SHEFFIELD CITY REGION COMBINED AUTHORITY

STATEMENT OF ACCOUNTS 2015/16

(Audited)

For the period
1 April 2015 to 31 March 2016

Contents

Narrative Report by the Director of Finance

1. INTRODUCTION

Purpose of the Narrative Report

The Sheffield City Region Combined Authority is a diverse and complex organisation. This Narrative Report aims to provide an overview of the organisational structure of the Combined Authority, its objectives and its financial performance.

The Statement of Accounts contains all the financial statements and disclosure notes required by statute. They have been prepared in accordance with the 2015/16 Code of Practice on Local Authority Accounting (the Code) together with guidance notes as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A glossary can also be found towards the end of these accounts to help explain some of the accounting terms used.

2. ORGANISATION & OBJECTIVES

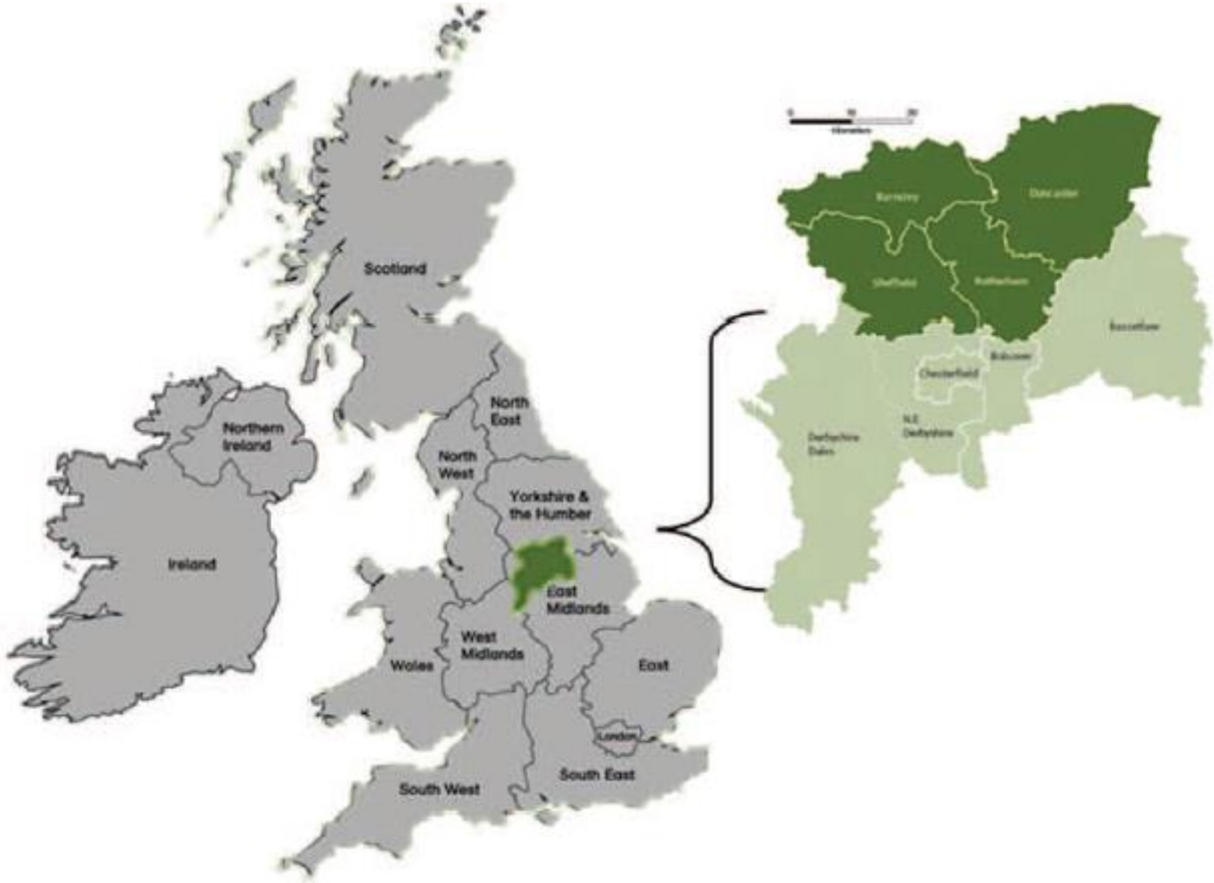
The Sheffield City Region Combined Authority

The Sheffield City Region Combined Authority was constituted under law on the 1st April 2014.

The Combined Authority was granted the powers and competencies of the former South Yorkshire Integrated Transport Authority, but also wider powers to deliver a more expansive economic development agenda over a broader area. This gives the Combined Authority two broad spheres of activity that should be complementary.

The enabling legislation passed by government gave the Combined Authority a formal title of the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority. However, the trading name of the Sheffield City Region Combined Authority has been adopted to better reflect the involvement of district councils from North Derbyshire and North Nottinghamshire.

The Combined Authority consists of the four ‘constituent’ authorities from South Yorkshire, and five ‘non-constituent’ districts from North Derbyshire and the North Midlands:



Involving districts from the North Midlands gives the Combined Authority a wider geography than the former South Yorkshire Integrated Transport Authority. This is a deliberate move to pivot away from traditional local authority boundaries to better reflect the ‘economic-footprint’ of the region.

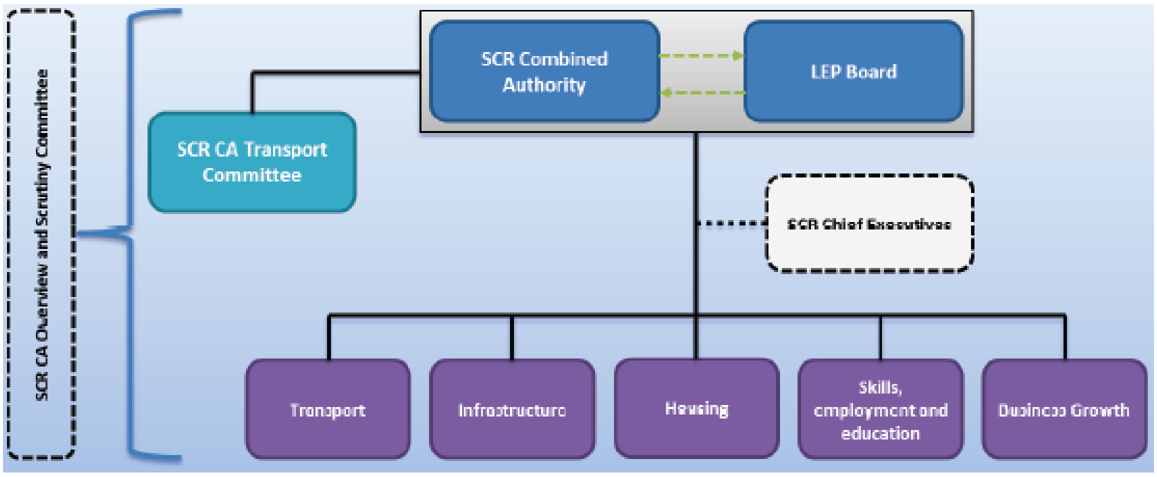
The broader constituency of districts reflects the economic realities of the communities, where populations live and work across local authority boundaries. Aligning the resources and aspirations to these realities is essential to delivering on economic growth goals.

These aspirations and goals, along with the Combined Authority’s plan for delivering them, are laid down in the Strategic Economic Plan (SEP). The SEP details the plans to deliver:

To deliver on the SEP, the Combined Authority's activity and governance has been shaped into five thematic work streams.

Each work stream is governed by an Executive Board led by local authority Leaders and Chief Executives, alongside private sector representation from the region's Local Enterprise Partnership (LEP).

Governance arrangements for the thematic work streams can be represented accordingly:



To deliver on the Combined Authority's objectives, activity and budgets are split between South Yorkshire transport activity and regional wide economic development activity.
South Yorkshire transport activity is seen as complementary to the wider SEP, but is differentiated from pan-regional transport and economic development activity by its source of funding.

Group Structure

The Combined Authority's core activity can be broadly split between two distinct but complementary themes:

- South Yorkshire transport activity in support of the South Yorkshire Transport Plan; and,
- Economic development activity in support of the Strategic Economic Plan (SEP).

South Yorkshire transport activity is principally carried out through the Combined Authority's operating subsidiary: South Yorkshire Passenger Transport Executive (SYPTE).

SYPTE is primarily funded through a revenue grant awarded from the Combined Authority. The Combined Authority funds this grant through a levy on the four South Yorkshire districts. This levy is negotiated each year as part of the budget setting process.

Operational activity in pursuit of the SEP is primarily carried out directly through the Sheffield City Region Executive; the Combined Authority's officer team. This team is led by the Combined Authority's Executive Director (Head of Paid Service). Economic development activity is carried out in collaboration with the SCR Local Enterprise Partnership (LEP) who provide strategic leadership.

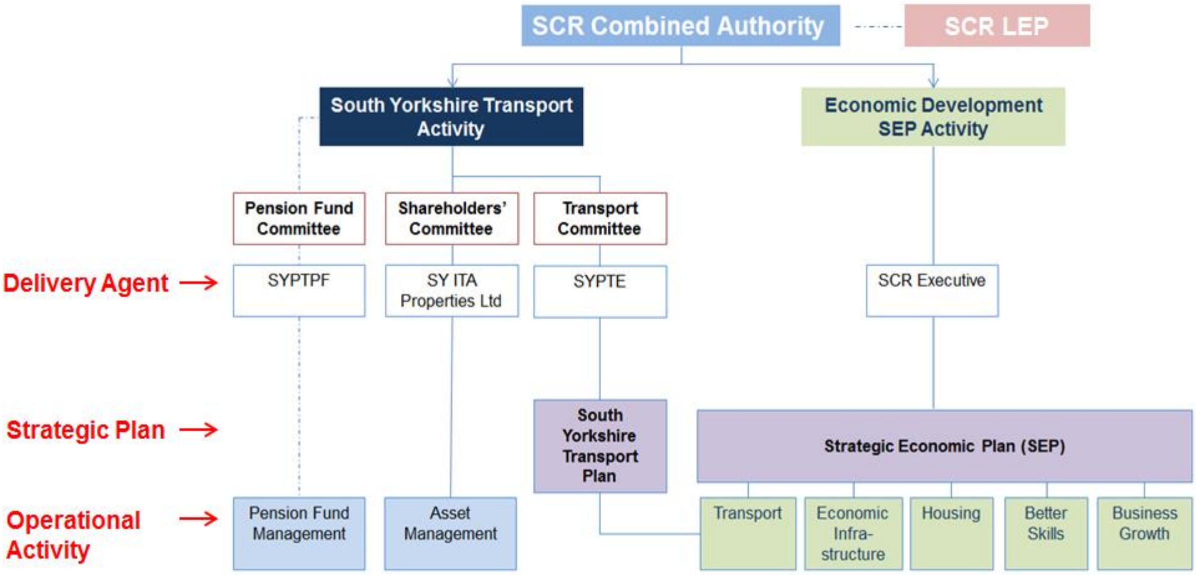
Alongside its core activities of delivering on the South Yorkshire Transport Plan and economic development activity in pursuit of the SEP, the Combined Authority also holds responsibilities in respect of the South Yorkshire Passenger Transport Pension Fund (SYPTPF) for which the Combined Authority holds administering body status.

This fund relates to a restricted number of employees and former employees of First South Yorkshire Ltd who participate in the local government pension scheme. The Combined Authority does not contribute any funding towards the costs of the fund which is managed on an agency basis for the Combined Authority by South Yorkshire Pensions Authority (SYPA).

The SYPTPF's accounts are included as an addendum to this document, but are not consolidated into the group position.

The Combined Authority also owns, by way of a majority shareholding, a company principally concerned with the management of a number of assets. This company, SYITA Properties Ltd, provides a management function for several properties currently leased to third parties. The company's major asset, an office facility in Sheffield, is leased directly to SYPTE.

The following image identifies the core areas of activity, along with strategic plans, delivery agents, and operational activity:



The accounts contained in this document show the financial results for the Combined Authority as a single entity, and financial results for the Combined Authority as a group.

As a single entity the Combined Authority accounts for its work in support of the SEP, and the transactions it enters into as the parent body for SYPTE, SYITA Properties Ltd, and the administering body for SYPTPF.

As a group, the Combined Authority consolidates the full financial results of SYPTE and SYITA Properties Ltd into its own to create an overall group financial position.

3. KEY SECTIONS INCLUDED IN THE STATEMENT OF ACCOUNTS

Statement of Responsibilities

This sets out the respective responsibilities of the Combined Authority and the Director of Finance for the Accounts.

Movement in Reserves Statement

This statement shows the movement during the year of the different reserves held by the Combined Authority.

Comprehensive Income and Expenditure Statement

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

Balance Sheet

The Balance Sheet includes information on the Combined Authority's non-current and current assets, short term and long term liabilities and the balances at its disposal at the reporting date.

Cash Flow Statement

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

Notes to the Financial Statements

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

Group Accounts

The Group Accounts show the full extent of the Combined Authority's activities by including subsidiary and associate companies and joint ventures. These too are preceded by notes explaining their purpose and have explanatory notes.

4. FINANCIAL PERFORMANCE

Headlines

The financial headlines for the year are as follows:

Summary Highlights

- Savings of 10% on the South Yorkshire transport levy were achieved
- The costs of economic development activity delivered from the Combined Authority were frozen
- Budget planning has enabled the Combined Authority to move economic development activity away from policy planning to support practical delivery
- 2015/16 saw the start of the Combined Authority's economic development capital programme that will deliver the SEP
- The Combined Authority took on the financial accountable body role for the Transport for the North partnership
- The region agreed a Devolution deal with Government that will see the flow of £900m of grant funding over 30 years from 2016/17

Revenue Budget

- Underspends on revenue budgets:
    - South Yorkshire Transport activity: £437k
    - Economic Development activity: £274k

- Receipt of the first tranche of funding for economic development programme activity, enabling £3.7m of programme spend
- Transport for the North – for which the Combined Authority is accountable body – received £14.2m of revenue grants, of which £3.2m was spent

Capital Programme

- Receipt of the first tranche of Local Growth Fund (LGF) capital grant (£39m)
- Actual spend on the LGF programme of £11.6m
- Award of a £10m capital loan to the Joint European Support for Sustainable Investment in City Areas (JESSICA) investment fund

Usable Reserves

- Draw on South Yorkshire transport levy reduction reserve of £2.8m
- Net draw on the South Yorkshire Private Finance Initiative (PFI) reserve of £592k
- Creation of an LGF revenue reserve to sustain business growth activity (£3.9m)
- Contribution to Economic Development reserves of £391k

Revenue Budgets

The Combined Authority's revenue budget comprises the South Yorkshire transport budget (the former Integrated Transport Authority budget) and the economic development budget that resources the Strategic Economic Plan. The economic development budget is differentiated between core activity, and specifically funded programme activity.

We are required to distinguish between the Transport budget and the economic development budget by law.

The transport budget is principally resourced from the South Yorkshire transport levy, which cannot be spent on non-South Yorkshire transport activity. Equally, economic development funding is generally ring-fenced to activity for which the LEP provides strategic leadership.

At outturn all budgets show a favourable position against original forecasts.
The South Yorkshire transport budget returned a £437k favourable position on budget due to improved cash investment activity. As this budget was set with a draw on reserves, this means that there was a smaller draw on reserves required than anticipated:

	Budget	Outturn	Variance	Variance
SY Transport Budget	**£000**	**£000**	**£000**	**%**
Total Net Expenditure	72,930	72,502	(428)	1
Total Income	(67,717)	(67,725)	(8)	0
Deficit to be Funded from Reserve	**5,213**	**4,777**	**(436)**	**8**

The economic development budget was set to achieve a surplus of £117k which would be taken to reserves for contingency. This budget has experienced much flux during the year as the SEP was operationalised, devolution pressures came to the fore, officers transitioned to Barnsley Metropolitan Borough Council (BMBC) payroll, and the SCR executive structure expanded and changed.

At outturn the budget returned a surplus of £391k representing a £274k improvement on the original budget:

	Budget	Outturn	Variance	Variance
Economic Development Revenue Budget	**£000**	**£000**	**£000**	**%**
Net Revenue Expenditure	2,679	2,506	(173)	6
Non-specific Income	(2,796)	(2,897)	(101)	4
Surplus to be taken to Reserve	**(117)**	**(391)**	**(274)**	**234**

This position largely relates to better income generation, more recharging into programme activity, and some slipped activity.

Revenue programme activity is substantially under budget, principally due to the drastic change in delivery model for Skills Bank activity:

Programme Activity	**Budget**	**Outturn**	**Variance**	**Variance**
	£000	**£000**	**£000**	**%**
Skills Bank	3,600	942	(2,658)	74
Apprenticeship Grant for Employers	2,410	2,150	(260)	11
Enterprise Advisor Pilot	150	0	(150)	100
Growth Hub	500	495	(5)	1
Access to Finance	352	131	(221)	63
	7,012	**3,718**	**(3,294)**	**47**

During the year, the Combined Authority also received £14.2m of revenue grants on behalf of the Transport for the North partnership. Of this funding £3.3m of expenditure is recognised in the Combined Authority's accounts.

The residual balance of funding received on behalf of Transport for the North is held as a grant unapplied on the balance sheet.

Capital Programme

The Combined Authority's capital programme consists of the 'direct' programme facilitated by the SCR Executive and funded from Local Growth Fund (LGF) grants, and the legacy South Yorkshire Transport programme.

Expenditure on the latter is managed through SYPTE in respect of Integrated Transport Block (ITB) allocations, or passported straight to South Yorkshire partners in respect of Highways Capital Maintenance spend.

This year represents the first year the Combined Authority has received LGF allocations, and the direct programme has slipped materially.

Economic Development		Programme March 2015	Outturn	Variance	Variance
Theme	**Scheme**	**£000**	**£000**	**£000**	**%**
Infrastructure	SCR Infrastructure Fund	26,634	18,035*	(8,599)	32
Business Growth	Business Investment Fund	2,500	33	(2,467)	99
Transport	Sustainable Transport Exemplar	3,300	3,075	(225)	7
Skills	Skills Capital Competitive Fund	4,000	308	(3,692)	92
Skills	Glass Academy	3,500	11	(3,489)	100
SCR Executive	Programme Costs	334	116	(218)	65
		40,268	**21,578**	**(18,690)**	**46**

*including a £10m capital loan to the JESSICA investment fund

South Yorkshire Transport		Programme March 2015	Outturn	Variance	Variance
Theme	**Scheme**	**£000**	**£000**	**£000**	**%**
Transport	Integrated Transport Block	8,640	10,638	1,998*	23
Transport	Highways Capital Maintenance	12,570	12,570	0	0
		21,210	**23,208**	**1,998**	**9**

* underspend from prior year funded activity

Borrowing

As at 31 March 2016, the Combined Authority loans portfolio totalled £25.7m which compares to an overall Capital Financing Requirement of £107.2m. During the year, no further borrowing was taken as the capital investment undertaken has been funded from capital grants award to the Authority.

In addition to the Combined Authority's loan portfolio, SYPTE have a loan portfolio of £183.9m excluding £3.7m of accrued interest. This has reduced by £18.6m following repayments made during 2015/16 and no further borrowing has been undertaken. SYPTE also have PFI liabilities of £11.8m down from £11.98m in 2014/15.

Reserves

Reserves can be split between those that are usable, and those that are accounting reserves and not available to support expenditure.

The Combined Authority's usable reserves are split between those in place to fund South Yorkshire transport activity, and those available to support region wide economic development activity.

The following table shows the balances brought forward on the Combined Authority's useable reserves, along with draws and contributions during the year:

		Reserves Brought Forward	Draw	Contribution	Reserves Carried Forward
		£000	£000	£000	£000
Revenue Reserves					
South Yorkshire Transport					
General Reserve	Un-earmarked	(5,888)	0	0	(5,888)
PFI Reserve	Earmarked	(6,068)	2,000	(1,408)	(5,476)
Levy Reduction Reserve	Earmarked	(39,700)	2,777	0	(36,923)
		(51,656)	4,777	(1,408)	(48,287)
Economic Development					
CA/LEP General Reserve	Un-earmarked	(255)	0	(391)	(646)
CA/LEP LGF Reserve	Earmarked	0	131	(4,000)	(3,869)
		(255)	131	(4,391)	(4,515)
Other					
Revenue Grants and Contributions Reserve	Earmarked	0	0	(10,912)	(10,912)
Capital Reserves					
Capital Receipts Reserve	Un-earmarked	(5,343)	0	0	(5,343)
Total Usable Reserves		**(57,254)**	**4,908**	**(16,711)**	**(69,057)**

The South Yorkshire transport reserves are largely retained to support sustainable reductions in the transport levy charged to South Yorkshire partners. These reserves will be drawn upon in the coming years to support costs that would otherwise fall on local taxpayers.

The LGF reserve will sustain business growth activity including the Access to Finance and Growth Hub teams, which have previously been funded by one-off grants.

Reconciliation of the Revenue Budget Outturn to the Comprehensive Income & Expenditure Account (CIES)

Revenue expenditure is accounted for in the Combined Authority's accounts through the CIES. The CIES shows the accounting position of the Combined Authority at the year end. This accounting position differs to the revenue budget outturn position. The difference between the two represents accounting rules around when income and expenditure is recognised, and when costs need to be funded from resource such as grants and partner contributions.

The following table shows how the Combined Authority's revenue outturn position has been adjusted to the surplus of £15.3m shown on the CIES. Further details can be found in Note 26.

	£000
Budget Outturn	
South Yorkshire Transport	4,777
Economic Development	(391)
Transport for the North	0
Net Budget Outturn Position taken to Reserves	**4,386**
Net contributions to reserves	(14,189)
Removal of Provisions for Repayment of Debt - under statute	(3,537)
Other Technical Accounting Adjustments	(2,000)
(Surplus) / Deficit on Total Comprehensive Income & Expenditure Account	**(15,340)**

The surplus of £15.3m shown on the CIES represents the value by which the Combined Authority's net worth has increased over the course of the last year rather than the performance against our budgets.

5. SIGNIFICANT CHANGES IN ACCOUNTING POLICY

The Combined Authority's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2015/16. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

There has been one significant change in accounting policy during 2015/16 for the implementation of *IFRS13 Fair Value Measurement*. This standard provides a consistent definition of fair value throughout the accounts for assets and liabilities; fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The impact of the change has resulted in revaluations, with additional disclosures in the financial statements and notes, for financial instruments, Investment Properties and pensions.

6. FINANCIAL OUTLOOK

The Combined Authority's affairs are closely aligned to the fortunes of local partners and government.

South Yorkshire revenue transport activity is principally funded from the transport levy negotiated with the South Yorkshire local authority partners. As partner budgets continue to come under strain from government funding cuts it is anticipated that the levy will need to fall.

To support partners and wherever possible protect services, the Combined Authority undertook a major restructure of SYPTE's capital financing structure in 2014 and 2015 that has created a revenue reserve at the Combined Authority that stood at £36.9m at the end of 2015/16.

This reserve will be drawn upon in future years to support sustainable levy reductions as work continues to reduce SYPTE's cost base.

The economic development activities of the Combined Authority are largely funded by government through Local Growth Fund deals.

To date the region has received some of the most significant LGF deals in the country, being awarded £350m through Growth Deal rounds 1 & 2. This funding is, however, a capital resource that cannot generally be used to fund costs associated with running the SCR executive.

In this context, the Combined Authority is sensitive to revenue income derived from retained business rates generated on the region's Enterprise Zone. This income resources much of the staffing and overheads costs inherent in running the Combined Authority's significant capital programme.

Whilst the Enterprise Zone is able to offer incentives to business through rate relief and enhanced capital allowances, occupation of premises and development on the sites will continue to be effected by macro issues beyond the Combined Authority's control such as the state of the national economy.

The region has, however, moved towards securing more secure income flows through the Devolution Deal signed with government in 2016.

This ground-breaking deal will see government award the region £30m per annum for 30 years, on a 60:40 capital / revenue split.

This deal helps secure the region's longer term viability, longer term planning and investment supporting the delivery of the SEP.

Challenges lie ahead for the Combined Authority in developing governance and prioritisation processes that will allow the Combined Authority to invest its funding efficiently. Much effort is also going into the development of programme management frameworks and processes to allow the Combined Authority to transact and control its programmes effectively. These issues become more important as the region moves towards full localisation and retention of business rates.

The performance of the region's economy, and the role of the Combined Authority in supporting growth, will come into sharp focus as partners retain full risk and reward of that economic performance.

Annual Governance Statement

Sheffield City Region Combined Authority

Annual Governance Statement 2015/16

1. Scope of Responsibility

1.1 The Sheffield City Region (SCR) Combined Authority ('the Authority') is responsible for ensuring that its business is conducted in accordance with statute and proper standards of governance are employed; that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Authority has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is responsible for establishing proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and the management of any associated risks.

