

SWestrans.org.uk

# South West of Scotland Transport Partnership Annual Accounts

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**2025/26**



Unaudited



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## Management Commentary

### Membership of the South West of Scotland Transport Partnership Board as at 31 March 2026.

John Campbell (Chair) (Dumfries and Galloway Council)  
Karen Jackson (Vice-chair) (South of Scotland Enterprise)  
Dougie Campbell (Dumfries and Galloway Council)  
Ivor Hyslop (Dumfries and Galloway Council)  
David Inglis (Dumfries and Galloway Council)  
Stephanie Mottram – (NHS Dumfries and Galloway)  
Keith Walters (Dumfries and Galloway Council)

The Council members have substitutes being: -  
Jim H Dempster (Dumfries and Galloway Council)  
Ben Dashper (Dumfries and Galloway Council)  
Maureen Jonhstone (Dumfries and Galloway Council)  
Sean W 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 2026. 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 2025/26

SWestrans continued to balance service provision and service development through its revenue and capital budgets during 2025/26. SWestrans officers have continued to develop local, regional and national initiatives including implementation of measures included within the Regional Transport Strategy.

All Board meetings in 2025/26 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

The delivery of active travel infrastructure, behaviour change initiatives, and extensive bus network restructuring throughout the year continues to fulfil the core policy objectives defined within the Regional Transport Strategy Delivery Plan. Through close partnership working with local communities, national bodies, and public operators, these physical and non-physical interventions aimed to drive modal shift away from private car usage toward sustainable and inclusive transport modes where possible and appropriate

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 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 Procurement and Transformation**

The local bus and school transport network underwent significant structural change and re-procurement during the course of the summer 2025. Following an open tender exercise advertised in April 2025 to replace expiring contracts, Western Buses Ltd (Stagecoach)—the region's largest operator—withdrew from local operations after failing to meet contract liability requirements, subsequently de-registering 12 of its 13 commercial routes. To prevent widespread network collapse, SWestrans and Council officers executed a rapid-response strategy to secure alternative provision within existing agreed budget envelopes.

Following the rigorous procurement process, 45 long-term contracts – each lasting up to seven years – were awarded to local operators to deliver the subsidised bus network across the region. These longer-term contracts provided long-term stability and gave operators the confidence required to invest in their businesses.

### **DGC Buses as Operator of Last Resort**

Where commercial operator capacity was unavailable or financially unviable, the local authority exercised its powers as Operator of Last Resort to rapidly expand DGC Buses. Backed by an urgent capital investment of £2.66 million, the Council purchased 12 low-emission buses and coaches, boosting its fleet to 77 vehicles and making it one of the largest council-operated fleets in Scotland. DGC Buses successfully stepped in to operate 19 vacant routes (9 home-to-school and 10 local) in the west of the region under Section 22 and Section 46 not-for-profit permits, incorporating 13 staff via TUPE transfer and hiring 7 additional employees.

### **Network Performance and Continued Adjustments**

Following the completion of the procurement process and the go-live of the reprocured bus network, SWestrans continually adapted services in response to emerging community demands and operational reviews:

- **Annandale Community Transport Services (ACTS) Stepped-In Services:** Following the commercial withdrawal of services by Stagecoach Cumbria & North Lancashire on 5 January 2026, Annandale Community Transport Services (ACTS) successfully launched a new morning 80 Annan town service and a morning 74 service from Moffat and Beattock to Dumfries, safeguarding vital commuter routes.
- **Timetable Refinements:** Minor timing changes were implemented for the 117 service to Hightae, and the 120 and 123 services in Langholm, to better facilitate local shopping trips.
- **Service 5 Sunday Re-routing:** Route alterations were introduced to restore Sunday connectivity between Kingholm Quay and Dumfries town centre.
- **Service 246 Support:** SWestrans intervened to provide additional subsidy to McCalls Coaches to ensure that essential connectivity was in place for school children travelling to Wallace Hall Academy, Thornhill from Dumfries.
- **Service 501 Strategic Review:** A six-month financial review indicated that McCalls Coaches cannot operate the daytime 501 route commercially without a subsidy. The Board agreed to terminating the separate evening/Sunday contract to procure the entire 501 route as a unified subsidised package to achieve best value.

