

South West of Scotland Transport Partnership Annual Accounts

2024/25



Unaudited

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Management Commentary

Membership of the South West of Scotland Transport Partnership Board

John Campbell (Chair) (Dumfries and Galloway Council)
 Karen Jackson (Vice-chair) (South of Scotland Enterprise)
 David Bryson (NHS Dumfries and Galloway) – to August 2024
 Stephanie Mottram – (NHS Dumfries and Galloway) from September 2024
 Jim Dempster (Dumfries and Galloway Council)
 Willie Scobie (Dumfries and Galloway Council)
 Keith Walters (Dumfries and Galloway Council)
 Andrew Wood (Dumfries and Galloway Council)

The Council members have substitutes being: -

Richard Brodie (Dumfries and Galloway Council)
 Ben Dashper (Dumfries and Galloway Council)
 Andrew Giusti (Dumfries and Galloway Council)
 Ivor Hyslop (Dumfries and Galloway Council)
 Sean Marshall (Dumfries and Galloway Council)

Introduction

The Management Commentary is intended to assist readers of the annual accounts through providing an insight into the activities and priorities of the organisation and through providing an analysis of financial performance as reflected in the following statements.

The South West of Scotland Transport Partnership (SWestrans) was set up under the Transport (Scotland) Act 2005 and Dumfries and Galloway Council's public transport functions were transferred to the SWestrans under a Transfer of Functions Order on 7 November 2006.

The Financial Statements following this present the South West of Scotland Transport Partnership's (SWestrans) financial position for the year ended 31 March 2025. These statements have been prepared in accordance with proper accounting practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The purpose of these Accounts is to provide clear information about the Transport Partnership's financial position and this foreword is intended to give the reader an easily understandable guide to the most significant matters reported in the Accounts.

Activities during 2024/25

SWestrans continued to balance service provision and service development through its revenue and capital budgets during 2024/25. Its officers and Board members have continued to collaborate in the development of local, regional and national initiatives including the Regional Transport Strategy and the second Strategic Transport Projects Review (STPR2).

All Board meetings in 2024/25 were held as hybrid meetings with in-person participation at the Council Hall and remote access available through Microsoft Teams with all meetings recorded and livestreamed online.

Regional Transport Strategy

After the Cabinet Secretary signed off on the Regional Transport Strategy, a delivery plan was developed with the help and input of the SWestrans Board. The purpose of the Delivery Plan is to set out a series of actions, including an ongoing programme of physical and non-physical interventions, which will deliver the objectives defined in the Regional Transport Strategy. It will be reviewed and updated on a regular basis throughout the lifetime of the strategy as part of the ongoing monitoring process which will be undertaken every two years.

The interventions contained within the Delivery Plan are at a range of different stages in the project lifecycle from concept to construction, and regular review will enable their status to be updated accordingly. The

Management Commentary Continued

Delivery Plan focuses on the actions which will be taken by SWestrans, although in many instances the outcomes that are sought could be delivered by partner organisations.

Bus Network Review

Consultant Stantec UK was commissioned in September 2023 to review and report on the Local Bus Network in Dumfries and Galloway. The key findings of the review were presented to SWestrans Board at the meeting of 22 March 2024. The review final report included a detailed analysis of the current and future position of the school and local bus network, key findings and recommendations of actions required to improve the overall sustainability of the supply chain and transport model for the region.

Their proposals include the adoption of a new sustainable public transport model for the region based on a 3-tier framework:

- Tier 1 – Community Level Provision
- Tier 2 – Supported Local Bus & Community Transport Services
- Tier 3 – Commercial Local Bus & Rail Services

In addition to the findings arising from the review there were other Council transformation projects and influences that were progressed during the time of the review that had a significant impact over the transport network and potential solutions developed through the review.

In November 2023, a report was presented to the Education & Learning Committee informing it that the Timetable Alignment Working Group had recommended, by majority vote, Model B1 – 33 x 50-minute periods, as the structure for all secondary schools. The group also agreed, four days per week should be 7 periods long and one day should be 5 periods long, i.e. an asymmetric timetable.

In addition to the possible move to an asymmetric school week from 2025/26 there were additional changes that could impact on the Bus Network Review:

- Possible school mothballing that will increase peak vehicle requirement (PVR).
- Risk of removal of commercial bus routes.
- Levelling Up Fund (LUF) transport infrastructure approved.

