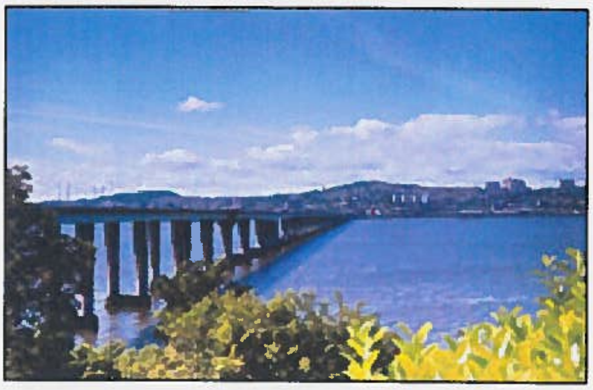

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

AUDITED

SEPTEMBER 2011

TAY ROAD BRIDGE JOINT BOARD

STATEMENT OF ACCOUNTS 2010/2011

CONTENTS

TAY ROAD BRIDGE JOINT BOARD

MEMBERS AND OFFICIALS

The Board comprises 12 elected members who are appointed by the three constituent local authorities to serve on the Board. Dundee City Council nominates 6 members, Angus Council have 1 member and Fife Council nominate the remaining 5 members. Following the previous Scottish Local Government Elections that were held in May 2007 it was agreed by the Board that Dundee City Council would continue to act as lead authority to the Board, and consequently, the Council are required to appoint officers to serve as officials of the Board. At the end of financial year 2010/2011, the Members and Officials of the Board were:

Representing Dundee City Council

Councillor David Bowes
Councillor Will Dawson
Councillor Ken Lynn
Councillor Mohammed Asif
Councillor Tom Ferguson (Vice Chair)
Bailie Rod Wallace

Representing Angus Council

Councillor John R Whyte

Representing Fife Council

Councillor Andrew Arbuckle (Chair)
Councillor Jim Young
Councillor David MacDairmid
Councillor Margaret Taylor
Councillor Ross Vettraino

Bridge Manager

Mr Iain MacKinnon BSc, C Eng, MICE

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

Contact details:

Bridge Manager	Engineer	Clerk	Treasurer
Bridge Office	c/o Dundee City Council	c/o Dundee City Council	c/o Dundee City Council
Marine Parade	City Development Dept	Support Services Dept	Finance Dept
Dundee	28 Crichton Street	21 City Square	28 Crichton Street
01382-221881	Dundee	Dundee	Dundee
iain.mackinnon@tayroadbridge.co.uk	01382-433711	01382-434202	01382-433555
	fergus.wilson@dundeecity.gov.uk	patricia.mcilquham@dundeecity.gov.uk	marjory.stewart@dundeecity.gov.uk

TAY ROAD BRIDGE JOINT BOARD

Bridge Manager's Report

Organisational Changes

There were no changes to the organisational structure over the past twelve months.

Management Arrangement with Scottish Government

During this period, the main point of contact with the Scottish Government continued to be the Strategy & Policy Integration Team of Transport Scotland. Meetings have been held on a regular basis between Board Officers and officers from the Strategy & Policy Integration Team to discuss financial matters etc.

Contracts

Pier Collision Protection Works
The Bridge Manager, in conjunction with the Engineer to the Board, has been extensively involved in the procurement process for the Pier Collision Protection Works, which was awarded to Volker Stevin in January 2011. In addition to the procurement process the Bridge Manager has worked with the Harbour Master and Volker Stevin regarding navigation issues associated with the works.

Variable Message Signs
Ongoing problems with the provision of an electrical supply have resulted in further delay to the completion of this project. It is anticipated that this will now be completed in the summer of 2011.

Dundee Central Waterfront Development

Contract 1 for the Dundee Central Waterfront Development was completed on time. Contract 2 commenced in May 2010 and the Bridge Manager has been involved in regular discussions with Dundee City Council and the contractor, Farrans, to discuss the programming and execution of the works in terms of the effects on bridge traffic. To date the works have been carried out in a manner such that there has been only minimal effect on bridge users. Contract 3 was issued for Tender in March 2011 and the Bridge Manager has been involved in advising Dundee City Council on matters relating to the effect of the proposed works on bridge users and on technical matters relating to the future maintenance of the works on completion.

Traffic

Due to the ongoing work to reconfigure the bridge approach spans as part of the Dundee City Waterfront Development there have been periods where the traffic counters have been unavailable for use. Based on the data available the average northbound traffic grew by 1.75% whilst the average southbound traffic fell by 2.78% resulting in a net reduction of 1.03% in overall traffic. However it should be noted that due to the extreme bad weather in December 2010 the traffic on the bridge fell by 11% northbound and 18% southbound over that month. Given that the traffic data was incomplete then any comparisons with previous years should be made with caution.
One or both lanes on the bridge were closed on a number of occasions over the past twelve months. The table below summarises the reasons and number of occurrences:-

Wind speed > 80mph Closed to all Vehicles	**Wind speed > 60mph** Cars Only	**Wind speed > 45mph** No Double Deck buses	**Minor accidents**	**Breakdowns**	**Works related closures**	**Debris collection etc**
1	6	37	8	71	216	306

The number of wind speed restrictions was consistent with previous years with one total closure to vehicles over the period.

Staffing Issues

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

Administration	5
Operational	15
Maintenance	14
Cleaner (P/T)	1
Total	35

Iain Mackinnon

Iain Mackinnon
Bridge Manager
Tay Road Bridge Joint Board
29 June 2011

TAY ROAD BRIDGE JOINT BOARD

Analysis of Traffic Volume Figures

	Northbound			Southbound		
Month	**2009/10**	**2010/11**	**% Change**	**2009/10**	**2010/11**	**% Change**
April	397,710	393,288	-1.1	403,950	400,021	-1.0
May	415,803	410,541	-1.3	423,088	396,792	-6.2
June	402,540	406,815	1.1	433,140	385,905	-10.9
July	411,866	402,787	-2.2	428,606	382,084	-10.9
August	412,114	Not Available		421,755	Not Available	
September	400,140	406,785	1.7	376,830	405,852	7.7
October	362,638	405,213	11.7	399,218	395,095	-1.0
November	356,082	377,700	6.1	351,292	371,640	5.8
December	356,208	315,518	-11.4	351,037	288,021	-18.0
January	306,701	363,103	18.4	322,437	347,603	7.8
February	346,164	340,000	-1.8	339,808	350,000	3.0
March	395,405	Not Available		391,103	Not Available	
		Average % Change	1.75		Average % Change	-2.78

NB August 2010 and March 2011 figures not available due to unavailability of Traffic Counters

TAY ROAD BRIDGE JOINT BOARD

TREASURER'S REPORT

Introduction
This report is intended as a commentary on the Tay Road Bridge Joint Board's financial position, as presented within the Statement of Accounts for the financial year 2010/2011.

Statement of Responsibilities for the Statement of Accounts (see page 10)
This statement sets out the main financial responsibilities of the Board and the Treasurer.

The Accounting Statements (see pages 11 to 45)

Movement in Reserves Statement:
This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves (ie those that can be applied to fund expenditure) and 'unusable reserves'.

Comprehensive Income & Expenditure Account:
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Balance Sheet:
Shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Board.

