

Tamar Bridge and Torpoint Ferry Joint Committee

2006-2007 Statement of Accounts



Foreword from the Joint Treasurers

We are pleased to introduce the Tamar Bridge and Torpoint Ferry Joint Committee's Statement of Accounts for 2006-2007. This publication incorporates all the financial statements and disclosure notes required by statute.

The operation, maintenance and control of the Tamar Bridge and the Torpoint Ferries is carried out by the Tamar Bridge and Torpoint Ferry Joint Committee on behalf of Cornwall County Council and Plymouth City Council.

This year, we have written our statement of accounts using plain, jargon free English. Using plain English in our publication is one of the steps we are taking to communicate more effectively with our customers. We hope it will encourage more people to read our publication and that those who do will feel well informed. There are however, two statements, namely the Valuation Certificate and the Auditor's report which cannot for technical reasons be written in plain English.

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Statement of Accounting Policies

Statement of Accounting Policies

This section explains the accounting principles used to produce the figures in the accounts. These accounting principles are set nationally and ensure accounts from different organisations are consistent and comparable. We use some technical terms in these accounts, which we have explained in the Glossary of Terms.

General

The Statement of Accounts summarises the Joint Committees transactions for the 2006/2007 financial year and its position at the year end of 31st March 2007. The content, layout and general rules we used to prepare these accounts are those recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and keep to Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRS's) if these apply to local authorities except where we provide more information.

We have produced these accounts on the basis of CIPFA's Code of Practice on Local Authority Accounting 2006 and the Best Value Accounting Code of Practice (BVACOP). The concepts and policies which have a material impact on the accounts are as follows:

A. Accounting Concepts

Qualitative Characteristics of Financial Information

There are four accounting concepts against which authorities should judge the appropriateness of accounting policies for their particular circumstances. These are as follows:

- **Relevance**

The aim of the financial statements is to show information about the Joint Committee's performance and position that is useful for assessing how we have looked after public money and for making economic decisions.

- **Reliability**

The Joint Committee's aim is to provide reliable financial information. Financial information is reliable only if:

- it can be depended upon to represent faithfully what it either purports to represent or could reasonably be expected to represent, and therefore reflects the substance of the transactions and other events that have taken place;
- it is neutral and free from bias;
- it is free from material error;
- it is complete and no significant transactions have been left out;
- under conditions of uncertainty, it has been prudently prepared (i.e. a degree of caution has been applied in exercising judgement and making the necessary estimates).

Subject to legal requirements, the accounting statements have been prepared to reflect the reality or substance of the transactions and activities underlying them, rather than only their formal legal character. In determining the substance of a transaction, it is necessary to identify all of the transaction's aspects and implications. A group or series of transactions that achieved or is designed to achieve an overall economic effect has been viewed as a whole.

Often there is uncertainty either about the existence of assets, liabilities, income and expenditure, or about the amount at which they are to be measured. Such uncertainty is a normal part of the accounting process. Prudence requires that accounting policies take account of such uncertainty in recognising and measuring those assets, liabilities, income and expenditure.

Sound stewardship of public funds calls for a prudent approach to financial management. However in financial reporting the aim should be to properly represent the economic effects on the Joint Committee of transactions and events. Prudence is used in conditions of uncertainty to inform the selection and application of accounting policies and estimation techniques and the use of professional judgement. It is not appropriate to use prudence in financial reporting as a reason to, for example, create hidden reserves or excessive provisions, deliberately understate assets or income, or deliberately overstate liabilities or expenditure, because this would mean that the financial statements are not neutral and therefore not reliable.

- **Comparability**

The information contained in financial statements is more useful if it can be compared with similar information about the Joint Committee for previous years. Comparability depends upon consistency and adequate disclosure. In considering the accounting policies to be adopted and their disclosure, the Joint Committee have paid due regard to the importance of consistency and comparability. Application of the terms of the Code of Practice, and of the Code of Practice for Best Value Accounting where relevant, should ensure adequate disclosure and consistency, and thus comparability.

- **Understandability**

The accounting principles on which the Code of Practice is based include accounting concepts, treatments and terminology which require reasonable knowledge of accounting, local government, and reasonable diligence in reading the financial statements if they are to be properly understood. However, all reasonable efforts have been taken in the preparation of the financial statements to ensure they are as easy to understand as possible.

Materiality

Materiality is the final test of whether information should be included in a particular set of financial statements.

An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence assessments of the Joint Committee's stewardship and economic decisions, based upon its financial statements. If there are two or more similar items the materiality of the items in aggregate, as well as of items individually needs to be considered. Whether an item is material will depend on the size and nature of the item in question. The principal factors, to be taken into consideration include:

- the item's size, judged in the context of both the financial statements as a whole and of such other information available as would affect consideration of the financial statements (for example consideration of how the item affects the evaluation of trends)
- the item's nature, in relation to:
 - the transactions or other events giving rise to it;
 - the legality, sensitivity, normality and potential consequences of the event or transaction;
 - the identity of the parties involved;
 - the particular headings or disclosures affected.

Strict compliance with the Code, both as to disclosure and accounting principles is not necessary where the amounts involved are not material to the fair presentation of the financial position and transactions of the Joint Committee and to the understanding of the Statement of Accounts by a reader.

Pervasive Accounting Concepts

Three further concepts – accruals, going concern, and the primacy of legislative requirements – play a pervasive role in the financial statements, and hence in the selection and application of accounting policies and estimation techniques and the exercise of professional judgement.

- **Accruals**

The financial statements, other than cash flow information, have been prepared on an accruals basis as required by ACOP. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which cash is received or paid.

The following areas of income and expenditure are required to be accounted for under ACOP using the accruals and matching concept:

- Customer and Client receipts
- Employee related costs
- Interest payable and income
- Cost of supplies and services
- Capital income and expenditure

- **Going Concern**

The Joint Committee's Statement of Accounts have been prepared on a going concern basis, that is the accounts should be prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operation.

- **Primacy of Legislative Requirements**

Local authorities derive their powers from statute and their financial and accounting framework is closely controlled by primary and secondary legislation. To the extent that treatments are prescribed by the accounting law the accounting concepts outlined above may not apply in all cases. It is a fundamental principle of local authority accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements shall apply.

B. Accounting Policies

Accounting policies determine which facts about a business are to be presented in financial statements, and how those facts are to be presented and what estimation techniques are used to establish what those facts are.

The accounting policies are reviewed regularly to ensure that they remain the most appropriate for the authority's circumstances.

The difference between capital and revenue

In broad terms, revenue spending is made up of payments to employees, day to day running expenses and repaying debts, whereas we class spending to buy assets, for example, buildings, equipment and vehicles as capital spending.