Due to these factors, the report to the SWestrans Board on 22 March 2024 concluded that the actions needed to deliver a sustainable public transport network require careful planning and effective engagement and can only be fully achieved with a longer lead-in timescale such as to summer 2025, to allow for consultation on the asymmetric timetable. This required extension of current contracts for 12 months as an interim measure while the optimised network and delivery models are organised.

Bus Contract Extensions

Between SWestrans and the Council, there are contracts with 12 operators to provide school and local subsidised transport, 11 on school and eight on the local subsidised network. The operators were all offered a CPI uplift from 6 August 2024 for a 12-month extension to allow time for the consideration of asymmetric timetables in school and to progress the wider consultation with operators and public engagement on the network review following the work of Stantec.

The initial response from the operators was mixed. Each operator then submitted a detailed costing and evidence base to support their requests for increased uplifts to continue for a further 12 months. This development was relayed to a special SWestrans Board meeting on 25 June 2024 which resolved to ask the Council for increased funding to allow support to the local subsidised transport network for a one-year period without service adjustments. An urgent report was tabled at the full Council meeting on 27 June, at which the SWestrans request was approved.

Confirmation with Bus Operators

Following the decision by Council on 27 June 2024, confirmation on the one-year extension with bus operators was provided.

Management Commentary Continued

An early activity had been the holding of a series of workshops with bus operators to relay the findings of the Network Review with consultants Stantec. This entailed a detailed review of each operators' routes and the opportunity for the operators to provide feedback and suggest alternative solutions. In the light of this feedback, Stantec revised their recommendations. This formed the basis for implementation of the Bus Network Review.

As part of the process, a workshop was held with colleagues from Community Transport. There are a series of recommendations that highlight opportunities where the community transport organisations could step-in and provide alternative provision. In order to exploit these opportunities capacity in the sector needs to be significantly enhanced. This is a long-term endeavour rather than a short-term fix and the extent to which capacity can be increased prior to summer 2025 is likely to be limited without significant investment in capacity building interventions.

The plan included a series of opportunities for engagement with elected Members and wider stakeholders. This included briefings with political groups in early October, a full Members seminar on 29 October 2024 and where necessary, locality briefings to explain any necessary changes in local networks. These engagements continued into 2025 to build a more comprehensive and collegiate approach to developing a fit for purpose network.

The decision to not progress with an asymmetric timetable was confirmed at the Education & Learning Committee on 8 November 2024 and built into the timetable. The aim of the process was to work towards a consensus on the scope and content of a sustainable network with a view to issuing a tender pack in early Spring 2025 to allow procurement a lead-in time to commence the new services in August 2025.

Delivery of the SWestrans capital programme continued throughout the year with works on;

- Phase 3 of car parking at Lockerbie Station,
- the delivery of 7 low floor buses,
- the bus shelter programme

Active travel infrastructure and behaviour change

A number of varied active travel infrastructure projects were completed in 2024/25. Projects ranged from the 'Better Streets' Dumfries City Centre RIBA Stage 0-2 umbrella project, involving 10 Active Travel Infrastructure projects, to a pump track in Moffat. We received confirmation that the following two SWestrans / Dumfries and Galloway Council projects have been shortlisted for the Scottish Transport Awards 2025:

- The Sanctuary in the category "Excellence in Social & Community Value"
- Castel Douglas Active Travel Gateway in the category "Excellence in Transport Planning"

We also helped fund the path that connected Shambellie House to New Abbey and Mabie Forest and commissioned 7 RIBA Stage 0-2 feasibility studies for paths throughout the region.

The first year of the Active Travel Behaviour Change People and Place Programme was successful with many of the awarded projects in 24/25 being taking forward and developed further in 2025/26. The Programme is moving away from National Delivery and concentrating on Communities playing a more integral role in delivery.

Management Commentary Continued

Budget Performance Statement

The table below provides a summary outturn statement which outlines expenditure against budget for SWestrans.

| | Budget £000 | 2024/25 Actual | Variance |
|---------------------------------------|----------------|-------------------|----------|
| | | £000 | |
| Staff costs | 213 | 213 | 0 |
| Transport costs | 9 | 9 | 0 |
| Administrative costs | 28 | 28 | 0 |
| Payments to other bodies | 4,428 | 4,428 | 0 |
| People and Places Grant Payments | 838 | 838 | 0 |
| Central Support costs | 45 | 45 | 0 |
| Gross Expenditure | 5,561 | 5,561 | 0 |
| Government Grants | 246 | 246 | 0 |
| Government Grants (People and Places) | 838 | 838 | 0 |
| Other Income | 4,477 | 4,377 | 0 |
| Gross Income | 5,561 | 5,561 | 0 |
| Net Expenditure | 0 | 0 | 0 |

The budget performance statement does not include depreciation / capital charges, which were not reflected in the original budget.

