

REPORT TO: TAY ROAD BRIDGE JOINT BOARD - 20 JUNE 2016
 REPORT ON: UNAUDITED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016
 REPORT BY: TREASURER
 REPORT NO: TRB 17-2016

ITEM No: 9

1 PURPOSE OF REPORT

To provide some additional commentary on the unaudited Annual Accounts for the year ended 31 March 2016 which is being submitted to the Tay Road Bridge Joint Board along with this report.

2 RECOMMENDATIONS

It is recommended that the Board:

- i notes the contents of this covering report;
- ii notes the unaudited Annual Accounts which have been submitted along with report;
- iii instructs the Treasurer to submit the Annual Accounts to the Controller of Audit, Accounts Commission for Scotland; and
- iv notes that the key assumptions underpinning the independent actuaries' calculation of the Board's IAS 19 liability have been reviewed and accepted by Dundee City Council as administering authority for the Pension Fund.

3 FINANCIAL IMPLICATIONS

The Board's 2015/2016 Movement in Reserves Statement shows that there was a break-even position during the year. This gives a total General Reserve Balance of £1,160,591 as at 31 March 2016.

4 BACKGROUND

- 4.1 The relevant statutory provisions regarding the preparation of the Board's Accounts are contained in the Local Authority Accounts (Scotland) Amendment Regulations 2014. Section 8 of these regulations requires that "... all the accounts of the local authority are made up and balanced as soon as practicable after the year end of each financial year and that sufficient copies of an abstract of the said accounts for each financial year are prepared ... and submitted to the authority and submitted to the appointed Auditor not later than 30 June in the next financial year...".
- 4.2 As in previous years the Annual Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting (the Code). There are no significant changes included within the 2015/2016 Code, that impact upon the Board's Accounts.
- 4.3 The Annual Accounts already include a detailed commentary on the figures contained therein and it is not intended to repeat this in this covering report. It is however, worth reiterating a few of the more salient points.
- 4.4 During the financial year the Board received quarterly revenue monitoring reports to keep the members fully apprised as to actual spend-to-date and the projected revenue

outturn position. The Board's 2015/2016 Movement in Reserves Statement shows that there was a balanced budget during the year. The main variances were as follows:

	£000
Staff Costs underspend	(178)
Property Costs underspend	(1)
Supplies and Services underspend	(47)
Transport Costs underspend	(28)
Third Party Payments underspend	(50)
Other Operating Income and Expenditure underspend	(1)
Financing and Investment Income and Expenditure underspend	(10)
Non-Specific Grant Income unapplied	298
Other accounting adjustments overspend	<u>17</u>
TOTAL	<u><u>-</u></u>

Further details of the other areas of under and overspend together with reasons for these variances are included on page 8 of the Annual Accounts. The overall effect of the above resulted in a closing General Reserve Balance of £1,160,591 as at 31 March 2016.

- 4.5 On 15 December 2014, the Board approved a 2015/2016 Capital Expenditure Programme (Report TRB 32-2014) for various works on the bridge and other miscellaneous capital purchases totalling £925,000 which would be funded by capital grant from the Scottish Government. The Board received quarterly capital monitoring reports to keep members fully apprised as to the actual spend-to-date and the projected capital expenditure outturn position. The last projected outturn on the capital programme of £583,000 was reported to the Board on 7 March 2016, (report TRB 2-2016 refers).

During the financial year 2015/2016, the Board incurred capital expenditure of £519,000, i.e. an underspend of £406,000 against the approved capital budget. The variance against the original budget relates to net budget savings during the year of £274,000 and slippage to 2016/2017 of £132,000.

- 4.6 Copies of the enclosed Accounts will now be sent to the Controller of Audit at the Accounts Commission for Scotland. He will then instruct the Board's appointed external auditor (Mr Andy Shaw, Director, KPMG) to commence his audit of the Accounts. The outcome of the audit will be reported back to the Board in due course.

5 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environment Assessment, Anti-Poverty and Equality Impact Assessment and Risk Management. There are no major issues identified.

6 CONSULTATIONS

The Bridge Manager and Clerk to the Board have been consulted on the content of this report and are in agreement with the contents.

7 BACKGROUND PAPERS

None.

MARJORY M STEWART
TREASURER

8 JUNE 2016

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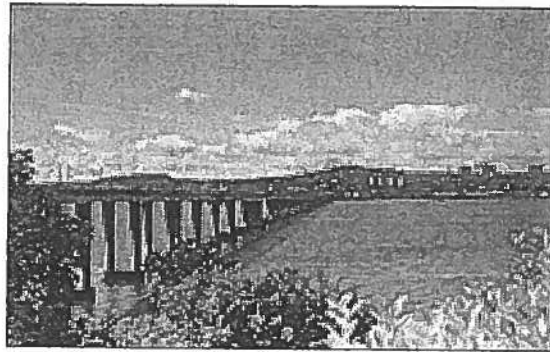
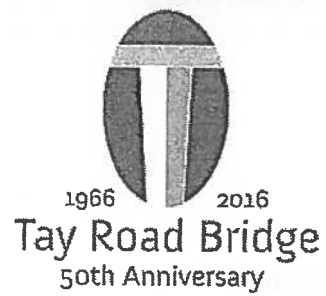
The entire document was reviewed for accuracy and completeness. All information is correct and complete.

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TAY ROAD BRIDGE JOINT BOARD

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

UNAUDITED

JUNE 2016

**TAY ROAD BRIDGE JOINT BOARD
ANNUAL ACCOUNTS 2015/2016
CONTENTS**

	<u>PAGE NO</u>
Members and Officials	3
Management Commentary - Bridge Manager's Report	4
Management Commentary - Treasurer's Report	6
Annual Governance Statement	10
Annual Remuneration Report	12
Statement of Responsibilities for the Statement of Accounts	16
Movement in Reserves Statement	17
Comprehensive Income & Expenditure Statement	18
Balance Sheet	19
Cash Flow Statement	20
Notes to the Financial Statements	21
Independent Auditor's Report to the members of the Tay Road Bridge Joint Board	49

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 has 1 member and Fife Council nominates the remaining 5 members. Following the Scottish Local Government Elections that were held in May 2013 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 2015/2016, the Members and Officials of the Board were:

Representing Dundee City Council

Councillor Jimmy Black (Vice Chair)
Councillor Will Dawson
Councillor Ken Lynn
Councillor Bill Campbell
Councillor Tom Ferguson
Councillor Fraser Macpherson



Representing Angus Council

Councillor Sheila Hands



Representing Fife Council

Councillor Margaret Taylor (Chair)
Councillor Jim Young
Councillor Brian Thomson
Councillor Bill Connor
Councillor Andy Heer



Bridge Manager

Mr Alan Hutchison BEng (Hons), MSc, CEng, MICE

Engineer

Mr Fergus Wilson BSc, MBA, CEng, MICE, MCIHT, MAPS, Dundee City Council

Clerk

Mr Roger Mennie LLB (Hons), DipLP, Dundee City Council

Treasurer

Mrs Marjory M Stewart FCCA, CPFA, Dundee City Council

Contact Details:

Tay Road Bridge Joint Board website: www.tayroadbridge.co.uk

Bridge Manager

Bridge Office
Marine Parade
Dundee
DD1 3JB
01382 433044
[alan.hutchison@
tayroadbridge.co.uk](mailto:alan.hutchison@tayroadbridge.co.uk)

Engineer

c/o Dundee City Council
City Development Dept
50 North Lindsay Street
Dundee
01382 433711
[ferqus.wilson@
dundeecity.gov.uk](mailto:ferqus.wilson@dundeecity.gov.uk)

Clerk

c/o Dundee City Council
Corporate Services Dept
21 City Square
Dundee
01382 434202
[roger.mennie@
dundeecity.gov.uk](mailto:roger.mennie@dundeecity.gov.uk)

Treasurer

c/o Dundee City Council
Corporate Services Dept
50 North Lindsay Street
Dundee
01382 433555
[marjory.stewart@
dundeecity.gov.uk](mailto:marjory.stewart@dundeecity.gov.uk)

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - BRIDGE MANAGER'S REPORT

Organisational Changes

In August 2015 the Board employed a new Maintenance Manager.

