

# STATEMENT OF ACCOUNTS



## SOUTH YORKSHIRE PASSENGER TRANSPORT EXECUTIVE

### STATEMENT OF ACCOUNTS – UNAUDITED DRAFT FOR THE YEAR ENDED 31 MARCH 2023

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**SYPTE'S RESPONSIBILITIES**

SYPTE is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In SYPTE, that Officer is the Head of Financial Services;
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

**THE RESPONSIBLE FINANCIAL OFFICER'S RESPONSIBILITIES**

The Head of Financial Services is responsible for the preparation of the Statement of Accounts (which includes the Financial Statements), in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing those Financial Statements, the Head of Financial Services has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed SYPTE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of SYPTE will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts presents a true and fair view of the financial position of SYPTE as at 31 March 2022 and its income and expenditure for the year then ended.

GARETH SUTTON  
Group Finance Director

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 31 MARCH 2023**

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

Gross Expenditure £'000	2022 Gross Income £'000	Net Expenditure £'000	Notes	Gross Expenditure £'000	2023 Gross Income £'000	Net Expenditure £'000
79,428	74,393	5,035		87,104	81,196	5,908
			Transport Services			
<b>79,428</b>	<b>74,393</b>	<b>5,035</b>		<b>87,104</b>	<b>81,196</b>	<b>5,908</b>
			<b>Cost of Services</b>			
-	10	(10)		-	7	(7)
			Other Operating Expenditure			
7,666	-	7,666		7,164	4	7,160
			Financing and Investment Income and Expenditure	9		
-	4,444	(4,444)		-	8,770	(8,770)
			Taxation and Specific Grant Income and Expenditure	27		
<b>87,094</b>	<b>78,847</b>	<b>8,247</b>		<b>94,268</b>	<b>89,977</b>	<b>4,291</b>
			<b>(Surplus)/Deficit on the Provision of Services</b>			
		(2,868)				(1,302)
			<b>(Surplus) on Revaluation of Property, Plant and Equipment</b>			
-	-	-		-	-	-
			<b>(Surplus) on Revaluation of Available for Sale Assets</b>			
		(12,341)				(34,424)
			Re-measurement of the Net Defined Benefit Liability	34		
		<b>(15,209)</b>				<b>(35,726)</b>
			<b>Other Comprehensive Income and Expenditure</b>			
		<b>(6,962)</b>				<b>(31,435)</b>
			<b>Total Comprehensive Income and Expenditure</b>			

Income and expenditure arises solely from continuing operations. SYPTE has had no material acquisitions or disposals in the year. A full revaluation of all land and buildings was carried out in readiness for the transfer of assets to the SYMCA. This resulted in an increase in valuation of £1.3m.

**MOVEMENTS IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2023**

The Movement in Reserves Statements show the movement in the year on the different reserves held by SYPTE analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves'. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences (for example the Deferred Capital Grants Reserve). The Surplus/(Deficit) on the Provision of Services line shows the economic cost of providing SYPTE's services and the provision of grants to fund the introduction of capital assets, more detail of which is shown in the Comprehensive Income and Expenditure Statement.

	USABLE RESERVES			Total Usable Reserves £'000	UNUSABLE RESERVES				Total Unusable Reserves £'000	Total Reserves £'000
	ORR and Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000		Deferred Capital Grants Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Accumulating Absences Account £'000		
<b>2023</b>										
<b>Balance at 1 April 2022</b>	<b>16,208</b>	<b>752</b>	<b>7,034</b>	<b>23,994</b>	<b>91,755</b>	<b>31,770</b>	<b>(23,184)</b>	<b>(100)</b>	<b>100,241</b>	<b>124,235</b>
Surplus/(Deficit) on the Provision of Services	(4,291)	-	-	(4,291)	-	-	-	-	-	(4,291)
Other Comprehensive Income and Expenditure	-	-	-	-	-	1,302	34,424	-	35,726	35,726
<b>Total Comprehensive Income and Expenditure</b>	<b>(4,291)</b>	<b>-</b>	<b>-</b>	<b>(4,291)</b>	<b>-</b>	<b>1,302</b>	<b>34,424</b>	<b>-</b>	<b>35,726</b>	<b>31,435</b>
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>										
Reversal of Comprehensive Income and Expenditure Statement Entries	2,509	-	-	2,509	-	-	(2,509)	-	(2,509)	-
Employer's Pension Contributions	(902)	-	-	(902)	-	-	902	-	902	-
Other movements	279	-	(279)	-	238	-	-	-	238	238
Transfer to Accumulated Absences Account	-	-	-	-	-	-	-	-	-	-
Grants Received and Receivable During the Year	(8,659)	-	(830)	(9,489)	9,263	-	-	-	9,263	(226)
Grants Released to Operational Revenue Reserve	12,396	-	-	12,396	(12,396)	-	-	-	(12,396)	-
Release from Revaluation Reserve	729	-	-	729	-	(729)	-	-	(729)	-
Transfer from Capital Receipts Reserve	81	(81)	-	-	-	-	-	-	-	-
Transfer to Capital Grants Unapplied Reserve	(393)	-	393	-	-	-	-	-	-	-
<b>Net Increase/(Decrease) Before Transfers to Earmarked Reserves</b>	<b>6,040</b>	<b>(81)</b>	<b>(716)</b>	<b>5,243</b>	<b>(2,895)</b>	<b>573</b>	<b>(1,607)</b>	<b>-</b>	<b>(5,231)</b>	<b>12</b>
<b>Increase/(Decrease) in Year</b>	<b>1,749</b>	<b>(81)</b>	<b>(716)</b>	<b>952</b>	<b>(2,895)</b>	<b>573</b>	<b>32,817</b>	<b>-</b>	<b>30,495</b>	<b>31,447</b>
<b>Balance at 31 March 2023</b>	<b>17,957</b>	<b>671</b>	<b>6,318</b>	<b>24,946</b>	<b>88,860</b>	<b>32,343</b>	<b>9,633</b>	<b>(100)</b>	<b>130,736</b>	<b>155,682</b>

**MOVEMENTS IN RESERVES STATEMENT FOR YEAR ENDED 31 MARCH 2022**

	USABLE RESERVES			Total Usable Reserves £'000	UNUSABLE RESERVES				Total Unusable Reserves £'000	Total Reserves £'000
	ORR and Earmarked Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Reserve £'000		Deferred Capital Grants Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Accumulating Absences Account £'000		
<b>2022</b>										
<b>Balance at 1 April 2021</b>	<b>16,239</b>	<b>833</b>	<b>6,795</b>	<b>23,867</b>	<b>97,917</b>	<b>29,560</b>	<b>(33,971)</b>	<b>(100)</b>	<b>93,406</b>	<b>117,273</b>
Surplus/(Deficit) on the Provision of Services	(8,247)	-	-	(8,247)	-	-	-	-	-	(8,247)
Other Comprehensive Income and Expenditure	-	-	-	-	-	2,868	12,341	-	15,209	15,209
<b>Total Comprehensive Income and Expenditure</b>	<b>(8,247)</b>	<b>-</b>	<b>-</b>	<b>(8,247)</b>	<b>-</b>	<b>2,868</b>	<b>12,341</b>	<b>-</b>	<b>15,209</b>	<b>6,962</b>
<b>Adjustments Between Accounting Basis and Funding Basis Under Regulation</b>										
Reversal of Comprehensive Income and Expenditure Statement Entries	2,705	-	-	2,705	-	-	(2,705)	-	(2,705)	-
Employer's Pension Contributions	(1,151)	-	-	(1,151)	-	-	1,151	-	1,151	-
Transfer Pension Deficit Contribution	-	-	-	-	-	-	-	-	-	-
Transfer to Accumulated Absences Account	-	-	-	-	-	-	-	-	-	-
Grants Received and Receivable During the Year	(3,741)	-	(463)	(4,204)	4,204	-	-	-	4,204	-
Grants Released to Operational Revenue Reserve	10,366	-	-	10,366	(10,366)	-	-	-	(10,366)	-
Release from Revaluation Reserve	658	-	-	658	-	(658)	-	-	(658)	-
Transfer from Capital Receipts Reserve	81	(81)	-	-	-	-	-	-	-	-
Transfer to Capital Grants Unapplied Reserve	(702)	-	702	-	-	-	-	-	-	-
<b>Net Increase/(Decrease) Before Transfers to Earmarked Reserves</b>	<b>8,216</b>	<b>(81)</b>	<b>239</b>	<b>8,374</b>	<b>(6,162)</b>	<b>(658)</b>	<b>(1,554)</b>	<b>-</b>	<b>(8,374)</b>	<b>-</b>
<b>Increase/(Decrease) in Year</b>	<b>(31)</b>	<b>(81)</b>	<b>239</b>	<b>127</b>	<b>(6,162)</b>	<b>2,210</b>	<b>10,787</b>	<b>-</b>	<b>6,835</b>	<b>6,962</b>
<b>Balance at 31 March 2022</b>	<b>16,208</b>	<b>752</b>	<b>7,034</b>	<b>23,994</b>	<b>91,755</b>	<b>31,770</b>	<b>(23,184)</b>	<b>(100)</b>	<b>100,241</b>	<b>124,235</b>

## BALANCE SHEET AS AT 31 MARCH 2023

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by SYPTE. The net assets (assets less liabilities) are matched by the reserves held by SYPTE. Reserves are reported in two categories – usable and unusable. Usable are those reserves that SYPTE may use 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 SYPTE is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences.