Depreciation

We have reduced the asset values shown in the balance sheet, where appropriate, on a straight line basis to show how much the assets have reduced in value. We do this with all fixed assets each year, unless we do not think it will be significant to the accounts. All assets with a limited useful life are reduced in value according to the following policies:

- Operational buildings usually reduce in value over a period of 20 to 50 years, depending on the type of building and other operational factors. We normally assume the value of buildings to be nil at the end of their useful life;
- We do not depreciate land values;
- We depreciate infrastructure, for example, the Ferry waiting area, over its estimated useful life. In most cases we use a 40 year period;
- We depreciate vehicles and equipment individually over their estimated useful lives. Typical periods used are:
 - Torpoint Ferries 25 years
 - Motor Vehicles and Plant 3-25 years
 - IT Equipment 5 years

Assets

We class any spending on buying, creating or improving fixed assets as capital spending if we will benefit from the asset for more than one year. We record spending on capital assets in our accounts when the work has been carried out or when the assets have been delivered to us, rather than when we actually pay for it. We value assets in the way recommended by CIPFA and in line with Statements of Assets Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

If assets are worth more or less than when we paid for them, we add the difference to the Fixed Asset Restatement Account. We revalue our assets within Cornwall County Council's five-year rolling programme. Operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value in existing use. Non-operational assets have been included in the balance sheet at the lower of net current replacement cost or net realisable value.

A list of each type of asset we hold is shown below:

- Operational land and buildings
- Infrastructure
- Vehicles and Other Equipment
- Intangible Assets
- Assets currently being built.

Deferred Charges

Deferred charges represent spending which may be properly capitalised but which does not represent tangible fixed assets. We operate a policy of charging 100% of this spending to the revenue account, along with any matching funding i.e. grants or contributions. If no matching funding is available, any outstanding deferred charge spend will be met from the Capital Financing Account.

De Minimus Capital Expenditure

This is the spending on individual items which may be properly capitalised but falls below the £10,000 level set for Capital Accounting. Those items below the de minimus level are charged to the revenue account in place of capital charges. These charges will be reflected in the net cost of services, along with any matching funding i.e. grants or contributions. If no matching funding is available, any outstanding de minimus capital expenditure will be met from the Capital Financing Account.

Capital Receipts

Capital receipts from the sale of assets are used to finance new capital expenditure.

Debtors and Creditors

These accounts use the 'accruals' concept. This is where we show in the accounts amounts owed to or by us for the financial year, even though we have not received or paid them by the end of the year. We estimate the amounts included for each area of spending or income. We reflect any difference between the actual figures and those estimates in the accounts the following year. This applies to revenue and capital items.

Stocks and Works in Progress

Stocks are normally valued at cost price (first in – first out). A provision for obsolete stocks is not included in the accounts.

Provisions

We put aside amounts of money to meet specific payments which we know we must make in the future even though we are not sure how much the payments will be or when we will have to pay them. The only substantial amount we set aside is the amount for the redemption of concessionary vouchers.

Reserves

We put amounts of money aside to meet specific payments which we know we must make in future years and to protect us against unexpected events. Reserves include amounts we set aside for specific policy purposes and general reserves which represent resources set aside for purposes such as unexpected or exceptional events and managing our cash flow.

The system of capital accounting means we have to include two accounts in the balance sheet which are technical. These balances are not available to support extra spending.

- The Capital Financing Account includes amounts that we have set aside from day to day spending or capital receipts to pay for fixed assets or to repay loans
- The Fixed Asset Restatement Account represents the effects of us revaluing our fixed assets.

Pensions

We are a scheduling body contributing to the Cornwall County Council Pension Fund.

Most staff are members of the Local Government Pension Scheme. They pay contributions to the fund (6% of their pay). We, as their employer, also make a contribution to the Pension Fund. Under current regulations governing how the fund operates, we are increasing our contributions over a reasonable period, to a level which will be enough to meet the full costs of all future pension payments. This includes inflation awards. In 2006/2007 our contributions were at a rate of 19.50% of employees' pay. In 2007/2008 this rate will be 21.70%.

Statement of Responsibilities

Statement of Responsibilities

This statement explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly.

Our responsibilities

We must

- make sure that our officers are responsible for managing our financial affairs (in this case, the Joint Treasurers are responsible for doing this);
- manage our affairs to use our resources efficiently and effectively and to protect our assets; and
- approve this statement of accounts.

The Joint Treasurers responsibilities

The Joint Treasurers are responsible for preparing our statement of accounts. These accounts must present our financial position fairly, including our income and expenditure for the year.

In preparing this statement of accounts, the Joint Treasurers have:

- chosen suitable accounting policies and then used them consistently;
- made judgements and estimates that were reasonable and careful; and
- followed the Chartered Institute of Public Finance and Accountancy's code of practice on 'Local Authority Accounting in Great Britain'.

The Joint Treasurers have also

- kept proper accounting records which are up to date; and
- taken reasonable steps to prevent and detect fraud and other irregularities.

The Joint Treasurer's declaration

This statement of accounts presents fairly the financial position of the Tamar Bridge and Torpoint Ferry Joint Committee on 31 March 2007, and our income and expenditure for the year ending on that date.



Frank Twyning MBA, FCCA, CPFA
Joint Treasurer (Cornwall)
Date: 25 June 2007



Adam Broome BSc, CPFA
Joint Treasurer (Plymouth)
Date: 25 June 2007

The Joint Chairmen's declaration

We confirm that these accounts were approved by the Tamar Bridge and Torpoint Ferry Joint Committee.



J.M. Mepstead (Cornwall)
Chairmen of Tamar Bridge and To
Date: 29/6/2007



K. Wigen (Plymouth)

Statement on Internal Control

Statement on Internal Control

This section gives the results of our yearly assessment of how well we are managing and controlling risks to achieve our aims and meet the responsibilities we have.

Scope of Responsibility

We are responsible for making sure that:

- the business we carry out is conducted in line with the law and proper standards;
- we protect public money and account for it properly; and
- use public money economically, efficiently and effectively.

We are also responsible for making sure that there is a strong management system within our organisation to help us carry out our work effectively. This is known as the system of internal control and includes arrangements for managing risk.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to cut out all risk of failing to achieve our aims. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks that may prevent us from keeping to our policies and achieving our aims;
- assess the likelihood of those risks happening and what effects this would have; and
- manage the risks efficiently, effectively and economically.

Our current system of internal control has been in place for the year ended 31 March 2006 and will continue up to the date the annual report and accounts are approved.