In March 2016, the Bridge Manager presented a report to the Joint Board recommending a revised staffing structure and alternative method of how the Operations Team manage traffic on the bridge to ensure a more efficient and effective service. The Bridge Manager proposed that the Operations Officers be trained to operate an Impact Protection Vehicle in order to reduce the number and duration of full bridge closures associated with breakdown and debris recovery. Response times for inspections and repairs of the bridge assets will also be improved as a result of this change.

A Voluntary Early Retirement (VER) and Voluntary Redundancy (VR) scheme has been offered to the Operations Team, with the expectation that staff will leave the employment of the Board at the end of September 2016.

Management Arrangements with Scottish Government

During this period, the main point of contact with the Scottish Government continued to be the Trunk Road and Bus Operations Team of Transport Scotland. Meetings have been held on a regular basis between Board Officers and officers from the Trunk Road and Bus Operations Team to discuss operational and financial matters.

Contracts

Walkway Resurfacing Works

Maintenance works involving resurfacing the central walkway with an overlay Glass Reinforced Plastic (GRP) anti-slip surface commenced in September 2015 and was completed by the end of November 2015. The works were carried out with minimum disruption to users with the walkway remaining open to the public during the contract. The contract was delivered on time and to budget.

Dundee Central Waterfront Development

Contract 4, involving the realignment and other changes to the roads located below the east ramps was completed in March 2016 with no impact on Bridge operations.

The works provided no operational difficulties or delay to the travelling public.

SESTRAN Park & Ride Proposal

Approval has been given by the Board for the sale of the land at the Fife Landfall to SESTRAN at a value determined by the District Valuer. This proposal is currently the subject of ongoing discussion between solicitors.

Traffic

Traffic counters are still unavailable following reconfiguration of the ramps, and as such it is still not possible to report on traffic numbers. However, the Bridge Manager has been working closely with Dundee City Council's Urban Traffic Control section and counters have now been installed to the East and West off-ramps. These are in the process of being commissioned and it is anticipated that traffic counters will be available in the summer of 2016 and will be supported by Dundee City Council who will provide Tay Road Bridge with data for future reports.

**TAY ROAD BRIDGE JOINT BOARD
MANAGEMENT COMMENTARY - BRIDGE MANAGER'S REPORT**

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	Wind speed > 60mph	Wind speed > 45mph	Works Full Closures	Breakdowns and Minor Accidents	Operational closures Debris collection etc
Closed to all Vehicles	Cars Only	No Double Deck buses			
4	26	73	0	51	432
Comparator figures for 2014/2015:					
4	23	80	7	53	563

Over the period there were 4 full closures due to winds exceeding 80mph and the number of wind related restrictions is comparable over this time compared to 2014/2015.

The number of short term single carriageway closures to clear breakdowns and minor accidents from the bridge is comparable over this time compared to 2014/2015.

There were no full closures for works during 2015/2016. For comparison, in 2014/2015 there were 7 full closures between 01:00 to 04:00 to undertake investigation works and resurfacing/patching works on the carriageway. This was less than half the closures required during 2013/2014 due to the successful introduction of new contraflow traffic management procedures.

Staffing Issues

Staff Establishment

Staffing levels and the existing establishment stands as follows:-

Administration	4
Operational	15
Maintenance	8
Total	27

**Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016**

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - 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 Annual Accounts for the financial year 2015/2016.

Annual Governance Statement (see page 10)

This statement sets out the Board's Corporate Governance arrangements, explaining how the Board conducts its business, both internally and in its dealings with others. The main components of the system are listed, together with any significant weaknesses that have been identified and the remedial action taken.

Annual Remuneration Report (see page 12)

This report 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.

Statement of Responsibilities for the Statement of Accounts (see page 16)

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

The Accounting Statements (see pages 17 to 48)

Movement in Reserves Statement:

This statement shows the movement in the year on the different reserves held by the Board, analysed into 'usable reserves' (i.e. 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 explain the accounting treatment of both general and specific items.

Revenue Expenditure

The Tay Road Bridge Joint Board, at its meeting on 15 December 2014, approved the 2015/2016 Revenue Budget. The final budget showed a break-even position. The projected General Reserve balance as at 31 March 2016 would be £1,160,591.

The Board received quarterly Revenue Monitoring reports during 2015/2016 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 15 December 2014 to the revised budget figures that are included in the Comprehensive Income and Expenditure Statement shown on page 18. The actual outturn for 2015/2016 was a net underspend against budget of £17,000 before the application of accounting adjustments and the detailed variance analysis is set out on page 8.

**TAY ROAD BRIDGE JOINT BOARD
MANAGEMENT COMMENTARY - TREASURER'S REPORT**

	Approved Budget £000	Corp & Democratic Core Re-allocation £000	Depreciation & Impairment Allocation £000	Net Investment Property Inc & Exp £000	Reallocate Investment £000	Employee Benefits Adjustment £000	Net (Gain) or Loss on Disposal of Assets £000	Recognised Capital Grant £000	Revaluation of non-current Assets £000	IAS 19 Adjs £000	Revised Budget £000	Actual Expend/ (Income) £000	Over / (Under) Spend £000
Staff Costs	1,116	-	-	-	-	(2)	-	-	-	73	1,187	1,009	(178)
Property Costs	76	-	-	(10)	-	-	-	-	-	-	66	65	(1)
Supplies and Services	349	(21)	-	-	-	-	-	-	-	-	328	281	(47)
Transport Costs	51	-	-	-	-	-	-	-	-	-	51	23	(28)
Third Party Payments	130	(11)	-	-	-	-	-	-	-	-	119	69	(50)
Depreciation & Impairment	-	-	2,102	-	-	-	-	-	-	-	2,102	2,102	-
Corporate & Democratic Core	-	32	-	-	-	-	-	-	-	-	32	32	-
Non Distributed Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Expenditure	1,722	-	2,102	(10)	(10)	(2)	-	-	-	73	3,885	3,581	(304)
Other Operating Income & Expenditure	(10)	-	-	10	-	-	-	-	-	-	-	(1)	(1)
Financing & Investment Income & Expenditure	(12)	-	-	-	-	-	-	-	(10)	59	37	27	(10)
Non-Specific Grant Income (Surplus) / Deficit on Provision of Service	(1,700)	-	-	-	-	-	-	(582)	-	-	(2,282)	(1,984)	298
(Surplus) / Deficit on Revaluation of Fixed Assets	-	-	2,102	-	-	(2)	-	(582)	(10)	132	1,640	1,623	(17)
Actuarial Gains / Losses on Pension Assets / Liabilities	-	-	-	-	-	-	-	-	(51)	-	(51)	(51)	-
Total Comprehensive Income & Expenditure	-	-	2,102	-	-	(2)	-	(582)	(61)	(303)	1,154	1,137	(17)
IAS 19 Adjustments	-	-	-	-	-	-	-	-	-	303	303	321	18
Other IFRS Code Accounting Adjustments	-	-	(2,102)	-	-	2	-	582	61	-	(1,457)	(1,458)	(1)
Total (Surplus) / Deficit	-	-	-	-	-	-	-	-	-	-	-	-	-
General Reserve Balance b/fwd	(1,161)	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)	-
General Reserve Balance c/fwd	(1,161)	-	-	-	-	-	-	-	-	-	(1,161)	(1,161)	-

TAY ROAD BRIDGE JOINT BOARD MANAGEMENT COMMENTARY - TREASURER'S REPORT

Staff Costs (Underspend £178,000)

This reflects savings arising from the Voluntary Early Retirement / Voluntary Redundancy (VER / VR) scheme and an underspend in relation to two vacant posts remaining unfilled for part of the year. This was partly offset by an overspend in relation to formal three-yearly Bridge Inspection training course.