**National Engagement:** To secure ongoing funding stability for the region's fragile network, the SWestrans Chair and Council Leader met with Jim Fairlie MSP, Minister for Agriculture and Connectivity, on 24 March 2026 to push for additional funding.

### **Bus Infrastructure and Vehicle Upgrades**

The 2025/26 bus stop programme achieved a total spend of almost £100k, resulting in the installation of eight new bus stops, three replacements, and one removal.

Nine Electric Buses were delivered in March 2026 as part of the Levelling Up Fund Transport project. Four of those buses were replacements for existing buses leased by bus operators. The remaining five buses will be deployed within the Dumfries & Galloway Council bus fleet. This is following the purchase of seven low-floor low-emission Euro 6 buses in 2024/25 and replenishing the existing SWestrans fleet with five new buses leased to operators.

### **Active travel infrastructure and behaviour change**

The SWestrans officers leading on active travel initiatives successfully leveraged multiple funding streams to deliver extensive physical and behaviour change projects across regional communities.

### **People and Place Programme & Awards**

The People and Place (P&P) Programme delivered a £0.984 Million combined capital and revenue investment framework to drive regional behaviour change, marked by key milestones:

- **Award Success:** The healthcare-led Active Lives Pathway won the prestigious Campbell Christie Public Service Reform Award at the Scottish Parliament on 3 December 2025.
- **Community Interventions:** Disbursed over £222k across 16 local organisations, including a cycle project in Auchencairn (£25k), a walking initiative in Annan (£28k), active travel events with the Keir Penpont Tyron Development (KPTD) Trust (£16k), and cycling projects in Stranraer, Gatehouse of Fleet (Wheels of Fleet) and Eskdalemuir.
- **Schools & Workplaces:** Partnered with the Walk, Wheel Cycle Trust to deliver the IBike Schools (£102k) and IBike Communities (£80k) initiatives, embedding sustainable travel habits across regional education and community networks.
- **Accessibility & Inclusion:** Expanded inclusive transport through Wigtownshire Stuff's disability cycling project (£13k) and Dalbeattie's social prescribing e-bike fleet integration (£80k).
- **Network Infrastructure:** Allocated £205k to Council mobility hub delivery, £62k for community minibus capital procurement, and over £46k for active travel storage and equipment across the region.

### **Infrastructure Project Progress**

SWestrans Active Travel Projects are selected through interaction with Communities and Local Place Plans and must attain a high score using our Prioritisation Tool, which considers Need, Demand, Benefit, Usage, Health, Design, Behaviour Change, Pace, Deliverability Risk and Cost.

Milestone-managed capital works continued to progress throughout 2025/26, carrying forward slippage of £674k to complete future projects.

Key developments included:

- **All Roads Lead to Whithorn:** Awarded a £30k development grant for early landowner path agreements across a 20km route.
- **Sanquhar Enterprise Company:** Re-negotiated a viable river path alternative from Blackaddie bridge to Crawick bridge after original route permissions stalled.

- **Core Path 37 Riverside Bridge:** Legal path relocation disputes with landowners were resolved, allowing the construction process to proceed.
- **Feasibility and Design Studies:** RIBA Stage 3-4 detailed drawings for the Crossmichael to Castle Douglas route remained on track to achieve shovel-ready status, though the Leswalt to Stranraer project was paused due to severe geographical constraints. Live RIBA Stage 0-2 feasibility studies across six other regional paths were completed, with final reporting delivered by the end of March 2026.

