service expenses	97,771	93	3,435	101,299
Impairment of investments	-	1,957	-	1,957
Pension adjustment	-	504	-	504
Total expenditure	107,447	21,899	5,584	134,930
Group Surplus/(deficit) on the provision of services	(98,410)	97,814	872	276

NOTES TO THE ACCOUNTS

3. FINANCIAL RESULTS

The consolidated surplus for the year of £11.889m was arrived at after charging:

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
a) Employee Costs & Rechargeable Pensions				
Current Employees:				
Wages and Salaries	8,454	8,454	8,362	8,362
Social Security – Employer's contribution	677	677	664	664
Current Service Costs	1,264	1,264	717	717
Rechargeable Pensions	203	203	196	196
	10,598	10,598	9,939	9,939

Employees

The average number of persons employed (expressed as whole time equivalents) was:

Manual	1	1	1	1
Management and Administration	343	343	335	335
	344	344	336	336

In accordance with the Accounts and Audit (England) Regulations 2011, Senior Employees' Remuneration and Employers Pension Contribution for SYPTE are as follows:

Officer	Salaries, fees and allowances 2010/11 £	Expenses allowances 2010/11 £	Pension employer contribution 2010/11 £	Total 2010/11 £	Salaries, fees and allowances 2009/10 £	Expenses allowances 2009/10 £	Pension employer contribution 2009/10 £	Total 2009/10 £
Director General	127,033	649	13,847	141,529	127,033	939	13,847	141,819
Director of Strategy	93,240	198	10,137	103,575	93,240	132	10,137	103,509
Director of Customer Experience	89,000	187	9,701	98,888	87,000	286	9,483	96,769
Chief Financial and Systems Officer	70,843	674	7,763	79,280	71,457	563	7,763	79,783
Principal Solicitor and Secretary*	34,896	78	3,804	38,778	34,172	99	3,804	38,075

* This officer is not in full time employment and equates to a 0.49 FTE, with an equivalent salary of £71,216.

There have been no payments in year for compensation of loss of office or bonus payments.

SYPTE is required to provide an analysis of the number of their employees whose remuneration in the year, excluding employers' pension contributions, was over £50,000 or more:

Remuneration band:	2010/11 Number of employees	2009/10 Number of employees
£50,000 - £54,999	2	1
£55,000 - £59,999	2	2
£60,000 - £64,999	1	1
£65,000 - £69,999	1	2
£70,000 - £74,000	2	1
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	1	1
£90,000 - £94,000	1	1
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	1	1

NOTES TO THE ACCOUNTS

b) EXTERNAL AUDIT COSTS

SYPTE has incurred the following cost in relation to the audit of the statutory financial statements, certification of grant claims and statutory inspections and to non audit services provided by SYPTE's external auditors:

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Fees payable to Audit Commission with regard to external audit services carried out by the appointed auditor for the year.	87	87	92	92
Fees payable to Audit Commission for the certification of grant claims and returns for the year.	11	11	19	19
	98	98	111	111

c) PAYMENTS UNDER OPERATING LEASES SYPTE as Lessee

Rent payable	641	641	642	642
Vehicles	16	16	17	17

Future commitments under non-cancellable operating leases are noted within note 32

d) INTEREST PAYABLE	17,360	19,749	17,303	19,957
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e) LOANS TO DIRECTORS AND OFFICERS

Loans have been issued to employees when the Directors so resolve that it is essential, in the interests of the efficient conduct of the business of the SYPTE, that employees who are permitted to use their private cars in carrying out their official duties, shall be eligible for financial assistance in accordance with the Assisted Car Purchase Scheme. There are 8 loans relating to this scheme, 6 of which exceed £5,000 each. None of the loans are to Directors and there are 5 loans to officers.

	12	12	20	20
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f) INTEREST RECEIVABLE	725	2,261	692	2,013
On loans and short term deposits				

g) CAPITAL FINANCING COSTS				
Depreciation	3,415	5,563	3,957	6,105
Amortisation	9,796	9,796	7,410	7,410
Revaluation Impairments	-	-	8,242	8,242
Concessionary support payment	10,170	10,170	10,170	10,170
	23,381	25,529	29,779	31,927

4. GRANT INCOME

SYPTE credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2010/11.

	2011 SYPTE £'000	2010 SYPTE £'000
Local Transport Plan	6,043	7,657
European Regional Development Fund and Yorkshire Forward	3,162	468
Local Authorities	135	293
Other Grants (Mainly Department for Transport)	1,525	2,626
	10,865	11,044

NOTES TO THE ACCOUNTS

5. PROPERTY, PLANT AND EQUIPMENT

2010/11	SYPTE (see details in note 5a)	SUPERTRAM ASSETS LIMITED	GROUP
<u>COST/VALUATION</u>	£'000	£'000	£'000
As at 1 April 2010	114,044	51,566	165,610
Additions during the year	654	-	654
Disposals during the year	(1,951)	-	(1,951)
Other movements	(540)	-	(540)
As at 31 March 2011	112,207	51,566	163,773
<u>DEPRECIATION</u>			
As at 1 April 2010	(27,608)	(21,492)	(49,100)
Charge for the Year	(3,414)	(2,149)	(5,563)
Disposals during the Year	1,950	-	1,950
Other movements	540	-	540
As at 31 March 2011	(28,532)	(23,641)	(52,173)
<u>NET BOOK VALUE AS AT 31 MARCH 2011</u>	83,675	27,925	111,600
<u>NET BOOK VALUE AS AT 31 MARCH 2010</u>	86,435	30,073	116,508

2009/10	SYPTE (see details in note 5a)	SUPERTRAM ASSETS LIMITED	GROUP
<u>COST/VALUATION</u>	£'000	Leased £'000	£'000
As at 1 April 2009	121,750	51,566	173,316
Reclassify non current assets	-	-	-
Additions during the year	1,766	-	1,766
Disposals during the year	(9,477)	-	(9,477)
Revaluation Adjustments	5	-	5
As at 31 March 2010	114,044	51,566	165,610
<u>DEPRECIATION</u>			
As at 1 April 2009	(24,902)	(19,345)	(44,247)
Charge for the Year	(3,943)	(2,149)	(6,091)
Disposals during the Year	9,478	-	9,478
Reclassify non current assets	-	-	-
Impairment	(8,242)	-	(8,242)
As at 31 March 2010	(27,609)	(21,494)	(49,103)
<u>NET BOOK VALUE AS AT 31 MARCH 2010</u>	86,435	30,072	116,507
<u>NET BOOK VALUE AS AT 31 MARCH 2009</u>	96,848	32,221	129,069

NOTES TO THE ACCOUNTS

5a

SYLTE 2010/11	INFRASTRUCTURE ASSETS		PLANT EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL	PFI ASSETS INCLUDED IN PROPERTY, PLANT AND EQUIPMENT
	LAND AND BUILDINGS	LIGHT RAIL SYSTEM				
	£'000	£'000	£'000	£'000	£'000	£'000
<u>COST/VALUATION</u>						
As at 1 April 2010	82,337	6,088	25,619	-	114,044	14,020
Reclassify Non current assets	-	-	-	-	-	-
Additions During Year	4	-	650	-	654	-
Disposals during year	-	-	(1,951)	-	(1,951)	-
Other movements	(540)	-	-	-	(540)	-
As at 31 March 2011	81,801	6,088	24,318	-	112,207	14,020
<u>DEPRECIATION</u>						
As at 1 April 2010	(6,492)	(58)	(21,058)	-	(27,608)	(701)
Reclassify Non current assets	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Charge for the year	(2,101)	(1)	(1,312)	-	(3,414)	(350)
Disposals during year	-	-	1,950	-	1,950	-
Other movements	540	-	-	-	540	-
As at 31 March 2011	(8,053)	(59)	(20,420)	-	(28,532)	(1,051)
<u>NET BOOK VALUE AS AT 31 MARCH 2011</u>						
	73,748	6,029	3,898	-	83,675	12,969

SUPERTRAM ASSETS LTD 2010/11	INFRASTRUCTURE - TRACKBED AND SYSTEM	VEHICLES - ROLLING STOCK	TOTAL
	£'000	£'000	£'000
<u>COST/VALUATION</u>			
As at 1 April 2010	6,566	45,000	51,566
Additions during year	-	-	-
Disposals during year	-	-	-
Revaluation adjustments	-	-	-
As at 31 March 2011	6,566	45,000	51,566
<u>DEPRECIATION</u>			
As at 1 April 2010	(2,737)	(18,755)	(21,492)
Revaluation adjustments	-	-	-
Charge for the year	(274)	(1,875)	(2,149)
Disposals during year	-	-	-
As at 31 March 2011	(3,011)	(20,630)	(23,641)
<u>NET BOOK VALUE AS AT 31 MARCH 2011</u>			
	3,555	24,370	27,925

