

**WEST MIDLANDS INTEGRATED TRANSPORT  
AUTHORITY**

**AND**

**WEST MIDLANDS PASSENGER TRANSPORT  
EXECUTIVE**

**GROUP FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

## **TABLE OF CONTENTS**

	Page
Group Comprehensive Income and Expenditure Statement.....	2
Group Movement in Reserves Statement .....	3
Group Balance Sheet .....	4
Group Cashflow Statement.....	5
Notes to the Group accounts.....	6

## WEST MIDLANDS INTEGRATED TRANSPORT AUTHORITY

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (the Local Authority Code of Practice) rather than the amount to be funded from the levy. The reconciliation from the accounting cost shown in the line "Total comprehensive income and expenditure" to the funding position is shown at the bottom of the statement.

2014/2015			Notes	2015/2016		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			<b>Contractual expenditure</b>			
75,090	-	75,090	Concessionary fares	70,850	-	70,850
245	-	245	Rail services	526	-	526
9,236	-	9,236	Special needs services	8,519	-	8,519
8,908	(1,082)	7,826	Subsidised services	8,729	(1,276)	7,453
93,479	(1,082)	92,397		88,624	(1,276)	87,348
			<b>Operational expenditure</b>			
21,926	(8,889)	13,037	Infrastructure and other premises	23,132	(9,205)	13,927
6,520	-	6,520	Promotions, information and initiatives	6,385	-	6,385
12,910	(1,360)	11,550	Management costs	14,002	(1,311)	12,691
5,046	-	5,046	Other costs	5,352	-	5,352
24,643	(14,026)	10,617	Capital development and district schemes	9,223	(8,028)	1,195
71,045	(24,275)	46,770		58,094	(18,544)	39,550
<b>164,524</b>	<b>(25,357)</b>	<b>139,167</b>	<b>Highways and transport services</b>	<b>146,718</b>	<b>(19,820)</b>	<b>126,898</b>
2,154	(12)	2,142	Corporate and democratic core	2,490	(117)	2,373
847	-	847	Non-distributed costs	575	-	575
<b>167,525</b>	<b>(25,369)</b>	<b>142,156</b>	<b>Cost of services</b>	<b>149,783</b>	<b>(19,937)</b>	<b>129,846</b>
134	-	134	Other operating expenditure	12,336	-	12,336
12,984	(402)	12,582	Financing and investment income and expenditure	12,139	(386)	11,753
5,734	(160,562)	(154,828)	Taxation and non-specific grant income	1,952	(163,366)	(161,414)
36,358	(36,358)	-	DfT grant income and expenditure	41,743	(41,743)	-
<b>222,735</b>	<b>(222,691)</b>	<b>44</b>	<b>Deficit/(surplus) on provision of services</b>	<b>217,953</b>	<b>(225,432)</b>	<b>(7,479)</b>
		872	Actuarial losses/(gains) on pension assets/liabilities			19,823
		<b>916</b>	<b>Total comprehensive income and expenditure</b>			<b>12,344</b>
		(872)	Transfer to pension reserve			(19,823)
		(1,261)	Adjustments between accounting basis and funding basis*			6,601
		145	Transfer to earmarked reserve - ITA			(145)
		<b>(1,072)</b>	<b>Surplus for the year under funding basis</b>			<b>(1,023)</b>

\*Adjustments between accounting basis and funding basis are due to the different accounting treatments for capital grants and pension costs, as detailed in the Movements in Reserves Statement on the line "Total adjustments between accounting basis and funding basis under regulations" (page 3).

There were no acquisitions or discontinued operations during the year (2015 – none).

# WEST MIDLANDS INTEGRATED TRANSPORT AUTHORITY

## GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the West Midlands Integrated Transport Authority (ITA) and the West Midlands Passenger Transport Executive (PTE), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' i.e. those allocated for specific purposes.