Property Costs (Underspend £1,000)

Reflects lower expenditure relating to electricity costs due to more efficient lighting in use. In addition, expenditure on navigation lights was lower than anticipated due to equipment installed during the Pier Collision Protection Works. This was partly offset by additional expenditure on the refurbishment of the control room including the replacement of the air conditioning system.

Supplies & Services (Underspend £47,000)

Reflects lower expenditure during the year due to the fact that access to the bridge was restricted for most of the year as the gantries only became operational after a period of in-operation which resulted in a reduction in the amount of bridge maintenance work carried out during the year. This has resulted in lower than anticipated expenditure on the purchase of equipment and materials, plant hire, equipment maintenance, and maintenance of the cathodic protection equipment. There were also underspends in relation to the IT and Telephony expenditure due to a new contract in place with a single provider. These were partly offset by additional expenditure on the hire of a Safety Boat due to new operational methods for the Bridge Maintenance section.

Transport Costs (Underspend £28,000)

Reflects lower expenditure relating to fuel costs for the gantries and vehicles as the amount of bridge maintenance work carried out during the year was reduced. There was also an underspend due to the reduction in the Marine Insurance premiums and harbourage costs as a result of disposing of the Safety Boat.

Third Party Payments (Underspend £50,000)

Reflects lower expenditure relating to allowances for professional fees in respect of the cathodic protection system which could not be fully conducted as the use of the gantries has been restricted. Additionally there have been savings in relation to structural inspections as a result of more of this work being undertaken in-house. These have been partly offset by additional expenditure arising from a new Service Level Agreement for the provision of IT Services.

Other Operating Income and Expenditure (Underspend £1,000)

Reflects higher than anticipated income due to the sale of scrap metal.

Financing and Investment Income and Expenditure (Underspend £10,000)

Reflects lower than anticipated expenditure on investment property due to less repairs required than expected as well as slightly higher than anticipated interest on Revenue Balances as a result of increased average cash balances.

Non-Specific Grant Income (Income Shortfall £298,000)

Reflects the net underspend on other budget heads, as detailed above. Any unused Revenue Grant (with conditions) requires to be held in creditors so that it can be applied to match expenditure in future years.

Other Accounting Adjustments (Overspend £17,000)

Reflects underspends on IFRS Code Accounting adjustments and IAS 19 adjustments.

General Reserve

There was a break even position for the financial year 2015/2016. This gives a total General Reserve balance of £1,161,591 at 31 March 2016 which is unchanged from the corresponding figure at 31 March 2015.

**TAY ROAD BRIDGE JOINT BOARD
MANAGEMENT COMMENTARY - TREASURER'S REPORT**

Capital Expenditure and Financing

During 2015/2016, the Board incurred capital expenditure of £519,000 on the following projects:-

	£000
Capital Expenditure:	
Gantry	14
Central Walkway Resurfacing	462
Other Projects	43
	519
Capital expenditure was funded as follows:	
	£000
Capital Grant from the Scottish Government	519
	519

In addition to the above, £0.082m has been recognised in the Balance Sheet within property, plant and equipment at 31 March 2016. This relates to a new Variable Message Sign on the Northern Boulevard and landscaping under the off ramps which were installed by Dundee City Council as part of the Central Waterfront Development.

Control of Revenue and Capital Expenditure

The control of both the revenue and capital expenditure of the Board is an on-going 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 the 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 £1,614,000 as at 31 March 2016. The estimated net pension liability at 31 March 2015 was £1,935,000. The decrease was due to a reduction in the present value of the funded obligation of the scheme, partly offset by a reduction in the fair value of fund assets.

Acknowledgements

During the 2015/2016 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 for their assistance 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 Roger Mennie, Clerk to the Board.

Finally, I would conclude my report by thanking all staff who contributed to the preparation of the Board's 2015/2016 Annual Accounts.

Marjory M Stewart, FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
12 September 2016

TAY ROAD BRIDGE JOINT BOARD ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Tay Road Bridge Joint Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards. This is to ensure that public funds and assets at its disposal are safeguarded, properly accounted for and used economically, efficiently, effectively, and ethically. The Board also has a duty to make arrangements to secure continuous improvement in the way its functions are carried out.

In discharging these responsibilities elected members and senior officers are responsible for implementing effective arrangements for governing the Board's affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

To this end the Board has approved and adopted a local Code of Corporate Governance that is consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. This statement explains how Tay Road Bridge Joint Board delivers good governance and reviews the effectiveness of these arrangements.

The Board's Governance Framework

The governance framework comprises the systems, processes, cultures and values by which the Board is directed and controlled. It also describes the way it engages with and accounts to stakeholders. It enables the Board to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The framework reflects the arrangements in place to meet the six supporting principles of effective corporate governance. These are as follows:

- focusing on the purpose of the Board and on outcomes for the community and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the Board and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- developing the capacity and capabilities of members and officers to be effective; and
- engaging with local people and other stakeholders to ensure robust public accountability.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period. It is based on a framework of regular management information, financial regulations, administrative procedures and management supervision.

The overall control arrangements include:

- identifying the Board's objectives in the Service Plan;
- monitoring of objectives by the Board and senior officers;
- reporting performance regularly to Board meetings;
- clearly defined Standing Orders and Schemes of Administration covering Financial Regulations, Tender Procedures and Delegation of Powers;
- approved Fraud Guidelines which include anti-fraud and corruption strategies, and "whistle-blowing" arrangements;
- setting targets to measure financial and service performance; and
- formal revenue and capital budgetary control systems and procedures.

Additionally, in order to support Chief Financial Officers in the fulfilment of their duties and to ensure that local authority organisations have access to effective financial advice of the highest level, CIPFA's *Role of the Chief Financial Officer* has introduced a "comply or explain" requirement in the Annual Accounts.

TAY ROAD BRIDGE JOINT BOARD ANNUAL GOVERNANCE STATEMENT

Review of Effectiveness

Members and officers of the Board are committed to the concept of sound governance and the effective delivery of Board services and take into account comments made by internal and external auditors and prepare action plans as appropriate.

In addition the Board has made a self-assessment of their own arrangements. This involved the completion, by the Bridge Manager, of a 56-point checklist covering the six supporting principles defined in CIPFA/SOLACE's *Delivering Good Governance in Local Government*. This indicated a high level of compliance.

The Board's Internal Audit Service conforms with Public Sector Internal Audit Standards and reports to the Board. Internal Audit undertakes an annual programme of work, which is reported to the Board. The Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control.

The Treasurer complies with the principles set out in CIPFA's *Role of the Chief Financial Officer*.

Continuous Improvement Agenda

During 2012/2013, Internal Audit identified the following areas where further improvements could be made:

- Develop a Data Protection Policy; and
- Develop a Freedom of Information Policy.

Data Protection and Freedom of Information policies have been developed and were approved at the September 2015 Board meeting.

During 2014/2015, Internal Audit conducted its programme of audits, including reviews of Contract Management, Compliance with Legislation and Staff Recruitment and Retention. These identified the following areas where further improvements could be made:

- Maintain a record of all contract management activity including performance measures;
- Develop a whistle-blowing policy;
- Update the Fraud Guidelines to take account of the UK Bribery Act 2010;
- Devise a recruitment and selection policy; and
- Develop a records management policy.

A record of all contracts and correspondence are now held centrally. This includes details of high level performance standards. However, the Joint Board's Financial Regulations still require to be updated to include Contract Management requirements.

A whistle-blowing policy is being developed and will be reported to the June 2016 Board meeting.

Updated Fraud Guidelines were approved by the Board in March 2016.