1.2 The Authority has continued to develop its corporate governance arrangements in line with its programme of work and in particular the roll-out during the year of its respective Executive Boards which have been set up to deliver against key strategic outcomes. The governance arrangements being developed will comply with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework ***Delivering Good Governance in Local Government.*** A copy of the Authority's Constitution is available on its website at www.southyorks.gov.uk. This statement explains how the Sheffield City Region Combined Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

1.3 The Authority acknowledges that good governance arrangements are the basis upon which it is able to establish policies and ultimately the efficient delivery of its services and programme of work to communities within the city region. For good governance to be truly effective it must be robust yet permissive and be able to be adapted swiftly to changing circumstances. Public bodies such as the Combined Authority must be responsive to developments in services, public expectations and the actions of other stakeholders. The Annual Governance Statement offers reassurance in part and highlights where improvements are being made, so that a comprehensive and effective governance framework is in place.

2. The Purpose of the Governance Framework

2.1 The governance framework evidences the systems, processes, culture and values, by which the Authority directs and controls the activities it is accountable for in order to provide an effective service to the Sheffield City Region.

2.2 The system of internal control is a significant part of the Framework and the Authority has established a Risk Management Strategy such that strategic risks have been managed efficiently and effectively and taking account of systems and processes in place of those partner authorities charged with governance responsibilities. Whilst it is not possible to eliminate all risk when delivering the Authority's policies, aims and objectives, it is intended to provide reasonable assurance of the effectiveness of the arrangements in place. The system of internal control is based on an evolving process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives and to evaluate the likelihood of those risks being realised and any likely impact. Once identified, the Authority will seek to manage them transparently, effectively and economically.

2.3 Since its inception in April 2014, the Authority's Constitution has continued to evolve in line with its programme of work. It was acknowledged at the time that the Combined Authority's Corporate Governance Framework would be 'work in progress' but that sound systems and processes required implementation as soon as was practically possible. The governance framework has been in place at the Sheffield City Region Combined Authority for the year ended 31 March 2016 and up to the date of approval of the report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

Context

3.1 The key elements of the governance framework, its systems and processes, are outlined below.

3.2 The Sheffield City Region Combined Authority comprises the areas of nine local authorities:

Constituent Authorities:
Barnsley Metropolitan Borough Council;
Doncaster Metropolitan Borough Council;
Rotherham Metropolitan Borough Council;
Sheffield City Council;
Non-Constituent Authorities:
Bassetlaw District Council;
Bolsover District Council;
Chesterfield Borough Council;
North East Derbyshire District Council;
Derbyshire Dales District Council.

3.3 Its remit is to coordinate and drive forward economic regeneration and transport initiatives for the benefit of citizens and the business community within its boundaries. Transport functions were previously the responsibility of the former South Yorkshire Integrated Transport Authority.

3.4 The natural and economic geography of the region has been reflected in the way the Authority does business. There has been a long standing approach to collaborative working amongst the partner authorities firstly through the Sheffield City Region Forum, which subsequently became the SCR Local Enterprise Partnership and in turn aligned with the SCR Leaders Group.

Devolution Deal

3.5 The functions and powers of the Combined Authority provide for a stable and effective governance function in support of key strategic policy areas; economic development, regeneration and transport. The Authority's objective, working in tandem with central Government, is to see greater devolution of funding, resources and functions to the city region. The Authority is pleased to announce its agreed Devolution Deal with Government during the period. As part of the process, two non-constituent members have made clear their intention to join the Combined Authority. These members are Chesterfield and Bassetlaw Councils.

3.6 The Devolution Deal will now be formalised in what is called a "Scheme" which will set out how a new Mayoral Combined Authority will work and how the Mayor's powers will operate. Formal consultation on the Scheme will take place from 27 June 2016 and the consultation results will then go to the Secretary of State for approval. It will then follow agreed parliamentary process, which will be complete by the end of 2016. Mayoral Elections will then take place in May 2017.

Structure

3.7 The Sheffield City Region Combined Authority comprises the Leaders and Elected Mayor (Doncaster) of each of the nine councils which constitute the body. It meets every six weeks and is aligned to a number of supporting committees and boards which provide the expected degree of scrutiny and challenge in formulating policy and driving key strategic decision-making.

3.8 The Authority's Constitution and operating arrangements have been approved by all nine member bodies and include terms of reference for the SCR Transport Committee and the authority it has both delegated and referred to it. The Constitution sets out the powers and functions of the Combined Authority, including financial procedures, Member and officer Codes of Conduct, the scheme of delegation to officers and arrangements for the operation of a scrutiny and audit committee function.

3.9 The Scheme of Delegation provides for the day to day management and oversight of services provided by the Authority. These include the responsibilities of the Head of Paid Service, Clerk, Finance Director and

Monitoring Officer. This will expand further as the Authority formalises key work streams and their operation. In further strengthening its governance structure the Authority has implemented a Leader and Executive model for programme management which will maintain robust accountability whilst ensuring decisions are taken in an efficient and timely manner.

3.10 In recognition of the evolving and expanding amount of business to be transacted, the CA and LEP have agreed the creation of 5 thematic ‘Executive Boards’ (Business Growth, Skills, Housing, Transport and Infrastructure). The roles, remits and responsibilities for the Boards are detailed within the SCR Constitution. Each Executive Board has a Business Plan agreed with the Combined Authority and each is empowered to debate thematic matters in detail on the CA / LEP’s behalf ahead of draft ‘resolutions’ being put to the CA for endorsement.

3.11 Each Executive Board has 6 Board Members (2 x SCR Leaders, 2 x LEP private sector Board members and 2 x SCR Chief Executives) and is supported by an a number of local authority, private sector and other stakeholder advisory attendees determined by the agenda for each meeting. All 6 Board Members must agree matters unanimously or escalate a matter for consideration to the CA.

SCR Transport Committee

3.12 The SCR Transport Committee is a joint committee of the Combined Authority comprising all nine districts, (four constituent and five non-constituent authorities) at present. The Transport Committee has oversight of a broad programme of work which is carried out by the South Yorkshire Passenger Transport Executive (its executive body), which includes scrutinising the performance of a wide range of public transport operators, monitoring the delivery of a significant capital programme, its revenue spend and overseeing the delivery of a transformational transport policy programme. The Committee has both referred and delegated responsibilities. In respect of the former, which includes approving the revenue budget for transport and its capital programme, the Committee advises the Combined Authority by way of recommendation for approval or otherwise.

3.13 In addition to its transport functions, the Committee is responsible for oversight of the South Yorkshire Passenger Transport Pension Fund in accordance with statutory regulations. It appoints an external manager and an external advisor to administer the Fund on its behalf. It is required to publish a Funding Strategy and Statement of Investing Principles. During the last period under review some difficulties in normal service provision as a result of the introduction of new pensions’ administration software had been experienced but it is pleasing to report these have been largely overcome. The has not resulted in significant problems for those in receipt of pensions but given the issue it remains on the Authority’s Governance Improvement Plan for the forthcoming year and progress on its resolution reported to the Authority.

3.14 The CA has appointed a Pension Fund Committee whose membership is drawn from the former Passenger Transport Pension Fund Committee of the former Integrated Transport Authority and who are now members of the Transport Committee of the Combined Authority. A review of the arrangements for the management of the South Yorkshire Passenger Transport Pension Fund has been undertaken to consider how the Authority should most appropriately discharge its functions as Administering Authority for the Fund. The Authority has a specific proposal to transfer oversight to the South Yorkshire Pensions Authority as part of the pension pooling arrangements. The Authority has in accordance with The Public Service Pensions Act 2013 established a Pensions Board. For administrative efficiency this is a joint arrangement with the Local Government Pension Scheme Board in South Yorkshire, given the day to day management of the Fund is undertaken by the same body, South Yorkshire Pensions Authority.

South Yorkshire ITA Properties Limited

3.15 SY ITA Properties Limited is wholly owned subsidiary company of the Combined Authority. The Company's main activity is property management and disposal of the former Integrated Transport Authority's property holdings. In acknowledging the clear requirement to evidence due-diligence, officers have sought to examine the relationship between the Combined Authority and SY ITA Ltd and its efficiency as a means of supporting the Combined Authority. The Authority's Section 151 Officer commissioned both an external review of the efficiency of the company and as a result the SCR agreed interim changes to strengthen company governance and also to move to close the company and bring the management of its assets in house and on balance sheet during 2016.

Overview and Scrutiny

3.16 The Authority has established an Overview and Scrutiny Committee comprising 14 Members drawn from each of the nine constituent and non-constituent Member councils, reflective of political balance within the Sheffield City Region.

3.17 Meetings are convened on a quarterly basis and provide scope for the work programme and performance of the Combined Authority to be effectively challenged.

Internal Audit

3.18 Barnsley MBC provides the internal audit service to the Combined Authority. The Head of Internal Audit has liaised with the relevant statutory officers during the year to assist in the development of governance arrangements and on the adequacy and effectiveness of the Authority's existing systems of internal control. Arrangements for internal audit during 2015/16 have been difficult in the context of the Authority developing its governance and control arrangements. As a consequence, Internal Audit support has been largely limited to advising statutory officers, assistance in developing the control, risk and governance framework, the audit of South Yorkshire ITA Properties Limited and work undertaken on the financial systems utilised by the Authority. A full programme of internal audit coverage has been discussed and planned for 2016/17.

3.19 The Head of Internal Audit's annual assurance opinion is reproduced below from his annual report to the Audit Committee.

"*The ability to provide a valid assurance opinion is predicated on having undertaken a reasonable amount of substantive risk-based audit work in the year.*

Clearly, 2015/16 has been a further year of development for the Combined Authority. As such the majority of Internal Audit work has again been directed at supporting management continue to develop, implement and embed the necessary governance arrangements.

Whilst good progress has been made in this, it remains the case that there has been insufficient substantive audit work capable of being undertaken upon which to provide my overall assurance opinion. In the absence of evidence arising from audits undertaken and by the very nature of the current situation with regards the governance framework, I can only conclude and provide a ***limited*** *assurance opinion.*

It is important however to stress that management have sought and taken into account Internal Audit assistance and guidance during the year (and continue to do so) such that there is a clear understanding and recognition of the continued implications of not having a full suite of governance related policies and procedures formally in place. The working relationship between management at all levels within the Combined Authority, other supporting officers and Internal Audit is very good, open and productive.

Considering the development of the Devolution Deal and the consequences of it in terms of further developing and building the capacity and infrastructure within the Combined Authority, there naturally remain significant issues to be managed in the current year and beyond. This will inevitably bring further pressure and workload to senior management and consequently risks. It is ever more important therefore that the Authority has effective and efficient controls, governance and risk arrangements in place and where opportunities for improvement are identified these are considered and implemented in a timely manner.

The Senior Management Team will need to remain focussed on implementing the necessary operational changes whilst embedding and then maintaining a sound control and governance framework – i.e. 'staying safe'. The 2016/17 Internal Audit Plan has been prepared to support the Authority through these challenges as well as a focus on particular areas of activity and responsibility identified as higher risk."

Audit Committee Arrangements

3.20 The Authority agreed that the distinct roles of the Overview and Scrutiny and Audit Committees will be maintained and acknowledged that in terms of efficiency, Audit Committee meetings will be convened at the rising of the Scrutiny Committee, in effect seeking where practicable to utilise the same Membership. The two Committees have distinct work programmes in place.

Sheffield City Region Local Enterprise Partnership

3.21 The Sheffield City Region Local Enterprise Partnership is a voluntary partnership between the constituent and non-constituent local authorities and the business community, playing a key role in determining local economic priorities and growth. The Partnership is a key interface with central Government and the City Region and offers policy advice and strategic direction aligned with the objectives set out above. The Combined Authority works closely with the LEP; the four local authority leaders and the Mayor of Doncaster being members of both bodies.

Decision-making

3.22 All agendas and reports produced for meetings of the Combined Authority and its associated Committees are issued to members and published online, www.southyorks.gov.uk in accordance with statutory access to information requirements. All meetings are held in public and meetings of the Transport Committee are streamed (webcast) live over the internet.

Financial Management

3.23 A key responsibility of the Combined Authority is determining, agreeing and monitoring appropriate budgets in order for it to be able to fulfill strategic objective setting in the areas of economic development, regeneration and the transport levy on constituent councils.

3.24 The Section 151 function is undertaken by the Executive Director of Resources, Sheffield City Council on behalf of constituent and non-constituent authorities. A framework for financial monitoring and an agreed reporting process has been established. Internal control is based on Sheffield City Council's financial systems, which are well established and any identified risks managed in accordance with City Council policies and procedures. So as to ensure absolute transparency, the Combined Authority's funds and any financial systems employed in administering them remain distinct from that of the City Council. Whilst this provides a sound basis for internal control, the fast increasing size and scope of the SCR's business means that financial systems, procedures and resources to support this need to be regularly reviewed.

3.25 Quarterly update reports incorporating all areas of corporate operation from both a revenue and capital perspective are presented to the Authority for challenge and scrutiny. The transport element of Authority spend is further considered by the Transport Committee and appropriate recommendations made to the Authority. The Section 151 officer has in addition made presentations to the Scrutiny Committee to ensure an effective understanding of the process is established and an appropriate degree of challenge takes place moving forward.

3.26 The Head of Internal Audit has provided commentary in relation to the operation of the Authority's core financial systems.

Risk Management

3.27 The Combined Authority's Audit Committee is responsible for overseeing the Authority's approach to risk management and the maintenance of its risk register. Statutory officers ensured that corporate risk was managed appropriately in the first year of the Authority's operation aligned to their own 'home' authorities systems and processes. During the period the Authority's Officer Governance Assurance Group has worked with colleagues from Barnsley MBC to establish a Risk Management Strategy and system of monitoring for consideration and where necessary challenge.

3.28 The Transport Committee, through the Passenger Transport Executive has an established risk management strategy in place to provide corporate oversight of its remit.

Managing Performance

3.29 The Strategic Economic Plan and Growth Deal set out how the Combined Authority and Local Enterprise Partnership (LEP) will help transform the City Region economy, deliver growth and jobs and in so doing drive up UK exports, expertise and productivity.

3.30 Given the level of investment the City Region will be responsible for, it is vital that robust programme management processes are further developed. Integral to their success will be a clearly defined and communicated performance management process, which acknowledges the work taking place across distinct themes and provides scope for collective consideration of outputs and outcomes.

3.31 A Performance Management Framework has been established. This features an additional performance dashboard reporting facility which brings together all information from the various SCR funding streams and programmes, and provides output and outcome information.

4. Review of Effectiveness

4.1 The Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. This includes consideration of systems of internal control and arrangements for internal audit and assurance statement from key officers. The review of effectiveness is informed by the work of its senior officers with responsibility for the development and maintenance of governance, its structures and processes. The process is further supported through the production of the Head of Internal Audit's Annual Report and input from the External Audit Team.

4.2 A Governance Assurance Group comprising staff who support the proper officers and comprising representatives of internal audit meet regularly so as to ensure progress against the development of key governance objectives is maintained. Once core elements of the governance framework are deemed suitable for implementation and continued evaluation this is reported to meetings of the Audit Committee for challenge and continuous evaluation.

4.3 The implications of the review of effectiveness of the governance framework as outlined by the Head of Internal Audit and reported to the Audit Committee identify some key areas for continued development but acknowledges that senior managers continue to maintain good oversight of the process in terms of its direction of travel and it being fit for purpose. The areas already addressed and those to be specifically addressed with new actions planned are outlined below and in the Authority's Governance Improvement Plan appended to this report.

5. Significant Governance Issues 2015/16

5.1 The work of the Sheffield City Region Combined Authority has continued apace and the development of a corporate governance framework that is fit for purpose and acknowledges the principles of good governance has evolved similarly. As highlighted by the Head of Internal Audit the Combined Authority's work programme will continue over the coming year to ensure that those key areas of the governance framework which require further embedding will receive additional priority. It is acknowledged that risk management remains a priority in ensuring any Devolution deal has the capacity to evolve at the pace expected by both Government and member authorities.

5.2 The framework continues to develop in line with the exacting programme of work the Authority is establishing in meeting its key operational objectives. In addition to further embedding our risk management processes, we propose over the coming year to prioritise work in relation to knowledge and information management so as to ensure the work of the Combined Authority is accessible, transparent and provides the necessary degree of confidence in our decision making processes.

…………………………………………………………………………………….
Councillor Sir Stephen Houghton CBE
Chairman, Sheffield City Region Combined Authority

……………………………………………………………………………………
David Smith
Interim Executive Director,
Sheffield City Region Combined Authority/Local Enterprise Partnership

APPENDIX

The Sheffield City Region Combined Authority Governance Improvement Plan 2015/16			
Issue	**Action Required**	**Responsible Officer**	**Date for Completion**
Code of Corporate Governance	Establish a Code of Corporate Governance in line with acknowledge the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework *Delivering Good Governance in Local Government*. ***In particular focus will be on further embedding risk management as any Devolution deal is introduced and developing new and improved knowledge and information processes so as to promote and maintain confidence in the work of the Combined Authority.***	Clerk to the Authority/Executive Director Sheffield City Region	December 2016
Risk Management	Establishing a robust Risk Management process that is both proportionate and provides transparency in terms of how risk is managed, monitored and reported amongst all key stakeholders.	Clerk to the Authority	COMPLETE
Performance Management	Establish a Performance Management framework that provides scope for the necessary degree of challenge and scrutiny amongst all key stakeholders.	Clerk to the Authority	COMPLETE
South Yorkshire ITA Properties Limited	Commission work to consider the appropriateness of the current operation of the Company and following consideration of all options, establish a code of corporate governance that is both proportionate and provides the necessary degree of assurance.	Section 151/Monitoring Officer	COMPLETE

Statement of Accounts

Statement of Responsibilities

The Combined Authority's Responsibilities

The Combined Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Director of Finance.

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- Approve the Statement of Accounts.

The Responsibilities of the Director of Finance

The Director of Finance is responsible for the preparation of the Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance has:

- selected suitable accounting policies and then applied them consistently,

- made judgements and estimates that were reasonable and prudent, and

- complied with the Local Authority Code.

The Director of Finance has also:

- kept proper accounting records, which were up to date, and

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I hereby certify that the Statement of Accounts on pages 30 - 162 gives a true and fair view of the financial position of Sheffield City Region Combined Authority at 31 March 2016 and of its income and expenditure for the year ended 31 March 2016.

Eugene Walker
Director of Finance (Section 151 Officer)
12 September 2016

The Core Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus) / Deficit on the Provision of Services line shows the true economic cost of providing the Combined Authority’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 charged to the General Fund Balance. The net (increase) / decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Combined Authority.

Movement in Reserves Statement 2015/16		**General Fund Balance £000**	**Earmarked Revenue Reserves £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
	Note	21	21	21	21		22	
Balances at 1 April 2015		**(45,843)**	**(6,068)**	**0**	**(5,343)**	**(57,254)**	**110,733**	**53,479**
Movement in reserves during 2015/16:								
(Surplus) / deficit on provision of services	CI&ES	(15,340)	0	0	0	(15,340)	0	(15,340)
Total Comprehensive (Income) and Expenditure		**(15,340)**	**0**	**0**	**0**	**(15,340)**	**0**	**(15,340)**
Adjustments between accounting basis and funding basis under regulations	8	3,537	0	0	0	3,537	(3,537)	0
Net (increase) / decrease before transfers to earmarked reserves		**(11,803)**	**0**	**0**	**0**	**(11,803)**	**(3,537)**	**(15,340)**
Transfers (to) / from earmarked reserves	9	51,112	(51,112)	0	0	0	0	0
(Increase) / decrease in year		**39,309**	**(51,112)**	**0**	**0**	**(11,803)**	**(3,537)**	**(15,340)**
Balance at 31 March 2016		**(6,534)**	**(57,180)**	**0**	**(5,343)**	**(69,057)**	**107,196**	**38,139**

Movement in Reserves Statement 2014/15	**Note**	**General Fund Balance £000**	**Earmarked Revenue Reserves £000**	**Capital Grants Unapplied £000**	**Capital Receipts Reserve £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
		21	21	21	21		22	
Balances transferred in at 1 April 2014		**(7,580)**	**(11,028)**	**(9,648)**	**(5,343)**	**(33,599)**	**39,826**	**6,227**
Movement in reserves during 2014/15:								
(Surplus) / deficit on provision of services	CI&ES	47,252	0	0	0	47,252	0	47,252
Total Comprehensive (Income) and Expenditure		**47,252**	**0**	**0**	**0**	**47,252**	**0**	**47,252**
Adjustments between accounting basis and funding basis under regulations	8	(80,555)	0	9,648	0	(70,907)	70,907	0
Net (increase) / decrease before transfers to earmarked reserves		**(33,303)**	**0**	**9,648**	**0**	**(23,655)**	**70,907**	**47,252**
Transfers (to) / from earmarked reserves	9	(4,960)	4,960	0	0	0	0	0
(Increase) / decrease in year		**(38,263)**	**4,960**	**9,648**	**0**	**(23,655)**	**70,907**	**47,252**
Balance at 31 March 2015		**(45,843)**	**(6,068)**	**0**	**(5,343)**	**(57,254)**	**110,733**	**53,479**

Comprehensive Income and Expenditure Statement

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

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		Notes	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
38,260	(23,677)	14,583	Transport Planning Policy and Strategy		33,167	(31,099)	2,068
39,904	(79,842)	(39,938)	Public Transport Coordination		67,429	(68,388)	(959)
72,900	0	72,900	Material Item – Grant to the PTE	7	0	0	0
151,064	**(103,519)**	**47,545**	**Highways and Transport Services**		**100,596**	**(99,487)**	**1,109**
1,436	(1,602)	**(166)**	Planning Services Economic Development		14,311	(13,622)	**689**
0	0	**0**	Transport for the North		3,303	(14,215)	**(10,912)**
335	(6)	**329**	Corporate and Democratic Core		360	0	**360**
152,835	**(105,127)**	**47,708**	**(Surplus) / Deficit on Continuing Operations**		**118,570**	**(127,324)**	**(8,754)**
		61	Financing and Investment Income and Expenditure	10			(678)
		(517)	Taxation and Non-Specific Grant Income	11			(5,908)
		47,252	**(Surplus) / Deficit on Provision of Services**				**(15,340)**
		47,252	**Total Comprehensive (Income) and Expenditure**				**(15,340)**

Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Combined Authority. The net assets of the Combined Authority (assets less liabilities) are matched by the reserves held by the Combined Authority.

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, i.e. those that the Authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31 March 2015 £000		Notes	As at 31 March 2016 £000
6,186	Long Term Debtors	14	4,156
6,942	Long Term Investments	15	74,472
13,128	**Long Term Assets**		**78,628**
114,000	Short Term Investments	12	134,000
2,747	Short Term Debtors	16	14,394
74,814	Cash and Cash Equivalents	17	25,357
191,561	**Current Assets**		**173,751**
(684)	Short Term Borrowing	18	(684)
(37,955)	Short Term Creditors	19	(38,876)
0	Short Term Provisions		(4)
(2,510)	Capital Grants Receipts In Advance	30	(28,877)
(41,149)	**Current Liabilities**		**(68,441)**
(25,000)	Long Term Borrowing	12	(25,000)
(192,019)	Other Long Term Liabilities	20	(197,077)
(217,019)	**Long Term Liabilities**		**(222,077)**
(53,479)	**Net Assets / (Liabilities)**		**(38,139)**
(57,254)	Usable Reserves	21	(69,057)
110,733	Unusable Reserves	22	107,196
53,479	**Total Reserves**		**38,139**

The audited Statement of Accounts for the Sheffield City Region Combined Authority was approved and authorised for issue by the Director of Finance and the Combined Authority Leaders, in accordance with the Accounts and Audit (England) Regulations 2015, on 12 September 2016.

These financial statements replace the unaudited financial statements authorised by the Director of Finance on the 27 May 2016.

Eugene Walker	Sir Steve Houghton CBE
Director of Finance (Section 151 Officer)	Chair of the Sheffield City Region Combined Authority
12 September 2016	12 September 2016

Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The statement shows how the Combined 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 Combined Authority are funded by way of taxation and grant income or from the recipients of services provided by the Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Combined Authority**.**

2014/15 £000		**Notes**	**2015/16 £000**
(47,252)	Net surplus or (deficit) on the provision of services		15,340
(24,745)	Adjustment to surplus or (deficit) on the provision of services for non-cash movements	23	(10,722)
(23,677)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	23	(34,806)
(95,674)	**Net cash flow from operating activities**		**(30,188)**
30,064	Investing activities	24	(24,327)
52,927	Financing activities	25	5,058
(12,683)	**Net increase / (decrease) in cash and cash equivalents**		**(49,457)**
87,497	Cash and cash equivalents at 1 April	17	74,814
74,814	**Cash and cash equivalents at 31 March**	**17**	**25,357**

Notes to the Core Financial Statements

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the statements.

