

ZETLAND TRANSPORT PARTNERSHIP (ZetTrans)
2009/10 ANNUAL ACCOUNTS

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ZetTrans
ZETLAND TRANSPORT PARTNERSHIP



ACCOUNTS– 2009/10 (Unaudited)

**ZETLAND TRANSPORT PARTNERSHIP (ZetTrans)
2009/10 ANNUAL ACCOUNTS**

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INTRODUCTORY STATEMENT

This is the fourth Annual Accounts report of Zetland Transport Partnership. It is a statutory statement, the purpose of which is to present a public statement on the stewardship of funds for the benefit of both members of the Zetland Transport Partnership (ZetTrans) and the public.

The document includes the formal statements of accounts as required by statute and the relevant code of practice, and it is this document and its supporting material which is the subject of external audit. The Transport Partnership's external auditor is Audit Scotland.

Composition of the Zetland Transport Partnership

The Shetland Transport Partnership "STP" was established by, and exists in accordance with, the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005 made under the Transport (Scotland) Act 2005.

On 11 January 2007 the Shetland Transport Partnership considered a report with regard to the name of the Partnership and settled on the name Zetland Transport Partnership with the working name "ZetTrans". (ZetTrans Minute Ref 02/07). Confirmation of agreement to the change of name was received from the Scottish Executive on 20 September 2007.

The Zetland Transport Partnership Members for 2009/10 were as follows:

Members:

Mrs I J Hawkins (Chairperson)
Mr A S Wishart (Vice-Chairperson)
Mr F A Robertson
Mrs C H J Miller

Other Members:

Dr S Taylor (NHS Shetland)
Mr S Robertson (HIE Shetland)

Substitute Members:

Mr A T Doull
Mr R S Henderson

Observer / Advisers:

Mr J L B Smith (Sumburgh Airport Consultative Committee)
Mr A Steven (Promote Shetland)
Mr R Moore (Head of Ports & Harbours Operations)
Ms S Laurenson (Lerwick Port Authority)
Mr J G Simpson (Development Committee Chairperson)
Mr S Mathieson (VisitShetland)

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Executive Officers:

Secretary & Proper Officer for Legal Proceedings - Head of Legal & Administration - Jan-Robert Riise

Proper Officer for Finance - Head of Finance -Graham Johnston

Lead Officer:

Head of Transport - Michael Craigie

Implementation of Policies

In November 2006, responsibility for bus services was transferred to ZetTrans. Inter-island air services were to follow in 2007 and the inter-island ferry service was to transfer to ZetTrans in 2008/09. Progress of these transfers has been suspended while the Government carries out its Ferries Review and ZetTrans and HITRANS work in partnership to carry out a Review of Air Services in the Highlands and Islands to ensure that any future models of delivery are in line with a long term integrated plan for transport in Scotland. The Government has adjusted its timetable for completion of the Ferries Review and it is now anticipated that the outcome of the review will be known late spring/early summer 2011. ZetTrans and HITRANS will have the Air Services Review in its final form by July 2010 and this will be the basis for determining the way ahead for inter island air services in Shetland and ZetTrans will consider the matter of functional responsibilities throughout the year 2010/11

Operational funding for the Partnership is secured from Shetland Islands Council, with support provided by the Scottish Government. The majority of projects and actions arising from the Transport Strategy are likely to be funded either through Shetland Islands Council's capital and revenue funds or from the Scottish Government.

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1. EXPLANATORY FOREWORD

1.1 Introduction

The Zetland Transport Partnership's accounts for the year ended 31 March 2010 have been prepared to comply with statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009.

Scottish Government revenue match funding was £155,000 in 2008/09 and maintained at this level for 2009/10. Capital funding in 2008/09 was rolled up into the Local Authority Settlement and is no longer ring-fenced for use by ZetTrans.

1.2 Explanation of statements which follow, their purpose and relationships

The following statements are contained in this Abstract of Accounts:

Statement of Accounting Policies

This statement explains the basis of the figures in the accounts, with particular reference to the treatment applied where more than one approach is possible.

Statement of Responsibilities for the Statements of Accounts

This statement sets out the respective responsibilities of the Zetland Transport Partnership and the Proper Officer for Finance to the Partnership.