The Internal Control Environment

The internal control environment comprises all the processes and procedures in place for the sound running and well being of the organisation. It is designed to:

- establish and monitor the achievement of our aims and objectives
 - delivery of the undertaking's objectives is through an integrated annual business and financial planning process, which results in a three year business plan. It is expressed financially in the revenue budget and capital programme, which is subject to full consultation before being formally adopted by the Joint Committee.
 - monitoring of delivery of these objectives is through the General Managers report and budget monitoring reports.
- help us develop policies and make decisions
 - the Joint Committee has a formal statutory Act of Parliament in place which sets out the powers and duties of the constituent authorities. A formal constitution is currently being put in place to set out the roles and responsibilities of members and officers.
- make sure that we comply with established policies, procedures, laws and regulations
 - Internal Audit are responsible for conducting audits, using a risk-based approach, which highlights key areas of risk for both financial and non-financial systems. The work provides assurance on compliance with the Joint Committee's policies, procedures and regulations.
 - there is a strong induction process and a programme of regular training for all new staff. The effectiveness of all training undertaken is monitored and reviewed. There are regular meetings between senior management, line managers and staff.
 - there are regular meetings between management and officers of the constituent authorities.
 - monitoring of compliance is also undertaken by key officers including audit reporting and input to key decisions, they are:
 - Joint Treasurers – ensuring that there are arrangements in place for the proper administration of financial affairs;
 - Joint Clerks – monitoring and reporting contraventions of the law, maladministration, ethical standards and misconduct.
 - there are regular meetings with relevant agencies including the Department for Transport, the Highways Agency, Police and Fire Authorities and the use of "feedback loops" with those agencies.

- make sure that we include risk management in our work
 - the Joint Committee has a Risk Management Policy
 - a register of key strategic risks is not maintained although key risks have been reviewed and existing ones reassessed during the year, with progress on action plans being reviewed and monitored.
- make sure we use our resources in an economical, effective and efficient way and look at the links between our resources and the outcomes we achieve
 - the Joint Committee is committed to delivery of value for money as part of its aim to deliver a good service. Delivery is through a range of mechanisms including the annual business planning cycle.
 - there are performance management arrangements and processes to consult with the public and to obtain feedback on service delivery.
- make sure we manage our financial affairs properly
 - financial management is based on a framework of regular management information, finance procedure rules, procurement and contracting rules and guidance notes, together with a structure of delegation and accountability
 - managers undertake development and maintenance of the system, which includes:
 - comprehensive budgeting systems;
 - a medium term financial planning process;
 - setting targets to measure financial and other performance;
 - quarterly budget monitoring reports to the Joint Committee, indicating projected financial performance against budgets in relation to both capital and revenue.
- review our performance over the year
 - performance management is undertaken at a number of levels, from internal indicators for management use, to national benchmarking.
 - the performance indicators are used to inform the Joint Committee's view on its performance.

Review of Effectiveness

Each year we carry out a review of how effective the system of internal control is. When carrying out the review, we get information from the internal auditors and the managers within the organisation who have responsibility for the development and maintenance of the internal control environment and from the external auditors and other review agencies and inspectorates.

Sources of Assurance

The following sources of assurance are currently in place:

- **Management Assurance Reports**
These are provided to the Joint Committee by the General Manager and other Officers to provide confirmation on the status of internal control within their areas of responsibility. These reports included the following;
 - risk management activities during the year
 - changes in the nature and extent of significant risks
 - external audit matters
 - significant control failings including any fraud activity identified
 - financial management - performance against the budget is monitored and reported upon monthly to the General Manager and quarterly to the Joint Committee
- **Internal Audit**
Cornwall County Council's Internal Audit review and provide opinions on the systems of managerial, financial and operational control.
- **External Audit**
The Audit Commission audit the accounts each year and provide opinions on the accounts and on the economy, efficiency and effectiveness of the organisation in its use of resources.
- **Other Sources of Assurance**
 - Maritime and Coastguard Agency (MCA) – the MCA undertake a full health & safety inspection on an annual basis. Their report comments on the overall organisation and documentation relating to health & safety and on the material condition of the Torpoint Ferries. Any deficiencies identified in their report are rectified

- The Domestic Passenger Ship Safety Management Code (DSMC) – this is a quality system bringing together various areas of health & safety into one code
- The Lloyds Register – this used to ensure that each of the Torpoint Ferries is “maintained in class”
- Health and Safety Executive (HSE) – the HSE issue guidance and inform on regulations relating to health & safety issues. These are acted on where appropriate.
- Insurance Inspections – our insurers arrange for engineering inspections to be made on a regular basis and produce a written report. Any defects identified are dealt with accordingly
- Consultants are employed to monitor the condition of the Bridge and conduct periodic inspections and produce associated reports and advice. Planned inspections are also undertaken by our own staff
- Safety systems are subject to regular review and periodic meetings between management and staff representatives.

Significant Internal Control Issues

Historically, the Joint Committee has relied upon a variety of methods for monitoring the effectiveness of its activities and making sure that adequate control is exercised over all its processes. The management assurance reports provided to the Joint Committee during the year have established that all officers were confident that all significant internal control matters, brought to their attention from whatever source, had been properly dealt with.


The Joint Committee is currently engaged in a programme of improvements to the system of internal control. This is being undertaken by a working group comprised of members and officers reporting back to the full Joint Committee. The aim is to provide the Joint Committee with documentation supporting a governance framework that is specific to its needs, though drawn closely from those of the constituent authorities.


The first element of this to have been approved is the financial regulations. The Joint Committee approved and adopted these on 9 March 2007.

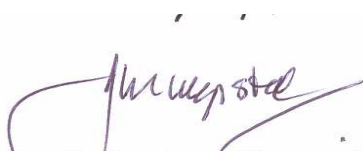
Other elements to follow in 2007/08 are:


- a constitution
- a set of standing orders
- a clearer and more comprehensive approach to risk assessment
- a longer term business plan

It should be noted that the Joint Committee is currently using Cornwall County Council’s Contract Procedure Rules as an interim measure in the absence of standing orders of its own.

Sheila Healy 
 Joint Clerk (Cornwall)
 Date: 12/1/2007


 Barry Keel
 Joint Clerk (Plymouth)
 Date: 12/6/2007


 J.M. Mepstead (Cornwall)
 Chairmen of Tamar Bridge and To
 Date: 29/6/2007


 K. Wigen (Plymouth)

Treasurer's Introduction

The Joint Treasurer's Introduction

The annual statement of accounts sets out a summary of our financial affairs for 2006-2007 and shows our financial position on 31 March 2007. It includes the following statements and accounts:

- The **income and expenditure account** shows how much we have spent during the year and the income we have received. Any surplus or deficit on this account is transferred to the general fund reserve.
- The **statement of total movement on general fund balances** shows how our reserves have increased or decreased during the year.
- The **statement of total recognised gains and losses** identifies those gains and losses which have not been recognised in the income and expenditure account.
- The **balance sheet** shows our financial position at the start and end of the financial year.
- The **cashflow statement** shows the overall movement of cash during the year for revenue and capital.
- The **notes to the accounts** provide additional financial information.

