

nestrans

2011/2012

**STATEMENT
OF
ACCOUNTS**

STATEMENT OF ACCOUNTS 2011/12

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EXPLANATORY FOREWORD BY THE TREASURER

INTRODUCTION

Nestrans is the Transport Partnership for Aberdeen City and Shire.

Our purpose is to develop and deliver a long-term regional transport strategy and take forward strategic transport improvements that support and improve the economy, environment and quality of life across Aberdeen City and Shire.

Constituted as the North East of Scotland Transport Partnership under the Transport (Scotland) Act 2005, Nestrans began work as a statutory Transport Partnership on 1 April 2006. It is one of seven Transport Partnerships set up across Scotland to provide a coordinated approach to transport planning and delivery between different local Authority areas.

Nestrans' area covers both the City of Aberdeen and the wider Aberdeenshire area. Its Board is made up of Councillors from Aberdeen City and Aberdeenshire Councils, as well as non-councillor members appointed by the Minister for Transport.

The Partnership builds on five years of voluntary partnership working between Aberdeen City and Aberdeenshire Councils, Scottish Enterprise Grampian and Aberdeen and Grampian Chamber of Commerce. These bodies came together to form the 'original' Nestrans in 2001 as a means of working together to tackle the transport challenges in the north east and develop the Modern Transport System strategy.

The Partnership is funded locally by both Aberdeen City and Aberdeenshire Councils and by the Scottish Government. These funding partners continue to be very supportive of the work of the Partnership and sufficient funding has been secured to allow Nestrans to progress the development of the Regional Transport Strategy and other works for the foreseeable future. Aberdeenshire Council continues to provide accounting and treasury management services to the Partnership and the Head of Finance of Aberdeenshire Council is Treasurer to the Partnership.

The purpose of the annual Statement of Accounts is to demonstrate proper stewardship of the Partnership's financial affairs. The Statement has been prepared in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

The Code constitutes proper accounting practice under section 12 of the Local Government (Scotland) Act 2003.

This foreword provides an explanation of the Statement of Accounts.

FINANCIAL STATEMENTS

These Statements are produced under International Financial Reporting Standards. An explanation of the purpose of each statement has been included.

Movement in Reserves Statement

Reserves are classified as either Usable or Unusable. Usable reserves are available to meet the cost of running the service. Unusable reserves will generally hold unrealised gains or losses and can only be used once they are realised. This Statement will analyse the movement in Reserves between periods. The nature of the Partnership severely limits the range of Reserves it can operate.

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement summarises all of the resources that the Partnership has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Partnership.

Balance Sheet

This Statement brings together all the assets and liabilities of the Partnership, including any balances and reserves and current assets employed in its operations. This statement presents the overall financial position of Nestrans as at 31 March 2012.

Cash Flow Statement

The Cash Flow Statement provides the details of cash movements arising from transactions for the financial year.

Statement on the System of Internal Financial Control

This Statement acknowledges the responsibility for internal financial control and indicates the main features of the systems in use and the level of assurance that the system of internal financial control can provide.

Remuneration Report

This report presents information on the remuneration made in respect of senior officers and Board members of the Partnership per Scottish Government circular No. 8/2011.

Financial Performance

In 2011/12 the Partnership budgeted to spend £3,622,212 on the provision of services and completion of works under the Regional Transport Strategy and an ambitious programme of general transport related works under a number of themes. Much of the work of Nestrans is delivered by partner organisations and through the work of consultants. The actual expenditure was lower than this at £3,611,985 and the resultant underspend will be returned to partner Councils.

Consequently, the net expenditure of (£230,000) is adjusted in the Comprehensive Income and Statement, by reducing the Requisitions and Non Specific Income by the amount returnable to partner Councils, which results in a net deficit of £2,000, being the movement on the Accumulated Absences Account, as shown in the Movement in Reserves Statement.


	2010/11 £000 Actual	2011/12 £000 Budget	2011/12 £000 Actual	% Actual v Budget
Grants & Requisitions	4,034	3,622	3,794	105%
Sales and Other Income	41	0	31	-
Interest	18	0	17	-
Total Income	4,093	3,622	3,842	106%
Core Costs	543	539	473	88%
Regional Transport Strategy	550	500	465	93%
General Projects	2,849	2,583	2,674	104%
Total Operating Expenses	3,942	3,622	3,612	100%
Net Expenditure	(151)	-	(230)	

Going Concern

The accrual of short term accumulating absences has resulted in an excess of liabilities over assets of £6,000 reflected in the Balance Sheet at 31 March 2012 (£4,000 31 March 2011). This liability will be funded by the 2012/13 requisitions from constituent authorities and so it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Acknowledgements

The production of the Statement of Accounts is very much a team effort involving many staff from Aberdeenshire Council, Aberdeen City Council and Nestrans. I would like to take this opportunity to thank all those involved for their assistance and co-operation.



