The Greater Manchester Combined Authority

Annual Statement of Accounts
Year ended 31st March 2015

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Explanatory Foreword by the Treasurer

Introduction

Welcome to the Greater Manchester Combined Authority's audited Annual Statement of Accounts for 2014/15. The statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

The purpose of this foreword is to provide a guide to the Authority's accounts as well as setting out the Authority's financial position.

Background to the Greater Manchester Combined Authority

The Authority was established as a unique statutory body for the combined area (the area of the ten constituent authorities) on 1 April 2011, following the enactment on 22 March 2011 of the Greater Manchester Combined Authority Order 2011, Statutory Instrument No. 908.

The Greater Manchester Combined Authority (GMCA) was the first model of governance for a city region, provided for by the Local Democracy, Economic Development and Construction Act 2009. The functions of the GMCA are set out in legislation and include all the transport functions previously overseen by Greater Manchester Integrated Transport Authority, plus a new set of transport functions, notably those adopting responsibility for traffic light signals and reports on road traffic levels have also been delegated by the constituent councils to the GMCA. The GMCA is also responsible for a range of economic development and regeneration functions across the Greater Manchester County.

GMCA's executive body in relation to transport is Transport for Greater Manchester (TfGM). The GMCA and the constituent district councils have entered in to joint arrangements for the discharge of specified transport functions which are supported through a joint committee called the Transport for Greater Manchester Committee (TfGMC).

Ownership of the Commission for the New Economy (CNE), Manchester Investment and Development Agency Service Ltd (MIDAS) and Greater Manchester Accessible Transport Ltd (GMATL) also reside with GMCA.

The functions and powers of the GMCA supported by stable and efficient governance arrangements provide the essential conditions to promote effective decision making across the strategic policy areas of economic development, regeneration and transport in Greater Manchester.

The following paragraphs give a brief explanation of the purpose and relationship between each of the main statements that make up the Authority's Annual Statement of Accounts.

Statement of Responsibilities for the Statement of Accounts

The statement confirms the responsibilities of the Authority and the Treasurer for the production and content of the Annual Statement of Accounts.

The Core Financial Statements are:

- **Movement in Reserves Statement (MIRS)**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local levies) and other unusable reserves. The Deficit / (Surplus) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for levy setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers (to) or from earmarked reserves undertaken by the Authority.

- **Comprehensive Income and Expenditure Statement (CIES)**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from the levy. The Authority raises a levy to cover expenditure in accordance with regulations; this may be different from the accounting cost. The levy position is shown in the Movement in Reserves Statement.

- **Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- **Cash Flow Statement**

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

Group Accounts

The Group Accounts show the full extent of the Authority's economic activities by reflecting the full extent of the Authority's involvement with its group companies and organisations.

Notes to the Financial Statements

These include the accounting policies and concepts applied, as well as the disclosure notes relating to the above statements.

Changes in Accounting Policies

The way that accounts are presented are governed by the accounting policies that the Authority has to follow. The accounting practice governing local authority accounts which include the GMCA, have undergone major changes over the last few years in order to bring public sector accounting in line with that of the private sector. There have been no further changes to accounting policies that affect the GMCA in 2014/15.

How the Authority Performed in 2014/15

GMCA is the body established to exercise the statutory functions relating to transport, economic development and regeneration in the area, as well as improve economic conditions and the efficiency and effectiveness of transport in the area. Membership of the GMCA comprises the Leaders or the elected Mayor of the ten constituent councils of Greater Manchester.

The Accounts of the Authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

In November 2014 the Government and GMCA signed the Greater Manchester Devolution Agreement. The Agreement represents a significant devolution of powers and responsibilities to Greater Manchester. These are designed to drive economic growth and reform public services for the benefit of people who live and work in Greater Manchester. The Devolution Agreement also includes a requirement to appoint an elected Mayor.

Transport Functions

The Authority provided a revenue grant to TfGM which is the executive body responsible for implementing the Authority's transport policies. The Authority also received from the Department for Transport revenue grants to fund expenditure on transport schemes approved by the Department. These included funding for Better Bus Area Fund, Local Sustainable Transport Fund and Smarter Cities. GMCA does not directly provide bus, train or Metrolink services.

The Authority, together with the TfGM is responsible for:

- Paying for bus services which are not provided commercially by bus operators.
- Owning bus stations, shelters and stops in Greater Manchester and working to ensure all the information passengers see there is correct.
- Subsidising concessionary fares and free travel facilities on buses throughout the region, including paying to keep non-profitable services running where passengers need them most.
- Carrying out the policies of an elected authority to ensure that local rail services meet local travel needs.
- Owning Metrolink.
- Campaigning to promote public transport in Greater Manchester, to improve the environment and cut congestion.
- The installation, maintenance and management of traffic signals.
- Maintaining highway databases, surveys, modelling, analysis, appraisals and advice.
- Highways route performance, incident response and event management via a traffic control centre.
- Partnership working to promote a shared strategic road safety analysis and recommendations on interventions.
- Preparing the Local Transport Plan.

In addition the Authority incurs the costs of financing capital expenditure and direct administration costs.

Activities in the year

Devolution Agreement

The arrangements under the Devolution Agreement signed in November 2014 are designed to improve the effectiveness and efficiency of transport and economic development functions and include a number of transport proposals which included the confirmation of funding for the Metrolink extension to Trafford. Under the agreement the new, directly elected Mayor of Greater Manchester will receive the following powers with respect to transport matters:

- Responsibility for a devolved and consolidated transport budget, with a multi-year settlement to be agreed at the next Spending Review;
- Responsibility for franchised bus services (subject to public consultation in Greater Manchester), for integrating smart ticketing across all local modes of transport, and urgently exploring the opportunities for devolving rail stations across the Greater Manchester area.

As part of the Devolution plans, GMCA has also approved proposals for the establishment of a 'key route network' – the most economically important roads (excluding motorways) in Greater Manchester. The key route network model has seen TfGM taking strategic management responsibility for these roads across all ten Greater Manchester districts from 1 April 2015.

Transport for the North

An ambitious blueprint for building the 'Northern Powerhouse', boosting the prosperity of the north of England and rebalancing the national economy was released on 20 March 2015 by Transport for the North (TfN). Transport for the North is a unique partnership between the northern city regions, the Government and the national transport agencies. It was established in October 2014 to identify how best to drive economic growth through strategic investment in transport. TfGM has led on producing this on behalf of Transport for the North and the Government. The Northern Powerhouse report includes details of a high-speed TransNorth rail link to transform east-west connectivity, radically reduce travel times and complement HS2 investment. It also sets out how the North's strategic road network could be enhanced through strategic planning, investment and technology, and better connections to ports, airports and economic centres not only for passengers but also for freight, which will play a significant part in the region's growth.

Treasury analysis has shown that rebalancing the UK economy could be worth an additional £56 billion in nominal terms to the northern economy, or £44 billion in real terms – equal to £1,600 for every individual in the north – on top of the £290 billion the region already generates, rivalling the best trade centres in Europe. A £12.5 million development budget has been set aside to progress the proposals in the report.

Delivery of new transport facilities

In the past year, TfGM has continued to deliver a number of major projects including further Metrolink extensions and other public transport schemes, including those within the Greater Manchester Transport Fund (GMTF) and the Local Growth Fund.

The GMTF was established in 2009 and includes prioritised schemes based on delivering the maximum economic benefit (GVA) to Greater Manchester, consistent with positive social and environmental outcomes. The GMTF includes a number of public transport schemes, including a package of works to further extend the Metrolink network, including new links to East Didsbury, Ashton, Oldham and Rochdale town centres and Manchester Airport; and a second city centre crossing; development of the Leigh-Salford-Manchester busway; improved interchange facilities at Altrincham, Bolton, Rochdale, and Wythenshawe; and a number of park and ride schemes.

The investments are being funded from a combination of central Government funding; 'top slicing' existing Local Transport Plan funding; contributions from local partners; and borrowings, supported by agreed increases in contributions from the levy and from net revenues generated from the public transport schemes being delivered as part of the Transport Fund.

In the year under review the extension of the Metrolink system to Manchester Airport was opened, a year ahead of schedule. More than 266,000 passengers used the new Airport line in its first few months of service, bringing the number of journeys made by tram in Greater Manchester to 30 million in 2014. In addition, further new Light Rail Vehicles were introduced onto the network and works to upgrade and expand the Metrolink facilities at Victoria station have been brought into service. Work on the Second City Crossing scheme, which will provide a second route across Manchester City Centre, continued during the year. The next stage of this work, the introduction of a new stop at Exchange Square and extension from Victoria Station, is due to open in winter 2015. Other work which has commenced in the year is upgrade works on the Metrolink stop at Market Street. This is at the heart of the city centre's shopping district, improving its appearance and shelters and making it easier for passengers to move around the busy platforms.

The Deansgate-Castlefield stop is also undergoing a major transformation, with extra turn-back facilities for trams providing more flexibility for the network, a new island platform with a modern, sheltered waiting area and various other improvements.

The proposals to build a new Metrolink line to Trafford Park, which will be funded as part of the Devolution agreement, were subject to a public consultation and had an overwhelmingly positive reaction from the general public. The proposals would see the line being built through Trafford Park, one of the region's largest centres of employment, to the Trafford Centre. Plans are now being refined, taking into account the views of those who responded to the consultation, and TfGM will continue to engage with stakeholders along the route as the design develops. With the £350 million funding for the scheme confirmed under November's wider devolution deal for Greater Manchester, TfGM has now submitted a Transport and Works Act Order application for the parliamentary powers it needs to build the line. A public enquiry has been set for July 2015.

By the end of the financial year, Metrolink's 94-strong fleet of trams, plus all 20 Metroshuttle buses in Manchester city centre, had free Wi-Fi on board. This has made Metrolink the first fully Wi-Fi-capable light rail network in England and will also bring Greater Manchester a step closer to its ambition of being among the world's top 20 digital cities by 2020. TfGM joined forces with Manchester and Salford City Councils and the government's Broadband Delivery UK, part of the Department for Culture, Media and Sport, to fund this project.

The new interchange facility at Altrincham opened during the year, improving connections between bus, train and tram services and providing an impressive modern gateway to the town. Work is also ongoing on the construction of a new interchange at Wythenshawe which is due to open during summer 2015.

Work has continued in the year on a number of other schemes including those within the GMTF, including Bus Priority schemes, the Leigh-Salford-Manchester Busway and the Cross City Bus Scheme. During the year TfGM appointed an operator, First, to operate services on the Leigh, Salford and Manchester Busway.

Local Growth Fund

In July 2014 Government confirmed the award of more than £350 million for Greater Manchester's transport network over the next six years as part of the Local Growth Fund following a successful bid by TfGM on behalf of GMCA and the Districts. This will deliver a further 12 major transport schemes between 2015/16 and 2020/21, including new transport interchanges, roads, bus priority measures and more trams for Metrolink. TfGM will continue with the delivery of its element of these schemes during 2015/16 as well as its general oversight role for the programme as a whole. The schemes which TfGM is responsible for delivering are the development of new transport interchanges at Ashton, Stockport and Wigan; 16 new trams and associated infrastructure improvements for Metrolink; development of a package of bus priority measures between Bolton and Manchester; and an investment in improved passenger facilities at Salford Central Rail Station. The remaining schemes which are part of the Local Growth Fund are road schemes which are being delivered by the relevant Local Authorities.

In January 2015 Government confirmed the award of a further £56 million to Greater Manchester for investment in a further package of schemes to be funded from the Local Growth Fund. This includes a range of transport interventions and a number of further schemes that TfGM will be delivering including investments in Rail and improvements for Metrolink passengers.

In addition to the 12 schemes above GMCA has also received funding of £15.2 million to deliver a minor works programme in 2015/16 and 2016/17.

Other activities

Following a further successful bid to the DfT's Green Bus Fund, TfGM procured a further 16 vehicles, including three electric buses which are now being used on the Manchester Metroshuttle service. These are in addition to the 88 hybrid vehicles which have been purchased by TfGM, funded in part by grants from DfT, and which have entered service in the tendered network across Greater Manchester in the last few years.

TfGM has continued to deliver a number of schemes funded by DfT's Local Sustainable Transport Fund (LSTF). GMCA, through TfGM and Local Authority partners, has previously secured £37.4 million of LSTF funding from DfT, and in 2015/16 secured a further £5 million, which, together with local contributions, is being used to fund various schemes to link communities with employment opportunities and encourage sustainable commuting and business travel. This money is being used the deliver various schemes including:

- Provision of journey planning advice including to job seekers and across communities to identify travel opportunities and encourage sustainable travel;
- Provide businesses with travel plans and opportunities to improve cycling infrastructure for their employees;
- Investment in cycling, including cycle routes and cycle parking and storage facilities, and the provision of cycle training, all to encourage an increase in the level of cycle commuting;
- Providing a system to enable dynamic route planning;
- Delivering smart ticketing on bus as part of the 'get me there' smart ticketing system; and
- Subsidising certain bus services connected with employment opportunities.

TfGM secured further Cycle City Ambition Grant funding in the year for £22 million through to 2018. This will see the development of key routes and cycle friendly district centres as part of Greater Manchester's Cycle City Programme. The funding will result in over 45km of new or improved cycle routes being developed. The £22 million will also be used to introduce four new Cycle Friendly District Centres across Greater Manchester, which will include improvements to cycle parking and local routes. The proposed centres are Cheadle Hulme, Radcliffe, Oldham and Wigan. There are also plans to increase the number of cycle and ride stations at key transport interchanges to encourage cycling as part of longer journeys.

Schools and colleges across Greater Manchester will also benefit as the money will go towards developing TfGM's Better by Cycle Schools programme, which sees cycling improvements made in and around a number of educational establishments.

The funding will allow TfGM to continue its implementation of schemes to support our Cycle City vision, including our target of 10% of all trips by bike in Greater Manchester by 2025. It is in addition to the £20 million of funding which was secured previously. This funding has been used in 2014/15 to develop seven cycleway schemes providing high quality cycle links, principally into Manchester City Centre; Cycle and Ride facilities at 9 train stations and tram stops; and deliver improved cycle facilities at a number of partner schools. All these schemes will be completed in 2015/16.

TfGM has continued to work on the delivery of a smartcard ticketing system. All holders of English National Concessionary Scheme passes are now using their smart enabled concessionary passes to 'touch on and off' on the Metrolink system and plans are being developed for the further roll out of smart ticketing.

TfGM's latest digital product, Route Explorer, was used by 55,000 users in just seven weeks after its September launch. Route Explorer helps bus users plan journeys on the move, by providing information on bus services, timetables, stop locations and connections with rail and Metrolink services at customers' fingertips. It works on smartphones, tablets, PCs and Macs.

TfGM has continued to support initiatives to deliver improvements in rail infrastructure. Rail North, representing local authorities, including Passenger Transport Executives, across the North of England, has entered into a partnership with the Department for Transport for the renewal of the Northern and TransPennine rail franchises. Over the past year, through its role in Rail North, TfGM, has continued to work alongside northern partners to develop proposals for local decision-making to play a central role in defining future rail services in the North. The Rail North proposals include a Long Term Rail Strategy for the North, a strong business case, and a new decision-making framework for northern authorities to work together. The DfT - Rail North Partnership is founded on a shared set of principles which include ensuring that new infrastructure, such as the Northern Hub, is used in the most effective way to strengthen our economy, and that priorities are clearly defined for future investment in the network and rolling stock. Future rail services must meet the needs of the North by playing a stronger role in developing the prosperity of the North and in serving passengers better. In February 2015 the Department for Transport published the Invitation to Tender documents for the re-letting of the franchises currently operated by Northern Rail and TransPennine Express.

The need to increase capacity and improve the quality of rail services for Greater Manchester also underpins our support for high speed rail. TfGM has continued to work on plans for the extension of HS2, including the stations at Manchester Airport and Manchester Piccadilly.

Economic Development and Regeneration Related Functions

The Authority provided funding for various Economic Development and Regeneration functions which were funded by contributions from the 10 district councils. The Authority also received capital and revenue grants from Central Government departments in support of these functions. These included funding for Growing Places, Regional Growth Fund, City Deal, Youth Unemployment, Affordable Homes, Local Enterprise Partnership funding and EU Funding. During 2014/15 the Authority signed the Devolution Agreement which will see further resources be directed through the Local Growth Fund to support economic development and regeneration, particularly from 2015/16.

The Manchester Family / Centres of Excellence

The Manchester Family structures are responsible for delivering a number of key functions which underpin GM's growth agenda. The functions which these organisations undertake include economic analysis and policy development; skills and employment programmes; trade, investment and business growth, and marketing and promotion.

New Economy Ltd

Principal Activities

New Economy is the Centre of Excellence for Research, Strategy, Evaluation and Performance Management including Employment and Skills. It operates as part of a series of Centres of Excellence developed in April 2011 in response to reduced public funding and wider Governance changes in Greater Manchester.

Business Review

The business of New Economy has continued to evolve over the period and includes the following key achievements:

- Playing a key role in seeking agreement of the GM Devolution Agreement. This included establishing the evidence base and working with national organisations including the City Growth Commission and Republica.
- Securing the Department for Communities & Local Government (DCLG) contract to support the bidding process for the Transformation Challenge Award (TCA), delivering 140 days of Cost Benefit Analysis support to 123 Local Authorities across England, as part of their TCA bids.
- Submitted two successful Regional Growth Fund bids, bringing approx. £30m Government investment to the region for a GM Export Fund and a National Textiles Growth Programme.
- Successfully delivered The Textiles Alliance Project, seeing the creation of 1,600 jobs and 115 apprenticeship positions across England, in its first year of delivery. The project has invested £9m in grants to 94 textiles companies, leveraging £30m of private investment into the sector.
- Awarded the role of North West Research Hub and the Research & Development Hub for the Core Cities network, placing New Economy at the heart of national policy developments, based on development of rigorous and robust local evidence.
- Secured additional funding from Cabinet Office for the Youth Contract Extension, a unique programme to provide mentoring support for young people to develop skills to secure a job, and to ensure continued support in the early months of working, to ensure they can overcome any barriers that may prevent them becoming sustainably employed.
- Development of an Open Data Infrastructure Map for GM, commissioned by Cabinet Office, which for the first time brings together all public and relevant private sector data on infrastructure.
- Secured an additional £12m of the Adult Skills Budget for GM, to be commissioned alongside ESF plans.
- Production of a GM Manufacturing Strategy to create the best possible conditions for the sector to be able to address its challenges and opportunities and achieve its full potential. A private sector led Manufacturing Leadership Network has also been established to champion leadership development & technology enablement and serve as the voice of the sector to raise its profile.
- Playing a key role in securing £60m of funding for the development of a Graphene Engineering Innovation Centre (GEIC) and £61m for a National Graphene Institute (NGI), to support extensive graphene research and commercialisation in GM.
- Development of an Airport City Employment & Skills Strategy to ensure the strategic advantages of the location, international investment and transport connections are capitalised on through the high quality of Greater Manchester's existing and future workforce.
- New Economy led on a review of GM's Low Carbon governance, leadership and resources to ensure a focus on the delivery of the challenging carbon reduction targets set by GM and a refocus on tangible delivery of outcomes to achieve this
- As part of the £80m Smart Systems and Heat programme with the Energy Technology Institute (ETI), Greater Manchester along with Newcastle City Council and Bridgend Council (working with the Welsh Government), were selected as the the preferred local delivery partners in developing a local energy strategy and transition plan.

Key Changes:

- There have been some changes in the team structures to enable a more coherent working environment and establish clear lines of management within the teams. As a result of new funding streams and commercial contracts secured, the Research and Skills & Employment teams have grown in size over the past 6 months to enable them to deliver key projects and implement strands of the Devolution Agreement; and there are two new teams: Strategy and Business & Science Policy. As various members of the Project Development team left the business and were not replaced, the remaining team members have been embedded within the various policy teams to ensure that project development is in all policy teams.

Manchester Investment and Development Agency Service Ltd (MIDAS)

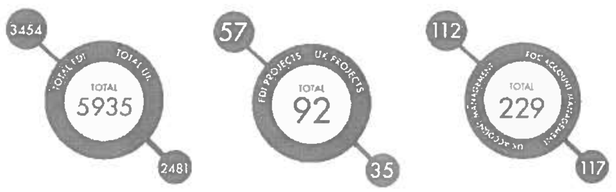
Principal Activities

The main aim of Manchester Investment and Development Agency Service Limited ('MIDAS') is to attract inward investment in to Greater Manchester that ultimately creates and safeguards jobs. This is done through the promotion of Manchester as a business location in key sectors and geographic markets.

Performance has again been exceptional in 2014-15, with MIDAS having significantly increased its targets from the previous year by over 30% in keys areas of delivery, yet still exceeding them. The company assisted in the creation and safeguarding of almost 6,000 jobs in Greater Manchester, of which over 4,000 were new jobs and nearly 3,500 as a result of Foreign Direct Investment (FDI), creating an estimated GVA impact of £327.1m. There was a sizeable increase in the number of foreign direct investment (FDI) projects secured, up from 35 in 2013-14 to 57 in 2014-15, an increase of over 165%. A full breakdown can be seen below.

MIDAS Results 2014-15

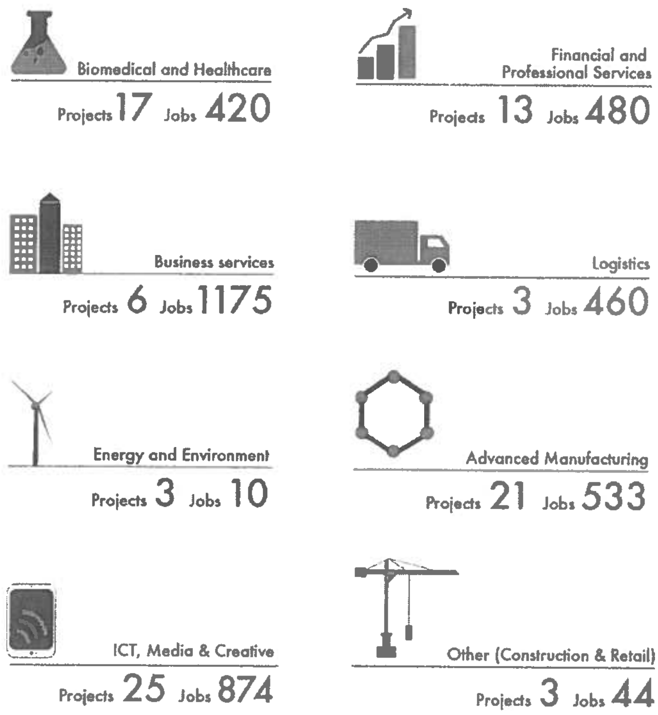
4036	New Jobs Created
5935	Jobs Created & Safeguarded
3454	FDI Jobs Created & Safeguarded
92	Successful Projects



Europe overtook the US as the primary market for FDI in to Greater Manchester in terms of both jobs and volume of investment projects, with Asia-Pac accounting for 16% of successful projects, showing strong growth on the previous year. India also grew its market share to 7%, reflecting greater investment and focus on the market.

Business Services and ICT, Media and Creative contributed the largest volume of jobs created, with the latter having increased the volume of job creation by 264% and also providing the highest volume of projects, up 56% on the previous year. Likewise, the biomedical sector also saw a large increase on the previous year, with investment project successes up 42% and jobs created up 17%. Advanced Manufacturing, Financial Services and Logistics showed strong performance as well.

Detailed Sector Breakdown of Results



In terms of delivery of the core priorities of the Business Plan, these have been achieved with great success, both in terms of the above figures, but also the deeper elements of performance which include laying the foundations for future success.

Plans to increase investment within the core sectors of ICT, Media and Creative; Biomedical and Healthcare; and Advanced Manufacturing and Materials; have been realised, as has increased investment from growth markets such as India and the wider Asia-Pac region.

One of the other key priorities during the 2014-15 budget year was to maintain the development of the project pipeline, which has seen an increase in project numbers on the previous year, with over 20,000 new jobs associated with these projects.

UKTI has increased its share of referrals to MIDAS, now accounting for 37% of successfully converted leads for FDI. This reflects an intense year of relationship building with key UKTI personnel both in the UK and in strategically important international posts, building on the "Summit" held early in the financial year.

Other Economic Development and Regeneration functions / Projects

There are other functions which contribute to Economic Development and Regeneration activities within Greater Manchester and the details of the functions are listed below as follows:

- Core Investment Team – The team develop a pipeline of investable projects to support economic development within Greater Manchester. Funding is predominantly from the RGF / GPF grants which the team administers on behalf of the GMCA as well as leveraging in external funding to support the GM Growth Strategy. In addition to District Contributions, the Core Investment Team also receives funding from the GPF Revenue Grant and income that it generates such as arrangement fees.

- Low Carbon Investment Team –The team are involved in developing a pipeline of low carbon projects across Greater Manchester. They have recently been successful in attracting

European Local Energy Assistance (ELENA) funding which is part of the European Investment Bank's broader effort to support the EU's climate and energy policy objectives. For Greater Manchester the funding will be used for the creation and development of a Low Carbon Development Unit which will support the development of two street lighting investment projects and six district heating network investment projects including a Heat Network Procurement Framework.

- Housing Investment Team (TopCo) - Resources are required to develop and administer the Housing Investment Fund which was agreed with Government as part of the Devolution Agreement and is designed to promote delivery of additional housing in GM. Aligned to this there is a requirement to establish a housing investment vehicle to encourage the development and delivery of schemes to be supported by the fund. TopCo will lead or assist local partners in the 'project development' phase of potential "Fund" projects, proactively seeking and supporting the identification and development of a pipeline of potential schemes around GM through joint work with Districts, landowners (public and private), developers and others. Estimated costs include £0.5 million for 2015/16 which it is proposed will be resourced from existing funding streams including the LEP Grant. In 2014/15 spend of £0.012 million has taken place, mainly on external fees.

- The Alliance Project, based at New Economy, was established to examine the potential for repatriating textiles manufacturing to the UK. The work was commissioned by Lord David Alliance and the GMCA with the support of the Government through BIS. The project will work with local partners and training providers to address employer's skills shortages which are currently holding the sector back. The GMCA contributed £0.115 million to the project in 2014/15

- Other GM budgets linked to New Economy include the Planning and Housing Team which are based with New Economy, Manchester Family secondments (which are staff members that work within New Economy but are on secondments from Districts) and a contribution towards the 14-19 Service that New Economy leads on.

Grant Funded Schemes

Local Enterprise Partnership (LEP) – Core Capacity Funding 2014/15

The joint working between the Authority and the LEP is essential to continue to support the growth and development of Greater Manchester. The GM LEP and the GMCA will work together to deliver the aspirations of the Greater Manchester Strategy (GMS). The GMS priorities will form the foundation of, and focus for, the LEP.

All LEP's have been granted 'capacity funding', paid as Section 31 unringfenced grant to give LEP areas the resource to deliver specific tasks required by government, specifically:

Funding Description	Funding Period 2014 - 2015 £ million
Continued implementation of a 'Growth Plan' (Capacity Funding)	0.279
Delivery of an EU Structural and Investment Funds Strategy	0.250
	0.529

The LEP's remit continues to include a general oversight of GM's growth agenda, and have chosen to invest LEP 'Capacity' funding in areas where they feel they can add particular value and have chosen to focus their efforts. For the financial year 2014-15 these areas are science and innovation, internationalisation – India, infrastructure, town centres, and developing a foresight report for GM. These are priorities where the LEP is well-placed to add value alongside the GM Combined Authority. They are all key to the Greater Manchester Strategy and support Greater Manchester's Growth aspirations.

Spend on LEP priorities was £0.439 million in 2014/15 and there is an earmarked reserve of £0.62 million as at 31 March 2015.

Growing Places Fund and Regional Growth Fund

The Growing Places Fund and the Regional Growth Fund are funding streams available to support investment opportunities. There are a number of projects in the pipeline and it is anticipated that the original grant funding will be spent in full by March 2016. Whilst grants can be made from RGF the majority of payments are loans and the loan repayments which will be recycled as future borrowing available for enterprises across Greater Manchester.

Growing Places Fund (GPF)

In 2012/13 the GMCA received a total funding allocation of £37.358 million of which £2.828 million is revenue and £34.53 million is to support capital expenditure.

The Growing Places Fund has three overriding objectives:

- to generate economic activity in the short term by addressing immediate constraints;
- to allow Local Enterprise Partnerships (LEPs) to prioritise infrastructure needs, empowering them to deliver their economic priorities; and
- to establish sustainable recycled funds so that funding can be reinvested.

The majority of the GPF will be used to provide up front capital investment to help stimulate economic development. Funding can be recycled as developments are completed and the investments repaid.

The revenue grant is being used to support the administration of investment activities and £0.363 million has been utilised from the grant in 2014/15.

From the capital grant funding £11.03 million (£0.35 million 2012/13, £1.97 million 2013/14 and £8.71 million in 2014/15) has been paid to projects with at least a further £8 million anticipated to be drawn down in 2015/16. This funding is for large capital investments. Drawdown of funding will only occur once schemes have met certain criteria such as receiving planning permission. Projects are now moving through the pipeline, including meeting due diligence requirements, and the loans from GPF have been steadily increasing.

