

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2009

AUDITED

SEPTEMBER 2009

TAY ROAD BRIDGE JOINT BOARD
STATEMENT OF ACCOUNTS 2008/2009

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TAY ROAD BRIDGE JOINT BOARD

MEMBERS AND OFFICIALS

Following the Local Government elections on 3 May 2007, the undernoted elected members were appointed by the constituent Councils to serve on the Board. At the Board meeting on 18 June 2007, it was agreed that Dundee City Council would continue to act as lead authority to the Board, and consequently, the undernoted officers of the Council would continue to serve as officials of the Board. It was subsequently agreed at the Board meeting on 22 October 2007 that Councillor Black would replace Councillor Don as a representative of Dundee City Council, following his resignation from the Council.

Representing Dundee City Council	
Lord Provost John R Letford, JP (Chair) Councillor Mohammed Asif Councillor Helen Dick, JP Councillor Nigel Don (until 19/09/07) Councillor Jim Barrie, JP Baillie Rod Wallace Councillor Jimmy Black (from 22/10/07)	 CHANGING FOR THE FUTURE
Representing Angus Council	
Councillor John R Whyte	
Representing Fife Council	
Councillor Andrew Arbuckle (Vice Chair) Councillor Jim Young Councillor David MacDairmid Councillor Margaret Taylor Councillor Ross Vetraino	
Bridge Manager	
Mr Iain MacKinnon BSc, C Eng, MICE (from 01/10/08) Mr John Crerar BSc, C Eng, MICE (until 30/09/08)	
Engineer	
Mr Fergus Wilson BSc, MBA, C Eng, MICE, MIHT, Dundee City Council	
Clerk	
Ms Patricia McIlquham LLB, Dundee City Council	
Treasurer	
Mrs Marjory M Stewart FCCA, CPFA, Dundee City Council (from 15/12/08) Mr David K Dorward CPFA, Dundee City Council (until 15/12/08)	

Following a By-election on 12 March 2009, a Special Meeting of Dundee City Council was held on 30 March 2009, where it was agreed that all existing Dundee City Council board members, including Chairman Lord Provost John R Letford, should be removed and the Council appointed Councillor David Bowes, Councillor Will Dawson, Councillor Ken Lynn, Councillor Mohammed Asif, Councillor Tom Ferguson and Baillie Rod Wallace as new representatives on the Tay Road Bridge Joint Board. At a subsequent meeting of the Tay Road Bridge Joint Board on 8 May 2009 Councillor Andrew Arbuckle was elected Chair and Councillor Tom Ferguson Vice Chair of the Joint Board.

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TAY ROAD BRIDGE JOINT BOARD

Bridge Manager's Report

Organisational Changes

The 2008/09 financial year was one of ongoing change for the Tay Road Bridge Joint Board, following on from the abolition of the tolls in February 2008 with a new staffing structure coming into being and the retirement in September of the Bridge Manager, John Crerar, and the Deputy Bridge Manager, John Shiels. The Board appointed a new Bridge Manager, Iain MacKinnon, who took up his post in September 2008 and worked alongside John Crerar during a transition period until his departure at the end of September.

In addition to the appointment of the new Bridge Manager, the other change at officer level occurred in December 2008 when David Dorward, Deputy Chief Executive (Finance), Dundee City Council stood down as Treasurer to the Board and was replaced by Marjory Stewart, Head of Finance, Dundee City Council.

Management Arrangement with the Scottish Government

Following on from the abolition of the tolls, finance was provided directly from the Scottish Government Transport Directorate by way of a grant allocation and both Revenue and Capital schemes were funded by this means. In August 2008 a meeting was held between Bridge Officers and representatives from the Scottish Government Transport Directorate to discuss the possibility of changing the management arrangements by including the Board and Forth Estuary Transport Authority along with Transport Scotland. The argument for this change was that by being part of a larger overall budget, any variance in non-recurring expenditure could be accommodated more easily than the arrangement put in place at the time of removal of the tolls.

The Board had concerns that such a move would affect the management and corporate governance responsibilities. Assurances were sought at Ministerial level regarding the Board's financial and operational autonomy and these were given at a meeting with the Minister for Transport, Infrastructure and Climate Change on 7 January 2009 attended by the Chair, Vice Chair and Officers. The transfer arrangements were subsequently reported to the Board meeting on 9 March 2009.

Contracts

Bearing Replacement Works

The contract to replace the pier bearings was completed in October 2008 and the southbound carriageway was restored to two-lane working for the first time since the tolls were abolished. There was a significant reduction in southbound traffic congestion during peak hours which had a beneficial impact on traffic flows throughout Dundee.

Variable Message Signs (VMS)

The contract to install 4 additional VMS signs, as part of a larger contract procured by Transport Scotland, is ongoing with completion anticipated in July 2009.

Street Lighting Column Replacement

The contract to replace the lighting columns on the central walkway commenced in February 2009. Works were limited to off-peak periods to reduce congestion to the travelling public. Bad weather caused delays to the works and they were completed by the end of April 2009.

Dundee Central Waterfront Project

The Bridge Manager has been involved in discussions, along with the Clerk and Treasurer, with the Dundee City Waterfront Development team on a number of issues including permanent and temporary access to Board land for the construction of the early phases of the development. Discussions have also been held with the Engineer on technical matters relating to the demolition and reconstruction of the north on/off ramps.

Traffic

In the past twelve months there has been an overall increase of 2.1% in traffic with a total of 9.23 million vehicles crossing the bridge. This is consistent with increases in previous years. Since the removal of the tolls, and due to problems with vehicle detection equipment, it has not been possible to break these figures down into specific vehicle categories.

The growth of traffic continues to be greater southbound since the removal of the tolls compared to northbound. Southbound traffic has increased by 3% compared to 1.3% for northbound.

The bridge was closed on a number of occasions over the past twelve months. The table below summarises the reasons and number of occurrences:-

	<u>No of Incidents</u>
Wind speed > 80mph Closed to all Vehicles	-
Wind speed > 60mph Cars Only	10
Wind speed > 45mph No Double Deck buses	64
Minor accidents	7
Breakdowns	66
Works related closures	28
Debris collection etc	<u>81</u>
	<u>256</u>

The number of wind speed restrictions was lower than previous years, in particular with there having been no total closures to vehicles over the period.

Staffing Issues

Single Status

The Board approved the implementation of Single Status at the meeting of 15 December 2008 and following completion of the job evaluation appeals process was due to be implemented on 1 April 2009.

Staff Establishment

There has been no change to the number of permanent posts within the staff establishment which stands as follows:-

<u>Staffing</u>	<u>31st March 2008</u>	<u>31st March 2009</u>
Administration	5	5
Operational	15	15
Maintenance	14	14
Cleaners (part-time)	<u>1</u>	<u>1</u>
	<u>35</u>	<u>35</u>



Iain MacKinnon BSc C.Eng. MICE
Bridge Manager
8 June 2009

TAY ROAD BRIDGE JOINT BOARD

ANALYSIS OF TRAFFIC

Month	<u>NORTHBOUND</u>			<u>SOUTHBOUND</u>		
	<u>2007/2008</u> £	<u>2008/2009</u> £	<u>% Change</u>	<u>2007/2008</u> £	<u>2008/2009</u> £	<u>% Change</u>
April	383,391	378,406	(1.3)	371,487	381,225	2.6
May	401,964	407,879	1.5	386,074	412,230	6.8
June	385,896	388,048	0.6	374,484	392,512	4.8
July	400,007	399,407	(0.1)	386,168	402,462	4.2
August	410,316	407,371	(0.7)	394,847	391,127	(0.9)
September	390,270	408,146	4.6	380,010	415,865	9.4
October	386,601	407,371	5.4	376,774	389,980	3.5
November	375,330	379,401	1.1	390,270	387,150	(0.8)
December	346,549	364,188	5.1	374,294	367,567	(1.8)
January	328,662	342,271	4.1	319,176	352,315	10.4
February	349,328	326,824	(6.4)	348,264	332,164	(4.6)
March	386,880	394,196	1.9	388,461	398,691	2.6
	4,545,194	4,603,508	1.3	4,490,309	4,623,288	3.0

TAY ROAD BRIDGE JOINT BOARD

TREASURER'S REPORT

Introduction

This report is intended as a comment on the Tay Road Bridge Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2008/2009.