NOTES TO THE ACCOUNTS

SYPTE 2009/10	INFRASTRUCTURE ASSETS		PLANT EQUIPMENT AND VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL	PFI ASSETS INCLUDED IN PROPERTY, PLANT AND EQUIPMENT
	LAND AND BUILDINGS	LIGHT RAIL SYSTEM				
	£'000	£'000	£'000	£'000	£'000	£'000
<u>COST/VALUATION</u>						
As at 1 April 2009	80,800	6,088	26,620	8,242	121,750	14,020
Reclassify Non current assets	-	-	8,242	(8,242)	-	-
Additions during year	1,532	-	234	-	1,766	-
Disposals during year	-	-	(9,477)	-	(9,477)	-
Revaluation adjustments	5	-	-	-	5	-
As at 31 March 2010	82,337	6,088	25,619	-	114,044	14,020
<u>DEPRECIATION</u>						
As at 1 April 2009	(4,386)	(55)	(20,461)	-	(24,902)	(350)
Reclassify Non current assets	-	-	-	-	-	-
Impairments	-	-	(8,242)	-	(8,242)	-
Charge for the year	(2,106)	(3)	(1,833)	-	(3,942)	(351)
Disposals during year	-	-	9,478	-	9,478	-
As at 31 March 2010	(6,492)	(58)	(21,058)	-	(27,608)	(701)
<u>NET BOOK VALUE AS AT 31 MARCH 2010</u>						
	75,845	6,030	4,561	-	86,436	13,319

SUPERTRAM ASSETS LTD	TRACKED AND SYSTEM	ROLLING STOCK	TOTAL
2009/10	£'000	£'000	£'000
<u>COST/VALUATION</u>			
As at 1 April 2009	6,566	45,000	51,566
Reclassify Non current assets	-	-	-
Additions during year	-	-	-
Disposals during year	-	-	-
Revaluation adjustments	-	-	-
	6,566	45,000	51,566
<u>DEPRECIATION</u>			
As at 1 April 2009	(2,463)	(16,880)	(19,343)
Reclassify Non current assets	-	-	-
Revaluation adjustments	-	-	-
Charge for the year	(274)	(1,875)	(2,149)
Disposals during year	-	-	-
As at 31 March 2010	(2,737)	(18,755)	(21,492)
<u>NET BOOK VALUE AS AT 31 MARCH 2010</u>			
	3,829	26,245	30,074

5b CAPITAL COMMITMENTS

At 31 March 2011 SYPTE approved the Capital Programme of £14,887k, of this £3,290k related to assets that would be owned by SYPTE. Of the £3,290k SYPTE has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2011/12 and future years, budgeted to cost £11k. Similar commitments at 31 March 2010 were £118k. The major commitments included in the £11k are:

Shelter programme	£5k
Dore Park and Ride	£5k

5c DEPRECIATION

The depreciation rates used by SYPTE are listed in Accounting Policy 1.3.5.

5d EFFECTS OF CHANGES IN ESTIMATES

SYPTE have identified that areas of material changes in estimates that would impact on the financial statements would include:

- Revaluation of property, plant and equipment; and
- changes to useful economic life

SYPTE can confirm that no such changes in estimates have been made in the current financial period.

5e REVALUATIONS

SYPTE carries out a rolling programme that ensures all property, plant and equipment required to be measured at fair value is revalued at least every five years by Lambert, Smith Hampton who are an external valuer registered with the Royal Institution of Chartered Surveyors. On an annual basis SYPTE review its property, plant and equipment for an indication of impairment, this is also confirmed with the external valuer via any movement of indices. Valuations of vehicles, plant, furniture and equipment are based on prices adjusted for current condition.

The last formal valuation was carried out by SYPTE's former external valuers, Sanderson Weatherall, for the year ended 31 March 2008. Sanderson Weatherall are registered with the Royal Institution of Chartered Surveyors. The valuer has valued the properties based on depreciated replacement cost or market value, where necessary, utilising their experience and knowledge to provide such a valuation. The valuer has made a significant assumption in estimating the remaining useful economic lives of the properties. SYPTE have relied on the professional advice of the valuer in making such assumptions in line with Royal Institution of Chartered Surveyor guidance.

When identifying market value, the valuer has estimated the value for which the asset should exchange through an arms length transaction at the date of the valuation. Depreciated Replacement Cost is an estimate of the market value for existing use of the land plus current gross replacement cost for improvements less allowances for deterioration.

6. INVESTMENT PROPERTY

SYPTE defines investment property as "Property held to earn rentals or for capital appreciation, or both", rather than for:

- Use in the production or supply of goods or services or for administrative purposes; and
- Sale in the ordinary course of business.

All assets classified as investment properties have been done so under the Fair Value Model as defined under IAS 40 Investment Properties.

SYPTE utilised the services of Sanderson Weatherall, independent qualified Chartered Surveyors, to value its asset base, including those assets classified as Investment Property.

There are no restrictions on SYPTE's ability to realise the value inherent in its investment property, or on SYPTE's right to the remittance of income and the proceeds of disposal.

SYPTE has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

NOTES TO THE ACCOUNTS

	2010/2011		2009/2010	
	Rent Received	Direct Operating Expenses	Rent Received	Direct Operating Expenses
	£'000	£'000	£'000	£'000
Barnsley Community Transport Land & Buildings	6.1	-	17.5	-
Birley Lane Land	-	-	-	-
Chesterfield Road Land	0.3	-	0.3	-
Eldon Street Land & Buildings	12.5	-	12.5	-
Leicester Avenue Land & Buildings	75.0	-	75.0	-
Total	93.9	-	105.3	-

The following table summarises the movement in the fair value of investment properties over the year.

	2011 £'000	2010 £'000
Balance brought forward 1 April	1,138	1,153
Disposals	-	-
Other changes	-	(15)
Balance carried forward 31 March	1,138	1,138

7. NON-CURRENT ASSETS HELD FOR SALE

	2011 £'000	2010 £'000
Balance brought forward 1 April	-	250
Plus assets classified as held for sale in the year	-	-
Less assets sold in the year	-	(250)
Balance carried forward 31 March	-	-

All assets identified as held for sale are recognised as current assets.

The asset disposed of in 2009/10 was 280 Queens Road, Sheffield.

8. CAPITAL EXPENDITURE THAT DOES NOT RESULT IN THE CREATION OF A FIXED ASSET

	CAPITAL GRANTS		RAIL		PRECONSTRUCTION		INFRASTRUCTURE		TOTAL	TOTAL
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March	-	-	-	-	-	-	-	-	-	-
Expenditure in Year	80	80	-	-	3,983	5,253	5,734	2,078	9,796	7,411
Amortised in Year	(80)	(80)	-	-	(3,983)	(5,253)	(5,734)	(2,078)	(9,796)	(7,411)
Balance Carried Forward	-	-	-	-	-	-	-	-	-	-

As at 31 March 2011 SYPTE has committed future capital expenditure of £2,046k relating to assets not owned by SYPTE.

9. INTANGIBLE ASSETS

	SYPTE Software £'000		SAL Agency Agreement £'000		GROUP Intangible Assets £'000	
	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April	550	-	12,487	12,487	13,037	12,487
Additions: Purchases	-	550	-	-	-	550
Amortisation for the year	-	-	-	-	-	-
Balance carried forward as at 31 March	550	550	12,487	12,487	13,037	13,037

SYPTE ASSETS

Intangible assets contain £550k for software associated with the development of the Yorcard project which is currently under construction and therefore there has been no amortisation in year. Once complete, the software will have a finite life of three years and will be amortised over this period.

NOTES TO THE ACCOUNTS

SAL ASSETS

The £12.4m relates to consideration for an agency agreement between SAL and SYPTE. Amortisation is calculated to write off the cost in equal annual instalments over the period which the entity expects to derive economic benefit from the asset. This period is expected to commence in 2012 and therefore no amortisation has been charged.

10. SINKING FUND

This fund is a bank account which is specifically charged to the lessor of a finance lease involving certain light rail assets. The Fund cannot be accessed by SYPTE or its subsidiaries.