Regional Growth Fund (RGF)

The GM RGF programme is part of the Greater Manchester Investment Framework and is designed to replace in the private sector some of the estimated 22,000 public sector jobs we will lose by 2015. In doing so, it will address weaknesses that will stop GM playing a full part in leading the North's economy towards sustained, private sector growth and address our own over-reliance on public sector employment.

To date GMCA has been successful in round 2 (RGF2) and round 3 (RGF 3). The programme rounds have a number employment targets to meet relating to creating and safeguarding both direct and indirect jobs.

- RGF2 was awarded £30m funding in November 2012 with a direct jobs target of 2,000.

- RGF3 was awarded £35m funding in April 2013 with a jobs target of 1,724 which is mixture of direct and indirect jobs.

The Regional Growth Fund has conditionally approved, under the GM Investment Framework, funding for 56 projects. The projects are projected to create / safeguard over 6,524 jobs with 3,010 achieved to date. The funds are paid to projects on a defrayed basis and therefore can be drawn down over a period of two years. Loans and grants of £26.205 million were given within 2014/15. As per the grant conditions, the RGF 3 funds have been spent by May 2015 and RGF 2 will be spent by March 2016.

Empty Homes Programme 2012-15

The Combined Authority on behalf of a consortium acting for all 10 Districts have successfully bid for funding to support an Empty Homes Programme for the period to March 2015. The consortium includes 22 housing provider partners who will be undertaking the development and management of properties brought back in to occupation.

The confirmed grant funding available for the Empty Homes Programme was shared between two rounds of Affordable Homes Programme (via Homes and Communities Agency (HCA)), managed in effect as a single programme, and a separate CLG Clusters of Empty Homes Programme. In 2014/15, amounts totalling £6.460 million were claimed from the Affordable Homes Programme, with 967 properties having now been returned to use since the programmes began.

Trends in the wider housing market have seen significant and continuing reductions in the numbers of empty properties in GM, particularly so in those longer-term empty properties which are the target for these programmes. Clearly this is welcome in strategic terms, but required continuing adjustment of the funding allocation within the GM consortium to maximise impact, in agreement with partners and the HCA. The final shape of the programme was therefore determined by where, and at what cost, best progress could be secured.

Empty Homes Programme 2012 - 2015				
Funding Description	2012/13 £000	2013/14 £000	2014/15 £000	Total Per Scheme £000
Clusters of Empty Homes	7	3,677		3,684
Affordable Homes Programme		2,330	6,460	8,790
Total Expenditure per Year	**7**	**6,007**	**6,460**	**12,474**

In November 2014 GMCA approved a further bids to Homes and Communities Agency to continue the Affordable Homes funded programme in GM beyond the end of March. HCA have approved an initial bid to form a renewed Consortium for the 2015 -18 programme, however, the formal contract has not, at the time of writing, been received.

City Deal – Skills Apprenticeship Hub and Tax Incentive Scheme 2012 - 2015

The Greater Manchester (GM) City Deal will engender greater ownership of skills by employers, and particularly SMEs, and a more effective alignment of the skills system with economic opportunities. It will create a new Apprenticeship Hub, pilot a tax incentive system to encourage greater employer investment in skills and trial, with the Skills Funding Agency, mechanisms through which its skills funding can better support providers to respond to the City's skills priorities.

The City Deal funding will work alongside other funding sources (including GIF and EOP) to support the GM Apprenticeship Hub. This funding will support the Hub to increase the level of engagement in Apprenticeships among GM residents, particularly among young unemployed people and will support providers to develop new Apprenticeship Frameworks at Advanced and Higher Level through:

- Activities to stimulate demand for Apprenticeships from young unemployed people including through work in schools and sixth forms;
- Enhanced IAG and mentoring support for young unemployed people;
- Work to develop clear pre-Apprenticeship routes (within the current system);
- Offering incentives to employers to recruit unemployed young people as Apprentices;
- Events and promotional activities to engage employers and jobseekers such as fairs and milk rounds, including during Apprenticeship Week;

- Briefing events and materials for frontline workers such as NCS and Jobcentre Plus to support promotion of Apprenticeships.

Funding for this element of the City Deal will be administered via the Skills Funding Agency and totals £8.8m. However the funding element for the Tax Incentives pilot (c£2.8 million) has been reviewed and a revised programme of spend will be determined in 2015/16.

Youth Unemployment Contract

In September 2013, Greater Manchester submitted a proposal to Cabinet Office for investment in measures to tackle long term youth unemployment (for 18-24 year olds) as part of a competitive process alongside twenty seven other cities. As a result of this process, Greater Manchester was offered £5.80 million from the nationally available £50 million allocation that was ring fenced from the underspend on the youth contract wage incentive fund.

The investment, which was confirmed in an offer letter from the Minister for Cities on the 14th November, is to deliver what Cabinet Office has described as their 'flagship programme' to support 2,500 young people.

The grant, which has been paid under Section 31 of the Local Government Finance Act 2003, was received via a single £5.80 million payment. In 2014/15 £1.01 million was defrayed with the remaining £4.79 million being held in reserves for future years commitments.

<u>Financial Summary 2014/15</u>

The accounting practice governing local authority accounts has undergone significant changes over the last few years. One of the main aims of these changes has been to harmonise the accounting requirements of the public sector with those of the private sector. The Comprehensive Income and Expenditure Statement shows the Authority's financial position for the year before taking into account any statutory adjustments to standard accounting practice required in local government accounts. The Movement in Reserves Statement reflects these statutory over-rides and shows how the financial performance for the year has impacted on the Authority's general reserves.

For 2014/15 the Authority's Comprehensive Income and Expenditure Statement shows a surplus for the year of £1.388 million (2013/14 deficit of £135.926 million).

In 2014/15 the Authority's General Fund shows a surplus for the year of (£0.196 million) (2013/14 surplus of £0.127 million). This is after a contribution of £15.042 million to earmarked reserves. The surplus is predominantly due to efficiencies against corporate budgets and interest earned on economic development and regeneration deposits. The contribution to earmarked reserves of £15.042 millions made up as follows:

- Smarter Cities Grant — £ 0.057 million
- Total Transport Pilot Fund — £ 0.081 million
- Capital Programme Reserve — £ 2.061 million
- RGF Deposit Interest — £ 0.030 million
- RGF/GPF Arrangement Fees — £ 0.371 million
- RGF Loan Interest — £ 0.861 million
- RGF 2 and RGF 3 Grant — £10.964 million
- LEP Priorities — £ 0.617 million

The Authority's grant to TfGM in 2014/15 was budgeted at £106.150 million (2013/14 £116.183 million). The impact on the Transport Levy was that there was no overall change for 2014/15, with an increase of 3% with respect to the Greater Manchester Transport Fund being fully offset by a reduction of 3% for funding for the rest of the budgeted costs.

Revenue Expenditure 2014/15

The actual income and expenditure against budget for 2014/15 is summarised below:

GMCA Revenue Outturn 2014/15	Budget 2014/15 £m	Outturn 2014/15 £m	Variance 2014/15 £m
Resources Available:			
Transport Functions			
Transport Levy	(198.094)	(198.094)	-
Government Grants - Transferred from Reserves	(6.083)	(4.204)	1.879
Government Grants - Received In-Year	(0.410)	(0.491)	(0.081)
Other Income	-	(0.190)	(0.190)
Economic Devt & Regeneration Functions			
Charges to Districts	(3.403)	(3.403)	-
Government Grants	(37.892)	(35.123)	2.769
Contributions from Reserves (Other Grants)	(2.910)	(5.903)	(2.993)
Contribution from Reserves (GPF)	(1.084)	(0.362)	0.722
Contribution from Reserves (Arrangement Fees)	(0.065)	(0.065)	-
RGF/GPF - Arrangement Fees	(0.087)	(0.481)	(0.394)
Interest on RGF Loans	-	(0.860)	(0.860)
Interest on GPF Loans	(0.243)	(0.220)	0.023
Short Term Deposit Interest	-	(0.169)	(0.169)
Other Contributions	(0.074)	(0.074)	-
Total Resources	**(250.345)**	**(249.639)**	**0.706**
Calls on Resources:			
Transport Functions			
Cross Grant to TfGM	141.242	141.242	-
TfGM Funded Finance Costs	(35.092)	(35.092)	-
Grant paid to TfGM	106.150	106.150	-
Other Grants	6.493	4.557	(1.936)
GMCA Traffic Signals	3.838	3.838	-
Section 278 Commuted Sum	-	0.190	0.190
Capital Financing			
Levy Funded	52.269	50.208	(2.061)
TfGM Funded from Reserves/Revenues	32.720	32.720	-
TfGM Funded from Efficiencies	2.372	2.372	-
Economic Devt & Regeneration Functions			
New Economy	0.757	0.757	-
MIDAS	1.225	1.225	-
Marketing Manchester	0.411	0.411	-
Core Investment Team	1.511	1.057	(0.454)
Low Carbon Investment Team	0.500	0.232	(0.268)
Housing Investment Team (Top-Co)	-	0.012	0.012
Planning & Housing Commission	0.303	0.303	-
Manchester Family Secondments	0.183	0.179	(0.004)
14-19 Contributions	0.066	0.066	-
Public Service Reform	0.074	0.074	-
Regional Growth Fund - RCCO	33.136	26.206	(6.930)
City Deal	3.843	1.420	(2.423)
Youth Contract	2.383	1.013	(1.370)
LEP Priorities	1.056	0.439	(0.617)
Other Grant Funded Schemes	0.122	0.103	(0.019)
Alliance Project - Textiles	0.115	0.115	-
GMCA Running Costs	0.818	0.754	(0.064)
Total Call on Resources	**250.345**	**234.401**	**(15.944)**
Surplus before contribution to Earmarked Reserves			**(15.238)**
Contribution to Earmarked Reserves			**15.042**
Net Surplus			**(0.196)**

Capital Expenditure 2014/15

The Authority spends money on traffic signals capital projects and providing Capital Grants within the definitions of capital expenditure contained in the Local Authorities (Capital Finance and Accounting) Regulations 2003.

Capital expenditure has to be financed from one of the following sources:

- Borrowing, for example from Government (PWLB) or the European Investment Bank (EIB).
- Grants or contributions from the Government, the European Union or another third party.
- Proceeds from the sale of capital assets or the repayment of advances.
- Revenue Contributions.

The Authority spent £240.052 million in 2014/15, which is summarised below:

	2013/14 £m	2014/15 £m
Capital Grants to TfGM/Districts and other recipients (Revenue Expenditure Funded from Capital Under Statute)	236.930	204.747
Non-current Assets (Property, Plant and Equipment)	5.838	4.533
Long / Short Term Loans and Investments (Economic Development and Regeneration schemes)	12.200	30.772
Total	254.968	240.052

Revenue Expenditure funded from Capital under Statute (REFCUS) relates to capital expenditure incurred on non-Authority owned assets, primarily assets owned and accounted for by TfGM. The tables below also include income and expenditure directly received and incurred by TfGM and have formed the basis for the Capital Outturn report to Members.

The Capital Expenditure was spent on the following schemes:

	2013/14 £m	2014/15 £m
Greater Manchester Transport Fund	212.907	167.135
Other Metrolink Schemes	12.974	22.952
Local Sustainable Transport Fund	1.612	7.207
Green Bus Fund	1.021	2.360
Better Bus Area Fund	0.241	1.278
Office for Low Emission Vehicles Plug In Places/Electric Vehicles	1.378	0.317
Other Transport Schemes and Minor Works	9.275	8.351
Smart Ticketing	4.338	0.362
Wifi on Trams	-	1.711
Information Systems Hardware	-	0.315
Cycle City Ambition Grant	0.223	4.164
Various Economic Development and Regeneration Schemes	6.007	6.460
Economic Development and Regeneration RGF / GPF Loans/Grants	15.666	34.910
Traffic Signals	5.838	2.195
Total	271.480	259.717

The financing of this expenditure was by the following methods:

	2013/14 £m	2014/15 £m
Borrowing	187.282	66.880
Capital Grants	65.140	187.175
Capital Programme Reserve	13.101	-
External Contributions	5.957	5.662
Total	271.480	259.717

Borrowing Limits

In 2014/15 the Authority had an authorised limit for external debt of £1,231.300 million which compares to the actual level of debt outstanding at 31st March 2015 of £926.865 million. This is made up of the following figures:

	2013/14 £m	2014/15 £m
Long-term Borrowing – PWLB/Market	835.706	910.706
Short-term Borrowing – Interbank	51.630	16.159
Total Borrowings	887.336	926.865

The Short-term Borrowing – Interbank represents funds deposited in the name of the GMCA, but which are managed on a daily basis by TfGM. At each year end the GMCA brings the value of these deposits into Cash and Cash Equivalents, with a compensating value of Short-term Borrowing to TfGM.

In order to align with the accounting treatment of the Interbank balances by TfGM, the Authority is reporting these balances in the Borrowings figures. These Interbank balances are not included in the calculation of the authorised limit for external debt.

Excluding the movement in the Interbank borrowings, total borrowings showed an increase during the year of £75.000 million. This was used to pay capital grants to TfGM for funding Greater Manchester Transport Fund schemes.

Investments

Short term money market deposits of cash balances in excess of current requirements as at 31 March 2015 were £165.819 million. This is made up of the following figures:

	2013/14 £m	2014/15 £m
Bank Deposits	27.763	23.235
UK Government Backed Deposits	109.230	142.584
Total Investments	136.993	165.819

Excluding the movement in the Interbank investments, total investments showed an increase in the year of £64.297 million. The main reason for this increase relates to the receipt of grants in advance and programme delays within the Greater Manchester Transport Fund schemes.

Current Economic Climate

In line with the previous financial year the fiscal context in which public services are operating is still challenging, however the overall national economic outlook continued to improve during 2014/15. The optimistic outlook is also evident for Greater Manchester, with the 2014 GM Business Survey showing more companies reporting increases in jobs and turnover over the last 12 months. In addition, more GM firms expected to see growth over the next year. While unemployment remains above the national average, GM did see an annual fall in the proportion of its working age population out of work and the fact that companies are more confident about the future suggests that further opportunities should be created for people to reengage with the labour market.

As for the previous year, the reductions made to public sector funding, which have significantly impacted the ten districts of Greater Manchester who provide the transport levy (the main source of revenue funding), have again impacted on Transport for Greater Manchester (TFGM) in terms of a reduction in the level of core funding for 2014/15. In agreement with GMCA, to align costs with income and to meet the challenges of lower funding, TfGM has again implemented a number of cost saving initiatives, which will deliver cost savings in 2014/15 and 2015/16. These are in addition to the efficiencies which have already been delivered in recent years.

The past year has been a momentous one for Greater Manchester. Key achievements include:

- The signing of the first city region Devolution Agreement in November 2014. The Agreement increases the resources available to Greater Manchester across its full range of strategic priorities. Some are direct through additional funding and indirect through greater influence over national and other programmes. The elements of the Devolution Agreement were prioritised to support economic growth across Greater Manchester and include actions specifically designed to improve the effectiveness and efficiency of transport and economic development functions - such as the agreement related to the operation of the bus network, greater control over the skills budget to align it better with the needs of the local economy and the housing investment fund that will support housing development required to support a growing labour market.
- Greater Manchester's Growth and Reform Plan which formed the basis for GM's two successful bids into the Growth Fund; The Growth and Reform Plan identified a number of key priorities for investment to support and accelerate the growth of the city region, including investment to: meet the transport and connectivity requirements of GM; further develop our business support and skills capacity to meet the needs of employers; and fill gaps in the region's life science offer and the eco-system associated with Graphene. GM was extremely successful with these bids and was awarded two substantial Local Growth Funding packages worth £476.7m under round 1 (the largest in the country); and £56.6m in round 2.
- Continued work on investment has been highly successful, with GM on track to commit and spend key investment funds. Government and clients alike view the GM Investment Fund approach as an example of national good practice.
- Good progress with our work on public service reform which is nationally recognised. It has made huge strides in the way in which it supports districts to provide an integrated offer to GM's residents, an offer which will address the multiple challenges they often face.
- GM's recently signed Memorandum of Understanding with health partners offers the conurbation the unique ability to make the wholesale social and health care reforms required to improve the health and wellbeing of GM residents in a financially and clinically sustainably way.

Greater Manchester Devolution Agreement

The GMCA signed the groundbreaking Devolution Agreement with Government on 3rd November 2014 which sets out the significant transfer of powers and responsibilities. Activity has commenced in a number of the areas during 2014/15 and will increase over the coming years to maximise impact and benefit realisation.

Greater Manchester has been at the forefront of the debate about fiscal and functional devolution recognising that without it the GMCA would not be able to fully meet its objectives. The ambition is to develop a new place based partnership with government to secure significant influence, if not control, over all public spending within Greater Manchester.

Alongside the proposed new powers there will be strengthened Governance arrangements to reflect the increased responsibilities and need for greater leadership capacity. This will be an evolutionary approach which will lead to a directly elected Mayor providing direct accountability for substantial new powers as well as additional leadership capacity. This will require primary legislation. To move towards this an Appointed (or Interim) Mayor as an 11th member of the GMCA will be introduced to support the transition. This will secure directly, or pave the way for, the following specific benefits:

Earnback – which enables GM to retain a greater proportion of the additional tax revenue that will be generated as a result of local investment in infrastructure.

Transport – responsibility for a devolved and joined up transport budget with a multi year settlement together with other powers including responsibility for re-regulated bus services, ability to shape local rail station policy and the introduction of integrated ticketing across all modes of local transport.

Skills – Powers to address the mismatch between the supply of skills and the needs of business and, through access to Apprenticeship Grants provide talent for the future forecasted growth industries in GM.

Business Support – provides GM with the responsibility for business support budgets across GM including Growth Accelerator, Manufacturing Advice Services and UKTI Export Advice providing a fully integrated service.

Housing – includes the creation of a £300 million Housing Investment Fund to accelerate the delivery of housing in GM to provide up to 15,000 additional homes over 10 years. The Fund will be recyclable and can be reinvested.

Planning – GM will be given the power to create a Statutory Spatial Framework for the City Region to enable GM to manage demand in the most effective way to maximise growth and development potential.

Public Service Reform: Complex Dependency – Often too many people are trapped in a cycle of dependency. The Agreement will enable the scaling up of the work already being done to address complex dependency and help 50,000 people who have struggled to find work get in to jobs,

Public Service Reform: Early Years – a further pilot will see the Government working with GM to improve the school readiness and attainment of children.

Public Service Reform: Health and Social Care – promoting the development of an integrated health and social care strategy through pooling health and social care budgets across GM to reduce the pressure on A&E and avoid hospital stays.

Further powers may be agreed over time and included in future legislation.

Further Information

Further information about the Authority's Annual Statement of Accounts is available upon request from the following address:

The Finance Department
Greater Manchester Combined Authority
P.O Box 532
Town Hall
Manchester
M60 2LA

The Annual Statement of Accounts can also be viewed on the Greater Manchester Combined Authority's website, www.agma.gov.uk Please contact us at the above address if you have any comments on the presentation of the Annual Statement of Accounts.

Local electors and taxpayers have a statutory right to inspect the Authority's Annual Statement of Accounts before the annual accounts audit has been completed, giving them an opportunity to question the auditor. The availability of the unaudited Annual Statement of Accounts for inspection was advertised in the Manchester Evening News on 22 June 2015. Information is available to all council tax payers in Greater Manchester which explains how TfGM will spend the transport levy which the GMCA collects from the district councils and describes its efforts to improve the services it provides on behalf of the residents of Greater Manchester. This publication entitled 'Investing in Greater Manchester Transport 2015/16' can be viewed on the Transport for Greater Manchester Committee's website, www.tfgmc.com.

Richard Paver

Treasurer

Greater Manchester Combined Authority

18 September 2015

The Statement of Responsibilities for the Annual Statement of Accounts

The Authority's Responsibilities

The Authority 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 this Authority, that officer is the Treasurer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Authority's Statement of Accounts 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 this Statement of Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Treasurer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts give a true and fair view of the financial position of the Authority as at 31st March 2015 and of its income and expenditure for the year ended 31st March 2015.

Richard Paver
....

Richard Paver

Treasurer

Greater Manchester Combined Authority

18 September 2015

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit Committee at the meeting held on 18 September 2015.

Ian Stewart
....

Chair of the meeting approving the accounts,
18 September 2015

Greater Manchester Combined Authority - Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the commercial cost of providing the Authority's services, more detail of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for transport and economic development and regeneration contribution setting purposes. The net increase/ (decrease) before transfers to the Earmarked Reserves line shows the statutory general Fund balance before any discretionary transfers to or from the earmarked reserves undertaken by the Authority.

Further details of the useable reserves can be found in Note 8.

2013/14

	Note	General Fund Balance Transport	General Fund Balance ED & R	Revenue Grants Unapplied Reserve	Capital Programme Reserve	Capital Grants Unapplied Reserve	Metrolink Reserve	Capital Receipts Reserve	RGF / GPF Interest and Arrangement Fees Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Total Unusable Reserves	Total Authority Reserves
Balance as at 1 April 2013		**4,883**	**78**	**23,709**	**48,565**	**43,251**	**34,496**	**0**	**0**	**154,982**	**(899,506)**	**(258)**	**(899,764)**	**(744,782)**
Surplus or (deficit) on the provision of services		(136,053)	127	0	0	0	0	0	0	**(135,926)**	0	0	**0**	**(135,926)**
Other Comprehensive Income and Expenditure		0	0		0	0	0	0	0	**0**	0	0	**0**	**0**
Total Comprehensive Income and Expenditure		**(136,053)**	**127**	**0**	**0**	**0**	**0**		**0**	**(135,926)**	**0**	**0**	**0**	**(135,926)**
Adjustments between accounting basis and funding basis under regulations	7	164,482	0	0	0	(1,975)	0	0	0	**162,507**	(162,509)	2	**(162,507)**	**0**
Net Increase/(decrease) before Transfers to Earmarked Reserves		**28,429**	**127**	**0**	**0**	**(1,975)**	**0**	**0**	**0**	**26,581**	**(162,509)**	**2**	**(162,507)**	**(135,926)**
Transfers (to)/from Earmarked Reserves	8	(28,429)	0	14,735	13,400	0	0	65	229	**0**	0	0	**0**	**0**
Increase/(decrease) in year		**0**	**127**	**14,735**	**13,400**	**(1,975)**	**0**	**65**	**229**	**26,581**	**(162,509)**	**2**	**(162,507)**	**(135,926)**
Balance as at 31 March 2014		**4,883**	**205**	**38,444**	**61,965**	**41,276**	**34,496**	**65**	**229**	**181,563**	**(1,062,015)**	**(256)**	**(1,062,271)**	**(880,708)**

Greater Manchester Combined Authority - Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the commercial cost of providing the Authority's services, more detail of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for transport and economic development and regeneration contribution setting purposes. The net increase/ (decrease) before transfers to the Earmarked Reserves line shows the statutory general Fund balance before any discretionary transfers to or from the earmarked reserves undertaken by the Authority.

Further details of the useable reserves can be found in Note 8.

2014/15

	Note	General Fund Balance Transport	General Fund Balance ED & R	Revenue Grants Unapplied Reserve	Capital Programme Reserve	Capital Grants Unapplied Reserve	Metrolink Reserve	Capital Receipts Reserve	RGF / GPF Interest and Arrangement Fees Reserve	Total Usable Reserves	Capital Adjustment Account	Financial Instruments Adjustment Account	Total Unusable Reserves	Total Authority Reserves
Balance as at 1 April 2014		**4,883**	**205**	**38,444**	**61,965**	**41,276**	**34,496**	**65**	**229**	**181,563**	**(1,062,015)**	**(256)**	**(1,062,271)**	**(880,708)**
Surplus or (deficit) on the provision of services		3,120	196	0	0	0	0	0	0	**3,316**	0	0	**0**	**3,316**
Other Comprehensive Income and Expenditure		0	0		0	0	0	0	0	**0**	0	0	**0**	**0**
Total Comprehensive Income and Expenditure		**3,120**	**196**	**0**	**0**	**0**	**0**		**0**	**3,316**	**0**	**0**	**0**	**3,316**
Adjustments between accounting basis and funding basis under regulations	7	24,868	0	0	0	(1,303)	0	0	0	**23,565**	(23,567)	2	**(23,565)**	**0**
Net Increase/(decrease) before Transfers to Earmarked Reserves		**27,988**	**196**	**0**	**0**	**(1,303)**	**0**	**0**	**0**	**26,881**	**(23,567)**	**2**	**(23,565)**	**3,316**
Transfers (to)/from Earmarked Reserves	8	(27,988)	0	1,280	25,540	0	0	5,506	1,168	**5,506**	(5,506)	0	**(5,506)**	**0**
Increase/(decrease) in year		**0**	**196**	**1,280**	**25,540**	**(1,303)**	**0**	**5,506**	**1,168**	**32,387**	**(29,073)**	**2**	**(29,071)**	**3,316**
Balance as at 31 March 2015		**4,883**	**401**	**39,724**	**87,505**	**39,973**	**34,496**	**5,571**	**1,397**	**213,950**	**(1,091,088)**	**(254)**	**(1,091,342)**	**(877,392)**

Greater Manchester Combined Authority - Comprehensive Income and Expenditure Statement

This statement summarises the resources that have been generated and consumed in providing services and managing the Authority during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non-current assets actually consumed.

2013/14 £000's Gross Expenditure	2013/14 £000's Gross Income	2013/14 £000's Net Expenditure		Note	2014/15 £000's Gross Expenditure	2014/15 £000's Gross Income	2014/15 £000's Net Expenditure
			Highways and Transport Services				
127,932	(337)	127,595	Running Costs	15 & 13	119,641	(792)	118,849
227,392	(30,167)	197,225	Revenue Expenditure Payable to TfGM and Districts funded from capital under Statute / Capital Grants Receivable	16 & 13	194,146	(135,182)	58,964
355,324	(30,504)	324,820			313,787	(135,974)	177,813
			Planning Services				
6,372	(32,053)	(25,681)	Running Costs	15 & 13	13,182	(34,577)	(21,395)
3,531	(3,531)	0	Revenue Expenditure Payable to ED & R funded from Capital under Statute / Capital Grants Receivable	16 & 13	4,141	(4,141)	0
9,903	(35,584)	(25,681)			17,323	(38,718)	(21,395)
			Housing Services				
6,007	(6,007)	0	Funded from Capital under Statute/Capital Grants Receivable - **ED&R**	16 & 13	6,460	(6,460)	0
438	(289)	149	Corporate and Democratic Core	13	317	(294)	23
371,672	**(72,384)**	**299,288**	**Cost of Services**		**337,887**	**(181,446)**	**156,441**
			Other Operating Expenditure :				
242	0	242	Losses on the disposal of non current assets	18	231	0	231
37,871	(477)	37,394	Financing and Investment Income and Expenditure	9 & 10	43,865	(1,740)	42,125
0	(200,998)	(200,998)	Taxation and Non Specific Grant Income	11	0	(202,113)	(202,113)
409,785	**(273,859)**	**135,926**	**Deficit / (Surplus) on Provision of Services**		**381,983**	**(385,299)**	**(3,316)**
		135,926	**Total Comprehensive (Income) and Expenditure**				**(3,316)**

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Richard Paver - Treasurer

18 September 2015

Greater Manchester Combined Authority - Balance Sheet

The balance sheet is fundamental to the understanding of the Authority's financial position at the end of the financial year. The statement reports on the Authority's balances on assets (non-current and current), liabilities (long and short-term) and reserves.

31 Mar 2014 £000's		Note	31 Mar 2015 £000's
	Non-Current Assets		
25,213	Property, Plant and Equipment	18	25,124
0	Investments	22	627
7,419	Long Term Debtors	23	24,967
32,632	**Total Non-Current Assets**		50,718
	Current Assets		
8,529	Short Term Debtors	23	15,476
137,165	Cash and Cash Equivalents	24	160,848
145,694	**Total Current Assets**		176,324
	Current Liabilities		
(57,344)	Short Term Borrowing	27	(27,938)
(77,675)	Short Term Creditors	25	(112,949)
(59,694)	Capital Grants Receipts in Advance	13	(37,525)
(2,398)	Deferred Liability	26	(2,568)
(197,111)	**Total Current Liabilities**		(180,980)
(18,785)	**Total Assets less Current Liabilities**		**46,062**
	Long Term Liabilities		
(21,117)	Deferred Liability	26	(18,548)
(835,962)	Long Term Borrowing	27	(904,906)
(4,844)	Capital Grants Receipts in Advance	13	0
(861,923)			(923,454)
(880,708)	**Net (Liabilities)**		**(877,392)**
	Financed by :		
	Usable Reserves :		
5,088	General Fund Balance	29	5,284
38,444	Revenue Grants Unapplied Reserve	29	39,724
61,965	Capital Programme Reserve	29	87,505
41,276	Capital Grants Unapplied Reserve	29	39,973
65	Capital Receipt Reserve	29	5,571
34,496	Metrolink Reserve	29	34,496
229	RGF / GPF Interest and Arrangement Fees	29	1,397
181,563			213,950
	Unusable Reserves :		
(1,062,015)	Capital Adjustment Account	30(a)	(1,091,088)
(256)	Financial Instruments Adjustment Account	30(b)	(254)
(1,062,271)			(1,091,342)
(880,708)	**Total Reserves**		**(877,392)**

These financial statements replace the unaudited financial statements presented at the GMCA audit committee in July 2015.