Accounting Policies (see pages 9 and 10)

The Statement of Accounting Policies sets out the basis upon which the Financial Statements have been prepared and explains the accounting treatment of both general and specific items.

Statement of Responsibilities for the Statement of Accounts (see page 11)

This statement sets out the main financial responsibilities of the Board and the Treasurer.

The Accounting Statements (see pages 12 to 28)

Income & Expenditure Account:

sets out the budgeted and actual income receivable and expenditure incurred in operating the Board for the year. Both income and expenditure are measured using essentially the same accounting conventions (i.e. UK Generally Accepted Accounting Practice (UKGAAP)) that a large (but unlisted) company would use in preparing its financial statements.

Statement of Movement on the General Reserve Balance:

reconciles the surplus or deficit for the year in the Income & Expenditure Account to the amount required by statute and non-statutory practice to be charged or credited to the General Reserve Balance.

Statement of Total Recognised Gains and Losses:

brings together all the recognised gains and losses of the Board during the period including those not reflected in the Income and Expenditure Account.

Balance Sheet:

shows the overall financial position of the Board as at 31 March 2009.

Cash Flow Statement:

details the inflows and outflows of cash arising from revenue and capital transactions.

Notes to the Core Financial Statements:

are intended to give the reader further information which is not separately detailed in the core financial statements.

Statement on the System of Internal Financial Control (see page 29)

This statement sets out the framework within which financial control is managed and reviewed. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

Revenue Expenditure

The Tay Road Bridge Joint Board, at its meeting on 10 March 2008, approved the 2008/2009 Revenue Budget. The final budget showed a gross operating surplus of £90,000 which would then reduce to breakeven after funding capital works (CFCR) to the value of £90,000. The projected General Reserve Balance as at 31 March 2009 after funding the above was estimated at £1,799,000.

The Board received quarterly Revenue Monitoring reports during 2008/2009 in order to keep the members fully appraised as to the projected revenue outturn position.

The following table reconciles the Revenue Budget approved by the Board on 10 March 2008 to the revised budget figures that are included in the aforementioned accounting statements shown on pages 12 and 13. Actual outturn figures and under/overspends are also shown and are explained in the detailed variance analysis thereafter.

	Approved Budget £000	CFCR Re- allocation £000	Corp & Democratic Core Re- allocation £000	Net Depn. Allocation £000	(Gain)/ Loss on Sale of Revalns of Fixed Assets £000	FRS 17 Adjusts £000	Revised Budget £000	Actual Expend/ (Income) £000	Variance £000
Staff Costs	1,065					(48)	1,017	995	(22)
Property Costs	83						83	96	13
Supplies and Services	333		(17)				316	214	(102)
Transport Costs	35						35	31	(4)
Third Party Payments	104		(9)				95	77	(18)
CFCR	90	(90)					-	-	-
Depreciation	-			586			586	586	-
Corp & Democratic Core	-		26				26	21	(5)
Non-Distributed Costs	-					35	35	35	-
Gross Expenditure	1,710	(90)	-	586	-	(13)	2,193	2,055	(138)
Scottish Govt Grant	(1,625)						(1,625)	(1,222)	403
Other Income	(35)						(35)	(12)	23
Net (Surplus)/Deficit from Service	50	(90)	-	586	-	(13)	533	821	288
Net (Gain) on Sale of Fixed Assets					(4)		(4)	(4)	-
Net Loss on Revalns of Fixed Assets					128		128	128	-
Interest and Investment Income	(50)						(50)	(116)	(66)
Pensions Interest Cost & Expenditure Return etc						72	72	72	-
Net Operating Expenditure/ (Surplus)/Deficit	-	(90)	-	586	124	59	679	901	222
FRS 17 Adjustments	-					(59)	(59)	(69)	(10)
Other SORP Adjustments	-	90		(586)	(124)		(620)	(670)	(50)
Total (Surplus)/Deficit	-	-	-	-	-	-	-	162	162
General Reserve Balance b/ fwd	(1,799)						(1,799)	(1,799)	-
General Reserve Balance c/ fwd	(1,799)	-	-	-	-	-	(1,799)	(1,637)	162

Staff Costs (Underspend £22,000)

Reflects lower than budgeted expenditure on staff costs due the early retiral of the Depute Bridge Manager who has not been replaced.

Property Costs (Overspend £13,000)

Reflects greater than anticipated expenditure on electricity due to rising energy prices.

Supplies and Services (Underspend £102,000)

Due to lower than anticipated expenditure on the purchase of equipment and materials, plant hire, equipment maintenance, insurance premiums and other miscellaneous supplies and services.

Transport Costs (Underspend £4,000)

Reflects underspends in various budget headings including contract car hire costs and other transport costs.

Third Party Payments (Underspend £18,000)

Due to lower than anticipated expenditure on a number of budget headings including professional fees and contractor charges.

Corporate and Democratic Core Costs (Underspend £5,000)

Mainly due to lower than budgeted expenditure on external audit following the renegotiation of this fee.

Grant Income (Income Shortfall £403,000)

Reflects the agreement made during the year with the Scottish Government to reduce the level of revenue grant payable for the year, in light of the level of reserves held by the Board.

Other Income (Income Shortfall £23,000)

Reflects reduction in chargeable income generated from contractors due to delay in works being completed.

Interest and Investment Income (Additional Income £66,000)

Due to increased income from interest on bank balances as a result of greater than anticipated balances being held by the Board.

FRS 17 Adjustments (Underspend £10,000)

Due mainly to an underspend in employer's superannuation contributions.

Other SORP Adjustments (Underspend £50,000)

Reflects slippage in the planned programme of capital works funded by revenue balances.

General Reserve

The net deficit for the financial year 2008/2009 was £162,000. When deducted from the opening General Reserve balance of £1,799,000, this gives a total reserve balance of £1,637,000 at 31 March 2009.

Capital Expenditure and Financing

During 2008/2009, the Board incurred capital expenditure of £3,151,000 on the following projects:-

	<u>£000</u>
Lighting Columns	233
Bearing Replacement	452
Navigational Span Piers Bearing Replacement	1,657
Pier Collision Protection	91
Gantry	34
Runway Beam Brackets	268
Removal of Tolls	95
Advance Warning Signs	130
Other Projects	<u>191</u>
	<u>3,151</u>

Capital expenditure was funded as follows:

	<u>£000</u>
Capital Grant from the Scottish Government	3,104
Revenue (CFCR)	41
Capital Receipts	<u>6</u>
	<u>3,151</u>

Control of Revenue and Capital Expenditure

The control of both the revenue and capital expenditure of the Board is an ongoing and substantial exercise which requires a positive contribution from staff and elected members to ensure that the Board's financial objectives are achieved and that financial resources are fully utilised.