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Balance as at 31 March	-	34,265	-	30,564	-	27,111

11. INVENTORIES

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Travel tickets				
Balance outstanding at 1 April	445	445	693	693
Purchases	801	801	1,099	1,099
Recognised as an expense in the year	(1,041)	(1,041)	(1,292)	(1,292)
Written off balances	43	43	(55)	(55)
Balance at 31 March	248	248	445	445

12a SHORT TERM DEBTORS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Amounts falling due within one year						
Trade Debtors	1,779	1,765	2,641	3,240	2,841	2,841
HM Revenue & Customs (VAT)	1,809	1,817	1,483	1,658	1,613	1,607
Amounts due in relation to Doncaster PFI	-	-	-	-	1,113	1,113
Amount owed by Group undertakings	-	-	-	-	683	-
Prepayments and accrued income	7,719	9,836	7,608	9,747	7,436	9,576
Balance at 31 March	11,307	13,418	11,732	14,645	13,686	15,137
Amount owed by Group undertakings						
Transport Authority	121,585	121,585	117,511	117,511	104,201	104,201
Other group undertakings	224	224	-	-	-	-
Balance at 31 March	121,809	121,809	117,511	117,511	104,201	104,201
Total Short term debtors as at 31 March	133,116	135,227	129,243	132,156	117,887	119,338
Debtor analysis						
Central Government bodies	1,815	1,823	1,898	2,072	2,044	2,038
Other Local Authorities	122,180	122,180	118,734	118,734	106,665	106,665
Other	9,121	11,224	8,611	11,350	9,178	10,635
Total	133,116	135,227	129,243	132,156	117,887	119,338

12b LONG TERM DEBTORS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Amounts falling due after more than one year						
Trade debtors	-	-	141	141	421	421
Other debtors and prepayments	11	11	20	20	1,427	1,427
Balance at 31 March	11	11	161	161	1,848	1,848
Amount owed by Group undertakings						
South Yorkshire Transportation Systems Limited	25	-	25	-	25	-
Supertram Assets Limited	37,512	-	35,270	-	33,118	-
Balance at 31 March	37,537	-	35,295	-	33,143	-
Total Long Term Debtors at 31 March	37,548	11	35,456	161	34,991	1,848

NOTES TO THE ACCOUNTS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Debtor analysis						
Other	37,548	11	35,456	161	34,991	1,848
Total	37,548	11	35,456	161	34,991	1,848

12c LONG TERM INVESTMENTS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Bank deposits due after one year	3,522	3,522	3,522	3,522	1,725	1,725
Balance at 31 March	3,522	3,522	3,522	3,522	1,725	1,725

13a. SHORT TERM CREDITORS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Amounts falling due within one year						
Trade creditors	(6,429)	(6,525)	(4,681)	(6,184)	(4,965)	(4,965)
Amounts owed to Group Undertakings	(124)	-	(669)	-	(245)	-
Other creditors	(193)	(198)	(188)	(188)	(187)	(187)
VAT and Social Security	(215)	(220)	(213)	(213)	(206)	(209)
Holiday pay accrual	(129)	(129)	(122)	(122)	(96)	(96)
Accruals and Deferred Income	(4,137)	(6,395)	(4,395)	(6,645)	(7,596)	(10,948)
Interest payable on loans	(4,432)	(4,432)	(4,410)	(4,410)	(4,411)	(4,411)
Balance at 31 March	(15,659)	(17,899)	(14,678)	(17,762)	(17,706)	(20,816)
Creditor analysis						
Central Government bodies	(496)	(501)	(240)	(240)	(712)	(712)
Other Local Authorities	(2,032)	(2,032)	(1,823)	(1,823)	(333)	(333)
Other	(13,131)	(15,366)	(12,615)	(15,699)	(16,661)	(19,771)
Total	(15,659)	(17,899)	(14,678)	(17,762)	(17,706)	(20,816)

13b. SHORT TERM BORROWINGS

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Amounts falling due within one year						
Obligations : Finance Leases	(116)	(1,788)	(107)	(1,859)	(98)	(1,736)
Balance at 31 March	(116)	(1,788)	(107)	(1,859)	(98)	(1,736)

14. REVENUE RESERVES

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Operational Revenue Reserve				
Balance 1 April – Operational Revenue Reserve	13,704	13,138	13,051	11,612
Transfer from Deferred Charges Revenue Reserve	(28,446)	(28,446)		
(Deficit)/Surplus for the Year	10,550	11,889	(596)	276
Release from revaluation reserve	43	43	92	92
Reversal of Comprehensive Income and Expenditure Statement entries	(2,323)	(2,323)	3,040	3,040
Employer's Pension Contribution	(2,481)	(2,481)	(2,536)	(2,536)
Transfer from capital receipts reserve	111	111	313	313
Capital financing adjustments	(1,917)	(1,917)	3,406	3,406
Transfer (to)/from Deferred Charges Revenue Reserve	-	-	(1,830)	(1,830)
Transfer holiday pay accrual to Accumulated Compensated Absences Adjustment Account	7	7	25	25
Transfer to Capital Grants Unapplied Reserve	(305)	(305)	(1,261)	(1,261)
Balance 31 March	(11,057)	(10,284)	13,704	13,137

NOTES TO THE ACCOUNTS

15. CAPITAL RECEIPTS RESERVE

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	2,187	2,187	2,500	2,500
Transfer to Revenue Reserves	(111)	(111)	(313)	(313)
Balance 31 March	2,076	2,076	2,187	2,187

16. DEFERRED CHARGES REVENUE RESERVE

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	(28,446)	(28,446)	(30,276)	(30,276)
Transfer (to)/from operational revenue reserve	28,446	28,446	1,830	1,830
Balance 31 March	-	-	(28,446)	(28,446)

17. CAPITAL GRANTS UNAPPLIED RESERVE

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	5,424	5,424	4,163	4,163
Transfer (to)/from operational revenue reserve	305	305	1,261	1,261
Balance 31 March	5,729	5,729	5,424	5,424

18. CAPITAL FINANCING RESERVES

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Capital financing revenue reserve				
Balance 1 April	(29,516)	(29,516)	(33,855)	(33,855)
Transfer (to)/from operational revenue reserve	3,111	3,111	4,339	4,339
Balance 31 March	(26,405)	(26,405)	(29,516)	(29,516)

Deferred Capital Grants

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	37,777	37,777	45,522	45,522
Grants received and receivable during the year	10,497	10,497	9,785	9,785
Release to Income & Expenditure Account	(11,690)	(11,690)	(17,530)	(17,530)
Balance 31 March	36,584	36,584	37,777	37,777

19. REVALUATION RESERVE

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	15,767	15,767	15,854	15,854
Revaluation during the year (adjustment to existing revaluation)	3	3	5	5
Transferred to Income & Expenditure	(46)	(46)	(92)	(92)
Balance 31 March	15,724	15,724	15,767	15,767

20. ACCUMULATING COMPENSATED ABSENCES ADJUSTMENT ACCOUNT

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	(122)	(122)	(96)	(96)
Settlement of accrual made at end of the preceding year	122	122	96	96
Amounts accrued at the end of the current year	(129)	(129)	(122)	(122)
Balance 31 March	(129)	(129)	(122)	(122)

NOTES TO THE ACCOUNTS

21. LONG TERM BORROWING

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	213,371	213,371	213,312	213,312
Loans raised	-	-	-	-
Loans repaid	-	-	-	-
LOBOS interest rate adjustment	3	3	59	59
Balance 31 March	213,374	213,374	213,371	213,371

Which is repayable as follows:

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Less than one year	-	-	-	-
Between one and five years	29,500	29,500	11,000	11,000
Between five and ten years	74,500	74,500	40,000	40,000
More than ten years	109,374	109,374	162,371	162,371
Total	213,374	213,374	213,371	213,371

At 31 March 2011 SYPTE has £192.4m fixed interest loans from the Public Works Loans Board. The average loan rate is 7.964% pa and the loans are repayable on maturity from 2015 onwards. SYPTE has a further £20m of loans from Depfa Bank plc. The average loan rate in 2009/10 was 4.1% pa and the loans are repayable from 2043 onwards.