Richard Paver
18 September 2015

Greater Manchester Combined Authority - Cash Flow Statement

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

2013/14 £000's		**Note**	**2014/15 £000's**
135,926	Net deficit / (surplus) on the provision of services		(3,316)
8,629	Adjustments to net deficit / (surplus) on the provision of services for non cash movements	32	(15,574)
4,986	Adjust for items included in the net deficit / (surplus) on the provision of services that are investing and financing activities	32	4,484
149,541	**Net Cash Flows from Operating Activities**		**(14,406)**
15,088	Investing Activities	33	26,026
(258,937)	Financing Activities	34	(35,303)
(94,308)	**(Increase) in cash and cash equivalents**		**(23,683)**
42,857	Cash and cash equivalents at the beginning of the reporting period	24	137,165
137,165	Cash and cash equivalents at the end of the reporting period	24	160,848

Greater Manchester Combined Authority – Notes to the Authority's core Financial Statements

1. Accounting Concepts and Policies

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year end 31 March 2015. The Authority is required to prepare an Annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (The Code) and the Service Reporting Code of Practice 2014/15 (SERCOP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS) and statutory guidance under Section 21(2) of the Local Government Act 2003.

As local authorities need to reflect statutory conditions, accounting standards are amended for specific statutory adjustments so that the Authority's accounts present a true and fair view of the financial position and transactions of the Authority. All accounting policies are disclosed where they are material.

The accounting convention adopted in these accounts is historical cost.

Qualitative Characteristics of Financial Statements

1.1 Relevance

The accounts have been prepared with the objective of providing information about the Authority's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.

1.2 Materiality

The concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted provided that in aggregate they would not affect the interpretation of the accounts.

1.3 Faithful Representation

The financial information in the accounts is a faithful representation of the economic performance of the Authority as they have been prepared to reflect the reality or substance of the transaction, are free from deliberate or systematic bias, are free from material error and contain all the information necessary to aid understanding.

1.4 Comparability

In addition to complying with the Code the accounts also comply with the Service Reporting Code of Practice. This code establishes proper practice in relation to consistent financial reporting below Statement of Accounts level and aids comparability with other local authorities.

1.5 Verifiability

These accounts utilise quantified information in order to assure users that this information faithfully represents the economic phenomena that it purports to represent.

1. Accounting Concepts and Policies (continued)

1.6 Timeliness

These accounts provide decision-makers with information that is capable of influencing their decisions.

1.7 Understandability

These accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary contained within the accounts.

Underlying Assumptions

1.8 Accruals Basis

The financial statements, other than the cash flow, are prepared on an accruals basis. Income and Expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

1.9 Going Concern

The accounts have been prepared on the assumption that the Authority will continue in existence for the foreseeable future.

1.10 Primacy of Legislation Requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following legislative accounting requirements have been applied when compiling these accounts:

- Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
- The Local Government Act 2003 requires the Authority to set aside a minimum revenue provision.

Accounting Policies

1.11 Property, Plant and Equipment (PPE)

Property, Plant and Equipment assets have physical substance and are held for use in the provision of services for more than one year. For the GMCA these are the traffic signals which were previously the property of the individual district Authorities within Greater Manchester.

Expenditure on the acquisition, creation and enhancement of property, plant and equipment has been capitalised on an accruals basis provided that it yields benefit to the Authority and the services it provides are for more than one financial year. This capital expenditure is financed from either (a) the Department for Transport (b) the relevant district Authority (c) Transport for Greater Manchester (d) the relevant private sector organisation or (e) borrowings. Expenditure on repairs is primarily funded through the transport levy and expenditure on maintenance is funded entirely through the transport levy.

Capital expenditure is added to the value of an asset.

1. Accounting Concepts and Policies (continued)

Property, Plant and Equipment are shown on the Balance Sheet at cost, comprising the purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use.

Traffic signals are classified as Infrastructure assets and as such are valued at historical cost net of depreciation.

1.12 Depreciation on Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e. apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property has been determined by reference to the records kept by the Greater Manchester Urban Traffic Control unit within TfGM. Each component of Property, Plant and Equipment that is considered to be significant in relation to the total cost of the asset is depreciated separately. Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account. Residual values, useful lives and deprecation methods are reviewed at each financial year end.

1.13 Derecognition of Property, Plant and Equipment

An item of Property, Plant and Equipment is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the Comprehensive Income and Expenditure Statement as a loss on disposal. Due to the nature of these assets there are no sales proceeds.

The written off value of disposals is reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

1.14 Revenue Expenditure Funded by Capital Under Statute

Revenue Expenditure Funded by Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These comprise payments of Capital Grants to Transport for Greater Manchester, District Councils and other organisations carrying out economic development and regeneration functions on behalf of the GMCA. Expenditure is charged to the Deficit / (Surplus) on the Provision of Services as the expenditure is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Details of the accounting policy relating to grants and funding of REFCUS expenditure is shown in policy 1.22

1. Accounting Concepts and Policies (continued)

1.15 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs that the Authority incurs in connection with the borrowing of funds.

1.16 Provision for Redemption of Debt

The Authority is required to make a provision for the repayment of an element of the accumulated capital expenditure each year, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations have replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy (which details the basis of the provision) is agreed by the Authority prior to the start of the financial year. The MRP policy is detailed within the Treasury Management Strategy.

For all capital expenditure incurred before 1 April 2008, and all capital expenditure incurred on non-Metrolink and non-Greater Manchester Transport Fund schemes, the Authority's policy is to adopt existing practice, the regulatory method (4% of capital financing requirements). For capital expenditure incurred on the Metrolink and Greater Manchester Transport Fund schemes, MRP will be deferred until the year after the asset has been commissioned into use, and will be on an annuity basis over the estimated asset life. Total MRP relating to borrowing for capital expenditure in 2014/15 was £15,853k. (2013/14 £10,521k)

Tameside MBC manages the former Greater Manchester Authority Inherited Debt of the Authority and repayments are made annually on an annuity basis. The repayment in 2014/15 was £2,399k. (2013/14 £2,284k)

1.17 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. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1. Accounting Concepts and Policies (continued)

1.18 Accruals of Income and Expenditure

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

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Supplies are recorded as expenditure when they are consumed.

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 on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where income 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.

1.19 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and contributions are recognised when there is a reasonable assurance that the Authority will comply with the conditions attached to the payment and the monies will be received. Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until the conditions have been met. Conditions are stipulations that must be satisfied or the grant or contribution must be returned. Monies advanced as grants for which conditions have not been met are carried in the Balance Sheet as Receipts in Advance.

1.20 Revenue Grants and Contributions

All revenue grants and contributions to the GMCA relate to a specific service. Where conditions have been met revenue grants and contributions are credited to the relevant Running Costs line within Cost of Services. When the expenditure relating to specific grants has not been incurred the Authority has elected to make a contribution equivalent to the unspent amount of grant to an earmarked reserve. This reserve will be released in future financial years when the expenditure to which the grant relates is incurred.

1.21 Capital Grants and Contributions

Where conditions have been met, capital grants and contributions are credited to Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement. The balance of the grant or contribution that has not been used to finance expenditure is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement. The amount of grant or contribution that has been used to finance expenditure is transferred to the Capital Adjustment Account via the Movement in Reserves Statement. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account when they have been applied to fund capital expenditure.

1. Accounting Concepts and Policies (continued)

1.22 Grants and Contributions relating to Revenue Expenditure funded by Capital under Statute (REFCUS)

Where conditions have been met, these grants and contributions that are attributable to assets not owned by the Authority (Revenue Expenditure Funded by Capital Under Statute) are credited to the Capital Grants Receivable line within the Cost of Services. They are then transferred to the Capital Adjustment Account when the related expenditure has been incurred via the Movement in Reserves Statement. If the grant is not spent it goes to the Capital Grants Unapplied reserve via the Movement in Reserves Statement. When spent, it is transferred from the Capital Grants Unapplied reserve to the Capital Adjustment Account.

Any capital grants and contributions which have been received from the Department for Transport which relate to non GMCA projects are credited to the Creditors Account. When a grant and contribution is paid to the relevant district Authority the Creditors Account is reduced accordingly.

1.23 VAT

VAT is only included in expenditure, either capital or revenue, to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

1.24 Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred it is charged to the Cost of Services in that year. The reserve is then appropriated back into the Movement in Reserves Statement so that there is no net charge for the expenditure.

Certain reserves are kept to manage the accounting treatment for capital expenditure schemes administered by TfGM and the traffic signals asset base and do not represent usable resources for the Authority. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

1.25 Revenue Recognition

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable.

Where the Authority is acting as an agent of another organisation the amounts collected for the organisation are excluded from revenue.

Revenue relating to the provision of services is recognised when the amount of revenue can be measured reliably, it is probable the revenue will be received by the Authority and the stage of completion of the service can be measured.

1. Accounting Concepts and Policies (continued)

Financial Instruments

1.26 Financial Assets – Loans and Receivables

Loans and receivables (e.g. investments and debtors) are initially measured at fair value and carried at their amortised cost (when the interest received is spread evenly over the life of the loan). Credits to the Financing and Investment Income line within the Comprehensive Income and Expenditure Statement for interest received are based on the balance sheet amount of the asset multiplied by the effective interest rate for the financial instrument. For the loans that the Authority has made this means the amount shown in the balance sheet is the outstanding principal receivable plus accrued interest. The amount of interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year per the loan agreement.

In 2014/15 the average rate of interest receivable on investments was 0.36% (2013/14 0.34%)

1.27 Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are initially measured at fair value and carried at their amortised cost.

Charges to the Financing and Investment Expenditure line within 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. For the majority of the borrowings that the Authority has, this means the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest. The amount of interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan and the amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement. A statutory over-ride allows the reversal of this difference through the Movement in Reserves Statement in order to charge the actual interest payable to the General Fund.

In 2014/15 the average rate of interest payable on borrowings was 4.59% (2013/14 4.60%).

The Authority's treasury management activities are managed through Manchester City Council's Treasury Management team. This enables the Authority to borrow and invest on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes.

1. Accounting Concepts and Policies (continued)

1.28 Unquoted Equity Investments at Cost less Impairment

Unquoted Equity Investments at Cost less Impairment are recognised on the trade date, i.e. the date the Authority becomes committed to the purchase and would not be able to avoid acquiring it without breaking the contract, rather than the date the settlement takes place (if this is a later date).

If there is no quoted market price for the asset, then a reliable valuation technique should be applied. If the application of all relevant valuation techniques produces a significant range of reasonable fair value estimates such that no valuation would be reliable, the instrument is exempted from fair value measurement and is carried at cost less impairment.

1.29 Contingent Assets and Liabilities

Contingent assets are sums due from individuals or organisations that may arise in future but the amount due cannot be determined in advance. These are not recognised in the accounts. They are disclosed as a note to the accounts as there is a possible receipt, which may result in a transfer of economic benefits.

Contingent liabilities are sums due to individuals or organisations that may arise in the future, but the amount due cannot be determined in advance. These are not accrued for in the accounts. They are disclosed as a note to the accounts where there is a possible obligation, which may result in a transfer of economic benefits.

1.30 Prior Period Adjustments, Changes in Accounting Policies, 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 estimation techniques 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 practice or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

1.31 Events after the Balance Sheet Date

Events after the balance sheet date are those events that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted. Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted. This is known as a non-adjusting event and is disclosed as a note to the accounts.

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

1.32 Interests in Companies and Other Entities - Group Accounts

The Authority has material interests in companies and other entities and therefore group accounts have been prepared for the Authority and its interest in its subsidiaries: Transport for Greater Manchester group, Greater Manchester Accessible Transport Ltd, Commission for the New Economy Ltd. and Manchester Investment and Development Agency Service Ltd. Inclusion in the Authority group is dependent upon the extent of the Authority's interest and power to influence an entity. The Authority is considered to control an entity if it has power over the entity, exposure or rights to variable returns from its' interest with the entity and the ability to use it's power to affect the level of returns. The determining factor for assessing the extent of interest and power to influence is either through ownership of an entity, or representation on an entity's board of directors/trustees. An assessment of all the Authority's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included within the Authority's group accounts. As such, Group accounts have been prepared for the Authority to include Transport for Greater Manchester group (TfGM), Greater Manchester Accessible Transport Ltd (GMATL), Commission for the New Economy Ltd. (CNE), and Manchester Investment and Development Agency Service Ltd. (MIDAS) all as subsidiaries, using merger accounting. Inclusion of these organisations within the Authority group boundary is required due to the GMCA exercising ultimate control.

2. Critical Accounting Judgements

There have not been any complex transactions or any uncertainty about future events, which have required the Authority to make any critical judgements.

3. Key Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet as at 31 March 2015 for which there is a risk of adjustment in the following financial year are:

3.1 Depreciation of Property, Plant and Equipment

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls.

It is estimated that the annual depreciation charge would increase by £633k for each year that useful assets lives are reduced.

However, due to capital regulations, there would be no impact on reserves.

3.2 Impairment of Debt

Provision is made for debts that are not considered to be collectable – referred to as an impairment of debt. This is calculated based on a risk profile for each company that has received loans via RGF / GPF funds. The balance of debtors on the Balance Sheet is reduced by the amount of provision made. If the actual risk was different from that assessed, the balance could be under or over stated.

4. Impact of Accounting Changes Issued But Not Yet Adopted

The Code of Practice on Local Authority Accounting requires the 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 2014/15 Code.

The Code has introduced several changes in accounting policies which will be required from 1 April 2015 and will therefore be valid for the 2015/16 accounts. The standards introduced by the 2015/16 Code are:

IFRS 13 Fair Value Measurement (May 2011)
Annual Improvements to IFRSs (2011 – 2013 Cycle)
IFRIC 21 Levies

International Financial Reporting Standards now have a consistent definition of fair value introduced by IFRS13 Fair Value Measurement. 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. This change affects the valuation of any asset or liability measured using fair value – revenue recognition, surplus assets, investment property, non current assets held for sale, inventories, debtors, creditors and employee benefits. The adoption of IFRS 13 in the Code is not a change of accounting policy that will require the publication of a third Balance Sheet (at 1 April 2014) and is therefore adopted from 2015/16.

The Code adapts IAS 16 to require that items of property, plant and equipment that are operational and therefore providing service potential for the Council are measured at existing use value, existing use value – social housing or depreciated replacement cost and not at fair value. Surplus assets are currently measured at fair value based on existing use value but from 2015/16 will be valued based on the highest and best use. Investment properties will also be valued taking account of the highest and best use. Liabilities will be based on the best transfer price. There will be no effect of this change on the Authority's accounts.

Each year the International Accounting Standards Board (IASB) proposes improvements in IFRSs to clarify guidance and wording or to correct for minor issues. The issues included in the Annual Improvements to IFRSs 2011 to 2013 cycle are:

IFRS 1: Meaning of effective IFRSs;
IFRS 3: Scope exceptions for joint ventures;
IFRS 13: Scope of paragraph 52 (portfolio exception); and
IAS 40: Clarifying the inter-relationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.

IFRS 1 (First time adoption of IFRS) clarifies that an entity, in its first IFRS statement of accounts, can choose between applying an existing IFRS, or the early adoption of a revised IFRS that is not yet mandatory, provided that the revised IFRS permits early adoption.

IFRS 3 (Business combinations) clarifies that it excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

4. Impact of Accounting Changes Issued But Not Yet Adopted (continued)

IFRS 13 (Fair value measurement) clarifies that the exception in paragraph 52 of the standard includes all contracts accounted for within the scope of IAS 39 (Financial instruments recognition and measurement) or IFRS 9 (Financial instruments). The exemption permits an entity to measure the fair value of a group of financial assets and liabilities on the basis of the price that would be received based on the net risk exposure.

IAS 40 (Investment property) clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 and an investment property as defined in IAS 40 requires the separate application of both standards independently of each other.

These standards are not expected to have a significant effect on the Authority's accounts.

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by government, its agencies and similar bodies. It does not include income taxes, fines and other penalties and liabilities arising from emissions trading schemes. The liability is to be recognised progressively if the obligating event occurs over a period of time. If the obligation is triggered on reaching a minimum threshold the liability is recognised when the minimum threshold is reached.

This standard is not expected to have a significant effect on the Authority's accounts.

CIPFA/LASAAC has agreed that the 2016/17 edition of this Code will adopt the measurement requirements of the CIPFA Code of Practice on Transport Infrastructure Assets, as amended in 2013, i.e. measurement on a depreciated replacement cost basis rather than depreciated historical cost as at present.

This will represent a change in accounting policy from 1 April 2016 and will require retrospective restatement in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 Presentation of Financial Statements as adopted by this Code. This change to the Code will require the establishment of a separate class of assets for transport infrastructure assets in accordance with the types of assets classified in the Code of Practice on Transport Infrastructure Assets (roads, footways, cycleways, street lighting and other assets that are directly associated with them).

It is currently estimated that the value of tangible non current assets on the balance sheet will increase with a corresponding increase in unusable reserves. Depreciation, relating to these assets, charged to the Comprehensive Income and Expenditure Statement will increase resulting in a larger deficit / lower surplus on the provision of services. This depreciation will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

5. Post Balance Sheet Events

If information has been received providing confirmation of conditions existing as at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have not been any material non-adjusting events after the balance sheet date.

6. Authorisation for Issue of the Statement of Accounts

The draft 2014/15 Statement of Accounts which were authorised for issue by the Treasurer on 30 June 2015 have now been audited and have been authorised for issue by the Treasurer on 18 September 2015.

7 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

	2013/14		2014/15	
	Usable Reserves	**Unusable Reserves**	**Usable Reserves**	**Unusable Reserves**
	£000's	**£000's**	**£000's**	**£000's**
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement				
Revenue Expenditure Payable to TfGM and Districts funded from Capital Under Statute	227,392	(227,392)	194,146	(194,146)
Annual Depreciation Charge	4,441	(4,441)	4,391	(4,391)
Amounts of non current assets written off on disposal to the Comprehensive Income and Expenditure Statement	242	(242)	231	(231)
Capital Grants Receivable from the DfT - REFCUS	(30,167)	30,167	(135,182)	135,182
Capital Grants Receivable from the DfT - Traffic Signals	(224)	224	(2,338)	2,338
External Capital Contributions Receivable - Traffic Signals	(2,680)	2,680	(1,681)	1,681
Revenue Expenditure Payable to ED & R funded from capital Under Statute	9,538	(9,538)	10,601	(10,601)
Capital Grants Receivable from CLG - REFCUS	(6,007)	6,007	(6,460)	6,460
Non Property – Capital Receipts	0	0	0	0
Impairment of Loans	0	0	91	(91)
Transfer to Capital Grants Unapplied	0	0	7,402	(7,402)
Contribution to Capital Bad Debt provision	1,481	(1,481)	5,531	(5,531)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Minimum Revenue Provision for capital financing	(10,521)	10,521	(15,853)	15,853
Inherited Debt Principal Payment	(2,284)	2,284	(2,399)	2,399
Transfer to Growing Places Reserve	0	0	0	0
Long Term Debtor – Loan Repayment	65	(65)	0	0
Short / Long Term Debtor financed from Capital Grants	(1,975)	1,975	(8,705)	8,705
RCCO	(13,101)	13,101	0	0
Revenue Contributions to Finance Capital	(13,691)	13,691	(26,208)	26,208
Adjustments involving the Financial Instruments Adjustments Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	(2)	2	(2)	2
Total Adjustments	**162,507**	**(162,507)**	**23,565**	**(23,565)**

8 Transfers to/ (from) Earmarked Reserves

This note sets out the amounts set aside from the General Reserve in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund requirements in 2014/15.

	Balance as at 1 April 2013 £000's	Transfers out 2013/14 £000's	Transfers in 2013/14 £000's	Balance as at 31 March 2014 £000's	Balance as at 1 April 2014 £000's	Transfers out 2014/15 £000's	Transfers in 2014/15 £000's	Balance as at 31 March 2015 £000's
Revenue Grants Unapplied Reserves :								
Growing Places Fund (1)	**2,828**	(653)	0	**2,175**	**2,175**	(1,084)	722	**1,813**
Local Enterprise Partnership Capacity Building in Transport (2)	**132**	0	0	**132**	**132**	(132)	0	**0**
Local Sustainable Transport Fund (3)	**12,532**	(1,718)	0	**10,814**	**10,814**	(4,088)	0	**6,726**
Better Bus Area Fund (4)	**972**	(856)	0	**116**	**116**	(116)	0	**0**
Regional Growth Fund 2 (5)	**7,237**	(2,234)	0	**5,003**	**5,003**	0	10,964	**15,967**
Regional Growth Fund 3 (6)	**0**	0	10,406	**10,406**	**10,406**	(4,296)	0	**6,110**
Regional Growth Fund Deposit Interest (7)	**8**	0	38	**46**	**46**	0	30	**76**
Smarter Cities (8)	**0**	0	14	**14**	**14**	0	56	**70**
Youth Contract (9)	**0**	0	5,800	**5,800**	**5,800**	(1,013)	0	**4,787**
Local Enterprise Partnership Core Funding (10)	**0**	0	145	**145**	**145**	(145)	176	**176**
Local Enterprise Partnership Strategic Plans Funding (11)	**0**	0	250	**250**	**250**	(250)	441	**441**
City Deal (12)	**0**	0	3,543	**3,543**	**3,543**	(66)	0	**3,477**
Total Transport Pilot Fund (13)	**0**	0	0	**0**	**0**	0	81	**81**
Total Revenue Grants Unapplied Reserves	**23,709**	**(5,461)**	**20,196**	**38,444**	**38,444**	**(11,190)**	**12,470**	**39,724**
Capital Programme Reserve (14)	**48,565**	(13,101)	26,501	**61,965**	**61,964**	0	25,540	**87,505**
Metrolink Reserve (15)	**34,496**	0	0	**34,496**	**34,496**	0	0	**34,496**
Regional Growth Fund/Growing Places Interest and Arrangement Fees (16)	**0**	0	229	**229**	**229**	(64)	1,232	**1,397**
Total Reserves transferred (to)/from General Fund	**106,770**	**(18,562)**	**46,926**	**135,134**	**135,134**	**(11,254)**	**39,242**	**163,122**
Transfer (to)/from General Fund			**28,364**				**27,988**	
General Fund - Transport (17)	**4,883**	0	0	**4,883**	4,883	0	0	**4,883**
General Fund - Economic Development and Regeneration (18)	**78**	0	127	**205**	205	0	196	**401**
Useable Capital Receipts Reserve (19)	**0**	0	65	**65**	**65**	0	5,506	**5,571**
Capital Grants Unapplied Reserve (20)	**43,251**	(1,975)	0	**41,276**	41,276	(8,705)	7,402	**39,973**
Total Useable Reserves	**154,982**	**(20,537)**	**47,118**	**181,563**	**181,563**	**(19,959)**	**52,346**	**213,950**

8 Transfers to/ (from) Earmarked Reserves (continued)

Purpose of the Reserve :

(1) Growing Places Fund: funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
(2) LEP Capacity Building in Transport: funding to assist in the process of devolving of major schemes.
(3) Local Sustainable Transport Fund: funding to stimulate economic growth whilst reducing carbon emissions.
(4) Better Bus Area Fund: funding to deliver a package of measures which will make a significant contribution to improving the role of bus.
(5) Regional Growth Fund 2: funding to create new, sustainable, private sector jobs in areas vulnerable to public sector job losses.
(6) Regional Growth Fund 3: latest wave of funding to create new, sustainable, private sector jobs in areas vulnerable to public sector job losses.
(7) Regional Growth Fund Bank Interest: Interest earned on income received in advance will be re-invested within the fund as per grant conditions.
(8) Smarter Cities: funding to assist with the smart ticketing project.
(9) Youth Contract: funding to assist with job creation jobs for 16-24 yr olds
(10) LEP Core Priorities: funding to assist LEP's to meet priorities.
(11) LEP Strategic Plans: funding to assist plans with the EU structural plans for 2014 -2020.
(12) City Deal: funding from the Skills Funding Agency as part of the City Deal to assist with increased apprenticeship and training opportunities.
(13) Total Transport Pilot Fund: funding to support the delivery of supported public road passenger transport services.
(14) Capital Programme Reserve: surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
(15) Metrolink Reserve: funding for Metrolink Service Enhancement related expenditure.

(16) Regional Growth Fund / Growing places Interest and Arrangement Fees: Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off-set against specific costs associated with the making of the loans.
(17) General Fund - Transport: Non specific reserve relating to transport related functions.
(18) General Fund - Economic Development and Regeneration: Non specific reserve relating to Economic Development and Regeneration related functions.
(19) Useable Capital Receipts - these include the principal repayments of the RGF / GPF Loans.
(20) Capital Grants Unapplied Reserve: Includes GPF funds and LTP Top-Slice grants.

9 Financing and Investment Expenditure

2013/14 £000's		2014/15 £000's
	Interest payable and similar charges on borrowings :	
21,147	PWLB	21,146
15,280	Others	21,366
4	Brokerage Fees	5
1,440	Interest payable on the former GMC debt	1,348
37,871		43,865

10 Financing and Investment Income

2013/14 £000's		2013/14 £000's
314	Interest receivable on deposits	465
163	Interest receivable on loans	1,275
477		1,740

11 Taxation and Non Specific Grant Income

2013/14 £000's		2014/15 £000's
198,094	Transport levy from the Greater Manchester districts	198,094
2,904	Capital Contributions Receivable for Traffic Signal Schemes	4,019
200,998		202,113

12 Agency Activities

The Authority provides a service as an agent to the Department for Transport whereby it receives grants from them which are then paid over to other local authority's within Greater Manchester.

2013/14 £000's		2014/15 £000's
25,323	LTP Highways Capital Maintenance Received from DfT	23,542
(25,323)	LTP Highways Capital Maintenance Paid to Districts	(23,542)
7,500	Greater Manchester Transport Fund - non GMCA road schemes received from DfT	0
(3,596)	Greater Manchester Transport Fund - non GMCA road schemes paid to Districts	(10)
3,904	Net Cash Receipts	(10)

13 Grant Income

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

2013/14 £000's	Credited to Cost of Services	2014/15 £000's
	Highways and Transport Services	
90	Smarter Cities Grant - DFT	410
247	District & External Contributions to Traffic Signals Repairs/S278	301
0	Transport Pilot Fund – DfT	81
30,167	Revenue Expenditure Funded by Capital under Statute - DfT	135,182
30,504		135,974
	Planning Services	
7,681	Regional Growth Fund 2 - CLG	12,319
14,183	Regional Growth Fund 3 - CLG	20,817
173	Regional Growth Fund / Growing Places Fund Arrangement fees	483
65	Regional Growth Fund / Growing Places Capital Receipts	0
250	LEP Core Funding - CLG	279
250	LEP EU Strategic Plans - CLG	250
26	LEP Capacity Fund Round 2	0
5,800	Youth Contract	0
6	EU Social Enterprise Progress	103
0	GM Digital City Technical Assistance – ERDF/CLG	5
3,712	City Deal - Skills Funding Agency	1,353
3,438	District Contributions to ED&R functions	3,109
289	District Contributions to Corporate and Democratic Core	294
35,873		39,012
	Housing Services	
6,007	Revenue Expenditure Funded by Capital under Statute - DCLG/HCA	6,460
72,384		181,446
	Credited to Taxation and Non Specific Grant Income	
224	DfT Grants to Traffic Signals Schemes	2,338
2,680	External Contributions to Traffic Signals schemes	1,681
2,904		4,019

13 Grant Income (continued)

Certain capital and revenue grants were received in advance. These grants were not recognised as income at the balance sheet date as they have conditions attached that have not yet been met.