Pension Liability (FRS 17)

Under FRS 17 (Retirement Benefits) the Board is required to include figures in its Statement of Accounts relating to the assets, liabilities, income and expenditure of the pension schemes for its employees. It has been estimated that the Board had a net pension liability of £1,441,000 as at 31 March 2009. The estimated net pension liability at 31 March 2008 was £1,278,000. A reduction in value of assets was greater than the reduction in liabilities causing the net liability to increase, over the period.

Acknowledgements

During the 2008/2009 financial year the Board's financial position has required continuous scrutiny and strict budgetary control. I would like to thank the Bridge Manager, Bridge Engineer and their staff in controlling the Board's expenditure and income. I would also place on record my appreciation of the excellent work carried out over the years by the former Treasurer, David Dorward, who I replaced in December 2008. In addition, I wish to mention my appreciation of the help and co-operation provided during the financial year by the elected members and by Patricia McIlquham, Clerk to the Board. Finally, I would conclude the report by thanking all staff who contributed to the preparation of the Board's 2008/2009 Statement of Accounts.



Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2009

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF ACCOUNTING POLICIES

General

The Financial Statements are intended to present a true and fair view of the financial position and transactions of the Tay Road Bridge Joint Board. They have thus been prepared in accordance with:-

- the "Code of Practice on Local Authority Accounting in the United Kingdom 2008 - A Statement of Recommended Practice" (the SORP), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LA(S)AAC).
- the Best Value Accounting Code of Practice 2008

The Financial Statements have also been prepared in accordance with the fundamental accounting principles and pervasive concepts identified in FRS 18 (Accounting Policies), i.e. relevance, reliability, comparability, understandability, materiality, accruals, going concern and primacy of legislative requirements. The historical cost accounting convention has been adopted in the preparation of the Financial Statements, modified for the revaluation (to a "current value" basis) of certain tangible fixed assets.

Major Changes in Accounting Policy

The Board continues to adopt the accounting policies recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LA(S)AAC).

Under the 2008 SORP, the Board has adopted the amendment to FRS 17 (Retirement Benefits). As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets at 31 March 2008 has been restated from £4,262,000 to £4,219,000, a decrease of £43,000, resulting in an increase of £43,000 in the FRS 17 pension liability. In light of the overall value of the Board's share in the scheme assets this change in accounting policy is not considered to be material and has therefore been reflected as an opening entry adjustment in the 2008/2009 accounts.

Reserves

The Board maintains a number of reserve funds for purposes outwith those classified as provisions. Full details are given in the Movements on Reserves Note on pages 22 and 23.

Tangible Fixed Assets - Basis of Valuation

The Board's tangible fixed assets are included in the Balance Sheet using the following valuation bases:-

Operational Land and Buildings - net realisable value in existing use.

Non-Operational Land and Buildings - open market value.

Infrastructure Assets - depreciated historical cost.

Vehicles, Plant and Equipment - lower of net current replacement cost (using historical cost as a proxy for replacement cost) or net realisable value in existing use.

Tangible Fixed Assets - Charge to Income and Expenditure Account

The charge made to the Income and Expenditure Account equates to the sum of depreciation and impairment less capital contributions deferred written down in the year. The straight-line method of depreciation is used. Assets have been assigned various useful economic lives, with no residual value assumed. No depreciation is charged in the year of acquisition, but a full year's charge is made in the year of disposal.

Leases

Leases are categorised as either "finance" or "operating", in accordance with Statement of Standard Accounting Practice 21 (Accounting for Leases and Hire Purchase Contracts). Reference is also made to Financial Reporting Standard 5 (Reporting the Substance of Transactions) in determining the appropriate categorisation. Hire purchase contracts that bear the characteristics of a finance, or operating lease are accounted for accordingly.

Finance Leases:

Where the Board is the lessee in a finance lease, the asset acquired is capitalised and included in the Balance Sheet together with an equivalent deferred liability. Measurement is initially on the basis of the outstanding obligation to make future principal repayments. Thereafter, the asset is subject to depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Leasing payments are apportioned between the finance charge and the reduction of the outstanding obligation (deferred liability). The finance charge element is charged to revenue over the period of the lease. Where the Board is the lessor in a finance lease, the amounts due are recorded in the Balance Sheet as a debtor at the amount of the net investment. The total gross earnings are allocated to accounting periods to give a constant periodic rate of return on the net cash investment in the lease in each period.

Operating Leases:

Where the Board is the lessee in an operating lease, the rentals payable (net of benefits received or receivable) are charged to revenue on a straight line basis over the term of the lease. Where the Board is the lessor in an operating lease, the asset is recorded in the Balance Sheet as a fixed asset and, where appropriate, is subject to

depreciation, revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is recognised on a straight line basis over the term of the lease.

Government Grants/Capital Contributions

Government grants and capital contributions are accounted for on an accruals basis and are credited to either the Income and Expenditure Account or to the Government Grants/Capital Contributions Deferred Account. Capital grants and contributions are amortised to the Income and Expenditure Account over the useful life of the related asset to match the depreciation of the asset.

Capital Receipts

Income from the sale of assets and insurance receipts are accounted for on an accruals basis and is credited initially to the Capital Receipts Reserve. Thereafter, the proportion applied to fund new capital expenditure, and thus reduce borrowing, is transferred to the Capital Adjustment Account.

Basis of Funding and Charging for Capital

Following the introduction of government legislation to abolish the bridge tolls in February 2008 the Scottish Government agreed to provide a grant to repay the Board's outstanding loan debt. Whilst the Board has retained the powers to borrow to fund capital expenditure, it was also agreed that the Board's future capital expenditure would be met by an annual grant from the Scottish Government. In terms of any future borrowing the Board's debt will be managed through the Consolidated Loans Fund of Angus, Dundee City and Fife Councils.

Revenue and Capital Transactions

Revenue and Capital transactions are recorded in the accounts on an income and expenditure basis, i.e. recognised as they are earned or incurred, not as money is received or paid. All specific and material sums payable to and due by the Board as at 31 March 2009 have been brought into account. The recognition and measurement of income is in accordance with the Application Note to Financial Reporting Standard 5 concerning "Revenue Recognition".

Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value.

Pension Costs

The Board participates in the Local Government Pension Scheme, which is a defined benefits scheme related to pay and service. The pension costs included in the accounts have been determined in accordance with Financial Reporting Standard 17 (Retirement Benefits).

Prior Period Adjustments

Prior period adjustments are material adjustments applicable to prior years, arising from changes in accounting policies or the correction of fundamental errors. In accordance with Financial Reporting Standard 3 (Reporting Financial Performance) prior period adjustments are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and Notes, and adjusting the opening balance of reserves for the cumulative effect.

Insurance

Expenditure included in the Statement of Accounts relates to premiums paid, policy excesses and settlement of claims where the Board has self-insured its liability.

Exceptional Items

Exceptional items are ones that are material in terms of the Board's overall expenditure and are not expected to occur frequently or regularly. Exceptional items are shown separately in the Income and Expenditure Account if that degree of prominence is necessary in order to give a fair presentation of the accounts. Further details are provided in the Notes to the Core Financial Statements.

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Joint Board's responsibilities

The Joint Board 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 Joint Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Joint Board's statement of accounts in accordance with proper practices set out in the CIPFA/LA(S)AAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

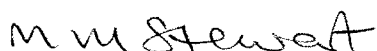
In preparing this statement of accounts, the Treasurer has:

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

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.

