nestrans

2010/2011

STATEMENT

OF

ACCOUNTS

(DRAFT)

STATEMENT OF ACCOUNTS 2010/11

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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 co-ordinated 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.

Aberdeenshire Council provides the accounting and treasury management services to the Partnership and the Head of Finance of Aberdeenshire Council acts as 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 (SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Partnership(Scotland) Accounts Advisory Committee (LASAAC).

The SORP 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

This is the first Statement to be produced under International Financial Reporting Standards and a number of changes in the format have occurred. 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 2011.

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 new report presents information on the remuneration made in respect of senior officers and Board members of the Partnership.

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.

Derek Yule BCom, CPFA, IRRV (Hons)
Treasurer

31 May 2011

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.

Depreciation:
Depreciation is a charge to the Comprehensive Income & Expenditure Account and allocates the cost of a fixed asset over its useful life.

INCOME

Customer and Client Receipts:
Income received for services provided.

Requisitions:
Funding received from the constituent authorities.

OTHER

BVACOP
Best Value Accounting Code of Practice

CIPFA
The Chartered Institute of Public Finance and Accountancy

GLOSSARY OF TERMS (Continued)

OTHER

LASAAC
Local Authority (Scotland) Accounts Advisory Committee

IFRS
International Financial Reporting Standard

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

SORP
Statement of Recommended Practice

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.

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 assets.

- approve the Statement of Accounts and make arrangements for the audited accounts to be laid before a meeting of the Partnership within two months of receipt of the audit certificate.

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. (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 Authority at the accounting date and its income and expenditure for the year ended 31 March 2011.

Derek Yule BCom, CPFA, IRRV (Hons)
Treasurer

31 May 2011

STATEMENT OF ACCOUNTING POLICIES

The Accounts are prepared using the Historical Cost accounting convention. The general policies adopted in compiling and presenting the Accounts are those recommended by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 issued jointly by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). There are no significant departures from those recommendations.

1. Reserves and Provisions

Reserves represent amounts set aside for specific policy purposes, contingencies or earmarked balances. The nature of Nestrans' operations precludes it from creating reserves or provisions, including a General Fund, to manage balances.

Provision can also be made for known liabilities that can only be estimated. These liabilities, if applicable, will generally relate to losses on debts and loans due at 31 March 2011.

2. Grants

Grants and subsidies received have been credited to the appropriate accounts and accruals have been made for balances known to be receivable for the period to 31 March 2011.

3. Interest Charges

Interest payable on external borrowings and interest income will be reflected in the Comprehensive Income & Expenditure Account on an accruals basis if appropriate.

4. Debtors and Creditors

The Accounts are prepared on an accruals basis in accordance with the Code of Practice and FRS 18. Accordingly, best estimates of amounts due or payable that relate to activities during the year are included whether or not cash has actually been received or paid in the year.

5. Pension Costs

The Partnership is a member of the North East of Scotland Local Government Pension Scheme, which is administered by Aberdeen City Council. The Local Government Pension Scheme is a funded defined benefit scheme, based on final pensionable salary, meaning that the employer and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.

The net actuarial gain or loss is required to be presented in the Cumulative Income & Expenditure account however assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actuarial valuations. As a result Nestrans is unable to identify its relevant share of the underlying assets and liabilities in the Fund. These accounts have therefore been

drawn up in accordance with FRS17 on the basis that the pension cost is accounted for as a Defined Contribution Scheme

6. Value Added Tax

Only irrecoverable VAT is included in income and expenditure statements.

7. Corporate and Democratic Core

Costs relating to corporate management of the Authority have been charged to Corporate and Democratic Core in accordance with CIPFA's Best Value Accounting Code of Practice (BVACOP). There have been no democratic representation costs, including Councillor expenses, identified in these statements.

8. Financial Assets & Liabilities

The Partnership relies on the Aberdeenshire Council bank account to process transactions and the balance of any cash held is invested in the Council's Loans Fund. The balance is payable on demand and is shown as such on the Authority's Balance Sheet.