Alan Wood, MA (Hons), CPFA
Treasurer

29 August 2012

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Partnership's Responsibilities

The Partnership is required to: -

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this case, that officer is the Treasurer to the Partnership.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Partnership'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 2010/11 (the Code).

In preparing this statement of accounts, the Treasurer has: -

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

The Treasurer has also;

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

I confirm that this Statement of Accounts gives a true and fair view of the financial position of the at the accounting date and its income and expenditure for the year ended 31 March 2012.



Alan Wood, MA (Hons), CPFA
Treasurer

29 August 2012

MOVEMENT IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2012

This Statement shows the movement in the year on the different reserves held by an organisation, into 'usable reserves' and 'unusable reserves'. Usable reserves are those that can be applied to fund expenditure subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Nestrans, as a result of the legislation it was created under, is not permitted to maintain a General Fund. Unusable reserves include reserves that hold timing differences shown in the line "Adjustments between accounting basis and funding basis under regulations".

The Surplus or (Deficit) on the provision of services' line shows the true economic cost of providing the Partnership's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be funded by constituent authorities and the Scottish Government.

	General Fund £000	Total Usable Reserves £000	Accumulated Absences Account £000	Total Unusable Reserves £000
Balance at 31 March 2011	0	0	(4)	(4)
Surplus or (deficit) on provision of services	(2)	(2)	0	0
Other Comprehensive Expenditure and Income	0	0	0	0
Total Comprehensive Expenditure and Income	(2)	(2)	0	0
Adjustments between accounting basis & funding basis under regulations	2	2	(2)	(2)
Net Increase / Decrease before Transfers to other Statutory Reserves	0	0	(2)	(2)
Transfers to / from Other Statutory Reserves	0	0	0	0
(Increase) / Decrease in Year	0	0	(2)	(2)
Balance at 31 March 2012	0	0	(6)	(6)

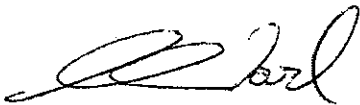
BALANCE SHEET FOR YEAR ENDED 31 MARCH 2012

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Partnership. The net liability of Nestrans (assets less liabilities) is matched by the reserves held by Partnership.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that Nestrans may use to provide services. The second category of reserves is unusable reserves, i.e. those that are not able to be used to provide services.

31 March 2011 £000		Note	31 March 2012 £000
239	Short Term Debtors	7	358
	Cash and Cash		
<u>1,697</u>	Equivalents	8	<u>1,734</u>
<u>1,936</u>	Current Assets		<u>2,092</u>
<u>(1,940)</u>	Short Term Creditors	9	<u>(2,098)</u>
<u>(1,940)</u>	Current Liabilities		<u>(2,098)</u>
<u>(4)</u>	Net Liability		<u>(6)</u>
0	Usable Reserves		0
<u>(4)</u>	Unusable Reserves	10/15	<u>(6)</u>
<u>(4)</u>	Total Reserves		<u>(6)</u>

The unaudited accounts were issued on 20 June 2012 and the audited accounts were authorised for issue on 29 August 2012.



Alan Wood, MA (Hons), CPFA
Treasurer

29 August 2012

CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2012

The Cash Flow statement shows the changes in cash and cash equivalents of the Partnership during the reporting period. The statement shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Partnership are funded by way of contributions and grant income or from the receipts of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Partnership's future service delivery, i.e. assets. Flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital if the Partnership was to borrow.

31 March 2011 £000		31 March 2012 £000
4	Net surplus or (deficit) on the provision of services	(2)
622	Adjust net surplus or (deficit) on the provision of services for non cash movements	39
<hr/>		<hr/>
626	Net cash flows from Operating Activities	37
<hr/>		<hr/>
626	Net increase or (decrease) in cash and cash equivalents	37
1,071	Cash and cash equivalents at the beginning of the reporting period	1,697
<hr/>		<hr/>
1,697	Cash and cash equivalents at the end of the reporting period	1,734
<hr/> <hr/>		<hr/> <hr/>

NOTES TO THE ACCOUNTS

NOTE 1 Accounting Policies

General Principles

The Statement of Accounts summarises the Partnership's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Partnership is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985, which section 12 of the Local Government in Scotland Act 2003 require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in United Kingdom and the Service Reporting Code of Practice (SeRCOP), supported by International Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The accounting convention adopted in the Statement of Accounts is historical cost.