Income & Expenditure Account

This statement reports the net cost for the year of the functions for which the Zetland Transport Partnership is responsible and demonstrates how that cost has been financed.

Statement of Movement on ZetTrans Balances

This statement shows the adjustments required to the Income and Expenditure account for the statutory and non-statutory proper practices taken into account when determining the ZetTrans budget and the contribution by the Shetland Islands Council.

Statement of Total Recognised Gains and Losses

This statement shows the recognised gains and losses for the year.

Balance Sheet as at 31 March 2010

This statement shows the balances and reserves at the disposal of the Zetland Transport Partnership at the year end.

Cash Flow Statement

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue purposes.

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Notes to the Core Financial Statements

These include notes to the Income and Expenditure Account, Balance Sheet and Cash Flow Statement.

Statement on the System of Internal Financial Control

This statement sets out the framework within which financial control is managed and reviewed.

1.3 Overall comparison of expenditure with budget

Overall for the year, the Zetland Transport Partnership was equal to budget in line with guidance that it is not possible for Regional Transport Partnerships to accumulate General Fund reserves. At the year end there was a reduced contribution required for the bus service of £8,853, and a reduction in administration costs of £68,489, against budget from Shetland Islands Council. Expenditure and income in 2009/10 may be summarised as follows:

<u>REVENUE FUNDING</u>	BUDGET	ACTUAL	VARIANCE
	£	£	£
EXPENDITURE:			
Employee Costs	46,521	34,125	12,396
Operating Costs	303,843	247,741	56,102
Grant to SIC for Bus Services	1,305,910	1,297,057	8,853
Other Payments (Bank Int & Charges)	0	282	(282)
Total Expenditure	1,656,274	1,579,206	77,068
INCOME:			
Scottish Government General Grant	(155,000)	(155,000)	0
HiTrans Sustainable Travel Grant	(10,000)	(9,992)	(8)
SIC Grant for Bus Services	(1,305,910)	(1,297,057)	(8,853)
SIC match funding	(185,364)	(116,875)	(68,489)
Bank Interest	0	(281)	281
Total Income	(1,656,274)	(1,579,206)	(77,068)
TOTAL	0	0	(0)
Total All Expenditure	1,656,274	1,579,206	77,068
Total All Income	(1,656,274)	(1,579,206)	(77,068)
OVERALL TOTAL	0	0	(0)

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2. STATEMENT OF ACCOUNTING POLICIES

2.1 Introduction

The accounting policies presented below apply to all statements in this abstract.

2.2 Debtors and creditors

All known and determinable amounts due to the Zetland Transport Partnership have been brought into account. This is effected by taking into account all invoices raised by 6 April 2010, which relate to 2009/10, and accruing all other known material amounts not raised by that date which relate to 2009/10.

All known material amounts due by the Zetland Transport Partnership have been brought into account. This is effected by taking into account payments made by 14 April 2010, which relate to 2009/10, and accruing other known material amounts not paid by that date which relate to 2009/10.

2.3 Grants

Grants have been credited to the revenue account of the Transport Partnership at the date the Transport Partnership satisfies the conditions of entitlement to the grant. Where applicable, outstanding grants due/prepaid at 31 March 2010 have been accrued.

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3. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

3.1 The Zetland Transport Partnership's Responsibility

The Zetland Transport 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. For Zetland Transport Partnership, the Proper Officer for Finance is the Head of Finance of the Shetland Islands Council.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

3.2 The Proper Officer for Finance's Responsibilities

The Proper Officer for Finance to the Partnership is responsible for the preparation of the Zetland Transport Partnership's statement of accounts as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the SORP).

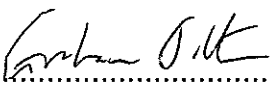
In preparing this statement of accounts, the Proper Officer for Finance to the Partnership has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority SORP, in so far as local circumstances and the overriding requirement to present a true and fair view of the financial position and transactions of the Zetland Transport Partnership permit.

The Proper Officer for Finance has also:

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

The statement of accounts presents a true and fair view of the financial position of the Zetland Transport Partnership at the accounting date and its income and expenditure for the year ended 31 March 2010.