SWestrans achieved a breakeven position for the financial year. The major item of expenditure which created the main budget pressure was the subsidies in respect of the local bus network, which totalled £4.43 Million. To address other pressures during the year, tight spending controls and active budget management was exercised which resulted in SWestrans achieving a breakeven position.

SWestrans' received income totalling £5.561 Million with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to this total.

On 15 November 2019 a new Transport (Scotland) Act 2019 received Royal Assent, this act included a provision in the order (section 122) that would allow a partnership to carry funds over from one financial year to the next and therefore enable a General Fund reserve to be held. The Commencement Order for this Act was agreed at Scottish Parliament in March 2020 and became effective for the 2019/20 Financial Year. Although SWestrans did not make a surplus in 2024/25 if they succeed in doing so in future years it now has the ability to create a General Fund balance at the end of that financial year.

Exemption from preparing a remuneration report

The board members who sit on SWestrans Board do not receive any additional remuneration from that received for the remuneration for being a Councillor with Dumfries and Galloway Council. SWestrans does not directly employ any staff but uses staff time of direct employees of Dumfries and Galloway Council.

Comprehensive Income & Expenditure Statement

SWestrans' Comprehensive Income & Expenditure Statement for the year ended 31 March 2025 is shown on page 10 of these accounts.

Movement in Reserves Statement

The Movement in Reserves Statement is shown on page 11 of the accounts and shows the movement in the year on the different reserves held by the Transport Partnership, analysed into usable reserves – i.e. those that can be applied to fund expenditure – and unusable reserves.

Balance Sheet

SWestrans' Balance Sheet is shown on page 12 of the accounts and provides details of SWestrans' assets and liabilities as at 31 March 2025.

Cash Flow Statement

The Cash Flow Statement is shown on page 13 of the accounts and shows the changes in the cash & cash equivalents of the Partnership during the course of the year.

John Campbell
Chair

Simon Bradbury
Lead Officer

Paul Garrett
Treasurer

Statement of Responsibilities for the Statement of Accounts

The Transport Partnership's Responsibilities

The Transport Partnership is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Transport Partnership has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this Transport Partnership, that officer is the Treasurer (who is also the Section 95 Officer of Dumfries & Galloway Council);
- Manage its affairs, to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts.

I confirm that the Unaudited Annual Accounts were approved for signature by the Transport Partnership at its meeting on 27 June 2025 and signed on its behalf.

John Campbell
Chair

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Transport Partnership's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing these Annual Accounts, the Treasurer has:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation)

The Treasurer has also:

- Kept adequate accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Transport Partnership at the reporting date and the transactions of the transport partnership for the year ended 31 March 2025.

Paul Garrett
Treasurer

Annual Governance Statement

This statement is given in respect of the statement of accounts of the South West of Scotland Transport Partnership. The South West of Scotland Transport Partnership is responsible for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The South West of Scotland Transport Partnership is committed to openness and acting in the public interest. It works with key partners to support engagement with stakeholders and wider community, ensuring accountability and encouraging open consultation. In discharging this responsibility, the South West of Scotland Transport Partnership has established governance arrangements including a members Code of Conduct.

The lead officer has been appointed to:

- oversee the implementation and monitor the operation of the Governance Arrangements in place; and
- review the operation of the governance arrangements in practice.

The South West of Scotland Transport Partnership continued to balance service provision through its revenue budget, and service development through capital budgets during 2024/25. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the National Transport Strategy, the Transport (Scotland) Act 2019 and the second Strategic Transport Projects Review (STPR2).

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

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including the segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by the Board of the Transport Partnership. This includes consideration of the effectiveness of decision-making framework and information and data provided to the board to support decision making. In line with the Dumfries and Galloway members training arrangements, where required training will be provided to members of the Board. The system currently includes regular financial reports to the Board and management.

The South West of Scotland Transport Partnership Board monitor the performance of services and related projects to ensure that they are delivered in accordance with defined outcomes and they represent best use of resources and value for money. The Partnership Board have oversight of the risks and issues facing the organisation.