31 March 2022		31 March 2023
£'000	NOTES	£'000
141,159	Property Plant and Equipment	138,360
1,400	Investment Property	1,505
-	Intangible Assets	-
110,456	Amounts Receivable from MCA	-
<b>253,015</b>	<b>Long-Term Assets</b>	<b>139,865</b>
66	Assets Held for Sale	66
1	Short-Term Investments	1
6,515	Short-Term Debtors	5,820
-	Amounts Receivable from Yorcard	-
13,150	Amounts Receivable from MCA	113,169
1,433	Cash and Cash Equivalents	523
<b>21,165</b>	<b>Current Assets</b>	<b>119,579</b>
(9,216)	Short-Term Borrowings	(47,696)
(10,313)	Short-Term Creditors	(7,751)
(2,053)	Short-Term Provisions	(637)
(780)	Amounts Payable to MCA	-
(291)	PFI Finance Lease Liability	(317)
(614)	Capital Grants Receipts in Advance	(230)
<b>(23,267)</b>	<b>Current Liabilities</b>	<b>(56,631)</b>
(93,280)	Long-Term Borrowing	(46,866)
(10,214)	PFI Finance Lease Liability	(9,898)
(23,184)	Net Pension (Liability)/Asset	9,633
<b>(126,678)</b>	<b>Long-Term Liabilities</b>	<b>(47,131)</b>
<b>124,235</b>	<b>NET ASSETS</b>	<b>155,682</b>
<b>23,994</b>	<b>Usable Reserves</b>	<b>24,946</b>
<b>100,241</b>	<b>Unusable Reserves</b>	<b>130,736</b>
<b>124,235</b>	<b>TOTAL RESERVES</b>	<b>155,682</b>

**APPROVAL OF THE STATEMENT OF ACCOUNTS**

The unaudited Statements were authorised by the Group Finance Director on 30 June 2023. Events after the Balance Sheet date have been considered up to the date of approval.

A handwritten signature in black ink, appearing to read 'Pat Beijer', with a long horizontal stroke extending to the right.

**PAT BEIJER**  
Acting Executive Director

GARETH SUTTON



## CASH FLOW STATEMENT

The Cash Flow Statements show the changes in cash and cash equivalents of SYPTE during the reporting period. The Statements show how SYPTE generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by way of grant income or from the recipients of services provided by SYPTE. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to SYPTE's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to SYPTE.

	Notes	2023 £'000	2022 £'000
<b>Net (Deficit) or surplus on the Provision of Services</b>		(4,291)	(8,247)
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements	22a	19,032	21,097
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	22b	(130)	(4,628)
<b>Net Cash Flows from Operating Activities</b>		<b>14,611</b>	<b>8,222</b>
<b>Net Cash Flows from Investing Activities</b>	22c	(7,229)	451
<b>Net Cash Flows from Financing Activities</b>	22d	(8,292)	(8,243)
<b>Net Increase in Cash and Cash Equivalents</b>		<b>(910)</b>	<b>430</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		1,433	1,003
Cash and Cash Equivalents at the End of the Reporting Period		523	1,433

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1 ACCOUNTING POLICIES**

#### **1.1 General Information**

The role of SYPTE is to promote the maximum use of public transport throughout South Yorkshire, encourage growth of the public transport network, and to fund services which would otherwise not run on a commercial basis. Essentially, the role is to provide the information and infrastructure to help people access public transport, working closely with operators of transport services, Local Authorities, and other key stakeholders to develop the network and services.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

#### **1.2 General Policies**

The Statements summarise the transactions of SYPTE, for the 2022/23 financial year and its position at 31 March 2023. SYPTE is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit (Amendment) Regulations 2021. These regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) and the CIPFA Service Reporting Code of Practice 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 7 of the 2021 Regulations.

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

##### **1.2.1 Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received are recorded as expenditure when the services are received, rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 1.2.2 Cash and Cash Equivalents

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

### 1.2.3 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

### 1.2.4 Charges to Revenue for Non-Current Assets

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

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

## 1.3 Employee Benefits

### 1.3.1 Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to SYPTE. An accrual is made for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### 1.3.2 Termination Benefits

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

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

### 1.3.3 Post-Employment Benefits

The requirements of IAS19 "Employee Benefits" have been fully adopted in the Financial Statements. Detailed disclosures can be found in Note 34.

IAS19, together with IFRIC14 requires that the limit on a defined benefit asset, minimum funding requirements and their interaction sets out the extent to which a pension scheme surplus can be recognised as an asset of SYPTE and also considers how a pension balance sheet asset or liability could be affected by statutory or contractual minimum funding requirements.

SYPTE is an employing authority within the South Yorkshire Pension Fund which is a funded pension scheme. The majority of employees participate in this scheme which provides defined benefits payable to members after their employment. Usual contributions made to the Fund for both current and past services are charged to the Revenue Account as they are paid. Contribution levels are determined by the Fund. Deficit recovery contributions made to the fund are accounted for on an accrual's basis over the period to which they relate. The Fund is a statutory body, and the benefits are paid under the provisions of the Local Government Pension Scheme Regulations 1997.

SYPTE has a continuing responsibility for any payments to the Fund in respect of service for all staff employed by SYPTE and for all staff within South Yorkshire Transport Limited up to the point that it was taken over by Mainline in 1993.

Disclosure will be made in accordance with the Code.

The liabilities of the Pension Fund attributable to SYPTE are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (2022: 2.7%).

The assets of the fund attributable to SYPTE are included in the Balance Sheet at their fair value:

- quoted securities – current bid price;
- unquoted securities – professional estimate;

## NOTES TO THE ACCOUNTS

- unitised securities – current bid price;
- property – market value.

SYPTE currently has a net pensions liability which is offset in the Balance Sheet by a Pensions Reserve.

The change in net pensions liability during the year is analysed into the following components:

Service Cost Comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net Interest Cost – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period-taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements Comprising:

- Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last Actuarial Valuation or because the Actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Contributions Paid to The Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

### 1.3.4 Discretionary Benefits

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

#### **1.4 Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

#### **1.5 Financial Instruments**

##### **1.5.1 Financial Liabilities**

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

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

SYPTE's non-derivative financial liabilities include bank overdrafts, and trade and other creditors. These financial liabilities are initially recognised at cost in accordance with IAS 39 on the trade date at which SYPTE becomes a party to the contractual provisions of the instrument. SYPTE derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Trade creditors are non-interest-bearing borrowings and are initially measured at fair value and subsequently carried at amortised cost.

SYPTE in accordance with IFRS7 has disclosed the significance of the financial instruments and the nature and extent of risks arising from such financial instruments in Note 13.

##### **1.5.2 Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

SYPTE's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when SYPTE becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in with the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by SYPTE, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

SYPTE recognises expected credit losses on all its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by SYPTE.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit or Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when SYPTE becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

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

## **1.6 Foreign Currency Transactions**

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

## **1.7 Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations are recognised as due to SYPTE when there is reasonable assurance that:

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

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

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

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

## **1.8 Intangible Assets**

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

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

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

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



Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Comprehensive Income and Expenditure Statement.

### **1.9 Interests in Companies and Other Entities**

SYPTE has interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. Group Accounts are not required as the interests are not material. In SYPTE's Accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

These Accounts have been prepared in accordance with the form approved by the MCA.

SYPTE's interests in subsidiary companies are listed below. All the companies are incorporated in England.

#### Non-Trading

Supertram Assets Limited.

#### Trading

Yorcard Limited – A joint venture with West Yorkshire Combined Authority.

### **1.10 Investment Property**

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

Investment properties are initially recognised at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Operational Revenue Reserve balance. However, revaluation gains and losses are not permitted by statutory arrangements to have an impact of the Operational Revenue Reserve balance. The gains and losses are therefore reversed out of the Operational Revenue Reserve in the Movement in Reserves Statement and posted to the Revaluation Reserve (for any sale proceeds greater than £10,000) or the Capital Receipts Reserve.

### **1.11 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 property, plant, or equipment from the Lessor to the Lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

### 1.11.1 As Lessee

#### 1.11.1.1 Finance Leases

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the Lessor. Initial direct costs of SYPTE are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant, or equipment - applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under Finance Leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to SYPTE at the end of the lease period).

### 1.12.1 Operating Leases

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

### 1.13.1 As Lessor

#### 1.13.1.1 Operating Leases

Where SYPTE grants an Operating Lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## 1.14 Property, Plant and Equipment

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

#### 1.14.1 Recognition

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

Plant, Machinery and Equipment is capitalised if it forms part of the initial cost of a new scheme or has a cost value of over £2,000.

#### 1.14.2 Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of SYPTE). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by SYPTE.

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

- Property – depreciated replacement cost;
- infrastructure – depreciated historical cost;
- assets under construction – not depreciated;
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Where decreases in value are identified, the revaluation loss is accounted for by:

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

Property assets are measured at replacement cost less accumulated depreciation and/or accumulated impairment losses, if any. Assets classified as property include Interchanges and Park and Ride sites. All Interchanges and Park and Ride sites were valued as at 31 March 2023 by Sanderson Weatherall on a depreciated replacement cost basis. Due to short useful lives or low values (or both) depreciated historical cost is used as a proxy for fair value for Plant, Equipment and Vehicles.

#### 1.14.3 Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

#### 1.14.4 Depreciation

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

Depreciation is calculated on the following basis:

- Buildings and Interchanges – straight-line allocation over the useful life of the property as estimated by the Valuer, or 40 years.
- Vehicles, Plant and Equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified Officer.

Plant, Machinery and Fixtures and Fittings, 10 years

Motor Vehicles, 5 years

Computer Equipment, 3 years

Park and Ride - straight-line allocation over the useful life of the site as estimated by the Valuer, or 15 years.

- Infrastructure – straight-line allocation:
  - Operational Equipment, 10 years
  - Route Equipment, 20 years
  - Trams, depreciated over the useful life of components, between 10 and 30 years
  - Track bed and system, 24 years
  - Replacement Tram Rails, 20 years

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost, being transferred each year from the Revaluation Reserve to the Operational Revenue Reserve.

#### 1.14.5 **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal more than £10,000 are categorised as capital receipts and remain in the Capital Receipts Reserve. They can only be used for new capital investment or set aside to reduce the need to borrow. Receipts are appropriated to the Reserve from the Operational Revenue Reserve Balance in the Movement in Reserves Statement.

#### 1.14.6 **Expenditure that Does Not Result in the Creation of a Non-Current Asset**

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

### **1.15 Private Finance Initiative (PFI) Transactions**

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. As SYPTE is deemed to control the services that are provided under its PFI schemes and as ownership of the non-current assets will pass to SYPTE at the end of the contracts for no additional charge, SYPTE carries the non-current assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

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

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

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

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

- Fair value of the services received during the year – this is debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance Cost – an interest charge on the outstanding Balance Sheet liability is debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Contingent Rent – increases in the amount to be paid for the property arising during the contract are debited to Interest Payable and Similar Charges in the Comprehensive Income and Expenditure Statement.
- Payment Towards Liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- Lifecycle Replacement Costs – where these represent payments to maintain the asset rather than being a fixed asset addition they are charged to the relevant service in the Comprehensive Income and Expenditure Statement.