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Graham Johnston B.Sc. (Hons) C.P.F.A.
Proper Officer for Finance

25 June 2010

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4. INCOME AND EXPENDITURE ACCOUNT 2009/10

2008/09 TOTAL		2009/10	2009/10	2009/10 TOTAL
£		Gross Exp £	Income £	Net Exp £
	SERVICES			
1,542,156	Roads and Transport	1,579,206	(164,992)	1,414,213
88,138	Grants for Capital Expenditure	0	0	0
<u>1,630,294</u>	NET COST OF SERVICES	<u>1,579,206</u>	<u>(164,992)</u>	<u>1,414,213</u>
(6,328)	Interest			(281)
<u>1,623,966</u>	NET OPERATING EXPENDITURE			<u>1,413,932</u>
(1,623,966)	Requisition from Shetland Islands Council			(1,413,932)
<u>0</u>	SURPLUS FOR THE YEAR			<u>0</u>

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5. STATEMENT OF MOVEMENT ON ZETTRANS BALANCES

2008/09 TOTAL		2009/10 TOTAL
£		£
0	Deficit/(Surplus) for the year on the Income and Expenditure Account	0
0	Net additional amount required by statute and non-statutory proper practices to be (credited)/debited to the ZetTrans balance for the year	0
<u>0</u>	CHANGE IN ZETTRANS BALANCE FOR THE YEAR	<u>0</u>

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6. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

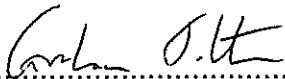
2008/09		2009/10
£		£
0	(Surplus)/Deficit on Income and Expenditure Account	0
0	Surplus arising on revaluation of fixed assets	0
0	Actuarial (gains)/losses on pension fund assets and liabilities	0
<u>0</u>	TOTAL RECOGNISED GAINS FOR THE YEAR	<u>0</u>

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7. BALANCE SHEET AS AT 31 MARCH 2010

31 March 2009 £		31 March 2010 £	31 March 2010 £
	Current Assets		
1,623,966	Debtors	1,423,924	
53,840	Bank	<u>86,763</u>	1,510,688
	Current Liabilities		
(1,677,806)	Creditors	(1,510,688)	
0	Accruals	<u>0</u>	(1,510,688)
<u>0</u>	TOTAL ASSETS LESS LIABILITIES		<u>0</u>
	Financed By:		
<u>0</u>	TOTAL EQUITY		<u>0</u>

The unaudited accounts were issued on 25 June 2010.



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Graham Johnston B.Sc. (Hons) C.P.F.A.
Proper Officer for Finance

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8. CASHFLOW STATEMENT

2008/09 TOTAL		2009/10 TOTAL
£	REVENUE ACTIVITIES	£
	Cash Outflows	
2,130,067	Other Operating Cash Payments	1,746,324
<u>2,130,067</u>		<u>1,746,324</u>
	Cash Inflows	
(1,175,472)	Requisition from Shetland Islands Council	(1,623,966)
(165,000)	Grants	(155,000)
<u>(1,340,472)</u>		<u>(1,778,966)</u>
<u>789,595</u>	NET REVENUE CASH (INFLOW) / OUTFLOW	<u>(32,642)</u>
	RETURNS ON INVESTMENT AND SERVICING OF FINANCE	
	Cash Inflows	
(6,328)	Interest Received	(281)
<u>783,267</u>	NET (INCREASE)/DECREASE IN CASH	<u>(32,923)</u>

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9. NOTES TO THE CORE FINANCIAL STATEMENTS

9.1 Employees

Member Allowances / Officer Remuneration

The Zetland Transport Partnership has no employees. All employees working for the Partnership are Shetland Islands Council employees. The Zetland Transport Partnership Members do not receive an attendance allowance, however expenses incurred in the course of carrying out approved duties are reimbursed.