Inspection and audit

Before completing the audit, we made these accounts available for public inspection (from 16 July 2007 to 10 August 2007) so that members of the public could ask the auditor any questions. This is a legal requirement, but further information about the accounts is available from the County Treasurers' Department, Cornwall County Council, New County Hall, Truro, TR1 3AY.

The statement of accounts was authorised for issue by the Tamar Bridge and Torpoint Ferry Joint Committee on 29 June 2007, having considered any events that occurred since 31st March 2007. The audit is complete and the Audit Commission's audit report is published on pages 27 to 29.

Financial Review

Financial Performance

We budgeted to achieve a surplus of £1.961m on our operational activities in 2006/2007 and an overall surplus of £0.164m which was planned to be put in reserves to help the Joint Committee's future finances. In fact, by the end of the financial year, an operational surplus of £1.882m and an overall surplus of £0.483m had been achieved against the budget and put into reserves.

The table below summarises the costs of running the Joint Committee's services from 1 April 2006 to 31 March 2007. It shows where the money came from to fund those costs and the surplus at the financial year end.

Comparison of 2006-2007 Outturn with the Revised Budget

	Revised Budget	Actual	Variation Above/(Below) Budget
	£'000	£'000	£'000
Operational Expenditure			
Bridge Operations	1,698	1,619	(79)
Ferry Operations	3,049	3,153	104
Other Expenditure	88	87	(1)
	4,835	4,859	24
Operational Income			
Toll Income	(6,472)	(6,397)	75
Other Income	(324)	(344)	(20)
	(6,796)	(6,741)	55
Net Operational Surplus	(1,961)	(1,882)	79
Other Expenditure			
Interest on Loan	999	999	-
Capital Expenditure financed from Revenue	908	528	(380)
Transfer to Tag Replacement Reserve	50	50	-
Income			
Interest on balances	(160)	(178)	(18)
Net Overall Surplus	(164)	(483)	(319)

Capital spending in 2006-2007

Capital Spending

Alongside our day-to-day costs, we spend money on assets such as buildings, vehicles and information and communications technology. This is capital spending. During 2006-2007, our actual capital spending was £3.207m (£7.297m in 2005-2006). The following table shows where we spent this money.

Capital Schemes in 2006-2007	£'000
Bridge Strengthening & Widening	17
Ferry Infrastructure Works	150
New Ferries	360
Electronic Toll Collection system	2,655
Website	25
	<hr/> 3,207 <hr/>

Capital Receipts and Revenue Financing

In 2006-2007, in total, £0.528m was funded from within the revenue budget rather than from borrowing.

Borrowing

Total external borrowing in support of the capital programme in 2006-2007 amounted to £2.679m (2005-2006 £7.009m).

Reserves

Reserves and Balances

Surpluses are normally transferred to the Joint Committee's General Reserve which can be spent in future years. On 31 March we had the following reserves available

Balance as at 31 March 2006 £'000	Reserves	Balance as at 31 March 2007 £'000
3,622	General Reserve	4,105
0	TamarTag Replacement Reserve	50
<hr/> 3,622 <hr/>	Total Reserves	<hr/> 4,155 <hr/>

There is, in addition, a provision to cover the difference between the value of Concessionary Vouchers sold and the value of those redeemed. This currently stands at £0.439m

Auditor's Report

Independent Auditor's report to the members of the Tamar Bridge and Torpoint Ferry Joint Committee

Opinion on the financial statements

I have audited the financial statements of the Tamar Bridge and Torpoint Ferry Joint Committee for the year ended 31 March 2007 under the Audit Commission Act 1998 which comprises the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains & Losses, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the Tamar Bridge and Torpoint Ferry Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and Auditors

The Joint Treasurer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Joint Committee in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006.

I review whether the statement on internal control reflects compliance with CIPFA's guidance, 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

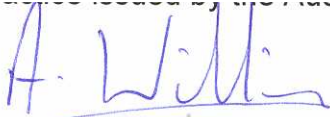
Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Joint Committee's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Joint Committee as at 31 March 2007 and its income and expenditure for the year then ended.



Alun Williams
District Auditor
3-6 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
EX2 8PW

Date: 21 September 2007

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Joint Committee's Responsibilities

The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities


I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Joint Committee has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for other local government bodies specified by the Audit Commission and published in July 2005, in all significant respects, the Tamar Bridge & Torpoint Ferry Joint Committee made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2007.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Alun Williams
District Auditor
3-6 Blenheim Court
Lustleigh Close
Matford Business Park
Exeter
EX2 8PW

Date: 21 September 2007

Valuation Certificate

Asset Valuation of Freehold Properties

Valuation Certificate

The freehold and leasehold properties which comprise the Joint Committee's property portfolio were initially valued as at 1st April 1999 in accordance with the under-mentioned bases of valuation as set out in accordance with the Appraisal and Valuation Standard (5th Edition) of The Royal Institution of Chartered Surveyors.

In line with the agreed 5-year rolling programme I have carried out a revaluation of the freehold and leasehold land and property held by the Tamar Bridge and Torpoint Ferry Joint Committee above the de minimis level of £10,000. This revaluation includes the estimated Depreciated Replacement Cost of the structure of the Tamar Bridge itself.

My valuation, which has been completed in accordance with the Appraisal and Valuation Standards 5th Edition (UKPS 1.12 as amended) published by the Royal Institution of Chartered Surveyors and the guidance issued by the Chartered Institute of Public Finance and Accountancy, is subject to the conditions, restrictions and assumptions set out in this Certificate.

Properties regarded by the Joint Committee as operational are valued on the basis of Market Value or, where this cannot be assessed because there is no market for the subject asset, their Depreciated Replacement Cost (DRC), subject to the prospect and viability of the occupation and use. The DRC value indicated is the net cost of replacement after allowances for physical and functional obsolescence, and may not equate to the realisable market value of the property. Properties regarded by the Joint Committee as non-operational are valued on the basis of Market Value. I am not aware that any properties vested in the Joint Committee fall into this last category.

The valuation set out below was carried out as at a Valuation Date of 1st April 2004 in accordance with the 5-year rolling programme agreed with Cornwall County Council's Capital Accountant. Identified capital expenditure since the date of valuation has been added to the individual assets.

The purpose of the valuation is to include the value of the assets in the Joint Committee's accounts. The valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole.

Based on the conditions, restrictions and assumptions set out in the Certificate, I am of the opinion that the aggregate value of all the freehold land and buildings held by the Tamar Bridge and Torpoint Ferry Joint Committee listed below, above the de minimis level and subject to the conditions and assumptions set out in this Certificate, as at 1st April 2006, is fairly represented in the sum of £227,108,220 (two hundred and twenty seven million one hundred and eight thousand two hundred and twenty pounds).