### **1.16 Provisions, Contingent Liabilities and Contingent Assets**

#### **1.16.1 Provisions**

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

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

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if SYPTE settles the obligation.

**1.16.2 Contingent Liabilities**

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts.

**1.16.3 Contingent Assets**

A contingent asset arises where an event has taken place that gives SYPTE a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of SYPTE.

Contingent assets are not recognised in the Balance Sheet but disclosed in a Note to the Accounts where it is probable that there will be an inflow of economic benefits or service potential.

**1.17 Reserves**

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

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

**1.18 Taxation**

SYPTE is a public body and most of its activities are not subject to payment of Corporation Tax and therefore the management of SYPTE have been advised that it is unlikely that there will be any Corporation Tax payable in the foreseeable future.

**1.19 VAT**

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

**1.20 Fair Value Measurement**

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

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

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

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, as follows:

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

## **2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The following Accounting Standards have been issued but not yet adopted:

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose 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 by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2023/24 Code). This means that only the standards listed in the paragraph below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The Standards introduced by the 2023/24 Code and relevant for additional disclosures that will be required in the 2022/23 Financial Statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).

Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.

Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021



Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

### **3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of SYPTE's Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions have been based on historical experience and other relevant factors. Due to the nature of such items, the actual results may differ from those estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised by SYPTE in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods, where the revision affects both current and future periods.

The areas where SYPTE believe such assumptions, estimates and judgements may give rise to a material adjustment to the carrying values of assets and liabilities in the next financial year are as follows:

#### **Critical Judgements**

- There is a high degree of uncertainty about future levels of funding for Local Government. However, SYPTE has determined that this uncertainty is not yet sufficient to provide an indication that assets might need to be impaired as a result of any changes to service provision.
- SYPTE is deemed to control the operations of the Doncaster PFI Interchange, a contract was signed in December 2003 and runs until June 2039, incorporating the future maintenance and upkeep of the building and the fixtures and fittings. The Accounting Policies for the PFI scheme have been applied consistently and the net book value of £12m is recognised in the Financial Statements.

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### Assumptions made about the future and other major sources of estimation uncertainty:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Plant Property and Equipment	<p>Assets are depreciated over useful economic lives that are dependent on assumptions made by SYPTE and its Valuers. The current economic climate and capital investment could impact on the useful economic lives of the assets and in turn the valuation of the asset when reviewed by SYPTE's Valuers.</p> <p>There are uncertainties around land and buildings valuations due to political and economic factors affecting the UK economy most notably the ongoing impact of the COVID 19 emergency on the real estate market. However, at this stage there is no evidence to justify a change in the values as reported in the Balance Sheet.</p>	<p>If the asset lives are reduced, depreciation increases and the carrying amount of the asset would fall.</p> <p>Reductions in the carrying value of assets may also be identified by SYPTE's Valuers on an annual basis, increasing the volatility of the carrying value.</p> <p>Values could differ year on year due to assumptions made about political and economic factors, particularly if there is a change in Valuer.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of Actuaries (Hymans Robertson LLP) is engaged to provide SYPTE with expert advice about the assumptions applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured and understood. For example, an increase in the discount rate would lead to a decrease in the pension liability.</p> <p>However, the assumptions interact in complex ways. For example, during 2022/23, the actuary advised that the liability had decreased £33m reflecting changes in assumptions.</p>

#### **4 GOING CONCERN**

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which Local Authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local Authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of Central Government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by Central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.

## NOTES TO THE ACCOUNTS

The Accounts have been prepared on the going concern basis. This conclusion relies upon support as confirmed by the ultimate parent of SYPTE, SYMCA to provide assistance to the Executive to the extent that money is not otherwise available for settling liabilities as they fall due for a period of at least 12 months from the approval of these Financial Statements.

The South Yorkshire Passenger Transport Executive (Transfer of Functions) Order 2023 enacted on 20 February 2023, provided for the South Yorkshire Passenger Transport Executive to be dissolved on 1 April 2023 and all of its functions, property, rights and liabilities to be transferred to the South Yorkshire Mayoral Combined Authority. The Continuity provisions of the Order make for a seamless transfer of functions such that anything that in the process of being done by or in relation to SYPTE immediately before the 1 April is treated as if done by or in relation to the Authority. Similarly, the Authority has been substituted for SYPTE, in any instruments, contracts or legal proceedings which relate to any of the functions, property, rights or liabilities transferred, and are made or commenced before the transfer takes effect.

Furthermore, The Local Authority Accounting Code of Practice states that combinations of public sector bodies through local government reorganisation and other transfers of function from one public sector body to another are deemed to be combinations of businesses under common control. As such, assets and liabilities shall normally be transferred at their carrying amount as at the transfer date without the need for restatement.

Accordingly, practically and in substance, the dissolution of SYPTE on 1 April 2023 and transfer of all of its functions, property, rights and liabilities to the Authority does not have a financial effect on the amounts reported in either SYPTE's or the Authority's 2022/23 accounts.

### **5 MATERIAL ITEMS OF INCOME AND EXPENSE (Exceptional Items)**

Trams and Tram-Train vehicles with a carrying value £35.3m were reclassified in the Fixed Asset note from Infrastructure to Plant, Equipment and Vehicles. This is for presentational purposes according to the nature of the assets.

The value of the Net Pension Liability reduced by £32.8m to a pension asset of £9.6m.

There were no exceptional items reported in 2022/23.

### **6 EXPENDITURE AND FUNDING ANALYSIS**

#### **Expenditure and Funding Analysis for the Year Ended 31 March 2023**

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by SYPTE in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

<b>NOTES TO THE ACCOUNTS</b>
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Net Expenditure Chargeable to the Operational Revenue Reserve	2022		Notes	2023		Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement (adjusted)		Net Expenditure Chargeable to the Operational Revenue Reserve	Adjustments between the Funding and Accounting Basis	
£'000	£'000	£'000		£'000	£'000	£'000
(3,181)	8,216	5,035	Transport Services	(133)	6,041	5,908
<b>(3,181)</b>	<b>8,216</b>	<b>5,035</b>	<b>Net Cost of Services</b>	<b>(133)</b>	<b>6,041</b>	<b>5,908</b>
(10)	-	(10)	Other Operating Expenditure	(7)	-	(7)
7,666	-	7,666	Financing and Investment Income and Expenditure	7,160	-	7,160
(4,444)	-	(4,444)	Taxation and Specific Grant Income and Expenditure	(8,770)	-	(8,770)
<b>31</b>	<b>8,216</b>	<b>8,247</b>	<b>(Surplus) or Deficit</b>	<b>6</b>	<b>(1,750)</b>	<b>4,291</b>
16,239			Opening Operational Rev. Reserve	16,208		
(31)			Less/Plus Surplus or (Deficit) on Operational Rev. Reserve	1,749		
16,208			Closing Operational Revenue Reserve at 31 March	17,957		

## NOTES TO THE ACCOUNTS

Adjustments between Funding and Accounting Basis 2022/23.

Adjustments from Operational Revenue Reserve to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Transport Services	4,434	1,607	0	6,041
<b>Net Cost of Services</b>	<b>4,434</b>	<b>1,607</b>	<b>0</b>	<b>6,041</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference Between Operational Revenue Reserve Surplus or Deficit and Comprehensive Income and Expenditure Statements Surplus or Deficit on the Provision of Services	4,434	1,607	0	6,041

Adjustments between Funding and Accounting Basis 2021/2022

Adjustments from Operational Revenue Reserve to Arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Transport Services	6,662	1,554	0	8,216
<b>Net Cost of Services</b>	<b>6,662</b>	<b>1,554</b>	<b>0</b>	<b>8,216</b>
Other Income and Expenditure from the Expenditure and Funding Analysis				
Difference between Operational Revenue Reserve Surplus or Deficit and Comprehensive Income and Expenditure Statements Surplus or Deficit on the Provision of Services	-	-	-	-
	6,662	1,554	0	8,216

## NOTES TO THE ACCOUNTS

### Note 1 Adjustments for Capital Purposes

This column adjusts the Transport Services line by adding in depreciation and impairment and revaluation gains and losses. Capital Grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue Grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Transport Services line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### Note 2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

For Transport Services, this represents the removal of the employer pension contributions made by SYPTE as allowed by statute and the replacement with current service costs and past service costs. The net interest on the defined benefit liability is charged to the CIES.

### Note 3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable under statute.

## 7a EXPENDITURE AND INCOME ANALYSED BY NATURE

SYPTE's expenditure and income is analysed as follows:

Expenditure/Income	2023 £'000	2022 (adjusted) £'000
<b>Expenditure</b>		
Employee Benefits Expenses	7,142	6,888
Pension Valuation Adjustments	1,607	1,554
Other Services Expenses	65,496	60,383
Depreciation & Impairment	7,018	7,653
Expenditure on Non SYPTE Assets	6,480	3,678
Interest Payments	6,525	6,938
<b>Total Expenditure</b>	<b>94,268</b>	<b>87,094</b>
<b>Income</b>		
Fees, Charges & Other Service Income	13,655	9,823
Revenue Grant from MCA	51,106	50,964
Interest & Investment Income	4	-
Government Grants & Contributions - Revenue	13,843	13,616
Government Grants & Contributions – capital (Note 27)	8,769	4,444
Other revenue funding from SYMCA	2,600	-
<b>Total Income</b>	<b>89,977</b>	<b>78,847</b>
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>4,291</b>	<b>8,247</b>

Government grant and contributions includes government support in relation to the Covid19 pandemic of £11.664k 2022/23 (2021/22 £10,839k).

## 7b SEGMENTAL ANALYSIS

SYPTE has determined that the Chief Operating decision maker (as defined by IFRS8: Operating Segments) is the Transport & the Environment Board, on the basis that all strategic decisions are made by the Board.

## NOTES TO THE ACCOUNTS

The Board reviews the operating and financial results of SYPTÉ and considers the position of SYPTÉ as a whole in its decision-making process, rather than as individual components which comprise the total, in terms of allocating resources. Consequently, the Transport Executive Board considers that all activities fall under the single segment of Transport Services, and no further segmental analysis is therefore required.