	Usable reserves			Unusable reserves				Total reserves £'000
	General fund balance	Earmarked reserve	Capital grants unapplied	Revaluation reserve	Deferred capital grants account	Capital adjustment account	Pension reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 31 March 2014</b>	8,238	12,704	207	7,802	124,173	(85,232)	(81,925)	(14,033)
<b>Movements in reserves during 2013/14</b>								
Deficit on provision of services	(44)	-	-	-	-	-	-	(44)
Actuarial losses	-	-	-	-	-	-	(872)	(872)
<b>Total comprehensive income and expenditure for the year</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(872)</b>	<b>(916)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
DfT grants received	(52,486)	(84)	(11)	-	16,223	36,358	-	-
DfT grants paid	36,358	-	-	-	-	(36,358)	-	-
Capital grant paid to PTE	10,617	-	-	-	-	(10,617)	-	-
Capital grants released (depreciation and amortisation)	12,868	-	-	-	(6,274)	(6,594)	-	-
Capital grants released (disposals and revaluations)	133	-	-	-	420	(553)	-	-
Minimum revenue provision - MRP	(7,738)	-	-	-	-	7,738	-	-
Debt repayment (Transferred debt)	(470)	-	-	-	-	470	-	-
Capital expenditure charged to the general fund	(2,974)	-	-	-	-	2,974	-	-
Grants applied	7,223	(7,218)	(5)	-	-	-	-	-
Transfer to pension reserve	(2,483)	-	-	-	-	-	2,483	-
Depreciation transfer on land and buildings	213	-	-	(213)	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>1,261</b>	<b>(7,302)</b>	<b>(16)</b>	<b>(213)</b>	<b>10,369</b>	<b>(6,582)</b>	<b>2,483</b>	<b>-</b>
<b>Increase/(decrease) in year before transfer to earmarked reserves</b>	<b>1,217</b>	<b>(7,302)</b>	<b>(16)</b>	<b>(213)</b>	<b>10,369</b>	<b>(6,582)</b>	<b>1,611</b>	<b>(916)</b>
<b>Transfers to earmarked reserves</b>	<b>(5,096)</b>	<b>5,096</b>						
<b>Increase/(decrease) in year</b>	<b>(3,879)</b>	<b>(2,206)</b>	<b>(16)</b>	<b>(213)</b>	<b>10,369</b>	<b>(6,582)</b>	<b>1,611</b>	<b>(916)</b>
<b>Balance at 31 March 2015</b>	<b>4,359</b>	<b>10,498</b>	<b>191</b>	<b>7,589</b>	<b>134,542</b>	<b>(91,814)</b>	<b>(80,314)</b>	<b>(14,949)</b>
<b>Movements in reserves during 2015/16</b>								
Surplus on provision of services	7,479	-	-	-	-	-	-	7,479
Actuarial losses	-	-	-	-	-	-	(19,823)	(19,823)
<b>Total comprehensive income and expenditure for the year</b>	<b>7,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,823)</b>	<b>(12,344)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
DfT grants received	(61,237)	1,516	-	-	17,978	41,743	-	-
DfT grants paid	41,743	-	-	-	-	(41,743)	-	-
Capital grant paid to PTE	770	-	-	-	-	(770)	-	-
Capital grants released (depreciation and amortisation)	14,377	-	-	-	(7,383)	(6,994)	-	-
Capital grants released (disposals and revaluations)	12,583	-	-	-	(316)	(12,267)	-	-
Minimum revenue provision - MRP	(7,156)	-	-	-	-	7,156	-	-
Debt repayment (Transferred debt)	(517)	-	-	-	-	517	-	-
Capital expenditure charged to the general fund	(457)	-	-	-	-	457	-	-
Grants applied	1,099	(908)	(191)	-	-	-	-	-
Grants unapplied	(4,563)	4,563	-	-	-	-	-	-
Transfer capital receipts	(247)	-	247	-	-	-	-	-
Transfer to pension reserve	(3,208)	-	-	-	-	-	3,208	-
Depreciation transfer on land and buildings	212	-	-	(212)	-	-	-	-
<b>Total adjustments between accounting basis and funding basis under regulations</b>	<b>(6,601)</b>	<b>5,171</b>	<b>56</b>	<b>(212)</b>	<b>10,279</b>	<b>(11,901)</b>	<b>3,208</b>	<b>-</b>
<b>Increase/(decrease) in year before transfer to earmarked reserves</b>	<b>878</b>	<b>5,171</b>	<b>56</b>	<b>(212)</b>	<b>10,279</b>	<b>(11,901)</b>	<b>(16,615)</b>	<b>(12,344)</b>
<b>Transfers to earmarked reserves</b>	<b>(2,715)</b>	<b>2,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase/(decrease) in year</b>	<b>(1,837)</b>	<b>7,886</b>	<b>56</b>	<b>(212)</b>	<b>10,279</b>	<b>(11,901)</b>	<b>(16,615)</b>	<b>(12,344)</b>
<b>Balance at 31 March 2016</b>	<b>2,522</b>	<b>18,384</b>	<b>247</b>	<b>7,377</b>	<b>144,821</b>	<b>(103,715)</b>	<b>(96,929)</b>	<b>(27,293)</b>

# WEST MIDLANDS INTEGRATED TRANSPORT AUTHORITY

## GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the ITA and the PTE. The net assets (assets less liabilities) are matched by the reserves held by the ITA and the PTE. Reserves are reported in two categories – usable and unusable. Usable reserves are those that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that are not able to be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences.

31 March 2015		Notes	31 March 2016
£'000			£'000
231,489	Property, plant and equipment	10	245,895
62	Intangible assets	11	-
<b>231,551</b>	<b>Long term assets</b>		<b>245,895</b>
32,980	Short-term debtors	13	25,803
10,000	Short-term investments	14	-
27,393	Cash and cash equivalents	15	29,347
<b>70,373</b>	<b>Current assets</b>		<b>55,150</b>
(1,610)	Finance lease liabilities	16	(1,647)
(2,668)	PWLB		(7,672)
(109)	Other loans		(109)
(517)	Dudley MBC		(569)
(35,481)	Short-term creditors	17	(38,070)
(5,307)	Provisions	18	(6,297)
(45,692)	<b>Current liabilities</b>		<b>(54,364)</b>
<b>24,681</b>	<b>Net current assets/(liabilities)</b>		<b>786</b>
(1,000)	Provisions	18	(1,000)
(4,324)	Finance lease liabilities	16	(2,677)
(153,010)	PWLB		(147,719)
(10,000)	Other loans		(10,000)
(9,068)	Dudley MBC		(8,499)
(13,465)	Capital grants receipts in advance	19	(13,450)
(80,314)	Employee benefit	21	(90,629)
(271,181)	<b>Long term liabilities</b>		<b>(273,974)</b>
<b>(14,949)</b>	<b>Net liabilities</b>		<b>(27,293)</b>
4,359	General fund balance	20	2,522
10,498	Earmarked reserve	20	18,384
191	Capital grants unapplied reserve	20	247
<b>15,048</b>	<b>Usable reserves</b>		<b>21,153</b>
7,589	Revaluation reserve	20	7,377
134,542	Deferred capital grants account	20	144,821
(91,814)	Capital adjustment account	20	(103,715)
(80,314)	Pension reserve	21	(96,929)
(29,997)	<b>Unusable reserves</b>		<b>(48,446)</b>
<b>(14,949)</b>	<b>Total reserves</b>		<b>(27,293)</b>

# WEST MIDLANDS INTEGRATED TRANSPORT AUTHORITY

## GROUP CASHFLOW STATEMENT

The Cashflow Statement shows the changes in cash and cash equivalents of the ITA and the PTE during the reporting period. The statement shows how ITA and the PTE generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the ITA/PTE are funded by way of grant income or from the recipients of services provided by the PTE. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery.