The loans and receivables (Debtors) and liabilities (Creditors) as shown in the Balance Sheet are measured at fair value and carried at amortised cost which equates to actual cash value at 31 March 2011

MOVEMENT IN RESERVES STATEMENT AS AT 31ST MARCH 2011

This Statement shows the movement in the year on the different reserves held by an organisation, analysed 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 (for example a capital fund that may only be used to fund capital expenditure or repay debt). Unusable reserves include 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 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 Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Requisition setting. The 'Net Increase /Decrease before transfers to other statutory reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Board.

	General Fund	Total Usable Reserves	Unusable Reserves	Total Partnership Reserves
	£000	**£000**	**£000**	**£000**
Balance at 31 March 2009	**0**	0	0	**0**
Surplus or (deficit) on provision of services (accounting basis)	(118)	0	0	**(118)**
Other Comprehensive Expenditure and Income	(4)	0	0	**(4)**
Total Comprehensive Expenditure and Income	**(**122)	0	0	**(122)**
Adjustments between accounting basis & funding basis under regulations	122	0	0	**122**
Net Increase / Decrease before Transfers to Other Statutory Reserves	0	0	0	**0**
Transfers to / from Other Statutory Reserves	0	0	0	**0**
Increase / Decrease in Year	**0**	0	0	**0**
Balance at 31 March 2010	**0**	0	0	**0**

MOVEMENT IN RESERVES STATEMENT AS AT 31ST MARCH 2011 (continued)

	General Fund	Total Usable Reserves	Unusable Reserves	Total PARTNERSHIP Reserves
	£000	**£000**	**£000**	**£000**
Balance at 31 March 2010	**0**	**0**	**0**	**0**
Surplus or (deficit) on provision of services (accounting basis)	151	0	0	**151**
Other Comprehensive Expenditure and Income	0	0	0	**0**
Total Comprehensive Expenditure and Income	**151**	0	0	**151**
Adjustments between accounting basis & funding basis under regulations	(151)	0	0	**(151)**
Net Increase / Decrease before Transfers to Other Statutory Reserves	**0**	0	0	**0**
Transfers to / from Other Statutory Reserves	0	0	0	**0**
Increase / Decrease in Year	**0**	0	0	**0**
Balance at 31 March 2011	**0**	0	0	**0**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

This Statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from grants or requisitions. Nestrans receives contributions to cover expenditure in accordance with agreements. This may be different from the accounting cost and the effect on the General Fund is shown in the Movement in Reserves Statement.

31 March 2010					31 March 2011		
£000 Expenditure	£000 Income	£000 Net		Note	£000 Expenditure	£000 Income	£000 Net
4,552	(52)	4,500	Highways and Transport services		3,931	(41)	3,890
11	0	11	Corporate and Democratic Core		11	0	11
0	0	0	Non Distributed Costs		0	0	0
4,563	**(52)**	**4,511**	**Cost Of Services***		**3,942**	**(41)**	**3,901**
	(10)	(10)	Financing and Investment Income and Expenditure	6		(18)	(18)
		4,501					3,883
	(4,377)	(4,377)	Requisitions and Non-Specific Grant Income	7		(4,034)	(4,034)
		122	**(Surplus) or Deficit on Provision of Services**				**(151)**
		0	Actuarial gains / losses on pension assets / liabilities				0
		(122)	Amounts returned to partner authorities				151
		0	**Other Comprehensive Income and Expenditure**				**0**
		0	**Total Comprehensive Income and Expenditure**				**0**

BALANCE SHEET AS AT 31ST MARCH 2011

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Partnership. The net assets of Nestrans (assets less liabilities) are matched by the reserves held by the 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 use to provide services.

31 March 2009 £000	31 March 2010 £000		Note	31 March 2011 £000
419	1,571	Short Term Debtors	8	239
3,704	1,071	Cash and Cash Equivalents	9	1,697
4,123	**2,642**	**Current Assets**		**1,936**
(4,123	(2,642	Short Term Creditors	10	(1,936)
(4,123	**(2,642)**	**Current Liabilities**		**(1,936)**
0	0	Other Long Term Liabilities		0
0	**0**	**Net Assets**		**0**
0	0	Usable reserves	11	0
0	0	Unusable Reserves		0
0	**0**	**Total Reserves**		**0**

CASH FLOW STATEMENT

The Cash Flow statement shows the changes in cash and cash equivalents of the Partnership during the reporting period. The statement shows how the Authority 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 recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority'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 Authority was to borrow.