Capital Grants Receipts in Advance

	Total 31 March 2014 £'000's	Total 31 March 2015 £'000's
Local Sustainable Transport Fund - DfT	15,746	8,730
Cross City Bus Package - DfT	26,633	12,078
Better Bus Area Fund - DfT	1,638	360
Cycle City Ambition Grant	19,400	15,236
Guided Busway	1,121	1,121
	64,538	37,525
Due to be recognised within 1 year	59,694	37,525
Due to be recognised over 1 year	4,844	0

14 External Audit Fees

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims provided by the Authority's external auditors :

The following amounts were payable to Grant Thornton :

	2013/14 £'000's	2014/15 £'000's
Fees receivable from the Audit Commission with regard to external audit services carried out by the appointed auditor for the year.	(4)	(3)
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year.	32	32
Fees payable to Grant Thornton for the certification of grant claims and returns for the year.	1	8
Fees payable to Grant Thornton in respect of any other services.	6	0
Total	**35**	**37**

15 Cost of Service - Running costs expenditure

	2013/14 £'000's	2014/15 £'000's
Highways and Transport Services		
Revenue Support Grant to TfGM	116,184	106,150
Local Sustainable Transport Fund Grant to TfGM	1,718	4,088
Better Bus Area Fund Grant to TfGM	856	116
Smarter Cities Grant to TfGM	76	353
LEP Transport Board	0	132
Payments to TfGM for Traffic Signals Maintenance/Repairs & S278	4,379	4,140
Annual Depreciation Charge on the Traffic Signals	4,441	4,391
Support Costs - Transport	278	271
	127,932	119,641
Planning Services		
Payments to the Manchester Family companies	2,551	2,394
Payments for other Economic Development and Regeneration Services	1,870	2,157
Contribution to Capital Bad Debt provision	1,481	5,531
Write Down of Long Term Debtors and Impairment	0	91
GM Digital City Technical Assistance Grant	0	5
Climate Change Risks Grant	(2)	0
LEP Priorities	131	306
EU Social Enterprise Grant	6	103
City Deal Grant	167	1,419
DWP Youth Contract	0	1,013
Support Costs - Economic Development and Regeneration Functions	168	163
	6,372	13,182
	134,304	**132,823**

16 Revenue Expenditure Funded from Capital under Statute

The capital grants payable to TfGM / Districts and bodies delivering economic development and regeneration projects are charged to the Comprehensive Income and Expenditure Statement as the expenditure is incurred, and then reversed out through the Movement in Reserves statement.

Full details of this expenditure can be found in the Foreword on page 18.

	2013/14 £000's	2014/15 £000's
Transport related	227,392	194,146
Economic development and regeneration related	3,531	4,141
Housing Services	6,007	6,460
	236,930	204,747

Note 17 Segmental Reporting Analysis

The table below is a reconciliation of the 2014-15 internal management reports (monitoring and outturn) used by the Authority to make decisions, and the 2014-15 Comprehensive Income and Expenditure Statement. The Segments identified in the subjective analysis are the same segments that are reported to the Authority during the year.

Subjective Analysis	**Economic Development & Regeneration £000s**	**Transport £000s**	**Total £000's**
Transport Levy		(198,094)	**(198,094)**
Contributions to the Traffic Functions		(190)	**(190)**
Interest/arrangement fees	(1,561)		**(1,561)**
Short term deposit interest	(169)		**(169)**
Contributions from reserves	(6,330)		**(6,330)**
Contributions to ED & R Functions	(3,477)		**(3,477)**
Government Grants	(35,123)	(4,695)	**(39,818)**
Total Income	**(46,660)**	**(202,979)**	**(249,639)**
Grants to Transport for Greater Manchester		110,698	**110,698**
Payments for Transport Functions		4,028	**4,028**
Payments for ED & R Functions	33,621		**33,621**
Capital Financing Costs	0	85,300	**85,300**
Running Costs	0	754	**754**
Total Operating Expenses	**33,621**	**200,780**	**234,401**
Transfers to Earmarked Reserves	12,843	2,199	**15,042**
Cost of Services - (Surplus)	**(196)**	**0**	**(196)**

Reconciliation to net cost of services in the Comprehensive Income and Expenditure Statement (CIES)

	£000s
Cost of services in service analysis - (surplus)	(196)
Add amounts not reported to management *	72,997
Remove amounts reported to management not included in NCS in CIES	83,640
Net cost of services in the Comprehensive Income and Expenditure Statement	**156,441**

Note 17 Segmental Reporting Analysis (continued)

Reconciliation to subjective analysis.	Service Analysis £000s	Not Reported to Management* £000s	Not Included in CIES NCS £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, charges & other service income	0	(5,506)	0	(5,506)	0	(5,506)
Interest and investment income	0	0	0	0	(179)	(179)
Income from the Transport Levy	(198,094)	0	198,094	0	(198,094)	(198,094)
Transfers from reserves	(6,330)	0	10,533	4203	0	4,203
Interest/arrangement fees	(1,561)	0	1,561	0	(1,561)	(1,561)
Short term deposit interest	(169)	0	0	(169)	0	(169)
Grants and contributions	(43,485)	(141,642)	0)	(185,127)	(4,019)	(189,146)
Total Income	**(249,639)**	**(147,148)**	**210,188**	**(186,599)**	**(203,853)**	**(390,452)**
Grants to Transport for Greater Manchester	110,698	0	0	110,698	0	110,698
Payments for Transport Functions	4,028	0	0	4,028	0	4,028
Payments for ED & R Functions	33,621	0	(26,206)	7,415	0	7,415
Capital Financing Costs	85,300	0	(85,300)	0	0	0
Service Expenses	754	11,007	0	11,761	0	11,761
Depreciation	0	4,391	0	4,391	0	4,391
Interest payments	0	0	0	0	43,865	43,865
Revenue Expenditure Funded by Capital Under Statute	0	204,747	0	204,747	0	204,747
(Gain) or loss on disposal of non-current assets					231	231
Total Operating Expenses	**234,401**	**220,145**	**(111,506)**	**343,040**	**44,096**	**387,136**
Transfers to Earmarked Reserves	15,042	0	(15,042)	0	0	0
(Surplus) or deficit in the provision of services	**(196)**	**72,997**	**83,640**	**156,441**	**(159,757)**	**(3,316)**

Note 17 Segmental Reporting Analysis (continued)

The table below is a reconciliation of the 2013-14 internal management reports (monitoring and outturn) used by the Authority to make decisions, and the 2013-14 Comprehensive Income and Expenditure Statement. The segments identified in the subjective analysis are the same segments that are reported to the Authority during the year.

Subjective Analysis	Economic Development & Regeneration £000s	Transport £000s	Total £000's
Transport Levy		(198,094)	(198,094)
Contributions to the Traffic Functions		(247)	(247)
Interest/arrangement fees	(336)		(336)
Short term deposit interest	(174)		(174)
Contributions from reserves	(2,887)		(2,887)
Contributions to ED & R Functions	(3,721)		(3,721)
Government Grants	(32,040)	(2,664)	(34,704)
Total Income	**(39,158)**	**(201,005)**	**(240,163)**
Grants to Transport for Greater Manchester		118,833	118,833
Payments for Transport Functions		4,378	4,378
Payments for ED & R Functions	18,360		18,360
Capital Financing Costs	0	73,844	73,844
Running Costs	127	744	871
Total Operating Expenses	**18,487**	**197,799**	**216,286**
Transfers to Earmarked Reserves	20,544	3,206	**23,750**
Cost of Services - (Surplus)	**(127)**	**0**	**(127)**

	£000s
Cost of services in service analysis - (surplus)	(127)
Add amounts not reported to management *	206,682
Remove amounts reported to management not included in NCS in CIES	92,733
Net cost of services in the Comprehensive Income and Expenditure Statement	**299,288**

Note 17 Segmental Reporting Analysis (continued)

Reconciliation to subjective analysis.	**Service Analysis £000s**	**Not Reported to Management* £000s**	**Not Included in CIES NCS £000s**	**Net Cost of Services £000s**	**Corporate Amounts £000s**	**Total £000s**
Fees, charges & other service income		(65)	0	(65)	0	(65)
Interest and investment income	0	0	0	0	(140)	(140)
Income from the Transport Levy	(198,094)	0	198,094	0	(198,094)	(198,094)
Transfers from reserves	(2,887)	0	5,588	2,701	0	2,701
Interest/arrangement fees	(336)	0	336	0	(336)	(336)
Short term deposit interest	(174)	0	0	(174)	0	(174)
Grants and contributions	(38,672)	(36,175)	0	(74,847)	(2,904)	(77,751)
Total Income	**(240,163)**	**(36,240)**	**204,018**	**(72,385)**	**(201,474)**	**(273,859)**
Grants to Transport for Greater Manchester	118,833	0	0	118,833	0	118,833
Payments for Transport Functions	4,378	0	0	4,378	0	4,378
Payments for ED & R Functions	18,360	0	(13,691)	4,669	0	4,669
Capital Financing Costs	73,844	0	(73,844)	0	0	0
Service Expenses	871	1,546	0	2,417	0	2,417
Depreciation	0	4,441	0	4,441	0	4,441
Interest payments	0	0	0	0	37,870	37,870
Revenue Expenditure Funded by Capital Under Statute	0	236,935	0	236,935	0	236,935
(Gain) or loss on disposal of non-current assets	0	0	0	0	242	242
Total Operating Expenses	**216,286**	**242,922**	**(87,535)**	**371,673**	**38,112**	**409,785**
Transfers to Earmarked Reserves	23,750	0	(23,750)	0	0	0
(Surplus) or deficit in the provision of services	**(127)**	**206,682**	**92,733**	**299,288**	**(163,362)**	**135,926**

*Items not reported to management include depreciation, GM Broadband and Revenue Expenditure Funded by Capital Under Statute income and expenditure.

18 Property, Plant & Equipment

Property, Plant and Equipment relates solely to the traffic signals in Greater Manchester, which became the property of the GMCA on 1 April 2011. Prior to that they were the property of the constituent district councils.

These assets are managed by Transport for Greater Manchester on behalf of the GMCA.

The movement on property, plant and equipment during 2013/14 and 2014/15 was as follows:

	Infrastructure Assets £'000
Gross Book Value :	
At 1 April 2013	61,811
Additions at cost	5,838
Disposals	(2,557)
At 31 March 2014	65,092
At 1 April 2014	65,092
Additions at cost	4,533
Disposals	(1,278)
At 31 March 2015	68,347
Accumulated Depreciation	
At 1 April 2013	37,753
Charge for year	4,441
Disposals	(2,315)
At 31 March 2014	39,879
At 1 April 2014	39,879
Charge for year	4,391
Disposals	(1,047)
At 31 March 2015	43,223
Net Book Value :	
At 31 March 2013	24,058
At 31 March 2014	25,213
At 31 March 2015	25,124

Losses on Disposal of Non Current Assets

This relates to the carrying value of those traffic signals which have been disposed of during the year. No sale proceeds are received for these.

	2013/14 £000's	2014/15 £000's
	242	231

19 Valuation of Property, Plant & Equipment

The Authority's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

The traffic signals in existence as at 1 April 2011, which are classed as infrastructure assets, have been valued at estimated historical cost as at the date of installation, net of depreciation based on estimated useful lives.

Traffic signals acquired post 1 April 2011 have been valued at historic cost net of depreciation.

Depreciation has been calculated using a straight-line method (i.e. apportioned equally over each year of the life of the asset) for all assets unless depreciation is immaterial. The estimated useful life of each asset in the 1 April 2011 opening balance had previously been determined by the Urban Traffic Control unit within TfGM. Asset lives of 10,20 and 30 years had been assumed. Where these opening balance assets are still in the asset register at 31 March 2015, the historic asset lives of 10, 20 or 30 years have been used in the calculation of the depreciation charge.

In respect of new additions post 1 April 2011, a blended average of 11 years asset life has been calculated and used for depreciation purposes.

These assets are not required to be revalued at this time.

20 Contracted Capital Commitments

Many capital schemes take two or more years to complete. At the Balance Sheet date the main estimated contractual commitments relating to ongoing schemes were as follows:

	31 March 2014 £000's	31 March 2015 £000's
Traffic Signals	1,284	424
	1,284	424

21 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

The capital grants payable, together with the government grants and LTP settlement, all form part of the surplus or deficit on the Comprehensive Income and Expenditure Statement.

	2013/14 £'000's	2014/15 £'000's
Capital Expenditure on Infrastructure assets	5,838	4,533
Capital Grants Payable to TfGM (REFCUS)	223,861	145,733
Capital Grants Payable for ED & R (REFCUS)	9,538	10,601
Capital Grants Payable to Districts (REFCUS)	3,531	48,413
Long/Short Term Debtors for ED & R	12,200	30,145
Investments	0	627
Total Capital Expenditure	254,968	240,052
Funded by:		
Central Government Grants	24,880	127,267
DfT LTP Settlement	13,493	18,016
External Capital Contributions	2,680	1,681
Revenue Contributions	13,691	26,208
Capital Programme Reserve	13,101	0
Borrowing	187,123	66,880
	254,968	240,052

Where capital expenditure is to be financed in futures years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed below:

	2013/14 £'000's	2014/15 £'000's
Opening Capital Financing Requirement	924,190	1,098,508
Capital Investment		
Revenue Expenditure Funded from Capital Under Statute	236,930	204,747
Capital Expenditure on Property Plant and Equipment assets	5,838	4,533
Investments	0	627
Long Term Debtors	12,200	30,145
Sources of Finance		
Government Grants & Other Contributions	(39,078)	(138,259)
Short / Long Term Debtor financed from Capital Grants	(1,975)	(8,705)
Short / Long Term Debtor financed from Revenue Grants	(10,160)	(22,065)
Capital Programme Reserve - RCCO	(13,101)	0
Revenue Contributions	(3,531)	(4,143)
Minimum Revenue Provision	(10,521)	(15,853)
Repayment of Inherited Debt	(2,284)	(2,399)
Closing Capital Financing Requirement	**1,098,508**	**1,147,136**
Explanation of movements in year		
Increase in underlying need to borrowing	174,318	48,628
Increase in carrying value of non current assets	0	0
Increase in Capital Financing Requirement	**174,318**	**48,628**

22 Investments

The Authority has the following long-term investments:

	2013/14 £000's	2014/15 £000's
DataCentred Ltd	0	2
Intechnica Ltd	0	125
Sofaworks Ltd	0	500
Total Capital Expenditure on Investments	**0**	**627**

Investments are shown at their market value or cost. Holding investments at cost does not make a material difference to the accounts.

23 Short Term Debtors

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
	Central Government Bodies	
1,720	HMR & C	1,085
191	Capital Grants REFCUS - DfT	5,000
1,634	Revenue Grants - Central Government	606
342	**Other Local Authorities**	615
	Public Corporations	
181	Traffic Signal Contributions - TfGM	4
0	Transport Fund Grant – TfGM	1,976
28	Traffic Signal Contributions - GMF & R	0
404	**Prepayments**	320
4,029	**Other entities and individuals**	6,076
0	**Impairment of debt**	(206)
8,529	**Total**	**15,476**

Within short term debtors an amount of £0.623 million (31 March 2014 £0.338 million) has been outstanding for over 30 days but has not been impaired.

Long Term Debtors

Other entities and individuals

	£'000's 31.03.2014	£'000's 31.03.2015
Gross Book Value	8,915	31,979
Impairment provision	(1,496)	(7,012)
Net Book Value	**7,419**	**24,967**

These are amounts which are owed to the Authority which are being repaid over various periods longer than one year. The values reported are as a result of loans issued via the Regional Growth Fund / Growing Places Fund with an average payback period of 3-5 years.

24 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements :

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
172	Bank current accounts	(4,971)
27,763	Bank call accounts	23,235
109,230	Short term deposits with central government and other institutions	142,584
137,165	Total	160,848

Cash equivalents are carried at cost and accrued interest receivable and represent short term money market deposits invested for less than 3 months.

These short term deposits utilise cash balances in excess of current requirements.

The accrued interest receivable included within the cash equivalent figures as at 31 March 2015 is £35k (31 March 2014 £13k)

The average interest receivable on the short term deposits as at 31 March 2015 was 0.36% (31 March 2014 0.34%)

Cash equivalents includes amounts representing monies due to TfGM but not needed by them at that time, held within separate GMCA bank accounts managed by TfGM on behalf of the GMCA. As at 31 March 2015 these amount to £16.159 million (31 March 2014 £51.630 million). These are also shown as short term borrowings as liabilities with TfGM.

25 Short Term Creditors

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
	Central Government Bodies	
27,058	Non GMCA Road Schemes - DfT *	27,048
0	Homes and Communities Agency - HCA	52
6,388	**Other Local Authorities**	33,436
	Public Corporations	
43,088	TfGM	50,799
1,141	**Other entities and individuals**	1,614
77,675	**Total**	112,949

* The Authority provides a service as an agent to the Department for Transport whereby it receives grants from them which are then paid to other local authorities within Greater Manchester.

26 Deferred Liability

2013/14 £'000's	former Greater Manchester Council debt	2014/15 £'000's
25,799	Balance as at 1st April	23,515
(2,284)	Repayment in the year	(2,399)
23,515	Balance as at 31st March	21,116
2,398	Due within 1 year	2,568
21,117	Due over 1 year	18,548

This debt was created on 1 April 1986 at a value of £48,948,043 and is being repaid annually on an annuity basis over the 36 years to 31 March 2022.

27 Financial Instruments

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

	Long Term 31 March 2014 £000's	Long Term 31 March 2015 £000's	Current 31 March 2014 £000's	Current 31 March 2015 £000's
Investments				
Unquoted equity investment at cost	0	627	0	0
Loans and receivables	0	0	136,993	165,819
Debtors				
Loans and receivables	7,419	24,967	6,405	14,071
Cash	0	0	172	(4,971)
Borrowings				
Financial liabilities at amortised cost	835,962	904,906	57,344	27,938
Creditors and Grants Received in Advance				
Financial liabilities at amortised cost	4,844	0	137,369	150,474

Income and Expense

	2013/14 Financial Liabilities measured at amortised cost £000's	2013/14 Financial assets: loans and receivables £000's	2013/14 Total £000's	2014/15 Financial Liabilities measured at amortised cost £000's	2014/15 Financial assets: loans and receivables £000's	2014/15 Total £000's
Interest expense	(36,427)		(36,427)	(42,512)		(42,512)
Fee expense	(4)		(4)	(5)		(5)
Impairment of debtors	0	(1,496)	(1,496)	0	(5,516)	(5,516)
Total Expense in Surplus or Deficit on the Provision of Services	(36,431)	(1,496)	(37,927)	(42,517)	(5,516)	(48,033)
Interest Income	0	477	477	0	1,740	1,740
Total Income in Surplus or Deficit on the Provision of Services	0	477	477	0	1,740	1,740
Net gain/(loss) for the year	**(36,431)**	**(1,019)**	**(37,450)**	**(42,517)**	**(3,776)**	**(46,293)**

27 Financial Instruments (continued)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors 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 life of the instrument, using the following assumptions :

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

The fair values are calculated as follows :

	31 March 2014		31 March 2015	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Financial Liabilities at Amortised Cost				
PWLB Debt using premature repayment rates	425,149	536,152	425,144	626,929
Non- PWLB debt	468,157	455,995	507,700	611,396
Total Borrowings	893,306	992,147	932,844	1,238,325
Creditors and Grants Received in Advance	142,213	142,213	150,474	150,474
Total Financial Liabilities	1,035,519	1,134,360	1,083,318	1,388,799

The fair value of the liabilities is higher than the carrying amount because the Authority'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. This shows a notional future loss arising from a commitment to pay interest interest to lenders above the current market rates.

Creditors are carried at cost as this is a fair approximation of their value.

	31 March 2014		31 March 2015	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Financial Assets at Amortised Cost				
Cash	172	172	(4,971)	(4,971)
Loans and Receivables	150,817	150,817	204,857	204,857
Unquoted equity investment at cost	0	0	627	627
Total Financial Assets	150,989	150,989	200,513	200,513

If the fair value of the assets is lower than the carrying amount this is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the prevailing rates at the Balance sheet date. This shows a notional future loss attributable to the commitment to receive interest below the current market rates.

Debtors are carried at cost as this is a fair approximation of their value.

27 Financial Instruments (continued)

Borrowings

	Range of interest rates payable in 14/15 from %	to %	Average Interest % at 31/03/14	Average Interest % at 31/03/15	Total Outstanding 31 March 2014 £'000's	Total Outstanding 31 March 2015 £'000's
a) Analysis of loans by type :						
Public Works Loans Board	0.56%	11.375%	5.03%	5.03%	420,706	420,706
Other Loans	3.95%	4.50%	4.17%	4.18%	415,000	490,000
TfGM - Interbank					51,630	16,159
Accrued Interest Payable :						
PWLB					4,443	4,438
Others					1,527	1,541
Total as at 31st March			4.60%	4.59%	893,306	932,844

b) Analysis of loans by maturity

Maturing:		
Due within 1 year : accrued interest payable		
PWLB	4,443	4,438
Others	1,271	1,541
Due within 1 year : principal		
PWLB	0	5,800
Others	0	0
Due within 1 year : TfGM - Interbank	51,630	16,159
Due within 1 year	57,344	27,938
In 1 to 2 years	5,800	5,000
In 2 to 5 years	23,309	32,604
In 5 to 10 years	80,301	97,130
In over 10 years	726,552	770,172
Due over 1 year	835,962	904,906
Total	893,306	932,844

28 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks, the key risks are:-

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity Risk – the possibility that the Authority might not have funds available to meet its commitments to make payments;
- Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework, set out in the Local Government Act 2003 and the associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - The Authority's overall borrowing;
  - Its maximum exposures to fixed and variable rates;
  - Its maximum exposures in the maturity structure of its fixed rate debts;
  - Its maximum exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting Investment counter parties in compliance with the Government Guidance;

These are required to be reported and approved at or before the Authority's annual levy setting budget or before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported at least annually to the Members.

These policies are implemented by a central treasury team. The Authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

Specified Investments
Specified Investments are investments in sterling denomination, with maturities up to a maximum of 1 year. All specified investments meet the minimum 'high' ratings criteria where applicable.

- Term deposits – Other Local Authorities: Credit Criteria high security
- Term deposits – Banks and building societies; Credit Criteria Varied
- Debt Management Agency Deposit Facility & UK Nationalised Banks – UK Government Backed.
- Certificates of deposits issued by banks and building societies covered by UK Government guarantees – UK Government explicit guarantee
- Money Market Funds, credit criteria AAA

Non-Specified Investments
Non- specified investments are any other type of investment not defined as specified above.

Any proposals to use any non-specified investments will be reported to members for approval.

Investment Limits
The financial investment limits of banks and building societies are linked to their Fitch long-term ratings (or equivalent), as follows:-

Banks and Building Societies

Fitch AA+ and above	£15 million
Fitch AA+/AA-	£10 million
Fitch A+/A	£8 million
Fitch A-	£4 million
Fitch BBB+	£0 million

Debt Management Office	£200 million
Manchester City Council	£50 million
Other Local Authorities	£20 million

In order to reduce the risk of over exposure by joint lending activities with the same counterparty, it has been agreed with TfGM that they will not invest with any of the counterparties used by the GMCA. Accordingly TfGM will only invest their surplus funds with the Debt Management Office.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's debtors and creditors.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. All investments held as at 31 March 2015 were with the HM Treasury Debt Management Office, other local authorities or UK banks and building societies.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

Whilst the current credit crisis in international markets has raised the overall possibility of default the Authority maintains strict credit criteria for investment counterparties.

The Authority has not used any non credit rated institutions (for instance smaller building societies or bank subsidiaries where the parent has a satisfactory rating). In these circumstances these investments would have been classified as other counterparties.

The Authority's trade debtors relate primarily to claims on Central Government departments. Excluding HMRC and RGF / GPF Loans, £0.001 million of the balance of debtors of £1.825 million is past its due date for payment, therefore the estimated exposure to default is £nil.

RGF / GPF loans have had individual risk profiles assessed, resulting in an impairment of debt of £7.012 million being included within the accounts.

The Authority's trade creditors relate primarily to capital and revenue grants payable to Transport for Greater Manchester, and other Greater Manchester Transport Fund schemes.

Credit Ratings Used:

Banks and Building Societies:

As a minimum must have the following Fitch (or equivalent) credit ratings (where rated):

Long Term – Fitch A-

Short Term – Fitch F1

Support – Fitch 3

Monitoring of credit ratings:

This Authority will not use the approach of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one agency's ratings.

All credit ratings will be monitored weekly. The Authority is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services creditworthiness service.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

A- If a downgrade results in the counter party/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.

B- In addition to the use of credit ratings, the Authority will be advised of information in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available as needed.

If unexpected movements happen, the Authority has ready access to borrowings from the money market and the Public Works Loans Board. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The Authority has £105 million lender option borrower option (LOBO) Loans. These have fixed rates of interest but the lender may seek to increase interest rates at which point the Authority has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Authority has treated them as fixed loans which will run to maturity. In forming this judgement the Authority has taken account of its ability to refinance through PWLB.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

The maturity analysis of financial liabilities is as follows:

	31 March 2014 £000's	31 March 2015 £000's
Less than one year	194,713	178,412
Between one and two years	10,644	5,000
Between two and five years	23,309	32,604
Between five and ten years	80,301	97,130
More than ten years	726,552	770,172
Total	**1,035,519**	**1,083,318**

The maturity analysis of financial assets including cash balances is as follows:

	31 March 2014 £000's	31 March 2015 £000's
Less than one year	143,570	174,919
Between one and two years	7,419	4,947
Between two and five years	0	16,039
Between five and ten years	0	3,981
Total	**150,989**	**199,886**

More detail on the Financial Liabilities and Assets can be found in Note 27 – Financial Instruments.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – The interest expense charged to the Deficit / (Surplus) on the Provision of Services will rise;

- Borrowings at fixed rates - The fair value of the borrowing liability will fall;

- Investments at variable rates - The interest income credited to the Deficit / (Surplus) on the Provision of Services will rise; and

- Investments at fixed rates - The fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit / (Surplus) on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Deficit on the Provision of Services and effect the General Fund Reserve.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market interest rates and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

The Authority tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1%. This would only apply to our net short term investments. The Authority also has a number of LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate. The financial effect of these variable rate changes would be:

- Short term investment risk (£165.819 million @ 1%) = £1.658 million gain.

- Short term borrowing risk (nil @ 1%) = £nil.

- LOBO risk (loans potentially subject to call over the remaining term of the loan)
  (£105 million @ 1%) = £1.050 million loss.

Impact on the Surplus or Deficit / (Surplus) on the Provision of Services = £0.608 million gain.

28 Nature and Extent of Risks Arising from Financial Instruments (continued)

The impact of a 1% fall in interest rates would be as follows:

- Short term investment risk (£165.819 million @ 0.36%) = £0.597 million loss.
- Short term borrowing risk (nil @ 1%) = £nil.
- LOBO risk (loans potentially subject to call over the remaining term of the loan) (£105 million @ 1%) = £1.050 million gain.

Impact on the Surplus or Deficit / (Surplus) on the Provision of Services = £0.453 million gain.

Foreign Exchange risk
The Authority has received a grant of £103,000 from the European Union which was denominated in Euros. It therefore has a small exposure to loss arising from movements in exchange rates.

29 Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Note 8.

30 Unusable Reserves

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
(1,062,015)	Capital Adjustment Account	(1,091,088)
(256)	Financial Instruments Adjustment Account	(254)
(1,062,271)	**Total Unusable Reserves**	(1,091,342)

30(a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of the capital grants payable to TfGM / Districts and ED & R partners, and the annual depreciation charge and loss on disposals of traffic signals, and credited with both the capital grants and contributions receivable, and the amounts set aside by the Authority as finance for the cost of acquisition, construction and enhancement.

Note 7 provides details of the source of all the transactions posted to the Account.

2013/14 £'000's		2014/15 £'000's
(899,506)	Balance as at 1st April	(1,062,015)
	Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	
(236,930)	Revenue expenditure funded from capital under statute	(204,747)
(4,441)	Annual depreciation charge of non current assets	(4,391)
(242)	Amounts of non current assets written off on disposal to the Comprehensive Income and Expenditure Statement	(231)
	Capital Financing Applied in the year :	
39,078	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	138,259
13,101	Funded from Capital Programme Reserve - RCCO	0
10,521	Statutory provision for the financing of capital investment	15,853
2,284	Repayment of Inherited Debt charged against the General Fund	2,399
1,975	Long and Short Term Debtor financed from Capital Grants	8,705
10,160	Long and Short Term Debtor financed from RCCO	21,440
0	Investments funded from RCCO	627
(1,481)	Impairment of Debt for RGF/GPF loans	(5,531)
(65)	Write Down of Long Term Debtor	(5,597)
3,531	Revenue Contributions to Finance Capital	4,141
(1,062,015)	Balance as at 31st March	(1,091,088)

30(b) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the account to manage the Effective Interest Rate (EIR) Adjustment on one stepped LOBO. Each year the Comprehensive Income and Expenditure statement is debited or credited with the EIR adjustment, then reversed out of the General Fund balance to the account in the Movement in Reserves statement. Over the remaining life of this loan, the EIR adjustments will be reversed out of the General Fund and the account will reduce to nil by 31 March 2054.

2013/14 £'000's		2014/15 £'000's
(258)	Balance as at 1st April	(256)
675	Interest incurred in the year and charged to the Comprehensive Income and Expenditure Statement	675
(673)	Proportion of interest incurred to be charged against the General Fund Balance in accordance with statutory requirements	(673)
2	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	2
(256)	Balance as at 31st March	(254)

31 Related Party Transactions

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the authority or to be controlled or influenced by the Authority.