31 March 2015 £'000		31 March 2016 £'000
(44)	<b>Net (deficit)/surplus on the provision of services</b>	7,479
	<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	
13,687	Charges for depreciation and impairment of non-current assets	14,529
421	Amortisation of intangible assets	62
3,069	Net amounts of non-current assets written off on disposal	12,336
(2,483)	Change in pension reserve	(3,208)
	<b>Working capital adjustments:</b>	
(12,902)	(Increase)/decrease in short-term debtors	7,177
-	Pension prepayment 2016/17	(6,300)
4,264	Increase in short-term creditors	2,589
2,655	Increase in provisions	990
8,711		28,175
9,366	Net interest payable	9,568
(9,470)	Interest paid	(9,878)
269	Interest received	303
165		(7)
	<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
(52,486)	Capital grants received	(61,237)
36,358	Capital grants paid	41,743
<b>(7,296)</b>	<b>Net cash flows from operating activities</b>	<b>16,153</b>
	<b>Investing activities</b>	
(45,734)	Purchase of property, plant and equipment	(41,518)
-	Proceeds for disposal of property, plant and equipment	247
16,128	Capital grants received for the purchase of property, plant and equipment	19,494
(10,000)	(Increase)/decrease in short-term investments	10,000
31	Reduction in investment	-
<b>(39,575)</b>		<b>(11,777)</b>
	<b>Financing activities</b>	
20,000	New loans	-
(1,574)	Payment of finance lease liabilities	(1,610)
(7,301)	(Decrease) in capital grants receipts in advance	(15)
(152)	PWLB - repayment of loan	(280)
(470)	Dudley MBC - repayment of principal	(517)
<b>10,503</b>	<b>Net cash flows from financing activities</b>	<b>(2,422)</b>
<b>(36,368)</b>	<b>Net increase or decrease in cash and cash equivalents</b>	<b>1,954</b>
63,761	Cash and cash equivalents at 1 April	27,393
<b>27,393</b>	<b>Cash and cash equivalents at 31 March (note 16)</b>	<b>29,347</b>

# WEST MIDLANDS INTEGRATED TRANSPORT AUTHORITY

## NOTES TO THE GROUP ACCOUNTS

### 1. Group structure

These accounts consolidate the accounts of the West Midlands Integrated Transport Authority (ITA) with the accounts of the West Midlands Passenger Transport Executive (PTE). The ITA is a Joint Authority of the seven Metropolitan Authorities in the West Midlands, and sets policies and budgets for the public sector transport responsibilities in the area. The policies are implemented by the PTE. As the ITA exerts considerable control over the PTE, a group relationship exists between the organisations.

The ITA is classified as a local authority and the PTE is classified as a 100% owned subsidiary of the ITA. The group accounts are therefore prepared, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), via merger accounting, as opposed to acquisition accounting.

The ITA has no formal relevant interests in any other organisations and consequently these accounts only consolidate the accounts of the ITA and the PTE.

The ITA is liable for any accumulated deficits / losses of the PTE. If these losses could not be met by the use of reserves, the ITA would have to raise a supplementary levy on the Districts. Continuing reviews of areas of risk are undertaken and the PTE / ITA hold reserves which could be used should these risks materialise. As at 31 March 2016 the PTE had net assets of £163.929m (2015: £164.460m). During the year the PTE made a net surplus of £1.074m (2015: £0.919m) to be transferred to the general fund.

### 2. Basis of preparation

The financial statements have been prepared in accordance with the Accounts and Audit Regulations 2011. Proper practices are set out in the Code.

Income and expenditure is accounted for on an accruals basis (recognised in the period to which they relate) rather than when cash payments are made or received.

### 3. Significant accounting policies

#### a) Consolidation

The accounts of Midland Metro Limited, Network West Midlands Limited, Centro Properties Ltd and West Midlands Rail Limited which are wholly owned subsidiaries of the PTE, have not been consolidated with those of the PTE because the companies have never traded and do not hold any assets or liabilities.

#### b) Alignment of accounting policies

The group accounts have been prepared by applying consistent accounting policies to the ITA and the PTE. This has ensured that consistent accounting policies have been applied during the consolidation of the two sets of accounts. These accounting policies can be found in the individual ITA and PTE accounts.

## Notes to the Group Comprehensive Income and Expenditure Statement

### 4. Consolidation adjustments

The following adjustments were made to the PTE / ITA's Comprehensive Income and Expenditure Statement in order to prepare the combined Group Income and Expenditure Statement.

- Revenue grants of £112.701m (2015: £116,546m) and capital grants of £24.310m (2015: £37.192m) paid by the ITA to the PTE have been removed from surplus/deficit on provision of services.

### 5. Officers' remuneration

The remuneration paid to the ITA and PTE's senior officers is as follows:

2014/2015					2015/2016			
Salary	Compensation	Pension	Total		Salary	Compensation	Pension	Total
£'000	for loss of office £'000	Contributions £'000	£'000		£'000	for loss of office £'000	Contributions £'000	£'000
156	-	19	175	Chief Executive - Geoff Inskip	117	157	14	288
106	-	12	118	Finance Director	122	-	14	136
98	-	11	109	Customer Experience Director	72	-	8	80
-	-	-	-	Director of Integrated Mobility	84	-	10	94
-	-	-	-	Strategic Director for Transport	34	-	4	38
11	-	-	11	Non Executive Director	-	-	-	-
11	-	-	11	Non Executive Director	-	-	-	-

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

2014/2015 No's		2015/2016 No's
11	£50,000 - £54,999	9
7	£55,000 - £59,999	5
6	£60,000 - £64,999	4
1	£65,000 - £69,999	5
6	£70,000 - £74,999	2
-	£75,000 - £79,999	2

The numbers of exit packages with total cost per band and total cost of the compulsory redundancies as payable during the year are set out in the table below. Exit packages include pension contributions paid to the pension fund.



2014/2015		Exit package cost band	2015/2016	
No's	£'000		No's	£'000
13	161	£0 - £20,000	3	30
6	151	£20,001 - £40,000	1	21
2	91	£40,001 - £60,000	-	-
3	203	£60,001 - £80,000	1	80
1	91	£80,001 - £100,000	-	-
-	-	£100,001 +	2	414
<b>25</b>	<b>697</b>	<b>Total</b>	<b>7</b>	<b>545</b>

## 6. Other costs

Charges relating to work undertaken by external auditors:

2014/2015 £'000		2015/2016 £'000
39	Annual statutory audit - PTE	39
20	Annual statutory audit - ITA	20
36	Other services	17
<b>95</b>	<b>Total</b>	<b>76</b>

