



TAY ROAD BRIDGE JOINT BOARD

**STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2007**

AUDITED

AUGUST 2007

TAY ROAD BRIDGE JOINT BOARD
STATEMENT OF ACCOUNTS 2006/2007

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TAY ROAD BRIDGE JOINT BOARD

MEMBERS AND OFFICIALS

Following the Local Government elections on 1 May 2003, the undernoted elected members were appointed by the constituent Councils to serve on the Board. At the Board meeting on 11 June 2003, 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 19 June 2006 that Councillor Wallace would replace Bailie Mackie as a representative of Dundee City Council.

The latest Local Government elections were held on 3 May 2007 and the constituent Councils will appoint elected members and officials to serve the Board at the meeting on 18 June 2007.

Representing Dundee City Council

Lord Provost John R Letford, JP (Chairman)
Councillor Fiona Grant, JP
Councillor Helen Dick, JP
Councillor Nigel Don
Councillor Jim Barrie, JP
Bailie Bruce D Mackie, OBE, JP, DL (until 19/06/06)
Councillor Rod Wallace (from 19/06/06)



Representing Angus Council

Councillor Rob Murray



Representing Fife Council

Councillor R Michael Rumney (Vice Chairman)
Councillor A Joyce Smith
Councillor Andrew Arbuckle
Councillor Margaret Taylor
Councillor Albert Ritchie



Bridge Manager

Mr John Crerar BSc, C Eng, MICE

Engineer

Mr Kenneth Laing BSc, MBA, C Eng, MICE, Dundee City Council

Clerk

Ms Patricia McIlquham LLB, Dundee City Council

Treasurer

Mr David K Dorward CPFA, Dundee City Council

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TAY ROAD BRIDGE JOINT BOARD

BRIDGE MANAGER'S REPORT

The bridge celebrated its 40th anniversary on 18 August 2006.

Further to the publication of the Tolled Bridges Review Phase 2 on the 1 March 2006, the Scottish Executive advised the Board that a further study was to be undertaken. The Executive would be engaging independent consultants to carry out a detailed study of the economic, social and environmental cost and impacts of retaining or removing the tolls. The Board were invited by the Scottish Executive to submit any factual evidence in support of the retention or removal of tolls.

The Board responded that local traffic modelling had demonstrated that the removal of tolls would actually reduce congestion rather than increase congestion as had been concluded in the Phase 2 study. Air quality problems associated with congestion caused by the current toll plaza were a major environmental consideration within Dundee city centre and would be considerably improved by the removal of tolls. The Board further argued that tolls were a drain on the local economy being a cost to be borne largely by local business and the local community and a particular burden to lower and middle income households. The Board reiterated the difficulties it was facing due to the vulnerability of the existing toll collection equipment and its concern that this further study was concluded as quickly as possible to avoid the Board having to commit unnecessary expenditure on new tolling equipment.

The Board acknowledged its responsibility to continue to manage the secure operation of the bridge in accordance with previous Board decisions and legal requirements and tenders were invited and returned for the replacement of the toll collection equipment. In December 2006, the Board decided to defer a decision on the returned tenders until the Scottish Executive announced a final decision on the future of tolling.

On 31 May 2007, the Scottish Parliament agreed to abolish toll charges on the Tay Road Bridge. The full financial implications of this decision have yet to be agreed, this will be notified to the Board by the Scottish Executive in due course.

Officers of the Board met with the new Regional Transport Partnerships (RTP's), TACTRANS and SESTRANS, and agreed to work in partnership to consider how best to manage bridge traffic and encourage modal shift in the event of the tolls being removed or retained. The Board responded to the consultation documents on both Regional Transport Strategies (RTS) recommending that they include a statement supporting the abolition of tolls on the Tay Road Bridge. In the events that tolls are not abolished, the Board requested that the RTP's include measures within their RTS to engage with the Board to investigate possible funding mechanisms for sustainable transport options to relocate the toll plaza to the Fife landfill.

Work continued throughout the year on the £16.8m contract being carried out by Cleveland Bridge UK Ltd to replace all of the metal bearings which support the bridge superstructure. Traffic was affected on the southbound carriageway only, where one lane was closed progressively from the Dundee side towards the Fife side. For other essential works both carriageways were closed occasionally during the night between 1am and 3am. These traffic restrictions have caused minimum inconvenience to bridge users.

A statutory inspection of the inspection gantry runway beams by the Board's insurers, required under health and safety legislation, identified a problem with the runway beam brackets. The Board approved the necessary modifications to be carried out by Cleveland Bridge Ltd as an extension of the bearing replacement contract at an additional cost of £750,000. This resulted in an overall saving to the Board of £500,000 as the cost of the work under a separate contract would have been £1,250,000.

A statutory inspection of the inspection gantries identified a problem with the gantry scissor lifts. The Board approved the acceptance of an offer from Saxon Lifts to replace the scissor lifts at a total cost of £150,000.

Work continued on the Dundee Central Waterfront Development Scheme. Dundee City Council commenced work in late November on the strengthening of Dock Street Tunnel, which runs beneath the north approach ramps. These works have had no real direct impact on the operation of the bridge as they do not interfere with access or egress to the bridge. The Board agreed to complete the transfer of the necessary land for the Central Waterfront Scheme to Dundee City Council at District Valuer's valuation whilst reserving all necessary rights of access for bridge maintenance and operational purposes.

Traffic figures over the year increased by approximately 1.9%, which reflects the average rate of increase over the 10 years prior to last year when the figure decreased for the first time ever. Cars still account for the majority of the traffic (92%). Bus figures, which account for 1% of the traffic, increased by 12% due to the increased service from St Andrews to Dundee provided by Stagecoach from May 2006. Figures for heavy goods vehicles, which account for 2% of traffic, decreased by 9%.