## Financial Performance

### The Statements in the Annual Accounts

The principal financial statements in the Annual Accounts are:-

**Movements in Reserves Statement** – This 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 (e.g. reserves reflecting unrealised gains on the revaluation of assets).

**Comprehensive Income and Expenditure Statement** – this statement is a summary of the resources generated and consumed by the Transport Partnership in the year.

**Balance Sheet** – this shows the value of the Transport Partnership’s assets and liabilities and reflects the overall financial position of the Transport Partnership at the end of the financial year.

**Cash Flow Statement** – this statement summarises the inflows and outflows of cash arising from transactions with external third parties.

**Notes to the Financial Statements** – this provides further information on the Transport Partnership’s financial statements.

### 2025/26 Outturn

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

	2025/26		Variance
	Budget £000	Actual £000	
Staff costs	277	376	99
Transport costs	0	1	1
Administrative costs	44	49	5
Payments to other bodies	4,468	4,442	(16)
People and Places Grant Payments	984	984	0
Central Support costs	49	54	5
<b>Gross Expenditure</b>	<b>5,822</b>	<b>5,916</b>	<b>94</b>
Government Grants	246	246	0
Government Grants (People and Places)	984	1,061	(77)
Other Income	4,592	4,669	(77)
<b>Gross Income</b>	<b>5,822</b>	<b>5,977</b>	<b>(155)</b>
<b>Net Expenditure</b>	<b>0</b>	<b>(61)</b>	<b>(61)</b>

In 2025/26 SWestrans managed to contain all expenditure within the agreed resources, returning a small underspend of £61k. This underspend was wholly due to the recognition of additional grant income received from the Scottish Government as part of the People and Places Grant where the expenditure had been recognised in prior years.

While the re-procurement of contracts across the local bus network caused some significant challenges and financial pressures during the year, these were managed within the available resources. The ability to contain costs within the available resources was primarily due to the arrangements agreed with the Council, in relation to the implementation of DGC Buses as a contractor of last resort. The cost of providing the services now covered by the Council are lower than that previously incurred with external providers, providing capacity to support and maintain the provision of higher cost routes with local bus contractors.

The cost of providing subsidies in respect of the local bus network totalled £4.45 Million in 2025/26, including a payment to Dumfries and Galloway Council of £0.74 Million.

SWestrans' received income totalling £5.977 Million in 2025/26, with Scottish Government grants and requisitions from Dumfries & Galloway Council being the main contributors to these resources.

#### **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. These accounts do not therefore include a remuneration statement. The remuneration of all councillors, including those who act as board members for SWestrans can be found within the Annual Accounts for Dumfries and Galloway Council. In addition, SWestrans does not directly employ any staff but uses the staff time of those individuals employed directly by Dumfries and Galloway Council.

#### **Acknowledgements**

We would like to thank Board Members and colleagues for their assistance and support throughout the year in maintaining and promoting a sound financial management and control framework. We would also like to thank all those staff whose efforts have contributed to the preparation of these accounts.

**John Campbell**  
Chair

**Simon Bradbury**  
Lead Officer

**Paul Garrett**  
Treasurer

**26 June 2026**

## 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 these Unaudited Annual Accounts were approved for signature by the Transport Partnership at its meeting on 26 June 2026.

### Signed on behalf of South West of Scotland Transport Partnership

**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 2026.

**Paul Garrett**  
Treasurer  
26 June 2026

### **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 2025/26. The Partnership's officers and Board members have continued to participate in the development of local, regional and national initiatives including the People and Place programme, procurement of the local bus network and strategic oversight of the regional rail network.

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 2026.