Tamar Bridge	£226,802,290
Tamar Bridge Offices, Car Parks and Land	£95,000
Torpoint Ferry Offices, Workshops, Car Parks Land and Waiting Room	£210,930
TOTAL	£227,108,220



R J Perry MA MRICS
Chief Valuer
Planning, Transportation and Estates
Cornwall County Council

Date: 11 May 2007

Conditions and Assumptions

Impairment of Fixed Assets

Under the requirements of FRS 15 an Impairment Review of Fixed Assets during the financial year 2003-2004 has been carried out. The Joint Committee's revised depreciation policy and building lives is in line with recommended Best Practice advocated by the Association of Chief Estates Surveyors. No further changes to asset values are required for any impairment of land and building assets.

Furniture and Equipment

The value of moveable furniture and equipment has not been included in this valuation.

Plant and Machinery

Fixed plant and machinery is included in the valuation of the buildings.

Statutory Liabilities

No allowance has been made for rights, obligations or liabilities arising from the Defective Premises Act 1972, or any effect of the Environmental Protection Act 1990.

State of Repair

No structural surveys or investigations into the services in any buildings have been carried out for this valuation but it is assumed that the premises are in a reasonable state of repair, except as allowed for specifically.

Realisation of Value

No allowance has been made for any costs of disposal of the assets nor has any allowance been made for any possible liability to Value Added Tax or Capital Gains Tax on any such disposal.

Publication

Neither the whole nor any part of this Valuation Certificate nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever without the Chief Valuer's written approval to the form and content in which it may appear.

Limit of Responsibility

This Valuation Certificate is provided for the stated purpose and for the sole use of the Tamar Bridge and Torpoint Ferry Joint Committee.

Date of Certificate

This Certificate is dated 11 May 2007

Valuer

This valuation has been carried out by R.J. Perry, a Member of the Royal Institution of Chartered Surveyors, Chief Valuer in the Property Group, Planning, Transportation and Estates Department of Cornwall County Council.

Statement of Accounts

Income and Expenditure Account

This following table shows the total cost of the providing the service. It includes charges for support services, the use of assets and adjustments for the true cost of providing pensions.

If we refer to a note number in the right-hand column, there is a further explanation on the following pages.

	2005-2006	2006-2007	Note
	Net Expenditure £'000	Net Expenditure £'000	No:
Gross Expenditure	8,419	9,476	
Gross Income	(6,733)	(6,742)	
Net Cost of Service	1,686	2,734	
Other Operating Expenditure			
FRS17 Interest Cost (Pensions)	478	521	16
FRS17 Expected Return on Assets (Pensions)	(469)	(576)	16
Interest Received	(342)	(178)	
Interest Payable	805	999	
(Gains)/Losses arising on disposal of Assets	1,280	0	
Net Deficit	3,438	3,500	

Statement of total movement on General Fund Balances

The Statement of total movements on General Fund balances brings together all the transactions during the period and identifies those which have and have not been recognised in the Income & Expenditure Account. The statement separates the movements between revenue and capital reserves.

	2005-2006	2006-2007	Note
	£'000	£'000	No:
Net Operating Surplus/(deficit) for the year	3,438	3,500	
Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund balances for the year:	(5,445)	(3,983)	1
Total (increase)/decrease in General Fund Balance for the year	(2,007)	(483)	
General Fund Balance brought forward	(1,615)	(3,622)	
General Fund Balance carried forward	(3,622)	(4,105)	

Statement of total recognised Gains and Losses

The Statement of total recognised Gains and Losses brings together all the recognised gains and losses during the period and identifies those which have and have not been recognised in the Revenue Account.

	2005-2006 £'000	2006-2007 £'000	Note No:
Surplus/(deficit) for the year	3,438	3,500	
FRS17 Actuarial Gain/Loss	(85)	(777)	16
Total recognised gains and losses	(3,353)	(2,723)	

Balance Sheet

The Balance Sheet shows our financial position at the start and end of the 2006/2007 financial year. It shows the value of the Joint Committee's assets and liabilities at the end of the financial year (31 March 2007).

If we refer to a note number in the right-hand column, there is a further explanation on the following pages.

	2006 £'000	2007 £'000		Note No:
		£'000	£'000	
Fixed Assets				
Operational Assets				
Other land and buildings	216,265	215,895		2
Vehicles, plant, furniture & equipment	14,413	14,846		2
Infrastructure	281	273		2
Intangible	0	17		2
Non-operational assets				
- Assets under construction	1,392	1		2
Total Fixed Assets	232,351		231,032	
Current Assets				
Stocks and Work in Progress	192	251		3
Debtors	475	498		4
Payments in advance	12	30		5
Cash in hand and in transit	6,240	2,274		
Total Current Assets	6,919		3,053	
Total Assets	239,270		234,085	
Current Liabilities				
Creditors	(1,111)	(432)		6
Receipts in Advance	0	(155)		7
Loans due within one year	(1,136)	(1,136)		6/9
Total Current Liabilities	(2,247)		(1,723)	
Total Assets less Current Liabilities	237,023		232,362	
Long Term Liabilities				
Loans due after one year	(20,162)	(19,026)		9
FRS17 Pensions Liability	(2,087)	(1,346)		16
Provisions	(500)	(439)		8
Total Long Term Liabilities	(22,749)		(20,811)	
Total Assets less Liabilities	214,274		211,551	
Financed by:				
FRS17 Pensions Reserve	(2,087)	(1,346)		10
Fixed Asset Restatement Account	190,586	190,586		10
Capital Financing Account	22,153	18,156		10
Revenue Balances				
TamarTag Replacement Reserve	0	50		10
General Reserve	3,622	4,105		10
Total Net Worth	214,274		211,551	

Cash Flow Statement

Cash Flow Statement for the year ended 31 March

This statement shows the overall movement of cash during the year for revenue and capital.

	2005-2006 £'000	2006-2007 £'000		Note No:
		£'000	£'000	
Revenue Activities				
Cash Outflows				
Cash Paid to and on behalf of employees	2,541	2,880		
Other operating costs	1,741	2,856		
	4,282		5,736	
Cash Inflows				
Cash received from goods and services	(6,470)		(6,699)	
Revenue activities net cash flow	(2,188)		(963)	11(a)
Servicing of Finance				
Cash Inflows				
Interest Received	(342)	(178)		
Cash Outflows				
Interest Paid	805	999		
			821	
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	6,296	2,971		11(b)
Cash Inflows				
Disposal of Fixed Assets	(20)	0		
			2,971	
Net cash inflow/(outflow) before financing	4,551		2,829	11(d)
Financing				
Cash Outflows				
Repayments of amounts borrowed	806	1,136		
Cash Inflows				
New Loans raised	(9,500)	0		
			1,136	
Net (Increase)/Decrease in Cash	(4,143)		3,965	11