During the year the bridge was closed on 5 occasions due to winds exceeding 80mph. Restrictions were in place for double decker buses on 67 days, when winds exceeded 45 mph and for high sided vehicles on a further 29 days, when winds exceeded 60mph. There were 8 minor accidents on the bridge during the year and 60 breakdowns. The patrolling Bridge Officers also attended on 46 other occasions to deal with debris and miscellaneous incidents.

On 9 January 2007 a lighting column fell down in high winds damaging a passing vehicle. The bridge was closed for five and a half hours whilst an inspection of the remaining columns was carried out to ensure their safety. Investigations are ongoing into the cause of the failure and the results will be reported to the Board in due course.

The closure of the bridge during the morning peak period caused considerable congestion at the Fife end of the bridge particularly for local commuters in Newport and Tayport. The Board authorised the erection of three manually operated signs at the Fife end of the bridge to assist local commuters in the event of a bridge closure. The siting of the signs was agreed with local elected members. Discussions are ongoing with Transport Scotland on the provision of new electronic advanced warning signs on the A92 Trunk Road in Fife.

The Board adopted personnel policies on Managing Stress in the Workplace, Substance Misuse, Tobacco and Smoking, a Disability Equality Scheme and a Procedure for Planned Retirement.

Permanent staffing numbers reduced by five over the past year, two Bridge Officers engaged in toll collection and three Maintenance Operatives. Four were resignations and one was a retiral due to ill health. Temporary staff have filled the Bridge Officers posts. The Maintenance Operative's posts have been left vacant in the short term due a reduction in the workload whilst the inspection gantries are inactive.

Staffing	31 March 2006	31 March 2007
Administration	6	6
Tolls	25	23
Maintenance	14	11
Cleaners (part-time)	<u>1</u>	<u>1</u>
	<u>46</u>	<u>41</u>

John Crerar BSc C.Eng.MICE
Bridge Manager
8 June 2007

TAY ROAD BRIDGE JOINT BOARD
ANALYSIS OF TRAFFIC & REVENUE

<u>Month</u>	<u>TRAFFIC</u>			<u>REVENUE</u>		
	<u>2005/2006</u>	<u>2006/2007</u>	<u>% Change</u>	<u>2005/2006</u> £	<u>2006/2007</u> £	<u>% Change</u>
April	365,291	375,409	2.77	295,403	300,968	1.88
May	390,818	395,276	1.14	315,359	317,980	0.83
June	379,108	381,846	0.72	305,744	305,914	0.06
July	395,243	387,343	(2.00)	317,291	308,893	(2.65)
August	395,594	406,860	2.85	318,520	325,833	2.30
September	383,008	389,508	1.70	309,643	312,423	0.90
October	371,757	384,853	3.52	300,329	309,366	3.01
November	365,397	377,386	3.28	297,090	304,365	2.45
December	360,476	360,854	0.10	291,862	288,972	(0.99)
January	338,056	335,525	(0.75)	274,077	269,734	(1.58)
February	332,705	338,650	1.79	259,821	274,818	5.77
March	357,128	385,316	7.89	290,190	311,288	7.27
	<u>4,434,581</u>	<u>4,518,826</u>	<u>1.90</u>	<u>3,575,329</u>	<u>3,630,554</u>	<u>1.54</u>

<u>Category</u>	<u>2005/2006</u>	<u>2006/2007</u>	<u>% Change</u>
TRB Staff	13,786	26,738	93.95
Motorcycles	26,512	29,558	11.49
Cars	4,089,301	4,163,150	1.81
Buses	48,676	54,480	11.92
Lorries	122,827	111,885	(8.91)
Exempt	133,479	133,015	(0.35)
	<u>4,434,581</u>	<u>4,518,826</u>	<u>1.90</u>

Notes

- 1 The above figures relate to south-bound traffic only.
- 2 Revenue figures relate to amounts recorded at the toll kiosks and do not include invoiced toll income.
- 3 TRB staff figure for 2006/07 reflects increased number of contractors' vehicles.
- 4 Motorcycles are exempt but are still identified as a separate category of vehicle.
- 5 The threshold for Light Goods Vehicles is 3.5 tonnes gross.
- 6 The exempt category includes blue badge holders and emergency vehicles.

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 2006/2007.

Accounting Policies (see pages 10 to 11)

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 12)

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

The Accounting Statements (see pages 13 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 (ie 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 2007.

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 13 March 2006, approved the 2006/2007 Revenue Budget. The final budget showed a gross surplus of £364,000 and a net operating surplus (to be transferred to the General Reserve) of £304,000 after funding capital works (CFCR) to the value of £60,000. The projected General Reserve Balance as at 31 March 2007 after transferring this surplus was estimated at £2,465,000.

The Board received quarterly Revenue Monitoring reports during 2006/2007 in order to keep the members fully appraised as to the projected revenue outturn position.

As noted above, the 2006 SORP contains significant changes to both the format and content of the Statement of Accounts in 2006/2007, including a new Income & Expenditure Account and Statement of Movement on the General Reserve. The following table reconciles the Revenue Budget approved by the Board on 13 March 2006 to the revised budget figures that are included in the aforementioned accounting statements shown on pages 13 and 14. Actual outturn figures and under/overspends are also shown and are explained in the detailed variance analysis on page 8.