A new Recruitment and Selection policy has been implemented.

During 2015/2016, Internal Audit conducted their programme of audits including a review of Corporate Governance and Planning and it was reported that there were no significant weaknesses noted and that the Board's compliance with the relevant principles of the *Delivering Good Governance in Local Government (2008)* was found to be good with no areas for improvement identified. Internal Audit's review of Physical Security and Asset Management identified the following area where further improvements could be made:

- Develop an assets disposal record and incorporate it into the office procedures.

It is proposed that during 2016/2017 steps are taken to address the items identified in the Continuous Improvement Agenda to further enhance the Board's governance arrangements.

The annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Board complies with the Local Code of Corporate Governance in all significant respects.

Councillor Margaret Taylor
Chair
Tay Road Bridge Joint Board
12 September 2016

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

INTRODUCTION

The Board is required to prepare and publish within its Annual Accounts an annual Remuneration Report under the Local Authority Accounts (Scotland) Amendment Regulations 2014. The report sets out the remuneration of the Chair and Vice-Chair and Senior Employees of the Board 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. 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 Annual Accounts as to whether the Remuneration Report has been properly prepared in accordance with the Regulations. Tables 1, 2 and 3 are subject to audit, and the remainder of the report is subject to review.

REMUNERATION ARRANGEMENTS

Senior Board Members

The remuneration of Councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No. 2007/183). The Regulations set out the remuneration payable to Councillors with the responsibility of a Chair or Vice-Chair of a Joint Board. The Regulations require the remuneration to be paid by the Council of which the Chair or Vice-Chair is a member.

The Board has an arrangement with each Council which remunerates the Chair and Vice-Chair, to reimburse the Council for the additional costs of that councillor arising from them being a Chair or Vice-Chair of the Board. The disclosures made in this report are limited to the amounts paid to the Council by the Board for remuneration and does not reflect the full value of the remuneration that may be paid to the councillor.

The remuneration details for the Chair and Vice-Chair of Tay Road Bridge Joint Board are set out in Table 1.

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 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 one employee met the criteria for designation as a Senior Employee in 2015/2016, with the employee falling into category (i) above. The remuneration details for the Senior Employees of the Board are set out in Table 2.

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
	2015/2016	2014/2015
£50,000 - £54,999	1	1
Total	1	1

TAY ROAD BRIDGE JOINT BOARD ANNUAL REMUNERATION REPORT

EXIT PACKAGES

There were no exit packages agreed during 2015/2016 (2014/2015: Seven = £209,000). These are set out in Table 4.

ACCRUED PENSION BENEFITS

Pension benefits for Local Government Employees are provided through the Local Government Pension Scheme (LGPS). A new Local Government Pension Scheme (Scotland) came into effect on 1 April 2015 based on career average related earnings (CARE Scheme).

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 members' contribution rates for 2015/2016 remain at the 2009/2010 rates although the pay bandings have been adjusted. The tiers and contribution rates are as follows:

Whole Time Pay	Contribution Rate 2015/2016	Whole Time Pay	Contribution Rate 2014/2015
On earnings up to and including £20,500	5.50%	up to and including £20,335	5.50%
On earnings above £20,500 and up to £25,000	7.25%	above £20,335 and up to £24,853	7.25%
On earnings above £25,000 and up to £34,400	8.50%	above £24,853 and up to £34,096	8.50%
On earnings above £34,400 and up to £45,800	9.50%	above £34,096 and up to £45,393	9.50%
On earnings above £45,800	12%	above £45,393	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 1/49th of average pensionable salary and years of pensionable service. Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary and years of pensionable service. Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service.

Senior Employees

The accrued pension benefits for Senior Employees are set out in Table 3, 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 2015/2016, the scheme member contribution rate for Senior Employees of the Board was in the range of 7.6% to 8.0% of pensionable pay. In 2015/2016, the employer contribution rate was 17% of pensionable pay for Senior Employees

Councillor Margaret Taylor
Chair
Tay Road Bridge Joint Board
12 September 2016

Alan Hutchison
Bridge Manager
Tay Road Bridge Joint Board
12 September 2016

TABLE 1 – REMUNERATION OF COUNCILLORS WHO ARE CHAIR AND VICE-CHAIR OF TAY ROAD BRIDGE JOINT BOARD

Councillor Name	Responsibility	Salary, Fees & Allowances	Taxable Expenses	Non-cash Expenses & Benefits-in-	Total Remuneration 2015/2016	Total Remuneration 2014/2015
		£	£	£	£	£
Margaret Taylor	Chair, Tay Road Bridge Joint Board	4,169	64	-	4,233	4,169
Jimmy Black	Vice-Chair, Tay Road Bridge Joint Board	3,154	-	-	3,154	3,107
Total		7,323	64	-	7,387	7,276

TABLE 2 – 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 2015/2016	Total Remuneration 2014/2015
		£	£	£	£	£	£	£
J.I. MacKinnon	Bridge Manager (to 18 May 2014)	-	-	-	-	-	-	7,773
A. Hutchison	Bridge Manager	52,980	-	-	-	-	52,980	47,286
Total		52,980	-	-	-	-	52,980	55,059

TABLE 3 – SENIOR EMPLOYEES ACCRUED PENSION BENEFITS

Employee Name	Post Title	Pension as at 31 March 2016	Pension Difference from 31 March 2015	Lump Sum as at 31 March 2016	Lump Sum Difference from 31 March 2015	Pension Contribution 2015/2016	Pension Contribution 2014/2015
		£000	£000	£000	£000	£000	£000
A. Hutchison	Bridge Manager	9	3	8	2	9,007	8,512
Total		9	3	8	2	9,007	8,512

TABLE 4 – TERMINATION BENEFITS AND EXIT PACKAGES

As part of a revision to the staff structure, Maintenance Team employees the Board approved a Voluntary Early Retirement and Voluntary Redundancy schemes. The table below details the total number and cost of employee departures agreed under these schemes, split over various cost bandings. The total cost of these exit packages includes the strain on fund payable by the Board to the relevant pension scheme, employers contribution to any enhancement of service awarded (i.e. added years benefits) or redundancy payments made. These costs are included on an actuarial basis and have been calculated by the Board's appointed actuary, Barnett Waddingham (where no actuarial valuation was provided by the actuary an estimate of the capitalised cost has been made based on the required future payments to the relevant pension schemes).

Exit Package Cost Band	Total Number of exit packages by cost band		Total cost of exit packages in each cost band £000	
	2014/2015	2015/2016	2014/2015	2015/2016
£0 - £20,000	4	-	30	-
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	1	-	46	-
£60,001 - £80,000	2	-	133	-
Total	7	-	209	-

TAY ROAD BRIDGE JOINT BOARD STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Board's responsibilities

The 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 (section 95 of the Local Government (Scotland) Act 1973). In this Board, that officer is the Treasurer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- approve the Audited Annual Accounts.

I confirm that these Annual Accounts were approved for signature by the Joint Board at its meeting on 20 June 2016.

Signed on behalf of Tay Road Bridge Joint Board

Councillor Margaret Taylor
Chair

Tay Road Bridge Joint Board
12 September 2016

The Treasurer's responsibilities

The Treasurer is responsible for the preparation of the Board's Annual Accounts in accordance with proper practices as required by legislation and set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Annual Accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation; and
- complied with the Code of Practice (in so far as it is compatible with legislation).

The Treasurer has also:

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

I certify that the Annual Accounts give a true and fair view of the financial position of the Board at the reporting date and the transactions of the Board for the year ended 31 March 2016.