Central Government - Department for Transport

The DfT provides the majority of the Authority's capital expenditure funding. The yearly transactions, and year end balances were as follows:

	2013/14 £'000's	2014/15 £'000's
Income		
Dept for Transport - revenue grants	90	491
Dept for Transport - capital grants - REFCUS	30,167	135,182
Dept for Transport - capital grants - Traffic Signals Schemes	224	2,338
Debtors		
Dept for Transport - capital grants - REFCUS	191	5,000

Central Government - Communities and Local Government/DWP/Business Innovation and Skills / Defra / Skills Funding Agency and the Home Office

The CLG has effective control over the general operations of the Authority - it is responsible for providing the statutory framework within which the Authority operates. The yearly transactions were as follows:

	2013/14 £'000's	2014/15 £'000's
Income		
DWP - revenue grant	5,800	0
CLG - revenue grants	22,390	33,670
Skills Funding Agency - revenue grant	3,712	1,353
CLG - capital grants - REFCUS	6,007	6,460
Debtors		
Skills Funding Agency - revenue grant	1,382	0

31 Related Party Transactions (continued)

Greater Manchester Authorities

The Leaders / Mayor's of the ten district councils also serve as members of the GMCA.

	2013/14 £'000's	2014/15 £'000's
Income		
Annual transport levy	198,094	198,094
Capital contributions to new traffic signal schemes	1,335	1,280
Annual contributions to ED & R functions	3,727	3,403
Expenditure		
General Expenditure	5,170	3,862
Capital Grants – REFCUS	3,531	47,704
Revenue Grants	0	2,854
Debtors		
Traffic Signal Scheme and Repair Invoices	334	540
Creditors		
General (Restated 13/14)	6,136	32,856

Transport for Greater Manchester

The decisions of the GMCA are implemented by TfGM. The net expenditure of TfGM after taking into account all sources of income and expenditure is financed by way of a revenue grant from the GMCA. The corporate objectives of TfGM are derived from the GMCA's policy priorities, stakeholder consultation and its principal statutory obligations.

TfGM also manage the maintenance, repair and schemes of the GMCA traffic signals asset base on behalf of the Authority. These transactions appear as related party expenditure and income, along with the end of year balances which are reported as follows:

	2013/14 £'000's	2014/15 £'000's
Expenditure		
Revenue Support Grant	116,184	106,150
Revenue Grants	2,650	4,562
Traffic Signals Maintenance/Repairs and S278	4,379	4,140
Capital Grants - REFCUS	223,861	145,733
Traffic Signals Schemes	5,838	4,533
Income		
Traffic Signals Schemes	775	169
Debtors		
Traffic Signals Schemes	181	4
Capital Grants	0	1,975
Creditors		
Revenue Grants	1,050	179
Capital Grants - REFCUS	39,649	35,530
General Expenditure	0	4
Traffic Signals Schemes/Repairs and S278	2,389	86
Temporary Cash	0	15,000
Borrowings		
Interbank Balance	51,630	16,159

31 Related Party Transactions (continued)

Members

Members of the Authority have direct control over the Authority's financial and operating policies.

No members allowances are payable.

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

A grant of £5.160 million (2013/14 £5.480 million) was paid to the Greater Manchester Accessible Transport Ltd, a charitable company limited by guarantee, whose Board of Directors consist entirely of TfGMC members, and whose Members are the Deputy Clerk to the TfGMC and the Information Systems Director of TfGM. In all instances the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decisions relating to grants. Details of all these transactions are recorded in the Register of Member's Interests, open to the public at Manchester Town Hall during office hours.

Officers

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

Manchester City Council

Key management personnel and officers of Manchester City Council are also the statutory and support officers to the Greater Manchester Combined Authority.

The yearly transactions, and year end balances were as follows:

	2013/14 £000's	2014/15 £000's
Income		
Traffic Signals Repairs	3	2
Traffic Signals Schemes	207	186
Expenditure		
General Expenditure	2,734	2,712
Capital Grant - REFCUS	3,531	8,441
Revenue Grants	0	1,311
Debtors		
Traffic Signals Schemes & Repairs	26	108
Creditors		
General Expenditure	438	366
Capital Grant - REFCUS	3,531	7,756
Revenue Grants	111	518

31 Related Party Transactions (continued)

Manchester Family Organisations

Under the governance arrangements operating from 1 April 2011, New Economy Ltd. (CNE) and Manchester Investment and Development Agency Service Ltd. (MIDAS) have become wholly owned subsidiaries of the Greater Manchester Combined Authority.

New Economy	2013/14 £'000's	2014/15 £'000's
Expenditure		
General Expenditure	1,047	1,023
Revenue Grants	0	119
Creditors		
General Expenditure	0	500
Revenue Grants	0	4
Debtors / Prepayments		
Revenue Grants	285	260

MIDAS	2013/14 £'000's	2014/15 £'000's
Expenditure		
General Expenditure	1,356	1225
Revenue Grants	0	55
Creditors		
General Expenditure	0	360
Debtors / Prepayments		
Revenue Grants	105	65

32 Cash Flow Statement - Adjustments to Net Cash Flows from Operating Activities

2013/14 £'000's		2014/15 £'000's
2	Finance Costs calculated in accordance with the code	2
3,253	Increase / (Decrease) in Debtors	5,471
13,620	Decrease / (Increase) in Creditors	(10,409)
(1,481)	(Increase) in impairment of debt	(5,724)
(242)	(Loss) on sale of non current assets	(231)
(4,441)	Annual depreciation charge	(4,391)
(163)	(Increase) in Interest Debtors	(484)
(1,919)	Increase / (Decrease) in Interest Creditors	19
0	Other non-cash movements	173
8,629	Adjustments to net deficit / (surplus) on the provision of services for non cash movements	(15,574)
39,790	Finance Costs Paid	43,846
(37,871)	Financing Expenditure	(43,865)
477	Financing Income	1,740
(314)	Interest Income Received	(1,256)
2,904	Capital grants and contributions receivable- traffic signals	4,019
4,986	Adjust for items included in the net deficit / (surplus) on the provision of services that are investing and financing activities	4,484

33 Cash Flow Statement - Investing Activities

2013/14 £'000's		2014/15 £'000's
5,956	Purchase of Property, Plant and Equipment	4,866
12,200	Long and Short Term Loans paid	30,770
(65)	Long Term Loans repaid	(5,598)
(3,003)	Capital grants and contributions received	(4,012)
15,088	**Net Cash Inflow from Investing Activities**	26,026

34 Cash Flow Statement - Financing Activities

2013/14 £'000's		2014/15 £'000's
2,284	Repayment of former GMC Debt	2,399
(3,904)	Capital Grants Receipts in Advance relating to non GMCA road schemes	1,827
14,912	Repayment of borrowing	35,471
(272,229)	Receipt of borrowing	(75,000)
(258,937)	**Net Cash Outflow) from Financing Activities**	(35,303)

35 Senior Employees Remuneration

The following employees are classed as senior employees as they received a salary in excess of £150,000 (disclosed by name) or received a salary in excess of £50,000 and report to the Head of Paid Service for the Authority (disclosed by job title)

	Salary, Fees or Allowances		Expenses Allowance		Employers contribution to Pension	
	2013/14 £'s	2014/15 £'s	2013/14 £'s	2014/15 £'s	2013/14 £'s	2014/15 £'s
Greater Manchester Investment Director *	0	105,000	0	572	0	0
Low Carbon Investment Director **	0	118,000	0	377	0	0
Strategic Director of Public Service Reform ***	0	65,722	0	48	0	0

* The post holder commenced on the 1 April 2014
** The post holder commenced on the 7 April 2014
*** The post holder commenced on the 29 September 2014

Greater Manchester Combined Authority Group Accounts – including Group Accounting Policies

Group Accounts

The group accounts comprise the accounts of the Authority together with those of Transport for Greater Manchester, Greater Manchester Accessible Transport Limited and its subsidiary and associated undertakings, Commission for the New Economy Ltd. and Manchester Investment and Development Agency Service Ltd. all as at 31 March 2015.

The accounts of Transport for Greater Manchester are prepared in accordance with the Accounts and Audit (England) Regulations 2011.These require the accounts to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ('The Code'). The consolidated accounts comprise the accounts of TfGM and all its subsidiary and associated undertakings drawn up to 31 March 2015.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. They are fully consolidated from the date that the TfGM obtains control, until the date that such control ceases.

The financial statements of a joint venture in which the TfGM has an interest are prepared for the same reporting period as TfGM, using consistent accounting policies. TfGM recognises its interest in the joint venture using proportionate consolidation. TfGM combines its share of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements between the dates that it has an interest.

All intra-group trading, balances and unrealised gains and losses as at the end of the period are eliminated in full (in the case of subsidiaries) or in part (in the case of the joint venture).

Further information about TfGM's consolidated accounts is available from the following address:

The Finance Department
TfGM
3rd Floor
2 Piccadilly Place
Manchester
M1 3BG

The accounts of Greater Manchester Accessible Transport Limited, New Economy and Manchester Investment and Development Agency Service (MIDAS) are prepared in accordance with UK Generally Accepted Accounting Practices and the Companies Act 2006.

Further information about the Greater Manchester Accessible Transport Limited's consolidated accounts is available from the following address:

The Finance Department
20th Floor
Manchester One
53 Portland Street
Manchester
M1 3LD

Further information about New Economy's accounts is available from the following address:

Manchester Professional Services Ltd
P O Box 532
Town Hall
Manchester
M60 2LA

Further information about MIDAS's accounts is available from:

Manchester Professional Services Ltd
P O Box 532
Town Hall
Manchester
M60 2LA

Basis of Dominant Influence

The Greater Manchester Combined Authority is made up of the 10 Leaders/Mayor's of the 10 district councils within Greater Manchester. They set local public transport policy and are responsible for deciding how funds are spent on supporting and improving Greater Manchester's public transport network. The decisions of the GMCA are implemented by TfGM and through them Greater Manchester Accessible Transport Limited (GMATL). TfGM and GMATL are responsible for implementing the policies of the GMCA. TfGM's net expenditure after taking into account all sources of income and expenditure is financed by way of a Revenue Grant from the GMCA. A proportion of the revenue grant paid to TfGM is subsequently granted over to Greater Manchester Accessible Transport Limited. TfGM and GMATL's corporate objectives are derived from the GMCA's policy priorities, stakeholder consultation and its principal statutory obligations. Strategic objectives and targets are set out in the GMCA/TfGM Business and Performance Plan.

CNE and MIDAS are 100% owned by the Greater Manchester Combined Authority by virtue of the GMCA being the sole member of both organisations.

Basis of Preparation

The group accounts have been prepared on a historical cost basis, except for certain property assets that are measured at fair value, in accordance with the Code. The group accounts have been prepared on a going concern basis.

Greater Manchester Combined Authority Group Accounts – including Group Accounting Policies

Statement of Compliance with IFRS

In accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, TfGM has adopted all aspects of the Code other than as follows:

- Deregulation Reserve. IFRS 5 would treat the deregulation of bus services in 1986 as a discontinued operation, leading to the write off of any costs connected with deregulation. However, the Transport Act of 1985 allowed any costs incurred on deregulation to be transferred to a specific reserve, called the 'Deregulation Reserve'. TfGM has adopted a policy of amortising the Deregulation Reserve over 30 years.

- Investment properties: The Code provides that any surplus or deficit arising on the revaluation of investment properties should be transferred to a revaluation reserve. TfGM's policy is to charge or credit any surplus or deficit to the income and expenditure account in the year that it arises. This policy is in line with IAS and it is considered that this treatment is more appropriate to TfGM than the Code.

The following is a summary of the accounting policies of the bodies included in the Group accounts where they differ from those applied to the Greater Manchester Combined Authority, mainly because the nature of its transactions are different.

Summary of Significant Accounting Policies

Property, Plant and Equipment and Assets under Construction

Items of property, plant and equipment are stated at cost less accumulated depreciation, with the exception of investment properties and non-infrastructure operational assets which are measured at fair value. TfGM's policy is to write off the carrying values of all assets, other than freehold land, on a straight-line basis over its estimated remaining useful life.
Vehicles supplied to GMATT on a reversionary basis by TfGM are stated at the deemed cost to TFGM.
The range of estimated useful lives for each class of asset is as follows:

Freehold and long leasehold buildings	40 to 50 years
Short leasehold buildings	over the lease term
Infrastructure Assets (see note * below)	20 to 50 years
Plant and equipment (including software)	3 to 10 years
Motor vehicles	3 to 5 years

* Infrastructure assets include a number of categories of assets relating to the Metrolink network. Further details of asset lives within this category are given below:

Civil structures	50 years
Stations	30 years
Track and track bed	20 to 30 years
Ticket machines and information points	20 years
Overhead power lines	30 years
Signalling/telecoms	20 years
Metrolink Trams	30 years

- The cost of Metrolink includes £116.495 million (2013/14 £114.026 million) representing the costs of acquiring the land required for the system to be constructed. In accordance with standard accounting practice this land is not being depreciated.

Depreciation of assets, and amortisation on any grant funding its acquisitions, commences with effect from the month following capitalisation. Capitalisation of assets is carried out as soon as practicable following its acquisition or completion, irrespective of whether the asset has been brought into full use.

Annual reviews are undertaken of the estimated remaining life and current carrying amount of assets, ensuring that significant assets are reviewed annually and other assets are reviewed at least every three years. Adjustments to the carrying amount, or remaining useful life, are made where necessary.

An item of property, plant and equipment is derecognised upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition (calculated as the difference between the net disposal proceeds and the carrying amount) is included in the Comprehensive Income and Expenditure Statement in the year the item is derecognised, offset by the write-back of any grant funding that has been received and which has not been released to the Revenue Reserve.

For the ongoing measurement of property, plant and equipment, TfGM has adopted the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, which requires the fair value method to be applied to non-infrastructure operational assets. Assets classified as infrastructure include all Metrolink assets, bus stations, interchanges, turning points, bus shelters and other route equipment and works.

As permitted by the Code, the carrying value of property, plant and equipment in existence on the transition date to IFRS of 1 April 2010 has been treated as deemed cost at the transition date.

Assets under construction relates to expenditure incurred in respect of assets which are incomplete as at the reporting date. The assets are transferred to the appropriate heading and depreciated when they become available for use.

Non-current assets held for sale

Non-current assets classified as held for sale are classified as such, and measured at the lower of carrying amount and fair value less costs to sell, if their value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to complete within one year.

Property, plant and equipment classified as held for sale are not depreciated.

There were no assets classified as held for sale as at 31 March 2015.

Investment properties

Investment properties are initially recognised at cost, including direct transaction costs. They are subsequently revalued annually in accordance with the fair value model, reflecting market conditions at the balance sheet date. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are de-recognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of de-recognition.

Capital and revenue grants and contributions

Capital and revenue grants and contributions receivable are recognised immediately in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not yet been met. These amounts are recognised in the Balance Sheet within capital and revenue grants received in advance until such time as the conditions are met whereupon they are transferred to the Comprehensive Income and Expenditure Statement.

With respect to capital grants or contributions, if the expenditure to be financed from the grant or contribution has been incurred at the balance sheet date, the grant or contribution is transferred from the Revenue Reserve to the Deferred Capital Grants and Contributions Account via the Movement in Reserves Statement. If the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

With respect to revenue grants or contributions, if the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the revenue grants unapplied account via the Movement in Reserves statement.

In the cases where a capital or revenue grant is received which is subject to a stipulation that it be returned to the transferor if a specified future event does not occur, a return obligation does not arise until such time as it is expected that the stipulation will be breached; and a liability is not recognised until the recognition criteria have been satisfied.

Inventories

Inventories are carried at the lower of cost (including costs incurred in bringing the inventory to its present location, such as freight) and net realisable value, determined on a first in first out basis.

Financial Assets

Financial assets are classified at recognition as loans, deposits or receivables in accordance with IAS39, and recognised at cost. TfGM has not designated any financial assets as at fair value through the Comprehensive Income and Expenditure Statement. TfGM's financial assets include cash, short-term deposits, trade and other receivables.

Subsequent measurement depends on their classification as follows:

Cash and cash equivalents: funds placed with banks and other financial institutions by GMCA with maturity of there months or less. For the purpose of the group cash flow statement, cash and cash equivalents are defined above, net of any outstanding bank overdrafts.

Loans and deposits: non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Any gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the assets are amortised, de-recognised or impaired.

Trade and other receivables: recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. Should an amount become uncollectable, it is written off to the Comprehensive Income and Expenditure Statement in the period in which it is recognised.

Financial Liabilities

Financial liabilities are classified at recognition as loans and borrowings in accordance with IAS 39, and recognised at cost. TfGM has not designated any financial liabilities assets at fair value through the Comprehensive Income and Expenditure Statement. TfGM's financial liabilities include bank overdraft, trade creditors, loans and other payables.

Subsequent measurement depends on their classification as follows:

Loans and borrowings: non –derivative financial liabilities with fixed or determinable payments not quoted in and active market. Such interest-bearing liabilities are carried at amortised cost using the effective interest rate method. Any gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the liabilities are amortised, de-recognised or impaired.

Trade and other payables: recognised and carried at invoice or contract value. Should an amount become non-payable, it is written back to the income statement in the period in which it is recognised.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet, if and only if there is an enforceable legal right to offset, and there is an intention to settle on a net basis in order to realise the assets and discharge the liabilities simultaneously.

Impairment of non-financial assets

TfGM assesses each year whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated, which is the higher of its fair value less costs to sell, and its value in use. It is determined for an individual asset, unless it doesn't generate cash flows independently from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted at a rate reflecting the current assessment of its average borrowing rates. In determining fair value less costs to sell, an appropriate valuation model is used. The calculations are reviewed where possible against other available indicators.

Impairment losses are recognised in the Comprehensive Income and Expenditure Statement in those expense categories consistent with the function of the asset, except for property previously re-valued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is also made each year whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If so, the asset's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognised. Such reversal is recognised in the Comprehensive Income and Expenditure Statement unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Provisions, Contingent liabilities and Contingent assets - Provisions

Provisions are made where an event has taken place that gives a legal or constructive obligation that "probably" requires settlement by a transfer of economic benefits or service potential, and, where 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 we become aware of the obligation, and are 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 be required (or a lower settlement than anticipated is made), the amount of the provision no longer required is reversed and credited back to the relevant service.

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

Contingent liabilities

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not 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 are instead disclosed in a note to the accounts.

Contingent assets

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

Contingent assets are not recognised in the Balance Sheet but are instead disclosed in a note to the accounts. Where it is possible that there will be an inflow of economic benefits or service potential.

Rail Services – Funding

Local rail services are provided under the terms of a number of Franchise Agreements. TfGM is a co-signatory to the Northern Rail franchise, with the Department for Transport and the other Passenger Transport Executives into whose areas Northern Rail runs services. Under the terms of the Franchise Agreement, each of the funding parties has contracted to pay, direct to the Franchisee, annual sums in respect of their share of the services being provided. In addition, financial bonuses or penalties are applied according to how well the operator performs against certain specific benchmarks in terms of train service reliability and punctuality, and also in terms of a number of specific criteria against which the quality of service provision at stations and on trains is assessed.

The cost of the Franchise and of certain direct costs of rail support is funded by a Special Rail Grant which is paid by the Department for Transport direct to TfGM.

Passenger Transport Facilities

As part of its statutory duties, TfGM is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. In addition, TfGM provides assets and grants to Greater Manchester Accessible Transport Limited (GMATL) and grants to bus operators in accordance with section 106 of the Transport Act 1985. The expenditure incurred is offset by equivalent grants received from GMCA, which for the year ended 31 March 2015 amounted to £13.196 million (2013/14: £19.872 million).

Once completed, ownership of these assets vests in rail operating companies, Network Rail, GMATL, bus operators or the Local Authority as appropriate.

Both the costs and the opposing grant income are recognised in the Comprehensive Income and Expenditure Statement.

Turnover

Turnover, all of which arises within the United Kingdom and is stated net of value added tax, represents income arising from Metrolink fare revenues, services provided, rental income, and advertising revenues, including estimates in respect of services provided but not invoiced at the year end.

Lease Income

Amounts receivable under finance leases are stated net of interest allocated to future periods. Interest is allocated to accounting periods to produce a constant periodic rate of income on the remaining net investment.

Rentals receivable under operating leases and secondary rentals received and retained by the group under finance leases are credited to income as they arise. Any premia or incentives within the lease are recognised within income on an equal basis over the term of the lease.

Lease Expenditure

Assets held under finance leases where we retain substantially all the risks and benefits of ownership are capitalised in the balance sheet at the lower of the fair value of the asset and the net present value of the minimum lease payments; the assets are then depreciated over their useful economic lives.

The lease obligations are recognised as a financial liability. The interest element of the rental obligations is charged to the Comprehensive Income and Expenditure Statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to expenditure on a straight line basis over the term of the lease, recognising on an equal basis the impact of any premia or incentives.

Pensions

Certain employees are members of the Local Government Pension Scheme administered by Greater Manchester Pension Fund (GMPF).

The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees worked.

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the GMPF attributable to the Group 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.1%
- The assets of GMPF attributable to the Group are included in the Balance Sheet at their fair value based on the bid values of the assets.

- The change in the net pensions liability is analysed into seven components:
  - 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 arising from current year decisions 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 analysed separately in the Expenditure Statement as part of Non Distributed Costs;
  - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
  - Expected return on assets – the annual investment return on the fund assets attributable to the Group based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
  - Gains or losses on settlements and curtailments – the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
  - Actuarial gains and losses – changes in the net pensions liability that arise because the actuaries have updated their assumptions – credited or debited to the Pensions Reserve (for TfGM) ; and
  - Contributions paid to the GMPF – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to GMPF retirement benefits relating to TfGM, statutory provisions require the Revenue Reserve balance to be charged with the amount payable 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 Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end. The balance on the Pensions Reserve thereby reflects the beneficial impact on the Revenue Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

In relation to GMPF retirement benefits relating to CNE, the current service costs are charged to Running Costs, the net costs or returns on assets are charged to Financing and Investment Income and Expenditure and the actuarial gains and losses are charged to Other Comprehensive Income and Expenditure immediately they are recognised.

GMATL operates a defined contribution pension scheme and the pension charge represents the amount payable to the pension fund in respect of the year.

Both CNE and MIDAS operate a defined contribution pension scheme for those employees who are not members of the GMPF. The pension charge includes the amount payable to the pension fund in respect of the year.

Accrual of Income and Expenditure

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

- Revenue from sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

- Revenue from the provision of services is recognised when we can reliably measure the completion of the transaction and where it is probable that economic benefits or service potential associated with the transaction will flow to the Group;

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received an their consumption they are carried as inventories on the Balance Sheet;

- Expenses relating to services received (including services provided by employees) 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 on the basis of the effective interest rate for the relevant financial instrument rather than on the basis of the cash flows fixed or determined by the contract; and

- 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 the debtors is written down and a charge made to revenue for the amount of income that might not be collected.

Reserves

The Group holds specific amounts as reserves for future policy purposes or to cover contingencies. Reserves held are shown 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 or 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, capital grants, retirement and employee benefits and do not represent usable resources for the Group. These reserves are explained in Note 20 of TfGM'S Statement of Accounts.

Exceptional Items

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

Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occurred 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 are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

Value Added Tax (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.

Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The items in the Group's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- Pension benefits: the cost of defined benefit pension plans is determined using independent actuarial valuation, involving the use of assumptions about discount rates, return on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries.

Deregulation Reserve

The reserve represents the costs relating to the transfer of TfGM's bus operations to Greater Manchester Buses Ltd. following the implementation of the Transport Act 1985. As required by the provisions of the Act and in accordance with the transfer scheme, which was approved by the Secretary of State for Transport, TfGM transferred its bus operation activities and certain of its assets and liabilities to this new company. The Deregulation Reserve represents payments and losses incurred by TfGM with respect to deregulation on 25 October 1986 and which were not charged to profit and loss.

Although there is no legal requirement to amortise this reserve to the revenue account, TfGM acknowledges the prudence of taking steps to reduce the levels of ongoing borrowing by which the deregulation was originally funded. To this end, TfGM commenced transferring the Deregulation Reserve to the revenue account reserve from 2006 over a period of 30 years. The amount of capital being amortised will increase in future years as interest on the loans supporting the reserve reduces.

Fund Accounting

GMATL's Unrestricted Fund comprises the undertaking's general fund, which consists of funds that the undertaking may use for its purposes at its discretion, and the designated funds, the main function of the fund is to address the effects of Social Exclusion in Transport, through funding operating and replacing vehicles and development and building refurbishment works.

In the Group consolidation, an Accumulated Absences accrual of;
- £41k (2013/14 £45k) has been brought into the 31 March 2015 GMATL Financial Statements;
- £19k (2013/14 £24k) has been brought into the 31 March 2015 MIDAS Financial Statements;
- £26k (2013/14 £29k) has been brought into the 31 March 2015 CNE Financial Statements.

This is a requirement of the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the commercial cost of providing the group's services, more detail of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for transport and economic development and regeneration contribution setting purposes. The net increase/ (decrease) before transfers to the Earmarked Reserves line shows the statutory general Fund balance before any discretionary transfers to or from the earmarked reserves by the group.

The movements on the reserves are as follows:

2013/14

	Note	General Fund Balance	Revenue Grants Unapplied Reserve	Capital Grants Unapplied Reserve	Property Reserve	Metrolink Reserve	RGF / GPF Interest and Arrangement	Capital Receipts Reserve	Capital Programme Reserve	Designated GMATL Funds	Joint Road Safety Group Reserve	Concessionary Fares Reserve	Total Usable Reserve	Capital Adjustment Account GMCA	Deferred Capital Grants TfGM	Financial Instruments Adjustment Account GMCA	Pensions Reserve TfGM	Capital Reserve TfGM	Deregulation Reserve TfGM	Charitable Trust Reserve GMATL	Total Unusable Reserve	Total Group Reserves
Balance as at 1 April 2013		10,575	42,639	48,436	9,290	37,783	0	0	48,565	0	5,881	16,484	219,653	(164,361)	792,969	(258)	2,600	4,013	(51,236)	2,040	585,767	805,420
Surplus or (deficit) on the provision of services		11,936	0	0	0	0	0	0	0	0	0	0	11,936	0	0	0	0	0	0	0	0	11,936
Other Comprehensive Expenditure and Income		(13,960)	0	0	0	0	0	0	0	0	0	0	(13,960)	0	0	0	0	0	0	0	0	(13,960)
Total Comprehensive Expenditure and Income		(2,024)	0	0	0	0	0	0	0	0	0	0	(2,024)	0	0	0	0	0	0	0	0	(2,024)
Adjustments between accounting basis & funding basis under regulations	36	21,148	0	(2,834)	0	0	0	0	0	0	0	0	18,314	11,109	(14,425)	2	(15,000)	0	0	0	(18,314)	0
Net Increase/(decrease) before Transfers to Earmarked Reserves		19,124	0	(2,834)	0	0	0	0	0	0	0	0	16,290	11,109	(14,425)	2	(15,000)	0	0	0	(18,314)	(2,024)
Transfers to/(from) Earmarked Reserves	37	(17,903)	11,533	0	(226)	(5,387)	229	65	13,400	1,364	425	(2,400)	1,100	0	0	0	0	(160)	1,100	(2,040)	(1,100)	0
Increase/(decrease) in year		1,221	11,533	(2,834)	(226)	(5,387)	229	65	13,400	1,364	425	(2,400)	17,390	11,109	(14,425)	2	(15,000)	(160)	1,100	(2,040)	(19,414)	(2,024)
Balance as at 31 March 2014 carried forward - restated		11,796	54,172	45,602	9,064	32,396	229	65	61,965	1,364	6,306	14,084	237,043	(153,252)	778,544	(256)	(12,400)	3,853	(50,136)	0	566,353	803,396

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the group, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure) and other reserves. The surplus or (deficit) on the provision of services line shows the commercial cost of providing the group's services, more detail of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance for transport and economic development and regeneration contribution setting purposes. The net increase/ (decrease) before transfers to the Earmarked Reserves line shows the statutory general Fund balance before any discretionary transfers to or from the earmarked reserves by the group.