Cash Flow Statement:
Shows the changes in cash and cash equivalents of the Board during the reporting period.

Notes to the Financial Statements:
These are intended to give the reader further information which is not separately detailed in the financial statements. They also include the Accounting Policies which set out the basis upon which the financial statements have been prepared and explains the accounting treatment of both general and specific items.

Statement on the System of Internal Financial Control (see page 46)
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.

Remuneration Report (see page 47)
This statement sets out the remuneration and accrued pension benefits of the senior employee of the Board and the policy context, in accordance with Scottish Government regulations.

Revenue Expenditure
The Tay Road Bridge Joint Board, at its meeting on 14 December 2009, approved the 2010/2011 Revenue Budget. The final budget showed an operating deficit of £400,000 to be met from the General Reserve. The projected General Reserve balance as at 31 March 2011 after funding the above would be £837,390.

The Board received quarterly Revenue Monitoring reports during 2010/2011 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 14 December 2009 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 12. The actual outturn for 2010/2011 was a net underspend against budget of £91,000 and the detailed variance analysis is set out on pages 7 and 8.

	Approved Budget £000	Corp & Democratic Core Re-allocation £000	Net Depreciation & Impairment Allocation £000	Re-allocate Investment Property Inc & Exp £000	Net (Gain) or Loss on Disposal of Assets £000	Recognised Capital Grant £000	Reval-uation of PPE Assets £000	IAS 19 Adjs £000	Revised Budget £000	Actual Expend/ (Income) £000	Variance £000
Staff Costs	1,111							39	1,150	1,106	(44)
Property Costs	74			(2)					72	68	(4)
Supplies and Services	349	(13)							336	289	(47)
Transport Costs	35								35	29	(6)
Third Party Payments	142	(11)							131	137	6
Depreciation & Impairment	-		1,442						1,442	1,442	-
Corporate & Democratic Core	-	24							24	23	(1)
Non Distributed Costs	-							(554)	(554)	(554)	-
Cost of Expenditure	1,711	-	1,442	(2)				(515)	2,636	2,540	(96)
Other Operating Income & Expenditure	(20)			10					(10)	-	10
Financing & Investment Income & Expenditure	(9)			(8)			(15)	63	31	26	(5)
Non-Specific Grant Income	(1,282)					(2,840)			(4,122)	(4,122)	-
(Surplus) / Deficit on Provision of Service	400	-	1,442	-		(2,840)	(15)	(452)	(1,465)	(1,556)	(91)
Net (Gain) or Loss on Disposal of Assets	-				(2)				(2)	(2)	-
Actuarial Gains / Losses on Pension Assets / Liabilities	-							(604)	(604)	(604)	-
Total Comprehensive Income & Expenditure	400		1,442	-	(2)	(2,840)	(15)	(1,056)	(2,071)	(2,162)	(91)
IAS 19 Adjustments								1,056	1,056	1,056	-
Other IFRS Code Accounting Adjustments	-		(1,442)		2	2,840	15	-	1,415	1,399	(16)
Total (Surplus)/ Deficit	400	-	-	-	-	-	-	-	400	293	(107)
General Reserve Balance b/fwd	(1,454)	-	-	-	-	-	-	-	(1,454)	(1,454)	-
General Reserve Balance c/fwd	(1,054)	-	-	-	-	-	-	-	(1,054)	(1,161)	(107)

Staff Costs (Underspend £44,000)
Mainly reflects posts that have been held vacant during the year. In addition, the pay award was less than budgeted and expenditure on overtime has been lower than budgeted following a reduction in the level of overtime worked due to the bridge gantries being unavailable during the year.

Property Costs (Underspend £4,000)
Reflects lower expenditure relating to electricity costs due to a new contract being negotiated at the start of the year. This was partly offset by increased costs for ground maintenance at the Fife landfall due to additional specialised work needed.

Supplies & Services (Underspend £47,000)
Mainly reflects savings against contract for carriageway marking due to reduction in the scope of work needed. In addition, insurance premiums for the gantries were not required as they were out of use for most of the year. Due to ongoing capital contracts there was a reduction in the amount of bridge maintenance work carried out during the year which has resulted in lower than anticipated expenditure on the purchase of equipment and materials, plant hire and other miscellaneous supplies and services. These variances were partly offset by additional costs incurred on weather monitoring equipment which was damaged during the extreme weather conditions that were experienced last winter, as well as increased expenditure on de-icing materials.

Transport Costs (Underspend £6,000)
Reflects minor underspends in a number of budget headings including repairs & maintenance, travel & subsistence, and fuel costs for the safety boat as this was used less frequently due to the gantries being out of use.

Third Party Payments (Overspend £6,000)
Mainly due to increased expenditure relating to inspections and maintenance required once the gantries were returned to use. This has been partly offset by a shortfall in the amount of professional fees for the cathodic protection system due to lack of access.

Corporate and Democratic Core Costs (Underspend £1,000)
Due to a minor reduction in external audit fees.

Other Operating Income and Expenditure (Income Shortfall £10,000)
Reflects the fact that the original budget was over-estimated due to higher levels of income in previous years.

Financing and Investment Income and Expenditure (Underspend £5,000)
Reflects increase in interest received on bank balances due to slightly higher than anticipated interest rates and average balances.

Other IFRS Code Accounting Adjustments (Underspend £16,000)
Reflects an underspend in employers superannuation contributions.

General Reserve
The net deficit for the financial year 2010/2011 was £293,000. When deducted from the opening General Reserve balance of £1,454,000, this gives a total reserve balance of £1,161,000 at 31 March 2011.

Capital Expenditure and Financing
During 2010/2011, the Board incurred capital expenditure of £1,807,000 on the following projects:-

	£000
New Vehicles	36
North Approach Viaduct Remedial Works	34
Gantry	121
Fife Abutment Bearing Replacement	104
Pier Collision Protection	1,140
Advanced Warning Signs	22
Scour Protection	3
Runway Beam Brackets	105
Fife Retaining Wall	132
Other Projects	110
	1,807

Capital expenditure was funded as follows:

	£000
Capital Grant from the Scottish Government	1,805
Capital Receipts	2
	1,807

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 (IAS 19)
Under IAS 19 (Employee 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 £1,747,000 as at 31 March 2011. The estimated net pension liability at 31 March 2010 was £2,793,000. An increase in the real interest rate used to calculate scheme liabilities (along with the change from RPI to CPI when calculating pension increases) has caused a decrease in liabilities. In addition the value of scheme assets increased by £246,000 resulting in the overall net liability decreasing by £1,046,000.

Acknowledgements
During the 2010/2011 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. 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 my report by thanking all staff who contributed to the preparation of the Board's 2010/2011 Statement of Accounts.

M M Stewart

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
29 June 2011

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').

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 2011.