22. OTHER LONG TERM LIABILITIES

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000	2009 SYPTE £'000	2009 GROUP £'000
Balance 1 April	12,619	52,119	12,717	53,855	12,807	55,509
Repayments during year	(107)	(1,779)	(98)	(1,736)	(90)	(1,654)
Balance 31 March	12,512	50,340	12,619	52,119	12,717	53,855
Amounts falling due within one year included in creditors	(116)	(1,788)	(107)	(1,859)	(98)	(1,736)
Other long term liabilities 31 March	12,396	48,552	12,512	50,260	12,619	52,119
Which is repayable as follows						
Within 2-5 years	574	7,728	528	8,855	486	8,268
After 5 year	11,822	40,824	11,984	41,405	12,133	43,851

23. NOTES TO THE STATEMENT OF CASHFLOWS

	2011		2010	
	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000
Surplus on provision of services	10,550	11,889	(597)	276
Adjustments for:				
Interest paid	17,360	19,749	17,303	19,957
Interest received	(725)	(2,261)	(692)	(2,013)
Pensions adjustment	(3,587)	(3,587)	2,323	2,323
Impairment of short term deposit	-	-	1,957	1,957
Depreciation	3,415	5,563	3,957	6,106
Amortisation	9,796	9,796	7,410	7,410
(Profit)/loss on revaluation of Property Plant and Equipment	-	-	8,242	8,242
Losses on disposal of Non Current Assets	-	-	(7)	(7)
Deferred capital grants released	(10,497)	(10,496)	(9,785)	(9,785)
Transfer to pension reserve	(4,804)	(4,804)	504	504
Changes in working capital:				
Inventories	197	197	248	248
Trade and other debtors	(3,705)	(660)	(8,751)	(8,060)
Trade and other creditors	1,185	344	(3,069)	(3,097)
Cash generated from operations	19,185	25,730	19,043	24,061

NOTES TO THE ACCOUNTS

24. LONG TERM COMMITMENTS

SYPTE is committed to making annual concessionary support payments to HSBC and Lloyds Leasing of £10.1m per annum until March 2012, and £1.5m p.a. to HSBC from April 2012 up to March 2024. The payments over the period to 2012 include the cost of annual lease rentals of £4.3m p.a. The balance of the payments represents income to HSBC as owner of SYLR Ltd., which HSBC acquired from SYPTE in March 2000.

25. PROVISIONS

	SYPTE AND GROUP 2011			SYPTE AND GROUP 2010
	Legal Claims	Other	Total	Total
Balance 1 April	198	715	913	856
Provided in the year	60	-	60	60
Provisions not required written back	(59)	-	(59)	-
Provisions utilised in the year	(1)	-	(1)	(3)
Balance 31 March	198	715	913	913

	SYPTE AND GROUP 2011			SYPTE AND GROUP 2010
	Legal Claims	Other	Total	Total
Expected timing of cash flow				
Within one year	198	-	198	198
Between one and five years	-	-	-	-
After five years	-	715	715	715
	198	715	913	913

Legal Claims

This represents a provision for certain legal and insurance claims brought against SYPTE

Other

Surplus government grants in respect of rail operations which have been made based on estimations of fares revenue.

26. PROVISION FOR PENSIONS LIABILITY

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	35,782	35,782	27,592	27,592
Actuarial loss/(gain) recognised in Defined Benefit Pension Scheme	(2,875)	(2,875)	7,686	7,686
IAS19 Adjustment transferred to/from Income and Expenditure	(4,804)	(4,804)	504	504
Balance 31 March	28,103	28,103	35,782	35,782

26a PENSION RESERVE

	2011 SYPTE £'000	2011 GROUP £'000	2010 SYPTE £'000	2010 GROUP £'000
Balance 1 April	(35,782)	(35,782)	(27,592)	(27,592)
Actuarial (loss)/gain recognised in Defined Benefit Pension Scheme	2,875	2,875	(7,686)	(7,686)
IAS19 Adjustment transferred to/(from) Income and Expenditure	4,804	4,804	(504)	(504)
Balance 31 March	(28,103)	(28,103)	(35,782)	(35,782)

NOTES TO THE ACCOUNTS

26b. PENSION COSTS

SYPTE operates a funded pension scheme under the Local Government Pension Regulations 1995 that is administered by the South Yorkshire Pensions Authority. The scheme is of a defined benefit type whereby benefits are based on employee pensionable remuneration and length of service.

SYPTE continues to be responsible for payments to the Fund in respect of services to 25 October 1986 for all staff employed by the SYPTE to that date, including all employees transferred to First South Yorkshire Limited (formerly Mainline Group Limited), under the provisions of the Transport Act 1985.

For service from 26 October 1986 SYPTE contributes to the Fund in respect only of its own employees who are also members of the Scheme.

Contributions made to the Fund in respect of current and past service are charged to the Comprehensive Income and Expenditure Statement. Contributions in respect of those employees who left the service of SYPTE by 26 October 1986 are shown as part of "Rechargeable Pensions" in note 1 to Comprehensive Income and Expenditure Statement

The amounts recognised in the Balance Sheet are as follows:

	At 31 March 2011 £m	At 31 March 2010 £m	At 1 April 2009 £m
Present Value of Funded Obligations	(73.9)	(79.0)	(61.1)
Fair Value of Scheme Assets	56.4	56.5	44.8
	(17.5)	(22.5)	(16.3)
Present Value of Unfunded Obligations	(10.6)	(13.2)	(11.3)
Net liability	(28.1)	(35.7)	(27.6)

The movement in the net pension liability for the year to 31 March 2011 is as follows:

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000
Net Pensions Liability at 1 April	(35,782)	(27,592)	(29,553)	(23,512)	(28,023)
Current Service Costs	(1,264)	(717)	(1,115)	(1,095)	(1,219)
Employers' Contributions payable to the Scheme	2,481	2,536	2,507	2,999	2,601
Past Service Cost/Curtailment Cost	5,151	-	-	(313)	(72)
Net Interest/Return on Assets	(1,564)	(2,323)	(1,515)	(530)	(681)
Actuarial Gain/Loss	2,875	(7,686)	2,084	(7,102)	3,882
Net Pensions Liability at 31 March	(28,103)	(35,782)	(27,592)	(29,553)	(23,512)

SYPTE expects to contribute £2.94m to its Defined Pension Plan in the year to 31 March 2012. Balance Sheet items:

	31 March 2011 £m	31 March 2010 £m	31 March 2009 £m	31 March 2008 £m	31 March 2007 £m
Fair Value of Scheme Assets	56.4	56.5	44.8	56.7	58.6
Present Value of Defined Benefit Obligation	(84.5)	(92.2)	(72.4)	(86.3)	(82.0)
Surplus/Deficit	(28.1)	(35.7)	(27.6)	(29.6)	(23.4)
Experience adjustments on Scheme Assets	(1.4)	11.2	(13.2)	(4.2)	3.9

Reconciliation of fair value of plan assets

	31 March 2011 £m	31 March 2010 £m
Opening Fair Value of Plan Assets	56.5	44.8
Expected Return on Plan Assets	3.5	2.7
Actuarial Gains/(Losses) on Plan Assets	(1.4)	11.2
Employer Contributions	2.5	2.5
Member Contributions	0.5	0.5
Benefits/Transfers Paid	(5.2)	(5.2)
Closing Value of Assets	56.4	56.5

NOTES TO THE ACCOUNTS

Amounts recognised in the Comprehensive Income and Expenditure Statement:

	31 March 2011	31 March 2010
	£m	£m
Current Service Costs	1.3	0.7
Interest on Pension Liabilities	5.1	5.0
Expected Return on Assets	(3.5)	(2.7)
Past Service Costs	(5.2)	-
Total Pension Costs Recognised	(2.3)	3.0
Actual Return on Plan Assets	(5.0)	(13.9)

Statement of recognised gains and losses:

	31 March 2011	31 March 2010
	£m	£m
Actuarial (Gains)/Losses	(2.9)	7.7
Effect of Paragraph 41 Limit	-	-
Total Pension Costs	(2.9)	7.7

Expected rate of return on assets:

The expected rate of return on plan assets is based on the market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of assets in that particular class. The rates quoted are gross of expenses.

	Investment Returns at 31 March 2011
	%
Equities	7.5
Government Bonds	4.1
Other Bonds	5.1
Property	6.5
Cash / Current Assets	0.5
Other	-

A full actuarial valuation was carried out as at 31 March 2010 and updated valuations have been provided at 31 March 2009, 31 March 2010 and 31 March 2011 by a qualified independent actuary, Mercer Ltd. Liabilities have been valued using the projected unit actuarial cost method, which assesses the future liabilities of the Fund discounted to their present value. The major assumptions used by the actuary were:

	At 31 March 2011	At 31 March 2010	At 31 March 2009
Rate of RPI inflation	3.4%	3.3%	3.3%
Rate of CPI inflation	2.9%	2.8%	
Rate of increase in salaries	4.65%	4.8%	4.8%
Rate of increase in pensions	2.9%	3.3%	3.3%
Discount rate	5.5%	5.6%	7.1%

The mortality assumptions used were as follows:

	2011 years	2010 years	2009 years
Longevity at age 65 for current pensioners:			
- Men	21.4	20.4	20.3
- women	24.1	23.2	23.2
Longevity at age 65 for future pensioners			
- men	22.8	21.3	21.3
- women	25.7	24.1	24.1

The actuaries have taken account of the changes in the Local Government Pension Scheme regulations in assuming that 50% of scheme members will take up the option for increased lump sum payments.