### 8 MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside from the Operational Revenue Reserve in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet Operational Revenue Reserve expenditure in 2022/23 and 2023/24:

	Balance at 31 March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 March 2022	Transfers Out 2022/23	Transfers In 2022/23	Balance at 31 March 2023
<b>Earmarked Reserves</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Protection of Priority Services	1,110	-	-	1,110	-	-	1,110
Mass Transit Project Readiness	3,000	-	-	3,000	444	-	2,556
Bus Recovery Project	3,000	(648)	-	2,352	123	-	2,229
Asset Management	1,812	-	-	1,812	-	-	1,812
Income Resilience	1,500	-	-	1,500	-	-	1,500
Pensions Smoothing	412	-	422	834	-	432	1,266
Redundancy and Pay Inflation	394	-	-	394	-	-	394
IT	249	-	-	249	-	-	249
Woodbourne Tunnel repairs	-	-	-	-	-	1,884	1,884
<b>Total</b>	<b>11,477</b>	<b>(648)</b>	<b>422</b>	<b>11,251</b>	<b>567</b>	<b>2,316</b>	<b>13,000</b>

### 9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2023 £'000	2022 £'000
Interest Payable	6,529	6,938
Interest Receivable	(4)	-
Net interest on the Net Defined Benefit Liability	639	728
<b>Total</b>	<b>7,164</b>	<b>7,666</b>

**10 PROPERTY, PLANT AND EQUIPMENT****Infrastructure Assets**

In November 2022, CIPFA issued an Update to the 2021/22 (and 2022/23) Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented on a net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficiently granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Finance and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override also applies up to and including 2024/25. SYPTE has made this determination in respect of its 2022/23 Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following note, along with a reconciliation to total Property, Plant and Equipment as reported on the Balance Sheet and elsewhere in these financial statements. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.



**NOTES TO THE ACCOUNTS**

**2023**

	Land and buildings	Plant, equipment and vehicles	Assets under construction	Total Property, Plant & Equipment excluding Infrastructure Assets
	£'000	£'000	£'000	£'000
<b>COST / VALUATION</b>				
As at 1 April 2022	<b>88,708</b>	<b>100,174</b>	-	<b>188,882</b>
Reclassify Fixed Assets	-	-	-	-
Additions during year	-	698	2,273	2,971
Disposals during year	-	(141)	-	(141)
Other movements	(2,177)	-	-	(2,177)
Revaluation adjustments	1,497	-	-	1,497
As at 31 March 2023	<b>88,028</b>	<b>100,731</b>	<b>2,273</b>	<b>191,032</b>
<b>DEPRECIATION</b>				
As at 1 April 2022	<b>(509)</b>	<b>(66,358)</b>	-	<b>(66,867)</b>
Reclassify Fixed Assets	-	-	-	-
Other movements	2,242	-	-	2,242
Charge for the year	(2,357)	(3,950)	-	(6,307)
Revaluation adjustments	114	-	-	114
Disposals during year	-	141	-	141
As at 31 March 2023	<b>(510)</b>	<b>(70,167)</b>	-	<b>(70,677)</b>
<b>NET BOOK VALUE 31 MARCH 2023</b>	<b>87,518</b>	<b>30,564</b>	<b>2,273</b>	<b>120,355</b>

	Infrastructure	Other Property, plant and equipment	Total Property, plant and equipment	PFI Assets included in property, plant and equipment
	£'000	£'000	£'000	£'000
<b>NET BOOK VALUE</b>				
As at 1 April 2022	<b>19,144</b>	<b>122,015</b>	<b>141,159</b>	<b>11,440</b>
Additions during year	51	2,971	<b>3,022</b>	-
Disposals during year	-	-	-	-
Other movements	-	65	<b>65</b>	-
Revaluation adjustments	-	1,611	<b>1,611</b>	887
Charge for the year	(1,190)	(6,307)	<b>(7,497)</b>	(347)
<b>NET BOOK VALUE 31 MARCH 2023</b>	<b>18,005</b>	<b>120,355</b>	<b>138,360</b>	<b>11,980</b>

**NOTES TO THE ACCOUNTS**

**2022**

	Land and buildings	Plant, equipment and vehicles	Total Property, Plant & Equipment excluding Infrastructure Assets
	£'000	£'000	£'000
<b>COST / VALUATION</b>			
As at 1 April 2021	<b>89,358</b>	<b>23,080</b>	<b>112,438</b>
Reclassifiy Fixed Assets	-	76,856	76,856
Additions during year	-	238	238
Disposals during year	-	-	-
Other movements	(3,536)	-	(3,536)
Revaluation adjustments	2,886	-	2,886
As at 31 March 2022	<b>88,708</b>	<b>100,174</b>	<b>188,882</b>
<b>DEPRECIATION</b>			
As at 1 April 2021	<b>(1,353)</b>	<b>(20,898)</b>	<b>(22,251)</b>
Reclassifiy Fixed Assets	-	(41,593)	(41,593)
Other movements	4,059	-	4,059
Charge for the year	(2,421)	(3,868)	(6,289)
Revaluation adjustments	(794)	-	(794)
Disposals during year	-	-	-
As at 31 March 2022	<b>(509)</b>	<b>(66,359)</b>	<b>(66,868)</b>
<b>NET BOOK VALUE 31 MARCH 2022</b>	<b>88,199</b>	<b>33,815</b>	<b>122,014</b>

	Infrastructure	Other Property, plant and equipment	Total Property, plant and equipment	PFI Assets included in property, plant and equipment
	£'000	£'000	£'000	£'000
<b>NET BOOK VALUE</b>				
As at 1 April 2021	<b>55,542</b>	<b>90,187</b>	<b>145,729</b>	<b>11,200</b>
Reclassifiy Fixed Assets	(35,263)	35,263	-	-
Additions during year	53	238	<b>291</b>	-
Disposals during year	-	-	-	-
Other movements	-	523	<b>523</b>	-
Revaluation adjustments	-	2,093	<b>2,093</b>	601
Charge for the year	(1,188)	(6,289)	<b>(7,477)</b>	(361)
<b>NET BOOK VALUE 31 MARCH 2022</b>	<b>19,144</b>	<b>122,014</b>	<b>141,159</b>	<b>11,440</b>

Tram and Tram Train vehicles have been reclassified from Infrastructure to vehicles, for presentational purposes, according to the nature of the assets.

Infrastructure Assets comprise land and buildings, infrastructure associated with the Supertram system. Interchanges and Park & Rides are classified as Land and Buildings.

### Depreciation

The depreciation rates used by SYPTE are listed in Accounting Policy 1.14.4.

### Capital Commitments

SYPTE has entered into a number of contracts for the construction or enhancement of property, plant, and equipment in 2022/23 and future years at a cost of £19,379k. Similar contracts at 31 March 2022 were £2,110k.

### Revaluations

SYPTE has reviewed its property, plant, and equipment for indications of impairment. A full revaluation of property was carried out at 31 March 2023, by Sanderson Weatherall. The methods and significant assumptions used by the Valuer are build costs and individual Depreciated Replacement Costs calculations, in accordance with RICS Valuation Professional Standards.

## 11 INVESTMENT PROPERTY

SYPTE defines investment property as “Property held to earn rentals or for capital appreciation or both”, rather than for:

- Use in the production or supply of goods or services or for administrative purposes; and
- Sale in the ordinary course of business.

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

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

There are no restrictions on SYPTE’s ability to realise the value inherent in its investment property, or on SYPTE’s right to the remittance of income and the proceeds of disposal.

SYPTE has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancement:

	2023 £'000	Direct Operating Expenses £'000	2022 £'000	Direct Operating Expenses £'000
	Rent Received £'000		Rent Received £'000	
Chesterfield Road Land	-	-	-	-
Leicester Avenue Land & Buildings	75	-	75	-
<b>Total</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>-</b>

The following table summarises the movement in the fair value of investment properties over the year:

	2023 £'000	2022 £'000
Balance at 1 April	1,400	1,300
Disposals	-	-
Net Gains/(Losses) from Fair Value Adjustments	105	100
<b>Balance Carried Forward 31 March</b>	<b>1,505</b>	<b>1,400</b>

**Fair Value Hierarchy**

Details of SYPTE's investment properties and information about the fair value hierarchy as at 31 March 2023 and 2022 are as follows:

<b>2023</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) £'000</b>	<b>Other Significant Observable Inputs (Level 2) £'000</b>	<b>Significant Unobservable Inputs (Level 3) £'000</b>	<b>Fair Value as at 31 March 2023 £'000</b>
Recurring Fair Value Measurements Using:				
Commercial Units	-	1,505	-	1,505
<b>Total</b>	<b>-</b>	<b>1,505</b>	<b>-</b>	<b>1,505</b>

<b>2022</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) £'000</b>	<b>Other Significant Observable Inputs (Level 2) £'000</b>	<b>Significant Unobservable Inputs (Level 3) £'000</b>	<b>Fair Value as at 31 March 2022 £'000</b>
Recurring Fair Value Measurements Using:				
Commercial Units	-	1,400	-	1,400
<b>Total</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>1,400</b>

There were no transfers between Levels 1 and 2 during the year.

**12 CAPITAL EXPENDITURE THAT DOES NOT RESULT IN THE CREATION OF A NON-CURRENT ASSET**

	<b>Grants for Vehicles</b>		<b>Preconstruction</b>		<b>Infrastructure</b>		<b>Total</b>	
	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Expenditure in Year	-	-	6,383	3,801	97	(123)	6,480	3,678

This is either capital expenditure that has contributed to a Non-Current Asset not owned by SYPTE or preconstruction costs on existing assets which do not enhance the value of the asset. Examples are rail and highway infrastructure and grants payable. SYPTE has no ownership or legal rights in respect of these assets and consequently, the costs are charged to revenue.

13 **FINANCIAL INSTRUMENTS**

**Categories of Financial Instruments**

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

	Long-Term		Current	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
<b>Debtors</b>				
Loans and Receivables	-	-	118,742	14,836
<b>Cash and Cash Equivalents</b>				
Loans and Receivables	-	110,456	523	1,433
<b>Borrowings</b>				
Financial Liabilities at Amortised Cost - Principal	46,000	92,400	46,400	8,000
Financial Liabilities at Amortised Cost - Interest	-	-	1,296	1,216
Financial Liabilities at Amortised Cost - Adjustments	866	880	-	-
<b>Financial Liabilities at Amortised Cost</b>	<b>46,866</b>	<b>93,280</b>	<b>47,696</b>	<b>9,216</b>
<b>Other Liabilities</b>				
Financial Liabilities at Amortised Cost (PFI)	9,897	10,214	317	291
<b>Creditors and Provisions</b>				
Financial Liabilities at Amortised Cost	-	-	8,620	13,141

Note 1 – Under accounting requirements the carrying value of financial instruments shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest.

Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

## NOTES TO THE ACCOUNTS

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	Financial Liabilities	Financial Assets	Total
	Liabilities Measured at Amortised Cost £'000	Investments and Debtors £'000	£'000
<b>2023</b>			
<b>Income, Expense, Gains and Losses</b>			
Interest Expense – Debt	5,608	-	5,608
Interest Expense - PFI	917	-	917
(Increases)/Reductions in Fair Value	-	(267)	(267)
Impairment Losses/(Gains)	-	-	-
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>6,525</b>	<b>(267)</b>	<b>6,258</b>
Interest Income	-	4	4
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Gain/(Loss) for the Year</b>	<b>(6,525)</b>	<b>271</b>	<b>(6,254)</b>
	Financial Liabilities	Financial Assets	Total
	Liabilities Measured at Amortised Cost £'000	Investments and Debtors £'000	£'000
<b>2022</b>			
<b>Income, Expense, Gains and Losses</b>			
Interest Expense – Debt	5,998	-	5,998
Interest Expense - PFI	941	-	941
(Increases)/Reductions in Fair Value	-	884	884
Impairment Losses/(Gains)	-	-	-
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>6,939</b>	<b>884</b>	<b>7,823</b>
Interest Income	-	-	-
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Gain/(Loss) for the Year</b>	<b>(6,939)</b>	<b>(884)</b>	<b>(7,823)</b>

### Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by investments, debtors, cash, creditors, and borrowing are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (all Level 2 Inputs), using the following assumptions:

- estimated ranges of interest rates at 31 March 2023 for loans from the Public Works Loan Board (PWL) and Wertmanagement which are Lender Option. Borrower Option Loans (LOBO's);
- for loans from the PWLB payable, early repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value;
- the fair value of trade and other debtors is taken to be the invoiced or billed amount.

SYPTTE has considered its Balance Sheet carrying values of financial instruments and it is required to disclose the fair value and carrying value for those financial instruments whose carrying value is not a reasonable approximation for fair value.

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

The fair values calculated are as follows:

Borrowing	2023 £'000		2022 £'000	
	Carrying Value £'000	Fair Value £'000	Carrying Value £'000	Fair Value £'000
Public Works Loan Board (PWLB)	72,400	75,417	80,400	90,194
Wertmanagement	20,866	20,157	20,880	29,309
Doncaster Interchange PFI	10,214	10,214	10,505	10,505

The fair value of these liabilities is higher than the carrying amount because SYPTE's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

The fair value of loans held with PWLB is calculated by reference to the 'premature repayment' set of interest rates in force on the Balance Sheet date.

The fair value of the PWLB loans of £75.4m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Authority will pay over the remaining terms of the loans under the agreement with the PWLB against what would be paid if the loans were at the prevailing market rates.

However, SYPTE has a continuing ability to borrow at concessionary rates from the PWLB rather than the markets. A supplementary measure of the additional interest that the Authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £72.4m would be valued at £74.1m (using the New Loan Rate basis). However, if SYPTE were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging an additional premium for the additional interest that will not now be paid. The exit price for the PWLB loans, based on premature repayment rates including the penalty charge, would be £75.4m.

The fair value of loans held with Wertmanagement was provided by Link and is calculated by reference to the prevailing new borrowing rates.

The fair value of Doncaster Interchange PFI is the estimated cost to purchase the asset, at initial recognition. Subsequently, it is measured at current value, which will follow the appropriate class of property, plant, and equipment.

### Nature and Extent of Risks Arising from Financial Instruments

SYPTE's Policies with regard to financial instruments are in accordance with IAS 39 and IFRS 7. A financial instrument is any contract which gives rise to a financial asset in one entity and a financial liability in the other.

### Management of Risks Arising from Financial Instruments

There are a number of risks associated with financial instruments which SYPTE is necessarily exposed to. However, SYPTE monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

**Credit Risk**

Credit risk is the risk that amounts due to SYPTE on short-term deposits and trade debtors may not be received. Almost all of SYPTE's short-term deposits are made for day-to-day cash flow purposes. The parameters within which these investments are made are set out within the MCA Treasury Management Policy, as adopted by SYPTE. The effect of this Policy is to restrict, as far as is practicable, SYPTE's exposure to risk from the failure of a financial institution. Almost all SYPTE's material trade debtors are with recognised, creditworthy third parties which restricts, as far as is practicable, SYPTE's exposure to risk of loss. There is no further credit risk provision required in excess of the normal provision for doubtful debtors.

The following analysis summarises SYPTE's potential maximum exposure to credit risk on other financial assets, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions:

	Amount at 31 March 2023 £'000 A	Historical Experience of Default % B	Historical Experience Adjusted for Market Conditions at 31 March 2023 % C	Estimated Maximum Exposure to Default and Collectability at 31 March 2023 £'000 A X C	Estimated Maximum Exposure at 31 March 2023 £'000
Customers	5,485	0%	6.73%	369	369

	Amount at 31 March 2022 £'000 A	Historical Experience of Default % B	Historical Experience Adjusted for Market Conditions at 31 March 2022 % C	Estimated Maximum Exposure to Default and Collectability at 31 March 2022 £'000 A X C	Estimated Maximum Exposure at 31 March 2022 £'000
Customers	5,951	0%	1.75%	104	104

No credit limits were exceeded during the reporting period and SYPTE does not expect any losses from non-performance by any of its counterparts in relation to deposits and bonds. SYPTE does not generally allow credit for customers, such that only £386k of the £5,485k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	2023 £'000	2022 £'000
Less than Three Months	11	556
Three to Six Months	(5)	16
Six Months to One Year	(5)	423
More than One Year	385	116
<b>Total</b>	<b>386</b>	<b>1,111</b>

**Liquidity Risk** is the risk that SYPTE may not have sufficient cash available to meet its day-to-day payment obligations. SYPTE's daily cash flow requirements were satisfied by the MCA ensuring SYPTE meets these payment obligations. The maturity analysis of financial liabilities is as follows:

	2023 £'000	2022 £'000
Less than One Year	46,400	8,000
Between One and Two Years	-	46,400
Between Two and Five Years	18,000	-
More than Five Years	28,866	46,880
<b>Total</b>	<b>93,266</b>	<b>101,280</b>

Trade and other creditors are due to be paid in less than one year.



**Interest Rate Risk** is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. SYPTE has no exposure to interest rate risk arising from floating rate short-term deposits on the basis that it only retains cash balances for day-to-day cash flow purposes. The impact on SYPTE of a change is minimal as larger deposits are held on SYPTE's behalf by the MCA in line with the MCA's Annual Treasury Management and Investment Strategies.

All borrowings are held at fixed interest rates.

The PWLB loans are at fixed interest rates ranging between 4.45% and 8.5%. The Wertmanagement loans are on a Lender Option Borrower Option (LOBO's) which are at fixed interest rates ranging between 4.5% and 4.95%. These LOBO's can be potentially recalled by Wertmanagement depending upon the differential between the rates on the existing debt portfolio and premature (ie early) repayments. The size of the differential has previously meant that cost of premature repayments have far outweighed any potential gain. However, the current Bank Of England base rate is now much closer to our portfolio range and gives rise to a more realistic prospect that early debt repayment may be financially beneficial. As such, it is intended to review our position during the course of 2023/24.

**Foreign Exchange Exposure Risk** refers to the degree which SYPTE is affected by exchange rate changes and the variability of its value due to uncertain changes in the rate of exchange.

SYPTE has no material financial assets or liabilities denominated in foreign currencies and therefore have no exposure to losses arising from movements in exchange rates.

#### 14 LONG-TERM DEBTORS

	2023 £'000	2022 £'000
<b>Amount Owed by Group Undertakings</b>		
Mayoral Combined Authority	-	110,456
Prepayments and Accrued Income	-	-
<b>Balance at 31 March</b>	<b>-</b>	<b>110,456</b>

As SYPTE will be integrating with SYMCA on 1 April 2023, therefore all the creditors relating to SYPTE are shown as short-term creditors (Related Parties Creditors).

#### 15 SHORT-TERM DEBTORS

	2023 £'000	2022 £'000
<b>Amounts Falling Due Within One Year</b>		
Trade Debtors	1,240	1,687
Amount Owed by Group Undertakings	113,169	13,150
Prepayments and Accrued Income	4,580	4,828
<b>Balance at 31 March</b>	<b>118,989</b>	<b>19,665</b>

#### 16 SHORT-TERM BORROWINGS

	2023 £'000	2022 £'000
<b>Amounts Falling Due Within One Year</b>		
Interest Payable on Loans	(1,296)	(1,216)
Loans Payable Within One Year	(46,400)	(8,000)
<b>Balance at 31 March</b>	<b>(47,696)</b>	<b>(9,216)</b>
Obligations: Finance Leases	(317)	(291)
<b>Balance at 31 March</b>	<b>(48,013)</b>	<b>(9,507)</b>

**17 SHORT-TERM CREDITORS**

	2023 £'000	2022 £'000
<b>Amounts Falling Due Within One Year</b>		
Trade Creditors	(612)	(1,295)
Other Creditors	(7,139)	(9,018)
<b>Balance at 31 March</b>	<b>(7,751)</b>	<b>(10,313)</b>
Amounts Owed to Group Undertakings	-	(780)
Grants Received in Advance	(230)	(614)
	<b>(7,981)</b>	<b>(11,707)</b>

**18 PROVISIONS**

	2023 £'000			2022 £'000
	Legal Claims	Other	Total	Total
Balance 1 April	170	1,883	2,053	901
Provided in the Year	-	467	467	1,152
Provisions Not Required Written Back	-	(1,883)	(1,883)	-
Provisions Utilised in the Year	-	-	-	-
<b>Balance 31 March</b>	<b>170</b>	<b>467</b>	<b>637</b>	<b>2,053</b>

	2023 £'000			2022 £'000
	Legal Claims	Other	Total	Total
<b>Expected Timing of Cash Flow</b>				
Within One Year	170	467	637	2,053
Between One and Five Years	-	-	-	-
After Five Years	-	-	-	-
<b>Total</b>	<b>170</b>	<b>467</b>	<b>637</b>	<b>2,053</b>

**Legal Claims**

This represents provisions for certain legal and insurance claims brought against SYPTE, including ongoing claims for industrial injury and legal expenses relating to compulsory purchase of land.