1. Accounting Policies

I. General Policies

The statements summarise the transactions of the Combined Authority, for 2015/16 financial year and its position at the year end of 31 March 2016. The Combined Authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of practice on Local Authority accounting in the United Kingdom 2015/16 and the CIPFA Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2015 regulations.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts are prepared on the basis that the Combined Authority is a going concern.

II. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership transfers to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivables on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Materiality levels were set to determine the accruals to be taken at the end of the financial year for certain low value revenue transactions. In these instances, the change from year to year is recurring in nature and the sums involved have been deemed not to be material compared with total income and expenditure.

III. Acquisitions and Discontinued Operations

Acquired Operations

All operations acquired in year will be treated in line with the Combined Authority's accounting policies and disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

Discontinued Operations

Any discontinued operations are disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

IV. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. All deposits placed within instant access call accounts, money market funds should be classified in the accounts as cash equivalents due to these being highly liquid investments which offer instant access to the funds and are therefore deposited to meet short term cash requirements. All fixed term investments are not classified as cash equivalents as at the point of making the deposit the Combined Authority is unable to convert these to cash until the maturity date of the investment.

In the Group Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

V. Exceptional Items (Material Items of Income or Expense)

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts. Where they are disclosed is dependent on how significant the items are to an understanding of the Combined Authority's financial performance.

VI. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

VII. Events After the Reporting Period

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

Two types of event can be identified:

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

VIII. Financial Instruments

Financial assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on

the carrying amount of the asset multiplied by the effective rate of interest for the instrument.
The Combined Authority has transacted with its subsidiary property holding company SYITA Properties Ltd in a manner that gives rise to soft loan accounting. This 'loan' arose as a result of a £6.3m dividend awarded by the company to its parent without cash flowing at the award date. Instead, the cash associated with this dividend will be paid over to the Combined Authority within 16 years of the award date.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument. This results in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan on the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available for Sale Assets

Available for sale assets are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Combined Authority.

Assets are maintained on the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price.

- Other instruments with fixed and determinable payments – discounted cash flow analysis.
- Equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Combined Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain / loss is recognised in the (Surplus) / Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred. These are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement along with any accumulated gains or losses previously recognised in the Available for Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

Financial liabilities

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of re-purchase / settlement. However, where re-purchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Combined Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account (an unusable reserve), in the Movement in Reserves Statement.

IX. Foreign Currency Translation

Where the Combined Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate as at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

X. Government Grants and Other Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

XI. Inventories and Long Term Contracts

Inventories are included on the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the (Surplus) / Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

XII. Leases

Leases are classified as finance leases, where the terms of the lease substantially transfer all risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

Operating Leases

The Combined Authority as Lessee

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

The Combined Authority as Lessor

Where the Combined Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

XIII. Overheads and Support Services

All costs of management and administration have been fully allocated to services. The basis of allocation for the main costs of management and administration are outlined below:

Cost	Basis of Allocation
Combined Authority	Actual time spent by staff
Democratic Processes	Actual costs

XIV. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

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

Contingent Assets

A contingent asset arises where an event has taken place that provides a probable asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain events not wholly within the control of the Group.
Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

XV. Redemption of Debt

The Combined Authority is required to set aside from revenue each year a minimum amount for the redemption of debt. This sum is referred to as the Minimum Revenue Provision (MRP).

It is the policy of the Combined Authority to provide for all capital expenditure incurred after 2007 using the asset-life approach, aligning provisions for the repayment of debt to the period over which economic benefit is provided by the assets created / improved.

All expenditure incurred pre-2007 will be provided for under the regulatory method at 4% of the outstanding balance of the Capital Financing Requirement (CFR).

XVI. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Reserve in the Movement in Reserves Statement. When the expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

XVII. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset that has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Combined Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the levy charged.

XVIII. Value Added Tax (VAT)

The Combined Authority is a Section 33 VAT body and recovers all of its input VAT where possible. VAT is excluded from both income and expenditure where it can be recovered.

XIX. Fair Value Measurement

The Combined Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Combined Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Combined Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Combined Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Combined Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the Combined Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

2. Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) has introduced several changes in accounting policy as a result of amendments to the following Accounting Standards. These standards have been issued but have not yet been adopted by the Combined Authority. If these had been adopted for the financial year 2015/16 there would be no material change, as detailed below.

Annual Improvements to IFRSs (2010 – 2014 Cycles)

The following issues included in the Code amendment, relate to the Annual Improvement Cycles to IFRSs:

2010-2012 Cycle:

- IFRS 3 Business Combinations – scope of exceptions for joint ventures
- IFRS 7 Financial Instruments: Disclosures – servicing contracts
- IFRS 8 Operating Segments – aggregation of operating segments and reconciliation of the total reportable segments' assets to the entity's assets
- IFRS 13 Fair Value – short-term receivables and payables

2012-2014 Cycle:

- IAS 16 Property Plant & Equipment – revaluation method – proportionate restatement of accumulated depreciation
- IAS 24 Related Party Disclosures – key management personnel
- IAS 38 Intangible Assets – revaluation method; proportionate restatement of accumulated amortisation.

Amendments to IFRS 11 Joint Arrangements

This amendment relates to the accounting for the acquisition of an interest in a joint operation that constitutes a business, as defined in IFRS 3 Business Combinations. The Combined Authority has not acquired any joint operations that meet the definition in 2015/16.

Amendment to IAS 1 Presentation of Financial Statements

The amendments to the Code clarify, rather than significantly change, existing IAS 1 requirements, mainly:

- Materiality and order of the notes – flexibility in presentation, with emphasis on understandability and comparability
- Disaggregation and subtotals permitted for the Balance Sheet
- Accounting Policies – minor changes to the description

Changes to the format of the Comprehensive income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

In 2016/17, there will be further changes to the presentation of the financial statements in two key areas:

- Reporting on an organisational basis, breaking the mandatory link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement (CIES).
- Introduction of a new Funding Analysis as part of the narrative report, to provide a direct reconciliation between funding and budget, and the CIES, in a way that is accessible to the lay-reader. The Funding Analysis will be supported by a streamlined Movement in Reserves Statement (MiRS) and replaces the current segmental reporting note.

3. Critical Judgements in Applying Accounting Policies

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

On 1 April 2014, by order of Parliament, the Combined Authority was established. The powers, functions, competencies, assets and liabilities of the former South Yorkshire Integrated Transport Authority (SYITA) were transferred, together with further responsibilities for the Local Enterprise Partnership.

Opening balances for the new Combined Authority have been drawn from the records of SYITA, South Yorkshire Joint Secretariat, SYPTE and Barnsley MBC. The Combined Authority has placed reliance on the audited accounts and working papers from each of these bodies to report in this Statement of Accounts.

The opening balance sheet shows the position at 1 April 2014 on the creation of the new Combined Authority, rather than the closing position of the previous entities for the preceding year.

4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Combined Authority about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The items in the Combined Authority’s Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

As with all public sector bodies, the Combined Authority faces significant uncertainty about the future levels of Government funding. These challenges are being managed, by establishing across the Group, coordinated business planning processes and robust monthly budget monitoring and reporting, to ensure assets and liabilities are managed to produce the best outcomes for the Group.

In the Group accounts, assets and liabilities measured by fair value (e.g. non-current assets, pension assets and liabilities, financial instruments) are revalued by engaging suitable experts. Estimation techniques and assumptions about the future, such as inflation forecasts and future market conditions, are made in arriving at valuations and could be subject to change, for which there is a risk of adjustment in the following financial year.

5. Prior Period Adjustments

2015/2016

In 2015/16 no prior period adjustments were required to the Combined Authority's Statement of Accounts.

2014/2015

In 2014/15 no prior period adjustments were required to the Combined Authority's Statement of Accounts.

6. Events After the Reporting Date

The audited Statement of Accounts was authorised for issue by the Director of Finance (Section 151 Officer) and the Combined Authority leaders on 12 September 2016. 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 2016, 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 2016 as it provides information that is relevant to an understanding of the Council's financial position but does not relate to conditions at that date:

European Union (EU) - BREXIT

On the 23rd June 2016, the United Kingdom voted in a referendum to leave the European Union (EU). The process for exiting the EU is still to be decided and, whilst there is little impact on the Authority's finances in the immediate term, the wider outcome is unclear. The Combined Authority will continue to monitor the situation.

7. Material Items of Income and Expense

2015/2016

There were no exceptional items in 2015/16.

2014/2015

South Yorkshire Passenger Transport Executive (SYPTE)

During financial year 2014/15 the Combined Authority awarded a capital grant to its operating subsidiary - South Yorkshire Passenger Transport Executive (SYPTE) - to the value of £72.9m.

This grant resourced past capital expenditure incurred by SYPTE (principally in relation to the Sheffield Supertram development) that could otherwise have been funded directly, and at the time of defrayal, by the Combined Authority and its predecessor the Integrated Transport Authority.
The capital liability the award of this grant creates at the Combined Authority will be recovered through Minimum Revenue Provision (MRP) charges, made in line with the useful economic lives of the assets created by the initial expenditure. Reviews of these asset-lives have been commissioned from external surveyors.

In awarding the grant the Combined Authority and SYPTE better align provisions for repayment of capital liabilities to the period over which the assets provide economic benefit to the region.

8. Adjustments Between Accounting Basis and Funding Basis Under Regulations

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

2015/16	**General Fund Balance £000**	**Capital Grants Unapplied £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	34,806	0	34,806	(34,806)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	(0)	**0**
Revenue expenditure funded from capital under statute	(34,806)	0	(34,806)	34,806	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	3,537	0	3,537	(3,537)	0
Total	**3,537**	**0**	**3,537**	**(3,537)**	**0**

2014/15 – Comparative Information	**General Fund Balance £000**	**Capital Grants Unapplied £000**	**Total Usable Reserves £000**	**Unusable Reserves £000**	**Total Authority Reserves £000**
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	23,677	0	23,677	(23,677)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	9,648	9,648	(9,648)	**0**
Revenue expenditure funded from capital under statute	(106,225)	0	(106,225)	106,225	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	1,993	0	1,993	(1,993)	0
Total	**(80,555)**	**9,648**	**(70,907)**	**70,907**	**0**

9. Transfers (to) / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year.

	Note	**1 April 2014 £000**	**Transfer Out 2014/15 £000**	**Transfer In 2014/15 £000**	**Total Movements £000**	**31 March 2015 £000**	**Transfers Out 2015/16 £000**	**Transfer in 2015/16 £000**	**Total Movements £000**	**31 March 2016 £000**
General Fund:										
Revenue Grants and Contributions:										
- LSTF Revenue Reserve	21	**(4,870)**	4,870	0	**4,870**	**0**	0	0	**0**	**0**
- Transport for the North	21	**0**	0	0	**0**	**0**	0	(10,912)	**(10,912)**	**(10,912)**
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve	21	**(6,158)**	1,500	(1,410)	**90**	**(6,068)**	2,000	(1,408)	**592**	**(5,476)**
- Local Growth Fund	21	**0**	0	0	**0**	**0**	131	(4,000)	**(3,869)**	**(3,869)**
- Levy Reduction Reserve	21	**0**	0	0	**0**	**0**	0	(36,923)	**(36,923)**	**(36,923)**
Total		**(11,028)**	**6,370**	**(1,410)**	**4,960**	**(6,068)**	**2,131**	**(53,243)**	**(51,112)**	**(57,180)**

10. Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and Investment Income and Expenditure:

31March 2015 £000		31 March 2016 £000
1,387	Interest Payable and similar charges	1,388
(1,326)	Interest receivable and similar income	(2,066)
61	**Total**	**(678)**

11. Taxation and Non Specific Grant Income

The following table provides a breakdown of Taxation and Non Specific Grant Income:

31 March 2015 £000		31 March 2016 £000
0	LGF Funding from DCLG	(4,000)
(517)	LEP Core Funding from DCLG	(500)
0	PFI Grant From DCLG	(1,408)
(517)	**Total**	**(5,908)**

12. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Current 31 March 2015 £000	Long Term 31 March 2015 £000		Current 31 March 2016 £000	Long Term 31 March 2016 £000
0	25,000	Financial liabilities at amortised cost	0	25,000
0	**25,000**	**Total other long term liabilities**	**0**	**25,000**
114,000	0	Loans and receivables	134,000	68,000
74,814	0	Cash and Cash Equivalents	25,357	0
188,814	**0**	**Total investments**	**159,357**	**68,000**
	6,186	**Soft Loans Provided**		**4,156**

Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet. This includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets / liabilities where the payments / receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

The Combined Authority is owed £4.2m (£6.7m in 2014/15) in a dividend receivable from SYITA Properties Limited, a subsidiary company. A dividend of £6.7m was declared in 2008 and £2.5m was paid during the year leaving £4.2m outstanding at 31st March 2015.The outstanding dividend is treated as a soft loan to a subsidiary.

The present value of the loan is calculated as the present value of all future cash receipts discounted using the prevailing market rate of interest at which the authority could borrow for a loan with similar terms. The appropriate Public Works Loan Board (PWLB) Interest rate is 3.22% (3.92% in 2014/15) which has been used to calculate the present value of the loan. The detailed soft loan information is shown in the table below:

31 March 2015 £000		**31 March 2016 £000**
6,700	Opening Balance	6,186
(514)	Less Discounted Amount	(44)
0	Less Dividend Payment	(2,500)
0	Fair Value Adjustment	514
6,186	**Balance Carried Forward**	**4,156**
6,186	**Nominal Value**	**4,156**

Financial Instrument Gain / Losses

The Financial Instrument gains and losses recognised in the Comprehensive Income and Expenditure Statement are:

2014/15 Financial Liabilities	2014/15 Financial Assets Loans and receivable	2014/15 Total		2015/16 Financial Liabilities	2015/16 Financial Assets Loans and receivable	2015/16 Total
£000	£000	£000		£000	£000	£000
(1,387)	0	(1,387)	Interest expense	(1,388)	0	(1,388)
0	0	0	Interest on PFI scheme liabilities	0	0	0
(1,387)	**0**	**(1,387)**	**Interest payable and similar charges**	**(1,388)**	**0**	**(1,388)**
0	1,326	1,326	Interest income	0	2,066	2,066
0	**1,326**	**1,326**	**Interest and investment income**	**0**	**2,066**	**2,066**
(1,387)	**1,326**	**(61)**	**Net gain / (loss) for the year**	**(1,388)**	**2,066**	**678**

Fair Value of Assets and Liabilities Carried at Amortised Cost

The borrowings and investments disclosed in the Balance Sheet are shown at amortised cost. Their fair value can be assessed by calculating the net present value (NPV) of the cash flows that take place over the remaining life of the instruments which provides an estimate of the value of payments in the future in today's terms. The calculations have been made using the following assumptions:

- The discount rate used were the market rates as at 31 March (using bid prices where applicable) for instruments with the same duration (i.e. equal to the outstanding period from valuation date to maturity), loan structure and terms as that of the comparable instrument.
- For loans from the PWLB payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. This is because the premature repayment rate includes a margin which represents the lender's profit as a result of rescheduling the loan, which is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- As the purpose of the fair value disclosure is to provide a comparison with the carrying value in the Balance Sheet, accrued interest has been included in the fair valuation calculation as this is also reflected in the carrying amount. The accrued interest figure is calculated up to and including the valuation date.

- For loans receivable, the prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment has been recognised.
- Interest is calculated using the most common market convention ACT/365 (366 days in a leap year with the exception of PWLB which are charged on a 365 day basis regardless of leap years).
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the carrying amount.
- Where interest is paid / received every 6 months on a daily basis, the value of interest is rounded to 2 equal instalments.
- For fixed term deposits it is assumed that interest is received on maturity, or annually if duration is > 1 year.
- The interest value and date has not been adjusted where a relevant date occurs on a non-working day.

The fair values calculated are:

31 March 2015 Carrying Amount £000	**31 March 2015 Fair Value £000**		**31 March 2016 Carrying Amount £000**	**31 March 2016 Fair Value £000**
(25,000)	(32,628)	PWLB debt	(25,000)	(32,712)
(25,000)	**(32,628)**	**Total Financial Liabilities**	**(25,000)**	**(32,712)**

The table above reflected the aggregate position of Combined Authority's loan portfolio as at the Balance Sheet date. The fair value is greater than the carrying amount because the Combined Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates applicable to similar loans in the market at the Balance Sheet date. This commitment to pay interest above current market rate increases the amount that the Combined Authority would have to pay (in terms of premiums etc.) if the lender requested or agreed to early repayment of the loans.

The fair value of the PWLB loans of £32.7m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreement with the PWLB against what would be paid if the loans were at the prevailing market rates.

However, the Combined Authority has a continuing ability to borrow at concessionary rates from the PWLB rather than the markets. A supplementary measure of the additional interest that the Combined Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £25.0m would be valued at £32.7m. But, if the Combined Authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging an additional premium for the additional interest that will now not be paid. The exit price for the PWLB loans, based on premature repayment rates including the penalty charge, would be £36.2m.

31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000		31 March 2016 Carrying Amount £000	31 March 2016 Fair Value £000
114,000	114,290	Total Loans and Receivables	134,611	134,709
114,000	**114,290**	**Total**	**134,611**	**134,709**

The Combined Authority held a number of fixed term investments with durations of up to 364 days with banks and other financial institutions totalling £90m.

The Combined Authority also has a number of fixed term investments with Local Authorities totalling £44m.

Other deposits were held in instant access deposit accounts and Money Market Funds (MMFs) and are classed as Cash or Cash Equivalents.

13. Nature and Extent of Risks Arising from Financial Instruments

Key Risks

The Combined Authority's activities expose it to a variety of financial risks. The key risks are:

- Credit Risk - The possibility that other parties might fail to pay amounts due to the Combined Authority.
- Liquidity Risk - The possibility that the Combined Authority might not have funds available to meet its commitments to make payments.
- Re-financing Risk - The possibility that the Combined Authority might be required to renew a financial instrument on maturity at disadvantageous interest or terms.
- Market Risk - The possibility that financial loss might arise for the Combined Authority as a result of changes in such measures as interest rates and stock market movements.

Overall Procedures for Managing Risk

The Combined Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Combined Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall these procedures require the Combined Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Code of Practice on Treasury Management.
- By the adoption of a Treasury Policy Statement and treasury management clauses within the Combined Authority’s Financial Regulations / Standing Orders / Constitution.
- By approving annually in advance prudential indicators for the following three years limiting:
    - The Combined Authority’s overall borrowing.
    - The maximum and minimum exposures to fixed and variable rates.
    - The maximum and minimum exposure in regard to the maturity structure of debt.
    - The maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out the criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

The prudential indicators are reported and approved as part of the Combined Authority’s annual budget setting process. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Combined Authority’s financial instrument exposure. Actual performance is also reported six monthly and annually to Members.

The Combined Authority maintains written principles / policies (the Treasury Management Practices or TMPs) for overall risk management, covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice which are updated and implemented by the Treasury Management and Banking team.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Combined Authority’s customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the Combined Authority’s investment criteria.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody’s and Standards & Poor’s Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Combined Authority adopts a counterparty list based on a model provided by Capita Asset Services using credit ratings from all three rating agencies (Fitch, Moody’s and Standard & Poor’s) and also using the following information:

- Credit updates and credit outlooks from credit rating agencies.
- Credit Default Swap spreads to give early warning of likely changes in credit ratings (a CDS is the market perception of credit risk for financial institutions).

- Sovereign ratings to enable the Combined Authority to only select counterparties from the most creditworthy countries.

This modelling approach combined credit ratings, credit updates, credit outlooks and CDS spreads in a weighted scoring system which indicated the relative creditworthiness of counterparties. From this the Combined Authority was able to determine the maximum amounts and durations to invest with institutions. This approach ensured that the Combined Authority only invested with the very highest rated institutions, from countries with a strong creditworthiness.

The credit rating of counterparties is monitored regularly. The Combined Authority is alerted to changes to ratings by all three agencies through its use of the Capita Asset Service's creditworthiness service. On occasions ratings were downgraded when an investment had already been made. The criteria used are such that minor downgrades are extremely unlikely to affect the full receipt of the principal and / or interest.

If a downgrade resulted in the counterparty / investment scheme no longer meeting the Combined Authority's minimum criteria, it was immediately removed from the list. New counterparties which met the criteria were also added to the list.

In addition to the use of Credit Ratings the Combined Authority is advised of information in movements in Credit Default Swaps (CDS) against a defined benchmark range (the iTraxx benchmark) and other market data on a weekly basis. Changes in the CDS outside of the benchmark would potentially result in the downgrade of an institution or removal from the Combined Authority's lending list.

Sole reliance was not placed on the use of this model. In addition the Combined Authority also used market data and market information, information on government support for banks and the credit ratings of the government that supports them to inform decisions on which institutions to invest with.

The following analysis summarises the Combined Authority's potential maximum exposure to credit risk as at 31 March 2016, based on experience of default assessed by the rating agencies and the Combined Authority's past experience, adjusted to reflect current market conditions.

Deposits with	Amount at 31 March 2016 £000	Historical Experience of Default	Adjustment for conditions at 31 March	Estimated Maximum Exposure to Default £000
AAA rated counterparties	20,514	0%	0.000%	0
AA+ rated counterparties	112,000	0%	0.163%	183
A rated counterparties	50,000	0%	0.007%	4
A- rated counterparties	20,215	0%	0.001%	0
BBB rated counterparties	25,000	0%	0.040%	10
	227,729			**197**

As per the Code guidance the percentage for financial instruments in terms of both historical default are calculated by looking at the Combined Authority's actual experience of default rather than the general position in the market. In the case of the Combined Authority there has been no past experience of default. The adjustment for conditions at 31 March 2016 reflects the risk on this deposit at that date as determined by Credit Rating Agencies.

As at 31 March 2016 the Combined Authority held £90m in fixed term deposits with banks and other financial institutions. At 31 March 2016, the default risk attached to these deposits ranged between 0.00% and 0.04% (with the latter being with Royal Bank of Scotland who are partly owned by the UK Government). The Combined Authority also held £112m in fixed term investments with other Local Authorities – of which £68m are longer term investments.

Other funds held at the year end (£25.7m) were deposited with AAA Money Market Funds (MMF) and an instant access account. As these funds offer instant access these deposits have been classified as Cash and Cash Equivalents in the accounts.

The table below shows that the Combined Authority's outstanding investment balance (excluding investments classified as cash and cash equivalents) as at 31 March 2016 was £202m (including £68m in Long Term Investments), and at 1 April 2015 the outstanding balance was £114m (nil in Long Term Investments).

31 March 2016			
Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
Local Authorities	AA+	UK	112,000
Barclays Bank plc	A-	UK	10,000
Leeds Building Society	A-	UK	5,000
Lloyds Bank plc	A	UK	20,000
Nationwide Building Society	A	UK	15,000
Royal Bank of Scotland plc	BBB+	UK	25,000
Santander UK plc	A	UK	15,000

31 March 2015 – Comparative Information			
Financial Institution	**Rating of Counterparty**	**Country**	**Amount £000**
Local Authorities	AA+	UK	84,000
Lloyds Bank plc	A	UK	15,000
Santander UK plc	A	UK	15,000

No credit limits were exceeded during the reporting period and the Combined Authority does not expect any losses from non-performance by any of its counterparties in relation to its deposits.

During the reporting period the Combined Authority held no collateral as security.
The Combined Authority had no impairment on its investment portfolio during the year.

Liquidity Risk

The Combined Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow needs and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to the Combined Authority (although it will not provide funding to a Combined Authority whose actions are unlawful). The Combined Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Combined Authority will be unable to raise finance to meet its commitments under financial instruments.

The Combined Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice. This ensures that cash is available when needed.
All sums owing to the Combined Authority from funds deposited in MMFs and instant access accounts is £25.7m as at 31 March 2016 and offer instant repayment.

Refinancing and Maturity Risk

The Combined Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Combined Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Combined Authority approved treasury and investment strategies address the main risks and the Treasury Management and Banking team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Combined Authority’s day to day cash flow needs and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is:

2014/15 Principal £000	2014/15 Accrued Interest £000	2014/15 Principal plus Interest £000		2015/16 Principal £000	2015/16 Accrued Interest £000	2015/16 Principal plus Interest £000
8,000	0	8,000	Between five and ten years	12,000	0	12,000
17,000	0	17,000	More than ten years	13,000	0	13,000
25,000	**0**	**25,000**	**Total**	**25,000**	**0**	**25,000**

The maturity analysis of financial assets is:

2014/15 Principal £000	2014/15 Accrued Interest £000	2014/15 Principal plus Interest £000		2015/16 Principal £000	2015/16 Accrued Interest £000	2015/16 Principal plus Interest £000
114,000	237	114,237	Less than one year	134,000	611	134,611
0	0	0	Between 1 & 2 years	3,000	0	3,000
0	0	0	Between 2 & 5 years	20,000	0	20,000
0	0	0	Between 5 & 10 years	45,000	0	45,000
114,000	**237**	**114,237**	**Total**	**202,000**	**611**	**202,611**

Cash and Cash Equivalents are not shown in the above table.