The movements on the reserves are as follows:

2014/15

	Note	General Fund Balance	Revenue Grants Unapplied Reserve	Capital Grants Unapplied Reserve	Property Reserve	Metrolink Reserve	RGF / GPF Interest and Arrangement Fees Reserve	Capital Receipts Reserve	Capital Programme Reserve	Designated GMATL Funds	Joint Road Safety Group Reserve	Concessionary Fares Reserve	Total Usable Reserve
Balance as at 1 April 2014		11,796	54,172	45,602	9,064	32,396	229	65	61,965	1,364	6,306	14,084	237,043
Surplus or (deficit) on the provision of services		79,595	0	0	0	0	0		0		0	0	79,595
Other Comprehensive Expenditure and Income		(21,600)	0	0	0	0	0		0		0	0	(21,600)
Total Comprehensive Expenditure and Income		57,995	0	0	0	0	0		0		0	0	57,995
Adjustments between accounting basis & funding basis under regulations	36	(43,107)	0	(3,051)	0	0	0	0	0	0	0	0	(46,158)
Net Increase/(decrease) before Transfers to Earmarked Reserves		14,888	0	(3,051)	0	0	0	0	0		0	0	11,837
Transfers to/(from) Earmarked Reserves	37	(13,647)	(2,994)	0	(257)	(9,039)	1,168	5,506	25,540	(18)	(138)	(1,715)	4,406
Increase/(decrease) in year		1,241	(2,994)	(3,051)	(257)	(9,039)	1,168	5,506	25,540	(18)	(138)	(1,715)	16,243
Balance as at 31 March 2015		13,037	51,178	42,551	8,807	23,357	1,397	5,571	87,505	1,346	6,168	12,369	253,286

	Capital Adjustment Account GMCA	Deferred Capital Grants TfGM	Financial Instruments Adjustment Account GMCA	Pensions Reserve TfGM	Capital Reserve TfGM	Deregulation Reserve TfGM	Charitable Trust Reserve GMATL	Total Unusable Reserve	Total Group Reserves
Balance as at 1 April 2014	(153,252)	778,544	(256)	(12,400)	3,853	(50,136)	0	566,353	803,396
Surplus or (deficit) on the provision of services	0	0	0	0	0	0	0	0	79,595
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	(21,600)
Total Comprehensive Expenditure and Income	0	0	0	0	0	0	0	0	57,995
Adjustments between accounting basis & funding basis under regulations	38,802	29,654	2	(22,300)	0	0	0	46,158	0
Net Increase/(decrease) before Transfers to Earmarked Reserves	38,802	29,654	2	(22,300)	0	0	0	46,158	57,995
Transfers to/(from) Earmarked Reserves	-5506	0	0	0	0	1,100	0	(4,406)	0
Increase/(decrease) in year	33,296	29,654	2	(22,300)	0	1,100	0	41,752	57,995
Balance as at 31 March 2015	(119,956)	808,198	(254)	(34,700)	3,853	(49,036)	0	608,105	861,391

Group Comprehensive Income and Expenditure Statement

This statement summarises the resources that have been generated and consumed in providing services and managing the group during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non-current assets actually consumed.

2013/14					2014/15		
£'000 Gross Expenditure	£'000 Gross Income	£'000 Net Expenditure		Note	£'000 Gross Expenditure	£'000 Gross Income	£'000 Net Expenditure
			Highways and Transport Services				
69,692	(71,281)	(1,589)	Rail franchise		46,362	(48,192)	(1,830)
56,254	0	56,254	Concessionary fare scheme		56,649	0	56,649
39,576	(5,489)	34,087	Supported bus services		40,131	(8,232)	31,899
78,962	(42,106)	36,856	Metrolink		90,042	(46,934)	43,108
8,529	0	8,529	Exceptional accelerated depreciation charge		589	0	589
6,014	(218)	5,796	Accessible transport		5,859	(827)	5,032
5,244	(2,826)	2,418	Highways Activities		4,492	(2,961)	1,531
7,072	(7,444)	(372)	Road Safety Activities		8,852	(8,690)	162
19,872	(19,872)	0	Passenger transport facilities		13,196	(3,527)	9,669
59,626	(11,397)	48,229	Running Costs		57,016	(12,369)	44,647
3,531	0	3,531	Revenue Expenditure Payable Funded from Capital under Statute / Capital Grants Receivable		48,413	(47,943)	470
354,372	(160,633)	193,739			371,601	(179,675)	191,926
			Planning Services				
9,651	(35,400)	(25,749)	Running Costs		16,630	(37,798)	(21,168)
3,531	(3,531)	0	Revenue Expenditure Payable Funded from Capital under Statute / Capital Grants Receivable		4,141	(4,141)	0
13,182	(38,931)	(25,749)			20,771	(41,939)	(21,168)
			Housing Services				
6,007	(6,007)	0	Revenue Expenditure Payable Funded from Capital under Statute / Capital Grants Receivable		6,460	(6,460)	0
6,248	(289)	5,959	Corporate and Democratic Core		5,973	(294)	5,679
390	0	390	Non distributed costs		301	0	301
380,199	**(205,860)**	**174,339**	**Cost of Services**		**405,106**	**(228,368)**	**176,738**
			Other Operating Expenditure				
1,860	0	1,860	Losses on the disposal of non current assets	46	3,568	0	3,568
41,860	(647)	41,213	Financing and Investment Income and Expenditure	38&39	48,340	(1,746)	46,594
0	(229,348)	(229,348)	Taxation and Non Specific Grant Income	40	0	(306,495)	(306,495)
423,919	**(435,855)**	**(11,936)**	**(Surplus) on Provision of Services**		**457,014**	**(536,609)**	**(79,595)**
423,919	**(435,855)**	**(11,936)**	**Group (Surplus)**		**457,014**	**(536,609)**	**(79,595)**
		160	Deficit on revaluation of investment properties				0
		13,800	Re-measurements in net defined benefit liability				21,600
		13,960	**Other Comprehensive (Income) and Expenditure**				**21,600**
		2,024	**Total Comprehensive (Income) and Expenditure**				**(57,995)**

Reconciliation of the Authority Comprehensive Income and Expenditure Statement to the Group Comprehensive Income and Expenditure Statement

2013/14		2014/15
£'000		£'000
135,926	Deficit for the year on the Authority Comprehensive Income and Expenditure Statement	(3,316)
	analysed into the amounts attributable to:	
(134,052)	Subsidiary - TfGM	(54,806)
218	Subsidiary - GMATL	(100)
(65)	Subsidiary - CNE	93
(3)	Subsidiary - MIDAS	134
2,024	**(Income)/Expenditure for the year on the Group Comprehensive Income and Expenditure Account**	**(57,995)**

Group Balance Sheet

The balance sheet is fundamental to the understanding of the Group's financial position at the end of the financial year. The statement reports the Group's balances on Assets (non-current and current), Liabilities(long and short term) and Reserves.

31 Mar 2014 £'000		Note	31 Mar 2015 £'000
	Non-Current Assets		
	Property, Plant & Equipment		
11,960	Land and Buildings	46	11,582
24,799	Vehicles, Plant, Furniture and Equipment	46	25,000
1,301,084	Infrastructure	46	1,657,990
407,695	**Assets Under Construction**	46	153,806
300	**Investment Property**	46	300
0	**Investments**	22	627
7,526	**Long Term Debtors**	43	25,039
1,753,364	**Total Non-Current Assets**		**1,874,344**
	Current Assets		
312	Inventories	47	237
250	Short Term Investments	60	0
34,527	Short Term Debtors	43	45,132
140,986	Cash and Cash Equivalents	44	164,601
176,075	**Total Current Assets**		209,970
1,929,439	**Total Assets**		**2,084,314**
	Current Liabilities		
(6,954)	Short Term Borrowing	42	(13,019)
(110,274)	Short Term Creditors	45	(137,720)
(59,694)	Capital Grants Receipts in Advance	13	(37,525)
(1,001)	Provisions	49	(2,615)
(2,398)	Deferred Liability	26	(2,568)
(180,321)	**Total Current Liabilities**		(193,447)
1,749,118	**Total Assets less Current Liabilities**		**1,890,867**
	Long Term Liabilities		
(21,117)	Deferred Liability	26	(18,548)
(907,027)	Long Term Borrowing	42	(975,950)
(4,844)	Capital Grants Receipts in Advance	13	0
(12,400)	Net Pensions Liabilities	56	(34,700)
(134)	Deferred Income	48	(76)
(200)	Provisions	49	(202)
(945,722)			(1,029,476)
803,396	**Net Assets**		**861,391**
	Financed By :		
	Usable Reserves - Authority :		
5,088	General Fund Reserve	MIRS	5,284
38,444	Revenue Grants Unapplied Reserve	37	39,724
61,965	Capital Programme Reserve	37	87,505
41,276	Capital Grants Unapplied Reserve	MIRS	39,973
65	Capital Receipt Reserve	MIRS	5,571
34,496	Metrolink Reserve	37	34,496
229	RGF / GPF Interest and Arrangement Fees	37	1,397
181,563			213,950
	Usable Reserves - Executive and GMATL :		
5,780	General Fund Reserve	MIRS	7,052
9,064	Property Reserve	37	8,807
15,728	Revenue Grants Unapplied Reserve	37	11,454
4,326	Capital Grants Unapplied Reserve	MIRS	2,578
(2,100)	Metrolink Reserve	37	(11,139)
6,306	Joint Road Safety Group Reserve	37	6,168
14,084	Concessionary Fares Reserve	37	12,369
1,364	GMATL designated fund	37	1,346
54,552			38,635
	Usable Reserves - Manchester Family		
144	General Fund Reserve - CNE	MIRS	51
784	General Fund Reserve - MIDAS	MIRS	650
928			701
	Unusable Reserves - Authority, Executive and GMATT :		
(153,252)	Capital Adjustment Account (GMCA)	51(a)	(119,956)
(256)	Financial Instruments Adjustment Account (GMCA)	30(b)	(254)
778,544	Deferred Capital Grants and Contributions Account (TfGM)	51(b)	808,198
(12,400)	Pensions Reserve (TfGM)	51(c)	(34,700)
3,853	Capital Reserves (TfGM)	51(d)	3,853
(50,136)	Deregulation Reserve (TfGM)	51(e)	(49,036)
566,353			608,105
803,396	**Total Reserves**		**861,391**

Group Cash Flow

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

2013/14			2014/15
£'000		Note	£'000
(11,936)	Net (Surplus) on the provision of services		(79,595)
(70,908)	Adjustments to net surplus or deficit on the provision of services for non cash movements	52	(55,351)
13,601	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	52	135,639
(69,243)	**Net Cash Flows from Operating Activities**	**52**	**693**
205,199	Investing Activities	53	46,445
(230,010)	Financing Activities	54	(70,753)
(94,054)	**(Increase)/decrease in cash and cash equivalents**		**(23,615)**
46,932	Cash and cash equivalents at the beginning of the reporting period	42	140,986
140,986	Cash and cash equivalents at the end of the reporting period	42	164,601

Notes to the Group's Core Financial Statements

36 Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice to the resources that are specified by the statutory provisions as being available to meet future capital and revenue expenditure.

2013/14 £'000		2014/15 £'000
	Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement	
32,921	Revenue Expenditure Funded from Capital under Statute	62,541
4,441	Annual Depreciation Charge	4,391
242	Amounts of non current assets written off on disposal to the Comprehensive Income and Expenditure Statement	231
(45,803)	Capital Grants & Contributions Receivable	(145,661)
52,400	Capital grants released	51,931
(859)	Capital grants applied/(unapplied)	5,654
(2)	Amount by which finance costs charged to the Comprenhensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(2)
1,200	Amount by which pension costs calculated in accordance with the SORP (ie in accordance with IAS19) are different from the contributions due under pension schgeme regulations	700
13,800	Actuarial gains and losses on pension assets and liabilities	21,600
65	Long Term Debtor - Loan Repayment	0
0	Non Property - Capital Receipts	0
0	Impairment of Loans	91
1,481	Contribution to Capital Bad Debt provision	5,531
59,886		**7,007**
	Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement	
(10,521)	Minimum Revenue Provision for capital financing	(15,853)
(2,284)	Inherited Debt Principal Payment	(2,399)
0	Transfer to Growing Places Reserve	0
(1,975)	Long Term Debtor financed from Capital Grants	(8,705)
(13,101)	RCCO	0
(13,691)	Revenue Contributions to Finance Capital	(26,208)
(41,572)		**(53,165)**
18,314	**Total Adjustments**	**(46,158)**

37 Transfers to/ (from) Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance as at 1 April 2013 £000's	Transfers Out 2013/14 £000's	Transfers In 2013/14 £000's	Balance as at 31 March 2014 £000's	Balance as at 1 April 2014 £000's	Transfers Out 2014/15 £000's	Transfers In 2014/15 £000's	Balance as at 31 March 2015 £000's
Revenue Grants Unapplied Reserves :								
Growing Places Fund (1)	2,828	(653)	0	2,175	2,175	(1,084)	722	1,813
LEP Capacity Building in Transport (2)	132	0	0	132	132	(132)	0	0
Local Sustainable Transport Fund (3)	12,532	(1,718)	0	10,814	10,814	(4,088)	0	6,726
Better Bus Area Fund (4)	972	(856)	0	116	116	(116)	0	0
Regional Growth Fund 2 (5)	7,237	(2,234)	0	5,003	5,003	0	10,964	15,967
Regional Growth Fund 3 (6)	0	0	10,406	10,406	10,406	(4,296)	0	6,110
Regional Growth Fund Bank Interest (7)	8	0	38	46	46	0	30	76
Smarter Cities (8)	0	0	14	14	14	0	56	70
Youth Contract (9)	0	0	5,800	5,800	5,800	(1,013)	0	4,787
Local Enterprise Partnership Core Funding (10)	0	0	145	145	145	(145)	176	176
Local Enterprise Partnership Strategic Plans Funding (11)	0	0	250	250	250	(250)	441	441
City Deal (12)	0	0	3,543	3,543	3,543	(66)	0	3,477
Total Transport Pilot Fund (13)	0	0	0	0	0	0	81	81
Revenue Grants Unapplied Reserve - TfGM - (14)	18,930	(13,202)	10,000	15,728	15,728	(14,810)	10,536	11,454
Total Revenue Grants Unapplied Reserves	42,639	(18,663)	30,196	54,172	54,172	(26,000)	23,006	51,178
Property Reserve - TfGM (15)	9,290	(226)	0	9,064	9,064	(257)	0	8,807
Metrolink Reserves (16)								
Metrolink Reserve - GMCA	34,496	0	0	34,496	34,496	0	0	34,496
Metrolink Reserve - TfGM	3,287	(5,387)	0	(2,100)	(2,100)	(9,039)	0	(11,139)
	37,783	(5,387)	0	32,396	32,396	(9,039)	0	23,357
Capital Programme Reserve (17)	48,565	(13,101)	26,501	61,965	61,965	0	25,540	87,505
Joint Road Safety Group Reserve - TfGM - (18)	5,881	0	425	6,306	6,306	(138)	0	6,168
Concessionary Fares Reserve - TfGM (19)	16,484	(2,400)	0	14,084	14,084	(1,715)	0	12,369
Regional Growth Fund / Growing Places Interest and Arrangement Fees (20)	0		229	229	229	(64)	1,232	1,397
GMATL designated fund (21)	0		1,364	1,364	1,364	(228)	210	1,346
Subtotal	160,642	(39,777)	58,715	179,580	179,580	(37,441)	49,988	192,127
Unusable Reserves :								
Capital Reserves - TfGM (22)	4,013	(160)	0	3,853	3,853	0	0	3,853
Deregulation Reserve - TfGM (23)	(51,236)	0	1,100	(50,136)	(50,136)	0	1,100	(49,036)
Charitable Trust Reserve - GMATL (24)	2,040	0	(2,040)	0	0	0	0	0
	(45,183)	(160)	(940)	(46,283)	(46,283)	0	1,100	(45,183)
Total	115,459	(39,937)	57,775	133,297	133,297	(37,441)	51,088	146,944
Transfer (to)/from General Fund			17,838				13,647	

37 Transfers to/ (from) Earmarked Reserves (continued)

Purpose of the Reserve :

(1) Growing Places Fund : funding to establish revolving investment funds, promoting a long term locally led solution to local infrastructure constraints.
(2) LEP Capacity Building in Transport : funding to assist in the process of devolving of major schemes.
(3) Local Sustainable Transport Fund : funding to stimulate economic growth whilst reducing carbon emissions.
(4) Better Bus Area Fund : funding to deliver a package of measures which will make a significant contribution to improving the role of bus.
(5) Regional Growth Fund 2 : funding to create new, sustainable, private sector jobs in areas vulnerable to public sector job losses.
(6) Regional Growth Fund 3: latest wave of funding to create new, sustainable, private sector jobs in areas vulnerable to public sector job losses.
(7) Regional Growth Fund Bank Interest : funding to create new, sustainable, private sector jobs in areas vulnerable to public sector job losses.
(8) Smarter Cities: funding to assist with the smart ticketing project.
(9) Youth Contract: funding to assist with job creation jobs for 16-24 yr olds
(10) LEP Core Priorities: funding to assist LEP's to meet priorities.
(11) LEP Strategic Plans: funding to assist plans with the EU structural plans for 2014 -2020
(12) City Deal: funding from the Skills Funding Agency as part of the City Deal to assist with increased apprenticeship and training opportunities
(13) Total Transport Pilot Fund: funding to support the delivery of supported public road passenger transport services
(14) Revenue Grants Unapplied Reserve - TfGM : Manchester Airport contributions to the Metrolink extension to the airport.
(15) Property Reserve - TfGM :surpluses arising from 2 Piccadilly Place.
(16) Metrolink Reserves : funding for Metrolink Service Enhancement related expenditure.
(17) Capital Programme Reserve : surpluses of capital financing costs which have been set aside to fund future capital programme related expenditure.
(18) Joint Road Safety Group Reserve - TfGM : surpluses arising from the JRSG team.
(19) Concessionary Fares Reserve - TfGM : surpluses of reimbursed income which will be spent in future years.
(20) Regional Growth Fund / Growing places Interest and Arrangement Fess : Interest earned on income received in advance will be re-invested within the fund as per grant conditions and arrangement fees may be off-set against specific costs associated with the making of the loans
(21) GMATL Designated Funds - funds to assist with preventing social exclusion in transport
(22) Capital Reserves - TfGM : reserves from the entities from which the former GMPTE was formed.
(23) Reserve representing the costs relating to the transfer of the Executive's bus operations to Greater Manchester Buses Ltd following the implementation of the Transport Act 1985.
(24) Previous GMATT fund, now transferred to GMATL via designated funds

38 Financing and Investment Expenditure

2013/14 £000's		2014/15 £000's
	Interest payable and similar charges on borrowings	
25,136	PWLB	25,121
15,280	Others	21,366
4	Brokerage Fees	5
1,440	Interest payable on the former GMC debt	1,348
0	Pensions interest costs and expected return on pensions assets	500
41,860		48,340

39 Financing and Investment Income

2013/14 £000's		2014/15 £000's
647	Interest receivable on deposits	1,746
647		1,746

40 Taxation and Non Specific Grant Income

2013/14 £000's		2014/15 £000's
198,094	Transport Levy	198,094
224	Capital Grants Receivable for Traffic Signal Schemes - DfT	2,338
1,902	Capital Contributions Receivable for Traffic Signal Schemes - Others	1,512
10,306	Capital Grants Receivable for Transport Schemes - DfT	83,712
6,725	Capital Contributions Receivable for Transport Schemes - Others	8,804
12,097	Revenue Contributions Receivable for Transport Schemes - Others	12,035
229,348		306,495

41 Grant Income

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

2013/14 £000's	Credited to Cost of Services	2014/15 £000's
90	Smarter Cities Grant - DfT	410
0	Transport Pilot Fund - DfT	81
71,281	Special Rail Grant - DfT	48,192
247	District Contributions to the Traffic Signals Repairs	301
0	Revenue Expenditure Funded by Capital under Statute – DfT	47,943
7,681	Regional Growth Fund 2 - CLG	12,319
14,183	Regional Growth Fund 3 - CLG	20,817
173	Regional Growth Fund / Growing Places Fund Arrangement fees	483
65	Regional Growth Fund / Growing Places Capital Receipts	0
276	LEP Core Funding - CLG	279
250	LEP EU Strategic Plans - CLG	250
5,800	Youth Contract	0
6	EU Social Enterprises Progress	103
0	GM Digital City Technical Assistance - ERDF/CLG	5
3,712	City Deal - Skills Funding Agency	1,353
3,438	District Contributions to the ED&R Functions	3,109
289	District Contributions to the Corporate and Democratic Core	294
2,559	Grants and Contributions to Commission for the New Economy Ltd	2,423
788	Grants and Contributions to MIDAS Ltd.	798
6,007	Revenue Expenditure Funded by Capital under Statute - CLG	6,460
116,845		145,620
	Credited to Taxation and Non Specific Grant Income	
224	Capital Grants Receivable for Traffic Signal Schemes - DfT	2,338
1,902	Capital Contributions Receivable for Traffic Signal Schemes - Others	1,512
10,306	Capital Grants Receivable for Transport Schemes - DfT	83,712
6,725	Capital Contributions Receivable for Transport Schemes - Others	8,804
12,097	Revenue Contributions Receivable for Transport Schemes - Others	12,035
31,254		108,401

42 Financial Instruments

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

	Long Term		Current	
	31 March 2014 £000's	31 March 2015 £000's	31 March 2014 £000's	31 March 2015 £000's
Investments				
Loans and receivables - due within 3 months	250	0	137,353	169,527
Unquoted equity investment at cost	0	627	0	0
Debtors				
Loans and receivables	7,419	24,967	31,372	40,341
Cash	0	0	3,633	(1,218)
Borrowings				
Financial liabilities at amortised cost	907,027	975,950	6,954	13,019
Creditors and Grants Received in Advance				
Financial liabilities at amortised cost	4,844	0	169,158	174,390

Income and Expense

	2013/14			2014/15		
	Financial Liabilities measured at amortised cost £000's	Financial assets: loans and receivables £000's	**Total £000's**	Financial Liabilities measured at amortised cost £000's	Financial assets: loans and receivables £000's	**Total £000's**
Interest expense	(40,416)		(40,416)	(46,487)		(46,487)
Fee expense	(4)		(4)	(5)		(5)
Impairment of debtors		(1,496)	(1,496)		(5,516)	(5,516)
Total Expense in Surplus or Deficit on the Provision of Services	(40,420)	(1,496)	(41,916)	(46,492)	(5,516)	(52,008)
Interest Income		647	647		1,746	1,746
Total Income in Surplus or Deficit on the Provision of Services	0	647	647	0	1,746	1,746
Net gain/(loss) for the year	(40,420)	(849)	(41,269	(46,492)	(3,770)	(50,262)

42 Financial Instruments (continued)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long term debtors and creditors 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 life of the instrument, using the following assumptions:

Interest is calculated using the most common market convention, ACT/365 (366 years in a leap year with the exception of PWLB)

Interest is not paid/received on the start date of an instrument, but is paid/received on the maturity date

We have not adjusted the interest value and date where a relevant date occurs on a non working day

The fair values are calculated as follows:

	31 March 2014		31 March 2015	
	Carrying Amount £000's	Fair Value £000's *restated*	Carrying Amount £000's	Fair Value £000's
Financial Liabilities at Amortised Cost				
PWLB Debt - using premature repayment rates	442,835	558,044	442,830	650,442
Non- PWLB debt	470,889	464,090	546,139	663,674
Total Borrowings	913,724	1,022,134	988,969	1,314,116
Creditors	174,107	174,107	174,390	174,390
Total Financial Liabilities	1,087,831	1,196,241	1,163,359	1,488,506

The fair value of the liabilities is higher than the carrying amount because the Authority'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. This shows a notional future loss arising from a commitment to pay interest to lenders above the current market rates.

Short term creditors are carried at cost as this is a fair approximation of their value.

	31 March 2014		31 March 2015	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Financial Assets at Amortised Cost				
Cash	3,633	3,633	(1,218)	(1,218)
Loans and receivables	176,394	176,394	234,835	234,835
Unquoted Equity Investment at cost	0	0	627	627
Total Loans and Receivables	180,027	180,027	234,244	234,244

If the fair value of the assets is lower than the carrying amount this is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future loss attributable to the commitment to receive interest below the current Sheet date. This shows a notional future loss attributable to the commitment to receive interest below the current market rates.

Debtors are carried at cost as this is a fair approximation of their value.

42 Financial Instruments (continued)

	Range of interest rates payable in 14-15 from %	to %	Average Interest % at 31/03/14	Average Interest % at 31/03/15	Total Outstanding 31 March 2014 £'000	Total Outstanding 31 March 2015 £'000
a) Analysis of loans by type:						
Public Works Loans Board	0.56%	11.38%	5.05%	5.03%	438,028	438,028
Other Loans	3.95%	10.50%	4.33%	4.33%	468,743	543,722
Accrued Interest Payable :						
PWLB					4,807	4,802
Others					2,403	2,417
Total as at 31st March			4.61%	4.89%	913,981	988,969

b) Analysis of loans by maturity

Maturing:

	2014	2015
Due within 1 year : accrued interest payable		
PWLB	4,807	4,802
Others	2,147	2,417
Due within 1 year : principal		
PWLB	0	5,800
Others	1	0
Due within 1 year	6,955	13,019
In 1 to 2 years	5,800	10,000
In 2 to 5 years	28,309	32,604
In 5 to 10 years	99,801	133,952
In over 10 years	773,117	799,394
Due over 1 year	907,027	975,950
Total	913,982	988,969

43 Short and Long Term Debtors

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
	Central Government Bodies	
3,155	HMRC	4,791
191	Capital Grants	5,636
1,862	Revenue Grants	606
1,693	**Other Local Authorities**	3,077
131	**Public Corporations**	2,080
4,654	**Prepayments**	9,977
22,841	**Other entities and individuals**	18,965
34,527	**Short Term Debtors Total**	45,132

Within short term debtors an amount of £748k (2013/14 £677k) has been outstanding for over 30 days but has not been impaired.

Short term debtors at a nominal value of £2,107k (2013/14 £1,878k) were impaired.

Long Term Debtors

Other entities and individuals

	£'000's 31.03.2014	£'000's 31.03.2015
Gross Book Value	8,915	31,979
Impairment provision	(1,496)	(7,012)
Net Book Value	**7,419**	**24,967**

Other Local Authorities

	£'000's 31.03.2014	£'000's 31.03.2015
Gross Book Value	107	72
Impairment provision	0	0
Net Book Value	**107**	**72**

Total

	£'000's 31.03.2014	£'000's 31.03.2015
Gross Book Value	9,022	32,051
Impairment provision	(1,496)	(7,012)
Net Book Value	**7,526**	**25,039**

44 Cash and Cash Equivalents

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
3,633	Bank current accounts	(1,218)
27,763	Bank call accounts	23,235
360	Short term deposits with banks	0
109,230	Short term deposits with central government and other institutions	142,584
140,986	Total	**164,601**

45 Short Term Creditors

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
	Central Government Bodies	
810	HMR & C	855
914	Revenue Grants	978
27,058	DfT	27,048
7,369	**Other Local Authorities**	35,823
71,696	**Public Corporations**	69,672
2,427	**Other entities and individuals**	3,344
110,274	Total	**137,720**

46 Property, Plant & Equipment / Assets under Construction and Investment Property

	Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastucture £'000	Assets under Construction £'000	TOTAL £'000
Cost or Valuation :					
At 1 April 2013	12,887	52,882	1,235,089	558,576	1,859,434
Additions at cost	10	75	5,838	0	5,923
Transfers from assets under construction	0	5,461	362,407	0	367,868
Reclassification	0	0	0	0	0
Disposals	0	(174)	(11,057)	0	(11,231)
Revaluation	0	0	0	0	0
Expenditure incurred/grant receivable	0	0	0	254,962	254,962
Release of expenditure from prior year	0	0	0	0	0
Trf to fixed assets/deferred capital grants	0	0	0	(367,868)	(367,868)
Transferred to passenger transport facilities	0	0	0	(37,975)	(37,975)
Transferred to revenue account	0	0	0	0	0
At 31 March 2014	12,897	58,244	1,592,277	407,695	2,071,113
At 1 April 2014	12,897	58,244	1,592,277	407,695	2,071,113
Additions at cost	0	43	4,533	0	4,576
Transfers from assets under contruction	0	5,771	405,083	0	410,854
Reclassification	0	0	0	0	0
Disposals	0	(14,271)	(54,799)	0	(69,070)
Revaluation	0	0	0	0	0
Expenditure incurred/grant receivable	0	0	0	188,003	188,003
Release of expenditure from prior year	0	0	0	0	0
Trf to fixed assets	0	0	0	(410,854)	(410,854)
Transferred to passenger transport facilities	0	0	0	(31,038)	(31,038)
Transferred to revenue account	0	0	0	0	0
At 31 March 2015	12,897	49,787	1,947,094	153,806	2,163,584
Accumulated Depreciation :					
At 1 April 2013	541	29,574	247,183	0	277,298
Charge for year	396	4,037	53,070	0	57,503
Reclassification	0	0	0	0	0
Disposals	0	(166)	(9,060)	0	(9,226)
Revaluation	0	0	0	0	0
At 31 March 2014	937	33,445	291,193	0	325,575
At 1 April 2014	937	33,445	291,193	0	325,575
Charge for year	378	3,831	50,811	0	55,020
Reclassification	0	0	0	0	0
Disposals	0	(12,489)	(52,900)	0	(65,389)
Revaluation	0	0	0	0	0
At 31 March 2015	1,315	24,787	289,104	0	315,206
Net Book Value :					
At 1 April 2013	12,346	23,308	987,906	558,576	1,582,136
At 31 March 2014	11,960	24,799	1,301,084	407,695	1,745,538
At 31 March 2015	11,582	25,000	1,657,990	153,806	1,848,378

46 Property, Plant & Equipment / Assets under Construction and Investment Property (continued)

Investment Property

	Investment Property £'000
Cost or Valuation :	
At 1 April 2013	396
Revaluation	(96)
At 31 March 2014	300
At 1 April 2014	300
Revaluation	0
At 31 March 2015	300
TOTAL PPE, Assets under Construction and Investment Property at 31 March 2014	1,745,838
TOTAL PPE, Assets under Construction and Investment Property at 31 March 2015	1,848,678

Losses on Disposal of Non Current Assets

	2013/14 £000's	2014/15 £000's
	1,860	3,568

47 Inventories

	31 March 2014 £'000	31 March 2015 £'000
Material in relation to route service provision	230	192
Material in relation to traffic control equipment	82	45
	312	237

48 Deferred Income

	31 March 2014 £'000	31 March 2015 £'000
Income deferred against future expenditure	134	76

All due in over 1 year

49 Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain.