M M Stewart

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
29 June 2011

TAY ROAD BRIDGE JOINT BOARD

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £000	Capital Grants Unapplied Account £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves £000**
Balance at 31 March 2009	(1,637)	(784)	(2,421)	(47,388)	(49,809)
Movement in Reserves during 2009/10					
Surplus or (deficit) on provision of services	(1,000)	-	(1,000)	-	(1,000)
Other Comprehensive Expenditure and Income	-	-	-	598	598
Total Comprehensive Expenditure and Income	**(1,000)**	**-**	**(1,000)**	**598**	**(402)**
Adjustments between accounting basis & funding basis under regulations (note 4)	1,183	(720)	463	(463)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**183**	**(720)**	**(537)**	**135**	**(402)**
Transfers to/from Earmarked Reserves		-	-	-	-
Increase/Decrease in 2009/10	**183**	**(720)**	**(537)**	**135**	**(402)**
Balance at 31 March 2010 carried forward	**(1,454)**	**(1,504)**	**(2,958)**	**(47,253)**	**(50,211)**
Movement in Reserves during 2010/11					
Surplus or (deficit) on provision of services	(1,556)	-	(1,556)	-	(1,556)
Other Comprehensive Expenditure and Income	-	-	-	(606)	(606)
Total Comprehensive Expenditure and Income	**(1,556)**	**-**	**(1,556)**	**(606)**	**(2,162)**
Adjustments between accounting basis & funding basis under regulations (note 4)	1,849	(1,035)	814	(814)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	**293**	**(1,035)**	**(742)**	**(1,420)**	**(2,162)**
Transfers to/from Earmarked Reserves	-	-	-	-	-
Increase/Decrease in Year	**293**	**(1,035)**	**(742)**	**(1,420)**	**(2,162)**
Balance at 31 March 2011 carried forward	**(1,161)**	**(2,539)**	**(3,700)**	**(48,673)**	**(52,373)**

TAY ROAD BRIDGE JOINT BOARD

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

2009/2010 Gross Expenditure £000	2009/2010 Gross Income £000	2009/2010 Net Expenditure £000		2010/2011 Budgeted Net Expenditure £000	2010/2011 Gross Expenditure £000	2010/2011 Gross Income £000	2010/2011 Net Expenditure £000
			Expenditure				
971	-	971	Staff Costs	1,150	1,106	-	1,106
71	-	71	Property Costs	72	68	-	68
237	-	237	Supplies and Services	336	289	-	289
26	-	26	Transport Costs	35	29	-	29
76	-	76	Third Party Payments	131	137	-	137
1,411	-	1,411	Depreciation & Impairment	1,442	1,442	-	1,442
22	-	22	Corporate and Democratic Core	24	23	-	23
-	-	-	Non Distributed Costs	(554)	-	(554)	(554)
2,814	-	**2,814**	**Cost Of Services**	**2,636**	**3,094**	**(554)**	**2,540**
-	(54)	(54)	Other Operating Income & Expenditure (note 5)	(10)	-	-	-
92	(21)	71	Financing and Investment Income and Expenditure (note 6)	31	63	(37)	26
-	(3,831)	(3,831)	Non-Specific Grant Income (note 7)	(4,122)	-	(4,122)	(4,122)
2,906	**(3,906)**	**(1,000)**	**(Surplus) or Deficit on Provision of Services (note 13)**	**(1,465)**	**3,157**	**(4,713)**	**(1,556)**
-	-	-	Net (Gain) or Loss on Disposal of Assets	(2)	-	(2)	(2)
	(711)	(711)	(Surplus) or deficit on revaluation of fixed assets	-	-	-	-
1,309	-	1,309	Actuarial (Gains) / Losses on Pension Assets / Liabilities	(604)	-	(604)	(604)
1,309	**(711)**	**(598)**	**Other Comprehensive Income and Expenditure**	**(606)**	**-**	**(606)**	**(606)**
4,215	**(4,617)**	**(402)**	**Total Comprehensive Income and Expenditure**	**(2,071)**	**3,157**	**(5,319)**	**(2,162)**

TAY ROAD BRIDGE JOINT BOARD

BALANCE SHEET

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

1 April 2009 £000	31 March 2010 £000		Note	31 March 2011 £000
48,724	49,944	Property, Plant & Equipment	20	50,310
62	59	Investment Property	19	73
48,786	**50,003**	**Total Long Term Assets**		**50,383**
53	52	Inventories	22	47
127	196	Short Term Debtors	23	20
2,778	3,511	Cash and Cash Equivalents	12	4,076
2,958	**3,759**	**Total Current Assets**		**4,143**
(494)	(758)	Short Term Creditors	24	(406)
(494)	**(758)**	**Total Current Liabilities**		**(406)**
(1,441)	(2,793)	Net Pension Liabilities		(1,747)
(1,441)	**(2,793)**	**Total Long Term Liabilities**		(1,747)
49,809	**50,211**	**Net Assets**		**52,373**
2,421	2,958	Usable reserves	8	3,700
47,388	47,253	Unusable Reserves	9	48,673
49,809	**50,211**	**Total Reserves**		**52,373**

M M Stewart

Marjory Stewart FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
29 June 2011

The unaudited accounts were issued on 29 June 2011 and the audited accounts were authorised for issue on 29 September 2011.

TAY ROAD BRIDGE JOINT BOARD

CASH FLOW STATEMENT

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

2009/10 £000		2010/11 £000
(1,000)	Net (surplus) or deficit on the provision of services	(1,556)
1,182	Adjust net surplus or deficit on the provision of services for non cash movements	(939)
46	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,754
228	Net cash flows from Operating Activities	259
(845)	Investing Activities (note 10)	(812)
(116)	Financing Activities (note 11)	(12)
(733)	Net (Increase) or Decrease in cash and cash equivalents	(565)
2,778	Cash and cash equivalents at the beginning of the reporting period	3,511
3,511	**Cash and cash equivalents at the end of the reporting period (note 12)**	**4,076**

1. ACCOUNTING POLICIES

A General Principles

The Statement of Accounts summarises the Board's transactions for the 2010/2011 financial year and its position at the year-end of 31 March 2011. The Board is required to prepare an annual Statement of Accounts by the Local Authority Accounts (Scotland) Regulations 1985. Section 12 of the Local Government in Scotland Act 2003 requires that they be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets.

B Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Board transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Revenue from the provision of services is recognised when the Board can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Board.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Board's employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents comprise short term lending that is repayable on demand or within 3 months of the Balance Sheet date and that is readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Board's cash management.

D Changes In Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or when the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Board's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, ie in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

E Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Board is not required to apply revenue grant receipts to fund depreciation, revaluation and impairment losses. Depreciation, revaluation and impairment losses are therefore reversed by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

F Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (eg cars) for current employees, are recognised as an expense in the year in which employees render service to the Board. An accrual is made against Staff Costs in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Reserve by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Board to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Account when the Board is demonstrably committed to either terminating the employment of an employee or group of employees or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Board to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Superannuation Fund), a defined benefits scheme which is administered by Dundee City Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Board.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the indicative rate of return on high quality corporate bond, iBoxx AA rated over 15 year corporate bond index).
- The assets of the Tayside Superannuation Fund attributable to the Board are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to Staff Costs
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - expected return on assets – the annual investment return on the fund assets attributable to the Board, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
  - gains/losses on settlements and curtailments – the result of actions to relieve the Board of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not co-incided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
  - contributions paid to the Tayside Superannuation Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

G Events After the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is

not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect

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

H Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Board when there is reasonable assurance that:

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

Amounts recognised as due to the Board are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor. Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant line (Non-Specific Grant Income) in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

I Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-in-First-out (FIFO) costing formula.

J Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Reserve Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Reserve Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

K Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Board as Lessee</u>

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease together with an equivalent deferred liability for the obligation to pay the lessor. Where applicable, any initial direct costs of the Board are added to the carrying amount of the asset. Any premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the relevant accounting policies applied generally to such assets eg depreciation, revaluation and impairment review.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg if there is a rent-free period at the commencement of the lease).

<u>The Board as Lessor</u>

Finance Leases

Where the Board grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Board's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Operating Leases

Where the Board grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet as a non-current asset and continues to be subject to depreciation. revaluation and impairment review, in accordance with the relevant accounting policies. Rental income is credited to the appropriate service line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a premium paid at the commencement of the lease). Any initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

L Property, Plant and Equipment

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

<u>Recognition</u>

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Board does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Board. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Board. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance to the Capital Adjustment Account in the Movement In Reserves Statement.

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

- infrastructure – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value. Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service. Where decreases in value are identified, the revaluation loss is accounted for by:

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

Disposals

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposals are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Board's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve in the Movement in Reserves Statement. Amounts are appropriated to the Capital Adjustment Account from the General Reserve in the Movement in Reserves Statement.

Depreciation

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

Deprecation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant and equipment – straight line allocation over between 3 and 10 years.
- infrastructure – straight-line allocation over between 10 and 85 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

M Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Board a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Board may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate line in the Comprehensive Income and Expenditure Statement in the year that the Board becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant heading. Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Board settles the obligation.

Contingent Liabilities

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the Board a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Board. Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

N Reserves

Reserves are created by appropriating amounts out of the General Reserve in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate heading in that year to count against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Reserve Balance in the Movement in Reserves Statement so that there is no net charge against grant receipts for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and these reserves do not represent usable resources for the Board. Further information on the Board's reserves is contained in notes 8 and 9.

O VAT

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

2. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Board has had to make certain judgements about future events. The key judgement made in the Statement of Accounts relates to the high degree of uncertainty about future levels of funding for public bodies. The Board has determined that this uncertainty is not sufficient to provide an indication that the assets of the Board might be impaired as a result of a need to reduce levels of service provision.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the Board's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Board will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £90,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Board with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £149,000. However, the assumptions interact in complex ways. During 2010/11, the Board's actuaries advised that the net pensions liability had increased by £33,000 as a result of estimates being corrected as a result of experience and decreased by £568,000 attributable to updating of the assumptions.

This list does not include any assets and liabilities that have are carried at fair value based on a recently observed market price.

4. MOVEMENT IN RESERVES STATEMENT - ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2010/2011	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	2010/11 £000
Adjustments involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	(1,442)	-	1,442	-
Revaluation losses on Property, Plant and Equipment	-	-	-	-
Movements in the market value of Investment Properties	15	-	(15)	-
Capital grants and contributions that have been applied to capital financing	1,805	-	(1,805)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2	-	(2)	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	-	-	-	-
Capital expenditure charged against the General Reserve	-	-	-	-
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	2	2
Use of the Capital Receipts Reserve to finance new capital expenditure	(2)	-	-	(2)
Adjustment involving the Capital Grants Unapplied Account				
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	1,035	(1,035)	-	-
Application of grants to capital financing	-	-	-	-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15)	298	-	(298)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	144	-	(144)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(6)	-	6	-
Total Adjustments	**1,849**	**(1,035)**	**(814)**	**-**

2009/2010	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	2009/10 £000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(1,411)	-	1,411	-
Revaluation losses on Property, Plant and Equipment	-	-	-	-
Movements in the market value of Investment Properties	(4)	-	4	-
Capital grants and contributions that have been applied to capital financing	1,884	-	(1,884)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	-	-	-	-
Capital expenditure charged against the General Reserve	36	-	(36)	-
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	1	1
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	(1)	(1)
Adjustment involving the Capital Grants Unapplied Account				
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	720	(720)	-	-
Application of grants to capital financing	-	-	-	-
Adjustments involving the Pensions Reserve:				
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 15)	(184)	-	184	-
Employer's pensions contributions and direct payments to pensioners payable in the year	141	-	(141)	-
Adjustment involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Total Adjustments	**1,182**	**(720)**	**(462)**	**-**

5. **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING EXPENDITURE**

2009/10 £000		2010/11 £000
54	Fees and Charges	-
-	(Gains) / Losses on the disposal of non current assets	-
54	**Total**	**-**

6. **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE**

2009/10 £000		2010/11 £000
-	Interest payable and similar charges	-
88	Pensions interest cost and expected return on pensions assets	63
(12)	Interest receivable and similar income	(13)
4	Changes in the fair value of investment properties	(15)
(9)	Income & Expenditure on investment properties	(9)
71	**Total**	**26**

7. **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME**

2009/10 £000		2010/11 £000
(1,226)	Non-ring fenced government grants	(1,282)
(2,605)	Capital grants and contributions	(2,840)
(3,831)	**Total**	**(4,122)**

8. **BALANCE SHEET - USABLE RESERVES**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and note 4.

9. **BALANCE SHEET - UNUSABLE RESERVES**

31 March 2010 £000		31 March 2011 £000
711	Revaluation Reserve	711
49,339	Capital Adjustment Account	49,719
(2,793)	Pensions Reserve	(1,747)
(4)	Accumulating Compensated Absences Adjustment Account	(10)
47,253	**Total Unusable Reserves**	**48,673**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Board arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2009/10 £000		2010/11 £000	
-	**Balance at 1 April**		**711**
711	Upward revaluation of assets	-	-
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	-
-	Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Statement	-	-
-	Difference between fair value depreciation and historical cost depreciation	-	-
-	Accumulated gains on assets sold or scrapped	-	-
-	Amount written off to the Capital Adjustment Account	-	-
711	**Balance at 31 March**		**711**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation and impairment losses are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Board as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Board.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2009/10 £000			2010/11 £000
48,833	**Balance at 1 April**		**49,339**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,411)	• Charges for depreciation and impairment of non current assets	(1,442)	
-	• Revaluation losses on Property, Plant and Equipment	-	
-	• Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	
-	Adjusting amounts written out of the Revaluation Reserve	-	
(1,411)	**Net written out amount of the cost of non current assets consumed in the year**		(1,442)
	Capital financing applied in the year:		
1	• Use of the Capital Receipts Reserve to finance new capital expenditure	2	
1,884	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,805	
32	• Capital expenditure charged against the General Fund	-	
1,917	**Total Capital Financing Applied during the year**		1,807
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		15
49,339	**Balance at 31 March**		**49,719**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Board accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Board makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Board has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2009/10 £000		2010/11 £000
(1,441)	**Balance at 1 April**	**(2,793)**
(1,309)	Actuarial gains or (losses) on pensions assets and liabilities	604
(184)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	298
141	Employer's pensions contributions and direct payments to pensioners payable in the year	144
(2,793)	**Balance at 31 March**	**(1,747)**

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

2009/10 £000		2010/11 £000	
(4)	**Balance at 1 April**		**(4)**
4	Settlement or cancellation of accrual made at the end of the preceding year	4	-
(4)	Amounts accrued at the end of the current year	(10)	-
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(6)
(4)	**Balance at 31 March**		**(10)**

10. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2009/10 £000		2010/11 £000
1,767	Purchase of property, plant and equipment, investment property and intangible assets	2,030
-	Purchase of short-term and long-term investments	-
-	Other payments for investing activities	-
(1)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2)
-	Proceeds from shot-term and long-term investments	-
(2,611)	Other receipts from investing activities	(2,840)
(845)	**Net cash flows from investing activities**	**(812)**

11. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2009/10 £000		2010/11 £000
-	Cash receipts of short- and long-term borrowing	-
(116)	Other receipts from financing activities	(12)
-	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	-
-	Repayments of short- and long-term borrowing	-
-	Other payments for financing activities	-
(116)	**Net cash flows from financing activities**	**(12)**

12. CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2010 £000		31 March 2011 £000
-	Cash held by officers	-
3,511	Bank current account	4,076
3,511	**Total cash and cash equivalents**	**4,076**

13. **AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Board on the basis of budget reports analysed across operational divisions. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation and impairment losses) are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the Board's operational divisions recorded in the budget reports for the year is as follows:

Divisional Income and Expenditure 2010/2011	**Admin £000**	**Operations £000**	**Plant & Equipment £000**	**Bridge Maintenance £000**	**Income £000**	**Total £000**
Fees, charges & other service income	-	-	-	-	(23)	**(23)**
Government grants	-	-	-	-	(1,282)	**(1,282)**
Total Income	**-**	**-**	**-**	**-**	**(1,305)**	**(1,305)**
Employee expenses	177	468	-	406	-	**1,051**
Other service expenses	261	4	182	99	-	**546**
					-	
Total Expenditure	**438**	**472**	**182**	**505**	**-**	**1,597**
Net Expenditure	**438**	**472**	**182**	**505**	**(1,305)**	**292**

Divisional Income and Expenditure 2009/2010	**Admin £000**	**Operations £000**	**Plant & Equipment £000**	**Bridge Maintenance £000**	**Income £000**	**Total £000**
Fees, charges & other service income	-	-	-	-	(76)	**(76)**
Government grants	-	-	-	-	(1,226)	**(1,226)**
Total Income	**-**	**-**	**-**	**-**	**(1,302)**	**(1,302)**
Employee expenses	183	475	-	358	-	**1,016**
Other service expenses	250	5	114	63	-	**432**
					-	
Total Expenditure	**433**	**480**	**114**	**421**	**-**	**1,448**
Net Expenditure	**433**	**480**	**114**	**421**	**(1,302)**	**146**

Reconciliation of Divisional Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2009/10 £000	**2010/11 £000**
Net expenditure in the Divisional Analysis	146	292
Net expenditure of services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	2,809	2,392
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(141)	(144)
Cost of Services in Comprehensive Income and Expenditure Statement	**2,814**	**2,540**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of divisional income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2010/2011	Operational Divisions £000	Amounts not reported to mgmt £000	Amounts not included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	-	-	-	-	-	-
Interest and investment income	(23)	-	-	(23)	49	26
Government grants and contributions	(1,282)	-	-	(1,282)	(2,840)	(4,122)
Total income	**(1,305)**	-	-	**(1,305)**	**(2,791)**	**(4,096)**
Employee expenses	1,051	199	(144)	1,106	-	1,106
Other service expenses	546	(554)	-	(8)	-	(8)
Depreciation, amortisation and impairment	-	1,442	-	1,442	-	1,442
Interest Payments	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-
Total expenditure	**1,597**	**1,087**	**(144)**	**2,540**	-	**2,540**
Surplus or deficit on the provision of services	**292**	**1,087**	**(144)**	**1,235**	**(2,791)**	**(1,556)**

2009/2010	Operational Divisions £000	Amounts not reported to mgmt £000	Amounts not included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	(54)	-	-	(54)	-	(54)
Interest and investment income	(22)	-	-	(22)	93	71
Government grants and contributions	(1,226)	-	-	(1,226)	(2,605)	(3,831)
Total income	**(1,302)**	-	-	**(1,302)**	**(2,512)**	**(3,814)**
Employee expenses	1,016	96	(141)	971	-	971
Other service expenses	432	-	-	432	-	432
Depreciation, amortisation and impairment	-	1,411	-	1,411	-	1,411
Interest Payments	-	-	-	-	-	-
Gain or Loss on Disposal of Fixed Assets	-	-	-	-	-	-
Total expenditure	**1,448**	**1,507**	**(141)**	**2,814**	-	**2,814**
Surplus or deficit on the provision of services	**146**	**1,507**	**(141)**	**1,512**	**(2,512)**	**(1,000)**

14. EXTERNAL AUDIT COSTS

The Board has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Board's external auditors:

	2009/10 £000	2010/11 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	13	13
Fees payable in respect of other services provided by the appointed auditor during the year	-	-
Total	**13**	**13**

15. DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Board makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Board has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Board participates in two post employment schemes:

- The Local Government Pension Scheme (Tayside Superannuation Fund), which is administered locally by Dundee City Council and is a funded defined benefit final salary scheme, meaning that the Board and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions relating to post employment benefits

The Board recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Board is required to make against the cost of service is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000	
	2009/2010	2010/2011
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
• current service cost	96	193
• past service costs	-	(554)
Financing and Investment Income and Expenditure		
• interest cost	343	423
• expected return on scheme assets	(255)	(360)

	Local Government Pension Scheme £000	
	2009/2010	**2010/2011**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**184**	**(298)**
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
• actuarial (gains) and losses	1,309	(604)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**1,493**	**(902)**
Movement in Reserves Statement:		
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(184)	298
Actual amount charged against the General Fund Balance for pensions in the year:		
• employers' contributions payable to scheme	(141)	(144)
• retirement benefits payable to pensioners	-	-

Past Service Costs

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Board's liabilities in the Local Government Pension Scheme by £554,000 and has been recognised as a past service gain in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact on the General Reserve Balance.

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded liabilities: Local Government Pension Scheme £000	
	2009/2010	**2010/2011**
Opening balance at 1 April	5,191	7,746
Current service cost	96	193
Interest cost	343	423
Contributions by scheme participants	43	47
Settlements and curtailments	-	-
Actuarial gains and losses	2,360	(571)
Benefits paid	(287)	(338)
Past service costs	-	(554)
Closing balance at 31 March	7,746	6,946

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme £000	
	2009/2010	2010/2011
Opening balance at 1 April	3,750	4,953
Expected rate of return	255	360
Actuarial gains and (losses)	1,051	30
Settlements	-	-
Employer contributions	141	147
Contributions by scheme participants	43	47
Benefits paid	(287)	(338)
Closing balance at 31 March	4,953	5,199

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 the respective markets.

The actual return on scheme assets in the year was £389,000 (2009/10: £1,306,000).

Scheme history:

	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000	2010/11 £000
Present value of liabilities	(5,883)	(5,540)	(5,191)	(7,746)	(6,946)
Fair value of assets in the Local Government Pension Scheme	4,336	4,219	3,750	4,953	5,199
Surplus/(deficit) in the scheme	(1,547)	(1,321)	(1,441)	(2,793)	(1,747)

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £1.747m is reflected in the Board's Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Board remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie, before payments fall due), as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Board in the year to 31 March 2012 is £149,000.