All trade debtors and other payables are due to be paid in less than one year and are not shown in the above table.

Market Risk

Interest Rate Risk

The Combined Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Combined Authority, depending on how variable and fixed interest rates move across differing financial instrument periods, e.g. a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates - The interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowing at fixed rates - The fair value of the borrowing liability will fall (no impact on revenue balances).
- Investments at variable rates - The interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates - The fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the (Surplus) or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA).

The Combined Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Combined Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. Within the strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposures. The Treasury Management and Banking team will monitor market and forecast interest rates within the year to adjust exposures appropriately, e.g. during periods of falling interest rates and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns and the drawing of longer term fixed rate borrowing would be postponed when rates rise.

In order to minimise the Combined Authority's exposure to loan interest functions the Combined Authority will only have a maximum of 10% variable rate debt as a percentage of total debt. At the 31 March 2016, variable rate debt as a proportion of total debt was nil.

If interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings *	0
Increase in interest receivable on variable rate investments **	964
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	964
Decrease in fair value of fixed rate investment assets****	376
Impact on Other Comprehensive Income and Expenditure *****	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	3,125

Notes:
*All borrowing raised from the PWLB were at fixed rates in 2015/16 and as a result a change in interest rates would have no effect on the interest payable on these loans, the amount of government grant received and on the Comprehensive Income and Expenditure Statement.
** Based on a 1% increase on the weighted average interest rate and investment balance for 2015/16.
**** There are a number of fixed term investments totalling £112m (of which £68m is long term) held with various Local Authorities at the year end. There was also £90m held with banks and other financial institutions which are classified as fixed. Other investments held by the Combined Authority at the year end were deposited with Money Market Funds (MMFs) and a Deposit Account which offers instant access to funds and therefore classified as Cash or Cash Equivalents on the Balance Sheet.
***** All of the Combined Authority assets are classed as loans and receivables and therefore this figure is zero as there is no impact on the Comprehensive Income and Expenditure Statement.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the note – Fair Value of Assets and Liabilities carried at Amortised Cost.

Foreign Exchange Risk

The Combined Authority has no financial assets or liabilities denominated in foreign currencies and therefore no exposure to loss arising from movements in exchange rates.

14. Long Term Debtors

The following is an analysis of Long Term Debtors:

31 March 2015 £000		31 March 2016 £000
6,186	Dividend Receivable from SYITA Properties Limited	4,156
6,186	**Total**	**4,156**

15. Long Term Investments

The following is an analysis of Long Term Investments:

31 March 2015 £000		31 March 2016 £000
0	Investments with Local Authorities within the Combined Authority	68,000
6,942	Investment in Subsidiary	6,472
6,942	**Total**	**74,472**

The Combined Authority owns the share capital of SYITA Properties Limited, a company set up in accordance with the provisions of the Transport Act 1985. The principal activity is the rental of property for business use. The cost of the shares has been impaired to reflect the net worth of the company.

£2.5m was paid back to the Combined Authority during 2015/16 with regards to the Investment in Subsidiary.

During the year, the Combined Authority undertook a small number of longer term investments (up to 10 years) with Local Authorities within the Combined Authority. In doing so, the Combined Authority has been able to secure improved returns on core cash balances and provide cost-effective finance to the Local Authorities involved (Doncaster, Rotherham and Sheffield).

The ageing of the investment balance is:

31 March 2015 £000		31 March 2016 £000
0	Between one and two years	3,000
0	Between two and five years	20,000
0	Between five and ten years	45,000
0	**Total**	**68,000**

16. Short Term Debtors

The following is an analysis of short term Debtors:

31 March 2015 £000		31 March 2016 £000
1,264	Central Government Bodies	1,418
1,119	Other Local Authorities	1,262
364	Other Entities and Individuals	11,714
2,747	**Total**	**14,394**

17. Cash and Cash Equivalents

The following is an analysis of Cash and Cash Equivalents shown on the Balance Sheet:

31 March 2015 £000		31 March 2016 £000
0	Cash at Bank	(372)
74,814	Short Term Investments	25,729
74,814	**Total**	**25,357**

18. Short Term Borrowing

The balance of Short Term Borrowing relates to a number of loans from other local authorities for the Combined Authority / LEP.

31 March 2015 £000		31 March 2016 £000
(684)	Other Local Authorities	(684)
(684)	**Total**	**(684)**

19. Short Term Creditors

The following is an analysis of Creditors:

31 March 2015 £000		31 March 2016 £000
(69)	Central Government Bodies	(3,770)
(37,500)	Other Local Authorities	(22,012)
(386)	Other Entities and Individuals	(13,094)
(37,955)	**Total Creditors**	**(38,876)**

20. Other Long Term Liabilities

The Combined Authority manages cash on behalf of SYPTE. The full value of Other Long Term Liabilities relates to the balance held for SYPTE, expected to be drawn down after more than one year.

31 March 2015 Fair Value £000		31 March 2016 Fair Value £000
(192,019)	Other Local Authorities	(197,077)
(192,019)	**Total**	**(197,077)**

21. Usable Reserves

Movements in the Combined Authority's usable reserves are detailed in the Movement in Reserves Statement**.**

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Combined Authority are required to be paid and out of which all liabilities of the Combined Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Combined Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Combined Authority is required to recover) at the end of the financial year.

The table below provides a breakdown of the General Fund available balance:

31 March 2015 £000		31 March 2016 £000
(5,888)	General Balances Available	(5,888)
(39,700)	Levy Reduction Reserve	0
(255)	CA/LEP General Reserve	(646)
(45,843)	**Total**	**(6,534)**

Earmarked General Fund Reserves

The table below provides a breakdown of the earmarked reserves balance:

31 March 2015 £000		31 March 2016 £000
	Revenue Grants and Contributions Reserve:	
0	- Transport for the North	(10,912)
	Other Earmarked Reserves:	
(6,068)	- PFI Revenue Reserve	(5,476)
0	- Local Growth Fund Reserve	(3,869)
0	- Levy Reduction Reserve	(36,923)
(6,068)	**Total**	**(57,180)**

Earmarked reserves are set aside to meet known or predicted liabilities, but ones that are not certain enough to create an exact provision in the accounts. The liabilities are, however, likely enough to say that the earmarked reserves are not normally available to fund the budget or other measures.

Earmarked reserves are available to fund capital or revenue expenditure. Expenditure is charged to the revenue or capital account when it is incurred and is financed by an appropriation from the reserve through the Movement in Reserves Statement.

A list of earmarked reserves, their purpose and proposed use are set out below.

- Revenue Grants and Contributions Reserve: Where a revenue grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution has been transferred to the Revenue Grants and Contributions reserve to support future spend.
- Private Finance Initiative (PFI) Revenue Reserve: The PFI reserve is for Doncaster Interchange and exists due to Government funding being received in advance to pay future years' liabilities. This income is set aside in a reserve until needed to ensure sufficient funds are available to cover the cost of the contract in future years.
- Local Growth Fund (LGF) Reserve: The LGF reserve was created to sustain Business Growth activity previously funded by one-year grants. Along with specific project activity, the reserve will be used to fund the region's Growth Hub and Access to Finance teams over a four year period. The reserve was created from a £4m revenue grant awarded to the Combined Authority in April 2015.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

The table below shows the balance of the Capital Receipts Reserve:

31 March 2015 £000		31 March 2016 £000
(5,343)	Capital Receipts Reserve	(5,343)
(5,343)	**Total**	**(5,343)**

No draw was made upon the capital receipts reserve during the year.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

As at 31 March 2016 the balance on the Capital Grants Unapplied Reserve was nil (nil at 31 March 2015).

22. Unusable Reserves

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Combined Authority as finance for the costs of acquisition, construction and enhancement.

2014/15 £000		2015/16 £000
39,826	**Balance at 1 April**	**110,733**
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:	
106,225	Revenue expenditure funded from capital under statute	34,806
146,051	Net written out amount of the cost of non-current assets consumed in the year	145,539
	Capital financing applied in the year:	
(23,677)	Capital grants and contributions credited to the CI&ES	(34,806)
(9,648)	Application of grants and contributions from the Capital Grants Unapplied Reserve	0
(1,993)	Statutory provision for the repayment of debt	(3,537)
(35,318)		(38,343)
110,733	**Balance at 31 March**	**107,196**

23. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2014/15 £000		2015/16 £000
1,535	Interest Received	2,066
(1,829)	Interest Paid	(1,388)
(294)	**Total**	678

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

2014/15 £000		2015/16 £000
(22,398)	Increase / (decrease) in creditors	921
(1,906)	(Increase) / decrease in debtors	(11,647)
(441)	Other non-cash items charged to the net surplus or deficit on the provision of services	4
(24,745)	**Total**	**(10,722)**

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

2014/15 £000		2015/16 £000
(23,677)	Any other items for which the cash effects are investing or financing cash flows	(34,806)
(23,677)	**Total**	**(34,806)**

24. Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2014/15 £000		2015/16 £000
(297,400)	Purchase of short term and long term investments	(287,000)
301,277	Proceeds from short term and long term investments	199,000
26,187	Other receipts from investment activities	63,673
30,064	**Total**	(24,327)

25. Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2014/15 £000		2015/16 £000
52,927	Repayments of short and long-term borrowing	0
0	Other receipts from financing activities	5,058
52,927	**Total**	**5,058**

26. Amounts Reported for Resource Allocation Decisions

The Combined Authority is organised into two service areas. The services are:

- Transport Authority,
- Economic Regeneration.

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the CIPFA Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Combined Authority's Board on the basis of budget reports analysed across the services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employer's pension's contributions) rather than current service cost of benefits accrued in the year.
- Expenditure on some support services is budgeted for centrally and not charged to services.

The following tables show how the figures reported in the Combined Authority's outturn report reconcile to the figures in the Comprehensive Income and Expenditure Statement. A simplified version of this disclosure can be found within the Foreword.

The income and expenditure of the Combined Authority as recorded in the budget reports for the year ended 31 March 2016 is as follows:

2015/16 Service Income and Expenditure				
	Transport Authority £000	**Economic Regeneration £000**	**Transport for the North £000s**	**Total £000**
Grants	(4,811)	(4,198)	(3,303)	(12,312)
Other reimbursements and contributions	(67,725)	(204)	0	(67,929)
Other Income	(1,785)	(2,276)	0	(4,061)
Total Income	**(74,321)**	**(6,678)**	**(3,303)**	**(84,302)**
Employees	12	1,555	532	2,099
Premises	0	42	0	42
Transport	4	39	0	43
Supplies and services	78,845	4,060	2,771	85,676
Support Services	237	156	0	393
Third Party Payments	0	435	0	435
Total Expenditure	**79,098**	**6,287**	**3,303**	**88,688**
Net Expenditure (budget outturn)	**4,777**	**(391)**	**0**	**4,386**

2014/15 Service Income and Expenditure – Comparative Information				
	Transport Authority £000	**Economic Regeneration £000**	**Transport for the North £000s**	**Total £000**
Grants	(8,729)	(665)	0	(9,394)
Other reimbursements and contributions	(75,982)	(768)	0	(76,750)
Other Income	(1,333)	(687)	0	(2,020)
Total Income	**(86,044)**	**(2,120)**	**0**	**(88,164)**
Employees	0	754	0	754
Premises	0	64	0	64
Transport	1	19	0	20
Supplies and services	48,205	566	0	48,771
Support Services	279	104	0	383
Third Party Payments	0	0	0	0
Total Expenditure	**48,485**	**1,507**	**0**	**49,992**
Net Expenditure (budget outturn)	**(37,559)**	**(613)**	**0**	**(38,172)**

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

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

2014/15 £000		**2015/16 £000**
(38,172)	**Net Expenditure in the Service Analysis (budget outturn)**	**4,386**
80,554	Amounts not included in the analysis but included in the CI&ES	(18,318)
5,326	Amounts included in the analysis but not included in the CI&ES	5,178
47,708	**(Surplus) / Deficit on Continuing Operations in the CI&ES**	**(8,754)**

Reconciliation to Subjective Analysis:

This reconciliation shows how the figures in the analysis of services 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.

2015/16						
	Net Expenditure in the Service Analysis (budget outturn)	**Amounts not included in the analysis but included in the CI&ES**	**Amounts included in the analysis but not included in the CI&ES**	**(Surplus) / Deficit on Continuing Operations in the CI&ES**	**Amounts reported below the net expenditure of Continuing Operation in the CI&ES**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(1,995)	1,310	0	**(685)**	0	(685)
Interest and investment income	(2,066)	0	2,066	**0**	(2,066)	(2,066)
Government grants and contributions	(80,241)	(50,898)	4,500	**(126,639)**	(5,908)	(132,547)
Total Income	**(84,302)**	**(49,588)**	**6,566**	**(127,324)**	**(7,974)**	**(135,298)**
Employee expenses	2,099	0	0	**2,099**	0	2,099
Other service expenses	85,201	31,270	0	**116,471**	0	116,470
Interest payments	1,388	0	(1,388)	**0**	1,388	1,388
Total Expenditure	**88,688**	**31,270**	**(1,388)**	**118,570**	**1,388**	**119,957**
(Surplus) or deficit on the provision of services	**4,386**	**(18,318)**	**5,178**	**(8,754)**	**(6,586)**	**(15,340)**

2014/15 – Comparative Information						
	Net Expenditure in the Service Analysis (budget outturn)	**Amounts not included in the analysis but included in the CI&ES**	**Amounts included in the analysis but not included in the CI&ES**	**(Surplus) / Deficit on Continuing Operations in the CI&ES**	**Amounts reported below the net expenditure of Continuing Operation in the CI&ES**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(694)	0	0	**(694)**	0	(694)
Interest and investment income	(1,326)	0	1,326	**0**	(1,326)	(1,326)
Government grants and contributions	(86,144)	(23,677)	5,387	**(104,434)**	(517)	(104,951)
Total Income	**(88,164)**	**(23,677)**	**6,713**	**(105,128)**	**(1,843)**	**(106,971)**
Employee expenses	754	0	0	**754**	0	754
Other service expenses	47,851	104,231	0	**152,082**	0	152,082
Interest payments	1,387	0	(1,387)	**0**	1,387	1,387
Total Expenditure	**49,992**	**104,231**	**(1,387)**	**152,836**	**1,387**	**154,223**
(Surplus) or deficit on the provision of services	**(38,172)**	**80,554**	**5,326**	**47,708**	**(456)**	**47,252**

27. Members' Allowances

The Combined Authority paid the following amounts to Council Members who represent the local authorities that make up the Combined Authority during the year:

2014/15		2015/16
£000		**£000**
0	Basic Allowance	0
14	Expenses	19
14	**TOTAL**	**19**

28. Officers' Remuneration

The Combined Authority has no employees and therefore a nil disclosure for pension provision under IAS19. The Combined Authority receives recharges from other Local Authorities for Officers seconded.

2015/16	Salary	Pension Contribution	Total
	£	**£**	**£**
Executive Director	98,267	20,053	118,320
Director of Skills & Performance	56,334	11,736	68,070
Head of Skills & Employment	52,603	11,185	63,788
Director of Transport	48,676	10,144	58,820
Head of Policy	47,167	10,063	57,230
TOTAL	**303,047**	**63,181**	**366,228**

2014/15	Salary	Pension Contribution	Total
	£	**£**	**£**
Executive Director	84,693	10,332	95,025
Director of Inward Investment	80,000	0	80,000
Director of Skills	65,278	0	65,278
TOTAL	**229,971**	**10,332**	**240,303**

There are no other officers, working exclusively for the Combined Authority, earning over £50k per annum.

For the financial years 2015/16 and 2014/15 Barnsley MBC have provided direct legal and Human Resources (HR) support to the Combined Authority, whilst Sheffield City Council have provided the Section 151 officer and finance function.

29. External Audit Fees

The Combined Authority has incurred the following costs in relation to the audit of the Statement of Accounts, provided by the external auditors:

2014/15 £000		2015/16 £000
35	Fees payable with regard to external audit services carried out by the appointed auditor	63
35	**Total**	**63**

30. Grant Income

The Combined Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2014/15 £000		2015/16 £000
	Credited to Services:	
(145)	Department for Business Innovation and Skills	(3,587)
0	Department for Communities and Local Government	(11,598)
(27,537)	Department for Transport	(42,234)
(12)	European Regional Development Fund	0
(76,779)	English Local Government	(69,190)
0	Cabinet Office	(30)
(104,473)		**(126,639)**
	Credited to Taxation and Non Specific Grant Income:	
	Non-ring fenced Government Grants:	
(517)	Department for Communities and Local Government	(5,908)
(517)		**(5,908)**
(104,990)	**Total**	**(132,547)**

The Combined Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at year end are as follows:

31 March 2015 £000		31 March 2016 £000
	Revenue Grants Receipts in Advance:	
0	Department for Business Innovation and Skills	(1,983)
0	Department for Transport	(69)
0	Cabinet Office	(65)
0	**Total**	**(2,117)**
	Capital Grants Receipts in Advance:	
(2,510)	Department for Transport	(627)
0	Department for Communities and Local Government	(28,250)
(2,510)	**Total**	**(28,877)**

31. Related Party Disclosures

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

For the Combined Authority, the main categories of related party are the 9 constituent Local Authorities, whose Leaders make up the membership of the Combined Authority and have direct control through voting rights. The Authorities material related party transactions in year amounted to net payments of £21m (£51m in 2014/15) with £85m accrued (£120m in 2014/15).

Members

During 2015/16 or 2014/15 no works or services were commissioned from companies in which any members had an interest.

Officers

There have been no pecuniary interests involving the Head of Paid Service, the S151 Officer or the Monitoring Officer to the Combined Authority.

Significant Transactions:

2015/16							
Related Party	**Note**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
Barnsley Metropolitan Borough Council	**1**	(11,858)	7,895	**(3,963)**	469	(2,123)	**(1,654)**
Doncaster Metropolitan Borough Council	**2**	(15,232)	8,270	**(6,962)**	5	(2,122)	**(2,117)**
Rotherham Borough Council	**3**	(13,041)	7,288	**(5,753)**	165	(1,811)	**(1,646)**
Sheffield City Council	**4**	(28,302)	8,916	**(19,386)**	357	(4,948)	**(4,591)**
Bolsover District Council	**5**	(4)	6	**2**	0	0	**0**
Bassetlaw District Council	**6**	(4)	0	**(4)**	0	0	**0**
North East Derbyshire District Council	**7**	(4)	0	**(4)**	0	0	**0**
Chesterfield Borough Council	**8**	(4)	48	**44**	255	0	**255**
Derbyshire Dales District Council	**9**	(4)	0	**(4)**	0	0	**0**
South Yorkshire Passenger Transport Executive	**10**	0	14,227	**14,227**	11	(69,425)	**(69,414)**
South Yorkshire ITA Properties LTD	**11**	0	0	**0**	4156	0	**4156**

1 Income - Transport Levy £11.9m,CA subs £32k, Enterprise Zone rates £469k all owed; Expenditure - £3.8m Highways Capital Maintenance Grant, £1.1m Superfast Broadband, £4.0m LSTF/LTP programmes of which £2.1m owed.
2 Income – Transport Levy £15.2m, CA subs £41k; Expenditure – Highways Capital Maintenance Grant £4.7m, LSTF/LTP programmes £4.7m of which £2.1m owed.
3 Income – Transport Levy £13.0m, CA subs £36k, Enterprise Zone rates £165k all owed; Expenditure – Highways Capital Maintenance Grant £3.7m, LSTF/LTP programmes £4.7m of which £1.8m owed.
4 Income – Transport Levy £28.3m, CA subs £75k, Enterprise Zone rates £347k all owed; Expenditure – LSTF/LTP programmes £13.2m of which £4.9m owed.
5 Income – CA subs £4k; Expenditure – seconded staff £6k
6 Income – CA subs £4k.
7 Income – CA subs £4k.
8 Income – CA subs £4k, Enterprise Zone rates £232k all owed.
9 Income – CA subs £4k.
10. Expenditure – LSTF/LTP programmes £14.2m of which £2.4m owed, Operating Grants £69.4m all owed.
11 Dividend payment due to CA from SYITA Properties Ltd.

2014/15 - Comparative Information

Related Party	Note	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
Barnsley Metropolitan Borough Council	**1**	(12,902)	3,930	**(8,972)**	820	(1,881)	**(1,061)**
Doncaster Metropolitan Borough Council	**2**	(17,100)	4,789	**(12,311)**	0	(2,817)	**(2,817)**
Rotherham Borough Council	**3**	(14,518)	5,572	**(8,946)**	228	(1,871)	**(1,643)**
Sheffield City Council	**4**	(31,644)	2,734	**(28,910)**	16	(5,085)	**(5,069)**
Bolsover District Council	**5**	(27)	14	**(13)**	0	0	**0**
Bassetlaw District Council	**6**	(23)	0	**(23)**	4	0	**4**
North East Derbyshire District Council	**7**	(27)	0	**(27)**	0	0	**0**
Chesterfield Borough Council	**8**	(4)	10	**6**	23	0	**23**
Derbyshire Dales District Council	**9**	(4)	0	**(4)**	0	0	**0**
South Yorkshire Passenger Transport Executive	**10**	0	8,076	**8,076**	0	(115,456)	**(115,456)**
South Yorkshire ITA Properties LTD	**11**	0	0	**0**	6,186	0	**6,186**

1 Income (split across receipts and receivables) - £13.1m Transport Levy, £0.03m LEP Subs, £0.5m Enterprise zone, £0.09m Loan w/off. Expenditure (split across payments and payables) - £3m highways capital maintenance grant and £2.5m payment for Local transport Plan and Local Sustainable Transport Fund.
2 Income - £17m Transport Levy, £0.04m LEP Subs, £0.09m Loan w/off. Expenditure (split across payments and payables) - £3.4m payment of highways capital maintenance grant and £4.1m payment for Local Transport Plan and Local Sustainable Transport Fund.
3 Income - (split across receipts and receivables) - £14.5m Transport Levy, £0.04m LEP Subs, £0.13m Enterprise zone, £0.09m Loan w/off. Expenditure (split across payments and payables) - £2.7m payment of highways capital maintenance grant and £4.3m payment for Local Transport Plan / Local Sustainable Transport Fund.
4 Income - £31.4m Transport Levy, £0.08m LEP Subs, £0.02m Enterprise zone, £0.19m Loan write off. Expenditure (split across payments and payables) - £7.5m payments for Local Transport Plan / Local Sustainable Transport Fund.
5 £0.004m LEP Subs income, £0.023m Loan write off.
6 £0.027m Loan write off.
7 £0.004m LEP Subs income, £0.023m Loan write off.
8 £0.004m LEP Subs income, £0.023m Loan write off.
9 £0.004m LEP Subs income.
10 £110.35m Revenue and Capital Grant payments, £2.45m PFI, £10.6m Local Transport Plan / Local Sustainable Transport Fund and £0.1m Expenses.
11 £6.186m Soft Loan.

Group Subsidiaries

South Yorkshire Passenger Transport Executive

The balance owing to South Yorkshire Passenger Transport Executive as at 31 March is shown in the table below:

2014/15 £000		2015/16 £000
120,917	Amount held by the CA to repay SYPTE loans	116,458
96,935	Grant monies owing to SYPTE	87,498
217,852	**Total owed to SYPTE by the CA**	**203,956**

South Yorkshire ITA Properties Ltd

The Combined Authority owns the share capital of SYITA Properties Ltd (formerly SYPTA Ltd), a company set up in accordance with the provisions of the Transport Act 1985. The principal activity is the rental of property for business use.

The net worth of the company as at 31 March 1985 was £9.5m. The Combined Authority owns 17,608,900 of the 17,608,902 shares issued by the company, the other two being held by an employee of Barnsley MBC as the nominee of the Combined Authority. The nominal value of the ordinary share capital was reduced from £1 to 55p per share following a capital restructuring exercise undertaken in 1993/94. The issued share capital is therefore £9,684,896 with a called up value of £7,805,632.

Transactions with Other Public Bodies

The UK government exerts significant influence over the Combined Authority through legislation and grant funding. Grant funding received is detailed in the notes to the consolidated income and expenditure account. The following table shows transactions excluding grants:

2015/16

Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
Derbyshire County Council	**1**	0	0	**0**	0	(3,780)	**(3,780)**
Network Rail	**2**	0	0	**0**	0	(845)	**(845)**
West Yorkshire ITA	**3**	0	0	**0**	0	(819)	**(819)**
Transport For Manchester	**4**	0	0	**0**	0	(778)	**(778)**
Mersey Travel	**5**	0	288	**288**	0	0	**0**
Transport for the	**6**	0	177	**177**	0	0	**0**
North	**7**	(38)	34	**(4)**	0	0	**0**
South Yorkshire Pensions Authority	**8**	0	23	**23**	0	0	**0**
Leeds City Council							

1 £3.8m grant for Seymour Link, all owed.
2 Northern Transport Strategy grant programme £845k, all owed.
3 Northern Transport Strategy grant programme £819k, all owed.
4 Northern Transport Strategy grant programme £778k, all owed.
5 Northern Transport Strategy grant programme £288k.
6 Northern Transport Strategy grant programme £177k.
7 Fees.