Adoption of the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 : Based on International Reporting Standards

These financial statements are the second to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. The accounting policies set out below have been consistently to all periods in these financial statements. The move from UKGAAP to IFRS has had little impact on the Nestrans accounts. The only changes have been to re-categorise investments as cash cash equivalents and include a liability for short term accumulating absences.

Accruals and Income and Expenditure

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has 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 the debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Requisitions and Contributions

Requisitions and contributions relating to capital and revenue expenditure are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that Nestrans has not satisfied.

Financial Assets and Liabilities

Nestrans' Financial Assets are Loans and Receivables which have fixed or determinable payments but are not quoted in an active market.

The Partnership's loans and receivables are for less than 12 months or are charged at a market rate of interest and so are initially measured at fair value and are carried at amortised cost, which equates to the actual cash value at 31 March 2012.

NOTES TO THE ACCOUNTS (continued)

NOTE 1 Accounting Policies (continued)

Nestrans Liabilities are shown as Creditors in the Balance Sheet and are for less than 12 months and so are initially measured at fair value and are carried at amortised cost, which equates to the actual cash value at 31 March 2012.

Cash and Cash Equivalents

Nestrans makes use of Aberdeenshire Council's bank account for financial transactions and the balance is invested through the Council's Treasury Management facilities. This balance is repayable on demand therefore treated as a cash equivalent and is included in the Balance Sheet at amortised cost, which equates to the actual cash value at 31 March 2012.

Employee Benefits

Benefits Payable During Employment

Short-term benefits due to employees are those that are to be settled within 12 months of the year-end. For Nestrans this will include benefits such as salaries, paid annual leave and paid sick leave for current employees. Costs are recognised as an expense in the year in which employees provides the service to the employer. The leave year is based on a calendar year and an accrual is therefore made for the value of leave entitlements due to employees but not taken before the year-end. The accrual is calculated at the salary rates applicable in the following accounting year.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SeRCOP). The total absorption costing principle is used with all overhead costs identified within the Partnership are included within the accounts with the exception of:

- Corporate and Democratic Core – costs relating to Nestrans status as a democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of the Cost of Services.

Value Added Tax

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable.

Exceptional Items and Prior Period Adjustments

Exceptional items are those which are separately identified by virtue of their size or incidence to allow a full understanding of the performance of Nestrans.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimate do not give rise to a prior period adjustment.

NOTES TO THE ACCOUNTS (continued)

NOTE 1 Accounting Policies (continued)

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Partnership'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 prior periods 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.

Events after Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable that occur between the end of the reporting period (the balance sheet date) and the date when the financial statements are authorised for issue.

There are two types of events:

- a) those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the reporting period) and
- b) those that provide evidence of conditions that arose after the balance sheet date (non-adjusting events after the reporting period)

The accounts are adjusted to reflect adjusting events after the reporting period and are not adjusted to reflect non-adjusting events after the reporting period. Where a non-adjusting event would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Leases

Operating lease payments would be reflected under the relevant expenditure heading in the Comprehensive Income and Expenditure Statement, as the rentals become payable.

Reserves

Nestrans does not have any usable reserves as it is not permitted to hold a General Fund Balance. Any surplus must be returned to constituent authorities and any deficit funded by additional requisitions.

The only unusable reserve that Nestrans holds is an Accumulated Absences Account which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from this account.

Note 2 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Treasurer has had to make certain judgements about complex transactions or those involving uncertainty about future events.

NOTES TO THE ACCOUNTS (continued)

The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government and hence to funding for Nestrans. However, the Treasurer has determined that the level of uncertainty is not yet sufficient to provide an indication that the activities of the Partnership might be affected by the need to reduce levels of service provision.

Note 3 Assumptions Made About The Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts does not contain any estimated figures that are based on assumptions made by Nestrans about the future or that are otherwise uncertain.