The Statement of Accounts presents a true and fair view of the financial position of the Joint Board at the accounting date and its income and expenditure for the year ended 31 March 2009.



Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2009

TAY ROAD BRIDGE JOINT BOARD
INCOME & EXPENDITURE ACCOUNT

2007/2008 Actual Net Expenditure/ (Income) £000		2008/2009 Budgeted Net Expenditure/ (Income) £000	2008/2009 Actual Net Expenditure/ (Income) £000
	Expenditure		
1,515	Staff Costs	1,017	995
78	Property Costs	83	96
287	Supplies & Services	316	214
26	Transport Costs	35	31
75	Third Party Payments	95	77
603	Depreciation	586	586
27	Corporate & Democratic Core Costs	26	21
29	Non-Distributed Costs	35	35
2,640	Gross Expenditure	2,193	2,055
	Income		
(3,197)	Revenue from Tolls	-	-
(42)	Scottish Government Grant	(1,625)	(1,222)
(81)	Other Income	(35)	(12)
(680)	Net (Surplus)/Deficit from Service	533	821
10	Net (Gain)/Loss on Disposal of Fixed Assets	(4)	(4)
152	Loss on Revaluation of Fixed Assets	-	-
126	Non-enhancing Capital Expenditure	128	128
736	Interest Payable and Similar Charges	-	-
(110)	Interest and Investment Income	(50)	(116)
23	Pensions Interest Cost and Expected Returns on Pensions Assets	72	72
257	Net Operating Deficit for the Financial Year	679	901

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL RESERVE BALANCE

2007/2008 Actual Net Expenditure/ (Income) £000		Ref Note No	2008/2009 Budgeted Net Expenditure/ (Income) £000	2008/2009 Actual Net Expenditure/ (Income) £000
257	Deficit for the year on the Income & Expenditure Account		679	901
817	Net additional amount required by statute and non-statutory proper practices to be debited or (credited) to the General Reserve Balance for the Year	10	(679)	(739)
1,074	General Reserve Deficit for the Year		-	162
(2,873)	General Reserve Balance brought forward		(1,799)	(1,799)
(1,799)	General Reserve Balance carried forward		(1,799)	(1,637)

TAY ROAD BRIDGE JOINT BOARD
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

2007/2008 £000		2008/2009 £000
257	Deficit on the Income & Expenditure Account for the year	901
-	Opening entry adjustment to FRS 17 Liability	43
(28)	Gains arising on revaluation of fixed assets	(5)
(14,840)	Capital Grant Receipts	-
(313)	Actuarial (gain)/loss on pension fund assets & liabilities	50
<u>(14,924)</u>	Total Recognised (Gains) & Losses for the Year	<u>989</u>
<u><u>(14,924)</u></u>		<u><u>989</u></u>

TAY ROAD BRIDGE JOINT BOARD

BALANCE SHEET

As at 31 March 2008 £000		Ref Note No	As at 31 March 2009 £000	£000
	Tangible Fixed Assets			
	Operational Assets			
45,871	- Bridge (Infrastructure Asset)	11		47,756
763	- Other Land and Buildings	11		747
195	- Vehicles, Plant and Equipment	11		221
	Non-Operational Assets			
57	- Investment Properties	11		62
46,886				48,786
	Current Assets			
17	Stocks and Work-in-Progress		53	
275	Sundry Debtors		128	
2,380	Cash and Bank Balance		2,778	
2,672				2,959
	Less Current Liabilities			
(825)	Sundry Creditors		(1,274)	
(825)				(1,274)
48,733	Total Assets Less Current Liabilities			50,471
(14,856)	Government Grants/Capital Contributions Deferred			(17,420)
(1,278)	Net Pension Liabilities	22		(1,441)
32,599	Net Assets			31,610
32,599				31,610
	Financed By Fund Balances and Reserves:			
28	Revaluation Reserve	19		33
32,050	Capital Adjustment Account	19		31,381
1,799	General Reserve	19		1,637
(1,278)	Pensions Reserve	19,22		(1,441)
32,599				31,610
32,599				31,610

mm Stewart

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board

The unaudited accounts were issued on 8 June 2009 and the audited accounts were authorised for issued on 1 September 2009.

TAY ROAD BRIDGE JOINT BOARD

CASH FLOW STATEMENT

2007/2008 £000		2008/2009 £000	£000
	Revenue Activities		
	<i>Cash Outflows</i>		
1,480	Cash Paid To and On Behalf of Employees	996	
<u>665</u>	Other Operating Cash Payments	<u>651</u>	1,647
2,145			
	<i>Cash Inflows</i>		
(3,197)	Cash Received from Tolls	-	
-	Scottish Government Grant	(1,265)	
<u>(387)</u>	Other Operating Cash Receipts	<u>(124)</u>	(1,389)
<u>(3,584)</u>			
(1,439)	NET CASH (INFLOW)/OUTFLOW FROM REVENUE ACTIVITIES		258
	Returns on Investments and Servicing of Finance		
	<i>Cash Outflows</i>		
1,023	Interest Paid	-	
	<i>Cash Inflows</i>		
<u>(43)</u>	Interest Received	<u>(110)</u>	(110)
980			
	Capital Activities		
	<i>Cash Outflows</i>		
6,637	Purchase of Tangible Fixed Assets (Non-Revenue)	3,299	
<u>1,214</u>	Purchase of Tangible Fixed Assets (From Revenue)	<u>41</u>	
<u>7,851</u>		<u>3,340</u>	
	<i>Cash Inflows</i>		
(5,592)	Capital Grant Received from Scottish Government	(3,880)	
<u>(34)</u>	Sale of Tangible Fixed Assets	<u>(6)</u>	
<u>(5,626)</u>		<u>(3,886)</u>	(546)
2,225			
1,766	NET CASH (INFLOW)/OUTFLOW BEFORE FINANCING		(398)
-	Management of Liquid Resources		-
	Financing		
	<i>Cash Outflows</i>		
<u>15,768</u>	Repayments of Amounts Borrowed		-
15,768			
	<i>Cash Inflows</i>		
(14,840)	Other Capital Receipts		-
<u>(4,064)</u>	New Loans Raised		-
<u>(18,904)</u>			-
<u>(3,136)</u>			
<u>(1,370)</u>	NET DECREASE/(INCREASE) IN CASH		<u>(398)</u>

Further details relating to the Cash Flow Statement are provided in notes 25 and 26 on pages 27 and 28.

TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE CORE FINANCIAL STATEMENTS

1 ACQUIRED AND DISCONTINUED OPERATIONS

In 2008/2009 there were no acquired or discontinued operations (2007/2008 None).

2 EXCEPTIONAL ITEMS

In 2008/2009 there were no exceptional items. (In 2007/2008 The Abolition of Bridge Tolls (Scotland) Bill was passed by the Scottish Parliament. This legislation removed the power from the Board to charge bridge tolls and it was agreed that the Board's net revenue expenditure would now be met by annual grant from the Scottish Government. In addition, this Bill abolished the requirement that all loan debt currently outstanding should be repaid by November 2016. The Scottish Government therefore agreed to provide a one-off capital grant of £14,840,000 to repay the Board's outstanding loan debt and agreed that the Board's capital expenditure would now be met by annual grant from the Scottish Government).

3 EXTRAORDINARY ITEMS

In 2008/2009 there were no extraordinary items (2007/2008 None).

4 PRIOR PERIOD ADJUSTMENTS

In 2008/2009, there were no prior period adjustments (2007/2008 None).