Review of effectiveness

South West of Scotland Transport Partnership has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system has been informed by the work of managers in the Transport Partnership, the work of Internal Audit and reviews by External Audit.

The Transport Partnership currently uses the financial systems and resources of Dumfries & Galloway Council. This includes effective counter fraud and anti-corruption arrangements as developed and maintained by the Council. The Internal Audit section of Dumfries & Galloway Council has reviewed these systems and has determined that reasonable assurance can be placed upon the adequacy and effectiveness of the systems.

In our opinion, based on the above information, reasonable assurance can be placed upon the adequacy and effectiveness of the Transport Partnership's internal financial control system in the year to 31 March 2025.

Significant Governance Issues

In considering governance arrangements we report below on the progress on significant governance issues during the year and actions planned for the coming year: -

South West of Scotland Transport Partnership Unaudited Annual Accounts 2024/25

- Internal Audit assurance – The partnership use financial and operational systems and resources provided by Dumfries and Galloway Council. In considering the systems of internal control, the Partnership considers the findings of the Council's Internal Audit service.
- The Board at its meeting of 22 March 2024 received an internal audit undertaken by Dumfries and Galloway Council's Internal Audit Service on internal control, risk management and governance arrangements of the Transport Partnership.
Improvements have been made in 2024/25 to address the main findings by implementing the action plan to address the 9 Audit Actions identified and work continues to be progressed.

2024/25 has been unusual in that there have been 4 Lead Officers during that time period. In accordance with standing orders all appointments have been agreed by the board. There has been continuity in fulfilling the Lead Officer role since 29 November 2024.

The Transport Partnership's complies with the requirements on the Role of the Chief Financial Officer in Local Government, contained in the Chartered Institute of Public Finance and Accountancy's (CIPFA's) 2010 Statement and the Local Authority (Scotland) Regulations 2014.

Conclusion

While we have identified opportunities for improving and developing governance arrangements, we are satisfied that the Transport Partnership has in place appropriate arrangements for the governance of its affairs and that reasonable assurance can be placed on the adequacy and effectiveness of the Partnership's corporate governance systems in the year to 31 March 2025 and that the actions identified in the Statement to will address the issues identified and highlighted in this Statement reflect the Partnership's commitment to continuous improvement and will further enhance our corporate governance and internal control arrangements

John Campbell
Chair

Simon Bradbury
Lead officer

Independent auditor's report to the members of South West of Scotland Transport Partnership and the Accounts Commission

Comprehensive Income & Expenditure Statement

This statement shows the accounting costs in the year of providing services in accordance with generally accepted accounting practices.

| 2023/24 | | | | 2024/25 | | | |
|------------------------------|----------------|----------------------------|--|------------------------------|----------------|----------------------------|--|
| Gross Expenditure £000 | Income £000 | Net Expenditure £000 | | Gross Expenditure £000 | Income £000 | Net Expenditure £000 | |
| 5,077 | (4,755) | 322 | Roads and Transport Services | 5,854 | (5,561) | 293 | |
| 5,077 | (4,755) | 322 | Net Cost of Services | 5,854 | (5,561) | 293 | |
| | | 0 | (Gains) & losses on sale of non-current assets | | | 8 | |
| | | 0 | Capital grants & contributions | | | (1,113) | |
| | | 322 | (Surplus) or Deficit on the Provision of Services | | | (812) | |
| | | (64) | Other Comprehensive Income & Expenditure | | | (13) | |
| | | 258 | Total Comprehensive Income & Expenditure | | | (825) | |

The notes on pages 14 to 22 form part of the accounts.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Transport Partnership, analysed into usable reserves – i.e. those that can be applied to fund expenditure – and unusable reserves. The movement in reserves statement shows how the movements in year of the Partnership's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to the General Fund. The net increase/decrease line shows the statutory general fund balance in the year following those adjustments.

