

GREATER MANCHESTER INTEGRATED TRANSPORT AUTHORITY

Report for Resolution

REPORT TO Authority

DATE 19 June 2009

SUBJECT Draft Annual Accounts 2008-09

REPORT OF Finance Officer

PURPOSE OF REPORT

To inform the Authority that the draft Annual Accounts of the GMITA for 2008-09 will be submitted to the meeting on 19 June. Due to late information being received from a third party, these are currently being finalised and will be circulated on the day following the main issue of this agenda.

RECOMMENDATIONS

The GMITA is recommended to approve the draft Annual Accounts, which are subject to audit.

The GMITA is also recommended to approve the following :

1. To increase the Metrolink Service Enhancement Programme Reserve by £1.441 million by transferring the unused balance on the Development Costs Reserve.
2. To transfer the ITA 2008-09 Finance Costs saving of £3.192 million from the General Fund to a Finance Costs Reserve.
3. To agree borrowing totalling £19.983 million for the year, in respect of :
 - Minor Works £1.694 million
 - Metrolink £18.289 million

REPORT

1. Issues for Consideration.

1.1 The Metrolink Service Enhancement Programme is being funded by DfT grant funding of £44 million and local contributions of £58 million, with the local contributions being funded from a "ring fenced" Metrolink Reserve, created from net revenue generated from Metrolink operations. This reserve totalled £33.055 million as at 31 March 2008 and has been supplemented by a transfer of £1.441 million from the Development Costs Reserve to give a balance of £34.496 million as at 31 March 2009. In order to protect the reserves and give greater flexibility, Metrolink Service Enhancement Programme expenditure of £9.344 million is being funded from borrowings rather than from reserves. The consolidated ITA/PTE reserve as at 31 March 2009 is £43.048 million.

1.2 Periodic reports to the GMITA during the last year reported an overall balanced budget taking the ITA/PTE together, with actual savings on capital financing costs for the ITA of £3.192 million. The draft accounts provide that these monies are identified for transfer to an earmarked Finance Costs Reserve for funding cash flow and adverse interest rate movements in 2009-10 and beyond.

1.3 The Investments on the balance sheet include £21 million which are managed by the GMPTE on behalf of the ITA.

1.4 Individually the combined ITA/PTE has General Fund Reserves of £8.475 million. When consolidating the financial results of the two organisations, a reduction of £3.064 million is necessary due to the different accounting policies adopted by the GMPTE which need to be amended in the consolidation to accord with the accounting policies of the GMITA. This results in a consolidated General Fund Reserve of £5.411 million.

2. These draft Annual Accounts will be submitted for External Audit and then re-approved by the Audit Committee and the Authority.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGET

The above accounts adjustments do not affect the overall financial position of the Authority/Executive and are designed to permit maximum flexibility in future financial years.

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Background Documents

Accounting and Financial records held in room 115.