Note 4 Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Treasurer to the Authority on 29 August 2012. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2012, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 5 Financing and Investment Income and Expenditure

	2010/11 £000	2011/12 £000
Interest receivable and similar income	(18)	(17)

Note 6 Requisitions and Non-Specific Grant Income

	2010/11 £000	2011/12 £000
Core Funding Requisitions		
Aberdeen City Requisition	135	129
Less: Share of (surplus)/deficit	<u>(77)</u>	<u>(116)</u>
	58	13
Aberdeenshire Requisition	136	128
Less: Share of (surplus)/deficit	<u>(78)</u>	<u>(116)</u>
	58	12
Scottish Government	<u>0</u>	<u>0</u>
	116	25
Other Grants or Requisitions		
Aberdeen City	1,411	1,411
Aberdeenshire Council	1,432	1,172
Scottish Government - RTS	<u>920</u>	<u>954</u>
	<u>3,879</u>	<u>3,562</u>

NOTES TO THE ACCOUNTS (continued)

Note 7 Short Term Debtors

	2010/11 £000	2011/12 £000
Government Bodies	196	320
Other Local Authorities	2	2
Other Entities and Individuals	41	36
	<u>239</u>	<u>358</u>

Note 8 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises:

	2010/11 £000	2011/12 £000
Bank or Cash balances held	<u>1,697</u>	<u>1,734</u>

Note 9 Short Term Creditors

	2010/11 £000	2011/12 £000
Government Bodies	0	2
Other Local Authorities	1,868	2,038
Other Entities and Individuals	72	58
	<u>1,940</u>	<u>2,098</u>

Note 10 Partnership Reserves

Nestrans is prohibited from creating or retaining a General Fund balance. However, under IFRS there is a need to adjust for costs arising for accumulated absences adjustments. Movements in the Partnerships usable reserves are detailed in the Movement in Reserves Statement and in Note 16.

Note 11 Cash Flow - Operating Activities

The cash flows for operating activities includes the following item:

	2010/11 £000	2011/12 £000
Interest Received	<u>18</u>	<u>17</u>

NOTES TO THE ACCOUNTS (continued)

Note 12 Cash Flow - Investing/Financing Activities

There were no investing/financing activities in 2011/12 (2010/11 £Nil)

Note 13 External Audit Costs

The Board has incurred the following costs in relation to the audit of the Statement of Accounts.

	2010/11 £000	2011/12 £000
Fees payable in respect of external audit services:		
audit fee	10	8
notified fixed charge element for the year	2	2
Fees in respect of other works	0	0
Total	<u>12</u>	<u>10</u>

Note 14 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure on the Comprehensive Income and Expenditure Statement is that specified by the SeRCOP and the Code. However, decisions about resource allocation are taken by the Partnership Board on the basis of budget and monitoring reports. These reports have been prepared on a different basis from that used in the preparation of financial statements.

Reconciliation of Nestrans Income and Expenditure reported to the Partnership Board to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the Partnership Board's budget monitoring reports relate to amounts included in the Comprehensive Income and Expenditure Statement.

	2010/11 £000	2011/12 £000
Net Expenditure reported to the Board	(151)	(230)
<u>Add</u> Amounts in the Comprehensive Income and Expenditure not included in reports to the Board	(8)	0
<u>Less</u> Amounts reported to Management but not reported in Net Cost of Services	4,052	3,811
Net Cost of Services in Comprehensive Income and Expenditure Statement	<u>3,893</u>	<u>3,581</u>

NOTES TO THE ACCOUNTS (continued)

Note 15 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis

This reconciliation shows how the analysis in the budget monitoring reports relates to the Net Cost of Services and Surplus/Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Subjective Analysis 2011-12

	Nestrans Analysis	Amounts not reported to the Board	Amount not included in Net Cost of Services	Net Cost of Services	Corporate Amount	Total
Sales and Other Income	(31)	-	-	(31)	-	(31)
Interest and Investment Income	(17)	-	17	-	(17)	(17)
Grants and Contributions	(954)	-	954	-	(954)	(954)
Requisitions	(2,840)	-	2,840	-	(2,840)	(2,840)
(Requisitioned from)/Returned to constituent authorities					232	232
Total Income	(3,842)	-	3,811	(31)	(3,579)	(3,610)
Core Costs	471	-	-	471	-	471
Accumulated Absences Account (Note 16)	2	-	-	2	-	2
Regional Transport Strategy	465	-	-	465	-	465
General Projects	2,674	-	-	2,674	-	2,674
Total Expenditure	3,612	-	-	3,612	-	3,612
Net Cost of Services	(230)	-	3,811	3,581	-	
<u>(Surplus) or deficit on the provision of services</u>						2