| | Usable Reserves | Unusable Reserves | | | Total Reserves |
|---|----------------------|----------------------------|---------------------|-------------------------|----------------|
| | General Fund Balance | Capital Adjustment Account | Revaluation Reserve | Total Unusable Reserves | |
| Balance at 31 March 2023 carried forward | 0 | (1,197) | (83) | (1,280) | (1,280) |
| Movements in Reserves during 2024/25 | | | | | |
| (Surplus) or Deficit on provision of services | 322 | | | | 322 |
| Other Comprehensive Income & Expenditure | | 0 | (64) | (64) | (64) |
| Total Comprehensive Income & Expenditure | 322 | 0 | 0 | 0 | 258 |
| Adjustments to usable reserves permitted by accounting standards | (70) | 0 | 70 | 70 | 0 |
| Adjustments between accounting basis & funding basis under regulations | | | | | |
| - charges for depreciation of non-current assets | (252) | 252 | 0 | 252 | 0 |
| - impairment of non-current assets | 0 | 0 | 0 | 0 | 0 |
| - capital grants & contributions applied | 0 | 0 | 0 | 0 | 0 |
| - Gains & losses on disposal of non-current assets | 0 | 0 | 0 | 0 | 0 |
| Net (increase)/ decrease before transfers to /(from) other statutory reserves | 0 | 252 | 6 | 258 | 258 |
| Overall (Increase)/Decrease in year | 0 | 252 | 6 | 258 | 258 |
| Balance at 31 March 2024 carried forward | 0 | (945) | (77) | (1,022) | (1,022) |
| Movements in Reserves during 2024/25 | | | | | |
| (Surplus) or Deficit on provision of services | (812) | 0 | 0 | 0 | (812) |
| Other Comprehensive Income & Expenditure | 0 | 0 | (13) | (13) | (13) |
| Total Comprehensive Income & Expenditure | (812) | 0 | (13) | (13) | (825) |
| Adjustments to usable reserves permitted by accounting standards | (26) | 0 | 26 | 26 | 0 |
| Adjustments between accounting basis & funding basis under regulations | 0 | 0 | 0 | 0 | 0 |
| - charges for depreciation of non-current assets | (267) | 267 | 0 | 267 | 0 |
| impairment of non-current assets | | | | | |
| capital grants & contributions applied | 1,113 | (1,113) | 0 | (1,113) | 0 |
| - Gains & losses on disposal of non-current assets | (8) | 8 | 0 | 0 | 0 |
| Net (increase)/ decrease before transfers to /(from) other statutory reserves | 0 | (838) | 13 | (825) | (825) |
| Overall (Increase)/Decrease in year | 0 | (838) | 13 | (825) | (825) |
| Balance at 31 March 2025 carried forward | 0 | (1,783) | (64) | (1,847) | (1,847) |

The notes on pages 14 to 22 form part of the accounts.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Partnership. The net assets of the Partnership (assets less liabilities) are matched by reserves held by the Partnership. Reserves are reported in two categories. The first category of reserves are usable reserves which can be used to help fund services. The second category of reserves is those that the Partnership is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses where the amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between the accounting basis and funding basis under regulations”.

| 31 March 2024 £000 | | 31 March 2025 £000 | Note |
|-----------------------------------|--------------------------------|-----------------------------------|-------------|
| 1,022 | Property, Plant & Equipment | 1,847 | 7 |
| 1,022 | Long Term Assets | 1,847 | |
| | Short Term Debtors | | |
| 23 | - Central Government bodies | 260 | |
| 361 | - Other entities & individuals | 115 | 16 |
| 384 | Current Assets | 375 | |
| | Short Term Creditors | | |
| (384) | - Other entities & individuals | (375) | 16 |
| (384) | Current Liabilities | (375) | |
| 1,022 | Net Assets | 1,847 | |
| 1,022 | Unusable Reserves | 1,847 | 9 |
| 1,022 | Total Reserves | 1,847 | |

The unaudited annual accounts were issued on 27 June 2025.

The notes on pages 14 to 22 form part of the accounts.

Paul Garrett
Treasurer

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Transport Partnership during the reporting period. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Transport Partnership are funded by way of grant income or from recipients of services provided by the Transport Partnership.

| 2023/24 £000 | 2024/25 £000 |
|---|-------------------------------|
| 322 Net (surplus) or deficit on the provision of services | (812) |
| (322) Adjustment to net (surplus) on the provision of services for non-cash movements | (301) |
| 0 Net cash flow from or used in operating activities | (1,113) |
| Investing activities | |
| 0 - Purchase of property, plant & equipment | 1,113 |
| 0 Net (increase) or decrease in cash and cash equivalents | 0 |
| 0 Cash and cash equivalents at the beginning of the period | 0 |
| 0 Cash and cash equivalents at the end of the reporting period | 0 |

The notes on pages 14 to 22 form part of the accounts.