## 7. Financing and investment income and expenditure

2014/2015 £'000		2015/2016 £'000
	<b>Gross expenditure</b>	
8,989	External interest on borrowing	9,264
646	External interest on transferred debt	607
9,635		9,871
3,349	Net interest cost of pension scheme (note 21)	2,268
12,984		12,139
	<b>Gross income</b>	
-	Heritable Bank	(161)
(269)	Investment interest received	(142)
(13)	Bank interest received	(8)
(120)	Other income	(75)
(402)		(386)
<b>12,582</b>	<b>Net expenditure</b>	<b>11,753</b>

## 8. Taxation and non-specific grant income

2014/2015 £'000		2015/2016 £'000
	<b>Revenue grants</b>	
138,700	ITA levy	131,400
-	LSTF - revenue grant	5,467
-	DfT - Midlands Connect programme	5,000
-	Other	53
<b>138,700</b>		<b>141,920</b>
	<b>Capital grants</b>	
5,000	DfT - Bilston	-
1,451	Local Growth Fund - accrued grant	-
5,734	Capital grants paid to districts	1,952
23,036	Transfers from capital grants received in advance (note 19)	25,487
35,221		27,439
(13,359)	Grants funding capital development/district schemes	(8,028)
(5,734)	Capital grants paid to districts (note 19)	(1,952)
16,128	Grants funding property, plant and equipment	17,459
-	Ring and Ride vehicles	519
-	Transfers from capital grants received in advance (note 19)	1,516
<b>16,128</b>		<b>19,494</b>
<b>154,828</b>	<b>Total grants</b>	<b>161,414</b>

## Notes to the Group Balance Sheet

### 9. Consolidation adjustments

The following adjustments were made to net off inter-company balances and prepare the Group Balance Sheet:

- Short-term creditors and short-term debtors have been reduced by £35.381m (2015: £35.322m) receivable by the PTE from the ITA.
- The ITA grant element of the PTE's deferred capital grants account of £93.697m (2015: £89.418m) has been offset against the ITA's capital adjustment account.

### 10. Property, plant and equipment

Other land and buildings include the head office at Summer Lane and non-operational land acquired for the future expansion of park and ride sites and the Midland Metro system.

Assets under construction consists of expenditure on the extension to park and ride facilities and the construction of the Midland Metro extension. Vehicles, plant and equipment include Ring and Ride vehicles with a carrying value of £1.715m (2015: £1.855m), included on the PTE's Balance Sheet in accordance with IFRIC 4. Additions during the year for Ring and Ride were £0.519 (2015: £nil).

## Movements in 2015/16:

	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets			Assets under construction	Total
			Bus stations, shelters, park and ride sites	Trams	Midland Metro		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
As at 1 April 2015	3,906	36,373	65,717	56,951	158,972	62,602	384,521
Additions - capital programme	-	1,081	1,197	-	1,324	37,397	40,999
Additions - other	-	519	-	-	-	-	519
Transfers	-	724	3,932	2,756	36,245	(43,657)	-
Transfer to provision of services	-	-	-	-	-	(191)	(191)
Disposals	(330)	-	(70)	(20,747)	-	(12,051)	(33,198)
<b>As at 31 March 2016</b>	<b>3,576</b>	<b>38,697</b>	<b>70,776</b>	<b>38,960</b>	<b>196,541</b>	<b>44,100</b>	<b>392,650</b>
<b>Accumulated depreciation</b>							
As at 1 April 2015	97	23,059	15,483	21,954	92,439	-	153,032
Charge for the year	98	2,681	2,899	1,300	7,551	-	14,529
Disposals	-	-	(59)	(20,747)	-	-	(20,806)
<b>As at 31 March 2016</b>	<b>195</b>	<b>25,740</b>	<b>18,323</b>	<b>2,507</b>	<b>99,990</b>	<b>-</b>	<b>146,755</b>
<b>Net Book Value</b>							
<b>As at 31 March 2016</b>	<b>3,381</b>	<b>12,957</b>	<b>52,453</b>	<b>36,453</b>	<b>96,551</b>	<b>44,100</b>	<b>245,895</b>
As at 31 March 2015	3,809	13,314	50,234	34,997	66,533	62,602	231,489

## Comparative movements in 2014/15:

	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets			Assets under construction	Total
			Bus stations, shelters, park and ride sites	Trams	Midland Metro		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
As at 1 April 2014	4,606	34,582	61,229	20,747	141,588	79,659	342,411
Additions - capital programme	-	1,666	3,190	8,476	3,397	29,005	45,734
Transfers	(700)	376	1,735	27,728	13,987	(43,126)	-
Transfer to provision of services	-	-	-	-	-	(2,936)	(2,936)
Disposals	-	(251)	(437)	-	-	-	(688)
<b>As at 31 March 2015</b>	<b>3,906</b>	<b>36,373</b>	<b>65,717</b>	<b>56,951</b>	<b>158,972</b>	<b>62,602</b>	<b>384,521</b>
<b>Accumulated depreciation</b>							
As at 1 April 2014	-	20,549	13,146	19,718	86,487	-	139,900
Charge for the year	97	2,750	2,652	2,236	5,952	-	13,687
Disposals	-	(240)	(315)	-	-	-	(555)
<b>As at 31 March 2015</b>	<b>97</b>	<b>23,059</b>	<b>15,483</b>	<b>21,954</b>	<b>92,439</b>	<b>-</b>	<b>153,032</b>
<b>Net Book Value</b>							
<b>As at 31 March 2015</b>	<b>3,809</b>	<b>13,314</b>	<b>50,234</b>	<b>34,997</b>	<b>66,533</b>	<b>62,602</b>	<b>231,489</b>
As at 31 March 2014	4,606	14,033	48,083	1,029	55,101	79,659	202,511

## Revaluations

All other land and buildings are revalued at least every five years at fair value and a valuation was carried out as at 31 March 2014. This valuation was carried out by Bruton Knowles, an accredited independent valuer in accordance with the Practice Statements in the Valuation Standards (The Red Book) published by The Royal Institution of Chartered Surveyors. Fair value is determined by reference to market

based evidence. This means that valuations performed by the valuer are based on active market prices adjusted for any difference in the nature, location or condition of the asset.

Between valuations, a desktop review is carried out by independent valuers for indications of material changes to values and adjustments are made to the carrying value of assets as appropriate. The desktop review at 31 March 2016 was carried out by Bruton Knowles confirmed that there were no adjustments to be made.