Provisions provided as at 31 March 2015 relate to (a) capital works, and (b) others, including insurance excesses, contractual obligations, contracted maintenance and an onerous lease.

	2013/14 £'000 Capital Works	2013/14 £'000 Others	2013/14 £'000 Total
Balance as at 1 April	0	1,720	1,720
Additional amounts set aside during the year	0	587	587
Utilised during the year	0	(1,106)	(1,106)
Released during the year	0	0	0
Balance as at 31 March	0	1,201	1,201
Due within 1 year	0	1,001	1,001
Due in over 1 year	0	200	200

	2014/15 £'000 Capital Works	2014/15 £'000 Others	2014/15 £'000 Total
Balance as at 1 April	0	1,201	1,201
Additional amounts set aside during the year	1,340	768	2,108
Utilised during the year	0	(492)	(492)
Released during the year	0	0	0
Balance as at 31 March	1,340	1,477	2,817
Due within 1 year	1,340	1,275	2,615
Due in over 1 year	0	202	202

50 Usable Reserves

Movements in the Group's usable reserves are detailed in the Movement in Reserves Statement and Note 37.

51 Unusable Reserves

Total 31 March 2014 £'000		Total 31 March 2015 £'000
(153,252)	Capital Adjustment Account	(119,956)
(256)	Financial Instruments Adjustment Account	(254)
778,544	Deferred Capital Grants and Contributions	808,198
(12,400)	Pensions Reserve	(34,700)
3,853	Capital Reserve	3,853
(50,136)	Deregulation Reserve	(49,036)
566,353	**Total Unusable Reserves**	608,105

51(a) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of the capital grants payable to TfGM for Passenger Transport Facilities, Districts and ED & R Partners, and credited with amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

Note 36 provides details of the source of all the transactions posted to the Account.

2013/14 £'000		2014/15 £'000
(164,361)	Balance as at 1st April	(153,252)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(32,921)	Revenue expenditure funded by capital under statute	(62,541)
(4,441)	Annual Depreciation Charge of non current assets	(4,391)
(242)	Amounts of non current assets written off on disposal to the Comprehensive Income and Expenditure Statement	(231)
	Capital Financing Applied in the year :	
8,687	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	58,422
13,101	Funded from Capital Programme Reserve - RCCO	0
10,521	Statutory provision for the financing of capital investment and Inherited Debt charged against the General Fund	15,853
2,284	Repayment of Inherited Debt charged against the General Fund	2,399
1,975	Long Term Debtor financed from Capital Grants	8,705
3,531	Revenue Contributions to Finance Capital	4,141
10,160	Long &Short Term Debtor financed from RCCO	21,440
0	Investments funded from RCCO	627
(1,481)	Bad debt provision for RGF/GPF loans	(5,531)
(65)	Write Down of Long Term Debtor	(5,597)
(153,252)	Balance as at 31st March	(119,956)

51(b) Deferred Capital Grants and Contributions

The Deferred Capital Grants and Contributions represents the value of capital grants received, which are not subject to conditions which may give rise to repayment thereof, less the write off equivalent depreciation on the value of assets that were supported by the grants.

Note 37 provides details of the source of all the transactions posted to the Account.

2013/14 £'000		2014/15 £'000
792,969	Balance as at 1st April	778,544
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(52,400)	Charges for capital grants released	(51,931)
	Capital Financing Applied in the year :	
37,975	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	81,585
778,544	Balance as at 31st March	808,198

51(c) Pensions Reserve

This relates to the net pension asset as at 31 March 2015 in accordance with the actuary's report.

Further details are shown in Note 57.

2013/14 £'000		2014/15 £'000
2,600	Balance as at 1st April	(12,400)
(13,800)	Actuarial gains and losses on pensions assets/liabilities	(21,600)
(4,900)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	(5,100)
3,700	Employer's pension contributions and direct payments to pensioners payable in the year	4,400
(12,400)	Balance as at 31st March	(34,700)

51(d) Capital Reserve

This primarily relates to the reserves of the entities from which the former GMPTE was formed.

2013/14 £'000		2014/15 £'000
4,013	Balance as at 1st April	3,853
(160)	Deficit on revaluation of investment properties	0
3,853	Balance as at 31st March	3,853

51(e) Deregulation Reserve

The Deregulation Reserve represents payments and losses incurred by TfGM with respect to deregulation on 25 October 1986, which were not charged to profit and loss.

2013/14 £'000		2014/15 £'000
(52,336)	Balance as at 1st April	(50,136)
1,100	Amortisation during the year	1,100
(51,236)	Balance as at 31st March	(49,036)

51(f) Charitable Trusts Income and Expenditure Reserve

Following confirmation from TfGM that the funding gifted to acquire vehicles will no longer be required to be returned, the funds have been transferred into a designated useable fund, of which further details can be found within note 37.

2013/14 £'000		2014/15 £'000
2,040	Balance as at 1st April	0
(2,040)	(Deficit) / Surplus in the year	0
0	Balance as at 31st March	0

52 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items :

2013/14 £'000's		2014/15 £'000's
2	Finance Costs calculated in accordance with the SORP	2
(18,114)	Increase / (Decrease) in Debtors	23,328
77	Increase / (Decrease) in Inventories	(75)
11,074	Decrease / (Increase) in Creditors	(13,476)
(1,481)	Increase in bad debt provision	(5,724)
(1,860)	Loss on sale of non current assets	(3,568)
(57,253)	Annual depreciation charge	(54,824)
(1,300)	IAS19 adjustments	(200)
(163)	(Increase) / Decrease in Interest Debtors	(484)
(1,919)	Increase / (Decrease) in Interest Creditors	19
29	Other non-cash movements	(349)
(70,908)	**Adjustments to net deficit on the provision of services for non cash movements**	**(55,351)**
35,801	Finance Costs Paid	47,821
(33,872)	Financing Expenditure	(47,840)
477	Financing Income	1,740
(314)	Interest Income Received	(1,256)
100	IAS 19 pension finance interest	(500)
11,345	Capital grants and contributions receivable	135,674
64	Revaluation release on transfer of investment property	0
13,601	**Adjust for items included in the net deficit on the provision of services that are investing and financing activities**	**135,639**

53 Cash Flow Statement - Investing Activities

2013/14 £'000's		2014/15 £'000's
216,145	Purchase of property, plant and equipment	161,394
12,200	Long Term Loans paid out	30,770
(65)	Long Term Loans repaid	(5,598)
(23,045)	Capital grants and contributions received	(140,019)
(36)	Proceeds from sale of property, land and equipment	(102)
205,199	**Net Cash Inflow/(Outflow) from Investing Activities**	46,445

54 Cash Flow Statement - Financing Activities

2013/14 £'000's		2014/15 £'000's
2,284	Repayment of former GMC Debt	2,399
(3,904)	Capital Grants Receipts in Advance relating to non GMCA road schemes	1,827
14,949	Repayment of borrowing	21
(243,339)	Receipt of borrowing	(75,000)
(230,010)	**Net Cash Inflow/(Outflow) from Financing Activities**	(70,753)

55 External Audit Fees

2013/14 £'000's		2014/15 £'000's
(4)	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year.	(3)
130	Fees payable to other external auditors with regard to the external audit services carried out by the appointed auditor for the year.	118
0	Fees payable to the Audit Commission for the certification of grant claims and returns for the year.	0
2	Fees payable to other external auditors for the certification of grant claims and returns for the year.	9
0	Fees payable in respect of other services provided by the Audit Commission during the year.	0
10	Fees payable in respect of other services provided by other external auditors during the year.	5
138		129

56. Pension Costs

The substantial majority of the employees of TfGM participate in the Greater Manchester Pension Fund ('the Fund') administered by Tameside Metropolitan Borough Council. The scheme is a defined benefit scheme. The fund was valued using the projected unit method. The purpose of the valuation was to determine the financial position of the fund and to recommend the contribution rate to be paid by TfGM and the other participating employers.

The market value of the Fund's assets at 31 March 2013 amounted to £12,590 million. The funding level of the Fund as measured using the actuarial method of valuation was 90.5% as at 31 March 2013.

A full actuarial valuation was carried out at 31 March 2013 by a qualified independent actuary. The principal assumptions used by the actuary at that date were:

Rate of increase in salaries	3.55% per annum
Discount rate	4.8% per annum
Inflation assumption	2.5% per annum

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Usable Reserves is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Revenue Reserve via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Usable Reserves balance via the Movement in Reserves Statement during the year:

The pension costs of TfGM, representing the contributions payable to the Fund in respect of current employees, are charged to the revenue account in the year in which they are incurred.

In June 2011 the International Accounting Standards Board (IASB) issued a new version of IAS19. The key change is that the interest cost and expected return on assets components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets was equal to the discount rate.

This has involved removing some disclosure requirements but new requirements have been added.

The information below complies with the new disclosure requirements.

56 Pension Costs (continued)

	Local Government Pension Scheme	
	2015	2014
	£000	£000
Comprehensive Income and Expenditure statement		
Cost of Services:		
Service cost comprising:		
Current Service cost	(4,300)	(4,600)
Past service costs	(300)	(400)
Financing and Investment Income and Expenditure		
Net interest (expense) / income	(500)	100
Total Post-employment Benefits charged to the Surplus on the provision of services	**(5,100)**	**(4,900)**
Remeasurement of the net defined liability / benefit comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	1,900	(15,400)
Actuarial gains and losses arising on changes in demographic assumptions	-	100
Actuarial gains and losses arising on changes in financial assumptions	(26,900)	(6,300)
Other experience	3,400	7,800
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure statement	**(21,600)**	**(13,800)**
Movement in reserves statement		
Reversal of net charges made to the Surplus on the provision of services for post-employment benefits in accordance with the Code	(22,300)	(15,000)
Actual amount charged against the Usable Reserves Balance for pensions in the year:		
Employer's contributions payable to scheme	4,400	3,700
Retirement benefits payable to pensioners	(21,600)	(21,100)

Pension assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from TfGM's obligation in respect of its defined benefit plans is as follows:

	Local Government Pension Scheme	
	2015	2014
	£000	£000
Present value of the defined benefit obligation	(383,500)	(361,000)
Fair value of plan assets	348,800	348,600
Net liability arising from the defined benefit obligation	**(34,700)**	**(12,400)**

56 Pension Costs (continued)

Reconciliation of the Movements in the Fair Value of the Scheme

	Local Government Pension Scheme 2015 £000	2014 £000
Opening value of the scheme assets	348,600	364,100
Interest Income	14,000	16,000
Remeasurement loss:		
The return on plan assets, excluding the amount included in the net interest expense	1,900	(15,400)
Contributions from employer	3,900	3,200
Contributions from employees into the scheme	1,500	1,300
Contributions in respect of unfunded benefits	500	500
Benefits paid	(21,600)	(21,100)
Closing value of scheme assets	**348,800**	**348,600**

Reconciliation of Present Value of the Scheme Liabilities

	Funded liabilities: Local Government Pension Scheme 2015 £000	2014 £000
Opening balance at 1 April	361,000	361,500
Current service cost*	4,300	4,600
Interest cost	14,500	15,900
Contributions from scheme participants	1,500	1,300
Remeasurement gains / (losses)		
Actuarial gains/losses arising from changes in demographic assumptions	-	(100)
Actuarial gains/losses arising from changes in financial assumptions	26,900	6,300
Other experience	(3,400)	(7,800)
Past service cost	300	400
Benefits paid	(21,600)	(21,100)
Closing balance at 31 March**	**383,500**	**361,000**

*The current service cost includes an allowance for administration expenses of 0.2% of payroll.

** The closing liability includes £5.5 million of unfunded liabilities (2014: £5.6 million).

56 Pension Costs (continued)

Local Government Pension Scheme assets comprised:

	Local Government Pension Scheme 2015 £000	2014 £000
Cash and cash equivalents	87,584	108,225
Equity instruments		
Consumer	14,019	12,750
Manufacturing	13,047	11,696
Energy and utilities	11,666	10,692
Financial institutions	16,522	14,778
Health and care	6,590	5,177
Information technology	2,807	2,354
Other	1,754	1,843
Sub-total equity	66,405	59,290
Bonds:		
By sector		
Corporate	8,218	7,194
Government	126,694	126,146
Other	6,896	4,195
Sub-total bonds	141,808	137,535
Property:		
UK property	3,861	3,565
Private equity	3,875	2,988
Investment funds and unit trusts		
Equities	25,749	23,209
Bonds	7,734	6,403
Infrastructure	1,530	855
Other	8,698	4,876
Sub-total other investment funds	43,711	35,343
Derivatives:		
Other	1,556	1,654
Total assets	**348,800**	**348,600**

Basis for Estimating Assets and Liabilities

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

The Local Government Pension Scheme has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Greater Manchester Pension Fund being based on the latest full valuation of the scheme as at 1 April 2013. The significant assumptions used by the actuary have been:

56 Pension Costs (continued)

	Local Government Pension Scheme 2015 £000	Local Government Pension Scheme 2014 £000
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.4 years	21.4 years
Women	24.0 years	24.0 years
Longevity at 65 for future pensioners		
Men	24.0 years	24.0 years
Women	26.6 years	26.6 years
Rate of inflation		
Rate of increase in salaries	3.25%	3.7%
Rate of increase in pensions	2.10%	2.6%
Rate for discounting scheme liabilities	3.10%	4.1%

The return on the Employers' portion of the main fund assets for the year to 31 March 2015 is 11.6% (2014: 7.1%).

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the scheme 2014/15		2013/14	
	Approximate % increase to Employer	Approximate monetary amount £000	Approximate % increase to Employer	Approximate monetary amount £000
Longevity (increase or decrease of 1 year)	3%	11,500	3%	10,828
Rate of increase in salaries (increase or decrease by 0.5%)	2%	6,900	2%	5,855
Rate of increase in pensions (increase or decrease by 0.5%)	6%	21,300	5%	19,157
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	7%	28,600	7%	25,175

56 Pension Costs (continued)

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. TfGM has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 2 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the previous 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 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

TfGM anticipates paying £3,777,000 (2014/15: £3,618,000) in expected contributions to the scheme in 2015/16.

The following table shows the weighted average duration of the key assumptions for Greater Manchester Pension Fund liabilities:

Weighted Average Duration

	Short 31 March 2015 % p.a.	Medium 31 March 2015 % p.a.	Long 31 March 2015 % p.a.
Pension increase rate	2.1%	2.4%	2.5%
Salary increase rate	3.25%	3.55%	3.65%
Discount rate	3.1%	3.2%	3.3%

	Short 31 March 2014 % p.a.	Medium 31 March 2014 % p.a.	Long 31 March 2014 % p.a.
Pension increase rate	2.6%	2.8%	2.9%
Salary increase rate	3.65%	3.85%	3.95%
Discount rate	4.1%	4.3%	4.3%

56 Pension Costs (continued)

In addition to the employees of TfGM who participate in the Greater Manchester Pension Fund, as at 31 March 2015 there are 2 current employees of CNE who also participated.

It should be noted that the assumptions used by the actuary in the calculation of pension assets and liabilities relating to CNE are different to those used by TFGM.

These differences are not material when considered against the significantly larger values of the of the TfGM pension scheme.

Full details of the CNE FRS17 pension figures can be found in the Directors' Report and Financial Statements which are available on request.

The amounts recognised as an expense for defined contribution plans is as follows :

	2013/14 £'000's	2014/15 £'000's
New Economy, MIDAS and GMATL Pension Costs in Year	339	362

57 Contractual Commitments

	31 March 2014 £'000	31 March 2015 £'000
Capital Commitments	156,016	120,965

Lease Commitments

There were no amounts due under external finance lease and hire purchase contracts for the Group.
A number of operating leases relating to land, building and office equipment have been entered into which vary in length.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2013/14 £'000's		2014/15 £'000's
418	Highways and Transport Services	357
243	Planning Services	265
661		**622**

The total future minimum lease commitments under non-cancellable operating leases were as follows:

	31 March 2014 £'000	31 March 2015 £'000
Land		
Payments due within 1 year	24	9
Later than 1 year and not later than 5 years	35	35
Later than 5 years	309	305
	368	**349**
Buildings		
Payments due within 1 year	409	216
Later than 1 year and not later than 5 years	1,565	773
Later than 5 years	4,618	4,471
	6,592	**5,460**
Other		
Payments due within 1 year	12	2
Later than 1 year and not later than 5 years	19	9
Later than 5 years	0	0
	31	**11**

58 Staff Costs

	2013/14	2014/15
	£000	£000
Wages and Salaries	28,987	27,426
Social Security Costs	2,387	2,322
Pension Costs	3,607	3,831
Total	34,981	33,579
Average number of employees during the year	983	900

The number of employees (including directors) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as follows :

	Staff who have not received severance	Staff who have received severance	Total	Staff who have not received severance	Staff who have received severance	Total
	2013/14	**2013/14**	**2013/14**	**2014/15**	**2014/15**	**2014/15**
Salary Range						
£50,000 to £54,999	29		29	30		30
£55,000 to £59,999	13		13	13		13
£60,000 to £64,999	17		17	15		15
£65,000 to £69,999	3		3	6		6
£70,000 to £74,999	1	1	2	2		2
£75,000 to £79,999	6		6	4		4
£80,000 to £84,999	7	1	8	5		5
£85,000 to £89,999	5		5	6		6
£90,000 to £94,999	4		4	4		4
£95,000 to £99,999	0	1	1	1		1
£105,000 to £109,999	1		1	2		2
£110,000 to £114,999	1		1	1		1
£120,000 to £124,999	2		2	3		3
£150,000 to £154,999	2		2	1		1
£160,000 to £164,999	0		0	1		1
£165,000 to £169,999	0		0	1		1
£215,000 to £219,999	0	1	1	0		0
£265,000 to £269,999	1		1	0		0
£275,000 to £279,999	0		0	1		1
	92	**4**	**96**	**96**		**96**

Agreed Staff Exit Packages (including severance and pension costs)

Exit Package Cost Band	**Total number of exit packages by cost band**		**Total cost of exit Packages in each band**	
	2013/14	**2014/15**	**2013/14 £000**	**2014/15 £000**
£0 - £20,000	100	7	812	23
£20,001 - £40,000	37	0	1,039	0
£40,001 - £60,000	9	0	455	0
£60,001 - £80,000	4	0	274	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	2	0	248	0
	152	**7**	**2,828**	**23**

59 Related Party Transactions

The Group is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group.

Transactions and balances between the Authority and its' related parties are disclosed in Note 31.

Transactions and balances between the Group entities and their related parties are disclosed in their respective Financial Statements as follows :

Transport for Greater Manchester :	Disclosure Note 22
Greater Manchester Accessible Transport Ltd :	Disclosure Note 17
Commission for the New Economy Ltd. :	Disclosure Note 19
MIDAS Ltd. :	Disclosure Note 15

60 Short Term Investments

The balance of short term investments is made up of the following :

Total 31 March 2014 £'000's		Total 31 March 2015 £'000's
250	Bank deposit account	0
250	Total	0

Short Term investments are carried at cost and represent money market deposits invested for more than 3 months but less than 12 months.

These short term investments utilise cash balances which are in excess of current requirements.

Note 61 Segmental Reporting Analysis

The table below is a reconciliation of the 2014-15 internal management reports (monitoring and outturn) used by the Authority to make decisions, and the 2014-15 Group Comprehensive Income and Expenditure Statement. The segments identified in the subjective analysis are the same segments that are reported to the Authority during the year. The management reports of the group entities are not reported to the Authority therefore the subjective analysis will not differ to that in the Authority's single entity statement.

Subjective Analysis - Authority only	Economic Development & Regeneration £000s	Transport £000s	Total £000's
Transport Levy	0	(198,094)	(198,094)
Contributions to the Traffic Functions	0	(190)	(190)
Interest/arrangement fees	(1,561)	0	(1,561)
Short term deposit interest	(169)	0	(169)
Contributions from reserves	(6,330)	0	(6,330)
Contributions to ED & R Functions	(3,477)	0	(3,477)
Government Grants	(35,123)	(4,695)	(39,818)
Total Income	**(46,660)**	**(202,979)**	**(249,639)**
Grants to Transport for Greater Manchester	0	110,698	110,698
Payments for Transport Functions	0	4,028	4,028
Payments for ED & R Functions	33,621	0	33,621
Capital Financing Costs	0	85,300	85,300
Running Costs	0	754	754
Total Operating Expenses	**33,621**	**200,780**	**234,401**
Transfers to Earmarked Reserves	12,843	2,199	**15,042**
Cost of Services - (Surplus)	**(196)**	**0**	**(196)**

Reconciliation to net cost of services in the Group Comprehensive Income and Expenditure Statement (CIES)

	£000s
Cost of services in service analysis - (surplus)	(196)
Add subsidiaries & associates not included in analysis	191,165
Add amounts not reported to management *	67,952
Remove amounts reported to management not included in NCS in Group CIES	(43,909)
Net cost of services in the Group Comprehensive Income and Expenditure Statement	**215,012**

Note 61 Segmental Reporting Analysis (continued)

Reconciliation to subjective analysis	Service Analysis £000s	Analysis of subsidiaries not included in service analysis £000's	Not Reported to Management* £000s	Not Included in Group CIES NCS £000s	Net Cost of Services £000s	Corporate Amounts £000s	Subsidiaries not in NCS £000's	Total £000s
Fees, charges & other service income	0	(104,832)	0	0	(104,832)	0	0	(104,832)
Interest and investment income	0	0	0	0	0	(179)	(6)	(185)
Income from the Transport Levy	(198,094)	0	0	198,094	0	(198,094)	0	(198,094)
Transfers from reserves	(6,330)	0	0	10,533	4,203	0	0	4,203
Interest/arrangement fees	(1,561)	0	0	1,561	0	(1,561)	0	(1,561)
Short term deposit interest	(169)	0	0	0	(169)	0	0	(169)
Grants and contributions	(43,485)	(44,857)	(6,460)	0	(94,802)	(4,019)	(142,656)	(241,477)
Total Income	**(249,639)**	**(149,689)**	**(6,460)**	**210,188**	**(195,600)**	**(203,853)**	**(142,662)**	**(542,115)**
Grants to Transport for Greater Manchester	110,698	0	0	(116,106)	(5,408)	0	0	(5,408)
Payments for Traffic Functions	4,028	0	0	(4,028)	0	0	0	0
Payments for ED & R Functions	33,621	0	0	(33,621)	0	0	0	0
Capital Financing Costs	85,300	0	0	(85,300)	0	0	0	0
Employee Expenses	0	36,562	0	0	36,562	0	0	36,562
Service Expenses	754	253,663	11,007	0	265,424	0	0	265,424
Depreciation	0	50,629	4,391	0	55,020	0	0	55,020
Interest payments	0	0	0	0	0	43,865	3,969	47,834
Revenue Expenditure Funded by Capital Under Statute	0	0	59,014	0	59,014	0	0	59,014
(Gain) or loss on disposal of non-current assets	0	0	0	0	0	231	3,843	4,074
Total Operating Expenses	**234,401**	**340,854**	**74,412**	**(239,055)**	**410,612**	**44,096**	**7,812**	**462,520**
Transfers to Earmarked Reserves	15,042	0	0	(15,042)	0	0	0	0
(Surplus) or deficit in the provision of services	**(196)**	**191,165**	**67,952**	**(43,909)**	**215,012**	**(159,757)**	**(134,850)**	**(79,595)**

*Items not reported to management include depreciation, GM Broadband and Revenue Expenditure Funded by Capital Under Statute income and expenditure for ED & R schemes

Note 61 Segmental Reporting Analysis continued)

The table below is a reconciliation of the 2013-14 internal management reports (monitoring and outturn) used by the Authority to make decisions, and the 2013-14 Group Comprehensive Income and Expenditure Statement. The segments identified in the subjective analysis are the same segments that are reported to the Authority during the year. The management reports of group entities are not reported to the Authority therefore the subjective analysis will not differ to that in the Authority's single entity statements.

Subjective Analysis - Authority only	Economic Development & Regeneration £000s	Transport £000s	Total £000's
Transport Levy	0	(198,094)	**(198,094)**
Contributions to the Traffic Functions	0	(247)	**(247)**
Interest/arrangement fees	(336)	0	**(336)**
Short term deposit interest	(174)	0	**(174)**
Contributions from reserves	(2,887)	0	**(2,887)**
Contributions to ED & R Functions	(3,721)	0	**(3,721)**
Government Grants	(32,040)	(2,664)	**(34,704)**
Total Income	**(39,158)**	**(201,005)**	**(240,163)**
Grants to Transport for Greater Manchester	0	118,833	**118,833**
Payments for Transport Functions	0	4,378	**4,378**
Payments for ED & R Functions	18,360	0	**18,360**
Capital Financing Costs	0	73,844	**73,844**
Running Costs	127	744	**871**
Total Operating Expenses	**18,487**	**197,799**	**216,286**
Transfers to Earmarked Reserves	20,544	3,206	**23,750**
Cost of Services - (Surplus)	**(127)**	**0**	**(127)**

Reconciliation to net cost of services in the Group Comprehensive Income and Expenditure Statement (CIES)

	£000s
Cost of services in service analysis - (surplus)	(127)
Add subsidiaries & associates not included in analysis	206,784
Add amounts not reported to management *	13,049
Remove amounts reported to management not included in NCS in Group CIES	(45,367)
Net cost of services in the Group Comprehensive Income and Expenditure Statement	**174,339**

Note 61 Segmental Reporting Analysis (continued)

Reconciliation to subjective analysis	Service Analysis £000s	Analysis of subsidiaries not included in service analysis £000's	Not Reported to Management* £000s	Not Included in Group CIES NCS £000s	Net Cost of Services £000s	Corporate Amounts £000s	Subsidiaries not in NCS £000's	Total £000s
Fees, charges & other service income	0	(95,962)	0	0	(95,962)	0	0	(95,962)
Interest and investment income	0	0	0	0	0	(140)	(170)	(310)
Income from the Transport Levy	(198,094)	0	0	198,094	0	(198,094)	0	(198,094)
Transfers from reserves	(2,887)	0	0	5,588	2,701	0	0	2,701
Interest/arrangement fees	(336)	0	0	336	0	(336)	0	(336)
Short term deposit interest	(174)	0	0	0	(174)	0	0	(174)
Grants and contributions	(38,672)	(67,746)	(6,007)	0	(112,425)	(2,904)	(28,351)	(143,680)
Total Income	**(240,163)**	**(163,708)**	**(6,007)**	**204,018**	**(205,860)**	**(201,474)**	**(28,521)**	**(435,855)**
Grants to Transport for Greater Manchester	118,833	0	0	(129,053)	(10,220)	0	0	(10,220)
Payments for Traffic Functions	4,378	0	0	(4,378)	0	0	0	0
Payments for ED & R Functions	18,360	0	0	(18,360)	0	0	0	0
Capital Financing Costs	73,844	0	0	(73,844)	0	0	0	0
Employee Expenses	0	34,695	0	0	34,695	0	0	34,695
Service Expenses	871	282,735	1,546	0	285,152	0	0	285,152
Depreciation	0	53,062	4,441	0	57,503	0	0	57,503
Interest payments	0	0	0	0	0	37,870	3,990	41,860
Revenue Expenditure Funded by Capital Under Statute	0	0	13,069	0	13,069	0	0	13,069
(Gain) or loss on disposal of non-current assets	0	0	0	0	0	242	1,618	1,860
Total Operating Expenses	**216,286**	**370,492**	**19,056**	**(225,635)**	**380,199**	**38,112**	**5,608**	**423,919**
Transfers to Earmarked Reserves	23,750	0	0	(23,750)	0	0	0	0
(Surplus) or deficit in the provision of services	**(127)**	**206,784**	**13,049**	**(45,367)**	**174,339**	**(163,362)**	**(22,913)**	**(11,936)**

*Items not reported to management include depreciation, GM Broadband and Revenue Expenditure Funded by Capital Under Statute income and expenditure for ED & R schemes

62 Post Balance Sheet Events

If information has been received providing confirmation of conditions existing as at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

A non-adjusting event occurred after the balance sheet date in relation to a contract within the delivery of TfGM's capital programme. As the supplier could not deliver the system as contracted, it has been mutually agreed to terminate the contract and compensation valued at £15 million is due to TfGM under the terms of that agreement.