5 PUBLICITY ACCOUNT

Section 5 of the Local Government Act 1986 requires the Tay Road Bridge Joint Board to keep a separate account of expenditure on publicity. During 2008/2009, the Board incurred the expenditure shown below on publicity.

2007/2008 £000		2008/2009 £000
4	Employment Advertising	1
1	General Advertising	-
5		1
=		=

6 PENSION COSTS

Dundee City Council administers the Tayside Superannuation Fund on behalf of various scheduled and admitted bodies. The Joint Board is recognised as a scheduled body within the Superannuation Regulations and therefore its employees can be admitted to the Fund. In 2008/2009 the Tay Road Bridge Joint Board paid an employer's contribution of £138,000 (2007/2008 £157,000) into the Tayside Superannuation Fund, representing 17.6% of pensionable pay (2007/2008 16.9%). The employer's contribution rate in 2008/2009 was 315% of the employee's contribution rate, which is 6% for APT&C and 5% for Manual workers. The employer's contribution rate was determined by the Fund's Actuary based on the triennial actuarial valuation at 31 March 2005 with the resultant revised contribution rates effective from 1 April 2006. There was no increase in the employee's contribution rate in 2008/2009. Under Superannuation Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition, the Board is responsible for all pension payments relating to added years' benefits it has awarded, together with the related increases. In 2008/2009 these amounted to £10,000 representing 1.29% of pensionable pay (2007/2008 £7,000, 0.72%).

The capital cost of any discretionary increases in pension payments (e.g. discretionary added years) agreed by the Board, whether funded by the pension scheme or by the Board, is as follows:

- a awarded in 2008/2009 - £35,000 (2007/2008 £29,000)
- b awarded prior to 2008/2009 for which payments are still being made - £85,000 (2007/2008 £48,000)

7 OFFICERS REMUNERATION

The following table shows the number of employees whose total remuneration fell within the specified banding:

Number of Employees 2007/2008	Salary Banding (£)	Number of Employees 2008/2009
1	50,000 - 59,999	1

8 RELATED PARTIES - TRANSACTIONS

Angus, Dundee City and Fife Councils are considered to be related parties of the Tay Road Bridge Joint Board, in terms of the Accounting Code of Practice. During the 2008/2009 financial year, the Board entered into a number of transactions with these three Councils, as detailed below:

2007/2008			2008/2009	
Charges To £000	Charges From £000	Angus Council	Charges To £000	Charges From £000
-	977	Capital Financing Costs	-	-
—	—		—	—
-	977		-	-
—	—		—	—
		Dundee City Council		
(110)	-	Interest Receivable	(116)	-
-	59	Central Support Services	-	70
-	8,827	Capital Financing Costs	-	-
-	11	Grounds Maintenance Charges	-	7
—	—		—	—
(110)	8,897		(116)	77
—	—		—	—
		Fife Council		
-	4,169	Capital Financing Costs	-	-
-	6	Grounds Maintenance Charges	-	10
—	—		—	—
-	4,175		-	10
—	—		—	—

9 EXTERNAL AUDIT FEES

The external auditors of the Tay Road Bridge Joint Board are appointed by the Accounts Commission for Scotland, for a period of five years. The total fee payable to Audit Scotland in respect of the 2008/2009 financial year, for external audit services undertaken in accordance with the Code of Audit Practice, is £13,000 (2007/2008 £18,000).

During 2008/2009, the external auditor did not provide any other services to the Board other than the duties undertaken in accordance with the Code of Audit Practice (2007/2008 None).

10 **RECONCILING ITEMS IN THE STATEMENT OF MOVEMENT ON THE GENERAL RESERVE BALANCE**

The following provides an analysis of the additional items required by statute and non-statutory proper practices to be charged or credited to the General Reserve in determining the movement on the General Reserve Balance for the year.

2007/2008 £000		2008/2009 £000	£000
	Amounts included in the Income & Expenditure Account but are required by statute to be excluded when determining the Movement on the General Reserve Balance for the year		
(918)	Depreciation and impairment of fixed assets	(1,126)	
315	Government Grants Deferred amortisation matching depreciation and impairments	540	
(10)	Net Gain/(Loss) on Sale of Fixed Assets	4	
(152)	Loss on Revaluation of Fixed Assets	-	
(126)	Non-enhancing Capital Expenditure	(128)	
	Amount by which pension costs calculated in accordance with the SORP (i.e. in accordance with FRS17) are different from the contributions due under the pension scheme regulations		
<u>(88)</u> (979)		<u>(70)</u>	(780)
	Amounts not included in the Income & Expenditure Account but are required to be included by statute when determining the Movement on the General Reserve Balance for the Year		
15,422	Repayment of debt	-	
(14,840)	Capital Grant Receipts	-	
<u>1,214</u> <u>1,796</u>	Capital Expenditure charged to the General Reserve Balance	<u>41</u>	<u>41</u>
	Net additional amount required by statute and non-statutory proper practices to be debited or (credited) to the General Reserve Balance for the year		
<u>817</u>			<u>(739)</u>

11 **SUMMARY OF CAPITAL EXPENDITURE AND DISPOSALS**

	Infrastructure Assets - Bridge £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Investment Properties £000	Total £000
Gross Book Value at 31 March 2008	50,090	896	382	57	51,425
<u>Add</u> Additions in year	3,096	-	55	-	3,151
<u>(Less)</u> Disposals in year	-	-	(5)	-	(5)
<u>(Less)</u> Expenditure not adding to Asset Values	(128)	-	-	-	(128)
<u>Add/(Less)</u> Surplus/(Deficit) on Revaluations	-	-	-	5	5
Gross Book Value at 31 March 2009	<u>53,058</u>	<u>896</u>	<u>432</u>	<u>62</u>	<u>54,448</u>
Accumulated Depreciation at 31 March 2008	(4,219)	(133)	(187)	-	(4,539)
<u>Less</u> Depreciation Charge in year	(1,083)	(16)	(27)	-	(1,126)
<u>Add</u> Depreciation Written back on Disposals	-	-	3	-	3
Accumulated Depreciation at 31 March 2009	<u>(5,302)</u>	<u>(149)</u>	<u>(211)</u>	<u>-</u>	<u>(5,662)</u>
Net Book Value at 31 March 2008	<u>45,871</u>	<u>763</u>	<u>195</u>	<u>57</u>	<u>46,886</u>
Net Book Value at 31 March 2009	<u>47,756</u>	<u>747</u>	<u>221</u>	<u>62</u>	<u>48,786</u>

12 **SOURCES OF FINANCE FOR CAPITAL EXPENDITURE**

2007/2008 £000		2008/2009 £000	£000
7,578	Capital Expenditure on Tangible Fixed Assets		3,151
	Financed by:		
772	Capital Receipts	6	
1,214	Revenue	41	
5,592	Capital Grant from the Scottish Government	3,104	
<u>7,578</u>	Total Capital Financing for the Year		<u>3,151</u>

13 **COMMITMENTS UNDER CAPITAL CONTRACTS**

The Tay Road Bridge Joint Board, at its meeting on 15 December 2008, approved a three-year Capital Programme (2009-2012) for various works on the bridge and other miscellaneous capital purchases. The programme totals £22,830,000 over the three year period, to be funded by capital grant from the Scottish Government. Of the proposed expenditure in the three year programme, the amount of £832,000 was legally committed as at 31 March 2009.