NOTES TO THE ACCOUNTS

Assets in the Pension Fund are valued at fair value, and consist of the following;

Split between investment categories:	At 31 March 2011		At 31 March 2010		At 31 March 2009	
	%	£m	%	£m	%	£m
Equities	67.4	38.0	64.6	36.5	59.8	26.8
Government Bonds	14.6	8.2	15.4	8.7	17.1	7.7
Other Bonds	7.2	4.1	7.9	4.5	7.5	3.4
Property	9.8	5.5	9.1	5.1	10.7	4.8
Other	1.0	0.6	3.0	1.7	4.9	2.1
Total	100.0	56.4	100.0	56.5	100.0	44.8

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	31 March 2011 %	31 March 2010 %	31 March 2009 %	31 March 2008 %
Differences between the expected and actual return on assets	2.4	19.8	29.6	7.8
Experience gains and losses on liabilities	4.8	0.0	0.0	0.5

Retirement Benefits

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

This has the effect of reducing SYPTE's liabilities in the South Yorkshire Pension Fund by £5,151k and has been recognised as a past service gain in accordance with guidance. This has been charged to Cost of Services within the Comprehensive Statement of Income and Expenditure.

A copy of the Superannuation Fund Account is available from the South Yorkshire Pensions Authority, 18 Regent Street, Barnsley, S70 2HG.

27 DONCASTER INTERCHANGE PFI

SYPTE has one operational PFI scheme. Under agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge, and receives PFI credits via SYITA to partially offset these costs. SYPTE is required to provide details about the outstanding payments in relation to this scheme. Due to changes in SYPTE's accounting policy, the assets and liabilities associated with this scheme are now reflected on SYPTE's Balance Sheet.

SYPTE's PFI contract, Doncaster Interchange was signed on 3 December 2003 with Teesland Property Company (Northern) Limited and involved the construction of a new bus station. It became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the interchange as at 31 March 2011 is £13.0m (£13.3m at 31 March 2010 and £13.7m at 31 March 2009).

In 2010/11 unitary charge payments of £2.80m (£2.71m in 2009/10) were paid. Unitary charge payments over the whole life of the contract will total £93.6m of which SYPTE will contribute £22.5m and the remainder will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

	Repayment of Liability £'000	Interest Charge £'000	Contingent Rental £'000	Service Charge £'000	Lifecycle Costs £'000	Total £'000
Within 1 year	116	1,093	401	1,121	101	2,832
Within 2 -5 years	574	4,260	742	4,770	428	10,774
Within 6 - 10 years	1,049	4,994	100	6,665	598	13,406
Within 11 - 15 years	1,594	4,448		7,541	676	14,259
Within 16 - 20 years	2,423	3,620		8,532	765	15,340
Within 21 - 25 years	3,682	2,360		9,653	866	16,561
Within 26 - 30 years	3,074	552		6,391	573	10,590
Total	12,512	21,327	1,243	44,673	4,007	83,762

NOTES TO THE ACCOUNTS

	Doncaster Interchange PFI Asset £'000		Doncaster Interchange PFI Asset £'000
Net book value:		Net book value	
As at 1 April 2010	13,319	As at 1 April 2009	13,669
Revaluations	-	Revaluations	-
Depreciation	(350)	Depreciation	(350)
As at 31 March 2011	12,969	As at 31 March 2010	13,319

	Doncaster Interchange PFI Liability £'000		Doncaster Interchange PFI Liability £'000
As at 1 April 2010	12,619	As at 1 April 2009	12,717
Lease repayments	(1,590)	Lease repayments	(1,541)
Interest charge	1,102	Interest charge	1,110
Contingent rentals	381	Contingent rentals	333
As at 31 March 2011	12,512	As at 31 March 2010	12,619

28 IMPAIRMENT OF LONG TERM INVESTMENTS

Early in October 2008, the Icelandic banks Landsbanki and Glitnir collapsed. All monies within these institutions are currently subject to the respective administration process.

SYLTE had £6m deposited across these banks, with varying interest rates and maturity dates. Based on the latest information available it is considered appropriate to recognise an impairment adjustment for the deposits and the action taken is outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made in future years.

Glitnir Bank hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law.

Recovery is subject to the following uncertainties and risks:

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal
- The impact of exchange rate fluctuations on the value of the assets recovered by the resolution committee and on the settlement of the authority's claim, which may be denominated wholly or partly in currencies other than sterling
- Settlement of the terms of a "bond" which will allow creditors of the old Glitnir to enjoy similar rights in New Glitnir.

No information has been provided by the resolution committee about the timing of any payments to depositors. Since the value of the deposits is small compared to the total asset value of the bank, in calculating the impairment the authority has therefore followed the CIPFA Guidance that the repayment of "priority status" deposits will be made by December 2011.

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs being administered under Icelandic law. The current position on estimated future payouts is that recovery of around 95% could be achieved as an assumed "Priority status" which will be made in several repayments by December 2018.

NOTES TO THE ACCOUNTS

Recovery is subject to the following uncertainties and risks;

- Whilst the Icelandic courts have initially confirmed that deposits enjoy preferential creditor status, this is currently subject to appeal
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of SYPTTE's claim, which may be denominated wholly or partly in currencies other than sterling.
- The settlement of the terms of a "bond" which would allow creditors of old Landsbanki to enjoy the rights in New Landsbanki.

As with Glitnir above, no information has been provided by the resolution committee about the timing of any payments to depositors, so the SYPTTE has agreed to follow the CIPFA Guidance for Landsbanki also.

Bank	Date Invested	Maturity Date	Amount Invested £'000	Interest Rate	Carrying Amount £'000	Impairment loss £'000	Impaired Value £'000
Landsbanki	07/01/08	05/01/09	3,000	5.57%	3,216	1,323	1,893
Glitnir	18/02/08	16/02/09	3,000	5.52%	3,195	1,566	1,629
Total			6,000		6,411	2,889	3,522

SYPTTE has provided for the potential loss resulting from the collapse of the Icelandic Banks.

29 CONTROL

SYPTTE's ultimate parent undertaking is South Yorkshire Integrated Transport Authority.

Group financial statements are prepared and copies can be obtained from:

South Yorkshire Integrated Transport Authority
18 Regent Street
BARNSELY
S70 2HG

30 RELATED PARTY DISCLOSURES

A body or individual is a related party of SYPTTE if the body or individual has the potential to control or significantly influence SYPTTE's operating or financial decisions or SYPTTE is able to control or exert a significant influence over the operating or financial decisions of the other body. Disclosure of related party transactions is required when material to either party to the extent that they are not disclosed elsewhere in the accounts.

The power to control or significantly influence may come about due to member or officer representation on other organisations, central government influence, relationships with other public bodies or assisted organisations to whom financial assistance is provided on terms which enable SYPTTE to direct how the other party's financial and operating policies should be administered and applied. The fact that a voluntary organisation might be economically dependent on SYPTTE does not in itself create a related party relationship.

IAS 24 "Related Party Transactions" requires material transactions with related parties to be disclosed in the financial statements. For SYPTTE these parties are mainly the Integrated Transport Authority, Subsidiary Companies, Directors and Officers and the pension fund.

NOTES TO THE ACCOUNTS

SUBSIDIARIES - INVESTMENTS

	2011 SYPT £'000	2011 GROUP £'000	2010 SYPT £'000	2010 GROUP £'000	2009 SYPT £'000	2009 GROUP £'000
Booth & Fisher (Motor Services) Limited 123,750 Ordinary Shares of £1 each	124	-	124	-	124	-
South Yorkshire Transportation Systems Limited 9,000 Ordinary Shares of £1 each	9	-	9	-	9	-
Supertram Assets Limited This subsidiary company was incorporated on 28 June 1999 with an authorised capital of 1,000 ordinary shares of £1 each. SYPT holds 100 shares issued, called up and fully paid.	-	-	-	-	-	-
Yorcard Limited The company was incorporated on 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire PTE and SYPT.	-	-	-	-	-	-
South Yorkshire Metro Limited This subsidiary company was incorporated on 25 August 1994 with an Authorised Capital of 100 Ordinary Shares of £1 each. SYPT holds 2 shares issued, called up and fully paid.	-	-	-	-	-	-
Yorkshire Metro Limited This subsidiary company was incorporated on 25 August 1994 with an Authorised Capital of 100 Ordinary Shares of £1 each. SYPT holds 2 shares issued, called up and fully paid.	-	-	-	-	-	-
Booth & Fisher (Sales & Services) Ltd 100 Ordinary Shares of £1 each	-	-	-	-	-	-
	133	-	133	-	133	-

All of the companies are dormant except for Supertram Assets Limited and Yorcard Limited. Supertram Assets Limited's principal activity is that of leasing. The principal activity of Yorcard Limited is the development of a Smartcard system. SYPT has committed to underwrite the activities of Yorcard Limited and to continue to support the activities of Supertram Assets Limited

SYPT directors are also directors of the companies, but do not receive any remuneration from the subsidiaries.