31 March 2010 £000		**31 March 2011 £000**
0	Net surplus or deficit on the provision of services	0
2,633	Adjust net surplus or deficit on the provision of services for non cash movements	626
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
2,633	Net cash flows from Operating Activities	626
0	Investing Activities	0
0	Financing Activities	0
2,633	Net increase or decrease in cash and cash equivalents	626
3,704	Cash and cash equivalents at the beginning of the reporting period	1,071
1,071	Cash and cash equivalents at the end of the reporting period	1,697

NOTE TO THE ACCOUNTS

NOTE 1 Accounting Policies

General Principles

The Statement of Accounts summarises the Partnership's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. 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 the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

First Time Adoption of the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11: Based on International Reporting Standards

These financial statements are the first to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11. The Partnership has applied IFRS 1 in preparing these financial statements, except where interpretations or adaptations to fit the public sector are detailed in the Code. The Partnership's financial statements for the year ended 31 March 2010 were prepared in accordance with the previous Code of Practice 2009 – the SORP, which was based largely on United Kingdom Generally Accepted Accounting Practice (UK GAAP). When preparing the 2010/11 financial statements, certain accounting and valuation methods applied in the SORP 2009 financial statements were amended to comply with IFRS. The comparative figures for 2009/10 are restated to reflect these amendments. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. As this change has had little impact on the Partnership there are no reconciliations and descriptions required of the effect of transferring from UK GAAP to IFRS on the Authority's opening balance sheet at 1 April 2009, closing balance sheet at 31 March 2010 and Comprehensive Income and Expenditure Statement for the year ended 31 March 2010.

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.

NOTES TO THE ACCOUNTS (continued)

Note 1 Accounting Policies (continued)

Fixed Assets

The Authority has no fixed assets at this time and has no plans to acquire any. An appropriate policy will be applied in the event of the nature of the Partnership activities changing.

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 (debtors) 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 2011.

Elements of financial assets that are receivable within 12 months of the Balance Sheet date are included in either short-term investments or cash and cash equivalents dependent upon whether or not the asset satisfies the conditions of a cash or cash equivalent asset.

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 2011.

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 and 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 2011.

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.

NOTES TO THE ACCOUNTS (continued)

Note 1 Accounting Policies (continued)

Overheads and Support Services

Corporate and Democratic Core – costs relating to Nestrans status as a multi-functional, democratic organisation.

Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing 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.

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.

NOTES TO THE ACCOUNTS (continued)

Note 1 Accounting Policies (continued)

Events after Balance Sheet Date

Events after the reporting period 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 account, as the rentals become payable.

Reserves

Nestrans may not set aside specific amounts as reserves for future purposes. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against requisitions for the expenditure.

The Reporting Standard allows certain reserves to be retained to manage the accounting processes for non-current assets, retirement and employee benefits and would not represent usable resources for the Authority. Nestrans does not have any such Reserves at this time

Note 2 Transitional Arrangements – IFRS Disclosure Requirements

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code and would ordinarily result in the restatement of various balances and transactions. The activities and financial structure of Nestrans is such that most of the areas that would be affected in other local authority bodies are not applied here. Among those areas that are affected are the Accumulated Absences account and Capital related activities. There are only some minor values presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

There have been no accounting standards issued which have not been adopted.

NOTES TO THE ACCOUNTS (continued)

Note 3 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.

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

The Statement of Accounts contains no estimated figures that would be based on assumptions made by Nestrans about the future or that are otherwise uncertain.