### **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: -

- 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 27 June 2025 received a follow up on the internal audit undertaken by Dumfries and Galloway Council's Internal Audit Service on internal control, risk management and governance arrangements of the Transport Partnership and the planned work for 2025/26.
- The Board at its meeting of 30 January 2026 considered a report on the SWestrans staffing structure and agreed the integration of SWestrans operational staff with Dumfries and Galloway Council's Transport and Infrastructure Service as well as the recruitment of a part time SWestrans Lead Officer to oversee the strategic functions of the regional partnership. Appointment of the Lead Officer position will be reported to the Board in due course along with a Service Level Agreement between Dumfries and Galloway Council and SWestrans to provide clarity and safeguard the proposed arrangements, including the independence of both the Lead Officer and SWestrans.

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 2026. We are satisfied that the actions identified in the Statement will address the issues highlighted, reflecting the Partnership's commitment to continuous improvement.

**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**

(To be inserted following completion of the Audit)







## Comprehensive Income & Expenditure Statement

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

2024/25			2025/26			
Gross Expenditure	Income	Net Expenditure		Gross Expenditure	Income	Net Expenditure
£000	£000	£000		£000	£000	£000
5,561	(5,561)	0	Roads and Transport Services	5,916	(5,977)	(61)
<b>5.561</b>	<b>(5,561)</b>	<b>0</b>	<b>Net Cost of Services</b>	<b>5,916</b>	<b>(5,977)</b>	<b>(61)</b>
		1,113	(Gains) & losses on sale of non-current assets			1,599
		(1,113)	Capital grants & contributions			(1,599)
		<b>0</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>(61)</b>
		<b>0</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>0</b>
		<b>0</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(61)</b>

### 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 £000	Capital Adjustment Account £000	Revaluation Reserve £000	Total Unusable Reserves £000	£000
<b>Balance at 31 March 2024</b>	0	0	0	0	0
<b>Movements in Reserves during 2024/25</b>					
(Surplus) or Deficit on provision of services	0	0	0	0	0
Other Comprehensive Income & Expenditure	0	0	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Adjustments to usable reserves permitted by accounting standards	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	0	0	0	0	0
<b>Net (increase)/ decrease before transfers to /(from) other statutory reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Transfers to/(from) Other Statutory Reserves	0	0	0	0	0
<b>Overall (Increase)/Decrease in year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movements in Reserves during 2025/26</b>					
(Surplus) or Deficit on provision of services	(61)	0	0	0	(61)
Other Comprehensive Income & Expenditure	0	0	0	0	0
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>
Adjustments to usable reserves permitted by accounting standards	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	0	0	0	0	0
<b>Net (increase)/ decrease before transfers to /(from) other statutory reserves</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>
Transfers to/(from) Other Statutory Reserves	0	0	0	0	0
<b>Overall (Increase)/Decrease in year</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>
<b>Balance at 31 March 2026 carried forward</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(61)</b>

## 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”.

<b>31 March 2025</b>		<b>31 March 2026</b>	<b>Note</b>
<b>£000</b>		<b>£000</b>	
0	Property, Plant & Equipment	0	9
<b>0</b>	<b>Long Term Assets</b>	<b>0</b>	
	Short Term Debtors		
260	- Central Government bodies	59	
115	- Other entities & individuals	220	
0	Cash & Cash Equivalents	61	10
<b>375</b>	<b>Current Assets</b>	<b>340</b>	
	Short Term Creditors		
	- Central Government bodies	(1)	
(375)	- Other entities & individuals	(278)	
<b>(375)</b>	<b>Current Liabilities</b>	<b>(279)</b>	
<b>0</b>	<b>Net Assets/(Liabilities)</b>	<b>61</b>	
	Usable Reserves	61	11
0	Unusable Reserves	0	12
<b>0</b>	<b>Total Reserves</b>	<b>61</b>	

The unaudited annual accounts were issued on 26 June 2026.