	Approved Budget £000	CFCR Re- allocation £000	Corp & Democratic Core Re- allocation £000	Net Depreciation Allocation £000	Capital Finance Cost Re- allocation £000	Net Gain on Sale of Fixed Assets £000	FRS 17 Adjusts £000	Revised Budget £000	Actual Expend/ (Income) £000	Variance £000
Staff Costs	1,343						57	1,400	1,421	21
Property Costs	98							98	95	(3)
Supplies and Services	346		(16)					330	294	(36)
Transport Costs	35							35	32	(3)
Third Party Payments	101		(9)					92	49	(43)
Finance Charges	1,535				(1,535)			-	-	-
CFCR	60	(60)						-	-	-
Depreciation	-			518				518	518	-
Corporate and Democratic Core	-		25					25	25	-
Non-Distributed Costs	-						(104)	(104)	(104)	-
Gross Expenditure	3,518	(60)	-	518	(1,535)		(47)	2,394	2,330	(64)
Revenue from Tolls	(3,634)							(3,634)	(3,640)	(6)
Other Income	(118)							(118)	(594)	(476)
Net (Surplus)/Deficit from Service	(234)	(60)	-	518	(1,535)		(47)	(1,358)	(1,904)	(546)
Net Gain on Sale of Fixed Assets						(259)		(259)	(259)	-
Interest Payable and Similar Charges	-				634			634	758	124
Interest and Investment Income	(70)							(70)	(43)	27
Pensions Interest Cost & Expenditure Return etc	-						30	30	30	-
Net Operating Expenditure/ (Surplus)/Deficit	(304)	(60)	-	518	(901)		(17)	(1,023)	(1,418)	(395)
FRS 17 Adjustments	-						17	17	8	(9)
Other SORP Adjustments	-	60		(518)	901	259		702	698	(4)
Total (Surplus)/Deficit	(304)	-	-	-	-	-	-	(304)	(712)	(408)
General Reserve Balance brought forward	(2,161)							(2,161)	(2,161)	-
General Reserve Balance carried forward	(2,465)	-	-	-	-	-	-	(2,465)	(2,873)	(408)

Staff Costs (Overspend £21,000)

Due to additional manual overtime costs incurred for bridge maintenance staff during the bearing replacement programme. This is partly offset by savings in APT&C staff costs due to unfilled vacant posts and an underspend in other staff costs.

Property Costs (Underspend £3,000)

Due to underspends in a number of budget headings including grounds maintenance and other property costs. This is partly offset by an overspend in energy costs due to the increased electricity prices.

Supplies and Services (Underspend £36,000)

Due mainly to lower than anticipated expenditure on the purchase of equipment and materials, equipment maintenance and miscellaneous supplies and services.

Transport Costs (Underspend £3,000)

Reflects a reduction in insurance premiums negotiated.

Third Party Payments (Underspend £43,000)

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

Toll Revenue (Additional Income £6,000)

Reflects increase in the volume of bridge traffic.

Other Income (Additional Income £476,000)

This is mainly due to the compensation received from Dundee City Council following the early termination of the Commercial Street car park lease (£442,000), partly offset by a loss of rental income (£11,000). In addition, this includes an increase in chargeable income generated from contractors for the hire of the gantries and safety boat during the bearing replacement programme (£45,000).

Interest Payable and Similar Charges (Overspend £124,000)

Due to revised assumptions that were made following the budget being approved in March 2006.

Interest and Investment Income (Income Shortfall £27,000)

Due to lower than anticipated income from interest on bank balances.

FRS17 Adjustments (Underspend £9,000)

Due mainly to an underspend in employers superannuation contributions.

Other SORP Adjustments (Underspend £4,000)

Due mainly to slippage in the planned programme of capital works funded from revenue balances.

General Reserve

The net surplus for the financial year 2006/2007 was £712,000. When added to the opening General Reserve balance of £2,161,000, this gives a total reserve balance of £2,873,000 at 31 March 2007.

Capital Expenditure and Financing

During 2006/2007, the Board incurred capital expenditure of £8,947,000 on the following projects:-

	<u>£000</u>
Bearing Replacement	8,754
Automatic Tolling Arrangements	54
Purchase of Vehicles	18
Pier Collision Protection	15
Runway Beam Brackets	21
Gantry - Miscellaneous	29
Other Projects	<u>56</u>
	<u>8,947</u>

Capital expenditure was funded as follows:

	<u>£000</u>
Borrowing	4,064
Capital Grant from the Scottish Executive	4,827
Revenue	<u>56</u>
	<u>8,947</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 £1,503,000 as at 31 March 2007. The estimated net pension liability at 31 March 2006 was £1,846,000. The rising stock market helped assets grow more quickly than liabilities whose increase was restricted by a reduction in the real interest rate and by a £104,000 commutation saving relating to changes to lump sum benefit options.

Acknowledgements

During the 2006/2007 financial year the Board's financial position has required continuous scrutiny and strict budgetary control. I would wish to place on record my appreciation of the excellent work carried out by the Bridge Manager, Bridge Engineer and their staff in controlling the Board's expenditure and income. I would also 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 have contributed to the preparation of the Board's 2006/2007 Statement of Accounts.

David K Dorward CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2007

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF ACCOUNTING POLICIES

General

The Financial Statements are intended to "present fairly" 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 2006 - 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 2006

The Financial Statements have also been prepared in accordance with the fundamental accounting principles and pervasive concepts identified in FRS 18 (Accounting Policies), ie 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).

The 2006 Statement of Recommended Practice (SORP) contains significant changes to both the format and content of the Statement of Accounts in 2006/2007, including the following three significant changes in accounting policy that affect the new Income & Expenditure Account:

- the removal of the notional interest element from capital charges
- the posting of credits for government grants/capital contribution write downs to the Income & Expenditure account
- the inclusion of any gains and losses on the disposal of fixed assets

In accordance with Financial Reporting Standard 3 (Reporting Finance Performance), the previous year figures have been restated on a comparative basis. This restatement has no impact on the movement in the General Reserve Balance for 2005/2006 or on the Net Assets shown in the Balance Sheet as at 31 March 2006.

In summary, the main changes necessary to restate the accounts in line with the 2006 SORP are as follows:

- the replacement of the Revenue Account with a new UKGAAP - compliant Income & Expenditure Account incorporating the three new accounting policies set out above (see page 13).
- a new Statement of Movement on the General Reserve Balance, together with a new supporting note analysing the reconciling items (see pages 14 and 20).
- a new Statement of Total Recognised Gains & Losses (see page 15).
- a new note detailing the Movements on Reserves (see page 24).
- the regrouping and reordering of the core financial statements (and the notes thereto).