Note 5 Events After The Balance Sheet Date

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

The financial statements and notes have not been adjusted for the following events which took place after 31 March 2011 as they provide information that is relevant to an understanding of the Board's financial position but do not relate to conditions at that date:

Note 6 Financing and Investment Income and Expenditure

	2009/10 £000	2010/11 £000
Interest receivable and similar income	(10)	(18)
	(10)	(18)

NOTES TO THE ACCOUNTS (continued)

Note 7 Requisitions and Non-Specific Grant Income

	2009/10 £000	2010/11 £000
Grants from Scottish Government	978	920
Grants from Local Authorities	3,399	3,114
	4,377	4,034

Note 8 Short Term Debtors

	2008/09 £000	2009/10 £000	2010/11 £000
Government bodies	349	264	196
Other Local Authorities	54	1,292	2
Other Entities and Individuals	16	15	41
	419	1,571	239

Note 9 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents comprises:

	2008/09 £000	2009/10 £000	2010/11 £000
Bank or Cash balances held	3,704	1,006	1,697
Aberdeenshire Council Loans Fund	0	65	0
	3,704	1,071	1,697

Note 10 Short Term Creditors

	2008/09 £000	2009/10 £000	2010/11 £000
Other Local Authorities	3,054	2,229	1,868
Other Entities and Individuals	1,069	407	68
	4,123	2,636	1,936

Note 11 Usable Reserves

There is no movement in the Partnership's usable reserves. Details can be seen in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS (continued)

Note 12 Cash Flow - Operating Activities

The cash flows for operating activities includes the following item:

	2009/10 £000	2010/11 £000
Interest Received	10	18

Note 13 Cash Flow – Investing/Financing Activities

There were no investing/financing activities in 2010/11 (2009/10 Nil)

Note 14 External Audit Costs

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

	2009/10 £000	2010/11 £000
Fees payable in respect of external audit Services:		
audit fee	9	10
notified fixed charge element for the year	2	2
Total	11	12

Note 15 Requisition and Grant Income

Nestrans credited the following requisitions to the Comprehensive Income and Expenditure Statement.

	2009/10 £000	2010/11 £000
Credited to Requisitions and Non Specific Grant Income		
Requisition from Aberdeen City Council	142	135
Requisition from Aberdeenshire Council	142	136
Total	284	271
Returned to/ (requested) from constituent authorities		
Aberdeen City Council	(61)	75
Aberdeenshire Council	(61)	76
Total	(122)	151

NOTES TO THE ACCOUNTS (continued)

Note 16 Related Parties

The Board 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.

Partner Local Authorities

The constituent authorities have effective control over the general operations of the Partnership in that they provide the majority of the funding. Details are shown in note 7. Nestrans also made payments to the constituent authorities in the normal course of business. The amounts are detailed below:

	2009/10 £000	2010/11 £000
Aberdeen City Council	1,473	1,423
Aberdeenshire Council	2,150	1,506

The Board
Members of the Partnership Board have direct control over the Partnership's financial and operating policies. Members of the Board have not received payment from Nestrans in respect of their association with the Partnership.

Note 17 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure on the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Board on the basis of budget and monitoring reports. These reports may be prepared on a different basis from the accounting policies used in the preparation of 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 the current service cost of benefits accrued in the year.

Neither of these apply to the operation of Nestrans at this time.

NOTES TO THE ACCOUNTS (continued)

The Comprehensive Income & Expenditure Account does not provide the detail of the activity cost and performance. The table below provides additional information.

Income and Expenditure

	2009/10 £000 Actual	2010/11 £000 Budget	2010/11 £000 Actual
Highways and Transport services			
Grants	4,377	4,034	4,034
Sales and Other Income	52	-	41
Interest	10	-	18
Total Income	**4,441**	**4,034**	**4,092**
Employee Costs	370	387	362
Other Core Costs	150	174	181
Regional Transport Strategy	765	630	550
General Projects	3,278	2,843	2,848
Total operating expenses	**4,563**	**4,034**	**3,941**
Net Expenditure	**122**	**0**	**(151)**

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

This reconciliation shows how the figures in the analysis of the Board's Income and Expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £000	2010/11 £000
Net Expenditure reported to the Board	122	(151)
Add Amounts in the Comprehensive Income and Expenditure not included in reports to the Board	0	0
Less Amounts reported to Management but not reported in Net Cost of Services	0	0
Net Cost of Services in Comprehensive Income and Expenditure Statement	122	(151)

NOTES TO THE ACCOUNTS (continued)