Notes to the Accounts

1. Summary of Significant Accounting Policies

a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2024/2025 financial year and its financial position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 2014, and these are required under section 12 of the Local Government in Scotland Act 2003 to be prepared in accordance with proper accounting practice. These practices are the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS). They are designed to provide a 'true and fair view' of the financial performance and position of the Partnership.

The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts are prepared on a going concern basis.

b) Accruals of Income & Expenditure

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

- suppliers' invoices paid in the two weeks following the year-end have been analysed and included together with specific accruals in respect of further material items provided the goods and services were received in 2024/25,
- all known specific and material sums payable to the Partnership have been included. Revenue for the sale of goods or the provision of services is recognised when it is determined that the service has been provided,
- supplies are recorded as expenditure when they are consumed. When there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge is made to revenue for the income which will not be collected.

c) Cash & Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of changes in value.

d) Changes in Accounting Policies and Prior Period Adjustments

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

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

e) Charges to Revenue for Non-Current Assets

The Partnership is charged with the following amounts to record the real cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the Partnership,
- revaluation and impairment losses on assets used by the Partnership where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

Notes to the Accounts (continued)

f) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events which occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. The Statement of Accounts is adjusted for events which provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is not adjusted for events which are indicative of conditions which arose after the end of the reporting period. However, where such events would have a material effect, a disclosure is made in the Notes to the Accounts of the nature of the event and the estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

g) Exceptional Items

When items of income and expenditure 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, depending on how significant the items are to an understanding of the Partnership's financial performance.

h) Grants & Contributions

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as grants in advance. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (revenue grants) or Taxation & Non-Specific Grant Income (capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & 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 Account. Amounts in the Capital Grant Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

i) Leases

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

The Partnership as Lessor

Operating leases

The Partnership has entered into leases relating to the operational use of vehicles, which are accounted for as operating leases. Where the Partnership grants an operating lease over a vehicle the asset is retained on the Balance Sheet.

j) Overheads and Support Services

The costs of Central Support departments, such as Financial Services, Legal Services and accommodation, are procured from Dumfries & Galloway Council. The cost of these is based on services provided to SWestrans during the year.

k) Property, Plant & Equipment

Assets which have a physical substance and are held for use in the provision of 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 & Equipment.

Notes to the Accounts (continued)

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant & Equipment is capitalised at cost, provided that it is probable that the future economic benefits associated with the asset will flow to the Partnership and the cost of the item can be reliably measured. Expenditure that does not add to an asset's potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Measurement

Assets are carried on the Balance Sheet at depreciated historical cost as a proxy for current value of assets as the useful economic life of the assets are considered a realistic reflection of the life of the asset and the depreciation method used is a realistic reflection of the consumption of that asset class.

Impairment

Assets are reviewed at each year end as to whether there is an indication that an asset may be impaired. Where indications exist, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised. Impairment losses are accounted for by:

- writing down any balances on the Revaluation Reserve for that asset up to the accumulated gain,
- where there is no or insufficient balance on the Revaluation Reserve, the impairment loss is charged against the relevant service line in the Comprehensive Income & Expenditure Statement.

Depreciation

Depreciation is provided on all Property, Plant & Equipment, on a straight-line basis over the expected life of the asset. Where an item of Property, Plant & Equipment has major components whose lives are different and whose costs are significant in relation to the total cost of the item, the components are depreciated separately. Vehicles are held at depreciated historic cost as a proxy for current value and not subject to revaluation. These assets are depreciated over their useful economic lives.

I) Reserves

Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is included in the appropriate service in that year so as to be included in the Comprehensive Income & Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Reserves are categorised under accounting regulations into two broad categories:

- usable reserves, which are available to support services,
- unusable reserves, which are required to facilitate accounting requirements.

m) VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues & Customs (HMRC) and all VAT paid is recoverable from it.

Notes to the Accounts (continued)

2. Accounting Standards Issued & Not Yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2024/25 Code by the Council on 1 April 2025:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

It is currently not anticipated that the changes set out in a), b) or c) will impact the preparation or presentation of SWestran's accounts in 2025/26.

3. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies in note 1, the Partnership has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Operational versus Finance Leases

In accordance with the accounting policies in note 1, these accounts have been prepared on the basis that existing operator contracts are classified as operational leases rather than finance leases. However, discussions on the classification of such contracts are ongoing with appointed auditors, and dependent on final interpretation of the Code of Practice on Local Authority Accounting guidance might require these accounts to be updated to reflect contracts as finance leases. If the classification is changed, this would result in the vehicles being removed from the balance sheet and replaced with a lease receivable.