2008/09		2009/10
£		£
<u>3,509</u>	Members Expenses	<u>882</u>

9.2 Audit Fee Costs

Audit Scotland is to carry out the audit of the Zetland Transport Partnership's accounts for the 2009/10 audit. The fees for audit services undertaken in accordance with the 'Code of Audit Practice' are paid to Audit Scotland and are as follows:-

2008/09		2009/10
£		£
8,500	External Audit Fee	8,600
1,800	Audit Scotland Fixed Charge	1,900
<u>10,300</u>	Total Audit Fee	<u>10,500</u>

No other services were provided to ZetTrans by Audit Scotland

9.3 Events after the Balance Sheet date

There are no events after the Balance Sheet date that require to be reflected in the Statement of Accounts.

9.4 Analysis of Debtors and Creditors

All creditors and debtors relate to the Shetland Islands Council.

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9.5 Date of Authorisation for Issue

The unaudited accounts were issued on 25 June 2010.

9.6 Reconciliation of Income and Expenditure Account to net cash flow to the revenue activities net cash flow shown in the Cash Flow Statement

2008/09 TOTAL £		2009/10 TOTAL £
0	(Surplus)/Deficit for Year	0
	Items on an accruals basis:	
434,546	Movement in debtors	(200,042)
348,721	Movement in creditors	167,119
<u>783,267</u>		<u>(32,923)</u>
	Items classified elsewhere:	
<u>6328</u>	Interest received	<u>281</u>
<u>789,595</u>		<u>(32,642)</u>

9.7 Reconciliation of the movement in cash to the movement in Net Debt

2008/09 TOTAL £		2009/10 TOTAL £
783,267	(Increase)/Decrease in Cash	(32,923)
<u>783,267</u>		<u>(32,923)</u>
(837,107)	Opening Net Debt as at 01/04/09	(53,840)
<u>(53,840)</u>	Closing Net Debt as at 31/03/10	<u>(86,763)</u>

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9.8 Reconciliation of movement in cash and cash equivalents to relevant items in opening and closing balance sheets

	Balance at 1/4/09 £	Cashflow £	Balance at 31/3/10 £
Cash and Bank	53,840	32,923	86,763
TOTAL	<u>53,840</u>	<u>32,923</u>	<u>86,763</u>

9.9 Analysis of Government Grants

2008/09 £		2009/10 £
	Scottish Government Funding for:-	
165,000	Revenue Grant	164,992
0	Capital Grant	0
<u>165,000</u>	TOTAL	<u>164,992</u>

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10. STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for the Zetland 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 concerned.

The system of internal financial control can provide only reasonable not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a reasonable period.

The system of internal financial control is based on a framework of guidance and management information. Key aspects include:

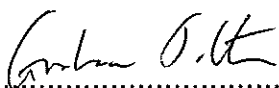
- comprehensive and up to date financial regulations;
- comprehensive budgeting systems;
- regular review of financial data;
- targeted reporting of budget against actual to managers;
- close management of capital expenditure.

The Proper Officer for Finance is responsible for Internal Audit within the Partnership. The Service Manager - Internal Audit is responsible to the Proper Officer for Finance for the day to day discharge of the internal audit function. It is the responsibility of Internal Audit to assist management in establishing an operating environment which is controlled, efficient and effective. Internal Audit operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government, the Institute of Internal Auditors Standards and Guidelines for the Professional Practice of Internal Auditing and operates in accordance with the ISO 9001:2000 quality standard for systems based audit work.

The effectiveness of internal financial control is also informed by:

- the work of managers within the Transport Partnership;
- the work of internal audit, as mentioned above;
- the external auditors in their annual letter and other reports.

The conclusion of Internal Audit was that the Partnership's system of internal control was adequate and effective.



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Graham Johnston B.Sc. (Hons) C.P.F.A.
Proper Officer for Finance

25 June 2010

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GLOSSARY OF TERMS

ACCRUALS

The concept that income and expenditure is recognised as it is earned or incurred, not as money is received or paid. Accrual is the process by which income and expenditure is matched to the financial year to which it relates.

CONSISTENCY

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

EXPENDITURE

Employee Costs

Includes wages, salaries, bonus, overtime, employer's national insurance and pension contributions as well as staff training, travelling and subsistence expenses.

Operating Costs

Includes expenditure on property and plant, supplies and services, transport, administration and agency payments (i.e. payments to other bodies to carry out functions on the Zetland Transport Partnership's behalf).