**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.

<b>2024/25</b>	<b>2025/26</b>
<b>£000</b>	<b>£000</b>
0 Net (surplus) or deficit on the provision of services	(61)
(1,113) Adjustment to net (surplus) on the provision of services for non-cash movements	(1,599)
<b>(1,113) Net cash flow from or used in operating activities</b>	<b>(1,660)</b>
Investing activities	
1,113 - Purchase of property, plant & equipment	1,599
<b>0 Net (increase) or decrease in cash and cash equivalents</b>	<b>(61)</b>
0 Cash and cash equivalents at the beginning of the period	0
<b>0 Cash and cash equivalents at the end of the reporting period</b>	<b>(61)</b>

## Notes to the Accounts

### 1. Summary of Significant Accounting Policies

#### a) General Principles

The Annual Accounts summarise the Partnership's transactions for the 2025/2026 financial year and its financial position at the year end of 31 March 2026. 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 2025/26,
- 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.

#### **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.

#### **Operational versus Finance Leases**

These accounts were initially 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 with appointed auditors have concluded the accounts should recognise these contracts as finance leases. Therefore, those deemed a finance lease have been derecognised and removed from the balance sheet. Accounting policies in this section have been updated to highlight the treatment of these arrangements as finance leases.

### The Partnership as Lessor

#### *Finance leases*

The Partnership has entered into leases relating to the operational use of vehicles, which are accounted for as finance leases. Where the Partnership grants a lease over a vehicle the asset is not recognised on the Balance Sheet because it is anticipated all risks and rewards are transferred to the contracted operator.

### **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.

#### 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.

### **l) 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.

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## **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 2026/27 Code by the Council on 1 April 2026:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

It is currently not anticipated that the changes set out in a) to d) will impact the preparation or presentation of SWestrans accounts in 2026/27.

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## **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. There are no critical judgements to disclose.

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## **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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year.

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## 5. Events After the Balance Sheet Date

The Unaudited Annual Accounts were issued by the Treasurer on 26 June 2026. 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.

## 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.

	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
<b>SWestrans</b>	0	0	0
<b>Net Costs of Services</b>	0	0	0
Other Comprehensive Income and Expenditure	0	0	0
(Gains)/Losses on sale of non-current assets	0	1,113	1,113
Capital grants & contributions	0	(1,113)	(1,113)
<b>(Surplus)/Deficit on the Provision of Services</b>	0	0	0

	2025/26 Net Expenditure Chargeable to the General Fund £000	2025/26 Adjustments between the Funding and Accounting Basis £000	2025/26 Expenditure in the Comprehensive Income & Expenditure Statement £000
<b>SWestrans</b>	(61)	0	(61)
<b>Net Costs of Services</b>	(61)	0	(61)
<b>Other Comprehensive Income and Expenditure</b>			
(Gains)/Losses on sale of non-current assets	0	1,599	1,599
Capital grants & contributions	0	(1,599)	(1,599)
<b>(Surplus)/Deficit on the Provision of Services</b>	(61)	0	(61)

## 7. 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 the cost of the Lead Officer who supported SWestrans activities on a full time basis in 2025/26. Their remuneration for short term benefits is set below (note share of pension movements is unavailable):

	2024/25 £000	2025/26 £000
SWestrans' charge of wages and salaries	5	178

## 8. Payments to Members

No payments were made to Members of the SWestrans Board during 2025/26 or 2024/25.

## 9. External Audit Fees

The external audit fee payable for 2025/26 was £13,360 (£12,800 in 2024/25). There were no fees paid for non-audit services.

## 10. Grant Income

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

	2024/25 £000	2025/26 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Capital grants & contributions	(1,113)	(1,599)
<b>Total</b>	<b>(1,113)</b>	<b>(1,599)</b>
<b>Credited to Services</b>		
Scottish Government grants	(1,084)	(1,308)
Dumfries & Galloway Council service funding	(4,281)	(4,490)
<b>Total</b>	<b>(5,365)</b>	<b>(5,798)</b>