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 Partnership 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.

There were no items on the Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year.

5. Events After the Balance Sheet Date

The unaudited Statement of Accounts were issued by the Treasurer on 27 June 2025. Events taking place after this date are not reflected in the financial statements or notes. There have been no material or non-material events since the date of the Balance Sheet, which have required the figures in the financial statements and notes to be adjusted.

Notes to the Accounts (continued)

6. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Transport Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by partnership in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| | 2023/24 Net Expenditure Chargeable to the General Fund £000 | 2023/24 Adjustments between the Funding and Accounting Basis £000 | 2023/24 Expenditure in the Comprehensive Income & Expenditure Statement £000 |
|---|--|---|---|
| SWestrans | 0 | 322 | 322 |
| Net Costs of Services | 0 | 0 | 0 |
| Other Comprehensive Income and Expenditure | 0 | (64) | (64) |
| Capital grants & contributions | 0 | 0 | 0 |
| (Surplus)/Deficit on the Provision of Services | 0 | 258 | 258 |

| | 2024/25 Net Expenditure Chargeable to the General Fund £000 | 2024/25 Adjustments between the Funding and Accounting Basis £000 | 2024/25 Expenditure in the Comprehensive Income & Expenditure Statement £000 |
|---|--|---|---|
| SWestrans | 0 | 293 | 293 |
| Net Costs of Services | 0 | 0 | 0 |
| Other Comprehensive Income and Expenditure | 0 | (13) | (13) |
| (Gains)/Losses on sale of non-current assets | 0 | 8 | 8 |
| Capital grants & contributions | 0 | (1,113) | (1,113) |
| (Surplus)/Deficit on the Provision of Services | 0 | (825) | (825) |

Notes to the Accounts (continued)

7. Property, Plant & Equipment

The following table contains details on the movements on the Property, Plant & Equipment assets contained in the Balance Sheet.

| | 2023/24 Vehicles £000 | 2024/25 Vehicles £000 |
|---|-----------------------------|-----------------------------|
| Cost or Valuation | | |
| At 1 April | 3,234 | 2,370 |
| Additions | 0 | 1,113 |
| Revaluations | (681) | (537) |
| Disposals | (182) | (199) |
| At 31 March | 3,234 | 2,747 |
| Accumulated Depreciation at 1 April | (1,954) | (1,349) |
| Charge for year | (322) | (293) |
| Write Back on Disposal | 176 | 188 |
| Write back on Revaluation | 751 | 554 |
| Accumulated Depreciation at 31 March | (1,349) | (900) |
| Net Book Value at 31 March | 1,022 | 1,847 |

Depreciation

Depreciation has been provided for on non-current assets with a finite useful life, which can be determined at the time of acquisition or revaluation. The depreciation methods and useful lives used within each category of non-current assets have been determined on an individual asset basis. Vehicles are depreciated on a straight-line basis over up to 12 years.

8. Usable Reserves

Movements in the Transport Partnership's usable reserves are detailed in the Movement in Reserves Statement, the Partnership does not hold any usable reserves.

9. 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 & Expenditure Statement. The Account is credited with the amounts set aside by the Partnership as finance for the costs of acquisition, construction and enhancement.

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (1,197) | (945) |
| Assets Disposed of during the year | 0 | 8 |
| Depreciation of non-current assets | 252 | 267 |
| Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement | 0 | (1,113) |
| Balance at 31 March | (945) | (1,783) |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation,
- disposed of and the gains are realised.

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| Balance at 1 April | (83) | (77) |
| Assets Disposed of during the year | 6 | 0 |
| Upward Revaluations of assets | (70) | (13) |
| Difference between fair value depreciation and historical cost depreciation | 70 | 26 |
| Balance at 31 March | (77) | (64) |

10. Payments to Members

No payments were made to Members of the SWestrans Board during 2024/25 or 2023/24.

Notes to the Accounts (continued)**11. Audit Fees**

The external audit fee payable for 2024/25 was £12,800 (£12,560 in 2023/24). There were no fees paid for non-audit services.

12. Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income & Expenditure Statement:

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| Credited to Taxation and Non-Specific Grant Income | | |
| Capital grants & contributions | 0 | (1,113) |
| Total | 0 | (1,113) |
| Credited to Services | | |
| Scottish Government grants | (575) | (1,084) |
| Dumfries & Galloway Council service funding | (4,001) | (4,281) |
| Total | (4,576) | (5,365) |

13. Related Parties

The Transport Partnership is required to disclose material transactions with related bodies – bodies or individuals that have the potential to control or influence the Transport Partnership or to be controlled and influenced by the Transport Partnership.