14 INFORMATION ON ASSETS HELD

The Tay Road Bridge Joint Board owns the following assets:

Number as at 31 March 2008		Number as at 31 March 2009
1	Infrastructure Assets - Bridge	1
7	Other Land & Buildings	7
22	Vehicles, Plant & Equipment	21
1	Non-Operational Assets	1
<hr/> 31		<hr/> 30
<hr/> <hr/>		<hr/> <hr/>

15 LEASES - DISCLOSURES BY LESSEES

The Tay Road Bridge Joint Board held no assets on finance lease during 2008/2009 and, accordingly, there were no finance lease rentals paid to lessors during 2008/2009 (2007/2008 None) or commitments to making payments to lessors in 2009/2010.

In respect of operating leases, Dundee City Council administers a Contract Car Hire Scheme on behalf of the employees of the Joint Board. Lease rentals are paid to the lessor in advance and then offset by monthly salary deductions from employees. The Board currently have no employees that are members of the Contract Car Hire Scheme and therefore no operating lease rentals paid by the Board to the lessor during the year (2007/2008 None). In addition, there were no employee contributions made towards the scheme (2007/2008 £4,000). The Board has no commitments relating to this scheme in 2009/2010.

16 LEASES - DISCLOSURE BY LESSORS

The Board has entered into an agreement for the lease of land and property to a third party. This agreement is accounted for as an operating lease. In 2008/2009 the Board received rent of £10,000 from this agreement (2007/2008 £9,000).

The gross value of assets leased to third parties on operating lease as at 31 March 2009 was £62,000 (31 March 2008 £57,000). These assets are classed as Investment Properties and in accordance with the relevant accounting policy, the accumulated depreciation as at 31 March 2009 relating to these assets was Nil (31 March 2008 Nil).

The Board had no assets leased to third parties on finance lease as at 31 March 2009 (31 March 2008 None).

17 VALUATION OF THE BOARD'S FIXED ASSETS

All current value assets owned by the Tay Road Bridge Joint Board were revalued at 1 April 2004, thereby fulfilling the Accounting Code of Practice requirement to revalue assets at intervals of not more than five years. The revaluation exercise was carried out by Mr John Dobbie ARICS, from Dundee City Council's Economic Development Department and conducted in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book").

Operational land and buildings were valued on the basis of net realisable value in existing use. Non-operational land and buildings were valued by reference to their open market value.

The road bridge itself, and associated structures and equipment are classified as infrastructure assets and are included in the balance sheet at depreciated historical cost. Vehicles, plant and equipment have been included in the balance sheet at the lower of net current replacement cost (using historical cost as a proxy for replacement cost) or net realisable value in existing use.

17 VALUATION OF THE BOARD'S FIXED ASSETS (CONT'D)

Since 1 April 2000, the Board has been required to comply with the requirements of Financial Reporting Standard 15 (Tangible Fixed Assets). One of the main requirements of FRS15 is that depreciation should be provided for all assets, which are considered to have a finite useful life, where this can be estimated with reasonable certainty at the time of acquisition/revaluation. Depreciation does not have to be provided for land, non-operational investment properties and assets under construction. The only legitimate grounds for not charging depreciation is that the depreciation charge would be immaterial. Depreciation may be immaterial because of very long useful economic lives (more than 50 years) or high residual values.

The straight-line method of depreciation is used by the Board and the total depreciation charge for 2008/2009 is £1,126,000 (2007/2008 £918,000). No depreciation is charged in the year of acquisition but a full year's charge is made in the year of disposal.

The various assets owned by the Board have been assigned different useful economic lives, for the purpose of calculating depreciation. Operational buildings have useful lives of 20 years to 50 years. The road bridge has a useful economic life of 85 years and the associated structures and equipment (also classified as infrastructure assets) have useful lives ranging from 3 years to 40 years. Vehicles, plant and equipment have useful lives of 5 or 10 years with the exception of specialised equipment that have useful lives of 20-30 years. The Board's non-operational properties are deemed to be investment properties and are not subject to depreciation but are re-valued annually.

The Board is also required to comply with FRS11 (Impairment of Fixed Assets and Goodwill). One of the main requirements of FRS11 is that an impairment review of fixed assets should be carried out if events or changes in circumstances indicate that the carrying amount of the fixed assets may not be recoverable. During 2008/2009 no impairment of the Board's fixed assets was identified. (In 2007/2008 impairment of the Board's fixed assets totalling £158,000 was identified, this related to the gross expenditure incurred on automatic toll collection equipment. Following the abolition of the bridge tolls this expenditure was considered irrecoverable and written off).

18 ANALYSIS OF BORROWING

Following the abolition of the toll charges, the Scottish Government agreed a one-off capital grant to repay the Board's outstanding loan debt. The Tay Road Bridge Joint Board's loan debt as at 31 March 2009 is therefore nil (2007/2008 nil).

19 MOVEMENT ON RESERVES

The Board's movement on Reserves for the year is analysed as follows:

	Balance B/F £000	Gains/ (Losses) for Year £000	Transfers Between Reserves £000	Balance C/F £000
Revaluation Reserve	28	5	-	33
Capital Adjustment Account	32,050	-	(669)	31,381
General Reserve Balance	1,799	(901)	739	1,637
Pensions Reserve	<u>(1,278)</u>	<u>(93)</u>	<u>(70)</u>	<u>(1,441)</u>
Total Reserves	<u>32,599</u>	<u>(989)</u>	<u>-----</u>	<u>31,610</u>

Explanation of Reserves

Revaluation Reserve

This reserve shows the amount of the balance sheet value of fixed assets that have arisen from the accounting policy of revaluing assets to current value, rather than continuing to hold them at historical costs. The balance on this account is not available to fund future expenditure.

19 **MOVEMENT ON RESERVES (CONT'D)**

Capital Adjustment Account

Appropriations between this account and the Statement of Movement on the General Reserve Balance are required for CFCR and for the difference between loan repayments and the amount of depreciation etc provided in the accounts. Capital receipts from asset sales that are applied to fund new capital expenditure are transferred to this account from the Capital Receipts Reserve. The net book value of assets that are disposed of are debited to the Capital Adjustment Account. The balance on this account is not available to fund future expenditure

General Reserve

This represents the balances available to the Board which are not earmarked for specific purposes.

Pensions Reserve

The pension costs included in the Income & Expenditure Account have been determined in accordance with Financial Reporting Standard 17 (Retirement Benefits). The cost of providing pensions for employees, however, continues to be funded in accordance with the statutory requirements governing the Local Government Pension Scheme. An appropriation between the Pensions Reserve and the Statement of Movement on the General Reserve Balance is required to offset the net change in the pension liability that has been recognised in the Income & Expenditure Account. This appropriation ensures that FRS17 has no net impact on the Board's General Reserve. The deficit balance shown on the Pensions Reserve does not require to be funded.

20 **CONTINGENT ASSETS AND LIABILITIES**

No contingent assets or liabilities existed at 31 March 2009 (31 March 2008 Nil).

21 **RELATED PARTIES - BALANCES**

Angus, Dundee City and Fife Councils are considered to be related parties of the Tay Road Bridge Joint Board, in terms of the Accounting Code of Practice. The undernoted balance existed between the Board and its related parties as at 31 March 2009.