**19 OTHER LONG-TERM LIABILITIES (PFI Lease Liability)**

	2023 £'000	2022 £'000
Balance 1 April	10,505	10,773
Repayments During Year	(290)	(268)
Balance 31 March	10,215	10,505
Amounts Falling Due Within One Year Included in Short-Term Borrowings (Note 16)	(317)	(291)
<b>Other Long-Term Liabilities 31 March</b>	<b>9,898</b>	<b>10,214</b>
Which is Repayable as Follows		
Within 2-5 Years	1,570	1,442
After 5 Years	8,328	8,772
<b>Total</b>	<b>9,898</b>	<b>10,214</b>

**20 USABLE RESERVES**

Movements in SYPTE's Usable Reserves are detailed in the Movement in Reserves Statement and also in Note 8 (Movements in Earmarked Reserves).

21 **UNUSABLE RESERVES**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Deferred Capital Grants Reserve	88,860	91,755
Revaluation Reserve	32,343	31,770
Pension Reserve	9,633	(23,184)
Accumulated Absences Account	(100)	(100)
<b>Total Unusable Reserves</b>	<b>130,736</b>	<b>100,241</b>

**Deferred Capital Grants Reserve**

Where a Capital Grant is subsequently transferred to the Unusable Reserve – Deferred Capital Grants. An amount is transferred annually from the Deferred Capital Grants Account to the Operational Revenue Reserve to correspond to the depreciation, charged to expenditure, of the assets funded by the receipt of the grants:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	91,755	97,917
Grants Received and Receivable During the Year	9,501	4,205
Release to Income & Expenditure Account	(12,396)	(10,367)
<b>Balance 31 March</b>	<b>88,860</b>	<b>91,755</b>

**Revaluation Reserve**

The Revaluation Reserve contains the gains made by SYPTE 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;
- disposed of and the gains are realised.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	31,770	29,560
Revaluation During the Year (adjustment to existing revaluation)	1,302	2,868
Transferred to Income & Expenditure Account	(729)	(658)
<b>Balance 31 March</b>	<b>32,343</b>	<b>31,770</b>

**Pension Reserve**

The Unusable Reserve – Pension Reserve represents the accounting for the Net Pension Liability in the Balance Sheet. The Pension Reserve matches the Net Pension.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	(23,184)	(33,971)
Re-measurement of the Net Defined Pension Liability/(asset)		
- Actuarial gains/(losses) arising from changes in demographic assumptions		
- Actuarial gains/(losses) arising from changes in financial assumptions		
- Actuarial gains/(losses) on liabilities – experience	34,424	12,341
IAS19 Adjustment Transferred to Operational Revenue Reserve	(1,607)	(1,554)
First Year Prepayment of Pension	-	-
<b>Balance 31 March</b>	<b>9,633</b>	<b>(23,184)</b>

**22a NOTES TO THE CASH FLOW STATEMENT – NON-CASH MOVEMENTS**

The cash flows for operating activities include the following items:

	2023 £'000	2022 £'000
Interest Received	4	-
Interest Paid	6,647	6,830

The following table provides a breakdown of the adjustment for non-cash movements shown in the Cash Flow Statement:

	2023 £'000	2022 £'000
Depreciation	7,496	7,476
Impaired and Downward Valuations	(1,213)	-
Amortisation	6,480	3,703
Decrease in Impairment for Bad Debts	(3)	(3)
(Increase)/decrease in Creditors	1,058	310
Increase in Debtors	6,803	6,734
Movement in Pensions Liability	1,607	1,554
Other Non-Cash Items Charged to the Net Surplus or Deficit on the Provision of Services	(3,196)	1,323
<b>Total</b>	<b>19,032</b>	<b>21,097</b>

**22b NOTES TO THE CASH FLOW STATEMENT – OPERATING ACTIVITIES**

	2023 £'000	2022 £'000
Any Other Items for which the Cash Effects are Investing or Financing Cash Flows	(130)	(4,628)
<b>Total</b>	<b>(130)</b>	<b>(4,628)</b>

**22c NOTES TO THE CASH FLOW STATEMENT – INVESTING ACTIVITIES**

	2023 £'000	2022 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(7,229)	(3,993)
Purchase of Short-Term and Long-Term Investments		
Other Payment for Investing Activities		
Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets		
Proceeds from Short-Term and Long-Term Investments		
Other Receipts from Investing Activities – Grant Income		4,444
<b>Net Cash Flows from Investing Activities</b>	<b>(7,229)</b>	<b>451</b>

**22d NOTES TO THE CASH FLOW STATEMENT – FINANCING ACTIVITIES**

	2023 £'000	2022 £'000
Cash Receipts of Short and Long-Term Borrowing		
Other Receipts from Financing Activities		
Cash Payments for the Reduction of Outstanding Liabilities Relating to Finance Leases and On Balance Sheet PFI Contracts	(291)	(268)
Repayments of Short and Long-Term Borrowing	(8,001)	(7,975)
Other Payments for Financing Activities		
<b>Net Cash Flows from Financing Activities</b>	<b>(8,292)</b>	<b>(8,243)</b>

**23 AGENCY SERVICES**

SYLTE provides the Treasury and administrative functions on behalf of the South Yorkshire Safer Roads Partnership which is a multi-agency group consisting of representatives from SYLTE, South Yorkshire Police, the four Local Authorities and other key public-sector organisations in South Yorkshire. The objective of the partnership is collective responsibility for safety, collision prevention, risk, and casualty reduction through behavioural change. The balance of funds is included in Grants Received in Advance, in Note 17: The responsibility for managing the SRP was transferred to Sheffield City Council on 1 April 2023.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Safer Roads Partnership</b>		
Balance 1 April	522	645
Received in Year	167	433
Issued in Year	(418)	(556)
<b>Balance 31 March</b>	<b>271</b>	<b>522</b>

**24 OFFICERS' REMUNERATION**

In accordance with the Accounts and Audit (England) Regulations 2015, Senior Employees' Remuneration and Employers Pension Contribution for SYLTE are as follows:

Officer	Salaries, Fees and Allowances	Termination payments	Pension Employer Contribution	<b>Total</b>
	2023	2023	2023	<b>2023</b>
	£	£	£	£
Executive Director	84,663	55,480	13,885	<b>154,028</b>
Director of Public Transport Development	96,019	-	15,747	<b>111,766</b>
Director of Public Transport Operations	96,019	-	14,200	<b>110,219</b>
Director of Legal & Governance	96,019	-	15,747	<b>111,766</b>

NB Please note that Steve Edwards left on 31.12.2022 and that from that date the statutory role was filled by the MCA's Interim Executive Director Infrastructure and Place until SYLTE was dissolved on 1 April 2023.

Officer	Salaries, Fees and Allowances	Termination payments	Pension Employer Contribution	<b>Total</b>
	2022	2022	2022	<b>2022</b>
	£	£	£	£
Executive Director	110,959	-	18,197	<b>129,156</b>
Director of Public Transport Development	94,094	-	15,431	<b>109,525</b>
Director of Public Transport Operations	94,094	-	13,884	<b>107,978</b>
Director of Legal & Governance	94,094	-	15,431	<b>109,525</b>

SYLTE is required to provide an analysis of the number of their employees whose remuneration in the year, excluding employers' pension contributions, was £50,000 or more. This includes the Senior Managers disclosed above.

	2023 Number of Employees	2022 Number of Employees
Remuneration Band:		
£50,000 - £54,999	7	5
£55,000 - £59,999	4	5
£60,000 - £64,999	-	-
£65,000 - £69,999	-	1
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	1	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	3
£95,000 - £99,999	3	-
£100,000 - £104,999	1	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
Total	16	15

## 25 TERMINATION BENEFITS

£'000	Compulsory redundancies		Other departures		Total no of exit packages		Total cost of exit packages	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
0-20	-	-	-	5	-	5	-	24,714
20-40	-	-	-	1	-	1	-	25,432
40-60	-	-	-	-	2	-	99,468	-
60-80	-	-	-	-	-	-	-	-
80-100	-	-	-	-	-	-	-	-
100-150	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>6</b>	<b>2</b>	<b>6</b>	<b>99,468</b>	<b>50,146</b>

Strain costs included above are nil (2021/22 £22,174).

## 26 EXTERNAL AUDIT COSTS

SYPTE has incurred the following cost in relation to the audit of the Statutory Financial Statements, certification of grant claims and statutory inspections and to non-audit services provided by SYPTE's External Auditors.

	2023 £'000	2022 £'000
Fees Payable to EY LLP with regard to External Audit Services Carried out by the Appointed Auditor for the Year	28	28

## 27 GRANT INCOME

SYPTE credited the following capital grants and contributions to the Comprehensive Income and Expenditure Statement.

	2023 £'000	2022 £'000
South Yorkshire Mayoral Combined Authority	8,729	4,412
Local Authorities & Other	40	32
<b>Total</b>	<b>8,769</b>	<b>4,444</b>

**28 RELATED PARTIES**

A body or individual is a related party of SYPTTE if the body or individual has the potential to control or significantly influence SYPTTE’s operating or financial decisions or SYPTTE is able to control or exert a significant influence over the operating or financial decisions of the other body. Disclosure of related party transactions is required when material to either party to the extent that they are not disclosed elsewhere in the Accounts.

The power to control or significantly influence may come about due to Member or Officer Representation on other organisations, Central Government influence, relationships with other public bodies or assisted organisations to whom financial assistance is provided on terms which enable SYPTTE to direct how the other parties financial and operating policies should be administered and applied. The fact that a voluntary organisation might be economically dependent on SYPTTE does not in itself create a related party relationship.

IAS 24 “Related Party Transactions” requires material transactions with related parties to be disclosed in the Financial Statements. For SYPTTE these parties are mainly the Sheffield City Region Mayoral Combined Authority, Subsidiary Companies, Directors and Officers and the Pension Fund. The figures relating to the Pension Fund are disclosed in Note 34.