8 Fees

2014/15 - Comparative Information

Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
South Yorkshire Pensions Authority	**1**	0	41	**41**	0	(21)	**(21)**
South Yorkshire Police and Crime Commissioner	**2**	0	56	**56**	0	0	**0**
Leeds City Council	**3**	0	0	**0**	0	(19)	**(19)**

1 Fees.
2 Payment for Local Transport Plan.
3 Mipim UK property trade show costs.

32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure cannot be paid for immediately and is to be financed in future years by charges to revenue as the assets are used by the Combined Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Combined Authority that has yet to be financed.

2014/15 £000		2015/16 £000
	Capital Investment	
106,225	Revenue Expenditure Funded from Capital Under Statute	34,806
	Sources of Finance	
33,325	Government Grants and Other Contributions	34,806
72,900	Borrowing	0
106,225		34,806
	Capital Financing Requirements	
39,826	Opening Balance	110,733
72,900	Borrowing in Year	0
(1,993)	Statutory / Voluntary Provision for repayment of debt (MRP / VMRP)	(3,537)
110,733	**Closing Balance**	**107,196**
(25,000)	PWLB Borrowing	(25,000)
(684)	Other Borrowing	(684)
(25,684)		**(25,684)**
85,049	**Under borrowed**	**81,512**

Group Accounts

The Group accounts, as at 31 March 2016, comprise the accounts of the Combined Authority, together with those of the South Yorkshire Passenger Transport Executive and SYITA Properties Limited.

All intra-group trading, balances and unrealised gains and losses, at the end of the financial year 2015/16, have been eliminated in full. The Group Accounts have been prepared on a going concern basis.

South Yorkshire Passenger Transport Executive

The accounts of the South Yorkshire Passenger Transport Executive (SYPTE) are prepared in accordance with the Accounts and Audit (England) Regulations 2015. These regulations require the accounts to be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (The Code) and the CIPFA Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2015 Regulations.

The accounting convention of the SYPTE accounts is principally historic cost, modified by the revaluation of certain categories of assets and liabilities and financial instruments.

SYPTE has one subsidiary, Supertram Assets Limited, which is non-trading and interest in a joint venture with West Yorkshire Combined Authority, “Yorcard Limited”. Neither are material in value and SYPTE has taken the decision not to consolidate in to SYPTE’s accounts in 2015/16.

Further information about SYPTE’s accounts is available from the following address:

The Finance Department
South Yorkshire Passenger Transport Executive
11 Broad Street West
Sheffield
S1 2BQ

SYITA Properties Limited

The accounts of SYITA Properties Limited (formerly SYPTA Properties Limited) are prepared in accordance with UK Generally Accepted Accounting Practices and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), which are then adjusted during consolidation into the Group accounts to be IFRS compliant.

Further information about SYITA Properties Limited accounts is available from the following address:
The Directors

SYITA Properties Limited
18 Regent Street
Barnsley
S70 2PQ

South Yorkshire Passenger Transport Pension Fund

The Combined Authority has responsibility as the accountable body for the South Yorkshire Passenger Transport Pension Fund accounts, which are included as a memorandum item to these accounts and not consolidated into the Group.

Further information about South Yorkshire Passenger Transport Pension Fund accounts is available from the following address:

South Yorkshire Pensions Authority
18 Regent Street
Barnsley
South Yorkshire
S70 2HG

Basis of Dominant Influence

The Combined Authority is made up of the nine Leaders of Barnsley Metropolitan Borough Council, Doncaster Metropolitan Borough Council, Rotherham Metropolitan Borough Council, Sheffield City Council, Bassetlaw District Council, Bolsover District Council, Chesterfield Borough Council, North East Derbyshire District Council, and Derbyshire Dales Districts Council.

A copy of the Combined Authority constitution, which details the Combined Authority's functions, responsibilities, procedures and protocols can be found on the Combined Authority website Combined Authority Constitution.

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Group, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The (Surplus) / Deficit on the Provision of Services line shows the true economic cost of providing the Group'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 charged to the General Fund Balance. The net (increase) / decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Group.

Group Movement in Reserves: Usable Reserves

2015/16	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	47	47	47	47	48
Balances transferred in at 1 April 2015		**(45,490)**	**(13,276)**	**(7,003)**	**(6,130)**	**(71,899)**
Movement in reserves during 2015/16:						
(Surplus) / deficit on provision of services	CI&ES	(21,454)	0	0	0	(21,454)
Other Comprehensive (Income) and Expenditure	CI&ES	4	0	0	0	4
Total Comprehensive (Income) and Expenditure		**(21,450)**	**0**	**0**	**0**	**(21,450)**
Adjustments between accounting basis and funding basis under regulations	35	9,106	0	0	1,003	10,109
Net (increase) / decrease before transfers to earmarked reserves		**(12,344)**	**0**	**0**	**1,003**	**(11,341)**
Transfers (to) / from earmarked reserves	36	50,279	(49,965)	145	(459)	0
(Increase) / decrease in year		**37,935**	**(49,965)**	**145**	**544**	**(11,341)**
Balance at 31 March 2016		**(7,555)**	**(63,241)**	**(6,858)**	**(5,586)**	**(83,240)**

2014/15 – Comparative Information

	Note	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied Reserve £000	Total Usable Reserves £000
	Note	47	47	47	47	48
Balances transferred in at 1 April 2014		**(5,957)**	**(15,231)**	**(7,091)**	**(18,494)**	**(46,773)**
Movement in reserves during 2014/15:						
(Surplus) / deficit on provision of services	CI&ES	6,972	0	0	0	6,972
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	0	0
Total Comprehensive (Income) and Expenditure		**6,972**	**0**	**0**	**0**	**6,972**
Adjustments between accounting basis and funding basis under regulations	35	(45,701)	0	0	13,603	(32,098)
Net (increase) / decrease before transfers to earmarked reserves		**(38,729)**	**0**	**0**	**13,603**	**(25,126)**
Transfers (to) / from earmarked reserves	36	(804)	1,955	88	(1,239)	0
(Increase) / decrease in year		**(39,533)**	**1,955**	**88**	**12,364**	**(25,126)**
Balance at 31 March 2015		**(45,490)**	**(13,276)**	**(7,003)**	**(6,130)**	**(71,899)**

Group Movement in Reserves: Unusable Reserves and Total Group Reserves

2015/16	Note	Capital Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	Note	48	48	48	48	48	48	48
Balances transferred in at 1 April 2015		**110,733**	**(70,980)**	**(17,562)**	**41,798**	**60**	**64,049**	**(7,850)**
Movement in reserves during 2015/16:								
(Surplus) / deficit on provision of services	CI&ES	0	0	0	0	0	0	(21,454)
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	(5)	(3,735)	0	(3,740)	(3,736)
Total Comprehensive (Income) and Expenditure		**0**	**0**	**(5)**	**(3,735)**	**0**	**(3,740)**	**(25,190)**
Adjustments between accounting basis and funding basis under regulations	35	(3,538)	(8,007)	450	989	(3)	(10,109)	0
Net (increase) / decrease before transfers to earmarked reserves		**(3,538)**	**(8,007)**	**445**	**(2,746)**	**(3)**	**(13,849)**	**(25,190)**
Transfers (to) / from earmarked reserves	36	0	0	0	0	0	0	0
(Increase) / decrease in year		**(3,538)**	**(8,007)**	**445**	**(2,746)**	**(3)**	**(13,849)**	**(25,190)**
Balance at 31 March 2016		**107,195**	**(78,987)**	**(17,117)**	**39,052**	**57**	**50,200**	**(33,040)**

2014/15 – Comparative Information

	Note	Capital Adjustment Account £000	Deferred Capital Grant Reserve (PTE) £000	Revaluation Reserve £000	Pension Reserve (PTE) £000	Accumulated Absences Reserve (PTE) £000	Unusable Reserves £000	Total Group Reserves £000
	Note	48	48	48	48	48	48	48
Balances transferred in at 1 April 2014		**39,926**	**(35,053)**	**(14,966)**	**36,643**	**102**	**26,652**	**(20,121)**
Movement in reserves during 2014/15:								
(Surplus) / deficit on provision of services	CI&ES	0	0	0	0	0	0	6,972
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	(2,637)	7,936	0	5,299	5,299
Total Comprehensive (Income) and Expenditure		**0**	**0**	**(2,637)**	**7,936**	**0**	**5,299**	**12,271**
Adjustments between accounting basis and funding basis under regulations	35	70,807	(35,927)	41	(2,781)	(42)	32,098	0
Net (increase) / decrease before transfers to earmarked reserves		**70,807**	**(35,927)**	**(2,596)**	**5,155**	**(42)**	**37,397**	**12,271**
Transfers (to) / from earmarked reserves	36	0	0	0	0	0	0	0
(Increase) / decrease in year		**70,807**	**(35,927)**	**(2,596)**	**5,155**	**(42)**	**37,397**	**12,271**
Balance at 31 March 2015		**110,733**	**(70,980)**	**(17,562)**	**41,798**	**60**	**64,049**	**(7,850)**

Group Consolidated Comprehensive Income and Expenditure Statement

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

2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000		Notes	2015/16 Gross Expenditure £000	2015/16 Gross Income £000	2015/16 Net Expenditure £000
27,646	(23,677)	3,969	Transport Planning Policy and Strategy		29,973	(31,099)	(1,126)
0	(79,841)	(79,841)	Public Transport – Support to Operator		62,977	(135,446)	(72,469)
115,503	(31,928)	83,575	Transport Services – PTE		112,289	(35,819)	76,470
978	(328)	650	Income and Expenditure ITA Properties		52	(899)	(847)
144,127	**(135,774)**	**8,353**	**Highways and Transport Services**		**205,291**	**(203,263)**	**2,028**
1,437	(1,602)	(165)	Planning Services – Economic Development		14,311	(13,622)	689
452	(6)	446	Corporate and Democratic Core		465	0	465
0	0	0	Transport for the North		3,303	(14,215)	(10,912)
146,016	**(137,382)**	**8,634**	**(Surplus) / Deficit on Continuing Operations**		**223,370**	**(231,100)**	**(7,730)**
		(60)	Gains on disposal of non-current assets				(1)
		(65)	Investment Property Change in Fair Value				0
		18,044	Financing and Investment Income	37			16,033
		(19,581)	Taxation and Non-Specific Grant Income	38			(29,756)
		6,972	**(Surplus) / Deficit on Provision of Services**				**(21,454)**
		(2,637)	(Surplus) / Deficit on revaluation of non-current assets				(5)
		7,936	Actuarial gains / losses on pensions assets / liabilities	60			(3,735)
		0	Other				4
		5,299	Other comprehensive income and expenditure				**(3,736)**
		12,271	**(Surplus) / deficit for the year**				**(25,190)**
		47,252	Combined Authority				(15,341)
		(35,078)	SYPTE				(9,038)
		97	SYITA Properties Ltd				(811)
		12,271					**(25,190)**

Group Consolidated Balance Sheet

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

Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use. The second category of reserves is unusable reserves, i.e. those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.

As at 31 March 2015 £000		Notes	As at 31 March 2016 £000
5,608	Investment Property	41	5,408
306	Intangible Assets	39	244
107,151	Property, Plant and Equipment	40	115,037
113,065	**Non-Current Assets**		**120,689**
0	Long Term Investments		68,000
0	**Long Term Assets**		**68,000**
113,065	**Total Long Term Assets**		**188,689**
114,001	Short Term Investments	42	134,001
258	Inventories		0
19,218	Short Term Debtors	43	26,478
81,151	Cash and Cash Equivalents	44	28,842
214,628	**Current Assets**		**189,321**
327,693	**Total Assets**		**378,010**
(23,629)	Short Term Borrowing	42	(7,947)
(28,178)	Short Term Creditors	45	(47,114)
(284)	Short Term Provisions	46	(1,059)
(162)	PFI / PPP Finance Lease Liability	59	(176)
(4,664)	Capital Grants Receipts In Advance	56	(32,447)
0	Other Liabilities		0
(56,917)	**Current Liabilities**		**(88,743)**
(270,776)	**Total Assets less Current Liabilities**		**289,267**
(208,900)	Long Term Borrowing	42	(205,327)
(406)	Long Term Provisions	46	(202)
(11,822)	PFI / PPP Finance Lease Liability	59	(11,646)
(41,798)	Net Pension Liability	60	(39,052)
(262,926)	**Long Term Liabilities**		**(256,227)**
7,850	**Net Assets / (Liabilities)**		**33,040**
(57,254)	Combined Authority		(69,057)
(15,035)	SYPTE		(13,766)
390	SYITA Properties Ltd		(417)
(71,899)	**Usable Reserves**	47	**(83,240)**
110,733	Combined Authority		107,195
(46,530)	SYPTE		(56,837)
(154)	SYITA Properties Ltd		(158)
64,049	**Unusable Reserves**	48	**50,200**
(7,850)	**Total Reserves**		**(33,040)**

Group Consolidated Cash Flow Statement

The Consolidated Cash Flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group 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 Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group**.**

2014/15			**2015/16**
£000		**Notes**	**£000**
(6,971)	Net surplus or (deficit) on the provision of services		21,454
24,726	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	49	35,425
(21,624)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	49	163,735
(3,869)	**Net cash flow from operating activities**		**220,614**
(1,521)	Investing activities	50	(254,126)
(11,274)	Financing activities	51	(18,797)
(16,664)	**Net increase / (decrease) in cash and cash equivalents**		**(52,309)**
97,815	Cash and cash equivalents at 1 April	44	81,151
81,151	**Cash and cash equivalents at 31 March**	44	**28,842**

Notes to the Group Core Financial Statements

The following notes contain further information to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and information about items that do not qualify for recognition in the statements.

33. Group Accounting Policies

The accounting policies of the Combined Authority apply to the Group. Where the nature and type of transactions differ to those of the Combined Authority, the significant policies are summarised below.

XX. Charges to Revenue for Non-Current Assets

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

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

XXI. Employee Benefits

The Combined Authority has no employees and receives a recharge from Barnsley MBC and Sheffield City Council for work completed on Combined Authority matters by its Officers, and during the year, shared the costs of its Executive Director (Head of Paid Service) with the South Yorkshire Passenger Transport Executive (SYPTE). SYPTE applies the following policies for its paid employees.

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees, and are recognised as an expense for services in the year in which employees render service to the Group.

An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is calculated using the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to (Surplus) / Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by SYPTE to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Combined Authority can no longer withdraw the offer of those benefits or when the Combined Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Operational Revenue Reserve Balance to be charged with the amount payable by SYPTE to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

The requirements of IAS 19 Employee Benefits have been fully adopted in the financial statements of the Group. Detailed disclosures can be found in note 60 to the accounts and relate principally to SYPTE.

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

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

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

The liabilities of the fund attributable to SYPTE are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by

employees, based on the assumption about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.
The assets of the South Yorkshire Pension Fund attributable to SYPTE are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value
- The change in the net pension liability is analysed into the following components:

- current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed costs
- net interest cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement- this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period-taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Comprehensive Revenue Reserve balance to be charged with the amount payable by SYPTE to the pension fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the Comprehensive Revenue Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Discretionary Benefits

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

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

This is either capital expenditure that has contributed to a fixed asset not owned or preconstruction costs on existing assets which do not enhance the value of the asset. Examples are rail and highway infrastructure and grants payable. The Group has no ownership / legal rights in respect of these assets and as a consequence the costs are charged directly to revenue.

In addition, any new borrowing requirements for SYPTE will be met by the Combined Authority. To facilitate this, the Combined Authority pays SYPTE a capital grant representing expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets for the Combined Authority directly.

XXIII. Investment Properties

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

Investment properties are initially recognised at cost, and subsequently at fair value based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

XXIV. Intangible Assets

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

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

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

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

XXV. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Group does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group).

In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

Where decreases in value are identified, they are accounted for as follows:

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on a straight line basis, over the useful life of the asset following the year of construction or acquisition, determined as follows:

- Buildings – straight-line allocation over the useful life of the property assessed as part of the rolling programme of revaluations.
- Vehicles, plant and equipment – a percentage of the value of each class of asset in the Balance Sheet, as advised by a suitably qualified officer.
    - Plant, machinery, fixtures and fittings – 10 years
    - Vehicles – 5 years
    - Computer equipment – 3 years
- Infrastructure – straight-line allocation:
    - Operational equipment – 10 years
    - Route equipment – 20 years
    - Trams – over the varying life of components – between 10 and 39 years
    - Track bed and system – 24 years
- Park and Ride – 15 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total costs of the item, the components are depreciated separately.

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

XXVI. Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) / Deficit on Provision of Services.

Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

XXVII. Private Finance Initiative (PFI) Transactions

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. SYPTE is deemed to control the services that are provided under its PFI schemes and as ownership of the non-current assets will pass to SYPTE at the end of the contracts for no additional charge. SYPTE carries the non-current assets used under the contracts on the Balance Sheet. The Government Grant, which helps to finance the PFI scheme is held and managed by the Combined Authority and paid to SYPTE.

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

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

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

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

- Fair value of the services received during the year – this is debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability is debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.

- Contingent rent – increases in the amount to be paid for the property arising during the contract are debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – where these represent payments to maintain the asset rather than being a fixed asset addition they are charged to the relevant service in the Comprehensive Income and Expenditure Statement.

XXVIII. Value Added Tax (VAT)

The Combined Authority is a Section 33 VAT body and recovers all of its input VAT where possible. VAT is excluded from both income and expenditure where it can be recovered.

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

XXIX. Corporation Tax

SYPTE is a public body and most of activities are not subject to Corporation Tax. SYITA Properties is a limited company and is liable for Corporation Tax, paid on profits for ordinary activities.

34. Group Accounting Standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) has introduced several changes in accounting policy as a result of amendments to the following Accounting Standards. These standards have been issued but have not yet been adopted by the Group. If these had been adopted for the financial year 2015/16 there would be no material change, as detailed below.

Amendments to IAS 19 Employee Benefits

This amendment, which applies from 2016/17, requires contributions from employees or third parties to be considered when accounting for defined benefit plans. It requires that such contributions, where linked to service, are accounted for as a reduction of service cost. Current data suggests that this change is not expected to have a material impact on the figures currently reported in the financial statements.

Amendments to IAS 16 Property Plant & Equipment and IAS 38 Intangible Assets

The amendments to IAS 16 and IAS 38 explain that it is not appropriate to use revenue-based methods to calculate the depreciation of an asset because, revenue generated by an activity that includes the use of an asset, generally reflects factors other than the consumption of the economic benefits.

Whilst the Group may apply income methods for valuation purposes, assets are not depreciated on the basis of revenue-based methods. The current depreciation policies are set out in Note 1 Accounting Policies – VI Property Plant & Equipment.

Accounting for Infrastructure Assets

The CIPFA Code of Practice on Transport Infrastructure Assets will be adopted in the 2016/17 Code. This will lead to the creation of a single Highways Network Asset, measured at its current value rather than historical cost, using depreciated replacement cost (DRC) as the method of valuation.

The change in accounting policy comes into effect from 1 April 2016. CIPFA has confirmed in the 2015/16 Code Update that the transition arrangements will not require comparatives or the opening balance on 1 April 2016, to be restated as a prior period adjustment. The new valuation will instead be accounted for in 2016/17 as an in year revaluation on 1 April 2016.

Under the DRC approach, current value will be determined by estimating the gross replacement cost of each component (roads, street lighting, signage, traffic management systems, footpaths and cycle ways, bridges and other structures and land) on a modern equivalent basis, deducting the estimated accumulated depreciation to arrive at the depreciated replacement cost.

35. Group Adjustments Between Accounting Basis and Funding Under Regulation

2015/16	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	34,806	0	34,806	(34,806)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	0	0	0	**0**
Revenue expenditure funded from capital under statute	(34,806)	0	(34,806)	34,806	**0**
Other movements (PTE)	(2,531)	0	(2,531)	2,531	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	3,537	0	3,537	(3,537)	0
Employers contribution to Pension Scheme	1,542	0	1,542	(1,542)	0
Other:					
Adjustment for the difference between fair value depreciation and historical cost	(450)	0	(450)	450	0
Transfer to Accumulating Absences Account	2	0	2	(2)	0
Grants received and receivable during the year	26,268	1,003	27,271	(27,271)	0
Grants released to Operational Revenue Reserve	(19,264)	0	(19,264)	19,264	0
Release to Revaluation Reserve	0	0	0	0	0
Other Movements	2	0	2	(2)	0
Total	**9,106**	**1,003**	**10,109**	**(10,109)**	**0**

2014/15 – Comparative Information

	General Fund Balance £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Reversal of items debited or credited to the CI&ES:					
Capital grants and contributions credited to the CI&ES	23,677	0	23,677	(23,677)	**0**
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	0	9,648	9,648	(9,648)	**0**
Revenue expenditure funded from capital under statute	(106,225)	0	(106,225)	106,225	**0**
Other movements (PTE)	(2,564)	0	(2,564)	2,564	**0**
Insertion of items not debited or credited to the CI&ES:					
Statutory provision for repayment of debt (MRP)	1,993	0	1,993	(1,993)	0
Employers contribution to Pension Scheme	5,345	0	5,345	(5,345)	0
Other:					
Transfer to Accumulating Absences Account	42	0	42	(42)	0
Grants received and receivable during the year	60,992	3,955	64,947	(64,947)	0
Grants released to Operational Revenue Reserve	(29,020)	0	(29,020)	29,020	0
Release to Revaluation Reserve	(41)	0	(41)	41	0
Other Movements	100	0	100	(100)	0
Total	**(45,701)**	**13,603**	**(32,098)**	**32,098**	**0**

36. Group Transfers (to) / from Earmarked Reserves

This note sets out the amounts set aside from the Group General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure during the year.

	Note	1 April 2014 £000	Transfer Out 2014/15 £000	Transfer In 2014/15 £000	Total Movements £000	31 March 2015 £000	Transfer Out 2015/16 £000	Transfer In 2015/16 £000	Total Movements £000	31 March 2016 £000
Combined Authority:										
Revenue Grants and Contributions:										
- LSTF Revenue Reserve	47	**(4,870)**	4,870	0	**4,870**	**0**	0	0	**0**	**0**
- Transport for the North	47	**0**	0	0	**0**	**0**	0	(10,912)	**(10,912)**	**(10,912)**
Other Earmarked Revenue Reserves:										
- PFI Revenue Reserve	47	**(6,158)**	1,500	(1,410)	**90**	**(6,068)**	2,000	(1,408)	**592**	**(5,476)**
- Local Growth Fund	47	**0**	0	0	**0**	**0**	131	(4,000)	**(3,869)**	**(3,869)**
- Levy Reduction Reserve	47	**0**	0	0	**0**	**0**	0	(36,923)	**(36,923)**	**(36,923)**
SYPTE:										
Earmarked Revenue Reserve	**47**	**(4,203)**	0	(3,005)	**(3,005)**	**(7,208)**	1,147	0	**1,147**	**(6,061)**
Total		**(15,231)**	**6,370**	**(4,415)**	**1,955**	**(13,276)**	**3,278**	**(53,243)**	**(49,965)**	**(63,241)**

37. Group Financing and Investment Income and Expenditure

The following table provides a breakdown of Financing and Investment Income and Expenditure:

2014/15 £000		2015/16 £000
18,617	Interest payable and similar charges	16,788
(1,746)	Interest receivable and similar income	(2,088)
(345)	Reversal of impairment of short-term deposit	0
16,526		**14,700**
1,518	Pensions – Interest payable	1,333
18,044	**Total**	**16,033**

38. Group Taxation and Non-Specific Grant Income

The following table provides an analysis of Non-Specific Grant Income:

2014/15 £000		2015/16 £000
	Non ring-fenced grants:	
(517)	LEP Core Grant (DCLG)	(5,908)
(14,498)	Department for Transport	(14,795)
(1,598)	Better Bus Area	(561)
(3,058)	European Regional Development Fund / Other	(5,473)
0	Other	(3,070)
(19,671)	**Total**	**(29,807)**

The following table provides an analysis of Taxation Payable:

2014/15 £000		2015/16 £000
	SYITA Properties Ltd:	
108	UK Corporation Tax	51
(18)	Deferred Tax	0
90	**Total**	**51**

39. Group Intangible Assets

The following is an analysis of Intangible Assets:

2014/15 £000		2015/16 £000
	Cost or valuation:	
367	At 1 April 2014	306
(61)	Amortisation (remaining life is 6 years)	(62)
306	**At 31 March 2015**	**244**

Intangible assets represent £244k (£306k for 2014/15) for software associated with the development of the Yorcard project which is being amortised over the remaining life of the licence agreement.