NOTES TO THE ACCOUNTS (continued)

Note 16 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March each year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2010/11 £000		2011/12 £000
(8)	Balance at 1 April	(4)
8	Settlement of the accrual made at the end of the preceding year	4
	Amount by which staff remuneration charged to the Comprehensive Income & Expenditure Account on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
<u>(4)</u>		<u>(6)</u>
<u>(4)</u>		<u>(6)</u>

NOTES TO THE ACCOUNTS (continued)

Note 17 Detailed Performance Figures

The tables below identify the budget for each area of the Nestrans programme of works and shows a comparison between the agreed budgeted costs and the costs of similar programmes from the previous year.

Core Costs

Costs incurred in respect of supporting the organisation are as follows:

Actual (£) 2010/11		Budget (£) 2011/12	Actual (£) 2011/12
362,331	Partnership Office	375,500	346,135
84,988	Partner Support Costs	93,520	85,212
0	Board Member expenses	2,000	0
62,859	Other Associated Costs	68,500	40,984
33,209	Rechargeable Costs	0	1,184
<u>543,387</u>	Total	<u>539,520</u>	<u>473,515</u>

Regional Transport Strategy

Actual (£) 2010/11		Budget (£) 2011/12	Actual (£) 2011/12
	Actual Plans -		
16,902	Health & Transport	25,000	15,549
49,943	Bus	110,000	119,468
200,508	Rail & Freight	102,692	79,914
276,913	Other Costs	262,000	232,887
6,150	Rechargeable Costs	0	16,774
<u>550,416</u>	Total	<u>499,692</u>	<u>464,592</u>

Income

Actual (£) 2010/11		Budget (£) 2011/12	Actual (£) 2011/12
3,114,000	Council Partners	2,840,212	2,840,212
920,000	Scottish Government	782,000	953,659
59,000	Other Income	0	48,262
<u>4,093,000</u>		<u>3,622,212</u>	<u>3,842,133</u>

NOTES TO THE ACCOUNTS (continued)

Note 17 Detailed Performance Figures (continued)

The table below details the budget and expenditure of the requisitions for general projects advanced by the partner Councils. The partner authorities, on behalf of the Partnership, managed various projects and these have been split by theme. Nestrans has not created assets of its own and both the funding and spend have been interpreted as additional revenue activity in these statements.

Actual (£) 2010/11	General Projects	Budget (£) 2011/12	Actual (£) 2011/12
2,000	Local Projects	8,000	9,669
1,892,740	Strategic Roads	1,366,000	1,886,442
301,618	Quality Bus Corridors	443,000	380,981
589,011	Cycle Routes	390,000	363,974
62,710	Railway facilities	20,000	20,011
0	Towns Interchange	356,000	12,802
<u>2,848,079</u>	Total	<u>2,583,000</u>	<u>2,673,879</u>

The Partnership has a full complement of staff and this was a significant factor that contributed to the capability of the organisation to manage and deliver the planned work programmes on time and within budget.

Note 18 Related Parties

The Partnership is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Partnership or to be controlled or influenced by Nestrans. Disclosure of these transactions allows readers to assess the extent to which the Partnership might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to contract freely with the Partnership.

Scottish Government

The Scottish Government is responsible for providing the statutory framework within which the Partnership operates and provides a significant element of its funding by grant of £782,000, (2010/11 £920,000). Grants received from the Scottish Government are set out in the subjective analysis in Note 15 on reporting for resource allocation decisions. There were no grant receipts outstanding at 31 March 2012.

Councillors/Board Members

Members have direct control over the Authority/Partnership financial and operational policies and decision making. No allowances or fees have been paid to Members in 2011/12 and there was no contract awarded in which a Board Member had declared an interest.

NOTES TO THE ACCOUNTS (continued)

Note 18 Related Parties (continued)

Aberdeenshire Council & City of Aberdeen Council

Aberdeenshire Council & City of Aberdeen Council have a significant element of control over the general operations of the Partnership. They provide a significant element of funding through two specific grants and the elected Members that they appoint to the managing Board of the Partnership can exert significant influence on its operations and decision making processes. The amounts relating to each Council are detailed below.