Notes to the Accounts

Notes to the Accounts

Note 1 Analysis of movement on General Fund Balances

	2005-2006 £'000	2006-2007 £'000
Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund balance for the year	(5,445)	(3,983)
Comprising:		
Depreciation and impairment of fixed assets	(4,406)	(4,525)
Net charges made for retirement benefits in accordance with FRS17 contribution to or from the FRS17 Pensions Reserve	(27)	(36)
Net loss on disposal of assets	(1,280)	0
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund balance for the year	(5,713)	(4,561)
Capital expenditure charged in –year to the General Fund balance	268	528
Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the movement on the General Fund balance for the year	268	528
Net transfer to or from earmarked reserves	0	50
Transfer to or from the General Fund balances that are required to be taken into account when determining the movement on the General Fund balance for the year	0	50

Note 2 Fixed Assets

	Land and Buildings £'000	Infrast'ure £'000	Vehicles, Plant & Equipment £'000	Intangible Assets £'000	Work in Progress £'000	Total £'000
Gross Book value as at 31 March 2006	223,715	341	15,548	0	1,392	240,996
Accumulated Depreciation	(7,451)	(60)	(1,135)	0		(8,646)
Net Book Value at 31 March 2006	216,264	281	14,413	0	1,392	232,350
Movement in 2006-2007						
Additions	2,001		1,180	25	1	3,207
Disposals						
Transfers	1,392				(1,392)	
Depreciation in year	(3,762)	(8)	(747)	(8)		(4,525)
Net book value at 31 March 2007	215,895	273	14,846	17	1	231,032

The total Capital Expenditure and Financing was:

	2005-2006 £'000	2006-2007 £'000
Expenditure		
Operational Assets	6,023	3,206
Non-Operational Assets **	1,274	1
Deferred Charges	-	-
	7,297	3,207
Financing		
Direct revenue Financing	268	528
Borrowing	7,009	2,679
Capital receipts	20	-
	7,297	3,207

** Non-Operational Assets is expenditure on capital items that are work in progress. The expenditure in 2006-2007 is on new Electronic Signage (2005-2006 Electronic Toll Collection System).

Note 3 Stocks

As at the 31 March 2007, the Joint Committee held stocks to the value of £0.251m. The stocks are analysed by category as follows:

	31 March	
	2006 £'000	2007 £'000
General Materials	101	155
Fuel	25	24
Chain	57	65
Uniforms and Workwear	7	5
Cleaning Materials	2	2
Total	192	251

Note 4 Analysis of Debtors

These will be outstanding monies owed at the end of the year which were yet to be received as cash.

	31 March	
	2006 £'000	2007 £'000
Amounts falling due within one year:		
Government Departments	472	485
Sundry debtors	3	13
Total	475	498

Note 5 Analysis of Payments in Advance

This will be money paid for goods or services that we will not receive until after the end of March.

	31 March	
	2006 £'000	2007 £'000
Advance Payments:		
For Rates	12	12
For Web Server maintenance	0	18
Total	12	30

Note 6 Analysis of Creditors

These are outstanding monies that we owe to other organisations at the end of the year for goods or services we have already received.

	31 March	
	2006 £'000	2007 £'000
Creditors:		
Capital Creditor	1,001	236
Sundry Creditors	110	196
	<u>1,111</u>	<u>432</u>
Long Term Borrowing repayable within one year	1,136	1,136
Total	2,247	1,568

Note 7 Analysis of Receipts in Advance

These are monies that we have received from members of the public and other organisations at the end of the year for goods or services we have not yet supplied.

	31 March	
	2006 £'000	2007 £'000
TamarTag Account balances	0	155
Other Receipts in Advance	0	0
Total	0	155

Note 8 Provisions

Provisions are funds set up to cover any financial liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. This provision was set up to provide for the potential cost of unredeemed concessionary vouchers being cashed in.

	Balance as at 1 April 2006 £'000	Receipts £'000	Payments £'000	Balance as at 31 March 2007 £'000
Provision for liability (toll vouchers)	500	0	61	439

Note 9 Long Term Borrowing

Our long-term loans on 31 March are shown below

Source of Loan	Rates of Interest payable %	Total Outstanding as at 31 March	
		2006 £'000	2007 £'000
Cornwall County Council	4.00 – 5.00	<u>21,298</u>	<u>20,162</u>
Analysis of loans by maturity			
Maturity in less than 10 years		3,800	3,400
Maturity in more than 10 years		<u>17,498</u>	<u>16,762</u>
		<u>21,298</u>	<u>20,162</u>
Analysis of loans by repayment			
Payable within one year		1,136	1,136
Payable between one and five years		4,544	4,544
Payable between five and ten years		6,816	5,817
Payable in ten years and more		<u>8,802</u>	<u>8,665</u>
		<u>20,162</u>	<u>19,026</u>
		21,298	20,162

Note 10 Statement of Total Movements in Reserves

The total movements in reserves during the year were as follows

Fixed Asset Revaluation Account

This account represents the difference between the current value of our assets and the amounts we paid for them

	£'000
Balance as at 1 April 2006	190,586
De Minimus Capital Expenditure	-
Revaluations	-
Net Disposals	-
Balance as at 31 March 2007	190,586

Capital Financing Account

This account contains the amounts of capital expenditure financed from revenue, capital receipts and capital grants.

	£'000
Balance as at 1 April 2006	22,153
2006-2007 Capital Financing-Direct Revenue Financing	528
Financing of Deferred Charge	-
Capital Receipt used to fund Capital Expenditure	-
Minimum Revenue Provision Depreciation adjustment	(4,525)
Balance as at 31 March 2007	18,156

TamarTag Replacement Reserve

Income from the toll crossings is credited to the TamarTag Replacement Reserve. This reserve is used to purchase replacement transponders for the Electronic Toll Collection system. Any balances remain in this account.

	£'000
Balance as at 1 April 2006	-
Receipts in Year	50
Balance as at 31 March 2007	50

General Reserves

The General Reserve can be used to meet capital or revenue expenditure.

	Balance as at 1 April 2006 £'000	Receipts £'000	Payments £'000	Balance as at 31 March 2007 £'000
General Reserve	3,622	483	0	4,105
Total Other Reserves	3,622	483	0	4,105

FRS17 Pensions Reserves

The FRS17 Pensions Reserve is used to meet the future costs of pensions.

	£'000
Balance as at 1 April 2006	(2,087)
Appropriations to/from revenue	(36)
Actuarial Gains/Losses relating to Pensions	777
Balance as at 31 March 2007	(1,346)

Note 11 Cash Flow Statement

(a) Reconciliation of revenue cash flow

This note explains how the surplus of income over spending, when adjusted by changes in other areas, results in more money being received than spent.