Going Concern

Whilst the bridge tolls are to be abolished, it is envisaged that the Board will continue to operate beyond this time. The Board's accounts have therefore been completed on a going concern basis.

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 page 24.

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 - market 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 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 Usable Capital Receipts Reserve. Thereafter, the proportion applied to fund new capital expenditure, and thus reduce borrowing, is transferred to the Capital Financing Account.

Basis of Funding and Charging for Capital

The Board's borrowing is managed through the Scottish Executive and through the Consolidated Loans Fund of Angus, Dundee City and Fife Councils. These bodies make advances to the Board to finance capital expenditure and also make annual charges in respect of principal repayments, interest and debt management expenses. These charges are calculated using the annuity method. The interest and expenses paid by the Board are charged to the Income and Expenditure Account.

Revenue and Capital Transactions

Revenue and Capital transactions are recorded in the accounts on an income and expenditure basis, ie 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 2007 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 fairly the financial position of the Joint Board at the accounting date and its income and expenditure for the year ended 31 March 2007.

David K Dorward CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2007

TAY ROAD BRIDGE JOINT BOARD
INCOME & EXPENDITURE ACCOUNT

(Restated) 2005/2006 Actual Net Expenditure/ (Income) £000		2006/2007 Budgeted Net Expenditure/ (Income) £000	2006/2007 Actual Net Expenditure/ (Income) £000
	Expenditure		
1,315	Staff Costs	1,400	1,421
89	Property Costs	98	95
308	Supplies & Services	330	294
34	Transport Costs	35	32
80	Third Party Payments	92	49
513	Depreciation	518	518
26	Corporate & Democratic Core Costs	25	25
-	Non-Distributed Costs	(104)	(104)
2,365	Gross Expenditure	2,394	2,330
	Income		
(3,581)	Revenue from Tolls	(3,634)	(3,640)
(139)	Other Income	(118)	(594)
(1,355)	Net Surplus from Service	(1,358)	(1,904)
-	Net (Gain) on Disposal of Fixed Assets	(259)	(259)
803	Interest Payable and Similar Charges	634	758
(94)	Interest and Investment Income	(70)	(43)
53	Pensions Interest Cost and Expected Returns on Pensions Assets	30	30
(593)	Net Operating Surplus for the Financial Year	(1,023)	(1,418)

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF MOVEMENT ON THE GENERAL RESERVE BALANCE

2005/2006 Actual Net Expenditure/ (Income) £000		Ref Note No	2006/2007 Budgeted Net Expenditure/ (Income) £000	2006/2007 Actual Net Expenditure/ (Income) £000
(593)	Surplus for the year on the Income & Expenditure Account		(1,023)	(1,418)
296	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	719	706
(297)	General Reserve Surplus for the Year		(304)	(712)
(1,864)	General Reserve Balance brought forward		(2,161)	(2,161)
(2,161)	General Reserve Balance carried forward		(2,465)	(2,873)

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

2005/2006		2006/2007
£000		£000
(593)	Surplus on the Income & Expenditure Account for the year	(1,418)
8	Losses arising on revaluation of fixed assets	510
-	Other Capital Receipts	(104)
(125)	Actuarial gain on pension fund assets & liabilities	(321)
-	Difference between Actual Employers Superannuation Contributions and Assumed FRS17 figures	(14)
<hr/>		<hr/>
(710)	Total Recognised (Gains) & Losses for the Year	(1,347)
<hr/> <hr/>		<hr/> <hr/>

TAY ROAD BRIDGE JOINT BOARD

BALANCE SHEET

As at 31 March 2006 £000		Ref Note No	As at 31 March 2007 £000	£000
	Tangible Fixed Assets			
	Operational Assets			
31,268	- Bridge	11		39,409
840	- Other Land and Buildings	11		823
122	- Vehicles, Plant and Equipment	11		149
	Non-Operational Assets			
619	- Investment Properties	11		29
-	- Assets under Construction	11		109
32,849				40,519
	Current Assets			
17	Stocks and Work-in-Progress		17	
1,433	Sundry Debtors		4,538	
2,675	Cash and Bank Balance		1,010	
4,125				5,565
	Less Current Liabilities			
(1,631)	Sundry Creditors		(1,906)	
(901)	Borrowing Repayable on demand or within 12 Months		(1,271)	
(2,532)				(3,177)
34,442	Total Assets Less Current Liabilities			42,907
(11,358)	Borrowing Repayable Within a Period in Excess of 12 months			(14,151)
(4,910)	Government Grants/Capital Contributions Deferred			(9,578)
(1,846)	Net Pension Liabilities	22		(1,503)
16,328	Net Assets			17,675
	Financed By Fund Balances and Reserves:			
5,995	Fixed Asset Restatement Account	19		5,395
9,733	Capital Financing Account	19		10,171
285	Usable Capital Receipts Reserve	19		739
2,161	General Reserve	19		2,873
(1,846)	Pensions Reserve	19, 22		(1,503)
16,328				17,675