**Subsidiaries and Investments**

SYPTTE has one subsidiary, Supertram Assets Ltd., which is non-trading.

Certain SYPTTE Directors and Officers are also Directors of Supertram Assets Limited, but do not receive any remuneration from the company.

**South Yorkshire Mayoral Combined Authority**

Disclosure is made for Revenue Grant Payments to SYPTTE in the Comprehensive Income and Expenditure Statements. The balance owing by the Mayoral Combined Authority to SYPTTE at 31 March can be summarised as:

	2023 £'000	2022 £'000
Amount Held by MCA to Repay SYPTTE Loans	114,773	115,252
Grant Monies Owing to SYPTTE	(1,604)	7,574
<b>Total Owed to SYPTTE by MCA</b>	<b>113,169</b>	<b>122,826</b>

**Investments – Financial Performance**

**Joint Venture**

At 31 March 2023, the Executive had the following Joint Venture:

**Yorcard Ltd**

The Joint Venture is a trading company which was incorporated in England on 2 March 2007. It is limited by guarantee with two subscribers, West Yorkshire Combined Authority and SYPTTE with control shared equally under a contractual arrangement.

Yorcard Ltd performs transaction processing services for smartcard ticketing in South and West Yorkshire.

As the Joint Venture is not material to SYPTTE’s Accounts, the Directors have decided not to consolidate Yorcard Ltd into SYPTTE’s Accounts. The performance and financial position of SYPTTE’s share of Yorcard Ltd is disclosed below in accordance with FRS102.

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	662	771
Profit/(loss) Before Tax	-	-
Taxation	-	-
Profit/(loss) After Tax	-	-
Fixed Assets	-	-
Current Assets	181	164
Liabilities Due Within 1 Year	(190)	(175)
Liabilities Due After 1 Year or More	(41)	-

### **Directors and Officers**

Directors and Officers are required to make disclosures of their financial and non-financial interests with related parties to the Management and Executive Boards.

Directors and Officers have not made any such disclosure of relevant transactions.

## **29 CAPITAL EXPENDITURE AND CAPITAL FINANCING**

### **Capital Financing Costs**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation	7,496	7,476
Amortisation	6,480	3,703
Impairments/Clawback of previous impairment charges of Land and Buildings	(479)	152
Concessionary Support Payment	1,500	1,500
<b>Total</b>	<b>14,997</b>	<b>12,831</b>

The entire SYPTE capital programme for the year, of £9.5m, is fully funded.

## **30 LONG-TERM BORROWING**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Balance 1 April	93,280	101,293
Loans Raised	-	-
Loans Repaid	-	-
LOBOS Interest Rate Adjustment	(14)	(13)
Less Payable Within One Year (included in short-term borrowings)	(46,400)	(8,000)
<b>Balance 31 March</b>	<b>46,866</b>	<b>93,280</b>
Which is repayable as follows:		
Between One and Five Years	18,000	46,400
Between Five and Ten Years	8,000	26,000
More Than Ten Years	20,866	20,880
<b>Total</b>	<b>46,866</b>	<b>93,280</b>

At 31 March 2023 SYPTE has £72.4m (£80.4m 2021/22) fixed interest loans from the Public Works Loans Board. The average loan rate is 5.229% pa (5.594% 2021/22) and the loans are repayable on maturity from 2023 onwards.

SYPTE has a further £20m (£20m 2021/22) of loans from Wertmanagement. The average loan rate in 2022/23 was 4.72% pa (4.72% 2021/22) and the loans are repayable from 2043 onwards.

## **31 LEASES AND LEASE TYPE ARRANGEMENTS**

At 31 March 2023 SYPTE had annual commitments under non-cancellable operating leases expiring as follows:



**SYPTE as Lessee**

	2023 £'000	2022 £'000
<b>Land and Buildings</b>		
Not Later Than One Year	17	17
Later Than One Year and Not Later Than Five Years	-	-
Later Than Five Years	-	-
<b>Total</b>	<b>17</b>	<b>17</b>

**SYPTE as Lessor**

SYPTE leases out property under operating leases for the following purposes:

- For the provision of transport infrastructure to support customer experience such as shops and bus depot.
- For economic development purposes to improve return on assets.

The future minimum lease payments receivable under non-cancellable leases are:

	2023 £'000	2022 £'000
<b>Land and Buildings –</b>		
Not Later Than One Year	297	374
Later Than One Year and Not Later Than Five Years	850	979
Later Than Five Years	786	958
<b>Total</b>	<b>1,933</b>	<b>2,311</b>

Where SYPTE act as a lessor it relates to 30 property leases for terms up to 13 years.

**Contingent Rents**

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

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

**32 PRIVATE FINANCE INITIATIVES (PFI)**

**Doncaster Interchange PFI**

SYPTE has one operational PFI scheme. Under agreement, SYPTE is contracted to pay an annual sum to the operator, known as a unitary charge, and receives PFI credits via the MCA to partially offset these costs. SYPTE is required to provide details about the outstanding payments in relation to this scheme. Due to changes in SYPTE's accounting policy, the assets and liabilities associated with this scheme are now reflected on SYPTE's Balance Sheet.

SYPTE's PFI contract, Doncaster Interchange was signed on 3 December 2003 with Teesland Property Company (Northern) Limited and involved the construction of a new Bus Station. It became operational in June 2007. The contract runs until June 2039 and incorporates the future maintenance and upkeep of both the building and the fixtures and fittings. The net book value of the Interchange as at 31 March 2023 is £12.0m (£11.4m at 31 March 2022).

In 2022/23 unitary charge payments of £2.8m (£2.6m in 2021/22) were paid. Unitary charge payments over the whole life of the contract will total £94.8m which will be recovered in the form of PFI credits. The actual level of payments will depend on inflation rates and the satisfactory contract performance by the operator.

	Repayment of Liability £'000	Interest Charge £'000	Contingent Rental £'000	Service Charge £'000	Lifecycle Costs £'000	Total £'000
<b>Within 1 Year</b>	317	892	265	1,281	140	<b>2,895</b>
<b>Within 2 -5 Years</b>	1,570	3,266	1,360	5,385	588	<b>12,169</b>
<b>Within 6 – 10 Years</b>	2,864	3,178	2,422	7,359	804	<b>16,627</b>
<b>Within 11 – 15 Years</b>	4,353	1,689	3,304	8,125	888	<b>18,359</b>
<b>Within 16 - 20 Years</b>	1,111	97	774	1,724	188	<b>3,894</b>
<b>Total</b>	<b>10,215</b>	<b>9,122</b>	<b>8,125</b>	<b>23,874</b>	<b>2,608</b>	<b>53,944</b>

	2023 Doncaster Interchange PFI Asset £'000	2022 Doncaster Interchange PFI Asset £'000
Net Book Value as at 1 April	11,440	11,200
Revaluation Adjustments	540	240
Depreciation	-	-
<b>As at 31 March</b>	<b>11,980</b>	<b>11,440</b>

	2023 Doncaster Interchange PFI Liability £'000	2022 Doncaster Interchange PFI Liability £'000
As at 1 April	10,505	10,773
Lease Repayments	(1,444)	(1,351)
Interest Charge	918	941
Contingent Rentals	236	142
<b>As at 31 March</b>	<b>10,215</b>	<b>10,505</b>

### 33 IMPAIRMENT LOSSES

SYPTE has reviewed its property, plant and equipment for indications of impairment and following the revaluation of land and buildings, charged a credit to the Surplus/Deficit on the Provision of Services line in the Comprehensive Income and Expenditure Statement £479k, (2021/22 a charge of £152k).

### 34 POST EMPLOYMENT BENEFITS

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

#### Local Government Pension Scheme

#### Transactions Relating to Post-Employment Benefits

SYPTE continues to be responsible for payments to the Fund in respect of service for all staff employed by SYPTE, including all employees transferred to South Yorkshire Transport Limited and those transferred to First South Yorkshire Limited (formerly Mainline Group Limited), under the provisions of the Transport Act 1985.

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

Contributions made to the Fund in respect of current and past service (including in respect of South Yorkshire Transport Limited and SYITA Properties Ltd) are charged to the Comprehensive Income and Expenditure Statement.

<b>Comprehensive Income and Expenditure Statement</b>			
		2023	2022
		£'000	£'000
Current Service Cost		1,870	1,977
Financing Investment Income and Expenditure		639	728
Remeasurement in other Comprehensive Income and Expenditure		(34,424)	(12,341)
<b>Total Post-Employment Benefits Charged to the Comprehensive</b>			
<b>Income and Expenditure Statement</b>		<b>(31,915)</b>	<b>(9,636)</b>

<b>Movement in Reserves Statement</b>			
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
Reversal of Net Charges Made to the (Surplus)/Deficit for the			
Provision of Services for Post-Employment Benefits in Accordance			
with the Code		(2,509)	(2,705)
Actual Amount Charged Against the Operational Revenue Reserve			
Balance for Pensions in the Year:			
Employer's Contributions Payable to Scheme		902	1,151
Transfer of Year Pension Deficit Contribution		-	-

<b>Assets &amp; Liabilities in Relation to Post-Employment Benefits</b>			
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
Reconciliation of Present Value of the Scheme Liabilities:			
Opening Balance at 1 April		(155,385)	(159,056)
Current Service Cost		(1,870)	(1,983)
Interest Cost		(4,144)	(3,299)
Contributions by Scheme Participants		(340)	(354)
Re-measurements		44,994	3,204
Past Service cost (gain)		-	-
Benefits Paid		5,837	6,103
<b>Closing Balance at 31 March</b>		<b>(110,908)</b>	<b>(155,385)</b>

<b>Reconciliation of Fair Value of the Scheme (Plan) Assets:</b>			
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
Opening Balance at 1 April		132,201	125,085
Interest on Plan Assets		3,505	2,577
Re-measurements		(10,570)	9,137
Administration Expenses		-	-
Contributions by Employer		388	440
Contributions by Scheme (plan) Participants		340	354
Benefits Paid		(5,323)	(5,392)
<b>Closing Balance at 31 March</b>		<b>120,541</b>	<b>132,201</b>