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, being based on the latest full valuation of the scheme as at 31 March 2008.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2009/10	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	8.3%	8.2%
Gilts	4.5%	4.4%
Bonds	5.5%	5.5%
Property	5.5%	5.4%
Cash	3.0%	3.0%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4	21.4
Women	24.4	24.4
Longevity at 65 for future pensioners:		
Men	22.3	22.3
Women	25.3	25.3
Rate of inflation (RPI)	3.9%	3.5%
Rate of Inflation (CPI)	-%	2.7%
Rate of increase in salaries	5.4%	5.0%
Rate of increase in pensions	3.9%	2.7%
Rate for discounting scheme liabilities	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

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

	31 March 2010 %	31 March 2011 %
Equity investments	72	72
Gilts	7	7
Other Bonds	10	10
Property	8	9
Cash	3	2
Total	100	100

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2006/07 %	2007/08 %	2008/09 %	2009/10 %	2010/11 %
Differences between the expected and actual return on assets	1.9	(12.2)	(19.7)	21.2	0.6
Experience gains and losses on liabilities	-	-	(1.1)	0.2	0.0

16. **EVENTS AFTER THE BALANCE SHEET DATE**

There were no events that occurred between 1 April 2011 and 29 September 2011 that would have an impact on the 2010/2011 financial statements. The latter date is the date on which the audited accounts were authorised for issue by the Treasurer. (In 2009/2010 Accounts: The Chancellor of the Exchequer announced in his Emergency Budget on 22 June 2010 that the consumer prices index rather than the retail prices index will be the basis for future public sector pensions increases. This change was deemed to be a non-adjusting post balance sheet event. It was estimated that this change will reduce the value of an average employer's IAS 19 liabilities in the Fund by 6-8%).

17. **RELATED PARTIES**

The Board is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Board or to be controlled or influenced by the Board. Disclosure of these transactions allows readers to assess the extent to which the Board might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Board.

Central Government
Central government has effective control over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Board has with other parties. Grants received from government departments are set out in the subjective analysis in note 13 on amounts reported to decision makers. There are no grant receipts outstanding at 31 March 2011 (see note 25).

Other Local Authorities
Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2010/2011, the Board entered into a number of transactions with Dundee City and Fife Councils, as detailed below:

2009/2010 Income £000	2009/2010 Expenditure £000		2010/2011 Income £000	2010/2011 Expenditure £000
		Dundee City Council:		
(12)	-	Interest Receivable	(13)	-
-	61	Central Support Services	-	59
(50)	-	Other Income	-	-
-	2	Grounds Maintenance	-	2
(62)	**63**	**Total**	**(13)**	**61**
		Fife Council:		
-	6	Grounds Maintenance	-	10
-	**6**	**Total**	**-**	**10**

The following balances existed between the Board and Dundee City and Fife Councils as at 31 March 2011:

2009/2010 Asset £000	2009/2010 Liability £000		2010/2011 Asset £000	2010/2011 Liability £000
		Dundee City Council:		
-	23	Central Support Services	-	17
(12)	-	Interest Receivable	(13)	-
(16)	-	Miscellaneous	-	24
(28)	**23**	**Total**	**(13)**	**41**
		Fife Council:		
-	4	Grounds Maintenance	-	-
-	**4**	**Total**	-	-

18. **LEASES**

The Board as Lessee

The Board held no assets on finance or operating lease during 2010/2011 and, accordingly, there were no lease rentals paid to lessors during the year (2009/2010 None) or commitments due to lessors in 2010/2011 (2009/2010 None).

The Board as Lessor

The Board has entered a three year agreement for the lease of land and property to a third party. This agreement is accounted for as an operating lease. In 2010/2011 the Board received rent of £10,213 from this agreement (2009/2010 £10,213). The present value of minimum lease payments receivable as at the Balance Sheet date are as follows:
a) Not later than 1 year = £10,213
b) later than 1 year and not later than 5 years = £20,426
c) later than 5 years = £Nil.

19. **INVESTMENT PROPERTIES**

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement:

	2009/10 £000	2010/11 £000
Rental income from investment property	10	10
Direct operating expenses arising from investment property	(1)	(1)
Net gain/(loss)	9	9

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

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

	2009/10 £000	2010/11 £000
Balance at start of the year	62	58
Additions:		
Purchases	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	(4)	15

Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	-	-
Balance at end of the year	58	73

20. **PROPERTY, PLANT AND EQUIPMENT**

Movements on Balances

Movements in 2010/11:

	Other Land and Buildings	Vehicles, Plant & Equip	Infrastructure Assets	Total Property, Plant & Equipment
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2010	1,244	618	54,849	**56,711**
Additions	-	157	1,650	**1,807**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition – Disposals	-	(36)	-	**(36)**
Derecognition – Other	-	-	(110)	**(110)**
Assets reclassified (to)/from Held for Sale	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-
At 31 March 2011	**1,244**	**739**	**56,389**	**58,372**
Accumulated Depreciation and Impairment				
At 1 April 2010	-	241	6,525	**6,766**
Depreciation charge	14	43	1,276	**1,333**
Depreciation written out to the Revaluation Reserve	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-
Impairment losses/(reversals)recognised in the Revaluation Reserve	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-
Derecognition – Disposals	-	(36)	-	**(36)**
Derecognition – Other	-	-	-	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-
At 31 March 2011	**14**	**248**	**7,801**	**8,063**

Net Book Value				
At 31 March 2011	1,230	492	48,588	50,310
At 31 March 2010	1,244	376	48,324	49,944

Comparative Movements in 2009/10:

	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Total Property, Plant & Equipment
	£000	£000	£000	£000
Cost or Valuation				
At 1 April 2009	896	432	53,057	54,385
Additions	-	77	1,844	1,921
Revaluation increases/(decreases) recognised in the Revaluation Reserve	602	109	-	711
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(253)	-	-	(253)
Derecognition – Disposals	(1)	-	-	(1)
Derecognition – Other	-	-	(52)	(52)
Assets reclassified (to)/from Held for Sale	-	-	-	-
Other movements in Cost or Valuation	-	-	-	-
At 31 March 2010	**1,244**	**618**	**54,849**	**56,711**
Accumulated Depreciation and Impairment				
At 1 April 2009	149	211	5,301	5,661
Depreciation charge	17	30	1,364	1,411
Depreciation written out to the Revaluation Reserve	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	(166)	-	-	(166)
Impairment losses/(reversals)recognised in the Revaluation Reserve	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	(140)	(140)
Derecognition – Disposals	-	-	-	-
Derecognition – Other	-	-	-	-
Eliminated on reclassification to Assets Held for Sale	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-
At 31 March 2010	**-**	**241**	**6,525**	**6,766**
Net Book Value				
At 31 March 2010	**1,244**	**376**	**48,324**	**49,944**
At 31 March 2009	**747**	**221**	**47,756**	**48,724**

Capital Commitments

At 31 March 2011, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2011/12 and future years, budgeted to cost £464,000. (Similar commitments at 31 March 2010 were £344,000). The major commitments are:

- Pier Collision Protection to Navigation Spans - £390,000
- Advanced Warning Signs - £64,000

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by Mr Douglas Davidson BSc MRICS, from Dundee City Council's City Development Department. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

21. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2009/10 £000	2010/11 £000
Capital investment:		
Property, Plant and Equipment	1,921	1,807
Investment Properties	-	-
Total Capital Investment	**1,921**	**1,807**
Sources of finance:		
Capital receipts	1	2
Government grants and other contributions	1,884	1,805
Capital Financed from Revenue	36	-
Total Sources of Finance	**1,921**	**1,807**

22. INVENTORIES

	Consumable Stores		**Maintenance Materials**		**Client Services Work in Progress**		**Property Acquired or Constructed for Sale**		**Total**	
	09/10 £000	**10/11 £000**	**09/10 £000**	**10/11 £000**	**09/10 £000**	**10/11 £000**	**09/10 £000**	**10/11 £000**	**09/10 £000**	**10/11 £000**
Balance outstanding at start of year	-	-	53	52	-	-	-	-	53	52
Purchases	-	-	-	-	-	-	-	-	-	-
Recognised as an expense in the year	-	-	(8)	(2)	-	-	-	-	(8)	(2)
Written off balances	-	-	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-	-	-
Other Adjustments	-	-	7	(3)	-	-	-	-	7	(3)
Balance outstanding at year-end	-	-	**52**	**47**	-	-	-	-	**52**	**47**

23. SHORT-TERM DEBTORS

	31 March 2010 £000	31 March 2011 £000
Central government bodies	-	-
Local authorities	29	12
NHS bodies	-	-
Public corporations and trading funds	148	-
Other entities and individuals	19	8
Total	**196**	**20**

24. SHORT-TERM CREDITORS

	31 March 2010 £000	31 March 2011 £000
Central government bodies	-	-
Local authorities	189	41
NHS bodies	-	-
Public corporations and trading funds	9	9
Other entities and individuals	560	356
Total	**758**	**406**

25. GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2010/11:

	2009/10 £000	2010/11 £000
Credited to Taxation and Non Specific Grant Income		
Scottish Government Revenue Grant	1,226	1,282
Scottish Government Capital Grant	2,605	2,840
Total	**3,831**	**4,122**

The Board has no grants, contributions and donations that have yet to be recognised as income due to them having conditions attached to them that requires the monies or property to be returned to the grant provider (2009/2010 None).

26. TRANSITION TO IFRS

Although the general requirement is to apply the requirements of IFRS retrospectively, IFRS 1 permits limited exceptions to this requirement. The Code clearly specifies which exemptions from retrospective application are available to local authorities. Therefore the Board has made use of the following exemptions available under the Code:

Exemptions

a) Depreciated Historical Cost

The Revaluation Reserve was first introduced in the SORP on 1 April 2007. As part of the transition arrangements to the Revaluation Reserve, the SORP required the reserve to be established with a zero balance on 1 April 2007. The carrying amounts of the Board's assets were deemed to be their depreciated historic cost. The Code preserves this treatment. Paragraph 10.1.1.8 of the Code states that the depreciated historical cost of an asset at 1 April 2009 (the transition date) is its depreciated historical cost at 31 March 2009 under the SORP. With the exception of assets where the carrying amount is restated due to other accounting policy changes (for example, leased assets and non-current assets held for sale), the Board should carry forward depreciated historical cost figures without any restatement. Without this exception, the retrospective application of IAS 16 would have required the Board to have estimated the revaluation reserve balance for each item of property, plant and equipment based on the transactions and events that had occurred since the asset was recognised on the Balance Sheet.

b) IFRIC 4 Determining Whether an Arrangement Contains a Lease

IFRIC 4 requires the Board to review their contractual arrangements and assess whether these contracts contain, in substance, a lease. Where this is the case, the Board will need to separate the lease from the remainder of the contract, and account for the lease in accordance with IAS 17 and the Code. Where arrangements were in place prior to 1 April 2009 (the transition date), the Code requires the Board to make the assessment of whether an arrangement contains a lease based on the facts and circumstances existing at that date (ie 1 April 2009). This approach has been taken due to the complex nature of such arrangements, and the difficulties of establishing what information would have been available at the inception of the arrangement. Instead, the Board can rely on the information available about conditions applying at the transition date.

Transition Adjustments

The Statement of Accounts for 2010/2011 is the first to be prepared on an IFRS basis. Adoption of the IFRS-based Code has resulted in the restatements of various balances and transactions, with the result that some of the amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/2010. The following tables explain the material differences between the amounts presented in the 2009/2010 financial statements and the equivalent amounts presented in the 2010/2011 financial statements.

a) Short-term accumulating compensated absences

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the Board. The most significant benefit covered by this heading is holiday pay.

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the Board is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

The government has issued regulations that mean that the Board is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/2010 financial statements:

Opening 1 April 2009 Balance Sheet:

	2009/2010 UKGAAP Statements £000	**IFRS Adjustments Made £000**
Accruals	(1,274)	(4)
Accumulated Absences Account	0	4

31 March 2010 Balance Sheet:

	2009/2010 UKGAAP Statements £000	**IFRS Adjustments Made £000**
Accruals	(2,257)	(4)
Accumulated Absences Account	0	4

2009/10 Comprehensive Income and Expenditure Statement:

	2009/10 UKGAAP Statements £000	**IFRS Adjustments Made £000**
Staff Costs	970	1

b) Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, contributions were held in a Capital Contributions Deferred Account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- The balance on the Capital Contributions Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 IFRS Balance Sheet
- Portions of Capital Contributions Deferred were previously recognised as income in 2009/2010; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.
- A portion of the Capital Grant received in 2009/2010 was not applied. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting policy, the grant has been recognised in full, and the unused portion transferred to the Capital Grants Unapplied Account within the Reserves section of the Balance Sheet. Contributions received in 2009/2010 and a sum from the Capital Grants Unapplied Account were recognised as income to match capital expenditure in the year

This has resulted in the following changes being made to the 2009/2010 financial statements:

Opening 1 April 2009 Balance Sheet:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Creditors	(1,274)	784
Capital Grants Unapplied Account (in Reserves)	-	(784)
Capital Contributions Deferred Account	(17,420)	17,420
Capital Adjustment Account	(31,381)	(17,420)

31 March 2010 Balance Sheet:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Creditors	(720)	720
Capital Grants Unapplied Account (in Reserves)	-	(720)
Capital Contributions Deferred Account	(18,749)	1,329
Capital Adjustment Account	30,561	(1,329)

2009/2010 Comprehensive Income and Expenditure Statement:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Depreciation & Impairment	856	556
Taxation and non-specific grant income	-	(2,605)

c) **Investment Property**

An investment property is a property that is used solely to earn rentals or for capital appreciation or both. The Code requires investment properties to be accounted for under the fair value model. As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- Under the Code, any balances on the Revaluation Reserve in respect of investment properties shall be transferred to the Capital Adjustment Account.

- Any expenditure or income associated with investment properties shall be re-allocated to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Account.