David K Dorward CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2007

TAY ROAD BRIDGE JOINT BOARD

CASH FLOW STATEMENT

2005/2006 £000		2006/2007 £000	£000
	Revenue Activities		
	<i>Cash Outflows</i>		
1,297	Cash Paid To and On Behalf of Employees	1,354	
<u>532</u>	Other Operating Cash Payments	<u>383</u>	
1,829			1,737
	<i>Cash Inflows</i>		
(3,581)	Cash Received from Tolls	(3,641)	
<u>51</u>	Other Operating Cash Receipts	<u>(424)</u>	
<u>(3,530)</u>			<u>(4,065)</u>
(1,701)	NET CASH (INFLOW) FROM REVENUE ACTIVITIES		(2,328)
	Returns on Investments and Servicing of Finance		
	<i>Cash Outflows</i>		
820	Interest Paid	770	
	<i>Cash Inflows</i>		
<u>(123)</u>	Interest Received	<u>(95)</u>	
697			675
	Capital Activities		
	<i>Cash Outflows</i>		
3,527	Purchase of Tangible Fixed Assets (Non-Revenue)	8,737	
<u>34</u>	Purchase of Tangible Fixed Assets (From Revenue)	<u>56</u>	
<u>3,561</u>		<u>8,793</u>	
	<i>Cash Inflows</i>		
(3,181)	Capital Grant Received from Scottish Executive	(5,903)	
-	Sale of Tangible Fixed Assets	(349)	
<u>-</u>	Other Capital Cash Receipts	<u>(104)</u>	
<u>(3,181)</u>		<u>(6,356)</u>	
<u>380</u>			<u>2,437</u>
(624)	NET CASH (INFLOW) BEFORE FINANCING		784
-	Management of Liquid Resources		-
	Financing		
	<i>Cash Outflows</i>		
831	Repayments of Amounts Borrowed	881	
	<i>Cash Inflows</i>		
<u>-</u>	New Loans Raised	<u>-</u>	
<u>831</u>			<u>881</u>
<u>207</u>	NET DECREASE IN CASH		<u>1,665</u>

Further details relating to the Cash Flow Statement are provided in notes 24 and 25 on page 28.

TAY ROAD BRIDGE JOINT BOARD

NOTES TO THE CORE FINANCIAL STATEMENTS

1 ACQUIRED AND DISCONTINUED OPERATIONS

In 2006/2007 there were no acquired or discontinued operations (2005/2006 None).

2 EXCEPTIONAL ITEMS

In 2006/2007, the Board received compensation of £442,000 from Dundee City Council in exchange for the renunciation of the Commercial Street car park lease. This income is included as other income in the Income and Expenditure Account. (There were no exceptional items in 2005/2006).

3 EXTRAORDINARY ITEMS

In 2006/2007 there were no extraordinary items (2005/2006 None).

4 PRIOR PERIOD ADJUSTMENTS

In 2006/2007 a prior period adjustment has been made in respect of the various revised requirements contained in the 2006 SORP (2005/2006 None). The 2006 SORP contains significant changes to both the format and content of the Statement of Accounts in 2006/2007, including the following three significant changes in accounting policy that affect the new Income & Expenditure Account:

- the removal of the notional interest element from capital charges (£1,431,000).
- the posting of credits for government grants/capital contribution write downs to the revenue account (£54,000).
- the inclusion of any gains and losses on the disposal of fixed assets (£Nil).

In accordance with Financial Reporting Standard 3 (Reporting Finance Performance), the previous year figures have been restated on a comparative basis. This restatement has no impact on the movement in the General Reserve Balance for 2005/2006 or on the Net Assets shown in the Balance Sheet as at 31 March 2006.

In summary, the main changes necessary to restate the accounts in line with the 2006 SORP are as follows:

- the replacement of the Revenue Account with a new UKGAAP - compliant Income & Expenditure Account incorporating the three new accounting policies set out above (see page 13).
- a new Statement of Movement on the General Reserve Balance, together with a new supporting note analysing the reconciling items (see pages 14 and 20).
- a new Statement of Total Recognised Gains & Losses (see page 15).
- a new note detailing the Movements on Reserves (see page 24).
- the regrouping and reordering of the core statements (and the notes thereto).

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 2006/2007, the Board incurred the expenditure shown below on publicity.

2005/2006 £000		2006/2007 £000
4	Employment Advertising	-
2	General Advertising	2
—		—
6		2
—		—

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 2006/2007 the Tay Road Bridge Joint Board paid an employer's contribution of £153,000 (2005/2006 £147,000) into the Tayside Superannuation Fund, representing 15.7% of pensionable pay (2005/2006 15.6%). The 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 contribution rate in 2006/2007. 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 2006/2007 these amounted to £3,000 representing 0.31% of pensionable pay (2005/2006 £3,000, 0.33%).

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

- a awarded in 2006/2007 - £Nil (2005/2006 £Nil)
- b awarded prior to 2006/2007 for which payments are still being made - £26,000 (2005/2006 £26,000)

7 OFFICERS REMUNERATION

There were no employees whose taxable remuneration exceeded £50,000 in 2006/2007 (2005/2006 None).

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 2006/2007 financial year, the Board entered into a number of transactions with these three Councils, as detailed below:

2005/2006			2006/2007	
Income From £000	Payments To £000		Income From £000	Payments To £000
Angus Council				
-	89	Capital Financing Costs	-	89
—	—		—	—
-	89		-	89
—	—		—	—
Dundee City Council				
(94)	-	Interest Receivable	(43)	-
-	63	Central Support Services	-	36
-	965	Capital Financing Costs	-	965
-	17	Grounds Maintenance Charges	-	18
(62)	-	Car Park Rental Receivable	(48)	-
—	—		—	—
(156)	1,045		(91)	1,019
—	—		—	—
Fife Council				
-	350	Capital Financing Costs	-	352
-	10	Grounds Maintenance Charges	-	7
—	—		—	—
-	360		-	359
—	—		—	—

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 2006/2007 financial year, for external audit services undertaken in accordance with the Code of Audit Practice, is £17,000 (2005/2006 £17,000).

During 2006/2007, 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 (2005/2006 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.