	Amounts received from		Amounts paid to	
	2010/11 £000	2011/12 £000	2010/11 £000	2011/12 £000
Aberdeen City Council	1,469	1,424	1,423	1,746
Aberdeenshire Council	1,490	1,184	1,506	1,330

Officers

The management of the Partnership is disclosed in the remuneration report on pages 24 to 27 of this document. These officers have the responsibility for planning, directing or otherwise controlling the activities of the Partnership. Their scope of control is determined by reference to the scheme of delegation and financial regulations adopted by the Board. The Board is satisfied that appropriate controls are in place to manage and monitor the activities of the key management personnel.

Note 19 Pension Scheme Accounted for as a Defined Contribution Scheme

North East Scotland Pension Fund.

Staff employed by the Partnership are entitled to be members of the Superannuation Scheme which is administered by Aberdeen City Council. This provides staff with defined benefits upon their retirement, and the Partnership contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

It is not possible for the Partnership to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the basis of a defined contribution scheme.

For 2011/12, the Partnership paid £45,289 to the Fund in respect of retirement benefits representing 19% of pensionable pay. The figures for 2010/11 were £46,404 and 19%.

NOTES TO THE ACCOUNTS (continued)

Note 20 Financial Instruments

Financial Instruments Balances

The Partnership is funded by income from the Scottish Government and Partner Councils and therefore is not subject to significant liquidity or credit risk exposure. The Partnership's financial instruments comprise cash and cash equivalents, debtors and creditors.

Cash and cash equivalents, debtors and creditors shown in the balance sheet are for less than 12 months and so are initially measured at fair value and carried at amortised cost, which equates to the actual cash value at 31 March 2012.

Financial instruments disclosed in the Balance Sheet are made up as follows.

	Long-Term		Current	
	2010/11	2011/12	2010/11	2011/12
	£	£	£	£
Financial Liabilities at				
Amortised Cost	0	0	1,940	2,098
Total Creditors	0	0	1,940	2,098
Loans and Receivables	0	0	239	358
Cash & Cash Equivalents	0	0	1,697	1,734
Total Debtors	0	0	1,936	2,092

Financial Instruments Gains/Losses

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follow:-

Financial Assets Loans and Receivables

Interest Income £ 17,000

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Partnership
- Liquidity risk - the possibility that the Partnership might not have funds available to meet its commitments to make payments
- Market risk - the possibility that financial loss might arise for the Partnership as a result of changes in such measures as interest rates and stock market movements.

NOTES TO THE ACCOUNTS (continued)

Note 20 Financial Instruments (continued)

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the constituent authorities. Surplus funds are placed on deposit with the Partnership's bankers the Clydesdale Bank plc. The Partnership does not expect any losses from non performance by any of its counterparties in relation to these deposits.

Liquidity Risk

The Scottish Government and the constituent authorities make provision for the Transport Partnership's use of resources in its budget for each financial year. Resources can only be used for the purposes specified in the budget. The Partnership is therefore not exposed to significant liquidity risks.

Market Risk

Interest Rate Risk

The Partnership is exposed to interest movements on its deposits. For instance a rise in interest rates would increase the interest income credited to the Comprehensive Income & Expenditure Statement.

An increase/(decrease) of 1% in the interest rate would increase/(decrease) the amount of interest earned by £17,344. (based on cash and cash equivalents above)

Foreign Exchange Risk

The Partnership has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2011/12 Financial Statements for Nestrans, the North East Scotland Transport Partnership. I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources deployed by the Partnership.

The system of internal financial control can provide only reasonable assurance that assets and other resources are safeguarded, that transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of financial regulations, regular financial and other management information, appropriate administrative procedures and processes which include segregation of duties, an appropriate management structure and a system of supervision, delegation and accountability. Development and maintenance of the system is undertaken by managers within Nestrans and partner Councils who advise or otherwise assist in the management of the Partnership.

The internal financial control system includes:

- A comprehensive budgeting system ;
- Production of regular financial statements which indicate financial performance against the budgets and appropriate forecasts ;
- An annual financial report which indicates actual financial performance against budget ;
- Clearly defined standing orders.

Nestrans operates within the corporate financial systems of Aberdeenshire Council. A Service Level Agreement for this arrangement will be considered for 2011/12. These systems are subject to review by both the Council's internal audit section and the Council's external auditor.

My review of the effectiveness of the system of internal financial controls is informed by the work of internal and external audit, as well as the work of managers within Aberdeenshire Council and Nestrans.