	Other land and buildings £'000	Vehicles, plant and equipment £'000	Infrastructure assets			Assets under construction £'000	Total £'000
			Bus stations, shelters, park and ride sites £'000	Trams £'000	Midland Metro £'000		
<b>Carried at historical cost</b>	-	38,697	70,776	38,960	196,541	44,100	389,074
<b>Valued at fair value as at:</b> 31 March 2014	3,576	-	-	-	-	-	3,576
<b>Total cost or valuation</b>	<b>3,576</b>	<b>38,697</b>	<b>70,776</b>	<b>38,960</b>	<b>196,541</b>	<b>44,100</b>	<b>392,650</b>

## 11. Intangible assets

Intangible assets consist of costs incurred in the development and implementation of equipment, systems and services for introducing ITSO-compliant smartcard ticketing in the West Midlands. The costs are fully funded by capital grants.

31 March 2015 £'000		31 March 2016 £'000
13,327	<b>Cost</b> At 1 April	13,327
-	Additions	-
13,327	At 31 March	13,327
12,844	<b>Amortisation</b> At 1 April	13,265
421	Charge for the year	62
13,265	At 31 March	13,327
62	<b>Net Book Value</b> As at 31 March	-

## 12. Investments

The PTE owns 100% of the issued shares of the following subsidiaries, which were incorporated in England. The investments were held at 31 March 2015 and 31 March 2016.

	Share capital	Nature of business
Midland Metro Limited	£100	Non - trading
Network West Midlands Limited	£100	Non - trading
Centro Properties Ltd	£100	Non - trading
West Midlands Rail Limited	n/a - limited by guarantee	Non - trading

Midland Metro Ltd was incorporated under the Companies Act 1985 as a private limited company on 16 March 1988.

Network West Midlands Ltd was incorporated under the Companies Act 1985 as a private limited company on 31 July 2000.

Centro Properties Ltd was incorporated under the Companies Act 2006 as a private limited company on 01 December 2009.

West Midlands Rail Ltd was incorporated under the Companies Act 2006 as a private limited company (limited by guarantee) on 10 April 2014. This company is non-trading.

### 13. Short-term debtors

31 March 2015 £'000		31 March 2016 £'000
10,775	Trade debtors and accrued income	12,362
2,990	Other debtors	2,101
19,215	Prepayments	11,340
<b>32,980</b>	<b>Total</b>	<b>25,803</b>
	Analysed between the following classes of debtors:	
4,367	Central government bodies	4,831
6,175	Other local authorities	5,822
22,438	Other entities and individuals	15,150
<b>32,980</b>	<b>Total</b>	<b>25,803</b>

### 14. Short-term investments

31 March 2015 £'000		31 March 2016 £'000
10,000	Short-term deposits (original maturity over three months)	-
<b>10,000</b>	<b>Total</b>	<b>-</b>

## 15. Cash and cash equivalents

31 March 2015 £'000		31 March 2016 £'000
26,600	Short-term deposits (original maturity three months or less)	28,150
2,750	Altram refundable deposits	2,750
793	Cash at bank	1,197
30,143		32,097
(2,750)	Less amount to be repaid to Altram	(2,750)
<b>27,393</b>	<b>Cash and cash equivalents in the balance sheet</b>	<b>29,347</b>

The PTE holds £2.750m (2015: £2.750m) from Altram, its private sector partner in the Midland Metro Project, as a deposit against unforeseen circumstances. Centro invests this sum short-term with any interest accruing repaid to Altram.

## 16. Finance lease liabilities

In 1998 the PTE entered into two finance leases with Royal Bank Leasing in connection with the vehicles for Metro Line 1. The first lease covers two vehicles and the second lease covers the remaining 13. The initial cost of all 15 vehicles was £20.747m. The leases are repayable by equal instalments over 20 years based on LIBOR interest rates. The leases are due to terminate in 2018/19. Any monetary fluctuations due to interest rate changes are settled on an annual basis.

These vehicles are no longer operational as they have been replaced by new trams. The cost and accumulated depreciation of £20.747m at 31 March 2015 have been written out of the books during the year (note 10).

Finance lease liabilities are repayable as follows:

31 March 2015			31 March 2016	
Future minimum payments £'000	Finance lease liabilities £'000		Future minimum payments £'000	Finance lease liabilities £'000
1,676	1,610	Within 1 year	1,712	1,647
4,412	4,324	Within 2 - 5 years	2,766	2,677
-	-	More than 5 years	-	-
6,088	5,934	Total minimum lease payments	4,478	4,324
(154)	-	Finance costs payable in future years	(154)	-
<b>5,934</b>	<b>5,934</b>	<b>Present value of minimum lease payments</b>	<b>4,324</b>	<b>4,324</b>

## 17. Short-term creditors

31 March 2015 £'000		31 March 2016 £'000
32,568	Trade creditors and accruals	34,892
285	Taxes and social security	352
2,628	Payments received on account	2,826
<b>35,481</b>	<b>Total</b>	<b>38,070</b>
	Analysed between the following classes of creditors:	
1,073	Central government bodies	559
7,110	Other local authorities	11,258
27,298	Other entities and individuals	26,253
<b>35,481</b>	<b>Total</b>	<b>38,070</b>

## 18. Provisions

2015/16 Provisions	Redundancy £'000	Rail fares and services £'000	Insurance/ other £'000	Buildings maintenance £'000	Transport development £'000	Total £'000
At 1 April 2015	59	520	383	1,330	4,015	6,307
Additional provision	-	216	-	85	1,840	2,141
Amounts used	(59)	-	(5)	(143)	(944)	(1,151)
<b>At 31 March 2016</b>	<b>-</b>	<b>736</b>	<b>378</b>	<b>1,272</b>	<b>4,911</b>	<b>7,297</b>
Current 2016	-	736	378	272	4,911	6,297
Long term 2016	-	-	-	1,000	-	1,000
<b>Total</b>	<b>-</b>	<b>736</b>	<b>378</b>	<b>1,272</b>	<b>4,911</b>	<b>7,297</b>
Current 2015	59	520	383	330	4,015	5,307
Long term 2015	-	-	-	1,000	-	1,000
<b>Total</b>	<b>59</b>	<b>520</b>	<b>383</b>	<b>1,330</b>	<b>4,015</b>	<b>6,307</b>