	2005-2006	2006-2007	
	£'000	£'000	£'000
Deficit to the year	3,438	3,500	
Debits/Credits to the General Fund balance	(5,445)	(3,983)	
	(2,007)		(483)
Add/(Deduct)			
Interest Received	342	178	
Interest Payable	(805)	(999)	
Contribution to Specific Reserves	0	(50)	
Contribution from Provisions	0	61	
Appropriation to CFA	4,406	4,525	
Contributions to capital outlay	(268)	(528)	
Depreciation	(4,406)	(4,525)	
	(731)		(1,338)
Increase/(decrease) in debtors and payments in advance	263	42	
(Increase)/decrease in creditors	120	757	
Increase/(decrease) in stock and work in progress	167	59	
	550		858
Revenue activities net contributions	(2,188)		(963)

(b) Reconciliation of capital cash flow

	2005-2006	2006-2007
	£'000	£'000
Gross capital expenditure	6,398	3,972
Less Previous Years Creditors	(102)	(1,001)
Purchase of Assets	6,296	2,971
Current Year Creditors	1,001	236
Net Capital Expenditure	7,297	3,207

(c) Reconciliation of the net cash flow to the movement in net funds

	2005-2006	2006-2007
	£'000	£'000
Increase/(Decrease) in cash in the period	4,143	(3,965)
Cash (inflow)/outflow from (increase)/decrease in debt financing	(8,694)	1,136
Movement in net debt in the period	(4,551)	(2,829)
Net debt as at 1 April	(10,509)	(15,060)
Net Debt as at 31 March	(15,060)	(17,889)

(d) Analysis of net debt

	Balance as at	Cash Flow	Balance as at
	1 April 2006	£'000	31 March 2007
	£'000		£'000
Cash in hand and in transit	6,238	(3,965)	2,273
Debt due after one year	(20,162)	1,136	(19,026)
Debt due within one year	(1,136)		(1,136)
	(15,060)	(2,829)	(17,889)

Note 12 Publicity Expenditure

Under section 5.1(1) of The Local Government Act 1986 we must provide details of its spending on publicity.

	2005-2006 £'000	2006-2007 £'000
Advertising		
Recruitment	2	3
Promotional & Other Advertising	1	1
	3	4

Note 13 Agency Service

Under a number of statutory powers, we undertake the traffic management of the Saltash Tunnel on behalf of the Department of Transport and the Regions. The following analysis shows the amount of expenditure which is fully reimbursed by the DETR:

	2005-2006 £'000	2006-2007 £'000
Traffic Management	253	245
Total amount reimbursable	253	245

Note 14 Significant Commitments under Capital Contracts as at 31 March

	2006 £'000	2007 £'000
Expenditure approved and contracted		
Replacement Ferries	405	34
Ferry Infrastructure Works	151	95
Electronic Tolling	2,888	416
	3,444	545

Note 15 Pension Costs

Our staff can contribute to the Cornwall County Council statutory pension scheme which is a funded, defined scheme. We, as their employer, have to make contributions towards these pensions in line with the rules governing each scheme. This note explains the contributions we make to the scheme.

We apply the 'projected unit method' for valuing costs to the fund of the benefits to members. With this method, the current service cost of the pension scheme will increase as members of the scheme approach retirement.

In 2006-2007 pension costs have been charged to the revenue account on the basis of contributions payable for the year to the Cornwall County Council Pension Scheme (based on a formal actuarial valuation for 31 March 2006) and the pensions payable in the year to retired officers. The table below shows the costs, and as a percentage of total pensionable pay.

	2005/2006		2006/2007	
	£'m	%	£'m	%
Contributions we have paid to the Pension Fund towards our employee's pensions	0.304	17.60	0.359	19.90
Pension costs that we should charge to the accounts in line with proper accounting rules	0.328	19.80	0.456	24.70
Discretionary pension payments made in the year	0.006		0.006	

Note 16 Pension Assets and Liabilities

We have to show specific information about assets, liabilities, income and spending relating to the pension scheme – we are a scheduling body contributing to the Cornwall County Council Pension Fund. Details on the Cornwall County Council Pension Scheme are included within the County Council's Statement of Accounts. These requirements are set out in Financial Reporting Standard 17 – Retirement Benefits (FRS17).

In applying FRS17, as at the 31st March, we have made the following assumptions:

	Discretionary Payments Arrangements 2007	Discretionary Payments Arrangements 2006	Cornwall County Pension Scheme 2007	Cornwall County Pension Scheme 2006
Rate of inflation	3.2%	3.1%	3.2%	3.1%
Rate of increase in salaries	5.2%	5.1%	5.2%	5.1%
Rate of increase in pensions	3.2%	3.1%	3.2%	3.1%
Proportion of employees opting to take a commuting lump sum			0.0%	n/a
Rate for discounting scheme liabilities	5.4%	4.9%	5.4%	4.9%

The fair market value of the assets we hold in the County Council Fund consists of the following categories, by proportion:

	2005/2006		2006/2007	
	£'000	%	£'000	%
Equity Investments	6,280	74.3	7,053	75.8
Bonds	1,071	12.7	1,110	11.9
Other Assets: Property	820	9.7	960	10.3
Cash	283	3.3	188	2.0
	8,454	100.0	9,311	100.0

Our assets and liabilities are:

	Discretionary Payments £'000	County Council Pension Scheme £'000	Total £'000
The Joint Committee's share of assets and liabilities are:			
Estimated liabilities in County Council Fund	-	(10,578)	(10,578)
Estimated liabilities for discretionary payments	(79)	-	(79)
Total Liabilities	(79)	(10,578)	(10,657)
Share of assets in County Council Fund	-	9,311	9,311
Net Pensions Liability	(79)	(1,267)	(1,346)

The movement in the deficit during the year is as follows:

	Discretionary Payments	Cornwall County Council Fund	Total
	£'000	£'000	£'000
Net deficit at beginning of year	(48)	(2,039)	(2,087)
Movement in year:			
Current Service cost		(456)	(456)
Contributions		359	359
Past service costs		6	6
Expected return on Pension Fund assets		576	576
Interest on pension liabilities		(521)	(521)
Actuarial gain/loss (see below)		777	777
Net pension deficit at end of year	(48)	(1,298)	(1,346)

The actuarial gain/loss can be further analysed as follows:

Differences between the expected and actual return on pension fund assets	178
Percentage of assets	1.9%
Differences between actuarial assumptions about liabilities and actual experience	599
Actuarial Gains/Losses recognised in Statement of Total Movement in Reserves	777
Percentage of the present value of liabilities	7.3%

Note 17 Related Part Transactions

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

Cornwall County Council and Plymouth City Council have joint effective control over the general operations of the undertaking – they are responsible for providing the statutory framework within which the undertaking operates and which prescribes the terms of many of the transactions that the undertaking has with other parties.

Members of both Councils have direct control over the undertaking's financial and operating policies. If a Member declares an interest in a transaction which involves the undertaking, these transactions are recorded in the Register of Members' Interests, open to public inspection at County Hall, Truro and the Civic Centre, Plymouth.