Central Government

Central Government is responsible for providing the statutory framework, within which the Transport Partnership operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Transport Partnership has with other parties. Details of Central Government Grants received are contained in Note 12 (grant income).

Other Public Bodies

Dumfries & Galloway Council is responsible for providing the funding for the day-to-day operation of the Transport Partnership under the Transport (Scotland) Act 2005. In 2024/25, the Council provided £100k (£100k in 2023/24) as match funding to a Scottish Government grant for core running costs, £404k (£399k in 2023/24) for the use of the public bus service to transport pupils to school and a further £3.777 Million (£3.502 Million in 2023/24) was requisitioned by the Transport Partnership to cover the operating costs for 2024/25. SWestrans does not employ its own staff and during 2024/25 Dumfries & Galloway Council charged SWestrans £268k (£290k in 2023/24) in respect of staff support, supplies and other support services, see note 15 Key Management Personnel for further details. NHS Dumfries and Galloway contributed £78k (£70k in 2023/24) to a specific bus contract. At the year-end £4k (£402k in 2023/24) was outstanding for payments to Dumfries and Galloway Council and £188k (£190k in 2023/24) in relation to sums held in the Dumfries and Galloway Council Loans Fund.

14. Leases

Partnership as Lessor

SWestrans purchased 7 buses in 2024/25 (0 buses in 2023/24) and 40 (34 in 2023/24) buses are leased to private bus operators as part of specific route tenders. No income is received from these operating leases.

Notes to the Accounts (continued)

15. Key Management Personnel

SWestrans do not directly employ any staff and Dumfries and Galloway Council recharge SWestrans for staff and operational support during the year. Included within this recharge is an estimate of the share of the Lead Officer's time on SWestrans activities. The Lead Officer left the post in May 2024. Their remuneration for short term benefits is set below (note share of pension movements is unavailable):

| | 2023/24 £000 | 2024/25 £000 |
|---|-----------------|-----------------|
| SWestrans' charge of wages and salaries | 44 | 5 |

16. Financial Instrument Balances

Financial instruments are contracts which create a financial asset in one entity and a financial liability in another. They are recognised at fair value or amortised cost, or where no reliable measurement exists, measured at cost. The following categories of financial instruments are carried in the Balance Sheet. These are all current:

| | Current – Amortised cost | |
|--------------------------------|--------------------------------|-----------------|
| | 2023/24 £000 | 2024/25 £000 |
| Financial Liabilities | | |
| Short term creditors (current) | (384) | (115) |
| | Current- Amortised cost | |
| | 2023/24 £000 | 2024/25 £000 |
| Financial assets | | |
| Short term debtors (current) | 361 | 375 |

There were no gains and losses recognised in the comprehensive Income and Expenditure Statement in relation to financial instruments during 2024/25 (2023/24: £nil).

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Transport Partnership and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Transport Partnership. The Transport Partnership Financial liabilities were short term creditors held at amortised cost.

Financial assets

A financial asset is a right to future economic benefits controlled by the Transport Partnership that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Board. The financial assets held by the Transport Partnership during the year are accounted at amortised cost and comprise short term receivables.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2025. The fair value of short-term instruments, including trade payables and receivables, is taken to be the invoiced or billed amount.

Nature and Extent of Risks Arising from Financial Instruments

All Treasury Management is carried out on the Partnership's behalf by Dumfries and Galloway Council. The Council, on behalf of the Transport Partnership, has overall risk management procedures that focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Market risk - the possibility that financial loss might arise for the Transport Partnership as a result of changes in such measures as interest rate movements is considered immaterial because the finances of the Transport Authority are such that during the year there was no interest payable or receivable.

Credit risk - the possibility that other parties might fail to pay amounts due to the Transport Partnership is considered insignificant on the basis debt payable to the Transport Partnership is due from other public bodies.

Liquidity risk – the risk that the Transport Partnership might not have funds available to meet its commitments to make payments is considered immaterial given its statutory responsibility to have a balanced budget and that constituent authorities have to fund the Transport Partnership's activities.

Price and foreign exchange risk - the possibility that fluctuations in equity prices or fluctuations in exchange rates has a significant impact on the value of financial instruments held is considered immaterial because of the nature of financial instruments held.