2014/15 Provisions	Redundancy £'000	Rail fares and services £'000	Insurance/ other £'000	Buildings maintenance £'000	Transport development £'000	Total £'000
At 1 April 2014	771	345	383	1,486	667	3,652
Additional provision	-	175	-	47	4,015	4,237
Amounts used	(712)	-	-	(203)	(667)	(1,582)
<b>At 31 March 2015</b>	<b>59</b>	<b>520</b>	<b>383</b>	<b>1,330</b>	<b>4,015</b>	<b>6,307</b>
Current 2015	59	520	383	330	4,015	5,307
Long term 2015	-	-	-	1,000	-	1,000
<b>Total</b>	<b>59</b>	<b>520</b>	<b>383</b>	<b>1,330</b>	<b>4,015</b>	<b>6,307</b>
Current 2014	771	345	383	486	667	2,652
Long term 2014	-	-	-	1,000	-	1,000
<b>Total</b>	<b>771</b>	<b>345</b>	<b>383</b>	<b>1,486</b>	<b>667</b>	<b>3,652</b>

### Rail fares and services

This has been provided in order to meet anticipated future liabilities and risks in relation to local rail services.

### Insurance/other

The insurance/other provision provides for various activities including redundancy and the net expected costs of claims outstanding, and their administration, relating to the activities of the PTE as a bus operator prior to 26 October 1986.

### Building maintenance

This has been provided to meet contractual obligations in respect of the PTE's properties.

### Transport developments

This has been provided to meet the PTE's commitments to the West Midlands regions' transport developments.

## 19. Capital grants receipts in advance

The ITA and the PTE receive grants which they administer and pass onto 3<sup>rd</sup> parties (the Department for Transport grants having been passed to the PTE from the ITA). These grants are credited to capital grants receipts in advance on receipt and released to the Comprehensive Income and Expenditure Statement when the expenditure is incurred.

2015/16 movements	ITB £'000	LSTF/ BBAF £'000	Joint Initiatives/ Other* £'000	Local Growth fund £'000	Total £'000
<b>At 1 April 2015</b>	11,234	1,126	1,105	-	13,465
Grants received/accrued					
DfT - ITB block allocation	4,380	-	90	-	4,470
DfT -other	-	-	896	-	896
Dft - Highways maintenance challenge fund	-	-	840	-	840
Enterprise Zone - BCC	-	-	2,271	-	2,271
Local Growth Fund - GBS LEP	-	-	-	16,400	16,400
Local Growth Fund - BC LEP	-	-	-	3,821	3,821
Other	-	-	953	-	953
	4,380	-	5,050	20,221	29,651
Grants applied to funding capital programme (note 8)	(6,623)	(1,348)	(3,338)	(14,178)	(25,487)
Grants paid out to districts (note 8)	(1,952)	-	-	-	(1,952)
Grants credited to Comprehensive Income and Expenditure Statement	(299)	-	(412)	(1,516)	(2,227)
<b>At 31 March 2016</b>	<b>6,740</b>	<b>(222)</b>	<b>2,405</b>	<b>4,527</b>	<b>13,450</b>

\*Other – Road Safety Fund, Congestion Target Fund, ITSO Smartcard ticketing and DfT Clean Vehicle Technology Funding



## 20. Reserves

Movements in the group's reserves are detailed in the Movement in Reserves Statement on page 3. The purpose of the individual reserves are as follows:

Usable reserves:

### General fund balance

The general fund balance is a statutory fund which represents funds available to the PTE and the ITA to meet unexpected short-term requirements.

### Earmarked reserves

The earmarked reserve contains additions in year to provide funding to back capital programme commitments and the revenue grants that the ITA and PTE have received where the expenditure has not been incurred at the Balance Sheet date. These grants are transferred to the general fund via the Movements in Reserves Statement as the expenditure is incurred (see table below).

	LSTF £'000	BBAF £'000	Midlands Connect £'000	European/other schemes £'000	Capital Programme £'000	Total £'000
At 1 April 2014	10,985	1,426	-	438	-	12,849
Utilised revenue	(6,564)	(475)	-	(263)	-	(7,302)
Additions in year	-	-	-	-	4,951	4,951
<b>At 1 April 2015</b>	<b>4,421</b>	<b>951</b>	<b>-</b>	<b>175</b>	<b>4,951</b>	<b>10,498</b>
Received	5,467	-	5,000	53	-	10,520
Utilised revenue	(6,005)	(145)	(437)	(44)	(234)	(6,865)
	(538)	(145)	4,563	9	(234)	3,655
Released in year	-	-	-	(145)	(945)	(1,090)
Additions in year	-	-	-	-	5,321	5,321
	-	-	-	(145)	4,376	4,231
<b>At 31 March 2016</b>	<b>3,883</b>	<b>806</b>	<b>4,563</b>	<b>39</b>	<b>9,093</b>	<b>18,384</b>

### Capital grants unapplied reserve

The capital grants unapplied reserve contains the capital grants and receipts that the PTE has received where the expenditure has not been incurred at the Balance Sheet date. These grants will be transferred to the deferred capital grants account via the Movements in Reserves Statement once the expenditure has been incurred.

The PTE has the following unusable reserves:

### Revaluation reserve

The revaluation reserve contains the gains made by the PTE arising from increases in the value of its property, plant and 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, or
- disposed of and the gains are realised.

### **Deferred capital grants account**

The deferred capital grants account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets to the financing of those assets by capital grants.

The account is credited with capital grants that have been applied to finance capital expenditure via the Movements in Reserves Statement. The capital grants are then released to the general fund via the Movement in Reserves Statement to offset the write downs of the historical costs of assets as they are consumed by depreciation and impairment or written off on disposal.

### **Pension reserve**

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the reserve shows the shortfall in the benefits earned by past and current employees and the resources the PTE has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The ITA has the following unusable reserves:

### **Capital adjustment account**

This account sets out the cumulative capital financing costs made to the PTE to support its capital programme. The account is debited with the capital grants which the ITA makes to the PTE via the Movements in Reserves Statement. The account is credited with amounts which the ITA has set aside to finance the expenditure.