40. Group Property Plant and Equipment

Movements on Balances:

2015/16	Land and Buildings £000	Infrastructure (Light Railway System) £000	Vehicles, Plant and Equipment £000	Assets Under Construction £000	Total PPE £000	PFI Assets included in Land & Buildings £000
Cost or Valuation:						
At 1 April 2015	69,408	59,965	21,326	8,382	**159,081**	11,200
Additions - programmed investment	0	0	573	11,485	**12,058**	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	630	0	0	0	**630**	0
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	0	0	0	0	**0**	0
De-recognition – disposals	0	0	(98)	0	**(98)**	0
De-recognition - other	0	0	0	0	**0**	0
At 31 March 2016	**70,038**	**59,965**	**21,801**	**19,867**	**171,671**	**11,200**
Accumulated Depreciation and Impairment:						
At 1 April 2015	(1,152)	(32,187)	(18,591)	0	**(51,930)**	0
Depreciation Charge	(2,629)	(1,654)	(519)	0	**(4,802)**	(350)
De-recognition – Disposals	0	0	98	0	**98**	0
De-recognition - other	0	0	0	0	**0**	0
At 31 March 2016	**(3,781)**	**(33,841)**	**(19,012)**	**0**	**(56,634)**	**(350)**
Net Book Value						
As at 1 April 2015	**68,256**	**27,778**	**2,735**	**8,382**	**107,151**	**11,200**
As at 31 March 2016	**66,257**	**26,124**	**2,789**	**19,867**	**115,037**	**10,850**

2014/15 – Comparative Information						
	Land and Buildings £000	**Infrastructure (Light Railway System) £000**	**PPE Vehicles, Plant and Equipment £000**	**PPE Assets Under Construction £000**	**Total PPE £000**	**PFI Assets included in Land & Buildings £000**
Cost or Valuation:						
At 1 April 2014	69,352	59,965	23,545	4,751	**157,613**	11,028
Additions - programmed investment	68	0	799	3,631	**4,498**	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,601	0	0	0	**2,601**	522
Revaluation increases / (decreases) to Surplus / Deficit on the Provision of Services	(680)	0	0	0	**(680)**	0
De-recognition – disposals	0	0	(3,018)	0	**(3,018)**	0
De-recognition - other	(1,933)				**(1,933)**	(350)
At 31 March 2015	**69,408**	**59,965**	**21,326**	**8,382**	**159,081**	**11,200**
Accumulated Depreciation and Impairment:						
At 1 April 2014	(1,152)	(30,534)	(21,067)	0	**(52,753)**	0
Depreciation Charge	(1,933)	(1,653)	(542)	0	**(4,128)**	(350)
De-recognition – Disposals	0	0	3,018	0	**3,018**	0
De-recognition - other	1,933	0	0	0	**1,933**	350
At 31 March 2015	**(1,152)**	**(32,187)**	**(18,591)**	**0**	**(51,930)**	**0**
Net Book Value						
As at 1 April 2014	**68,200**	**29,431**	**2,478**	**4,751**	**104,860**	**11,028**
As at 31 March 2015	**68,256**	**27,778**	**2,735**	**8,382**	**107,151**	**11,200**

41. Group Investment Properties

The following is an analysis of Investment Properties:

2014/15		2015/16
£000	**Cost or valuation:**	**£000**
5,517	**At 1 April**	**5,608**
101	Revaluation	(200)
(10)	Disposals	0
5,608	**At 31 March**	**5,408**

The assets held as investment properties are held to earn rentals or capital appreciation or both rather than for use in the production or supply of goods or services for administrative purposes or for sale in the ordinary course of business.

Fair Value Hierarchy

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2016 are as follows:

Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2016 £000
SYPTE	-	1,349	-	1,349
SYITA	-	4,059	-	4,059
Total	**-**	**5,408**	**-**	**5,408**

There were no transfers between Levels during the year.

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

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

<u>Significant Observable Inputs – Level 2</u>

The fair value for the Investment Properties have been categorised at Level 2 in the fair value hierarchy as both are subject to estimation based on comparable properties at market value.

<u>Highest and Best Use of Investment Properties</u>

In estimating the fair value of the Combined Authority's Investment Properties, the highest and best use of the properties is their current use.

<u>Valuation Techniques</u>

There has been no change in the valuation techniques used during the year for Investment Properties.

Valuation Process for Investment Properties

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

SYITA valuations were carried out by Kier Asset Partnership Services (KAPS).

Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

42. Group Financial Instruments

Categories of Financial Instruments

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

Long Term 31 March 2015 £000	Current 31 March 2015 £000		Long Term 31 March 2016 £000	Current 31 March 2016 £000
		Investments		
0	114,001	Loans and receivables	0	134,001
		Debtors		
0	19,218	Loans and receivables	0	26,478
		Cash and cash equivalents		
0	81,151	Loans and receivables	0	28,842
		Borrowings		
208,900	23,629	Financial liabilities at amortised cost	205,327	7,947
		Other Liabilities		
11,822	303	Financial liabilities at amortised cost (PFI)	11,646	176
		Creditors and provisions		
406	30,379	Financial liabilities at amortised cost	202	48,173

2014/15 Financial Liabilities Liabilities measured at amortised cost £000	2014/15 Financial Assets Invest-ments and Debtors £000	2014/15 Total £000	Income, Expense, Gains and Losses	2015/16 Financial Liabilities Liabilities measured at amortised cost £000	2015/16 Financial Assets Invest-ments and debtors £000	2015/16 Total £000
(17,559)	0	(17,559)	Interest expense – debt	(15,751)	0	(15,751)
(1,059)	0	(1,059)	Interest expense – PFI	(1,046)	0	(1,046)
0	(3)	(3)	Reductions in fair value	0	(3)	(3)
345	0	345	Impairment losses / (gains)	10	0	10
(18,273)	**(3)**	**(18,276)**	**Total expense in Surplus or Deficit on the Provision of Services**	**(16,787)**	**(3)**	**(16,790)**
0	1,746	1,746	Interest income	0	2,103	2,103
0	**1,746**	**1,746**	**Total income in Surplus or Deficit on the Provision of Services**	**0**	**2,103**	**2,103**
(18,273)	**1,743**	**(16,530)**	**Net gain / (loss) for the year**	**(16,787)**	**2,100**	**(14,687)**

Fair Value of Assets and Liabilities

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

- Interest is calculated using the most common market convention, ACT/365 (366 in a leap year with the exception of PWLB)
- Interest is not paid/received on the start of the instrument but is paid/received on the maturity date
- The interest value and date has not been adjusted where the relevant date occurs on a non-working day

With the exception of borrowing, all financial assets and liabilities are carried at cost as this is a fair approximation of their value.

The fair values are calculated as follows:

31 March 2015 Carrying value £000	31 March 2015 Fair value £000		31 March 2016 Carrying value £000	31 March 2016 Fair value £000
206,375	279,181	PWLB	187,875	252,905
21,150	27,307	Non-PWLB	21,015	27,182
11,984	11,984	Doncaster Interchange PFI	11,822	11,822
239,509	**318,472**	**Total Financial Liabilities**	**220,712**	**291,909**

The fair value of the liabilities is higher than the carrying amount because the Combined Authority's portfolio of loans includes a number of fixed rate loans where the interest payable is higher than the prevailing rates at the Balance Sheet date. This shows the notional future loss arising from the commitment to pay interest to lenders above current market rates.

The maturity analysis of financial liabilities excluding PFI liabilities is as follows:

31 March 2015 £000		31 March 2016 £000
18,625	Less than one year	3,563
15,063	Between one and two years	18,000
75,475	Between two and five years	77,975
118,362	More than five years	109,352
227,525	**Total**	**208,890**

43. Group Short Term Debtors

The following is an analysis of Debtors:

31 March 2015 £000		31 March 2016 £000
6,443	Central Government Bodies	5,526
2,864	Other Local Authorities	8,551
9,911	Other Entities and Individuals	12,401
19,218	**Total**	**26,478**

44. Group Cash & Cash Equivalents

31 March 2015 £'000		31 March 2016 £'000
	Cash:	
0	Combined Authority	(372)
2,177	PTE	1,047
4,160	SYITA Properties Ltd	2,438
6,337		**3,113**
	Cash Equivalents:	
74,814	Combined Authority	25,729
0	PTE	0
0	SYITA Properties Ltd	0
74,814		**25,729**
	Cash & Cash Equivalents:	
74,814	Combined Authority	25,357
2,177	PTE	1,047
4,160	SYITA Properties Ltd	2,438
81,151	**Total**	**28,842**

45. Group Short Term Creditors

The following table shows an analysis of Short Term Creditors:

31 March 2015 £000		31 March 2016 £000
(931)	Central Government Bodies	(3,770)
(19,028)	Other Local Authorities	(25,977)
(8,219)	Other Entities and Individuals	(17,367)
(28,178)	**Total**	**(47,114)**

46. Group Provisions

The Combined Authority maintains the following Provisions:

31 March 2015 £000		31 March 2016 £000
(652)	Opening Balance	(690)
(38)	Charge to Income and Expenditure Account during the year	(571)
(690)	**Total**	**(1,261)**
	Split by:	
0	Combined Authority	(4)
(284)	SYPTE	(1,055)
0	SYITA Properties Ltd	0
(284)	**Short Term**	**(1,059)**
0	Combined Authority	0
(204)	SYPTE	(0)
(202)	SYITA Properties Ltd	(202)
(406)	**Long Term**	**(202)**

47. Group Usable Reserves

The following table summarises the Usable Reserves balances. Movements in the Group's usable reserves are shown in the Movement of Reserves Statement.

31 March 2016				
	Combined Authority	**SYPTE**	**SYITA Properties Ltd**	**Total**
	£000	**£000**	**£000**	**£000**
General Fund	(6,534)	0	0	(6,534)
Earmarked Reserves	(46,268)	(6,061)	0	(52,329)
Revenue Grants Reserve	(10,912)	0	0	(10,912)
Capital Receipts Reserve	(5,343)	(1,515)	0	(6,858)
Capital Grants Unapplied	0	(5,586)	0	(5,586)
Operational Revenue Reserve	0	(604)	0	(604)
Profit & Loss Account	0	0	(417)	(417)
Total	**(69,057)**	**(13,766)**	**(417)**	**(83,240)**

31 March 2015 – Comparative Information				
	Combined Authority	**SYPTE**	**SYITA Properties Ltd**	**Total**
	£000	**£000**	**£000**	**£000**
General Fund	(45,843)	0	0	(45,843)
Earmarked Reserves	(6,068)	(7,208)	0	(13,276)
Revenue Grants Reserve	0	0	0	0
Capital Receipts Reserve	(5,343)	(1,660)	0	(7,003)
Capital Grants Unapplied	0	(6,130)	0	(6,130)
Operational Revenue Reserve	0	(37)	0	(37)
Profit & Loss Account	0	0	390	390
Total	**(57,254)**	**(15,035)**	**390**	**(71,899)**

48. Group Unusable Reserves

The following table summarises the Unusable Reserves balances. Movements in the Group's unusable reserves are shown in the Movement of Reserves Statement:

31 March 2016				
	Combined Authority	**SYPTE**	**SYITA Properties Ltd**	**Total**
	£000	**£000**	**£000**	**£000**
Capital Adjustment Account	107,195	0	0	107,195
Deferred Capital Grants and Contributions	0	(78,987)	0	(78,987)
Pension Reserve	0	39,052	0	39,052
Revaluation Reserve	0	(16,959)	(158)	(17,117)
Accumulated Absence Reserve	0	57	0	57
Total	**107,195**	**(56,837)**	**(158)**	**50,200**

31 March 2015 – Comparative Information				
	Combined Authority	**SYPTE**	**SYITA Properties Ltd**	**Total**
	£000	**£000**	**£000**	**£000**
Capital Adjustment Account	110,733	0	0	110,733
Deferred Capital Grants and Contributions	0	(70,980)	0	(70,980)
Pension Reserve	0	41,798	0	41,798
Revaluation Reserve	0	(17,408)	(154)	(17,562)
Accumulated Absence Reserve	0	60	0	60
Total	**110,733**	**(46,530)**	**(154)**	**64,049**

49. Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2014/15		**2015/16**
£000		**£000**
1,955	Interest Received	2,088
(18,396)	Interest Paid	(16,788)
(16,441)	**Total**	**(14,700)**

The surplus or (deficit) on the provision of services has been adjusted for the following non-cash movements:

2014/15		**2015/16**
£000		**£000**
4,359	Depreciation	4,802
0	Impairment and downward valuations	(430)
27,326	Amortisation	18,180
2,122	Increase / (decrease) in creditors	18,316
(6,145)	Increase / (decrease) in debtors	(7,260)
(84)	Increase / (decrease) in inventories	258
(2,781)	Movement in pension liability	989
(71)	Other non-cash items charged to the net surplus or deficit on the provision of services	570
24,726	**Total**	**35,425**

The surplus or (deficit) on the provision of services has been adjusted for the following items that are investing and financing activities:

2014/15		**2015/16**
£000		**£000**
(100)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	199,000
(21,524)	Any other items for which the cash effects are investing or financing cash flows	(35,265)
(21,624)	**Total**	**163,735**

50. Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

2014/15 £000		2015/16 £000
(31,761)	Purchase of property, plant and equipment, investments property and intangible assets	(30,174)
(297,400)	Purchase of short-term and long-term investments	(287,000)
301,453	Proceeds from short-term and long term investments	0
26,187	Other receipts from investment activities	63,048
(1,521)	**Total**	**(254,126)**

51. Group Cash Flow Statement – Financing Activities

The cash flows for financing activities include the following items:

2014/15 £000		2015/16 £000
(149)	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(162)
(11,125)	Repayments of short and long-term borrowing	(18,635)
(11,274)	**Total**	**(18,797)**

52. Group Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the CIPFA Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Group members on the basis of budget reports analysed across the services. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- the cost of retirement benefits is based on cash flows (payment of employer's pension's contributions) rather than current service cost of benefits accrued in the year.
- expenditure on some support services is budgeted for centrally and not charged to services.

The following tables show how the figures reported in the Group outturn reports reconcile to the figures in the Comprehensive Income and Expenditure Statement.

The income and expenditure of the Group recorded in the budget reports for the year ended 31 March 2016 is as follows:

2015/16 Service Income and Expenditure	Transport Authority £000	Economic Regeneration £000	Transport for the North £'000	Total £000
Grants	(4,811)	(4,198)	(3,303)	(12,312)
Other reimbursements and contributions	(67,725)	(204)	0	(67,929)
Other Income	(1,785)	(2,243)	0	(4,028)
Recharges	0	(33)	0	(33)
Total Income	**(74,321)**	**(6,678)**	**(3,303)**	**(84,302)**
Employees	12	1,555	532	2,099
Premises	0	42	0	42
Transport	4	39		43
Supplies and services	78,845	4,061	2,771	85,677
Third Party Payments	0	435	0	435
Support Services	237	156	0	393
Total Expenditure	**79,098**	**6,288**	**3,303**	**88,689**
Net Expenditure (budget outturn)	**4,777**	**(390)**	**0**	**4,387**

2014/15 Service Income and Expenditure – Comparative Information	Transport Authority £000	Economic Regeneration £000	Transport for the North £000	Total £000
Grants	(8,729)	(665)	0	(9,394)
Other reimbursements and contributions	(75,982)	(768)	0	(76,750)
Other Income	(1,333)	(687)	0	(2,020)
Total Income	**(86,044)**	**(2,120)**	**0**	**(88,164)**
Employees	0	754	0	754
Premises	0	64	0	64
Transport	1	19	0	20
Supplies and services	48,205	566	0	48,771
Support Services	279	104	0	383
Total Expenditure	**48,485**	**1,507**	**0**	**49,992**
Net Expenditure (budget outturn)	**(37,559)**	**(613)**	**0**	**(38,172)**

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

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

2014/15 £000		2015/16 £000
(38,172)	**Net Expenditure in the Service Analysis (budget outturn)**	**4,387**
76,103	Additional subsidiaries not included in the analysis	69,856
(24,009)	Amounts not reported to management	(87,151)
(5,288)	Amounts included in the analysis but not included in the CI&ES	5,178
8,634	**(Surplus) / Deficit on Continuing Operations in the CI&ES**	**(7,730)**

Reconciliation to Subjective Analysis:

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

2015/16	Net Expenditure in the Service Analysis (budget outturn)	Additional subsidiaries not included in the analysis	Amounts not reported to management	Amounts included in the analysis but not included in the CI&ES	(Surplus) / Deficit on Continuing Operations in the CI&ES	Amounts reported below the net expenditure of Continuing Operations in the CI&ES	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(1,995)	(9,790)	(92,676)	0	**(104,461)**	0	(104,461)
Interest and investment income	(2,066)	0	0	2,066	**0**	(2,088)	(2,088)
Government grants and contributions	(80,241)	0	(50,898)	4,500	**(126,639)**	(29,807)	(156,446)
Total Income	**(84,302)**	**(9,790)**	**(143,574)**	**6,566**	**(231,100)**	**(31,895)**	**(262,995)**
Employee expenses	2,099	5,768	0	0	**7,867**	0	7,867
Other service expenses	85,202	73,878	56,423	0	**215,503**	51	215,554
Interest payments	1,388	0	0	(1,388)	**0**	16,788	16,788
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	**0**	(1)	(1)
Pension interest cost and expected return in pension assets	0	0	0	0	**0**	1 ,333	1,333
Total Expenditure	**88,689**	**79,646**	**56,423**	**(1,388)**	**223,370**	**18,171**	**241,541**
(Surplus) or deficit on the provision of services	**4,387**	**69,856**	**(87,151)**	**5,178**	**(7,730)**	**(13,724)**	**(21,454)**

2014/15 – Comparative Information							
	Net Expenditure in the Service Analysis (budget outturn)	**Additional subsidiaries not included in the analysis**	**Amounts not reported to management**	**Amounts included in the analysis but not included in the CI&ES**	**(Surplus) / Deficit on Continuing Operations in the CI&ES**	**Amounts reported below the net expenditure of Continuing Operations in the CI&ES**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other service income	(694)	(10,006)	0	0	**(10,700)**	0	(10,700)
Interest and investment income	(1,326)	0	0	1,326	**0**	(1,746)	(1,746)
Government grants and contributions	(86,144)	(1,884)	(23,677)	5,387	**(106,318)**	(19,671)	(125,989)
Total Income	**(88,164)**	**(11,890)**	**(23,677)**	**6,713**	**(117,018)**	**(21,417)**	**(138,435)**
Employee expenses	754	6,803	0	0	**7,557**	0	7,557
Other service expenses	47,850	81,190	(332)	(10,613)	**118,095**	(35)	118,060
Interest payments	1,388	0	0	(1,388)	**0**	18,272	18,272
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	**0**	0	**0**
Pension interest cost and expected return in pension assets	0	0	0	0	**0**	1,518	1,518
Total Expenditure	**49,992**	**87,993**	**(332)**	**(12,001)**	**125,652**	**19,755**	**145,407**
(Surplus) or deficit on the provision of services	**(38,172)**	**76,103**	**(24,009)**	**(5,288)**	**8,634**	**(1,662)**	**6,972**

53. Group Officers' Remuneration

Under the Accounts and Audit Regulations 2011, Local Authorities are required to disclose information on their employees' remuneration in two sections.

The first section must contain the details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum. Senior employees are typically categorised as statutory chief officers or non-statutory chief officers. The latter category typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

The second section must include a disclosure of the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances, etc.) is above £50,000.
The remuneration paid to the Combined Authorities senior employees is shown in the table below:

2015/16					
Post Holder Information	**Salary - including Fees and Allowances £**	**Expenses Allowances £**	**Compensation for Loss of Office £**	**Pension Contributions £**	**Total Remuneration including Pension Contributions £**
Interim Director General PTE / Executive Director CA	139,656	0	0	25,102	164,758
Interim General Director	76,667	0	112,797	10,508	199,972
Principal Solicitor and Secretary	75,145	402	0	9,060	84,607
Head of Financial Services	61,762	0	0	7,535	69,297
Director of Skills & Performance	56,334	0	0	11,736	68,070
Head of Skills & Performance	52,603	0	0	11,185	63,788
Director of Transport	48,676	0	0	10,144	58,820
Head of Policy	47,167	0	0	10,063	57,230
Director of Strategy	36,073	0	0	4,067	40,140
Total	**594,083**	**402**	**112,797**	**99,400**	**806,682**

2014/15 – Comparative Information					
Post Holder Information	**Salary - including Fees and Allowances**	**Expenses Allowances**	**Compensation for Loss of Office**	**Pension Contributions**	**Total Remuneration including Pension Contributions**
	£	**£**	**£**	**£**	**£**
Interim Director General PTE / Executive Director CA	119,832	606	0	14,091	134,529
Interim Deputy General / Director of Customer Experience	104,250	23	0	12,719	116,992
Interim Director of Strategy	80,438	0	0	9,760	90,198
Head of Financial Services	12,059	0	0	1,471	13,530
Interim Head of Financial Services	15,698	0	0	1,806	17,504
Interim Head of Finance	23,434	0	11,810	2,865	38,109
Principal Solicitor and Secretary	75,636	387	0	8,775	84,798
Director of Inward Investment	80,000	0	0	0	80,000
Director of Skills	65,278	0	0	0	65,278
Total	**576,625**	**1,016**	**11,810**	**51,487**	**640,938**

The Combined Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

2014/15 Total	**Remuneration Band**	**2015/16 Total**
1	£50,000 - 54,999	**0**
3	£55,000 - 59,999	**1**
1	£60,000 - 64,999	**3**
1	£65,000 - 69,999	**1**
1	£70,000 - 74,999	**0**
1	£75,000 - 79,999	**2**
2	£80,000 - 84,999	**0**
1	£100,000 - 104,999	**0**
1	£120,000 - 124,999	**0**
12	**Total**	**7**

54. Group Termination Benefits

SYPTE terminated the contracts of 17 employees in 2015/16 (35 in 2014/15) incurring liabilities of £321k (£278k in 2014/15).

The number of exit packages and total cost per band are set out in the table below:

2014/15					2015/2016			
Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Total cost of exit packages in each band £0000	Exit Package cost band (including special payments)	Number of Compulsory Redundancies	Number of Other Departures	Total number of exit packages by cost band	Total cost of exit packages in each band £000
0	34	34	256	£0 - £20,000	7	5	12	62
1	1	1	22	£20,001 - £40,000	0	3	3	97
0	0	0	0	£40,001 - £60,000	0	1	1	49
0	0	0	0	£60,001 - £80,000	0	0	0	0
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £150,000	0	1	1	113
0	**35**	**35**	**278**	**Total**	**7**	**10**	**17**	**321**

55. Group External Audit Fees

The following fees were paid to the auditors of the Group members:

2014/15 £000		2015/16 £000
35	Combined Authority	63
55	South Yorkshire Passenger Transport Executive	43
9	SYITA Properties Limited	9
99	**Total**	**115**

The costs were in relation to the following services provided by the External Auditors:

2014/15 £000		2015/16 £000
99	Fees payable with regard to external audit services carried out by the appointed auditor	112
0	Fees payable for the certification of grant claims and returns	3
99	**Total**	**115**

56. Group Grant Income

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2014/15 £000		2015/16 £000
	Credited to Services:	
(145)	Department for Business Innovation and Skills	(3,587)
(27,537)	Department for Transport	(42,234)
(12)	European Regional Development Fund	0
(76,779)	English Local Government	(69,190)
0	Department for Communities and Local Government	(11,598)
0	Cabinet Office	(30)
(104,473)		**(126,639)**
	Credited to Taxation and Non Specific Grant Income:	
	Non-ring fenced Government Grants:	
(517)	Department for Communities and Local Government	(5,908)
(16,096)	Department for Transport	(15,521)
(3,058)	European Regional Development Fund / Other	(8,378)
(19,671)		**(29,807)**
(124,144)	**Total**	**(156,446)**

The Group has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year end are as follows:

31 March 2015 £000		31 March 2016 £000
	Revenue Grants Receipts in Advance:	
0	Department for Business Innovation and Skills	(1,983)
0	Department for Transport	(69)
0	Cabinet Office	(65)
0	**Total**	**(2,117)**
	Capital Grants Receipts in Advance:	
(4,664)	Department for Transport	(4,197)
0	Department for Communities and Local Government	(28,250)
(4,664)	**Total**	**(32,447)**

57. Group Related Party Transactions

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

For the Combined Authority, the main categories of related party are the nine constituent Local Authorities who's Leaders make up the membership of the Combined Authority and have direct control through voting rights. The material related party transactions in year amounted to net payments of £35m (£51m in 2014/15) with £16m accrued (£126m in 2014/15).