South Yorkshire Integrated Transport Authority (SYITA)

Disclosure is made for revenue grant payments to the SYPT in the Comprehensive Income and Expenditure Statements. The balance owing by the Integrated Transport Authority to SYPT at 31 March 2011 can be summarised as:

	£'000
Amount held by SYITA to repay SYPT loans	106,500
Grant monies owing to SYPT	15,085
Grant monies owed to SYITA	-
Total owed to SYPT by SYITA	121,585

SUBSIDIARIES – FINANCIAL PERFORMANCE

Supertram Assets Limited

The principle activity of Supertram Assets Limited ('SAL') is that of leasing in relation to the assets which form the Supertram network.

Included within the financial statements of SYPT are the following balances:

Income: £6,595k (2009/10 £4,362k)
 Expenditure: £4,550k (2009/10 £4,810k)
 Debtors: £2,141k (2009/10 £2,140k)
 Creditors: £3,846k (2009/10 £4,084k)

NOTES TO THE ACCOUNTS

The financial performance of SAL as identified in the signed accounts was:

	31 March 2011 £000	31 March 2010 £000
Turnover	4,362	4,362
Profit for the year	1,339	874
Net (Liabilities)/Assets	794	(545)

Yorcard Limited

Yorcard Limited's principal activity relates to providing transaction processing services for the Yorcard smartcard ticketing pilot in South Yorkshire. Yorcard Limited was also involved in the purchase and sale of assets associated with this pilot scheme and in developing a regional transaction processing facility.

Included within the financial statements of SYPTE are the following balances:

Income: £528k (2009/10 £111k)
 Expenditure: £537k (2009/10 £111k)
 Debtors: £204k (2009/10 £650k)
 Creditors: £190k (2009/10 £1,037k)

The financial performance of Yorcard as identified in the signed accounts was:

	31 March 2011 £000	31 March 2010 £000
Turnover	666	1,480
Profit for the year	-	-
Net (Liabilities)/Assets	16	16

DIRECTORS AND OFFICERS

Directors and Officers are required to make disclosures of their financial and non-financial interests with related parties to the Management and Executive Boards.

Directors and Officers do not have any related party transactions to disclose.

31 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	31 March 2011 £'000	Long Term 31 March 2010 £'000	1 April 2009 £'000	31 March 2011 £'000	Current 31 March 2010 £'000	1 April 2009 £'000
Investments						
Loans and receivables						
SYPTE	3,522	3,522	1,725	-	-	3,734
GROUP	3,522	3,522	1,725	-	-	3,734
Debtors						
Loans and receivables						
SYPTE	11	161	1,848	4,414	4,317	4,248
GROUP	11	161	1,848	4,400	4,916	4,248
Borrowings						
Financial liabilities at amortised cost						
SYPTE	213,374	213,371	213,312	-	-	-
GROUP	213,374	213,371	213,312	-	-	-
Other Liabilities						
PFI and finance lease liabilities						
SYPTE	12,396	12,512	12,619	116	107	98
GROUP	48,552	50,260	52,119	1,788	1,859	1,736
Creditors						
Financial liabilities at amortised cost						
SYPTE	715	715	715	15,641	14,663	17,641
GROUP	715	715	715	17,877	17,747	20,748

NOTES TO THE ACCOUNTS

	Financial Liabilities SYPTE Liabilities measured at amortised cost	Liabilities GROUP Liabilities measured at amortised cost	Financial Assets SYPTE Loans and debtors	Assets GROUP Loans and debtors	Total SYPTE	GROUP
2010/11						
Income, Expense, Gains and Losses						
Interest expense - debt	16,258	18,647	-	-	16,258	18,647
Interest expense - PFI	1,102	1,102	-	-	1,102	1,102
Losses on derecognition	-	-	-	-	-	-
Reductions in fair value	-	-	188	188	188	188
Impairment losses	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	17,360	19,749	188	188	17,548	19,937
Interest income	-	-	724	2,261	724	2,261
Interest income accrued on impaired financial assets	-	-	-	-	-	-
Increases in fair value	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-
Fee income	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	-	724	2,261	724	2,261
Gains on revaluation	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Net gain/(loss) for the year	(17,360)	(19,749)	536	2,073	(16,824)	(17,676)

	Financial Liabilities SYPTE Liabilities measured at amortised cost	Liabilities GROUP Liabilities measured at amortised cost	Financial Assets SYPTE Loans and debtors	Assets GROUP Loans and debtors	Total SYPTE	GROUP
2009/10						
Income, Expense, Gains and Losses						
Interest expense – debt	16,193	18,847	-	-	16,193	18,847
Interest expense - PFI	1,110	1,110	-	-	1,110	1,110
Losses on derecognition	-	-	-	-	-	-
Reductions in fair value	-	-	72	72	72	72
Impairment losses	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	17,303	19,957	72	72	17,375	20,029
Interest income	-	-	692	2,013	692	2,013
Interest income accrued on impaired financial assets	-	-	-	-	-	-
Increases in fair value	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-
Fee income	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	-	692	2,013	692	2,013
Gains on revaluation	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-
Net gain/(loss) for the year	(17,303)	(19,957)	620	1,941	(16,683)	(18,016)

NOTES TO THE ACCOUNTS

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and debtors and long-term debtors and creditors 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.

- estimated ranges of interest rates at 31 March 2011 at 4.2% to 4.6% for loans from the PWLB and Depfa Bank Ltd. For the loan receivable from SAL a rate of 6% was used up until 31 March 2009, and after this date a rate of 4% has been used.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- the fair value of trade and other debtors is taken to be the invoiced or billed amount.

SYLTE 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.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values calculated are as follows:

Loans	2010/11		2009/10		2008/09	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
PWLB	192,375	256,439	192,375	254,423	192,375	273,067
Depfa	20,999	23,952	20,996	24,799	20,937	22,303

The fair value of the liabilities is higher than the carrying amount because the PTE's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the balance sheet date. The fair value of loans held with PWLB is calculated by reference to the 'premature repayment' set of interest rates in force on the balance sheet date. The fair value of loans held with DEPFA was provided by Sector Treasury Services and is calculated by reference to the prevailing new borrowing rates.

Nature and Extent of Risks Arising from Financial Instruments.

SYLTE's policies with regard 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.

Management of Risks Arising from Financial Instruments

There are a number of risks associated with financial instruments which SYLTE is necessarily exposed to. However, SYLTE 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 SYLTE on short term deposits and trade debtors may not be received. Almost all of SYLTE'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 approved SYITA Treasury Management Policy, as approved by SYLTE. The effect of this policy is to restrict, as far as is practicable, SYLTE's exposure to risk from the failure of a financial institution. Almost all SYLTE's material trade debtors are with recognised, creditworthy third parties which restricts, as far as is practicable, SYLTE's exposure to risk of loss. There is no further credit risk provision required in excess of the normal provision for doubtful debtors.

The following analysis summarises SYLTE's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

NOTES TO THE ACCOUNTS

	Amount at 31 March 2011 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2011 £'000	Estimated maximum exposure to default and uncollectability at 31 March 2011 £'000	Estimated maximum exposure at 31 March 2011 £'000
	A	B	C	A X C	
Deposits with banks and other financial institutions	4,954	0%	0%	-	-
Deposits with Icelandic banks	6,410	0%	45%	2,889	2,889
Investments in subsidiaries	37,538	0%	0%	-	-
Customers	1,779	0%	10%	174	174

	Amount at 31 March 2010 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2010 £'000	Estimated maximum exposure to default and uncollectability at 31 March 2010 £'000	Estimated maximum exposure at 31 March 2010 £'000
	A	B	C	A X C	
Deposits with banks and other financial institutions	2,883	0%	0%	-	-
Deposits with Icelandic banks	6,410	0%	45%	2,889	2,889
Investments in subsidiaries	35,295	0%	0%	-	-
Customers	2,641	0%	14%	368	368

	Amount at 1 April 2009 £'000	Historical experience of default %	Historical experience adjusted for market conditions at 1 April 2009 £'000	Estimated maximum exposure to default and uncollectability at 1 April 2009 £'000	Estimated maximum exposure at 1 April 2009 £'000
	A	B	C	A X C	
Deposits with banks and other financial institutions	4,212	0%	0%	-	-
Deposits with Icelandic banks	6,390	0%	15%	932	932
Investments in subsidiaries	33,143	0%	0%	-	-
Customers	2,841	0%	12%	349	349

No credit limits were exceeded during the reporting period and SYPTE does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. SYPTE does not generally allow credit for customers, such that £290k of the £1,724k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009 £'000
Less than three months	128	117	567
Three to six months	52	47	35
Six months to one year	17	10	247
More than one year	93	327	78
	290	501	927

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

The maturity analysis of financial liabilities is as follows:-

	31 March 2011 £'000	31 March 2010 £'000	1 April 2009 £'000
Less than one year	315	305	239
Between one and two years	-	-	-
Between two and five years	574	528	486
More than five years	254,014	261,852	253,752
	254,903	262,685	254,477

Trade and other creditors are due to be paid in less than one year

NOTES TO THE ACCOUNTS

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

All borrowings are held at fixed interest rates.