Glossary of Financial Terms

Actuarial Gains and Losses

This Re-measurement of the net defined benefit liability comprises actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling. Actuarial gains and losses are changes in the present value of the defined benefit obligation arising from the effects of differences between the previous actuarial assumptions and what has occurred and the effects of changes in the actuarial assumptions

Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

Assets

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (i.e. inventory). Non current assets are assets that yield benefit to the Authority and Group for a period of more than one year (i.e. Metrolink trams).

Balances

The reserves of the Authority and Group, which include the accumulated surplus of income over expenditure.

Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Authority and Group. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Contingent Assets

Sums due from individuals or organisations that may arise in the future but which cannot be determined in advance.

Contingent Liabilities

Sums due to individuals or organisations that may arise in the future but which cannot be determined in advance.

Corporate and Democratic Core

This comprises the activities that all local authorities engage in because they are elected multi-purpose authorities. The cost of these activities is over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services.

Creditors

Amounts owed by the Authority and Group for goods and services provided by the balance sheet date, where payment has not been made at that date.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all of their future service.

Debtors

Sums of money owed to the Authority and Group at the balance sheet date but not received at that date.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Exceptional Items

Material items which derive from effects or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure

Amounts paid by the Authority and Group for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arms length transaction.

Fees and Charges

Income arising from the provision of services, e.g. the use of premises.

Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

General Fund

The total services of the Authority and Group.

Impairment

A reduction in the value of a property, plant and equipment below its carrying amount in the balance sheet.

Income

Amounts due to the Authority and Group for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are traffic signals.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

Inventory

Raw materials and consumable items the Authority's Group has purchased to use on a continuing basis and has not used by the end of the financial year.

Investment Properties

These are property or land that is held solely to earn rentals or for capital appreciation or both.

Liabilities

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

Minimum Revenue Provision (MRP)

This is the amount that is charged to an Authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

Operating Lease

A lease other than a finance lease.

Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Past Service Credit

For a defined benefit pension scheme, the decrease in present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or reductions, in retirement benefits.

Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities are able to borrow some or all of their requirements to finance capital expenditure from this source.

Residual Value

The net realisable value of property, plant or equipment at the end of its useful life.

Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

Revenue Contributions

The method of financing capital expenditure directly from revenue.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Authority and Group. This mainly includes staff recharge costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Authority's property, plant and equipment.

Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to effect the settlement.

Greater Manchester Combined Authority

Annual Governance Statement 2014 - 15

1. Scope of Responsibility

1.1 The Greater Manchester Combined Authority (GMCA) is responsible for ensuring that its 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. The GMCA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the GMCA is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

1.3 Code of Corporate Governance for the GMCA (approved in April 2013) is consistent with the principles of the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government. This Annual Governance Statement explains how the GMCA is complying with the principles which underpin the Code and also how it meets the requirements of regulation 4(3) of the Accounts and Audit [England] Regulations 2011 in relation to the publication of an Annual Governance Statement that accompanies the Annual Accounts.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the GMCA is directed and controlled and its activities through which it is accountable to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks or failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the GMCA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework described below has been in place within the GMCA for the year ending 31 March 2015 and up to the date of approval of the GMCA Annual Statement of Accounts.

3. The Governance Framework

Context

3.1 This section describes the key elements of the governance systems and processes that comprise the Authority's governance framework, and provides a commentary on how these arrangements have worked in practice.

3.2 The period 2014–15 saw the GMCA in its fourth year of operation. Developed from the AGMA model of long term voluntary collaboration between its constituent local authorities, the GMCA was established in 2011 as a unique statutory body with its functions, powers and responsibilities set out in legislation. These functions include all the transport functions previously undertaken and overseen by the former GM Integrated Transport Authority, plus a series of economic development and regeneration functions. In addition, a number of transport functions, including those adopting responsibility for traffic light signals and reports on road traffic levels, have been delegated by the constituent councils to the GMCA.

3.3 The functions and powers of the GMCA provide for stable, effective and efficient governance across the strategic policy areas of economic development, regeneration and transport in Greater Manchester. However, the Devolution Agreement between government and the GMCA signed in November 2014 will provide Greater Manchester with even greater autonomy to develop and implement effective, pro-growth policies and to reform the way that public services are delivered in the city region. These changes will have implications for the GMCA's governance arrangements going forward.

Greater Manchester Combined Authority structure

3.4 As an Authority, the GMCA comprises the Leaders or the Elected Mayor of each of the ten constituent councils in Greater Manchester (or their substitutes). It meets on the last Friday of every month, following the convention established by the AGMA Executive Board which continues to meet immediately after the GMCA meeting, to discuss and provide strategic direction on a wide ranging agenda beyond the formal responsibilities of the GMCA.

3.5 The GMCA's Constitution and the Operating Agreement have been approved by all ten constituent councils. Together they set out the terms of reference and rules of procedure for the Transport for Greater Manchester Committee (TfGMC), the Joint Committee that oversees many of the transport functions of the GMCA either under delegated authority or through recommendation. The Constitution also establishes and outlines the operation of Scrutiny arrangements.

3.6 The Constitution and Operating Agreement sets out the powers and functions of the GMCA, those powers and functions referred or delegated to TfGMC, Financial Procedures, Codes of Conduct for members and officers, and schemes of delegation to Chief Officers. These latter delegations provide for the day to day management, supervision and control of services provided for the GMCA, including the responsibilities of the Head of Paid Service, Treasurer, Monitoring Officer and Secretary. The system of Leaders' portfolios, agreed in 2012, continues to provide effective leadership of Greater Manchester's priorities. Each GMCA member oversees a key policy area, a portfolio, which relates to the Board or Commission that they Chair. Leader portfolios are updated following the GMCA's AGM in June.

3.7 Below the formal structure of the GMCA and under-pinning the wider array of Greater Manchester organisations, the Wider Leadership Team (WLT) acts as the senior officer team for the GMCA and the AGMA Executive Board, ensuring that conurbation-wide business is well managed and effectively co-ordinated with all other activity with a Greater Manchester ambit. WLT consists of the Chief Executives from the ten district authorities plus similar level representation from GM Police, GM Fire and Rescue Service, TfGM, Health, the Manchester Growth Company, New Economy and from other bodies as appropriate. The GMCA's Treasurer and Monitoring Officer are also members of WLT. This level of officer involvement has proved to be important in providing leadership and strategic direction on key priorities and in helping to ensure that decisions are efficiently and effectively followed up with delivery.

Transport for Greater Manchester Committee

3.8 TfGMC is a joint committee of the GMCA and the ten district authorities. Its significant workload is matched by the broad representation provided by this 33 member body, which is responsible for the oversight of Transport for Greater Manchester (the executive transport body of the GMCA), scrutinising the performance and service delivery of a wide range of public transport operators, monitoring the delivery of one of the largest transport capital programmes in the country, and responding to the changing transport policy landscape. Whilst many transport functions have been delegated by GMCA to TfGMC, on major, strategic issues such as approving the revenue budget, the capital programme and significant changes to transport policy, TfGMC is required to provide advice to the GMCA by way of recommendations which are submitted to subsequent meetings of the GMCA for endorsement or final decision.

3.9 The three sub committees of TfGMC, each with discrete terms of reference and work programmes helps to effectively manage and share this extensive workload. The sub committees are Capital Projects and Policy, Bus Network and TfGM Services, and Metrolink and Rail Networks. They provide for more detailed oversight on key issues, for example in relation to monitoring the delivery of an extensive transport capital programme, agreeing the provision of subsidised bus services across the conurbation and monitoring the performance of Metrolink and local rail services. A Local Transport Body, an informal partnership required by the Department of Transport to manage the allocation of devolved major scheme transport funding, has been established and met twice during 2014-15 to fulfil this role.

3.10 The GMCA's executive body for transport is Transport for Greater Manchester (TfGM). Formerly known as GMPTE, this body remains a Passenger Transport Executive as established by the Transport Act 1968 and continues to undertake all of the public transport related functions it carried out previously. However, in the shift to new governance arrangements in April 2011, TfGM also became responsible for a set of additional functions, which relate in the main to traffic light signals, maintaining and providing advice in relation to transport and highway databases, and working closely with district authorities to improve highway network efficiency and road safety.

Manchester Growth Company

3.11 This financial year has seen the first full year of operation of the Manchester Growth Company. The Growth Company is the trading name of Economic Solutions Ltd, and it owns a number of companies including Business Finance Solutions, the Business Growth Hub and Marketing Manchester. MIDAS and New Economy are owned by the GMCA, but the Growth Company Board oversees their operations to ensure the strategic alignment of delivery.

3.12 The Manchester Growth Company (including New Economy and MIDAS) is a group of companies whose purpose is to drive forward GM's economic development and deliver Greater Manchester Strategy (GMS) priorities in relation to employment, skills, business support, inward investment, international marketing, the visitor economy, policy development and research.

3.13 Manchester Growth Company Group is overseen by a Group Board which is a public-private partnership between the AGMA and LEP. The Board comprises five nominees from AGMA, five nominees from the Local Enterprise Partnership (two of which are agreed with the Chamber of Commerce) and an independent Chair. The Group Board (which has met five times in the year 2014-15) has two sub-committees for the purposes of Audit and Remuneration as well as three Advisory Boards, each with thematic responsibility for the Group's main functions. The three advisory boards are workforce development, business support and business finance, internationalisation and marketing.

3.14 A three year business plan outlining how the Manchester Growth Company will contribute to the delivery of GMCA objectives was first approved by the GMCA in March 2014 and updated in March 2015. Performance reports have been presented to the GM Local Enterprise Partnership on a quarterly basis. The GMCA also received a quarterly financial forecast from MIDAS and New Economy.

3.15 During the year 2014-15, the MGC Audit Committee was established with the GMCA Treasurer as one of its members. Quarterly meetings are held between the CA Head of Internal Audit and MGCs Group Internal Audit Manager in order to provide the CA with oversight on new economy and MIDAS audit matters. MGCs Chief Operating Officer also attends the quarterly CA Audit Committee meetings.

Scrutiny Pool

3.16 The Greater Manchester Scrutiny Pool is now in its sixth year of operation, having been formed in 2009 following changes to the AGMA Executive's constitution. Following the establishment of the GMCA, its remit was widened further to incorporate scrutiny of the GMCA, TfGMC, TfGM and the Manchester Growth Company in addition to the AGMA Executive Board and the GM Commissions, including the Low Carbon Hub and Interim GM Health and Wellbeing Board.

3.17 It comprises 30 elected councillors, three from each of the ten constituent district authorities, reflecting their political balance and including representatives from both sexes. Members serve on the Scrutiny Pool on an annual basis but can and do serve for consecutive years.

3.18 The Scrutiny Pool's key functions are to hold the sub-regional decision makers to account through monitoring their key decisions and having the opportunity to 'call in' any decisions which the members deem require further scrutiny and challenge. The Pool also undertake pre-policy scrutiny where they can act as a 'critical friend' to highlight key issues, areas for further work, and challenge GMCA and AGMA policies at a developmental stage. The Pool has the potential to highlight any areas of particular strategic importance for the people of Greater Manchester for review and make relevant recommendations to the GMCA, Executive Board or TfGMC. The Pool also undertakes a performance monitoring role in relation to the Greater Manchester Strategy (GMS) to ensure that it is being delivered effectively.

Other Greater Manchester structures - AGMA, GM Commissions and Strategic Partnerships

3.19 Whilst the bodies outlined in this section are not a statutory part of the GMCA governance structure, their work nonetheless helps inform the GMCA and its policies, and as such are referenced in this Annual Governance Statement.

3.20 AGMA (Association of Greater Manchester Authorities) is a Joint Committee of the 10 district authorities. Prior to the establishment of the GMCA, it provided the focus for much of the collaborative work undertaken across Greater Manchester for the past 20 years, albeit that it was not a statutory or accountable body in its own right. Whilst its role is now reduced, it continues to undertake a number of functions, notably those that the GMCA has no specific remit to undertake. A key role includes monitoring the budgets and expenditure of authorities or bodies which have the power to issue a precept or levy on member councils (other than the GMCA, such as the GM Fire and Rescue Authority and the GM Waste Disposal Authority). AGMA also looks to oversee the policy areas of health, and improvement and efficiency.

3.21 To support the work of AGMA and to help deliver the Greater Manchester Strategy, a number of strategic Commissions were established in 2009 to act as a focus for collaborative working on key, conurbation-wide policy agendas. These high level structures were reviewed in 2012-13 and now comprise:

- Planning and Housing Commission (meets quarterly); the
- Police and Crime Panel (meets 3 times a year);
- Greater Manchester Interim Health and Wellbeing Board (meets quarterly); and the
- Low Carbon Hub (meets quarterly).

3.22 Each Commission is formed from a mix of elected members and other representatives from the private sector, other public sector agencies and the third sector the precise composition being determined by the Group's remit.

Greater Manchester Joint Health Scrutiny Committee (formerly Greater Manchester Health Scrutiny Panel)

3.23 The Greater Manchester Health Scrutiny Panel had been established for over ten years, with a specific remit to scrutinise major strategic developments within the acute health care service. This year the Panel's work has focused on providing oversight and scrutiny of the

Healthier Together programme. To meet the legislative requirements of this function the Panel has been reconstituted as a joint committee. Members include representatives from each Greater Manchester authority, normally a member of each authority's Health Scrutiny Committee and from October by a representative of Derbyshire County Council joined the committee, Derbyshire are also undertaking a Healthier Together consultation. The workload associated with Healthier Together consultation has required the committee to meet ten times this financial year.

GM Local Enterprise Partnership

3.24 Again, although not a formal part of the GMCA governance arrangements, the Greater Manchester Local Enterprise Partnership (LEP) is a business-led body that includes representation from the Chair and three vice chairs of the GMCA. The LEP adds value to Greater Manchester partnerships between local government, businesses and other partners in further and higher education, and across the public, private and voluntary and community sectors. It also provides private sector comment and insight into the development of GM policy. The LEP also fulfils a high level performance review and management role of the Manchester Growth Company. The GMCA works closely with the LEP, a process which is helped by the inclusion of four GMCA members as Board members and the LEP's minutes being submitted to the GMCA.

Decision-making

3.25 Agendas and reports for GMCA are issued to members and published online (www.agma.gov.uk) according to the standard 5 day period which is the statutory norm in local government, and the same standard is maintained for TfGMC, Scrutiny Pool and Commission meetings. GMCA meetings take place according to a cycle which ensures that each Greater Manchester district Town Hall or Civic Centre hosts at least one meeting of the GMCA each year. All meetings are held in public, except in those few cases where reports contain confidential information, and the public are excluded during discussion and decision-making on such items.

3.26 A Forward Plan identifying the major, strategic decisions that the GMCA will be required to make over a period of four months is updated and presented at each meeting. The GMCA also receives minutes and recommendations from the previous TfGMC meeting, which are scheduled to take place two weeks before the GMCA, and GMCA Audit Committee minutes are also received. The Scrutiny Pool then receives notice of all decisions made by GMCA and any major, strategic decisions made by TfGMC, within 2 days of the respective meeting. Members of the Scrutiny Pool then have 5 days to determine whether they wish to exercise their right to call-in (provided at least 5 members agree to call-in a specific decision), as outlined above.

Financial Management

3.27 One of the most important responsibilities of the GMCA is to determine, agree and monitor the GMCA budget. These responsibilities include setting appropriate budgets to fulfil the Authority's transport, economic development and regeneration functions, and determining the transport levy on constituent district councils.

3.28 In terms of the budget setting process, a comprehensive report was presented to the Authority for approval in January 2015 which detailed the forecast outturn position for 2014/15 and provided a proposed GMCA budget for 2015/16. Maintaining the well established process of budget scrutiny for Greater Manchester Joint Authorities as developed in previous years, the transport elements of the budget (which represent by far the most significant proportion) were subject to scrutiny during the Autumn by a GMCA Transport Levy Scrutiny Panel (consisting of the Leaders and Treasurers of Wigan, Trafford and Bury) and were also reported to TfGMC. The GM Scrutiny Pool received a presentation from the GMCA Treasurer on the proposed GMCA Budget in February.

3.29 Quarterly updates covering both transport and economic development & regeneration functions are presented to the authority during the financial year for both Revenue and Capital budgets

3.30 In addition regular, detailed monitoring of both the transport revenue budget and the transport capital programme are also undertaken by TfGMC and by its Capital Programme and Policy sub committee. Any significant issues or areas of concern can then be reported back as appropriate to the Authority.

3.31 As noted in the Review of Effectiveness section below, the Head of Internal Audit and Risk Management has provided substantial assurance in relation to the operation of the Authority's core financial systems.

Risk Management

3.32 The GMCA's Audit Committee is responsible for overseeing the Authority's risk management strategy and corporate risk register. The Strategy and Risk Register are formally reviewed and refreshed annually by the Risk Management Group of officers to ensure they continue to address potential risks to the Authority achieving its objectives. The Group comprises the Authority's Treasurer, Head of Finance, Head of Audit and Risk Management and Head of the Greater Manchester Integrated Support Team and its roles and responsibilities are set out in terms of reference. The revised Strategy and Risk Register are submitted to Audit Committee for discussion and agreement and to Combined Authority for approval. Audit Committee also review the risk register at every meeting.

3.33 TfGM has a well defined set of risk management arrangements which cover its responsibilities as the executive transport body of the GMCA and as a statutory body in its own right.

Performance Management

3.34 The strategic priorities of the GMCA are set out in Greater Manchester Strategy (GMS), and this Strategy informs the rationale and context for the work programmes of the GMCA and all its subsidiary bodies. With regard to its transport functions, TfGMC and its sub committees receive a wide range of monitoring reports, covering both the performance of TfGM and the performance of operators in delivering a diverse range of transport services. In addition, the Capital Projects and Policy sub committee of TfGMC receives a report updating members on a set of agreed Key Performance Indicators which relate both to the Local Transport Plan 3 and to GMS transport priorities. A new high level performance management framework is being developed for the GMS which will be introduced, subject to the GMCA's approval in 2015-16.

3.35 The Manchester Family Group operates a three year integrated business plan which is updated annually to respond to changing conditions in Greater Manchester. The business plan aligns activity with the strategic priorities which form the focus of activity across Greater Manchester and they are rooted in the GMS. Detailed performance management of progress against the business plan is undertaken by the Business Support and Internationalisation Advisory boards which report to the Group Board. The LEP and the GMCA have strategic oversight of the Growth Company's delivery.

4. Review of effectiveness

4.1 Now in its fourth year of operation, the GMCA continues to function well, with administrative, reporting and decision-making processes working smoothly and effectively. The working practices adopted by the Authority and its committees have enabled it to make key strategic decisions in an efficient, timely and transparent manner. Examples of decisions made include: overseeing a twelve week consultation and the final approval of an updated Greater Manchester Strategy; agreeing to the formation of a new GM Local Management Committee to provide detailed oversight and implementation of the development of a European Structural and Investment Funds Strategy (ESIF) for GM; setting the transport levy/budget.

4.2 Supporting the GMCA governance structures are a number of senior officer groups, such as the Wider Leadership Team (WLT) which comprises of the Chief Executives of all constituent local authorities along with representatives from key Greater Manchester bodies such as GMPCC, TfGM, Manchester Growth Company, New Economy, and the GMCA's Treasurer and Monitoring Officer. The WLT and similar officer groups are a key supporting element of the overall governance structures, and they help ensure that a shared approach, informed by the Greater Manchester Strategy and the Growth and Reform Plan, is adopted from the outset on any new initiatives.

4.3 The Greater Manchester Integrated Support Team (GMIST) provides policy and democratic services support to the GMCA, AGMA Executive, TfGMC, the Scrutiny Pool, WLT and other GM structures. It continues to work towards ensuring that the administration of the Authority, TfGMC and associated bodies is conducted as efficiently and seamlessly as possible, and always in accordance with statutes and constitutional rules. GMIST officers look to maintain a continuous review of governance and administration arrangements with regard to the operation of GMCA, TfGMC and its Scrutiny and subsidiary bodies, and also provide support and advice to members and officers as necessary.

4.4 Payments to TfGM are the largest proportion of the Authority's budget, both in terms of revenue and particularly capital spending, in light of the fact that the current level of transport investment across Greater Manchester represents the largest public transport investment programme outside London. In addition to the financial scrutiny and oversight provided by both GMCA and TfGMC members, TfGM also benefits from its own internal governance arrangements. The GMCA Treasurer is a member of the TfGM Board and also attends TfGM's Audit Committee, thus providing further oversight and assurance in relation to GMCA's transport-related financial responsibilities. Furthermore, TfGM produce and publish a full set of Annual Accounts which are independently audited by the external auditors, Grant Thornton.

4.5 The GMCA Audit Committee is responsible for overseeing the effective operation of the systems of governance, risk management and internal control. The Committee's work programme is agreed at the start of the year and includes consideration of Internal and External Audit activity and assurances, financial management (including scrutiny of the annual accounts and Annual Governance Statement) and risk management arrangements.

4.6 The GMCA's Scrutiny Pool did not exercise its call-in function during this municipal year, but has continued to positively engage in the development of policy across the conurbation and made a series of recommendations to the GMCA and its partner organisations.

Head of Audit and Risk Management – Annual Assurance Opinion 2014/15

4.7 The Head of Audit and Risk Management is responsible for providing an independent opinion on the adequacy and effectiveness of the Authority's systems of internal control. This is delivered through an annual programme of audit work designed to raise standards of governance, risk management and internal control. Internal Audit Assurance Reports are presented to Audit Committee to provide assurance that the annual programme is being delivered as planned, culminating in this Annual Assurance Opinion.

4.8 Overall the Head of Audit and Risk Management can provide substantial assurance that the Authority's governance, risk and control framework is generally sound and operated reasonably consistently. No significant control issues were identified in the year. This opinion is based on audit and risk management activity carried out between April 2014 and March 2015 and is informed by other assurances provided in the period, including those of External Audit.

4.9 Planned work on monitoring of project output delivery under GMIF has been put back to Summer 2015 to allow officers to focus on meeting the RGF commitment deadline of 31 March 2015. For this year we reviewed monitoring and reporting arrangements to inform a position statement ahead of testing, informed by the Core Investment Team's presentation on GMIF to January 2015 Audit Committee. We completed testing on our audit of capital and revenue budget setting and we will issue a draft audit report shortly. GM's Local Transport Body (LTB) was established to complete initial major transport scheme prioritisation but Government subsequently agreed the GMCA is the appropriate accountable body for GM in relation to Local Growth Funds. As there is no ongoing requirement for the LTB the planned audit work was cancelled.

4.10 Grant certification work gave substantial assurance that grants received by the Authority were used in accordance with funding conditions, based on the good level of compliance seen and action taken in response to audit findings.

4.11 Internal Audit administer the Authority's policies on anti-fraud and corruption, whistleblowing, anti-bribery and anti-money laundering. These are communicated through the Authority's website including a whistleblowing web-page and hot-line. To date there have been no whistle-blowing allegations or fraud allegations with respect to the Authority.

Review of effectiveness of the system of Internal Audit

4.12 The Accounts and Audit Regulations 2011 require that "a larger relevant body (the Authority) must, at least once in each year, conduct a review of the effectiveness of its internal audit". To address this requirement an assessment of Internal Audit was carried out, overseen by the City Treasurer, which considered the following key elements and assessed their contribution to enabling the Section to fulfil its responsibilities:

- The structure and resourcing level, including qualifications and experience of the audit team.
- The extent of conformance with the PSIAS in producing quality work.
- Ensuring audit work was successfully delivered in the most appropriate areas on a prioritised (risk) basis.
- The overall performance of the audit team.

4.13 The review demonstrated that there was an effective system of internal audit in place including a policy framework, internal audit function, Audit Committee and effective management engagement. Internal Audit operates in line with the Public Service Internal Audit Standards and professional standards and codes of ethics for the delivery of audit work. The external auditors confirmed they take assurance over the quality and extent of audit work done have agreed the approach taken in the 2014/15 audit plan.

Annual Review of the Chief Financial Officer (the Treasurer)

4.14 As part of its work on governance and financial management across public services, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued its Statement on the Role of the Chief Financial Officer in Local Government (the Statement) in 2010. The Chief Financial Officer (CFO) to the GMCA undertakes the same role for AGMA and Manchester City Council. For the purpose of the GMCA's Annual Governance Statement, the role of the CFO has been reviewed against the governance arrangements set out in the Statement, which are required to ensure the CFO is able to operate effectively and perform their core duties. Full conformance with these arrangements was confirmed.

5. Programme of improvement

5.1 The GMCA's Code of Corporate Governance was approved at Audit Committee in April 2013 and will be updated following the GMCA's Annual General Meeting in June 2015, when the first governance changes which flow from the Devolution Agreement are put in place. The Code is a public statement which sets out how the Authority will meet its commitment to have culture, values, systems and processes in place to ensure it operates effectively and achieves its objectives. It follows the CIPFA / SOLACE model code as set out in their report 'Delivering Good Governance in Local Government' which sets six core principles:

- Focus on purpose, community outcomes and vision for the local area;
- Members and officers work together to a common purpose with clearly defined functions and roles;
- Promote values by upholding high standards of conduct and behaviour;
- Take informed, transparent decisions which are subject to effective scrutiny and risk management;
- Develop the capacity and capability of Members and Officers to be effective; and
- Engage local people and other stakeholders to ensure robust public accountability.

5.2 Given the broad and diverse set of functions for which GMCA now has either sole or a shared responsibility (alongside TfGM and district councils, for example), work continues to develop and refine performance management arrangements, particularly in the context of a revised Greater Manchester Strategy. Significant funding, particularly relating to the economic development functions of the GMCA have been, and will continue to be received from a variety of sources, including for example from the Regional Growth Fund, the Growing Places Fund and the Local Growth Fund.

5.3 The governance review (initiated in February 2013) has now been integrated with the governance changes required by Greater Manchester's Devolution Agreement. This review was tasked with identifying potential improvements that could be made to further modernise GM's governance arrangements and ensure that they are effective, efficient and accountable within the existing legal and constitutional context. All GM governance arrangements, including TfGMC and other GM bodies, are 'in scope' ensure that they remain fit for purpose and have the appropriate representation discharge the GMCA's new powers arising from the Devolution Agreement.

5.4 Significant levels of funding, particularly relating to the economic development functions of the GMCA continues to flow from a variety of sources, including for example from the Regional Growth Fund and the Local Growth Fund. The Chief Investment Officer and Low Carbon Director provide additional senior capacity to ensure that these funding streams are invested in line with the investment principles laid out in the GMS and Growth and Reform Plan. Systems and processes are continually reviewed in conjunction with both internal and external audit to ensure that risks are mitigated, compliance is achieved and governance arrangements are adhered to.

5.5 The Audit Committee's work on assurance mapping identified performance management as an area of the GMCA's work which needs strengthening. Progress has been made in this area in the past year. The publication of the Integrated Greater Manchester Assessment first published in April 2013, and updated for 2014 provides an agreed GM wide evidence base across the Greater Manchester Strategy's (GMS) key policy areas. The Greater Manchester Strategy uses this evidence to set out a suite of primary and secondary measures which will enable the GMCA to monitor progress in delivering its priorities. Additionally, the European Structural and Investment Funds Strategy and the GM's Growth and Reform Plan both map out more detailed plans for the implementation of the GMS. Work programmes for the organisations (and associated governance groups and delivery teams) leading on the implementation of the GMS priorities are focusing their resources on the delivery of these priorities. This will ensure that the GMCA's resources are effectively deployed to deliver GM's agreed strategic ambitions.

6. Conclusion

6.1 On the basis of the sources of assurance set out in this statement, we are satisfied that, throughout the year and up to the date of the approval of the accounts, GMCA had in place satisfactory systems of internal control which facilitate the effective exercise of the Authority's functions.

Signed: ....

Lord Peter Smith

Chair, Greater Manchester Combined Authority

Signed: ....

Sir Howard Bernstein

Head of Paid Service, Greater Manchester Combined Authority

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREATER MANCHESTER COMBINED AUTHORITY

We have audited the financial statements of Greater Manchester Combined Authority for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Greater Manchester Combined Authority, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities for the Annual Statement of Accounts, the Treasurer 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Explanatory Foreword and the Introduction to the Greater Manchester Combined Authority Group Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the financial position of Greater Manchester Combined Authority as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Explanatory Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We are required to report to you if:
- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we designate under section 11 of the Audit Commission Act 1998 a recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our review in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission in October 2014, we have considered the results of the following:

- our review of the annual governance statement.

As a result, we have concluded that there are no matters to report.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Mark Heap

for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Manchester
M3 3EB

28 September 2015