Marjory M Stewart, FCCA, CPFA
Treasurer

Tay Road Bridge Joint Board
20 June 2016

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' (i.e. 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 Unusable Reserves £000	Unusable Reserves £000	Total Board Reserves £000
Balance at 31 March 2014	(1,161)	(1,175)	(2,336)	(71,938)	(74,274)
<u>Movement in Reserves during 2014/2015</u>					
(Surplus) or deficit on provision of services	1,156	-	1,156	-	1,156
Other Comprehensive Expenditure and Income	-	-	-	(832)	(832)
Total Comprehensive Expenditure and Income	1,156	-	1,156	(832)	324
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,156)	280	(876)	876	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	280	280	44	324
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in 2014/2015	-	280	280	44	324
Balance at 31 March 2015 carried forward	(1,161)	(895)	(2,056)	(71,894)	(73,950)
<u>Movement in Reserves during 2015/2016</u>					
(Surplus) or deficit on provision of services	1,623	-	1,623	-	1,623
Other Comprehensive Expenditure and Income	-	-	-	(486)	(486)
Total Comprehensive Expenditure and Income	1,623	-	1,623	(486)	1,137
Adjustments between accounting basis & funding basis under regulations (note 5)	(1,623)	19	(1,604)	1,604	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	-	19	19	1,118	1,137
Transfers to / (from) Earmarked Reserves	-	-	-	-	-
(Increase) / Decrease in Year	-	19	19	1,118	1,137
Balance at 31 March 2016 carried forward	(1,161)	(876)	(2,037)	(70,776)	(72,813)

TAY ROAD BRIDGE JOINT BOARD COMPREHENSIVE INCOME EXPENDITURE STATEMENT

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

2014/2015			2015/2016			
Gross Expenditure £000	Gross Income £000	Net Expenditure/ (Income) £000	Budgeted Net Expenditure (unaudited) £000	Gross Expenditure £000	Gross Income £000	Net Expenditure/ (Income) £000
						Expenditure
1,252	-	1,252	1,187	1,009	-	1,009
53	-	53	66	65	-	65
279	-	279	328	281	-	281
42	-	42	51	23	-	23
120	-	120	119	69	-	69
1,802	-	1,802	2,102	2,102	-	2,102
32	-	32	32	32	-	32
165	-	165	-	-	-	-
3,745	-	3,745	3,885	3,581	-	3,581
						Cost Of Services
-	33	33	-	-	(1)	(1)
						Other Operating Income & Expenditure (note 6)
100	(22)	78	37	61	(34)	27
						Financing and Investment Income and Expenditure (note 7)
-	(2,700)	(2,700)	(2,282)	-	(1,984)	(1,984)
						Non-Specific Grant Income (note 8)
3,845	(2,689)	1,156	1,640	3,642	(2,019)	1,623
						(Surplus) or Deficit on Provision of Services (note 14)
33	(225)	(192)	(51)	49	(100)	(51)
						(Surplus) or deficit on revaluation of PPE
1,127	(1,767)	(640)	(435)	316	(751)	(435)
						Actuarial (Gains) / Losses on Pension Assets / Liabilities
1,160	(1,992)	(832)	(486)	365	(851)	(486)
						Other Comprehensive Income and Expenditure
5,005	(4,681)	324	1,154	4,007	(2,870)	1,137
						Total Comprehensive Income and Expenditure

**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 is usable reserves, i.e. those 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 is unusable reserves i.e. those that the Board is not able to use to provide services. This category 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'.

31 March 2015		Note	31 March 2016
£000			£000
73,829	Property, Plant & Equipment	21	72,392
62	Investment Property	20	71
<u>73,891</u>	Total Long Term Assets		<u>72,463</u>
63	Inventories	23	61
20	Short Term Debtors	24	21
2,709	Cash and Cash Equivalents	13	3,050
<u>2,792</u>	Total Current Assets		<u>3,132</u>
<u>(798)</u>	Short Term Creditors	25	<u>(1,168)</u>
<u>(798)</u>	Total Current Liabilities		<u>(1,168)</u>
<u>(1,935)</u>	Net Pension Liabilities		<u>(1,614)</u>
<u>(1,935)</u>	Total Long Term Liabilities		<u>(1,614)</u>
<u><u>73,950</u></u>	Net Assets		<u><u>72,813</u></u>
2,056	Usable reserves	9	2,037
71,894	Unusable Reserves	10	70,776
<u>73,950</u>	Total Reserves		<u>72,813</u>

Marjory Stewart FCCA, CPFA
Treasurer
Tay Road Bridge Joint Board
20 June 2016

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 (i.e. borrowing) to the Board.

2014/2015		2015/2016
£000		£000
1,156	Net (surplus) or deficit on the provision of services	1,623
(1,854)	Adjust net surplus or deficit on the provision of services for non cash movements	(2,476)
996	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	525
298	Net cash flows from Operating Activities	(328)
87	Investing Activities (note 11)	(1)
(11)	Financing Activities (note 12)	(12)
374	Net (Increase) or Decrease in cash and cash equivalents	(341)
3,083	Cash and cash equivalents at the beginning of the reporting period	2,709
2,709	Cash and cash equivalents at the end of the reporting period (note 13)	3,050

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

A General Principles

The Annual Accounts summarises the Board's transactions for the 2015/2016 financial year and its position at the year-end of 31 March 2016. The Board is required to prepare Annual Accounts by the Local Authority Accounts (Scotland) Regulations 2014. 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 2015/2016 and the Service Reporting Code of Practice 2015/2016, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Annual 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 Prior Period 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 (unless otherwise stated) 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, i.e. 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; and
- 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

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 (e.g. 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, being the period in which the employee takes the benefit. 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 appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Board can no longer withdraw the offer of those benefits or when the Board recognises costs for a restructuring. 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 pension enhancement termination 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.

Post Employment Benefits

Employees of the Board are members of a separate pension scheme being the Local Government Superannuation Scheme (Tayside Pension 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 Pension Fund attributable to the Board are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate 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 Pension 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 the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to Staff Costs;

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- past service cost – the increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
- net interest on the defined benefit liability (asset), i.e. net interest expense for the Board – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserves Other Comprehensive Income and Expenditure; and
 - 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Tayside Pension 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 Annual Accounts are 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 Annual Accounts are adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Annual 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:

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- 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 Heritage Assets

The Board's Heritage Assets are held in support of the primary objective of increasing knowledge, understanding and appreciation of the history of the Tay Road Bridge and the surrounding area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Board's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets are also presented below.

The Board's heritage assets are accounted for as follows:

Heritage Assets Not Recognised in the Balance Sheet

The Board holds heritage assets which, in light of the relaxation of measurement rules, are not recognised in the balance sheet. The Board considers that, due to the unique nature of the assets held and the lack of comparable values, the cost of obtaining valuations would be disproportionate in relation to the benefits to the users of the Board's financial statements. As a result, fair value information is unavailable and cost information is also unknown. These assets are therefore not recognised in the balance sheet, however, detailed information regarding them is held on relevant databases.

Heritage Assets - Impairments

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Board's general policies on impairment.

J 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.

K 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

L 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.

The Board as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at fair value 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 e.g. 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 (e.g. if there is a rent-free period at the commencement of the lease).

The Board as Lessor

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 (i.e. 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 (e.g., 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

M 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 or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- 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 does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Board). In the latter case, where an asset is acquired via an exchange, 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

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 current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current 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:

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

- 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.

Assets Held for Sale / 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 re-valued 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 (i.e. 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. Receipts are 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 (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation 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.

Depreciable assets are not depreciated in the year of purchase, but are depreciated in the year of disposal.

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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

N 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 (e.g. 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.

O 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 9 and 10.

P 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.

Q FAIR VALUE MEASUREMENT

The Board measures some of its non-financial assets as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Board measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Board uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Board's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 - unobservable inputs for the asset or liability.