Members

During 2015/16 no works or services were commissioned from companies in which any members had an interest.

Officers

There have been no pecuniary interests involving the Head of Paid Service, the S151 Officer or the Monitoring Officer to the Combined Authority.

Significant Transactions:

2015/16							
Related Party	**Notes**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
Barnsley Metropolitan Borough Council	**1**	(11,858)	7,895	**(3,963)**	469	(2,123)	**(1,654)**
Doncaster Metropolitan Borough Council	**2**	(15,232)	8,270	**(6,962)**	5	(2,122)	**(2,117)**
Rotherham Borough Council	**3**	(13,041)	7,288	**(5,753)**	165	(1,811)	**(1,646)**
Sheffield City Council	**4**	(28,302)	8,916	**(19,386)**	357	(4,948)	**(4,591)**
Bolsover District Council	**5**	(4)	6	**2**	0	0	**0**
Bassetlaw District Council	**6**	(4)	0	**(4)**	0	0	**0**
North East Derbyshire District Council	**7**	(4)	0	**(4)**	0	0	**0**
Chesterfield Borough Council	**8**	(4)	48	**44**	255	0	**255**
Derbyshire Dales District Council	**9**	(4)	0	**(4)**	0	0	**0**

1 Income - Transport Levy £11.9m,CA subs £32k, Enterprise Zone rates £469k all owed; Expenditure - £3.8m Highways Capital Maintenance Grant, £1.1m Superfast Broadband, £4.0m LSTF/LTP programmes of which £2.1m owed.
2 Income – Transport Levy £15.2m, CA subs £41k; Expenditure – Highways Capital Maintenance Grant £4.7m, LSTF/LTP programmes £4.7m of which £2.1m owed.
3 Income – Transport Levy £13.0m, CA subs £36k, Enterprise Zone rates £165k all owed; Expenditure – Highways Capital Maintenance Grant £3.7m, LSTF/LTP programmes £4.7m of which £1.8m owed.
4 Income – Transport Levy £28.3m, CA subs £75k, Enterprise Zone rates £347k all owed; Expenditure – LSTF/LTP programmes £13.2m of which £4.9m owed.
5 Income – CA subs £4k; Expenditure – seconded staff £6k.
6 Income – CA subs £4k.
7 Income – CA subs £4k.
8 Income – CA subs £4k, Enterprise Zone rates £232k all owed.
9 Income – CA subs £4k.

2014/15 – Comparative Information

Related Party	Notes	Receipts £000	Payments £000	Net Payments £000	Receivables £000	Payables £000	Net Assets £000
Barnsley Metropolitan Borough Council	**1**	(12,902)	3,930	**(8,972)**	820	(1,881)	**(1,061)**
Doncaster Metropolitan Borough Council	**2**	(17,100)	4,789	**(12,311)**	0	(2,817)	**(2,817)**
Rotherham Borough Council	**3**	(14,518)	5,572	**(8,946)**	228	(1,871)	**(1,643)**
Sheffield City Council	**4**	(31,644)	2,734	**(28,910)**	16	(5,085)	**(5,069)**
Bolsover District Council	**5**	(27)	14	**(13)**	0	0	**0**
Bassetlaw District Council	**6**	(23)	0	**(23)**	4	0	**4**
North East Derbyshire District Council	**7**	(27)	0	**(27)**	0	0	**0**
Chesterfield Borough Council	**8**	(4)	10	**6**	23	0	**23**
Derbyshire Dales District Council	**9**	(4)	0	**(4)**	0	0	**0**

1 Income (split across receipts and receivables) - £13.1m Transport Levy, £0.03m LEP Subs, £0.5m Enterprise zone, £0.09m Loan write off. Expenditure (split across payments and payables) - £3m highways capital maintenance grant and £2.5m payment for Local Transport Plan and Local Sustainable Transport Fund.
2 Income - £17m Transport Levy, £0.04m LEP Subs, £0.09m Loan w/off. Expenditure (split across payments and payables) - £3.4m payment of highways capital maintenance grant and £4.1m payment for Local Transport Plan and Local Sustainable Transport Fund.
3 Income - (split across receipts and receivables) - £14.5m Transport Levy, £0.04m LEP Subs, £0.13m Enterprise zone, £0.09m Loan w/off. Expenditure (split across payments and payables) - £2.7m payment of highways capital maintenance grant and £4.3m payment for Local Transport Plan / Local Sustainable Transport Fund.
4 Income - £31.4m Transport Levy, £0.08m LEP Subs, £0.02m Enterprise zone, £0.19m Loan write off. Expenditure (split across payments and payables) - £7.5m payments for Local Transport Plan / Local Sustainable Transport Fund.
5 £0.004m LEP Subs income, £0.023m Loan write off.
6 £0.027m Loan write off.
7 £0.004m LEP Subs income, £0.023m Loan write off.
8 £0.004m LEP Subs income, £0.023m Loan write off.
9 £0.004m LEP Subs income.

Transactions with Other Public Bodies

The UK government exerts significant influence over the Combined Authority through legislation and grant funding. Grant funding received is detailed in the notes to the consolidated income and expenditure account. The following table shows transactions excluding grants:

2015/16							
Related Party	**Notes**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
Derbyshire County Council	**1**	0	41	**41**	0	(3,780)	**(3,780)**
Network Rail	**2**	0	56	**56**	0	(845)	**(845)**
West Yorkshire ITA	**3**	0	0	**0**	0	(819)	**(819)**
Transport For Manchester	**4**	0	0	**0**	0	(778)	**(778)**
Mersey Travel	**5**	0	288	**288**	0	0	**0**
TfN	**6**	0	177	**177**	0	0	**0**
South Yorkshire Pensions Authority	**7**	(38)	34	**(4)**	0	0	**0**
Leeds City Council	**8**	0	23	**23**	0	0	**0**

1 £3.8m grant for Seymour Link, all owed.
2 Northern Transport Strategy grant programme £845k, all owed
3 Northern Transport Strategy grant programme £819k, all owed
4 Northern Transport Strategy grant programme £778k, all owed
5 Northern Transport Strategy grant programme £288k
6 Northern Transport Strategy grant programme £177k
7 Fees
8 Fees

2014/15 – Comparative Information							
Related Party	**Notes**	**Receipts £000**	**Payments £000**	**Net Payments £000**	**Receivables £000**	**Payables £000**	**Net Assets £000**
South Yorkshire Pensions Authority	**1**	0	41	**41**	0	(21)	**(21)**
South Yorkshire Police and Crime Commissioner	**2**	0	56	**56**	0	0	**0**
Leeds City Council	**3**	0	0	**0**	0	(19)	**(19)**

1 Fees
2 Payment for Local Transport Plan
3 Mipim UK property trade show costs

SYPTE

SYPTE has one subsidiary, Supertram Assets Ltd which is non-trading. Certain SYPTE Directors and Officers are also Directors of Supertram Assets Limited, but do not receive any remuneration from the company.

At 31 March 2015 the Executive had a Joint Venture with Yorcard Ltd. This is a trading company which was incorporated in England on 2 March 2007. As the Joint Venture is not material to SYPTE it has not consolidated Yorcard Ltd into its accounts.

SYITA Properties Ltd

SYITA did not disclose any related party transactions.

58. Group Leases

SYPTE and SYITA as Lessee

Finance Leases

The Group has not classified any leases as Finance Leases other than the Private Finance Initiative (note 59).

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2014/15 £000		2015/16 £000
570	Not later than one year	570
2,736	Later than one year and not later than five years	2,183
1,200	Later than five years	656
4,506	**Total**	**3,409**

SYPTE and SYITA Properties Ltd as Lessor

Finance Leases

The Group has not classified any leases as Finance Leases.

Operating Leases

The future minimum lease payments due under non-cancellable leases in future years are:

2014/15 £000		2015/16 £000
441	Not later than one year	482
1,496	Later than one year and not later than five years	1,585
1,680	Later than five years	1,427
3,617	**Total**	**3,494**

SYPTE has seventeen property leases for the provision of transport infrastructure to support customer experience such as shops and bus depots.

Contingent Rents

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

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

59. Group Private Finance Initiative (PFI)

SYPTE's PFI contract (Doncaster Interchange) was signed on 3 December 2003 with Teesland Property Company (Northern) Limited and involved construction of a new bus station, which became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the interchange at 31 March 2016 is £10.9m (£11.2m 31 March 2015). The project is a 32 year scheme and funds are provided by SYPTE to the PFI contractor by monthly unitary charge payments.

In 2015/16 unitary charge payments of £2.4m (£2.5m in 2014/15) were paid by SYPTE to the operator, Teesland Property Company. Unitary charge payments, over the life of the contract are expected to total £93.0m, of which SYPTE will contribute £18.2m and the remainder will be recovered in the form of PFI credits paid to SYPTE by the Combined Authority. The unitary charge can vary during the life of the contract, and is contractually subject to inflation rates and performance targets placed upon the operator.

The Combined Authority receives income (PFI credits) quarterly for Doncaster Interchange from the Department of Communities and Local Government (DCLG). This is granted to the SYPTE. Timing differences between income received and expenditure paid is managed by the Combined Authority in the PFI Earmarked Reserve (see note 9).

The Combined Authority received income of £2.5m (£3.9m in 2014/15). Total contributions towards the SYPTE unitary charge payments granted by the Combined Authority to SYPTE for 2015/16 were £4.5m (2014/15 £2.5m).

Further details of the scheme are shown in the table below:

2015/2016						
	Repayment of Liability	**Interest Charge**	**Contingent/ Rental**	**Service Charge**	**Lifecycle Costs**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Within 1 year	176	1,032	100	1,020	115	2,443
Within 2 -5 years	873	3,961	0	4,450	501	9,785
Within 6 - 10 years	1,594	4,448	0	6,497	731	13,270
Within 11 - 15 years	2,423	3,620	0	7,717	868	14,628
Within 16 - 20 years	3,682	2,360	0	9,165	1,031	16,238
Within 21 – 25 years	3,074	552	(983)	6,305	709	9,657
Total	**11,822**	**15,973**	**(883)**	**35,154**	**3,955**	**66,021**

2014/15 – Comparative Information						
	Repayment of Liability £000	**Interest Charge £000**	**Contingent/ Rental £000**	**Service Charge £000**	**Lifecycle Costs £000**	**Total £000**
Within 1 year	162	1,046	100	1,006	113	2,427
Within 2 -5 years	803	4,031	100	4,388	494	9,816
Within 6 - 10 years	1,466	4,576	-	6,406	721	13,169
Within 11 - 15 years	2,228	3,814	-	7,609	856	14,507
Within 16 - 20 years	3,387	2,656	-	9,037	1,016	16,096
Within 21 – 25 years	3,938	896	(983)	8,436	949	13,236
Total	**11,984**	**17,019**	**(783)**	**36,882**	**4,149**	**69,251**

2015 Doncaster Interchange PFI Assets £'000		2016 Doncaster Interchange PFI Assets £'000
	Net book value:	
11,028	As at 1 April	11,200
522	Revaluations	0
(350)	Depreciation	(350)
11,200	**As at 31 March**	**10,850**

2015 Doncaster Interchange PFI Liability £'000		2016 Doncaster Interchange PFI Liability £'000
12,133	As at 1 April	11,984
(1,309)	Lease repayments	(1,308)
1,059	Interest Charge	1,046
101	Contingent rentals	100
11,984	**As at 31 March**	**11,822**

60. Group Post-Employment Benefits

As part of the terms and conditions of employment of its employees, SYPTE offers post-employment benefits in the form of a pension scheme under the Local Government Pension Regulations 1995 and administered by the South Yorkshire Pensions Authority. This provides members with defined benefits related to pay & service. Although these benefits will not actually be payable until employees retire, the Combined Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

Local Government Pension Scheme

Transactions Relating to Post-Employment Benefits

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

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

Contributions made to the Fund in respect of current and past service are charged to the Comprehensive Income and Expenditure Statement.

2014/15 £000		2015/16 £000
	Comprehensive Income and Expenditure Statement	
1,046	Current Service Cost	1,198
1,518	Financing Investment Income and Expenditure	1,333
7,936	Re-measurements in other Comprehensive Income and Expenditure	(3,735)
10,500	**Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement**	(1,204)

2014/15 £000		2015/16 £000
	Movement in Reserves Statement	
(2,564)	Reversal of net charges made to the (Surplus) / Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,531)
	Actual amount charged against the General Fund Balance for pensions in the year:	
5,345	Employers contributions payable to scheme	1,542

Assets & Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities:

2014/15 £000		2015/16 £000
(94,490)	Opening Balance at 1 April	(107,963)
(1,034)	Current Service Cost	(1,178)
(4,046)	Interest cost	(3,380)
(397)	Contributions by Scheme Participants	(350)
(13,444)	Re-measurements	5,214
(12)	Curtailments	(20)
5,460	Benefits paid	5,007
(107,963)	**Closing Balance at 31 March**	**(102,670)**

Reconciliation of fair value of the scheme (plan) assets:

2014/15 £000		2015/16 £000
57,847	Opening Balance at 1 April	66,165
2,551	Interest on Plan Assets	2,067
5,508	Re-measurements	(1,479)
(23)	Administration expenses	(20)
5,345	Contributions by Employer	1,542
397	Contributions by Scheme (plan) Participants	350
(5,460)	Benefits Paid	(5,007)
66,165	**Closing Balance at 31 March**	**63,618**

Pension Scheme Assets Comprised:

2014/15 £000		2015/16 £000
39,401	**Equities**	36,670
	Bonds:	
10,136	Government Bonds	9,376
3,830	Other Bonds	4,015
7,218	**Property**	7,437
5,577	**Other**	6,120

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

Scheme History

	2014/15 £000	2015/16 £000
Present Values of Liabilities	(107,963)	(102,670)
Fair Value of Scheme Assets	66,165	63,618
Surplus / (Deficit) in the scheme	**(41,798)**	**(39,052)**

Basis for Estimating Assets and Liabilities

The pension fund liabilities have been assessed by the actuaries Mercer Ltd and the main assumptions used in their calculations are as follows:

2014/15		2015/16
	Mortality assumptions:	
	Longevity at age 65 for current pensioners:	
23 years	Men	23 years
25.6 years	Women	25.7 years
	Longevity at age 65 for future pensioners:	
25.3 years	Men	25.4 years
28.4 years	Women	28.5 years
	Financial assumptions:	
2.0%	Rate of CPI inflation	2.0%
3.75%	Rate of increase in salaries	3.8%
2.0%	Rate of increase in pensions	2.0%
3.2%	Discount rate	3.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. A sensitivity analysis is shown in the table below:

	Central	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
		+ 0.1% p.a. discount	+0.1% p.a. inflation	+0.1% p.a. pay growth	1 year increase in life expectancy
	£000	£000	£000	£000	£000
Disclosure item					
Liabilities	102,670	100,989	104,380	102,972	104,722
Assets	(63,618)	(63,618)	(63,618)	(63,618)	(63,618)
Deficit/(Surplus)	39,052	37,371	40,762	39,354	41,104
Projected Service Cost for next year	1,064	1,028	1,101	1,064	1,088
Projected Net Interest Cost for next year	1,340	1,318	1,416	1,367	1,428

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserves can be analysed into the following categories, measured as a percentage of assets or liabilities:

	31 March 2015 %	31 March 2016 %
Differences between the expected and actual return on assets	12.2	0.9
Experience gains and losses on liabilities	0.0	0.0

South Yorkshire Passenger Transport Pension Fund

South Yorkshire Passenger Transport Pension Fund Account

2014/15 Restated £000		2015/16 £000	2015/16 £000	Note
	Dealings with members, employers and others directly involved in the Fund			
1,941	Contributions receivable	2,968		7
8	Transfers in from other pension funds	53		8
1,949			3,021	
(11,692)	Benefits payable	(10,818)		9
(176)	Payments to and on account of leavers	(170)		10
(11,868)			(10,988)	
(9,919)			**(7,967)**	
(1,000)	Management expenses		(924)	11
	Returns on investments			
5,248	Investment income	5,100		12
21,466	Profit and losses on disposal of investments and changes in value of investments	(4,300)		13a
(33)	Taxes on income	(23)		12
26,681			777	
15,762	**Net increase (decrease) in the net assets available for benefits during the year**		**(8,114)**	
196,662	**Net assets of the Fund at 1 April**		**212,424**	
212,424	**Net assets of the Fund at 31 March**		**204,310**	

The 2014/15 figures have been restated; further details are provided at Note 11.

South Yorkshire Passenger Transport Pension Net Assets Statement

31 March 2015 £000		31 March 2016 £000	£000	Note
	Investment assets			
33,951	Fixed Interest Securities	34,514		
87,688	Equities	77,456		
79,231	Index-Linked Securities	86,873		
8,872	Pooled Investment Vehicles	2,872		
745	Cash - Foreign currency	514		
614	Cash - Sterling	608		
1,264	Other investment balances	1,296		
212,365			204,133	
	Investment liabilities			
(-)	Other investment liabilities	(-)		
(-)			(-)	
212,365	**Net investment assets**		204,133	13
141	**Current assets**	293		
-	**Long Term Debtors**	-		
141			293	18
(82)	**Current liabilities**		(116)	19
212,424	**Net assets of the Fund available to fund benefits at 31 March**		**204,310**	

Notes to the South Yorkshire Passenger Transport Pension Fund Account

1. Description of the Fund

a) General

The South Yorkshire Passenger Transport Pension Fund ("the Fund") is part of the Local Government Pension Scheme (LGPS). It is a contributory defined benefit pension scheme.

Each constituent LGPS fund is managed by an administering authority: in this case it is the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority, known as the Sheffield City Region Combined Authority ("the Authority").

The Authority has appointed South Yorkshire Pensions Authority (SYPA) to manage the day-to-day affairs of the Fund. This includes all aspects of pensions administration, including the calculation and payment of benefits, and the overall management of the Fund. The Authority has, in addition to SYPA, appointed Old Mutual Global Investors as an investment manager. More information is shown in Note 13b. Barnett Waddingham LLP is the Fund's retained actuary and Eric Lambert has been employed as an independent investment advisor. All of these appointments are governed by management agreements in accordance with LGPS Regulations and are kept under review.

The Authority has delegated its administering authority duties and responsibilities to a specialist Committee of six Authority councillors (South Yorkshire Passenger Transport Pension Fund Committee). Committee meetings are held at least quarterly and Authority and SYPA officers and independent advisors usually attend.

In accordance with sections 5(1) and (2) of the Public Service Pensions Act 2013 the Authority created a Local Pension Board. The Secretary of State granted the two South Yorkshire LGPS funds the power to establish a Joint Local Pension Board and this held its first meeting in July 2015.

The Fund has only one contributing employer, First South Yorkshire Limited, and 2,106 members (see note 1b).

The Fund's Statement of Investment Principles (SIP) was reviewed during the year and is available on the Fund's website (www.sypensions.org.uk).

b) Membership

The following summarises the position with regard to membership as at 31 March:

	2015/16	2014/15
	£000	**£000**
Active Contributors	184	203
Pensioners and Dependents	1,531	1,510
Deferred Pensions	391	414
Total	**2,106**	**2,127**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2016.

Employee contributions are matched by employer's contributions which are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2013 and the Employer's contribution rate required to cover the cost of accruing benefits and expenses is 23.1% of pensionable pay from 1 April 2014 for the duration of this valuation period. Deficit payments are also due in 2016/17.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarized below:

	Service pre 1 April 2008	**Service post 31 March 2008**
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump sum	Automatic lump sum of 3/80 x salary. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details please refer to the LGPS website.

e) Investment Performance

The Fund's market value (not including current net assets) fell during the year and closed at £202.8m (£212.3m in 2014/15) producing an overall return of 0.1% (13.7% in 2014/15). The Fund's benchmark return was -0.2% (13.7% in 2014/15).

For yet another year the world's financial markets were dominated and distorted by central bank policy interventions and their consequences. Low interest rates and sovereign bond yields persisted and in certain cases moved into negative territory. Investors also had concerns over prospects for global economic growth as it became evident that, despite the unprecedented level of liquidity injection, the western

economies were not expanding and as China adjusted away from an investment lead economy towards a more balanced consumer one. These worries were exacerbated by falling commodity prices and the growing risk of geo-political unrest.
The Fund favoured international equities ahead of other asset classes but as the new customised benchmark was implemented monies were switched into bonds. The weighting to property unit trusts was cut in accordance with the new target.

2. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for 2015/16 and its position at the year end of 31 March 2016. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is recognised by statute as representing proper accounting practice.

The accounts summarise the transactions of the Fund and show the net assets at the disposal of the Fund. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 17 of these accounts.

3. Accounting Policies

Fund account – revenue recognition

a) Contributions income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Note 8).
Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
Bulk (group) transfers are accounted for on an accruals basis in accordance with the

terms of the transfer agreement.

c) Investment income

i. Interest income
Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii. Dividend income
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as an investment asset.

iii. Distributions from pooled funds
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as an investment asset.

iv. Movement in the net market value of investments
Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The code does not require any breakdown of pension fund administration expenses. However, in the interests of greater transparency, the Authority discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

As a result, expenses for 2014/15 have been restated to reflect the CIPFA Guidance requiring that management and transaction fees deducted at source now be shown gross.

Administration expenses

All administration expenses are accounted for on an accruals basis. All costs incurred by SYPA (the Fund Manager) in respect of administration expenses are charged directly to the Fund.

Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All costs incurred by SYPA (the Fund Manager) in respect of oversight and governance are charged directly to the Fund.

Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the overseas equity portfolio manager are fixed, however the Authority has negotiated that an element of their fee be performance related. All costs incurred by SYPA (the Fund Manager) in respect of investment management expenses are also charged directly to the Fund.

Net assets statement

g) Financial assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised by the Fund.

The values of investments as shown in the net assets statement have been determined as follows:

i. Market-quoted investments
   Quoted securities are valued at closing bid prices on the relevant stock market.

ii. Fixed interest stocks
   Fixed interest stocks are included in the valuation on a "clean" basis (that is, excluding the value of interest accruing from the previous interest payment date to the valuation date).

   The "clean" basis has been used for accounting for fixed interest stocks, including for purchase and sale activity on these stocks, as it enables the capital and income elements of total investment returns to be accounted for distinctly.

iii. Unquoted investments
   The fair value of investments for which market quotations are not readily available is determined as follows:

Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.

Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

Directly held investments include investments in limited partnerships, shares in unlisted companies, trust and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

iv. Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v. Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period. Any gains or losses arising on conversion or translation are dealt with as part of the change in market value.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of liability are recognised by the Fund.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed at the period end using a roll forward of the results of the triennial valuation (as at 31 March 2013) allowing for the different financial assumptions required under IAS19.
As permitted under IAS26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to these accounts (Note 17).

l) Additional voluntary contributions (AVCs)

In accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093) contributions to AVCs have not been included in either the Authority's Fund Account or Net Assets Statement, as they are paid directly to the AVC providers by employers of contributors. AVCs are specifically for the provision of additional benefits for individual contributors. AVC funds returned to the scheme and benefits paid as a result of this are included in the Fund account as part of Transfer values received and benefits paid respectively.

Details of AVC investments are however shown in Note 20

4. Critical Judgements in applying accounting policies

Pension Fund Liability

The pension fund liability is calculated every three years by the Fund's actuary, Barnett Waddingham, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with financial standards. Assumptions underpinning the valuations are agreed with the actuary and are disclosed in Notes 16 and 17. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Pension Fund Accounts contain estimated figures that are based upon assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.
The one item in the Pension Fund Accounts at 31 March 2016 for which there is a

significant risk of material adjustment in the forthcoming financial year is as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries (Barnett Waddingham) is engaged to provide the fund with expert advice about the assumptions to be applied.	The funding level at the 2013 actuarial valuation was 86% The effects on the funding level of changes in individual assumptions can be measured. For instance, no allowance for asset performance in excess of gilt yields reduces the funding level by 13% (£37.5m). A 1.5% increase in mortality long term rate of improvement would reduce the funding level by 2% (£5.3m).

6. Events after the Balance Sheet Date

On 23rd June 2016 the UK voted to leave the European Union. The full impact of this is unknown and inevitably the country is now in a period of uncertainty.

7. Contributions Receivable

Contributions represent the total amount receivable from First South Yorkshire Limited in respect of its own contributions and those of its pensionable employees.

When First South Yorkshire Limited (the Employer) retires staff early, on redundancy or efficiency grounds, a strain on the Fund is generated through the early payment of their benefits. The Authority requires the employer to reimburse the fund for that strain by making capital injections over a phased period of up to 3 years. These capital injections are accounted for in full when they occur.