## **21. Defined benefit pension scheme**

Employees of the PTE participate in the West Midlands Metropolitan Authorities Pension Fund, a defined benefit average salary statutory scheme administered by the City of Wolverhampton Council in accordance with the Local Government Pension Scheme Regulations 2013.

An actuarial valuation of this fund was carried out by Mercer Limited, an independent firm of actuaries in accordance with the Regulations as at 31 March 2013. Based on the results of the valuation of this fund at 31 March 2013, the actuaries advise that the cost of pensions to be charged to the Comprehensive Income and Expenditure Statement from 1 April 2015 should be 11.7% of the current employees pensionable pay plus £6.800m per annum to meet 100% of the overall fund liabilities. This pension cost has been determined after allowing for the amortisation of the difference between the assets and the accrued liabilities relating to the PTE over the average remaining service lives of the current members of the fund.

Barnett Waddingham LLP is now the fund's actuary and has performed the valuation at 31 March 2016.

### **Calculation method**

The figures as at 31 March 2016 are based on the 31 March 2013 formal valuation of the fund. Membership data as at 31 March 2013 was used to develop current funding requirements. Liabilities are based on benefit payment and contribution information provided by the fund's administrator as at 31 March 2016. This valuation was carried out by Barnett Waddingham LLP.

## Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2016 is a deficit of £90.629m compared to a deficit of £80.314m at 31 March 2015. The net deficit has been reduced by a prepayment of £6.3m for 2016/17 contributions. As a result the pension liability does not agree to the pension reserve by that amount.

## Transactions relating to post employment benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the levy is based on the cash payable in the year, so the real cost of post employment benefits is reversed out of the general fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the general fund balance via the Movement in Reserves Statement during the year:

31 March 2015 £'000		31 March 2016 £'000
	<b>Comprehensive income and expenditure statement</b>	
	Cost of services	
1,986	Current service cost	2,497
32	Administration expenses	97
254	Past service cost/curtailments	-
	Financing and investment income and expenditure	
3,349	Net interest cost	2,268
5,621	<b>Total post employment benefit charged to the surplus or deficit on provision of services</b>	4,862
	Other post employment benefit charged to the comprehensive income and expenditure statement	
872	Remeasurements (liabilities and assets)	19,823
<b>6,493</b>	<b>Total post employment benefit charged/(credited) to the comprehensive income and expenditure statement</b>	<b>24,685</b>
	<b>Movement in reserves statement</b>	
	Reversal of net charges made to the surplus or deficit on provision of services for post employment benefits in accordance with the Code	(4,862)
(5,621)	Actual amount charged against the general fund balance for pensions in the year	
8,104	Employer's pension contributions payable to scheme	8,070
<b>2,483</b>		<b>3,208</b>

## Assets and liabilities in relation to post-employment benefits

31 March 2015 £'000		31 March 2016 £'000
(306,754)	Present value of scheme liabilities	(316,284)
226,440	Fair value of scheme assets	225,655
<b>(80,314)</b>	<b>Funded status</b>	<b>(90,629)</b>
(80,314)	<b>Amounts recognised as Liabilities</b>	(90,629)

## Reconciliation of present value of the scheme liabilities (defined benefit obligation)

31 March 2015 £'000		31 March 2016 £'000
284,687	Opening balance at 1 April	306,754
1,986	Current service costs	2,497
11,919	Interest cost	9,289
788	Contributions by scheme participants	818
22,941	Remeasurements (liabilities)	12,058
(15,821)	Benefits paid	(15,132)
254	Past service costs/curtailments	-
<b>306,754</b>	<b>Closing balance at 31 March</b>	<b>316,284</b>

## Reconciliation of fair value of the scheme assets

31 March 2015 £'000		31 March 2016 £'000
202,762	Opening balance at 1 April	226,440
8,570	Interest on plan assets	7,021
(32)	Administration expenses	(97)
22,069	Remeasurements (assets)	(7,765)
8,104	Employer contributions paid - current year	8,070
-	Employer contributions paid - prepayment for 2016/17	6,300
788	Contributions by scheme participants	818
(15,821)	Benefits paid	(15,132)
<b>226,440</b>	<b>Closing balance at 31 March</b>	<b>225,655</b>

The plan assets at the year end were as follows:

31 March 2015			31 March 2015	
Plan assets %	Plan assets £'000		Plan assets %	Plan assets £'000
		<b>Asset category</b>		
59.07	133,758	Equities	60.52	136,572
7.87	17,821	Government bonds	7.79	17,583
10.64	24,093	Other bonds	4.66	10,508
8.73	19,768	Property	8.25	18,609
4.09	9,261	Cash/liquidity	4.57	10,307
9.60	21,739	Other	14.21	32,076
<b>100.00</b>	<b>226,440</b>	<b>Total</b>	<b>100.00</b>	<b>225,655</b>

## Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investments returns over the entire life of the related obligation.

31 March 2015		31 March 2016
	<b>Valuation assumptions</b>	
3.1%	Discount rate	2.7%
3.75%	Rate of salary increase	3.75%
2.0%	Rate of pension increase	2.0%
2.0%	Inflation assumption	2.0%
	Future life expectancies from age 65	
	Retiring today:	
23.0	Males	23.0
25.6	Females	25.7
	Retiring in 20 years:	
25.2	Males	25.3
28.0	Females	28.0

It is assumed that 50% of retiring members will take the maximum tax-free lump sum available and 50% will take the standard 3/80ths cash sum.