### 11. Property, Plant & Equipment

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

	2024/25 Vehicles	2025/26 Vehicles
	£000	£000
<b>Cost or Valuation</b>		
<b>At 1 April</b>	0	0
Additions	1,113	1,599
Revaluations	0	0
Disposals	(1,113)	(1,599)
<b>At 31 March</b>	0	0
<b>Accumulated Depreciation at 1 April</b>	0	0
Charge for year	0	0
Write Back on Disposal	0	0
Write back on Revaluation	0	0
<b>Accumulated Depreciation at 31 March</b>	0	0
<b>Net Book Value at 31 March</b>	0	0

### 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.

### 12. Cash and Cash Equivalents

The balance of Cash & Cash Equivalents identified in the Balance Sheet comprises of the following elements:-

	2024/25	2025/26
	£000	£000
Cash held by the Transport Partnership	0	61
<b>TOTAL Cash and Cash Equivalents</b>	0	61

### 13. Usable Reserves

The following table lists the Usable Reserves held by the Transport Partnership, with the movements reflecting those set out in the Movement in the Reserves Statement.

#### General Fund

The following table summarises the amounts available to the Transport Partnership within General Fund balances. These resources will help support unforeseen expenditure demands and assist with cash flow management.

	2024/25	2025/26
	£000	£000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Transfer from General Funds	0	(61)
<b>Balance at 31 March</b>	<b>0</b>	<b>(61)</b>

#### 14. 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.

	2024/25	2025/26
	£000	£000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Assets Disposed of during the year	1,113	1,599
Depreciation of non-current assets	0	0
Capital grants & contributions credited to the Comprehensive Income & Expenditure Statement	(1,113)	(1,599)
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

##### Revaluation Reserve

The Revaluation Reserve contains the gains made by SWestrans 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.

	2024/25	2025/26
	£000	£000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Assets Disposed of during the year	0	0
Upward Revaluations of assets	0	0
Difference between fair value depreciation and historical cost depreciation	0	0
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

#### 15. Leases

##### Partnership as Lessor

SWestrans shall account for leases applying IFRS16 as adopted by the Code from 1 April 2024. Where SWestrans is party to a lease for nil consideration, in which it is acting as lessor and the

lease is classified as finance lease, the Code requires it will derecognise the asset being provided to the third party and recognise any unguaranteed residual value in accordance with the requirements of IFRS 16.

In 2025/26, SWestrans purchased no buses (7 buses in 2024/25) and 27 (40 in 2024/25) buses are leased to private bus operators as part of specific route tenders. No income is received from these finance leases.

## 16. Financial Instruments

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	
	2024/25 £000	2025/26 £000
<b>Financial Liabilities</b>		
Short term creditors (current)	(375)	(279)
	Current- Amortised cost	
	2024/25 £000	2025/26 £000
<b>Financial assets</b>		
Short term debtors (current)	115	149

There were no gains and losses recognised in the comprehensive Income and Expenditure Statement in relation to financial instruments during 2025/26 (2024/25: £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 2026. 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.

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## **17. 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 funding to support the day-to-day operation of the SWestrans Transport Partnership under the Transport (Scotland) Act 2005. In 2025/26, the Council provided £100k (£100k in 2024/25) as match funding to a Scottish Government grant for core running costs, £401k (£404k in 2024/25) for the use of the public bus service to transport pupils to school with a further £3,989k (£3,777k in 2024/25) requisitioned by the Transport Partnership to cover general operating costs in 2025/26. The Council received funding of £743k from Swestrans to support the provision of DGC buses as an operator of last resort following the re-procurement of local bus services during the year, and the withdrawal of Stagecoach from the region. SWestrans does not employ its own staff and during 2025/26 Dumfries & Galloway Council charged SWestrans £376k (£268k in 2024/25) in respect of staff support, supplies and other support services. At the year-end £49k (£4k in 2024/25) was outstanding for payments to Dumfries and Galloway Council and £191k (£188k in 2024/25) in relation to sums held in the Dumfries and Galloway Council Loans Fund.

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