<b>Pension Scheme Assets Comprised:</b>			
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
<b>Equities</b>		67,258	74,557
<b>Bonds</b>			
Government Bonds		449	789
Other Bonds		20,145	23,746
<b>Property</b>		10,207	11,320
<b>Other</b>		22,482	21,789
		<b>120,541</b>	<b>132,201</b>

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

<b>Scheme History</b>			
		<b>2022/2023</b>	<b>2021/2022</b>
		<b>£'000</b>	<b>£'000</b>
Present Values of Liabilities		(110,908)	(155,385)
Fair Value of Scheme Assets		120,541	132,201
<b>Surplus/(Deficit) in the Scheme</b>		<b>9,633</b>	<b>(23,184)</b>

<b>Basis for Estimating Assets and Liabilities</b>			
The pension fund liabilities have been assessed by the actuaries, Mercer Ltd and the main assumptions used in their calculations are as follows:			
<b>Mortality Assumptions</b>		<b>2023</b>	<b>2022</b>
Longevity at Age 65 for Current Pensioners:			
Men		20.5 years	22.6 years
Women		23.7 years	25.4 years
Longevity at Age 65 for Future Pensioners:			
Men		21.5 years	24.1 years
Women		25.2 years	27.3 years

<b>Financial Assumptions</b>			
Rate of CPI Inflation		3.0%	3.3%
Rate of increase in Salaries		3.6%	4.3%
Rate of increase in Pensions		N/A	N/A
Discount Rate		4.75%	2.7%

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

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real discount Rate	1%	1,476
1 year increase in member life expectancy	4%	4,436
0.1% increase in the Salary Increase Rate	0%	129
0.1% increase in the Pension Increase Rate (CPI)	1%	1,369

**Investment returns**

The return on the Fund in market value terms for the period to 31 March 2023 is based on actual Fund returns as provided by the Administering Authority. Details are given below:

	<b>31 March 2023</b>
	<b>%</b>
Actual investment returns	-3.2

**Impact on SYPTE's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SYPTE agreed a strategy with the scheme's Actuary to achieve a funding level of 100% over the next 17 to 18 years. Funding levels are monitored on an annual basis. The most recent triennial valuation was completed on 31 March 2022 and sets a combined employer contribution rate for the Authority / SYPTE post integration from the 1 April 2023 onwards in respect of the three-year period 2023/24 to 2025/26.

The employer contribution rate for 2023/24 has been determined as 11.4% of pensionable pay.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

**35 LONG-TERM COMMITMENTS**

As part of the legal arrangements put in place when the Supertram operating concession was commenced in 2000, SYPTE is legally obliged under the Concession Agreement dated 30 March 2000 to pay annual concessionary support payments to Stagecoach Supertram of £1.5m per annum until March 2024.

**36 CONTINGENT LIABILITIES**

A number of investigations into light rail incidents across the country have been carried out due to fatalities so there is a potential risk that, on review of the recommendations arising from the investigations, SYPTE may be required to incur expenditure. However, the cost of implementing such recommendations cannot be reliably estimated at this time.

**37 CONTROL**

During 2022/23 SYPTE's ultimate parent undertaking was the South Yorkshire Mayoral Combined Authority.

SYPTE reports seeking required approvals go to the South Yorkshire Mayoral Combined Authority. In particular the South Yorkshire Mayoral Combined Authority has the power to approve the Budget and set the Transport Levy.

Group Financial Statements are prepared, and copies can be obtained from:

South Yorkshire Mayoral Combined Authority  
11 Broad Street West  
SHEFFIELD  
S1 2BQ



## GLOSSARY

<b>Glossary Term</b>	<b>Definition</b>
<b>Abbreviations</b>	The symbol 'k' following a figure represents £thousand. The symbol 'm' following a figure represents £million.
<b>Accounting Period</b>	The period of time covered by the accounts. Normally 12 months, beginning on 1 April. Also known as the Financial Year.
<b>Accounting Policies</b>	These are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting Financial Statements.
<b>Accruals Concept</b>	Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.
<b>Actuarial Gains and Losses</b>	For a Defined Benefit Pension Scheme, the changes in actuarial deficits or surpluses that arise because: <ul style="list-style-type: none"><li>• events have not coincided with the actuarial assumptions made for the last valuation;</li><li>• experience gains or losses, or;</li><li>• the actuarial assumptions have changed.</li></ul>
<b>Amortisation</b>	An accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement over a period of years rather than when the initial payment is made. Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item.
<b>Annual Governance Statement</b>	An annual statement by SYPTTE setting out the ways in which it ensures that business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.
<b>Asset</b>	Something of value, measurable in monetary terms.
<b>Assets under Construction</b>	Assets which are under construction, but not considered to be in an operational condition at the Balance Sheet date.
<b>Bad (and doubtful) Debts</b>	Debts which may be uneconomic to collect or unenforceable in law.
<b>Budget</b>	A statement of SYPTTE's expected level of service expressed as an amount of spending over a set period, usually one year.
<b>Capital Expenditure</b>	Expenditure that is incurred to acquire, create, or add value to a non-current asset.
<b>Capital Receipts</b>	The proceeds from the sale of capital assets which, subject to various limitations (e.g. Pooling Arrangements introduced in the Local Government Act 2003) can be used to finance capital expenditure, invested, or to repay outstanding debt on assets originally financed through borrowing.
<b>Cash</b>	Comprises cash on hand and demand deposits.

## GLOSSARY

<b>Cash Equivalents</b>	These are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
<b>Component</b>	A significant part of an asset (such as a roof or major item of plant or equipment), which has to be separately identified for the purposes of accounting and asset management.
<b>Concessionary Travel</b>	The provision of free or discounted travel on local public transport services to qualifying residents of South Yorkshire under the provisions of the Transport Acts 1985 and 2000.
<b>Consistency Concept</b>	The consistency concept requires that there should be a consistent method of accounting treatment of like items within each accounting period and from one period to the next.
<b>Contingency</b>	A condition which exists at the Balance Sheet date, where the outcome will be confirmed only on the occurrence of one or more uncertain future events not wholly within SYPTE's control.
<b>Credit Risk</b>	The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
<b>Creditors</b>	Amounts owed by SYPTE for work done, goods received, or services rendered, for which no payment has been made at the date of the Balance Sheet.
<b>Debtors</b>	Amounts owed to SYPTE for work done, goods received, or services rendered, for which no payment has been received at the date of the Balance Sheet.
<b>Defined Benefit Scheme</b>	A pension or other retirement benefit scheme, other than a Defined Contribution Scheme. Usually, the Scheme Rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the Scheme. The Scheme may be funded or unfunded (including notionally funded).
<b>Defined Contribution Scheme</b>	A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
<b>Depreciation</b>	The measure of the wearing out, consumption or other reduction in a non-current asset either as a result of its use, ageing or obsolescence.
<b>Fair Value</b>	Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
<b>Finance Lease</b>	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the Lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.



## GLOSSARY

<b>Financial Instrument</b>	A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term “financial instrument” covers both financial assets and financial liabilities and includes both the most straight forward financial assets and liabilities such as trade receivable (debtors) and trade payables (creditors) and the most complex ones such as derivatives.
<b>Impairment</b>	A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset’s market value and evidence of obsolescence or physical damage to the asset.
<b>Intangible Assets</b>	Non-financial assets that do not have physical substance but are identified and are controlled by the entity through custody or legal rights. The two broad types of intangible non-current assets applicable to Local Authorities are goodwill and other intangible assets. Examples of other intangible assets might be patents or software licences.
<b>International Financial Reporting Standards (IFRS)</b>	Accounting standards developed by the International Accounting Standards Board which determine the standards to be adopted in the preparation and presentation of SYPTE’s accounting records.
<b>Inventories</b>	Inventories are assets: <ul style="list-style-type: none"><li>• in the form of materials or supplies to be consumed in the production process or consumed or distributed in the rendering of services;</li><li>• held for sale or distribution in the ordinary course of operations;</li><li>• in the process of production for sale or distribution.</li></ul>
<b>Investment Property</b>	Property held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations.
<b>Liabilities</b>	Amounts due to individuals or organisations, which will have to be paid at some time in the future.
<b>Materiality</b>	Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the Financial Statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.
<b>Net Book Value</b>	The amount at which non-current assets are included on the Balance Sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.
<b>Net Current Replacement Cost</b>	The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current position of the existing asset.
<b>Net Realisable Value</b>	The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses incurred in realising the asset.

## GLOSSARY

<b>Operating Lease</b>	A lease other than a Finance Lease. An agreement in which SYPTE derives the use of an asset in exchange for rental payments, though the risks and rewards of ownership of the asset are not substantially transferred to SYPTE.
<b>Private Finance Initiative (PFI)</b>	A contract in which the private sector is responsible for supplying services that are linked to the provision of a major asset and which traditionally have been provided by SYPTE. SYPTE will pay for the provision of this service, which is linked to availability, performance, and levels of usage.
<b>Property, Plant and Equipment</b>	Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
<b>Provisions</b>	Amounts charged to revenue during the year for costs with uncertain timing, though a reliable estimate of the cost involved can be made.
<b>Prudence Concept</b>	Requires that revenue is not anticipated until realisation can be assessed. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
<b>Public Works Loan Board (PWLB)</b>	A Government Agency, which provides loans to Authorities at favourable rates.
<b>Related Party</b>	<p>The definition of a Related Party is dependent upon the situation, though key indicators of Related Parties are if:</p> <ul style="list-style-type: none"><li>• One party has direct or indirect control of the other party.</li><li>• One party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests.</li></ul>
<b>Remuneration</b>	All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK Income Tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.
<b>Reserves</b>	Result from events that have allowed monies to be set aside, surpluses, decisions causing anticipated expenditure to have been postponed or cancelled, or by capital accounting arrangements.
<b>Revenue Expenditure</b>	Expenditure incurred on the day-to-day running of SYPTE, for example, staffing costs, supplies and transport.
<b>Specific Government Grants</b>	These are designed to aid particular services and may be revenue or capital in nature. They typically have specified conditions attached to them such that they may only be used to fund expenditure which is incurred in pursuit of defined objectives.
<b>Termination Benefits</b>	These are benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an

## GLOSSARY

employee's decision to accept voluntary redundancy in exchange for those benefits.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH YORKSHIRE  
PASSENGER TRANSPORT EXECUTIVE**