### Five year history

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Present value of liabilities	(285,888)	(317,471)	(284,687)	(306,754)	(316,284)
Fair value of assets in the pension scheme	189,660	208,581	202,762	226,440	225,655
Deficit/(surplus) in the scheme	(96,228)	(108,890)	(81,925)	(80,314)	(90,629)
Difference between the expected and actual return on scheme assets	(7,597)	13,622	(7,523)	22,069	(7,765)
Percentage of scheme assets	-4.0%	6.5%	-3.7%	9.7%	-3.4%
Experience gains and (losses) on scheme liabilities	-	-	4,315	(22,941)	(12,058)
Percentage of scheme liabilities	-	-	1.5%	-7.5%	-3.8%
Changes in actuarial assumptions	(6,580)	(27,574)	29,430	-	-
Percentage of scheme liabilities	-2.3%	-8.7%	10.3%	0.0%	0.0%
Net actuarial gain/(loss) recognised	(14,177)	(13,952)	26,222	(872)	(19,823)
Percentage of scheme liabilities	-5.0%	-4.4%	9.2%	-0.3%	-6.3%
Cumulative actuarial loss recognised	(85,476)	(99,428)	(73,206)	(74,078)	(93,901)

## Movement in pension fund liability during the year

31 March 2015 £'000		31 March 2016 £'000
81,925	Balance at 1 April	80,314
(8,104)	Employer's pension contributions payable in the year	
	Current year	(8,070)
	Prepayment for 2016/17	<u>(6,300)</u>
		(14,370)
	Post employment benefit charged to the surplus or deficit on provision of services	
1,986	Current service cost	2,497
254	Past services/curtailment	-
32	Administration expenses	97
<u>3,349</u>	Net interest cost	<u>2,268</u>
5,621		4,862
872	Remeasurements (liabilities and assets)	19,823
<b>80,314</b>	<b>Balance at 31 March</b>	<b>90,629</b>

## Movement in pension reserve during the year

31 March 2015 £'000		31 March 2016 £'000
81,925	Balance at 1 April	80,314
872	Remeasurements (liabilities and assets)	19,823
	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services in the comprehensive income and expenditure statement	
5,621		4,862
	Employer's pension contributions payable in the year:	
(8,104)	Current year contributions	(8,070)
<b>80,314</b>	<b>Balance at 31 March</b>	<b>96,929</b>

Employer's pension contributions expected to be paid in 2016/17 are estimated at £1.229m (2015/16 £8.075m). This significant reduction is due to the pension prepayment made during the year.

## 22. Other notes to the accounts

No other disclosures relating to the Group Comprehensive Income and Expenditure or Balance Sheet are considered necessary as adequate disclosures are made elsewhere in the individual ITA and PTE accounts.

## 23. Capital commitments

The PTE has major committed capital contracts amounting to £14.591m (2015: £16.885m) reflecting outstanding contracts in relation to the Metro extension.

## 24. Guarantees

The PTE has guarantees with local authorities lodged with the bank in connection with works being undertaken at various car parks as follows:

	<b>£'000</b>
Sandwell MBC (4 guarantees)	147
Birmingham City Council (1 guarantee)	97
HSBC (1 guarantee)	472

## 25. Related party disclosures

The following table identifies related party transactions during the year:

<b>31 March 2015</b>		<b>31 March 2016</b>
<b>£'000</b>		<b>£'000</b>
	Levy received from:	
54,492	Birmingham City Council	51,563
16,223	Coventry City Council	15,569
15,743	Dudley MBC	14,842
15,629	Sandwell MBC	14,837
10,411	Solihull MBC	9,861
13,602	Walsall MBC	12,850
12,600	Wolverhampton City Council	11,878
<b>138,700</b>		<b>131,400</b>
	<b>Central government</b>	
65,440	Capital and revenue grants received	59,482
<b>65,440</b>		<b>59,482</b>
	<b>West Midlands Metropolitan Authorities Pension Fund</b>	
<b>8,104</b>	Employers contribution and fixed contribution	<b>14,370</b>
	<b>Recharges from District Councils</b>	
13	Birmingham City Council	7
336	Solihull MBC	367
26	Wolverhampton City Council	10
<b>375</b>		<b>384</b>

Appointments held by the PTE's current directors include the following:

- (i) The Managing Director is a director of Biz 365 Limited and Balsall and Berkswell Football Club Limited and is a board member of Colmore Business Improvement District. There were no financial transactions with these entities during the year or the prior year.
- (ii) The Managing Director is a director of the wholly owned subsidiary companies Midland Metro Limited, Centro Properties Ltd and Network West Midlands Limited. These companies are dormant.

- (iii) The Director of Integrated Mobility is a Director of West Midlands Transport Services Limited (WMTIS). During the year Centro made payments to WMTIS of £34,927. There was no balance due to/from WMTIS at 31 March 2016. He is also a director of Network West Midland Limited which is dormant.
- (iv) The Strategic Director for Transport is a director of Sustainability West Midlands Limited. During the year Centro made payments of £2,460 to this company. There were no other transactions during the year.

There are no comparatives for items (iii) and (iv) as these directors were appointed during the year.

Appointments held by the PTE's directors who retired during the year (up to the date of retirement) include the following:

- (i) The Chief Executive is a director of UK Tram. Centro has received £117,700 from UK Tram during the year (2015: £116,423). £28,341 remains payable to Centro at 31 March 2016 (2015: £63,114).
- (ii) The Chief Executive is a director and member of GI Consultants Limited. There were no financial transactions with this company (2015: no transactions)
- (iii) The Chief Executive was a director of PTEG Limited. During the year Centro made payments to PTEG Limited of £98,262 (2015: £111,098). There was no balance due to/from PTEG Limited as at 31 March 2016 or 31 March 2015.
- (iv) The Chief Executive was a director of the wholly owned subsidiary companies Midland Metro Limited, Centro Properties Ltd and Network West Midlands Limited. These companies are dormant.
- (v) The Chief Executive was a director of the wholly owned subsidiary West Midlands Rail Limited. This company is non-trading.
- (vi) The Chief Executive is a member of Union Internationale des Transports Publics (UITP). During the year, £275 (2015: £1,168) was received for a recharge of flight costs. £nil remained outstanding at 31 March 2016 (2015: £276).

## **26. Events after the Balance Sheet date**

On 17 June 2016 the West Midlands Combined Authority came into existence and is the umbrella organisation under which the ITA and the PTE are combined and the responsibility for transport strategy and delivery now falls within one organisation. The ITA and PTE have ceased to exist and all of their functions, property, rights or liabilities have transferred to the Combined Authority. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and therefore these accounts have been prepared on a "going concern" basis.