Analysis of contributions receivable:

	2015/16 £000	2014/15 £000
From the Employer		
Normal Contributions	1,147	1,334
Deficit Funding lump sums	1,500	0
Additional Capital contributions	0	233
Additional cost of early retirement	0	0
	2,647	**1,567**
From Members	321	374
	2,968	**1,941**

8. Transfers In

	2015/16 £000	2014/15 £000
Group Transfers In	0	0
Individual Transfers In	53	8
	53	**8**

9. Benefits Payable

Analysis of benefits payable:

	2015/16 £000	2014/15 £000
Retirement Pensions	8,882	8,528
Commutation of benefits and lump sum retirement benefits	1,379	2,990
Lump sum death benefits	557	174
	10,818	**11,692**

10. Payments to and on account of leavers

	2015/16 £000	2014/15 £000
Group transfers out	0	0
Individual transfers out	170	176
Refunds of contributions	0	0
	170	**176**

11. Management Expenses

	2015/16 £000	2014/15 £000
Administratice costs	38	45
Investment Management Expenses	715	806
Oversight and Governance	171	149
	924	**1,000**

This analysis of the costs of managing the South Yorkshire Passenger Transport Pension Fund during the period has been prepared in accordance with CIPFA guidance.

Administration expenses were £7,000 lower in 2015/16 than the previous year due to efficiencies and the less complex nature of this fund.

Oversight and Governance costs rose during the year due mainly to professional fees in respect of the Fund’s VAT position and liability. There were also costs incurred in establishing and operating the new local pensions board. This was a new statutory requirement placed on all pension fund administering authorities with effect from 1 April 2015.

Oversight and Governance cost includes fees payable to the Fund’s auditor KPMG of £21,000 (£21,000 in 2014/15).

These management expenses include a total VAT liability of £59,565 (£65,696 in 2014/15)

11a. Investment Management Expenses

	2015/16	**2014/15**
	£000	**£000**
South Yorkshire Pensions Authority	171	158
Old Mutual	352	376
Custody	38	27
Transaction costs	72	143
Management fees deducted at source	37	48
VAT Liability	45	54
	715	**806**

The overseas portfolio manager fees include a performance-related fee of just over £0.336m (£0.346m in 2014/15)

In accordance with CIPFA guidance management fees deducted at source and transaction costs are now shown gross. The effect of this has been to increase investment management expenses in 2014/15 from £0.613m to £0.806m. Wherever possible these figures are based on actual costs disclosed by the manager; where this is not available, best estimates have been made using other available information.
It is important to note that this is a change in reporting only and does not represent an actual increase in costs, nor a decrease in the Fund’s resources available to pay pension benefits.

12. Investment Income

	2015/16 £000	2014/15 £000
Interest from fixed interest securities	1,648	1,620
Dividends from equities	2,235	2,332
Income from index Linked Securities	1,064	979
Income from pooled investment vehicles (property)	150	311
Interest on cash deposits	5	5
Other	(2)	1
	5,100	**5,248**
Irrecoverable withholding tax - equities	(23)	(33)
Total Investment Income	**5,077**	**5,215**

13. Net Investment Assets

	2015/16 £000	2014/15 £000
Fixed Interest Securities		
UK corporate bonds	34,514	33,951
Equities	29,851	33,169
UK quoted	47,605	54,519
Overseas quoted	*77,456*	*87,688*
Index-Linked Securities		
UK public sector quoted	71,264	67,222
UK corporate bonds	15,609	12,009
	86,873	*79,231*
Pooled Investment Vehicles		
UK Property	2,872	8,872
Cash - Foreign currency	514	745
Cash - Sterling	608	614
Other investment assets (broker balances, outstanding dividend entitlement and recoverable withholding tax)	1,296	1,264
Other Investment liabilities (broker balances)	0	0
Total Investment Assets	**204,133**	**212,365**

13a. Change in Market Value of Investments

The change in market value of investments during the year comprises all the increases and decreases in the market value of investments held at any time during the year, including all realised and unrealised profits and losses.

Indirect costs are incurred through the bid-offer spread on investments. The amount of indirect costs is not separately provided to the scheme.

	Mkt Value at 1/4/15 £'000	Purchases at Cost £'000	Sale Proceeds £'000	Change in Mkt Value £'000	Mkt Value at 31/3/16 £'000

Fixed Interest Securities	33,951	4,899	(2,891)	(1,445)	34,514
Equities	87,688	85,881	(92,936)	(3,177)	77,456
Index-Linked Securities	79,231	13,645	(5,777)	(226)	86,873
Pooled Investment Vehicles	8,872	2	(6,558)	556	2,872
	209,742	**104,427**	**(108,162)**	(4,292)	201,715
Cash – Foreign currency	745			(8)	514
Cash - Sterling	614				608
Other investment assets	1,264				1,296
Other investment liabilities	-				-
NET INVESTMENT ASSETS	**212,365**			**(4,300)**	**204,133**

Previous year comparative (restated):

	Mkt Value at 1/4/14 £'000	**Purchases at Cost £'000**	**Sale Proceeds £'000**	**Change in Mkt Value £'000**	**Mkt Value at 31/3/15 £'000**
Fixed Interest Securities	31,980	5,935	(5,769)	1,805	33,951
Equities	83,909	98,089	(104,481)	10,171	87,688
Index-Linked Securities	68,036	9,698	(6,779)	8,276	79,231
Pooled Investment Vehicles	8,981	-	(1,329)	1,220	8,872
	192,906	**113,722**	**(118,358)**	21,472	209,742
Cash – Foreign currency	557			(6)	745
Cash - Sterling	1,815				614
Other investment assets	1,326				1,264
Other investment liabilities	-				-
NET INVESTMENT ASSETS	**196,604**			**21,466**	**212,365**

13b. Investments analysed by Fund Manager

	Market value 31 March 2016 £'000	**%**	**Market value 31 March 2015 £'000**	**%**
South Yorkshire Pensions Authority	159,567	78.17	160,853	75.74
Old Mutual (overseas equities)	44,566	21.83	51,512	24.26
	204,133		**212,365**	

The Fund has one investment that represents more than 5% of the net assets of the Scheme:

2015/16 Security	**Holding**	**Valuation £'000**	**% of total fund**
UK Treasury Index Linked 2020	3,700,000	13,355	6.5
2014/15 Security	**Holding**	**Valuation £'000**	**% of total fund**
UK Treasury Index Linked 2020	4,205,000	15,315	7.2

14. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The Fund's financial instruments are the investment assets and debtors and creditors, these are all disclosed on the Net Assets Statement. The assets and debtors are all carried at fair value. The creditors are carried at amortised cost.

14a: Classification of Financial Instruments

The items in the Net Assets Statement are made up of the following categories of financial instrument:

	31 March 2016 £'000	31 March 2015 £'000
Fair value through profit or loss		
Financial Assets		
Fixed Interest Securities	34,514	33,951
Equities	77,456	87,688
Index-Linked Securities	86,873	79,231
Pooled Investment Vehicles	2,872	8,872
Other investment balances	1,296	1,264
Total	**203,011**	**211,006**
Financial Liabilities		
Other investment balances	(-)	(-)
Total	**(-)**	**(-)**
Loans and receivables		
Financial Assets		
Cash – Foreign currency	514	745
Cash - Sterling	608	614
Current assets	293	141
Total	**1,415**	**1,500**
Financial Liabilities at amortised cost		
Financial Liabilities		
Current liabilities	(116)	(82)
Total	**(116)**	**(82)**

See Note 3(h) re method of valuation of asset classes. Debtors and creditors are included at cost.

14b: Net gains and losses on Financial Instruments

	31 March 2016 £'000	31 March 2015 £'000
Financial assets		
Fair value through profit and loss	(4,292)	21,472
Loans and receivables	(8)	(6)
Financial liabilities		
Fair value through profit and loss	-	-

Financial liabilities measured at amortised cost	-	-
Total	**(4,300)**	**21,466**

14c: Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair value are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities.
Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. This includes composite prices for fixed income instruments and fund net asset value prices.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association or other professional bodies.

The following table provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	**Using observable inputs**	**With significant unobservable inputs**	
Value at 31 March 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**
Financial assets				
Financial assets at fair value through profit or loss	78,752	124,259	-	203,011
Loans and receivables	1,415	-	-	1,415

Total financial assets	**80,167**	**124,259**	**-**	**204,426**
Financial liabilities				
Financial liabilities at fair value through profit or loss	(-)	(-)	(-)	(-)
Financial liabilities at amortised cost	(116)	(-)	(-)	(116)
Total financial liabilities	**(116)**	**(-)**	**(-)**	**(116)**
Net financial assets	**80,051**	**124,259**	**-**	**204,310**

	Quoted market price	**Using observable inputs**	**With significant unobservable inputs**	
Value at 31 March 2015	**Level 1 £'000s**	**Level 2 £'000s**	**Level 3 £'000s**	**Total £'000s**
Financial assets				
Financial assets at fair value through profit or loss	88,952	122,054	-	211,006
Loans and receivables	1,500	-	-	1,500
Total financial assets	**90,452**	**122,054**	**-**	**212,506**
Financial liabilities				
Financial liabilities at fair value through profit or loss	(-)	(-)	(-)	(-)
Financial liabilities at amortised cost	(82)	(-)	(-)	(82)
Total financial liabilities	**(82)**	**(-)**	**(-)**	**(82)**
Net financial assets	**90,370**	**122,054**	**-**	**212,424**

15. Nature and Extent of risks arising from Financial Instruments

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

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

The management of risk is described within the Fund's SIP which is posted on the Fund's website (www.sypensions.org.uk). It centres upon the adoption of an investment strategy, as represented by the Fund's customised benchmark, which is appropriate to meet the objectives of the Funding Strategy Statement. It focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services.

The Fund Manager's (SYPA) treasury management activities are governed by the Local Government Act 2003 and the Fund has broadly adopted CIPFA's Treasury Management Code of Practice. The annual Treasury Management Strategy was approved by the Authority in March 2015.
As a pension fund the primary risks which affect it are market risk and credit risk.

a) Market Risk

Market Risk – Price Risk

The Fund publishes its SIP which details how the real risk of negative returns due to price fluctuations is managed.

Because different asset classes have different risk and return characteristics they will react differently to external events and will not necessarily do so in a pre-determined or correlated manner to each other. No single asset class or market acts in isolation from other assets or markets. It is, therefore, extremely difficult to meaningfully estimate the consequences of a particular event in a particular asset on other asset classes. It is important to recognise that returns, volatility and risks vary over time.

In order to minimise the risks associated with market movements the Fund is well diversified across asset classes and within individual portfolios and constantly monitored and reviewed.

Price Risk – Sensitivity Analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example, so the overall outcome depends largely on the Fund's' asset allocations. Based on this the following movements in market price risk are reasonably possible for the 2015/16 reporting period.

Asset type	Potential market movements (+/-)
Bonds	5.52%
Uk Equities	10.65%
Overseas Equities	10.08%
Index Linked securities	6.66%
Property (unit trusts)	2.42%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below):

Asset type	**Value as at 31 March 2016 £'000**	**Potential Market Movement £'000**	**Value on increase £'000**	**Value on decrease £'000**
Bonds	34,514	1,905	36,419	32,609
UK Equities	29,851	3,179	33,030	26,672
Overseas equities	47,605	4,799	52,404	42,806
Index linked securities	86,873	5,786	92,659	81,087
Property (unit trusts)	2,872	70	2,942	2,802
Cash - Foreign currency	514	0	514	514
Cash - Sterling	608	0	608	608
Other investment assets	1,296	0	1,296	1,296
Net investment assets	**204,133**	**15,739**	**219,872**	**188,394**

Asset type	**Value as at 31 March 2015 £'000**	**Potential Market Movement £'000**	**Value on increase £'000**	**Value on decrease £'000**
Bonds	33,951	1,874	35,825	32,077
UK Equities	33,169	3,532	36,701	29,637
Overseas equities	54,519	5,496	60,015	49,023
Index linked securities	79,231	5,277	84,508	73,954
Property (unit trusts)	8,872	215	9,087	8,657
Cash - Foreign currency	745	0	745	745
Cash - Sterling	614	0	614	614
Other investment assets	1,264	0	1,264	1,264
Net investment assets	**212,365**	**16,394**	**228,759**	**195,971**

Market Risk – Interest Rate Risk

This primarily impacts upon the valuation of the Fund's bond holdings and, to a lesser degree, the return it receives on cash held. A rise in interest rates would lead to the income earned on variable rate investments increasing but would cause the value of fixed rate investments to fall. The Fund's correlation to interest rates will vary depending upon the profile of investments held.
The Fund manages its cash investments with a view to obtaining the best returns possible whilst ensuring the security of the deposits. The Fund also holds foreign currency balances which could be affected by interest rate movements but are more sensitive to exchange rate movements (see Market risk – Currency risk).

The Fund's direct exposure to interest rate movements as at 31 March 2016 and 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

Asset type	**As at 31 March 2016 £'000**	**As at 31 March 2015 £'000**
Cash - Sterling	608	614
Total	**608**	**614**

Interest Rate Risk – Sensitivity Analysis

The Authority recognises that interest rates can vary and can affect both income to the fund and the value of the net assets.

The one standard deviation of the 10 year government bond yield (annualised) amounts to 0.92%.

The following analysis assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets of a +/- 0.92% change in interest rates:

Asset type	Carrying amount as at 31 March 2016	Potential movement on 0.92% change in interest rates	Value on increase	Value on decrease
	£'000		£'000	£'000
Cash - Sterling	608	6	614	602
Total change in assets available	**608**	**6**	**614**	**602**

Asset type	Carrying amount as at 31 March 2015	Potential movement on 0.92% change in interest rates	Value on increase	Value on decrease
	£'000		£'000	£'000
Cash - Sterling	614	6	620	608
Total change in assets available	**614**	**6**	**620**	**608**

Market Risk – Currency Risk

The Fund holds cash balances in foreign currency and has investments quoted in foreign currency. The risk of exchange rate movements is accepted as part of the overall management strategy of the Fund.

Currency Risk – Sensitivity Analysis

The potential volatility of the aggregate currency exposure within the fund based on historical data for the last 3 years associated with foreign exchange rate movements is 9.6%.

A 9.6% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets as follows:

Currency exposure – asset type	Asset value as at 31 March 2016	Potential Market Movement	Value on increase	Value on decrease
	£'000		£'000	£'000
Overseas quoted securities	47,605	4.570	52,175	43,035
Overseas property funds	-	-	-	-
Cash - Foreign currency	514	49	563	465
Total change in assets available	**48,119**	**4,619**	**52,738**	**43,500**

Currency exposure – asset type	**Asset value as at 31 March 2015 £'000**	**Potential Market Movement**	**Value on increase £'000**	**Value on decrease £'000**
Overseas quoted securities	54,519	5,234	59,753	49,285
Overseas property funds	-	-	-	-
Cash - Foreign currency	745	71	816	674
Total change in assets available	**55,264**	**5,305**	**60,569**	**49,959**

b) Credit Risk

Arises from deposits with banks and financial institutions, as well as credit exposures to the Fund's customers. The risk is minimised through the SYPA Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum criteria set by SYPA. The Treasury Management Strategy also imposes a maximum sum to be invested with each institution. In practice the Fund holds minimal cash balances. Counterparties must have a short term debt credit rating of F1 or better.

The Fund's benchmark allows for cash at 31 March 2016 to a maximum of 5% of the Fund (actual cash holdings were 0.3%).

Interest received on advances during 2015/16 was £3,423 (£4,429 in 2014/15) at an average rate of 0.39% (0.39% in 2014/15) (as the Fund maintains short term deposits only, the rate of interest is closely aligned to the Bank of England base rate which has remained at 0.5% since March 2009). For illustration purposes an increase of 0.25% in interest rates achieved would have resulted in an increase of £2,194 (£2,839) in interest received provided that bank balances had remained the same.

c) Liquidity Risk

The Fund ensures it has adequate cash resources to meet its commitments. This is particularly the case for cash to meet pensioner payroll costs and investment commitments.

The Fund has immediate access to its cash holdings with a majority of cash being deposited for no longer than a week and no cash being deposited for more than a month. Also the Fund holds Government bonds amounting to £71.3m (£67.2m at 31 March 2015) which can be realised within a week in normal market conditions, if necessary, to meet expected or unexpected demands for cash.

All financial liabilities are due to be paid in less than one year.

16. Funding Arrangements

In accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008, Barnett Waddingham, the consulting actuary, carried out an examination of the financial position of the Fund as at 31 March 2013.

The market value of the Fund's assets at the date of the valuation was £194.220m. The previous valuation had been completed as at 31 March 2010 (market value £158.374m).

The assumptions adopted are (2010 valuation assumptions shown in brackets):-

Financial assumptions:

		(non-pensioner/pensioner)	
Price inflation RPI		3.6% / 3.4%	(3.6%)
Price inflation CPI		2.7% / 2.5%	(3.0%)
General earnings increases		3.6%	(3.85%)
Investment return	- before retirement	6.6%	(6.5%)
	- after retirement	3.6% / 2.8%	(5.5%)

Demographic assumptions:

Mortality table	120% S1PA	
Ill health mortality table	120% S1PA + 6 years	
Mortality projections	CMI_2012 long term rate of improvement 1.0% pa	(CMI_2009 long term rate of improvement 0.5% pa)
Allowance for cash commutation	70% of members elect to take maximum cash	

The funding objective is to ensure that the funding level is 100% and that the long term future contribution rate is relatively stable over time.

On an ongoing basis, the Fund had a valuation deficit in respect of past service rights of £32.8m at 31 March 2013 (£26.5m at 31 March 2010). This represents a funding level of 86% (86% at 31 March 2010).

The contribution rate payable by First South Yorkshire Limited has been calculated at 23.1% (21.5% in 2010) per annum and will be effective throughout the three year period 1 April 2014 to 31 March 2017. Additional deficit payments are due in 2016/17.

17. Actuarial Present Value of Promised Retirement Benefits

IAS26 requires the present value of the Fund's promised retirement benefits to be disclosed. To assess the value of the liabilities as at 31 March 2016 the actuary has rolled forward the value calculated for the triennial valuation as at 31 March 2013 allowing for the different financial assumptions required under IAS19.

The financial assumptions used for the purposes of the calculations are shown in the table below:-

	31 March 2016	31 March 2015
CPI increases	2.1% p.a.	2.1% p.a.
Salary increases	3.0% p.a.	3.0% p.a.
Pension increases	2.1% p.a.	2.1% p.a.
Discount rate	3.4% p.a.	3.0% p.a.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2016 without completing a full valuation. However the actuary is satisfied that the approach of rolling forward the previous valuation results to 31 March 2016 should not introduce any material distortions in the results provided that the actual experience of the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. There appears to be no evidence that this approach is not appropriate.

On this basis, the value, for IAS26 purposes, of the Fund’s promised retirement benefits as at 31 March 2016 was £216.208m (£230.553m as at 31 March 2015) giving a net liability of £11.898m (£18.129m as at 31 March 2015).

The Actuarial Present Value of Fund Obligation consists entirely of Vested Obligations.

18. Current Assets

	31 March 2016 £000	31 March 2015 £000
Contributions due - employers	16	0
Contributions due - employees	5	0
Additional cost of early retirement	0	0
Sundry debtors	272	141
	293	**141**

Analysis of debtors:

	31 March 2016 £000	31 March 2015 £000
Central government bodies	50	54
Other local authorities	0	0
Public corporations and trading funds	0	1
Other entities and individuals	75	85
	125	**140**
Cash at bank	168	1

There are no long term debtors.

19. Current Liabilities

Creditors:

	31 March 2016 £000	31 March 2015 £000
Benefits Payable	4	0
Sundry creditors	112	82
	116	**82**

Analysis of creditors:

	31 March 2016 £000	31 March 2015 £000
Other local authorities	57	55
Public corporations and trading funds	12	12
Other entities and individuals	47	15
	116	**82**

20. Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) made by pension fund contributors are managed by Equitable Life and Scottish Widows. The Fund value of AVCs with these managers and contributions received during the year are shown below:

	Fund value		Contributions received	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Equitable Life	11	11	0	0
Scottish Widows	162	210	0	0

21. Related Party Transactions

There are no material transactions with related parties other than those which have been properly recorded and disclosed elsewhere in the accounts.

The employer, First South Yorkshire Limited, is a related party to the Fund and has material transactions with the Authority during the year in the form of contributions described elsewhere in the accounts.

The fund managers are related parties to the Fund and fees paid to them are included in Investment management expenses (see Note 11a).

22. Compensation Payments

The Fund makes compensation payments in respect of non-statutory pension benefits (e.g. ‘added years’). These costs are not chargeable to the Fund, but are recovered from First South Yorkshire Limited.

During 2015/16, the Fund made payments in respect of non-statutory pension benefits of £107,533 (£109,773 in 2014/15).

Glossary

Term	Definition
Abbreviations	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million. The symbol 'bn' following a figure represents £billion.
Accounting Period	The period of time covered by the Combined Authority's accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.
Accounting Policies	These are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.
Accruals Concept	Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.
Added Years	A discretionary award increasing the value of pensions for retiring employees aged 50 or over subject to specific conditions. Employers must exercise this discretion in accordance with the national regulations and organisation's own policies.
Amortisation	An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge / credit the cost / income over the accounting periods that gain benefit for the respective item.
Capital Expenditure	Expenditure that is incurred to acquire, create or add value to a non-current asset.
Capital Financing Requirement	It measures the Combined Authority's underlying need to borrow or finance by other long-term liabilities for a capital purpose. It represents the amount of capital expenditure that has not yet been resourced absolutely, whether at the point of spend or over the longer term. Alternatively, it means capital expenditure incurred but not yet paid for.

Capital Receipts	The proceeds from the sale of capital assets which, subject to various limitations, can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
Cash	Comprises cash on hand and demand deposits.
Cash Equivalents	These are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Consistency Concept	The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.
Contingency	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within the Combined Authority's control.
Credit Risk	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
Creditors	Amounts owed by the Combined Authority for work done, goods received or services rendered, for which no payment has been made at the date of the Balance Sheet.
Debtors	Amounts owed to the Combined Authority for work done, goods received or services rendered, for which no payment has been received at the date of the Balance Sheet.
Defined Benefit Scheme	A pension or other retirement benefit scheme, other than a Defined Contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
Defined Contribution	A pension or other retirement benefit scheme into which an

Scheme	employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation	The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.
Fair Value	Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Finance Lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.
Financial Instrument	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes both straightforward financial assets and liabilities such as trade receivables (debtors) and trade payables (creditors) and complex ones such as derivatives.
General Fund	The total services of the Combined Authority.
Goodwill	The difference between the aggregate fair value of the net assets of a business and the value of the business as a whole. Goodwill can be internally developed or purchased.
Impairment	A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.
Intangible Assets	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody

	or legal rights. The two broad types of intangible non-current assets applicable to local authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
International Financial Reporting Standards (IFRS)	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of the Combined Authority's accounting records.
Inventories	Inventories are assets: • in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services • held for sale or distribution in the ordinary course of operations • in the process of production for sale or distribution
Investment Property	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
Materiality	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an Combined Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.
Net Book Value	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.

Net Realisable Value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.
Operating Lease	A lease other than a Finance Lease. An agreement in which the Combined Authority derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to the Combined Authority.
Private Finance Initiative (PFI)	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset. Payments are made for the provision of service, which is linked to availability, performance and levels of usage.
Property, Plant and Equipment	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
Provisions	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
Prudence Concept	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Public Works Loan Board (PWLB)	A government agency, which provides loans to authorities at favourable rates.
Related Party	The definition of a related party is dependent upon the situation, though key indicators of related parties are if: • One party has direct or indirect control of the other party • One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.
Remuneration	All sums paid to or receivable by an employee and sums due

	by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
Reserves	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
Revenue Expenditure	Expenditure incurred on the day-to-day running of the Combined Authority, for example, staffing costs, supplies and transport.
Specific Government Grants	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
Termination Benefits	These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.
Unsupported (Prudential) Borrowing	Borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Independent Auditor's Report

Independent auditor's report to the members of Sheffield City Region Combined Authority

We have audited the financial statements of Sheffield City Region Combined Authority for the year ended 31 March 2016 on pages 30 to 131. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance and auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements 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). 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 Authority's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2016 and of the Authority's and the Group's expenditure and income for the year then ended;
- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2016 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2016 other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 17 to 27 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

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

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit

Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Sheffield City Region Combined Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Sheffield City Region Combined Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Sheffield City Region Combined Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Basis for qualified conclusion

This is the second full year of the Authority's existence and it has made progress towards developing a fully functioning governance framework. The absence of this framework was highlighted in our previous period's value for money conclusion and has also been reflected in the 'limited assurance' opinion offered in the period by the Authority's Head of Internal Audit. The following three key areas remain to be addressed:

- The establishment of a Code of Corporate Governance;
- Further embedding the risk management process that has begun to be developed in 2015/16; and
- Improving the data processing performance of the pension fund following the ongoing issues experienced as a result of the implementation of new software.

Qualified conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, with the exception of the matters reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Sheffield

City Region Combined Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the financial statements of Sheffield City Region Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Trevor Rees

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE

12 September 2016