31 March 2008			31 March 2009	
Amounts Due From £000	Amounts Due To £000		Amounts Due From £000	Amounts Due To £000
		Angus Council		
-	-	-	-	-
<hr/>	<hr/>		<hr/>	<hr/>
-	-		-	-
<hr/>	<hr/>		<hr/>	<hr/>
		Dundee City Council		
-	10	Central Support Services	-	18
(110)	-	Interest Receivable	(116)	-
-	50	Professional Fees	-	36
-	1	Miscellaneous Fees	-	-
<hr/>	<hr/>		<hr/>	<hr/>
(110)	61		(116)	54
<hr/>	<hr/>		<hr/>	<hr/>
		Fife Council		
-	2	Grounds Maintenance Fees	-	4
<hr/>	<hr/>		<hr/>	<hr/>
-	2		-	4
<hr/>	<hr/>		<hr/>	<hr/>

22 **PENSION ASSETS AND LIABILITIES**

Participation in pension schemes

As part of the terms and conditions of employment of its officers, Tay Road Bridge Joint Board offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in the Local Government Superannuation Scheme (Tayside Superannuation Fund), which is administered by Dundee City Council and is a Defined Benefits Scheme. In addition the Board has liabilities for discretionary pension payments outside the main scheme. FRS 17 information is provided by Barnett Waddington LLP, the independent actuaries to the Fund.

Change of accounting policy

Under the 2008 SORP, the Board has adopted the amendment to Financial Reporting Standard 17 (Retirement Benefits). As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change is that the value of the scheme assets at 31 March 2008 has been restated from £4,262,000 to £4,219,000, a decrease of £43,000 resulting in an increase of £43,000 in the FRS 17 pension fund liability.

The net liability at 31 March 2008 has therefore been rebased and has been accounted for as an opening adjustment of £43,000 for the year ended 31 March 2009. The movement in the Board's pension liability can be analysed as follows:

2007/2008			2008/2009	
£000	£000		£000	£000
	(1,503)	Deficit at 1 April		(1,278)
	-	Opening Adjustment		(43)
	(1,503)	Deficit at 1 April (restated)		(1,321)
(194)		Current Service Cost	(111)	
157		Employer Contributions	138	
7		Contributions in respect of Unfunded Benefits	10	
(6)		Curtailments and Settlements	-	
(29)		Past Service Costs	(35)	
<u>(23)</u>		Net Return on Assets	<u>(72)</u>	
	(88)			(70)
	313	Actuarial gains/(losses)		(50)
	<u>(1,278)</u>	Deficit at 31 March		<u>(1,441)</u>

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions, however, the real cost of retirement benefits is reversed out in the Statement of Movement in the General Reserve Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Reserve Balance during the year:

2007/2008		2008/2009
£000		£000
	Net Cost of Services:	
194	Current Service Cost	111
29	Past Service Costs	35
<u>6</u>	Curtailments and Settlements	<u>-</u>
<u>229</u>	Total Operating Charge (A)	<u>146</u>
	Net Operating Expenditure:	
298	Expected Return on Employer Assets	295
<u>(321)</u>	Interest on Pension Scheme Liabilities	<u>(367)</u>
<u>(23)</u>	Net Return (B)	<u>(72)</u>
<u>252</u>	Net Income and Expenditure Account Charge (A) - (B)	<u>218</u>

22 **PENSION ASSETS AND LIABILITIES (CONT'D)**

Statement of Movement on the General Reserve Balance:

2007/2008		2008/2009
£000		£000
<u>(252)</u>	Reversal of net charges made for retirement benefits in accordance with FRS 17	<u>(218)</u>

Actual amount charged against the General Reserve Balance for pensions in the year:

2007/2008		2008/2009
£000		£000
<u>164</u>	Total Employers' contributions payable to the scheme	<u>149</u>

In addition to the recognised gains and losses included in the Income and Expenditure Account, an opening adjustment of a £43,000 loss and actuarial losses of £50,000 (2007/2008, £313,000 gain) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses in the Statement of Total Recognised Gains and Losses is a net gain of £709,000.

Assets and liabilities in relation to retirement benefits

Reconciliation of fair value of scheme assets:

2007/2008		2008/2009
£000		£000
4,380	Fair value of scheme assets at 31 March 2008	4,262
<u>-</u>	Opening adjustment	<u>(43)</u>
4,380	Fair value of scheme assets at 31 March 2008 (restated)	4,219
298	Expected rate of return	295
(513)	Actuarial gains/(losses)	(738)
164	Contributions by employer including unfunded pensions	148
55	Contributions by scheme participants	44
<u>(122)</u>	Estimate benefits paid net of transfers in including unfunded pensions	<u>(218)</u>
<u>4,262</u>	Fair value of scheme assets at 31 March 2009	<u>3,750</u>

Reconciliation of present value of scheme liabilities:

2007/2008		2008/2009
£000		£000
5,883	Defined Benefit Liability at 31 March 2008	5,540
194	Current Service Cost	111
321	Interest Cost	367
(826)	Actuarial losses/(gains)	(688)
6	Curtailments & Settlements	-
29	Past Service Costs	35
(119)	Estimated benefits paid net of transfers in	(210)
55	Contributions by Scheme participants	44
<u>(3)</u>	Unfunded pension payments	<u>(8)</u>
<u>5,540</u>	Defined Benefit Liability at 31 March 2009	<u>5,191</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in respective markets.

The actual return on scheme assets in the year was (£986,000) (2007/2008 (£214,000)).

22 **PENSION ASSETS AND LIABILITIES (CONT'D)**

Scheme History

Amounts for the current and previous periods (for consistency, all assets have been shown at bid price, estimated where necessary):

	Year to 31.3.05 £000	Year to 31.3.06 £000	Year to 31.3.07 £000	Year to 31.3.08 £000	Year to 31.3.09 £000
Present Value of liabilities	(5,261)	(5,764)	(5,883)	(5,540)	(5,191)
Fair value of scheme assets	<u>3,332</u>	<u>3,879</u>	<u>4,337</u>	<u>4,262</u>	<u>3,750</u>
Surplus/(deficit) of the scheme	<u>(1,929)</u>	<u>(1,885)</u>	<u>(1,546)</u>	<u>(1,278)</u>	<u>(1,441)</u>

The liabilities show the underlying commitments that the Board has in the long run to pay retirement benefits. The total liability of £1.441m is reflected in the Board's Balance Sheet. This projected net liability on the Tayside Superannuation Fund will be recouped as necessary by increased employer's contributions, as assessed by the scheme actuary.

The total employer contributions expected to be made for the year to 31 March 2010 is £147,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Tayside Superannuation Fund has been assessed by Barnett Waddingham, an independent firm of actuaries, based on the latest triennial actuarial valuation as at 31 March 2008.