I am satisfied that Nestrans has a sound system of internal financial control in place and at this time there are no material weaknesses or failures identified that could have a material effect or impact on the operations of the Partnership.

I am also satisfied that these statements of account give a true and fair view, in accordance with applicable law and the 2011/12 Code, of the state of the affairs of Nestrans as at 31 March 2012 and of its income and expenditure for the year then ended.

The authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of Chief Financial Officer in Local Government (2010).



Alan Wood, MA (Hons), CPFA
Treasurer

29 August 2012

REMUNERATION REPORT

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011, which amend the Local Authority (Scotland) Regulations 1985. These Regulations require various disclosures about the remuneration and pension benefits of Senior Councillors and senior employees in respect of earnings etc paid by Nestrans. The Partnership does not make payment to any member of the Board, whether elected Member or otherwise appointed, by way of salary, enhanced pension benefits or reimbursement of expenses.

The Treasurer and Clerk to the Authority do not receive remuneration from the Partnership either. The duties of the posts are covered by the postholders' substantive posts in their respective Councils.

The information disclosed in the tables below is subject to independent audit by Deloitte LLP.

Arrangements for Remuneration

The remuneration of all employees of the Partnership is set with reference to national arrangements agreed by the Scottish Joint Negotiating Committee (SJNC) for Local Authority Services.

The Nestrans Board agreed to appoint a permanent Director with a salary range of £65,000 to £70,000 at the committee meeting held on 20th December 2006. With reference to this the post of Director was placed at SJNC point 30.

Nestrans does not pay bonuses or performance related pay. Officers receive business mileage and subsistence allowances in accordance with amounts either agreed nationally by SJNC or as approved locally by Aberdeenshire Council and adopted by Nestrans. Officers are eligible to join the Local Government Pension Scheme (LGPS).

Remuneration

The term remuneration means gross salary, fees and bonuses, allowances and expenses, and compensation for loss of employment. It excludes pension contributions paid by the Employer. Pension contributions made to a person's pension are disclosed as part of the pension benefits disclosure below.

Remuneration of Senior Employees

Total Remuneration for Year							
	Gross salary, fees & allowances	Bonuses	Taxable Expenses	Non-cash expenses & benefits-in-kind	Compensation for loss of office	Total 2011/12	Total 2010/11
Roderick Murray	£'000's 71	£'000's 0	£'000's 0	£'000's 0	£'000's 0	£'000's 71	£'000's 71
Totals	71	0	0	0	0	71	71

REMUNERATION REPORT (continued)

Notes

The term senior employee means:

1. Any employee who has responsibility for the management of the Partnership to the extent that the person has the power to direct or control the major activities of the organisation (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;
2. Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of Local Government and Housing Act 1989 (4); or
3. Whose annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

Remuneration of Employees receiving more than £50,000

Those Partnership employees receiving more than £50,000 remuneration for the year were paid the following amounts. In accordance with the disclosure requirement of the Regulations, the information in the table shows the number of employees in bands of £5,000. This information includes the senior employees who are subject to the fuller disclosure requirements in the tables above.

Remuneration Bands	Number of Employees	
	2011/12	2010/11
£50,000 - £54,999	0	0
£55,000 - £59,999	0	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	1	1
Totals	1	1

Exit Packages

There is a new requirement to disclose details of all staff Exit Packages agreed in the year. An Exit Package is the value of all termination benefits which include redundancy costs, pension contributions in respect of added years and any ex gratia and other departure costs. Nestrans have not agreed any Exit Package in 2011/12, (2010/11 - £Nil).

Pension Benefits

The term pension benefits covers in-year pension contributions for the employee by the employer and the named person's accrued pension benefits at the reporting date.

REMUNERATION REPORT (continued)

Pension Benefits of Senior Employees

	In-year pension contributions		Accrued annual pension benefits		Accrued pension lump sum	
	For year to 31 March 2012	For year to 31 March 2011	As at 31 March 2012	As at 31 March 2011	As at 31 March 2012	As at 31 March 2011
	£000's	£000's	£000's	£000's	£000's	£000's
Roderick Murray	14	14	29	28	76	76
Totals	14	14	29	28	76	76

Notes:

All employees of Nestrans are eligible to become members of the Local Government Pension Scheme (LGPS).

The LGPS provides defined benefits on retirement. The pension is based on the member's pensionable service (how long he or she has been a member of the LGPS) and his or her pay. For elected members, pay is based on a "career average" – the aggregate of each year's pay (adjusted for inflation) is divided by the total number of years and part years they have been a member of the LGPS. For officers, pay is based on their final year's salary. For most people, for service up to 31 March 2009, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. Pensions payable are increased annually in line with changes in The Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975.