2005/2006 £000		2006/2007 £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		
(567)	Depreciation and impairment of fixed assets	(677)	
54	Government Grants Deferred amortisation matching depreciation and impairments	159	
-	Net Gain on Sale of Fixed Assets	259	
	Amount by which pension costs calculated in accordance with the SORP (ie in accordance with FRS17) are different from the contributions due under the pension scheme regulations		
<u>(74)</u>		<u>8</u>	
(587)			(251)
	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		
849	Repayment of debt	901	
<u>34</u>	Capital Expenditure charged to the General Reserve Balance	<u>56</u>	
<u>883</u>			<u>957</u>
	Net additional amount required by statute and non-statutory proper practices to be debited to the General Reserve Balance for the year		
<u>296</u>			<u>706</u>

11 SUMMARY OF CAPITAL EXPENDITURE AND DISPOSALS

	Infrastructure Assets - Bridge £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Investment Properties £000	Assets Under Construction £000	Total £000
Gross Book Value at 31 March 2006	33,976	939	265	619	-	35,799
Add Additions in year	8,846	-	47	-	54	8,947
(Less) Disposals in year	-	(90)	-	-	-	(90)
(Less) Expenditure not adding to Asset Values	(10)	-	-	-	-	(10)
(Less) Deficit on Revaluations	-	(500)	-	-	-	(500)
Add/(Less) Other Adjustments	(55)	590	-	(590)	55	-
Gross Book Value at 31 March 2007	42,757	939	312	29	109	44,146
Accumulated Depreciation at 31 March 2006	(2,708)	(99)	(143)	-	-	(2,950)
Add Depreciation Charge in year	(640)	(17)	(20)	-	-	(677)
Accumulated Depreciation at 31 March 2007	(3,348)	(116)	(163)	-	-	(3,627)
Net Book Value at 31 March 2006	31,268	840	122	619	-	32,849
Net Book Value at 31 March 2007	39,409	823	149	29	109	40,519

12 SOURCES OF FINANCE FOR CAPITAL EXPENDITURE

2005/2006 £000		2006/2007	
		£000	£000
4,059	Capital Expenditure on Tangible Fixed Assets		8,947
	Financed by:		
34	Revenue	56	
4,025	Capital Grant from the Scottish Executive	4,827	
-	Borrowing	4,064	
4,059	Total Capital Financing for the Year		8,947

13 COMMITMENTS UNDER CAPITAL CONTRACTS

The Tay Road Bridge Joint Board, at its meeting on 12 March 2007, approved a three-year Capital Programme (2007-2010) for various works on the bridge and other miscellaneous capital purchases. The programme totals £23,867,000 over the three year period, to be funded mainly by capital grant from the Scottish Executive and prudential borrowing. Of the proposed expenditure in the three year programme, the amount of £18,778,000 was legally committed as at 31 March 2007.

14 INFORMATION ON ASSETS HELD

The Tay Road Bridge Joint Board owns the following assets:

Number as at 31 March 2006		Number as at 31 March 2007
1	Infrastructure Assets - Bridge	1
8	Other Land & Buildings	8
20	Vehicles, Plant & Equipment	23
2	Non-Operational Assets	2
—		—
31		34
—		—

15 LEASES - DISCLOSURES BY LESSEES

The Tay Road Bridge Joint Board held no assets on finance lease during 2006/2007 and, accordingly, there were no finance lease rentals paid to lessors during 2006/2007 (2005/2006 None) or commitments to making payments to lessors in 2007/2008.

In respect of operating leases, Dundee City Council administers a Contract Car Hire Scheme on behalf of the employees of the Joint Board. In financial year 2006/2007, total operating lease payments of £5,000 (2005/2006 £5,000) were made by the Board to the lessor, offset by contributions of £4,000 from employees (2005/2006 £4,000). The Board had no commitments to making payments relating to this scheme in 2007/2008.

16 LEASES - DISCLOSURE BY LESSORS

The Board has entered into agreements for the lease of land and property to third parties. These agreements are accounted for as operating leases. In 2006/2007 the Board received rents of £57,000 from these agreements (2005/2006 £71,000).

The gross value of assets leased to third parties on operating lease as at 31 March 2007 was £29,000 (31 March 2006 £619,000). These assets are classed as Investment Properties and in accordance with the relevant accounting policy, the accumulated depreciation as at 31 March 2007 relating to these assets was Nil (31 March 2006 Nil).

The Board had no assets leased to third parties on finance lease as at 31 March 2007 (31 March 2006 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 market 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 2006/2007 is £677,000 (2005/2006 £567,000). 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 land and 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 30 years. The Board's non-operational properties are deemed to be investment properties and are not subject to depreciation but require to be revalued 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 2006/2007 no impairment of the Board's fixed assets was identified (2005/2006 None).

18 **ANALYSIS OF BORROWING**

The Tay Road Bridge Joint Board's loan debt at 31 March 2007 of £15,422,000 was funded through borrowing from Angus, Dundee City and Fife Councils and from the Scottish Executive. This amount is split in the Balance Sheet into current liabilities of £1,271,000 (due in 2007/2008) and long-term liabilities of £14,151,000 (due after 2007/2008).

Analysis of Loan Debt by Maturity

As at 31 March 2006 £000		As at 31 March 2007 £000
901	Up to 12 months	1,271
956	Between 1-2 years	1,392
3,234	Between 2-5 years	4,697
6,870	Between 5-10 years	8,062
<u>298</u>	More than 10 years	<u>-</u>
<u>12,259</u>		<u>15,422</u>

Analysis of Debt by Lender

As at 31 March 2006 £000		As at 31 March 2007 £000
650	Angus Council	939
6,891	Dundee City Council	8,418
2,515	Fife Council	4,009
<u>2,203</u>	Scottish Executive	<u>2,056</u>
<u>12,259</u>		<u>15,422</u>

All outstanding loan debt must be fully repaid by November 2016.