The principal assumptions used by the actuary are:

2007/2008		2008/2009
	Long-term expected rate of return on assets in the scheme:	
7.6%	Equities	7.8%
4.3%	Gilts	4.0%
6.6%	Bonds	6.5%
7.1%	Property	7.3%
5.0%	Cash	3.0%
	Assumed Life Expectancy from age 65:	
	Retiring today:	
-	Men	21.37
-	Women	24.44
	Retiring in 20 years:	
-	Men	22.30
-	Women	25.34
3.7%	Rate of inflation	3.0%
5.2%	Rate of increase in salaries	4.5%
3.7%	Rate of increase in pensions	3.0%
6.6%	Rate for discounting scheme liabilities	6.7%

The Tayside Superannuation Fund's assets consist of the following categories, by proportion of the total assets held:

31 March 2008 £000		31 March 2009 £000
68.7%	Equities	64.4%
12.7%	Gilts	11.5%
4.9%	Other Bonds	8.5%
10.9%	Property	10.1%
<u>2.8%</u>	Cash	<u>5.5%</u>
<u>100.0%</u>	Total	<u>100.0%</u>

22 PENSION ASSETS AND LIABILITIES (CONT'D)

History of experience gains and losses:

The actuarial gains identified as movements on the Pensions Reserve in 2008/2009 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009 (for consistency, assets have been shown at bid price, estimated where necessary):

	Year to 31.3.05	Year to 31.3.06	Year to 31.3.07	Year to 31.3.08	Year to 31.3.09
Differences between the expected and actual return on assets:	166	664	82	(513)	(738)
Value of assets	3,332	3,879	4,337	4,262	3,750
Percentage of assets	5.0%	17.1%	1.9%	(12.0%)	(19.7%)
Experience gains/(losses) on liabilities	-	117	-	-	(56)
Present value of liabilities	5,261	5,764	5,883	5,540	5,191
Percentage of present value of liabilities	-	2.0%	-	-	1.1%

23 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2009 and 1 September 2009 that would have an impact on the 2008/2009 financial statements (2007/2008 None). The latter date is the date on which the audited accounts were authorised for issue by the Treasurer.

24 FINANCIAL INSTRUMENTS

The Board does not have any Financial Instruments that require to be re-measured and disclosed under Financial Reporting Standards 25, 26 and 29 (2007/2008 None).

25 RECONCILIATION OF INCOME & EXPENDITURE ACCOUNT SURPLUS TO NET CASH FLOW FROM REVENUE ACTIVITIES

2007/2008 £000		2008/2009	
		£000	£000
(257)	Deficit for year per Income & Expenditure Account		(901)
	<u>Non Cash Transactions</u>		
918	Depreciation and impairment of fixed assets	1,126	
(315)	Government Grants etc amortisation	(540)	
<u>88</u>	FRS17 Adjustments	<u>70</u>	
691			656
	<u>Items on an Accruals Basis</u>		
-	(Increase)/Decrease in Stocks and Work-in-Progress	(35)	
265	(Increase)/Decrease in Debtors	154	
<u>(174)</u>	Increase/(Decrease) in Creditors	<u>(140)</u>	
91			(21)
	<u>Items Classified Elsewhere in the Cash Flow Statement</u>		
152	Net Loss on Revaluation of Fixed Assets	-	
126	Non-enhancing Capital Expenditure	128	
10	Net (Gain)/Loss on Sale of Fixed Assets	(4)	
736	Add Interest payable and similar charges	-	
<u>(110)</u>	Less Interest and Investment Income	<u>(116)</u>	
<u>914</u>			<u>8</u>
<u>1,439</u>	NET CASH INFLOW/(OUTFLOW) FROM REVENUE ACTIVITIES		<u>(258)</u>

RECONCILIATION OF THE MOVEMENT IN CASH TO THE MOVEMENT IN NET FUNDS

1,370	Increase/(Decrease) in Cash in the Period	398
-	Movement in Liquid Resources	-
<u>15,422</u>	(Increase)/Decrease in borrowing	<u>-</u>
16,792	Change in Net Debt	398
<u>(14,412)</u>	Opening Net (Debt)/Funds at 1 April	<u>2,380</u>
<u>2,380</u>	Closing Net Funds at 31 March	<u>2,778</u>

Analysis of Movement in Net Debt

	1 April 2008 £000	Cash Flows £000	Non Cash Changes £000	31 March 2009 £000
<i>Cash</i>				
Bank Balance	2,380	398	-	2,778
<i>Liquid Resources</i>	-	-	-	-
<i>Borrowing</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NET DEBT	<u>2,380</u>	<u>398</u>	<u>-</u>	<u>2,778</u>

TAY ROAD BRIDGE JOINT BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2008/2009 Statement of Accounts for the Tay Road Bridge Joint Board. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by senior officials and staff of the Board. In particular, the system includes:

- comprehensive revenue and capital budgeting systems;
- setting targets to measure financial and other performance;
- the preparation of regular financial monitoring reports which indicate actual and projected expenditure against budget;
- annual financial reports which indicate actual financial performance against budget;
- clearly-defined Financial Regulations, Tender Procedures and Standing Orders;
- an approved Anti-Fraud & Corruption Strategy, including "whistle blowing" arrangements under the Public Interest Disclosure Act 1998;
- an approved five year Internal Audit Risk Assessment and Strategic Plan;
- formal project appraisal techniques and project management disciplines.

During the next financial year, the Board are to develop a Risk Management Strategy and update the existing Risk Register to include other strategic risk categories such as staffing, information technology, health and safety and partnerships. In addition, work has now started, in conjunction with Dundee City Council's Risk Management and Business Continuity section, to compile a Business Continuity Plan. As part of this exercise, the Board's IT Disaster Recovery Plan will also be updated. These developments will further support the Board's system of internal financial control.

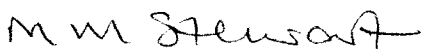
The Board operates the corporate financial systems of Dundee City Council under a Service Level Agreement. These systems are subject to review by both the Council's internal audit service and the Council's external auditor. Under this Service Level Agreement the Council's internal audit service are responsible for the provision of an internal audit function to the Board. In undertaking its duties internal audit has unrestricted access to all Board records and is responsible for providing an independent and objective opinion to the Board on the degree to which the internal control environment supports and promotes the achievement of the Board's objectives. The key thrust of internal audit's work therefore is to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources. During 2008/2009 the internal audit service carried out a review of the Board's arrangements for Asset Management. The Board are currently addressing the recommendations made by the internal auditor review. In addition, further work on Risk Management and Business Continuity Management and Health and Safety procedures together with review of Information and IT systems have been undertaken during the year although to date the findings of these reports have not yet been reported to the Board.

The Chief Internal Auditor reports internal audit matters directly to the Treasurer and where necessary to the members and officers of the Board. The existence of internal audit does not diminish the responsibility of management to establish the extent of internal control in the organisation's systems and dependence should not be placed on internal audit as a substitute for effective controls.

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of senior officials and staff of the Board;
- the work done by Dundee City Council's internal audit service on their corporate financial systems, as described above;
- the work done by the Board's internal audit service provider;
- the Board's external auditor in her annual audit report and other interim reports.

In conclusion, we are not aware of any significant weaknesses or failures in the Board's system of internal financial control that could have a material effect on the operations of the Board.



Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2009



Iain MacKinnon BSc, CEng, MICE
Bridge Manager
Tay Road Bridge Joint Board
8 June 2009

Independent Auditor's Report to the Members of Tay Road Bridge Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Tay Road Bridge Joint Board for the year ended 2008/09 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Income and Expenditure Account, Statement of Movement on the General Reserve Balance, Statement of Total Recognised Gains and Losses, Balance Sheet and Cash-Flow Statement and the related notes and the Statement of Accounting Policies. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

The Treasurer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 - A Statement of Recommended Practice (the 2008 SORP) are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission.

I report my opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of the Tay Road Bridge Joint Board and its income and expenditure for the year, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

I also report to you if, in my opinion, the local government body has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects compliance with the SORP, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risk and controls, or form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises details of Members and Officials, the Bridge Manager's Report, Analysis of Traffic and the Treasurer's Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with Part VII of the Local Government (Scotland) Act 1973 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Accounts Commission. My audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Treasurer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Joint Board's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements

- give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of Tay Road Bridge Joint as at 31 March 2009 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

M. Tate

Pearl Tate
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Audit Scotland
Osborne House
1/5 Osborne Terrace
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EH12 5HG

1 September 2009