The PWLB loans are at fixed interest rates ranging between 4.45% and 11.75%

The DEPFA loans are at fixed interest rates ranging between 2.72% and 4.95%.

These rates are fixed for the full term of the loan and, as such, do not represent an interest rate risk.

SYPTE is not exposed to any currency risk.

32 FINANCIAL COMMITMENTS

At 31 March 2011 SYPTE had annual commitments under non-cancellable operating leases expiring as follows.

	2011		2010		2009	
	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000
Land and Buildings – SYPTE as lessee						
Not later than one year	605	605	633	633	99	99
Later than one year and not later than five years	2,313	2,313	2,313	2,313	2,355	2,355
Later than five years	3,375	3,375	3,949	3,949	4,523	4,523
	6,293	6,293	6,895	6,895	6,977	6,977
Vehicles						
Not later than one year	13	13	15	15	15	15
Later than one year and not later than five years	-	-	13	13	28	28
Later than five years	-	-	-	-	-	-
	13	13	28	28	43	43

SYPTE leases out property under operating leases for the following purposes:

- For the provision of transport infrastructure to support customer experience such as shops and bus depot.
- For economic development purposes to improve return on assets.

The future minimum lease payments receivable under non-cancellable leases are:

	2011		2010		2009	
	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000
Land and Buildings – SYPTE as lessor						
Not later than one year	505	505	474	474	527	527
Later than one year and not later than five years	1,779	1,779	1,568	1,568	1,827	1,827
Later than five years	3,142	3,142	3,075	3,075	3,778	3,778
	5,426	5,426	5,117	5,117	6,132	6,132

Where SYPTE act as a lessor it relates to 25 property leases for terms ranging from five years to 47 years.

CONTINGENT RENTS

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The contingent rent balances for the years disclosed above are as follows:

<u>Contingent rents receivable</u>	2011		2010		2009	
	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000	SYPTE £'000	GROUP £'000
Land and Buildings – SYPTE as lessor						
Not later than one year	28	28	19	19	36	36
Later than one year and not later than five years	58	58	64	64	94	94
Later than five years	25	25	48	48	92	92
	111	111	131	131	222	222

There are no contingent rents payable where SYPTE is the lessee.

NOTES TO THE ACCOUNTS

33 TRANSITION TO IFRS

As stated in note 1.2 these are SYPTE's first financial statements prepared in accordance with fully adopted IFRSs. The accounting policies set out in notes 1.2 have been applied in preparing the financial statements for the year ended 31 March 2011, the comparative information presented in these financial statements for the year ended 31 March 2010 and in the preparation of an IFRS balance sheet as at 1 April 2009.

In preparing its opening IFRS balance sheet SYPTE has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to adopted IFRSs has affected SYPTE's financial position, financial performance and cash flows is set out in the following table and notes that accompany the table.

	Notes	SYPTE			GROUP		
		UK GAAP £'000	Effect of transition to adopted IFRSs £'000	IFRS £'000	UK GAAP £'000	Effect of transition to adopted IFRSs £'000	IFRS £'000
2009/10							
Property Plant and Equipment	A	87,572	(1,138)	86,434	117,647	(1,138)	116,509
Investment Property	B	-	1,138	1,138	-	1,138	1,138
Intangible Assets		550	-	550	13,037	-	13,037
Investments in Subsidiaries		133	-	133	-	-	-
Long term debtors	C	-	161	161	-	161	161
Long term Investments	D	-	3,522	3,522	-	3,522	3,522
Amounts receivable from Group undertakings	E	-	35,295	35,295	-	-	-
Sinking Fund		-	-	-	30,564	-	30,564
LONG TERM ASSETS		88,255	38,978	127,233	161,248	3,683	164,931
Inventories		445	-	445	445	-	445
Short term debtors	G	129,243	(117,511)	11,732	132,156	(117,511)	14,645
Short term investments	H	-	-	-	-	-	-
Amounts receivable from SYITA	G	-	117,511	117,511	-	117,511	117,511
Short-term deposits	D,H,I	6,404	(6,404)	-	6,404	(6,404)	-
Cash and cash equivalents	I	-	2,883	2,883	1,406	2,883	4,289
CURRENT ASSETS		136,092	(3,521)	132,571	140,411	(3,521)	136,890
Short term creditors	J	(20,087)	5,409	(14,678)	(24,923)	7,161	(17,762)
Short term borrowings	K	-	(107)	(107)	-	(1,859)	(1,859)
Provisions	L	-	(198)	(198)	-	(198)	(198)
Cash and cash equivalents - overdrawn		(1,448)	-	(1,448)	(1,448)	-	(1,448)
CURRENT LIABILITIES		(21,535)	5,104	(16,431)	(26,371)	5,104	(21,267)
NET CURRENT ASSETS		114,557	1,583	116,140	114,040	1,583	115,623
Long term debtors	M	35,456	(35,456)	-	161	(161)	-
TOTAL ASSETS less CURRENT LIABILITIES		238,268	5,104	243,372	275,449	5,104	280,553
Long term borrowing	N	(213,141)	(230)	(213,371)	(213,141)	(230)	(213,371)
Other long term liabilities		(12,512)	-	(12,512)	(50,259)	-	(50,259)
Provisions	O	-	(715)	(715)	-	(715)	(715)
Provision for Pensions Liability	P	-	(35,782)	(35,782)	-	(35,782)	(35,782)
LONG TERM LIABILITIES		(225,653)	(36,727)	(262,380)	(263,400)	(36,727)	(300,127)
	Q	(37,777)	37,777	-	(37,777)	37,777	-
	R	(913)	913	-	(913)	913	-
	S	(35,782)	35,782	-	(35,782)	35,782	-
NET LIABILITIES		(61,857)	42,850	(19,007)	(62,423)	42,850	(19,573)
Usable Reserves	T,U	(42,495)	5,849	(36,646)	(43,061)	5,849	(37,213)
Unusable Reserves	V,W,X	(19,362)	37,001	17,639	(19,362)	37,001	(17,640)
TOTAL RESERVES		(61,857)	42,850	(19,007)	(62,423)	42,850	(19,573)

NOTES TO THE ACCOUNTS

2008/09	Notes	SYPTE			GROUP		
		UK GAAP £'000	1 April 2009 Effect of transition to adopted IFRSs £'000	IFRS £'000	UK GAAP £'000	1 April 2009 Effect of transition to adopted IFRSs £'000	IFRS £'000
Property Plant and Equipment	A	98,249	(1,402)	96,847	130,472	(1,402)	129,070
Investment Property	B	-	1,152	1,152	-	1,152	1,152
Intangible Assets		-	-	-	12,487	-	12,847
Investments in Subsidiaries		133	-	133	-	-	-
Long term debtors	C	-	1,848	1,848	-	1,848	1,848
Long term Investments	D	-	1,725	1,725	-	1,725	1,725
Amounts receivable from Group undertakings	E	-	33,143	33,143	-	-	-
Sinking Fund		-	-	-	27,111	-	27,111
LONG TERM ASSETS		98,382	36,466	134,848	170,070	3,323	173,393
Assets held for resale	F	-	250	250	-	250	250
Inventories		693	-	693	693	-	693
Short term debtors	G	117,886	(104,201)	13,685	119,338	(104,201)	15,137
Short term investments	H	-	3,734	3,734	-	3,734	3,734
Amounts receivable from SYITA	G	-	104,201	104,201	-	104,201	104,201
Short-term deposits	D,H,I	9,671	(9,671)	-	9,671	(9,671)	-
Cash and cash equivalents	I	-	4,212	4,212	2,813	4,212	7,025
CURRENT ASSETS		128,250	(1,475)	126,775	132,515	(1,475)	131,040
Short term creditors	J	(21,871)	4,165	(17,706)	(26,619)	5,803	(20,816)
Short term borrowings	K	-	(98)	(98)	-	(1,736)	(1,736)
		-	-	-	-	-	-
Provisions	L	-	(141)	(141)	-	(141)	(141)
Cash and cash equivalents – overdrawn		(170)	-	(170)	(170)	-	(170)
CURRENT LIABILITIES		(22,041)	3,926	(18,115)	(26,789)	3,927	(22,863)
NET CURRENT ASSETS		106,209	2,451	108,660	105,726	2,451	108,177
	M	34,991	(34,991)	-	1,847	(1,847)	-
TOTAL ASSETS less CURRENT LIABILITIES		239,582	3,926	243,508	277,643	3,927	281,570
Long term borrowing	N	(213,027)	(284)	(213,311)	(213,028)	(284)	(213,312)
Other long term liabilities		(12,619)	-	(12,619)	(52,119)	-	(52,119)
Provisions	O	-	(715)	(715)	-	(715)	(715)
Provision for Pensions Liability	P	-	(27,592)	(27,592)	-	(27,592)	(27,592)
LONG TERM LIABILITIES		(225,646)	(28,591)	(254,237)	(265,147)	(28,591)	(293,738)
	Q	(45,522)	45,522	-	(45,521)	45,521	-
	R	(856)	856	-	(856)	856	-
	S	(27,592)	27,592	-	(27,592)	27,592	-
NET ASSETS / LIABILITIES		(60,034)	49,305	(10,729)	(61,473)	49,305	(12,168)
Usable Reserves	T,U	(48,952)	4,536	(44,416)	(50,391)	4,535	(45,856)
Unusable Reserves	V,W,X	(11,082)	44,769	33,687	(11,082)	44,770	33,688
TOTAL RESERVES		(60,034)	49,305	(10,729)	(61,473)	49,305	(12,168)