The Board's investment properties are measured using the income approach, by means of a discounted cash flow method, where the expected cash flows from the properties are discounted (using a market derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Board's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The Board's investment properties are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

2 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The following accounting standards have been issued but are not yet adopted in the 2015/2016 Code of Practice on Local Authority Accounting in the United Kingdom:

- Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions);
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 1 Presentation of Financial Statements (Disclosure Initiative);
- Annual improvements to IFRSs (2010-2012 and 2012-2014 cycles); and
- Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding analysis.

These amendments will be adopted in the 2016/2017 Code of Practice on Local Authority Accounting in the United Kingdom and the Board will be required to reflect them, as necessary, in its 2016/2017 Annual Accounts. It is not anticipated that any of these amendments will have a significant impact on the Board. In respect of the last item listed above the comparator (2015/2016) information will also require to reflect the new formats and reporting requirements.

3 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 Annual 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.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION

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 2016 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 property, plant and equipment would increase by £86,000 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 £142,000. However, the assumptions interact in complex ways. During 2015/2016, the Board's actuaries advised that the net pensions liability had decreased by £312,000 as a result of estimates being corrected as a result of experience and increased by £747,000 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.

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

5 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.

2015/2016	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2015/2016 £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	(2,102)	-	2,102	-
Movements in the fair value of Investment Properties	9	-	(9)	-
Capital grants and contributions that have been applied to capital financing	582	19	(601)	-
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	-	-	-	-
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	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Adjustments involving the Capital Grants Unapplied Account:				
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
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 16)	(288)	-	288	-
Employer's pensions contributions and direct payments to pensioners payable in the year	174	-	(174)	-
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	2	-	(2)	-
Total Adjustments	(1,623)	19	1,604	-

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

2014/2015	General Fund Balance £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000	Total 2014/2015 £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	(1,802)	-	1,802	-
Movements in the fair value of Investment Properties	-	-	-	-
Capital grants and contributions that have been applied to capital financing	1,033	280	(1,313)	-
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	-	-	-	-
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	-	-	(28)	(28)
Use of the Capital Receipts Reserve to finance new capital expenditure	28	-	-	28
Adjustments involving the Capital Grants Unapplied Account:				
Reversal of unapplied capital grant and contributions credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
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 16)	(560)	-	560	-
Employer's pensions contributions and direct payments to pensioners payable in the year	149	-	(149)	-
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	(4)	-	4	-
Total Adjustments	(1,156)	280	876	-

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

6 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - OTHER OPERATING INCOME AND EXPENDITURE

2014/2015		2015/2016
<u>£000</u>		<u>£000</u>
-	Fees and Charges	(1)
33	(Gains) / Losses on the disposal of non current assets	-
<u>33</u>	Total	<u>(1)</u>

7 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/2015		2015/2016
<u>£000</u>		<u>£000</u>
98	Net interest on the defined benefit liability (asset)	59
(12)	Interest receivable and similar income	(14)
-	Changes in the fair value of investment properties	(9)
(8)	Net Income & Expenditure on investment properties	(9)
<u>78</u>	Total	<u>27</u>

8 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT - NON SPECIFIC GRANT INCOME

2014/2015		2015/2016
<u>£000</u>		<u>£000</u>
(1,667)	Non-ring fenced government grants	(1,402)
(1,033)	Capital grants and contributions	(582)
<u>(2,700)</u>	Total	<u>(1,984)</u>

9 BALANCE SHEET - USABLE RESERVES

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

10 BALANCE SHEET - UNUSABLE RESERVES

31 March 2015		31 March 2016
<u>£000</u>		<u>£000</u>
711	Revaluation Reserve	762
73,119	Capital Adjustment Account	71,627
(1,935)	Pensions Reserve	(1,614)
(1)	Accumulating Compensated Absences Adjustment Account	1
<u>71,894</u>	Total Unusable Reserves	<u>70,776</u>

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.

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

2014/2015		2015/2016
£000		£000
707	Balance at 1 April	711
76	Upward Revaluation of assets	100
(1)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(49)
-	Accumulated gains on assets sold or scrapped	-
(71)	Amount written off to the Capital Adjustment Account	-
<u>711</u>	Balance at 31 March	<u>762</u>

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. Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/2015		2015/2016
£000		£000
73,456	Balance at 1 April	73,119
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(1,802)	• Charges for depreciation and impairment of non current assets	(2,102)
53	• 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	-
71	Adjusting amounts written out of the Revaluation Reserve	-
<u>(1,678)</u>	Net written out amount of the cost of non current assets consumed in the year	<u>(2,102)</u>
	Capital financing applied in the year:	
28	• Use of the Capital Receipts Reserve to finance new capital expenditure	-
1,313	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	601
<u>1,341</u>	Total Capital Financing Applied during the year	<u>601</u>
-	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	9
<u>73,119</u>	Balance at 31 March	<u>71,627</u>

TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS

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.

2014/2015		2015/2016
£000		£000
(2,228)	Balance at 1 April	(1,935)
640	Re-measurements of the net defined benefit liability / (asset)	435
(496)	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	(288)
149	Employer's pensions contributions and direct payments to pensioners payable in the year	174
<u>(1,935)</u>	Balance at 31 March	<u>(1,614)</u>

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.

2014/2015		2015/2016
£000		£000
3	Balance at 1 April	(1)
(3)	Settlement or cancellation of accrual made at the end of the preceding year	1
(1)	Amounts accrued at the end of the current year	1
(4)	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	2
<u>(1)</u>	Balance at 31 March	<u>1</u>

11 CASH FLOW STATEMENT - INVESTING ACTIVITIES

2014/2015		2015/2016
£000		£000
1,171	Purchase of property, plant and equipment, investment property and intangible assets	581
(51)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
(1,033)	Other receipts from investing activities	(582)
<u>87</u>	Net cash flows from investing activities	<u>(1)</u>

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

12 CASH FLOW STATEMENT - FINANCING ACTIVITIES

2014/2015		2015/2016
<u>£000</u>		<u>£000</u>
(11)	Other receipts from financing activities	<u>(12)</u>
<u>(11)</u>	Net cash flows from financing activities	<u>(12)</u>

13 CASH FLOW STATEMENT - CASH AND CASH EQUIVALENTS

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

31 March 2015		31 March 2016
<u>£000</u>		<u>£000</u>
<u>2,709</u>	Bank current account	<u>3,050</u>
<u>2,709</u>	Total cash and cash equivalents	<u>3,050</u>

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

14 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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	Admin Operations		Plant & Equipment	Bridge Maintenance	Income	Total
2015/2016	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-	-	-	-	(1)	(1)
Interest and investment income	-	-	-	-	(22)	(22)
Government grants	-	-	-	-	(1,402)	(1,402)
Total Income	-	-	-	-	(1,425)	(1,425)
Employee expenses	177	492	-	234	-	903
Other service expenses	313	6	143	60	-	522
Total Expenditure	490	498	143	294	-	1,425
Net Expenditure	490	498	143	294	(1,425)	-

Divisional Income and Expenditure	Admin Operations		Plant & Equipment	Bridge Maintenance	Income	Total
2014/2015	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	-	-	-	-	-	-
Interest and investment income	-	-	-	-	(23)	(23)
Government grants	-	-	-	-	(1,667)	(1,667)
Total Income	-	-	-	-	(1,690)	(1,690)
Employee expenses	198	479	-	485	-	1,162
Other service expenses	266	5	162	95	-	528
Total Expenditure	464	484	162	580	-	1,690
Net Expenditure	464	484	162	580	(1,690)	-

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

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

	2014/2015 £000	2015/2016 £000
Net expenditure in the Divisional Analysis	-	-
Net expenditure of services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	2,227	2,353
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	1,518	1,228
Cost of Services in Comprehensive Income and Expenditure Statement	3,745	3,581

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.