Note 18 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis

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

Subjective Analysis 2009-10

	Nestrans Analysis	Amounts not reported to the Authority	Amounts not included in Net Cost of Services	Net Cost of Services	Corporate Amount	**Total**
Sales and Other Income	(52)	-	-	-	-	**(52)**
Interest and investment income	(10)	-	-	-	-	**(10)**
Interest transferred to the Capital Fund	-	-	-	-	-	**-**
Grants and contributions	(4,379)	-	-	-	-	**(4,379)**
Total Income	**(4,441)**	**-**	**-**	**-**	**-**	**(4,441)**
Employee Costs	305	-	-	-	-	**305**
Property Costs	36	-	-	-	-	**36**
Admin Expenses	13	-	-	-	-	**13**
Transport Costs	12	-	-	-	-	**12**
Supplies and Services	4,193	-	-	-	-	**4,193**
Total Operating Expenses	**4,559**	**-**	**-**	**-**	**-**	**4,559**
IAS19 Holiday Pay Accrual	-	4	**-**	**-**	**-**	**4**
Surplus or deficit on the provision of services	**118**	4	-	-	-	**122**

NOTES TO THE ACCOUNTS (continued)

Note 19 Amounts Reported for Resource Allocation Decisions (continued)

Reconciliation to Subjective Analysis

Subjective Analysis 2010-11

	Nestrans Analysis	Amounts not reported to the Board	Amounts not included in Net Cost of Services	Net Cost of Services	Corporate Amount	Total
Sales and Other Income	(41)	-	-	-	-	**(41)**
Interest and investment income	(18)	-	-	-	-	**(18)**
Grants and contributions	(4,034)	-	-	-	-	**(4,034)**
Total Income	**(4,093)**	**-**	**-**	**-**	**-**	**(4,093)**
Employee Costs	306	-	-	-	-	**306**
Property Costs	33	-	-	-	-	**33**
Admin Expenses	10	-	-	-	-	**10**
Transport Costs	9	-	-	-	-	**9**
Supplies and Services	3,580	-	-	-	-	**3,580**
Total Operating Expenses	**3,938**	**-**	**-**	**-**	**-**	**3,938**
IAS19 Holiday Pay Accrual		4	-	-	-	**4**
Surplus or deficit on the provision of services	**155**	**-**	**-**	**-**	**-**	**151**

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2010/11 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 (s);
- 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.

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.

Derek Yule, BCom, CPFA, IRRV (Hons)
Treasurer

29 April 2011

Remuneration Report

Introduction

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 1985 (as amended by the Local Authority (Scotland) Amendment Regulations 2011). These Regulations require various disclosures about the remuneration and pension benefits of Senior Councillors and senior employees in respect of earnings etc paid by the 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.

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.

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 2010/11**	**Total 2009/10**
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Roderick Murray	71	0	0	0	0	71	69
Totals	**71**	**0**	**0**	**0**	**0**	**71**	**69**

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**	
	2010/11	2009/10
£50,000 - £54,999	0	0
£55,000 - £59,999	0	0
£60,000 - £64,999	0	0
£65,000 - £69,999	0	1
£70,000 - £74,999	1	0
Totals	1	1

Pension Benefits

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

Pension Benefits of Senior Employees

	In-year pension contributions		**Accrued annual pension benefits**		**Accrued pension Lump Sum**	
	For year to 31 March 2011	For year to 31 March 2010	**As at 31 March 2011**	As at 31 March 2010	**As at 31 March 2011**	As at 31 March 2010
	£000's	£000's	**£000's**	£000's	**£000's**	£000's
Roderick Murray	14	13	28	26	76	74
Totals	**14**	13	**28**	26	**76**	74

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 LPGS. For officers, pay is a 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 tiers and rates for 2010-2011 remain at the 2009-2010 rates (due to a negative increase in the cost of living index for 2010-2011). The tiers and rates are as follows - up to and including £18,000 5.5%; above £18,000 and up to £22,000 7.25%; above £22,000 and up to £30,000 8.5%; above £30,000 and up to £40,000 9.5%; and above £40,000 12%.

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.

Independent Auditor’s Report

Independent auditor’s report to the members of Aberdeen City and Shire Strategic Development Planning Authority and the Accounts Commission for Scotland