The lump sum, which is automatically paid when the person retires for service up to 31 March 2009, is normally three times his or her annual pension and is tax-free. There is no automatic lump sum for service after 31 March 2009. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004.

A Scheme member's contribution depends on his or her full-time equivalent pay. From 1 April 2009, a five tier contribution system was introduced with contribution from members being based on how much pay falls into each tier. The rate for 2011-2012 remain the same as 2010-2011, however, the tiers have increased slightly.

The tiers and rates are as follows:

Rate	2011/12	2010/11
5.50%	upto £18,500	upto £18,000
7.25%	£18,500 - £22,600	£18,000 - £22,000
8.50%	£22,600 - £30,900	£22,000 - £30,000
9.50%	£30,900 - £41,200	£30,000 - £40,000
12.00%	over £41,200	over £40,000

REMUNERATION REPORT (continued)

Pension Benefits of Senior Employees (continued)

The value of the accrued benefits in the above tables has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The normal retirement age for members of the LGPS is 65.

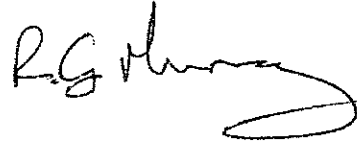
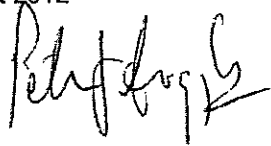
The pension figures shown relate to the benefits that the person has accrued as consequence of their total local government service, and not just their current appointment.

The above explanatory notes provide general information on the Local Government Pension Scheme and do not override the provisions of the Scheme.

Councillor Peter Argyle
Chair

Derick Murray
Director

29 August 2012



Independent Auditors' report

Independent auditors' report to the members of North East of Scotland Transport Partnership and the Accounts Commission for Scotland

We have audited the financial statements of the North East of Scotland Transport Partnership for the year ended 31 March 2012 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the authority-only Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and Cash-Flow Statement, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the 2011/12 Code).

This report is made solely to the members of the North East of Scotland Transport Partnership as a body and the Accounts Commission for Scotland, in accordance with Part VII of the Local Government (Scotland) Act 1973. Our audit work has been undertaken so that we might state to the members of the North East of Scotland Transport Partnership as a body and the Accounts Commission for Scotland those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the North East of Scotland Transport Partnership as a body and the Accounts Commission for Scotland, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Responsible Financial Officer and auditor

As explained more fully in the Statement of Responsibilities set out on page 5, the Responsible Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Responsible Financial Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditors' report (continued)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2011/12 Code of the state of the affairs of the body as at 31 March 2012 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2011/12 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In our opinion:

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2011/12 Code; or
- there has been a failure to achieve a prescribed financial objective.

We have nothing to report in respect of these matters.

Deloitte LLP

Deloitte LLP
Appointed Auditor
Glasgow
29 August 2012

GLOSSARY OF TERMS

EXPENDITURE

Employee Costs:

Includes wages, salaries and overtime, employer's national insurance and superannuation contributions as well as relocation costs and allowances.

Property Costs:

Includes rent, rates, repairs and maintenance, heating, lighting costs as well as feu duties, metered water charges.

Supplies and Services:

Includes the cost of purchasing equipment, materials and payments to third parties for the provision of services.

Transport Costs:

This is staff travel expenses.

Administration Costs:

Includes telephone, printing, stationery, advertising, postage, and training expenses.

Corporate Democratic Core (CDC):

These are costs associated with democratic representation and costs relating to the corporate management of the Partnership.

Non Distributed Costs (NDC):

These are costs which cannot be allocated to the cost of a service.

INCOME

Requisitions:

Funding received from the constituent authorities.

OTHER

BVACOP

Best Value Accounting Code of Practice

CIPFA

The Chartered Institute of Public Finance and Accountancy

OTHER

LASAAC

Local Authority (Scotland) Accounts Advisory Committee

IFRS

International Financial Reporting Standard

GLOSSARY OF TERMS (Continued)

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom

UKGAAP

UK Generally Accepted Accounting Practice

FAIR VALUE

Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction for land and buildings, fair value is the amount that would be paid for the asset in its existing use.

ECONOMIC COST

The total cost of performing an activity or following a decision or course of action.