	Operational Divisions £000	Amounts Not Reported to mgmt £000	Amounts Not Included in CIES £000	Cost of Services £000	Corporate Amounts £000	Total £000
2015/2016						
Fees, charges & other service income	(1)	-	-	(1)	-	(1)
Interest and investment income	(22)	-	-	(22)	49	27
Government grants and contributions	(1,402)	-	-	(1,402)	(582)	(1,984)
Total Income	(1,425)	-	-	(1,425)	(533)	(1,958)
Employee expenses	903	227	(174)	956	1	957
Other service expenses	522	-	-	522	-	522
Depreciation, amortisation and impairment	-	2,102	-	2,102	-	2,102
Total expenditure	1,425	2,329	(174)	3,580	1	3,581
Surplus or deficit on the provision of services	-	2,329	(174)	2,155	(532)	1,623

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

2014/2015	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	-	-	-	-	226	226
Interest and investment income	(23)	-	-	(23)	(92)	(115)
Government grants and contributions	(1,667)	-	-	(1,667)	(1,033)	(2,700)
Total Income	(1,690)	-	-	(1,690)	(899)	(2,589)
Employee expenses	1,162	232	(149)	1,245	169	1,414
Other service expenses	528	-	-	528	-	528
Depreciation, amortisation and impairment	-	1,802	-	1,802	-	1,802
Total expenditure	1,690	2,034	(149)	3,575	169	3,744
Surplus or deficit on the provision of services	-	2,034	(149)	1,885	(730)	1,155

15 EXTERNAL AUDIT COSTS

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

	2014/2015 £000	2015/2016 £000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed auditor for the year	12	12
Total	12	12

16 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 Pension 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. The Scheme currently provides benefits based on career average revalued salary and length of service on retirement.
- The Board also has liabilities for any discretionary pension payments outside the main scheme. These benefits are an unfunded defined benefit final arrangement, under which liabilities are recognised when awards are made. There are no investment assets built up to meet the pensions liabilities for discretionary awards, and cash has to be generated to meet actual pensions payments as they eventually fall due.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Tayside Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme (Scotland) regulations 2008 and the governance of the scheme is the responsibility of the Pensions Investment Sub-Committee of the Policy and Resources Committee of Dundee City Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the Sub-Committee.

The principal risks to the Board of the scheme are the life expectancy assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals of members from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Cost of Services the amounts required by statute as described in the accounting policies note (please refer to Note 1 item F for further details).

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 reserves 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	
	2014/2015 £000	2015/2016 £000
Comprehensive Income and Expenditure Statement:		
<i>Cost of Services:</i>		
• current service cost	233	229
• past service cost	165	-
<i>Financing and Investment Income and Expenditure</i>		
• net interest on the defined liability (asset)	95	58
• administration expenses	3	1
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	496	288
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding amount included in the net interest expense)	(667)	316
• Other actuarial gains / (losses) on assets	(230)	-
• Actuarial gains and losses arising on changes in demographic assumptions	(75)	-
• Actuarial gains and losses arising on changes in financial assumptions	1,127	(747)
• Other (if applicable)	(795)	(4)
Total Re-measurements	(640)	(435)
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(144)	(147)
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	(560)	(288)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
• employers' contributions payable to scheme	149	174
• retirement benefits payable to pensioners	-	-

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

Pension assets and liabilities recognised in the Balance Sheet

	Local Government Pension Scheme		
	2013/2014	2014/2015	2015/2016
	£000	£000	£000
Net pension assets as at:			
Present value of funded obligation	8,999	9,762	9,178
Fair value of scheme assets	(6,838)	(7,984)	(7,705)
Net liability	2,161	1,778	1,473
Present value of unfunded obligation	67	157	141
Net liability arising from defined benefit obligation	2,228	1,935	1,614

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	
	2014/2015	2015/2016
	£000	£000
Opening balance at 1 April	9,066	9,919
Current service cost	233	229
Interest cost	395	302
Contributions by scheme participants	47	39
<i>Re-measurement (gains) and losses:</i>		
o change in financial assumptions	1,127	(747)
o change in demographic assumptions	(75)	-
Experience loss / (gain) on defined benefit obligation	(795)	(4)
Benefits paid	(244)	(419)
Past service costs, including curtailments	165	-
Closing balance at 31 March	9,919	9,319

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2014/2015	2015/2016
	£000	£000
Opening balance at 1 April	6,838	7,984
Interest income on assets	300	244
Re-measurement gain / (loss): return on assets less interest	667	(316)
Other re-measurement gain / (loss)	230	-
Administration expenses	(3)	(1)
Employer contributions	149	174
Contributions by scheme participants	47	39
Benefits paid	(244)	(419)
Closing balance at 31 March	7,984	7,705

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 £(72,000) (2014/2015: £967,000).

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The liabilities show the underlying commitments that the Board has in the long run to pay post employment (retirement) benefits. The total liability of £1.614m 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 (i.e., before payments fall due), as assessed by the scheme actuary.

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 Pension 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 2014.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2014/2015	2015/2016
Long-term expected rate of return on assets in the scheme:		
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.2	21.3
Women	23.2	23.3
Longevity at 65 for future pensioners (years):		
Men	23.4	23.5
Women	25.5	25.6
Rate of inflation (RPI)	3.1%	3.1%
Rate of inflation (CPI)	2.3%	2.2%
Rate of increase in salaries	4.1%	4.0%
Rate of increase in pensions	2.3%	2.2%
Rate of discounting scheme liabilities	3.1%	3.5%

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

Impact on the defined benefit obligation in the Scheme:

	Local Government Pension Scheme		
	£000 +0.1%	£000 0%	£000 -0.1%
Adjustment to discount rate:			
o Present value of total obligation	9,177	9,319	9,464
o Projected service cost	202	206	210
Adjustment to long term salary increase:			
o Present value of total obligation	9,339	9,319	9,299
o Projected service cost	206	206	206
Adjustment to pension increases and deferred re-valuation:			
o Present value of total obligation	9,445	9,319	9,196
o Projected service cost	210	206	202
Adjustment to mortality age rating assumption:			
o Present value of total obligation	+ 1 year 9,606	None 9,319	- 1 year 9,041
o Projected service cost	211	206	201

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

The Board's share of Tayside Pension Fund's assets consist of the following categories, by amount and proportion of the total assets held:

	31 March 2015 £000	31 March 2015 %	31 March 2016 £000	31 March 2016 %
Equity investments	5,654	71	5,282	69
Gilts	437	5	403	5
Other Bonds	1,009	13	995	13
Property	796	10	940	12
Cash	88	1	85	1
Total	7,984	100	7,705	100

Impact on the Board's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Tayside Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2017.

The Board anticipated to pay £118,000 expected contributions to the scheme in 2016/2017. The weighted average duration of the defined benefit obligation for scheme members is 16 years (2015/2016: 16 years).

17 EVENTS AFTER THE BALANCE SHEET DATE

There were no events that occurred between 1 April 2016 and 20 June 2016 that would have an impact on the 2015/2016 financial statements. The latter date is the date on which the unaudited accounts were authorised for issue by the Treasurer.

18 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 2016 (see note 25).

Other Local Authorities

Angus, Dundee City and Fife Councils are considered to be related parties of the Board. During 2015/2016, the Board entered into a number of transactions with Dundee City Council and Fife Council, as detailed below:

2014/2015			2015/2016	
Income £000	Expenditure £000		Income £000	Expenditure £000
(12)	-	Dundee City Council:	(14)	-
-	55	Interest Receivable	-	62
-	261	Central Support Services	-	74
(12)	316	Miscellaneous	(14)	136
		Total Dundee City Council		
		Fife Council:		
-	5	Miscellaneous	-	6
-	5	Total Fife Council	-	6

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

The following balances existed between the Board and Dundee City Council and Fife Council as at 31 March 2016:

2014/2015			2015/2016	
Asset £000	Liability £000		Asset £000	Liability £000
		Dundee City Council:		
-	17	Central Support Services	-	-
(12)	-	Interest Receivable	(14)	-
-	93	Miscellaneous (incl. Capital Works)	-	34
<u>(12)</u>	<u>110</u>	Total Dundee City Council	<u>(14)</u>	<u>34</u>
		Fife Council:		
-	5	Miscellaneous	-	-
<u>-</u>	<u>5</u>	Total Fife Council	<u>-</u>	<u>-</u>

19 LEASES

The Board as Lessee

The Board held no assets on finance or operating lease during 2015/2016 and, accordingly, there were no lease rentals paid to lessors during the year (2014/2015: None) or commitments due to lessors in 2015/2016 (2014/2015: None).