NOTES TO THE ACCOUNTS

Explanations of the adjustments to the Balance Sheet as at 31 March 2010 and 1 April 2009 are provided below.

	SYPTE 2010 £'000	GROUP 2010 £'000	SYPTE 2009 £'000	GROUP 2009 £'000
A				
Property plant & equipment				
Previously reported under UK GAAP	87,572	117,647	98,249	130,472
Investment property shown separately on the face of the Balance Sheet	(1,138)	(1,138)	(1,152)	(1,152)
Reclassification of non current assets held for sale			(250)	(250)
Reporting under IFRS	86,434	116,509	96,847	129,070
B				
Investment Property				
Previously reported under UK GAAP	0	0	0	0
Investment property shown separately on the face of the Balance Sheet	1,138	1,138	1,152	1,152
Reporting under IFRS	1,138	1,138	1,152	1,152
C				
Long Term Debtors				
Previously reported under UK GAAP	0	0	0	0
Reclassification of assets which are not going to be realised in the next 12 months to be classified as non-current	161	161	1,848	1,848
Reporting under IFRS	161	161	1,848	1,848
D				
Long Term investments				
Previously reported under UK GAAP	0	0	0	0
Bank deposits due after one year	3,522	3,522	1,725	1,725
Reporting under IFRS	3,522	3,522	1,725	1,725
E				
Amounts receivable from Group undertakings				
Previously reported under UK GAAP	0	0	0	0
Reclassification of assets which are not going to be realised in the next 12 months to be classified as non-current	35,295	0	33,143	0
Reporting under IFRS	35,295	0	33,143	0
F				
Assets held for sale				
Previously reported under UK GAAP	0	0	0	0
Assets held for sale shown separately on the face of the Balance Sheet	0	0	250	250
Reporting under IFRS	0	0	250	250
G				
Short Term Debtors				
Previously reported under UK GAAP	129,243	132,156	117,886	119,338
Amounts receivable from SYITA shown separately due to materiality	(117,511)	(117,511)	(104,201)	(104,201)
Reporting under IFRS	11,732	14,645	13,685	15,137
H				
Financial Assets				
Previously reported under UK GAAP	0	0	0	0
Bank deposits due between 3 months and 1 year	0	0	3,734	3,734
Reporting under IFRS	0	0	3,734	3,734
I				
Cash and cash equivalents				
Previously reported under UK GAAP	0	1,406	0	2,813
Bank deposits due in less than 3 months	2,883	2,883	4,212	4,212
Reporting under IFRS	2,883	4,289	4,212	7,025
J				
Short Term Creditors				
Previously reported under UK GAAP	(20,087)	(24,923)	(21,871)	(26,619)
Capital Grants Unapplied released to Operational Revenue Reserve	5,424	5,424	4,163	4,163
Holiday pay accrual	(122)	(122)	(96)	(96)
Accruals and deferred income and borrowings shown separately	107	1,859	98	1,736
Reporting under IFRS	(14,678)	(17,762)	(17,706)	(20,816)
K				
Borrowings				
Previously reported under UK GAAP	0	0	0	0
Accruals and deferred income and borrowings shown separately	(107)	(1,859)	(98)	(1,736)
Reporting under IFRS	(107)	(1,859)	(98)	(1,736)
L				
Provisions				
Previously reported under UK GAAP	0	0	0	0
Splitting provisions for liabilities between current and non current liabilities	(198)	(198)	(141)	(141)
Reporting under IFRS	(198)	(198)	(141)	(141)

NOTES TO THE ACCOUNTS

	SYPTE 2010 £'000	GROUP 2010 £'000	SYPTE 2009 £'000	GROUP 2009 £'000
M				
Long Term Debtors				
Previously reported under UK GAAP	35,456	161	34,991	1,847
Assets not going to be realised in the next 12 months reclassified as non-current	(35,456)	(161)	(34,991)	(1,847)
Reporting under IFRS	0	0	0	0
N				
Long Term Borrowing				
Previously reported under UK GAAP	(213,141)	(213,141)	(213,028)	(213,028)
Use of effective interest rate method for loans which contain stepped interest rates	(230)	(230)	(284)	(284)
Reporting under IFRS	(213,371)	(213,371)	(213,312)	(213,312)
O				
Provisions				
Previously reported under UK GAAP	0	0	0	0
Splitting provisions for liabilities between current and non current liabilities	(715)	(715)	(715)	(715)
Reporting under IFRS	(715)	(715)	(715)	(715)
P				
Provision for Pensions Liability				
Previously reported under UK GAAP	0	0	0	0
Provisions for pensions liability reclassified as non current liabilities	(35,782)	(35,782)	(27,592)	(27,592)
Reporting under IFRS	(35,782)	(35,782)	(27,592)	(27,592)
Q				
Deferred Capital Grants				
Previously reported under UK GAAP	(37,777)	(37,777)	(45,522)	(45,522)
Deferred Capital Grants have been reclassified as reserves	37,777	37,777	45,522	45,522
Reporting under IFRS	0	0	0	0
R				
Provision for Liabilities and Charges				
Previously reported under UK GAAP	(913)	(913)	(856)	(856)
Splitting provisions for liabilities between current and non-current liabilities	913	913	856	856
Reporting under IFRS	0	0	0	0
S				
Provision for Pensions Liability				
Previously reported under UK GAAP	(35,782)	(35,782)	(27,592)	(27,592)
Provision for Pension Liability has been reclassified as non current liabilities	35,782	35,782	27,592	27,592
Reporting under IFRS	0	0	0	0
<u>USABLE RESERVES</u>				
T				
Operational Revenue Reserve				
Previously reported under UK GAAP	13,280	12,714	12,679	11,240
Revaluation surplus of investment properties transferred to Operational Revenue Reserve	653	653	656	656
Use of effective interest rate method for loans which contain stepped interest rates	(230)	(230)	(284)	(284)
Reporting under IFRS	13,704	13,138	13,051	11,612
U				
Capital Grants Unapplied Reserve				
Previously reported under UK GAAP	0	0	0	0
Capital grants released to Operational Revenue Reserve	5,424	5,424	4,163	4,163
Reporting under IFRS	5,424	5,424	4,163	4,163
<u>UNUSABLE RESERVES</u>				
V				
Deferred Capital Grants				
Previously reported under UK GAAP	0	0	0	0
Deferred Capital Grants have been incorporated into the Deferred Capital Grants Reserve	37,777	37,777	45,522	45,522
Reporting under IFRS	37,777	37,777	45,522	45,522

The Capital Receipts Reserve, Capital Financing Revenue Reserve and the Deferred Charges Revenue Reserve were unchanged in the transition to IFRS

NOTES TO THE ACCOUNTS

	SYPTE 2010 £'000	GROUP 2010 £'000	SYPTE 2009 £'000	GROUP 2009 £'000
W				
Revaluation Reserve				
Previously reported under UK GAAP	16,420	16,420	16,510	16,510
Revaluation surplus of investment properties transferred to Operational Revenue Reserve	(653)	(653)	(656)	(656)
Reporting under IFRS	15,767	15,767	15,854	15,854
X				
Accumulated compensated absences adjustment account				
Previously reported under UK GAAP	0	0	0	0
Transfer of holiday pay accrual to Accumulated Compensated Absences Adjustment Account	(122)	(122)	(96)	(96)
Reporting under IFRS	(122)	(122)	(96)	(96)

The Pension Reserve was unchanged in the transition to IFRS