This has resulted in the following changes being made to the 2009/2010 financial statements:

Opening 1 April 2009 Balance Sheet:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Revaluation Reserve	(33)	33
Capital Adjustment Account	(31,381)	(33)

31 March 2010 Balance Sheet:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Revaluation Reserve	(741)	(4)
Capital Adjustment Account	(30,561)	4

2009/2010 Comprehensive Income and Expenditure Statement:

	2009/10 UKGAAP Statements £000	IFRS Adjustments Made £000
Supplies & Services	238	(1)
Other Income	(64)	10
Financing & Investment Income & Expenditure	-	(9)

TAY ROAD BRIDGE JOINT BOARD

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the 2010/2011 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;
- approved Fraud Guidelines, including "whistle blowing" arrangements under the Public Interest Disclosure Act 1998;
- an approved three year Internal Audit Risk Assessment and Strategic Plan;
- formal project appraisal techniques and project management disciplines;
- an approved Strategic Risk Management Plan and Strategic Risk Register

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. The Board has appointed Henderson Loggie CA to provide an Internal Audit service in respect of financial year's 2010/2011 to 2012/2013. The internal audit service is provided in accordance with relevant professional standards and guidelines and in accordance with the CIPFA *Code of Practice for Internal Audit in Local Government in the UK 2006*. 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. A strategic audit plan has been developed for the period 2010 to 2013, from which an annual plan for 2010/2011 was formulated. In addition to the evaluation of issues covered by the audit needs assessment, specific work has been conducted by internal audit on health & safety, payroll and the general ledger. These reviews concluded that many of the expected controls are in place and operating satisfactorily and no significant weaknesses were identified. Where any areas for improvement were identified the Board's management will agree action plans to address these issues. Reports for the above reviews have been issued recently and will be reported to the Board along with any agreed action plans in the near future.

The Internal Auditor reports internal audit matters directly to the Treasurer and where necessary to the members and other 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 his 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.

M M Stewart

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
29 June 2011

Iain MacKinnon

Iain MacKinnon BSc, CEng, MICE
Bridge Manager
Tay Road Bridge Joint Board
29 June 2011

TAY ROAD BRIDGE JOINT BOARD

ANNUAL REMUNERATION REPORT

INTRODUCTION

The Board is required to prepare and publish within its Statement of Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2011 (Scottish Statutory Instrument No. 2011/64), which came into force on 31 March 2011. The report sets out the remuneration and accrued pension benefits of the Senior Employees of the Board. The report also provides information on the number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more, this information being disclosed in salary bandings of £5,000 above £50,000. No Councillors receive remuneration from the Board. The following report has been prepared in accordance with the aforementioned Regulations and also in accordance with the non-statutory guidance set out in Scottish Government Finance Circular 8/2011, issued on 13 May 2011.

The Board's External Auditor is required to audit certain parts of the Remuneration Report and give a separate opinion in his report on the Statement of Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. Tables 1 and 2 are subject to audit, and the remainder of the report is subject to review.

REMUNERATION ARRANGEMENTS

Senior Board Members

The Chairman and Vice-Chairman do not receive any remuneration (2009/2010: Nil remuneration).

Senior Employees

The salary of Senior Employees is set by reference to national agreements. The salaries of senior employees of the Board take into account the duties and responsibilities of their posts. The Board is responsible for agreeing the salaries of senior employees. All Board employees are entitled to participate in Dundee City Council's Contract Car Hire Scheme, subject to meeting certain criteria. The Council's Policy & Resources Committee is also responsible for agreeing the terms of the Contract Car Hire Scheme.

For the purposes of the Remuneration Report, the Regulations set out the following criteria for designation as a Senior Employee of the Board:

(i) has responsibility for management of the Board to the extent that the person has power to direct or control the major activities of the Board (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with other persons;

(ii) holds a post that is politically restricted by reason of section 2(1)(a), (b) or (c) of the Local Government and Housing Act 1989; or

(iii) annual remuneration, including any remuneration from a local authority subsidiary body, is £150,000 or more.

The Board has determined that 1 employee met the criteria for designation as a Senior Employee in 2010/2011, with the employee falling into category (i) above. The remuneration details for the Senior Employees of the Board are set out in Table 1.

The Regulations also require information to be published on the total number of Board employees (including Senior Employees) whose total actual remuneration was £50,000 or more. This information is to be disclosed in salary bandings of £5,000 above £50,000 and is shown in the following table.

Remuneration Bands	No of Employees	No of Employees
	2010/2011	2009/2010
£50,000 - £54,999	-	-
£55,000 - £59,999	1	1
Total	1	1

ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). Local Government Employees pension benefits are a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number years that the person has been a member of the scheme. The scheme's normal retirement age for Local Government Employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009, contribution rates were set at 6% for all non-manual employees. The tiers and members contribution rates for 2010/2011 remain at the 2009/2010 rates (due to a negative increase in the cost of living index for 2010/2011) and are as follows:

Whole Time Pay	Contribution Rate 2010/2011	Contribution Rate 2009/2010
On earnings up to and including £18,000	5.5%	5.5%
On earnings above £18,000 and up to £22,000	7.25%	7.25%
On earnings above £22,000 and up to £30,000	8.5%	8.5%
On earnings above £30,000 and up to £40,000	9.5%	9.5%
On earnings above £40,000	12%	12%

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on $1/60^{th}$ of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on $1/80^{th}$ and a lump sum based on $3/80^{th}$ of final pensionable salary and years of pensionable service.

Senior Employees
The accrued pension benefits for Senior Employees are set out in Table 2, together with the pension contributions made by the Board.

Assumptions and Contextual Information
The value of the accrued pension benefits has been calculated on the basis of the age at which the person will first become entitled to receive a pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.

In considering the accrued pension benefits figures the following contextual information should be taken into account:

(i) the figures for pension and lump sum are illustrative only in light of the assumptions set out above and do not necessarily reflect the actual benefits that any individual may receive upon retirement.

(ii) the accrued benefits figures are reflective of the pension contributions that both the employer and the scheme member have made over a period of time. In 2010/2011, the scheme member contribution rate for Senior Employees of the Board was 8.6% of pensionable pay. In 2010/2011, the employer contribution rate was 18.5% of pensionable pay for Senior Employees.

M M Stewart

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
29 June 2011

TABLE 1 – REMUNERATION OF SENIOR EMPLOYEES

Employee Name	Post Title	Salary, Fees & Allowances	Bonuses	Taxable Expenses	Compensation for Loss of Employment	Benefits Other Than in Cash	Total Remuneration 2010/2011	Total Remuneration 2009/2010
		£	£	£	£	£	£	£
J. I. MacKinnon	Bridge Manager	57,845	0	0	0	0	57,845	56,845
Total		57,845	0	0	0	0	57,845	56,845

TABLE 2 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2011	Pension Difference from 31 March 2011	Lump Sum as at 31 March 2011	Lump Sum Difference from 31 March 2011	Pension Contribution 2010/2011	Pension Contribution 2009/2010
		£000	£000	£000	£000	£	£
J.I. Mackinnon	Bridge Manager	22	1	62	2	10,701	10,440
Total		22	1	62	2	10,701	10,440

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of the Tay Road Bridge Joint Board and the Accounts Commission for Scotland

I certify that I have audited the financial statements of the Tay Road Bridge Joint Board for the year ended 31 March 2011 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, and Cash-Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the 2010/11 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of 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

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2010/11 Code of the state of the affairs of the Tay Road Bridge Joint Board as at 31 March 2011 and of the income and expenditure of the Tay Road Bridge Joint Board for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 1985; and
- the information given in the list of Members and Officials, the Bridge Manager's Report, the Analysis of Traffic and the Treasurer's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on the System of Internal Financial Control does not comply with the 2010/11 Code; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Alasdair Craik

Alasdair Craik
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29 September 2011