The Board as Lessor

The Board had entered a three year agreement for the lease of land and property to a third party which ended in 2011. This arrangement has continued on a monthly basis as permitted in the lease agreement. This agreement is accounted for as an operating lease. In 2015/2016 the Board received rent of £10,213 from this agreement (2014/2015: £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 = £Nil
- c) later than 5 years = £Nil.

20 INVESTMENT PROPERTIES

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

	2014/2015 £000	2015/2016 £000
Rental income from investment property	10	10
Direct operating expenses arising from investment property	(2)	(1)
Net gain/(loss)	<u>8</u>	<u>9</u>

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.

TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS

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

	2014/2015 £000	2015/2016 £000
Balance at start of the year	62	62
Additions:		
Purchases	-	-
Subsequent expenditure	-	-
Disposals:		
Net gains/(losses) from fair value adjustments	-	9
Transfers:		
to/from Inventories	-	-
to/from Property, Plant and Equipment	-	-
Balance at end of the year	62	71

The Board's Investment Properties are valued using the Level 3 (unobservable inputs for the asset) valuation technique / fair value hierarchy. There has been no change in the valuation technique used during the year.

21 PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2015/2016:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation					
At 1 April 2015	1,483	731	85,369	-	87,583
Additions	-	24	495	-	519
Additions - Ramp Work	-	-	-	-	-
Derecognition – Disposals	-	-	-	-	-
Expenditure Not Adding Value	-	(57)	(32)	-	(89)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	51	-	-	-	51
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	(105)	-	-	-	(105)
Other movements in Cost or Valuation	-	82	-	-	82
At 31 March 2016	1,429	780	85,832	-	88,041
Accumulated Depreciation and Impairment					
At 1 April 2015	23	338	13,393	-	13,754
Depreciation charge	19	57	1,832	-	1,908
Depreciation written out to the Surplus / Deficit on the Provision of Services	(13)	-	-	-	(13)
Derecognition – Disposals	-	-	-	-	-
At 31 March 2016	29	395	15,225	-	15,649
Net Book Value:					
At 31 March 2016	1,400	385	70,607	-	72,392
At 31 March 2015	1,460	393	71,976	-	73,829

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

Comparative Movements in 2014/2015:

	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Assets Under Construction £000	Property, Plant & Equipment £000	Total
Cost or Valuation						
At 1 April 2014	1,244	798	76,252	7,920		86,214
Additions	-	108	700	-		808
Additions - Ramp Work	-	-	-	533		533
Derecognition – Disposals	-	(175)	-	-		(175)
Expenditure Not Adding Value	-	-	(36)	-		(36)
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	76	-	-	-		76
Revaluation Increases / (Decreases) recognised in the Surplus / Deficit on the Provision of Services	163	-	-	-		163
Other movements in Cost or Valuation	-	-	8,453	(8,453)		-
At 31 March 2015	1,483	731	85,369	-		87,583
Accumulated Depreciation						
At 1 April 2014	57	399	11,703	-		12,159
Depreciation charge	23	53	1,690	-		1,766
Depreciation written out to the Surplus / Deficit on the Provision of Services	(57)	-	-	-		(57)
Derecognition – Disposals	-	(114)	-	-		(114)
At 31 March 2015	23	338	13,393	-		13,754
Net Book Value:						
At 31 March 2015	1,460	393	71,976	-		73,829
At 31 March 2014	1,187	398	64,549	7,921		74,055

Capital Commitments

At 31 March 2016, the Board has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2016/2017 and future years, budgeted to cost £32,000 (Similar commitments at 31 March 2015 were £nil).

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. All valuations were carried out by Mr Alastair Kay BSc MRICS, Registered Valuer for 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.

**TAY ROAD BRIDGE JOINT BOARD
NOTES TO THE FINANCIAL STATEMENTS**

22 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.

	2014/2015 £000	2015/2016 £000
<i>Capital investment:</i>		
Property, Plant and Equipment	808	519
Total Capital Investment	808	519
<i>Sources of finance:</i>		
Capital receipts	28	-
Government grants and other contributions	780	519
Total Sources of Finance	808	519

23 INVENTORIES

	Maintenance Materials		Total	
	2014/2015 £000	2015/2016 £000	2014/2015 £000	2015/2016 £000
Balance outstanding at start of year	67	63	67	63
Recognised as an expense in the year	(4)	(2)	(4)	(2)
Other Adjustments	-	-	-	-
Balance outstanding at year-end	63	61	63	61

24 SHORT-TERM DEBTORS

	31 March 2015 £000	31 March 2016 £000
Local authorities	12	14
Other entities and individuals	8	7
Total	20	21

25 SHORT-TERM CREDITORS

	31 March 2015 £000	31 March 2016 £000
Central government bodies	686	1,048
Local authorities	40	79
Public Corporations & Trading Funds	-	10
Other entities and individuals	72	31
Total	798	1,168

26 GRANT INCOME

The Board credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Account in 2015/2016:

	2014/2015 £000	2015/2016 £000
Credited to Taxation and Non Specific Grant Income		
Scottish Government Revenue Grant	1,667	1,402
Scottish Government Capital Grant	500	500
Dundee City Council Capital Grant	533	82
Total	2,700	1,984

The Board has £829,000 of Revenue 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 (2014/2015: £570,000). This is included in Note 25, Short-Term Creditors under Central government bodies.

TAY ROAD BRIDGE JOINT BOARD NOTES TO THE FINANCIAL STATEMENTS

27 HIGHWAYS NETWORK ASSET

CIPFA / LASAAC has agreed that the 2016/2017 edition of the Code of Practice on Local Authority Accounting in the United Kingdom will adopt the measurement requirements of the CIPFA Code of Practice on Highways Network Asset. As a result, the highways network assets will be measured on a Depreciated Replacement Cost (DRC) basis, as opposed to a Historical Cost basis as at present. This will represent a change in accounting policy from 1 April 2016 and shall be accounted for retrospectively in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, exceptionally, the 2016/2017 Code will include an adaptation to IAS 1 for the transition for the move to measuring the highways network assets at DRC so that there is no requirement to restate the preceding year information or for an opening balance as at 1 April 2016. The change shall therefore be accounted for as an adjustment to opening balances as at 1 April 2016. This change to the Code will require the establishment of a separate asset, the Highways Network Asset, in accordance with the components classified in the Code of Practice on Highways Network Asset. This will require a disaggregation of those highways network assets from the current Infrastructure Assets classification. The remaining relevant provisions of the Code will continue to apply to the highways network assets in the same way as any other item of Property, Plant and Equipment.

The change in measurement basis to DRC will see a significant increase in the Balance Sheet value of the Board's Highways Network Asset and a subsequent significant increase in the annual charge to the Comprehensive Income & Expenditure Statement for the consumption of the asset.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAY ROAD BRIDGE
JOINT BOARD AND THE ACCOUNTS COMMISSION FOR SCOTLAND**

The Annual Accounts set out on pages 10 to 48 are subject to audit in accordance with the requirements of Part VII of the Local Government (Scotland) Act 1973.

The Auditor appointed for this purpose by the Accounts Commission for Scotland is:

Andy Shaw
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF DIRECTORS
JOINT BOARD AND THE ACCOUNTS COMMITTEE FOR 2007 AND