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
Fixed Asset Restatement Account	5,995	(510)	(90)	5,395
Capital Financing Account	9,733	-	438	10,171
Usable Capital Receipts Reserve	285	104	350	739
General Reserve Balance	2,161	1,418	(706)	2,873
Pensions Reserve	<u>(1,846)</u>	<u>335</u>	<u>8</u>	<u>(1,503)</u>
Total Reserves	<u>16,328</u>	<u>1,347</u>	<u>-</u>	<u>17,675</u>

Explanation of Reserves

Fixed Asset Restatement Account

This account reflects the difference between the book value of assets prior to the implementation of the new system for capital accounting (introduced 1 April 1994) and the revalued amount. Subsequent adjustments to valuations and expenditure not increasing the value of an asset are recorded here. The balance on this account is not available to fund future expenditure.

Capital Financing 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 Usable Capital Receipts Reserve. The balance on this account is not available to fund future expenditure.

Usable Capital Receipts Reserve

Income from the sale of assets, insurance receipts and other miscellaneous capital receipts are credited initially to this reserve. Thereafter, the proportion applied to fund new capital expenditure is transferred to the Capital Financing Account.

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 2007 (31 March 2006 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 2007.

31 March 2006			31 March 2007	
Due From £000	Due To £000		Due From £000	Due To £000
		Angus Council		
-	650	Loans Outstanding	-	939
-	31	Capital Financing Costs	-	32
-	-	Capital Requisition	(339)	-
<u>-</u>	<u>681</u>		<u>(339)</u>	<u>971</u>
		Dundee City Council		
-	6,891	Loans Outstanding	-	8,418
-	14	Central Support Services	-	3
-	351	Capital Financing Costs	-	355
(94)	-	Interest Receivable	(43)	-
-	-	Capital Requisition	(2,032)	-
-	13	Professional Fees	-	6
-	-	Grounds Maintenance Fees	-	4
<u>(94)</u>	<u>7,269</u>		<u>(2,075)</u>	<u>8,786</u>
		Fife Council		
-	-	Capital Requisition	(1,693)	-
-	2,515	Loans Outstanding	-	4,009
-	121	Capital Financing Costs	-	125
-	-	Grounds Maintenance Fees	-	2
<u>-</u>	<u>2,636</u>		<u>(1,693)</u>	<u>4,136</u>

22 **PENSIONS - DEFINED BENEFITS SCHEMES**

In accordance with Financial Reporting Standard 17 (Retirement Benefits) the Tay Road Bridge Joint Board is required to include figures in its Statement of Accounts relating to assets, liabilities, income and expenditure of the pension scheme for its employees. 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.

The movement in the Board's pension liability during 2006/2007 can be analysed as follows:

2005/2006			2006/2007	
£000	£000		£000	£000
	(1,896)	Deficit at 1 April		(1,846)
(171)		Current Service Cost	(222)	
147		Employer Contributions	153	
3		Unfunded Pension Payments	3	
(53)		Net Return on Assets	(30)	
<u>-</u>		Past Service Costs	<u>104</u>	
	(74)			8
	124	Actuarial Gain		321
	-	Difference between actual Employers Superannuation contributions and FRS17 figures assumed		<u>14</u>
	<u>(1,846)</u>	Deficit at 31 March		<u>(1,503)</u>

22 **PENSIONS - DEFINED BENEFITS SCHEMES (CONT'D)**

The net income and expenditure account charge is calculated as follows:

2005/2006 £000		2006/2007 £000
	Operating Costs	
171	Current Service Cost	222
-	Past Service Cost	(104)
-	Gains/(Losses) on curtailment and settlement	-
-	Decrease in Irrecoverable Surplus	-
171	Total Operating Charge (A)	118
	Expected Returns	
207	Expected Return on Employer Assets	257
(260)	Interest on Pension Scheme Liabilities	(287)
(53)	Net Return (B)	(30)
224	Net Revenue Account Cost (A) - (B)	148

In 2006/2007 a credit totalling £104,000 has been included in the Income & Expenditure Account, under "Non Distributed Costs". This credit relates to a recent change in the regulations governing the Local Government Pension Scheme in Scotland. Under new tax rules, scheme members are now able to exchange a part of their pension for additional lump sum benefits. This will impact on the valuation of the Board's accrued pension liabilities, depending on the number of members who decide to exercise the option. The Fund's Actuary (Barnett Waddingham) has assumed a 50% take-up rate in the calculation of the Board's accrued pension liabilities as at 31 March 2007. The impact of this assumption is to reduce pension liabilities by £104,000 and, in accordance with proper accounting practice, this credit has been included in the 2006/2007 Income & Expenditure Account. This credit is, however, purely notional and is reversed out in the Statement of Movement on the General Reserve Balance. Accordingly, there is no impact on the Board's General Reserve or budgetary requirements.

The history of experienced gains and losses is as follows:

	2002/03 £000	2003/04 £000	2004/05 £000	2005/06 £000	2006/07 £000
Difference between the expected and actual return on assets	(714)	352	166	664	82
Value of assets	2,434	2,955	3,366	3,918	4,380
Percentage of assets	(29.3%)	11.9%	5.0%	16.9%	1.9%
Experience gains/(losses) on liabilities	(579)	26	(24)	117	-
Present value of liabilities	3,624	3,850	5,261	5,764	5,883
Percentage of present value of liabilities	(16.0%)	0.7%	(0.4%)	2.0%	N/A
Actuarial gains/(losses)	(1,251)	378	(91)	124	321
Present value of liabilities	3,624	3,850	5,261	5,764	5,883
Percentage of present value of liabilities	(34.5%)	9.8%	(1.7%)	2.1%	5.5%
Effect of change in accounting methodology	N/A	N/A	(832)	N/A	N/A
Present value of liabilities	N/A	N/A	5,261	N/A	N/A
Percentage of present value of liabilities	N/A	N/A	(15.8%)	N/A	N/A

22 **PENSIONS - DEFINED BENEFITS SCHEMES (CONT'D)**

The Board's assets and liabilities amount to:

31 March 2006		31 March 2007
£000		£000
3,918	Share of assets in Tayside Superannuation Fund	4,380
(5,738)	Estimated liabilities in Tayside Superannuation Fund	(5,858)
<hr/>		<hr/>
(1,820)	Net assets/(liabilities) in Tayside Superannuation Fund	(1,478)
(26)	Estimated liabilities for discretionary pensions	(25)
<hr/>		<hr/>
(1,846)	Net pension (liabilities)	(1,503)
<hr/> <hr/>		<hr/> <hr/>

Assets are valued at fair value, principally market value for investments and consist of:

31 March 2006		31 March 2007
£000		£000
2,840	Equity Investments	3,155
468	Gilts	469
187	Other Bonds	180
337	Property	477
86	Cash	99
<hr/>		<hr/>
3,918		4,380
<hr/> <hr/>		<hr/> <hr/>

The expected rates of return on assets for the year to 31 March 2008 are:

2006/2007		2007/2008
7.0%	Equities	7.2%
4.2%	Gilts	4.4%
4.9%	Other Bonds	5.4%
6.5%	Property	6.7%
4.0%	Cash	5.0%

Liabilities are valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value. The valuations are based on a valuation as at 31 March 2005 and have been updated for the following years by Barnet Waddingham, the independent actuaries to the Fund appointed for 2006/2007. The main assumptions used in the calculations are:

2005/2006		2006/2007
3.0%	Rate of inflation	3.3%
4.5%	Rate of increase in salaries	4.8%
3.0%	Rate of increase in pensions	3.3%
4.9%	Rate for discounting scheme liabilities	5.4%

23 **EVENTS AFTER THE BALANCE SHEET DATE**

On 31 May 2007, the Scottish Parliament agreed to abolish toll charges on the Tay Road Bridge. The full financial implications of this decision have yet to be agreed, this will be notified to the Board by the Scottish Executive in due course (2005/2006 None).

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

(Restated)		2006/2007	
2005/2006		£000	£000
£000			
593	Surplus for year per Income & Expenditure Account		1,418
	<u>Non Cash Transactions</u>		
567	Depreciation and impairment of fixed assets	677	
(54)	Government Grants etc amortisation	(159)	
<u>74</u>	FRS17 Adjustments	<u>(8)</u>	
587			510
	<u>Items on an Accruals Basis</u>		
5	(Increase)/Decrease in Stocks and Work-in-Progress	-	
(173)	(Increase)/Decrease in Debtors	(168)	
<u>(20)</u>	Increase/(Decrease) in Creditors	<u>112</u>	
(188)			(56)
	<u>Items Classified Elsewhere in the Cash Flow Statement</u>		
-	Net Gain on Sale of Fixed Assets	(259)	
803	Add Interest payable and similar charges	758	
<u>(94)</u>	Less Interest and Investment Income	<u>(43)</u>	
<u>709</u>			<u>456</u>
<u>1,701</u>	NET CASH INFLOW FROM REVENUE ACTIVITIES		<u>2,328</u>

25 **RECONCILIATION OF THE MOVEMENT IN CASH TO THE MOVEMENT IN NET DEBT**

(207)	(Decrease) in Cash in the Period	(1,665)
-	Movement in Liquid Resources	-
<u>850</u>	(Increase)/Decrease in borrowing	<u>(3,163)</u>
643	Change in Net Debt	(4,828)
<u>(10,227)</u>	Opening Net Debt at 1 April 2006	<u>(9,584)</u>
<u>(9,584)</u>	Closing Net Debt at 31 March 2007	<u>(14,412)</u>

Analysis of Movement in Net Debt

	1 April 2006 £000	Cash Flows £000	Non Cash Changes £000	31 March 2007 £000
<i>Cash</i>				
Bank Balance	2,675	(1,665)	-	1,010
<i>Liquid Resources</i>	-	-	-	-
<i>Borrowing</i>				
Long-Term Loans Repayable within One Year	(901)	881	(1,251)	(1,271)
Long-Term Loans	<u>(11,358)</u>	<u>-</u>	<u>(2,793)</u>	<u>(14,151)</u>
	(12,259)	881	(4,044)	(15,422)
TOTAL NET DEBT	<u>(9,584)</u>	<u>(784)</u>	<u>(4,044)</u>	<u>(14,412)</u>

TAY ROAD BRIDGE JOINT BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2006/2007 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.

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 required to provide an internal audit function to the Board. During 2006/2007 this service was sub-contracted to a local accounting firm. This firm is independent of the activities audited which is essential to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgements and recommendations to management. 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. This accounting firm report on internal audit matters directly to the Treasurer and where necessary, to other members and employees 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 contracted internal audit services 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.

David K Dorward CPFA
Treasurer
Tay Road Bridge Joint Board
8 June 2007

John Crerar BSc, CEng, MICE
Bridge Manager
Tay Road Bridge Joint Board
8 June 2007

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 31 March 2007 under Part VII of the Local Government (Scotland) Act 1973. These 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. 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 applicable laws and regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2006 - A Statement of Recommended Practice (the 2006 SORP) are set out in the Statement of Responsibilities.

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 present fairly the financial position of the Joint Board in accordance with applicable laws and regulations and the 2006 SORP, and have been properly prepared in accordance with the Local Government (Scotland) Act 1973. I also report if, in my opinion, the Treasurer's Report is not consistent with the financial statements, if the Joint Board 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 the Board's compliance with the SORP. I report if, in my opinion, it does not comply with the SORP or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risk and controls. Neither am I required to form an opinion on the effectiveness of the Joint Board'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 the list of Members and Officials, the Bridge Manager's Report, the Analysis of Traffic & Revenue 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. An 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 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 present fairly, in accordance with applicable laws and regulations and the 2006 SORP, the financial position of the Joint Board as at 31 March 2007 and its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

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

29 August 2007