The Joint Committee is a scheduling body contributing to the Cornwall County Council Pension Fund. Cornwall County Council as administrator of the pension fund has direct control of the fund.

The interest received disclosed elsewhere in this statement represents interest on the cash balances held by Cornwall County Council on behalf of the Joint Committee.

The interest paid disclosed elsewhere in this statement represents interest on the loan from Cornwall County Council.

Note 18 External Audit Fees

The Audit Commission's areas of work are set by the code of audit practice. Their work includes our statement of accounts, the financial parts of corporate governance and performance audits. The fees we pay for this audit work is shown below:

	2005-2006	2006-2007
	£'000	£'000
External audit services	11	12

Note 19 Employees' Pay

Under regulations, we must show the number of our staff, who are paid more than £50,000 a year. This includes all pay less employees' pension contributions, taxable travel and other expenses and non-taxable payments when employment ends.

Employee Pay	2005-2006 Number of Staff	2006-2007 Number of Staff
£50,001 - £60,000	1	1

Note 20 Post Balance Sheet Events

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have taken the view that there is insufficiently reliable evidence to assume a level of take-up of the change in the pension scheme. Consequently, the valuation of the Council's retirement benefit liabilities as at 31 March 2007 does not include any allowance for this change in the pension scheme.

Note 21 Statement of Accounts – Authorisation for issue

The Statement of Accounts was authorised for issue by the Joint Treasurers on 21 September 2007.

Note 22 Prior Year Adjustments

In the 2006/2007 Statement of Accounts, the Joint Committee has adopted two significant new accounting policies that impact on the comparative figures for 2005/2006 in the Income and Expenditure Account:

- capital financing charges for the use of fixed assets are no longer made to service revenue accounts, support services and trading accounts
- gains and losses on the disposal of fixed assets are recognised in the Income and Expenditure Account

These changes have had the following impact on the comparative figures for 2005/2006 compared with those published in the 2005/2006 Statement of Accounts.

	2005-2006 Statement of Accounts	Removal of capital financing charges	Recognition of gains and losses on disposal of assets	2005/2006 Comparatives in Inc & Exp Account
	£'000	£'000	£'000	£'000
Gross Expenditure	16,506	(8,087)		8,419
Gross Income	(6,733)			(6,733)
Impact on Net Cost of Service	9,773	(8,087)		1,686
Other Operating Expenditure				
FRS17 Interest Cost (Pensions)	478			478
FRS17 Expected Return on Assets (Pensions)	(469)			(469)
Interest Received	(342)			(342)
Asset management revenue account (Interest charges and similar charges in 2006/2007)	(7,282)	8,087		805
Loss on the disposal of fixed assets	0		1,280	1,280
Impact on Net Operating Expenditure	2,158	0	1,280	3,438

Glossary of Terms

Balance Sheet

Accruals

An amount shown in our accounts to cover money we owe or money owed to us, in the financial year, but which we will not actually pay or receive until the following year.

Actuarial Gains and Losses

The actuarial gains or losses to the pension fund are made up of:

- actual gains and losses to the value of the fund's investments;
- changes to the number, age and sex of staff that contributes to the pension fund; and
- changes to the assumptions regarding the growth of investments and the liabilities of the scheme.

Balance Sheet

The accounting statement which sets out our total net assets and how they were financed

Capital Charge

Charges we make to revenue accounts for using fixed assets when providing the service.

Capital Expenditure

Our spending on buying or creating a fixed asset or spending that adds to and does not just maintain the value of an existing asset, for example, land, buildings, vehicles and equipment.

Capital Financing Account

A reserve built up from:

- capital receipts;
- amounts charged to revenue; and
- amounts set aside to pay loans.

Capital Receipts

The proceeds from selling assets such as buildings.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the professional institute governing how public money is used and how it has been reported.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next one is the same.

Creditors

People we owe money to for work, goods or services we receive but which we have not paid by the end of the financial year.

Debtors

People who owe us money that we are due to receive but which we have not been paid by the end of the financial year.

Deferred Charges

Expenditure which may properly be deferred but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are expenditure on items such as improvement grants and other expenses of private acts.

Deficit

There are two types of deficits. A fund is said to be in deficit when its liabilities are higher than its assets. An in-year deficit is achieved when spending is higher than income.

Depreciation

The reduction in the value of assets, for example, through wear and tear.

De Minimus Expenditure

This is the term given to spending that does not fall within the Code of Practice's definition of fixed assets but is classified as capital. A de minimus level of £10,000 for capital spending has been set. This will result in expenditure on capital items under £10,000 being classed as revenue and charged to revenue accounts.

Direct Revenue Financing

The amount of capital spending financed directly from revenue.

Fair Value

The price at which we could buy or sell an asset in a transaction with another organisation less any grants we receive towards buying or using that asset.

Fixed Assets

Items such as land, buildings, vehicles and major items of equipment, which benefits us over more than one year.

Fixed Asset Restatement Account

This account represents the difference between the current value of our assets and the amounts paid for them.

FRS

A financial reporting standard issued by the Accounting Standards Board. FRS's are gradually replacing SSAPs. Our accounts keep to these standards where they apply to local authorities.

General Reserve

The amounts we have built up this year, and over earlier years, that we have not set aside for specific purposes.

Gross book value

This is the original or revalued cost of an asset before any depreciation is taken off it. See also Net book value.

Historical cost

What a fixed asset costs us to buy originally.

Impairment

Where an asset's value has been reduced by physical deterioration or other factors beyond usual wear and tear. The asset's value in the accounts also has to be reduced to reflect this impairment.

Income

The amount which we receive, or expect to receive, from any source. Service revenue income includes grants, sales, rents, fees and charges.

Infrastructure Assets

A fixed asset that cannot be taken away or transferred, and which we can only continue to benefit from by actually using it. Examples of infrastructure are roads.

Minimum debt repayment or minimum revenue provision (MRP)

The amount we have to set aside to repay loans. It is set at 4% of our total borrowing.

Net Book Value

The value of an asset as recorded in the accounts. It is usually the net current replacement or original cost less any depreciation we have charged.

Net Current Replacement Cost

The cost of replacing or recreating an asset in its existing condition use.

Net Realisable Value

The selling value of an asset less the costs of selling it.

Non-Operational Assets

Those assets we hold but do not directly use when delivering services. Examples of non-operational assets are investment properties and assets that we do not actually need before they are sold or developed.

Operational Assets

Those, for example land and buildings, we use in delivering services.

Other operating costs

Includes spending on buildings, fuel, light, rates, buying furniture and equipment, administration and other costs.

Post Balance Sheet Events

Events which happened after we produced the balance sheet.

Principal

The original amount borrowed. It does not include interest or other charges.

Provisions

This is money we keep to pay for known, future costs.

Prudential Code for Capital

The Prudential Code has been introduced by the regulations supporting the Local Government Act 2003. Local authorities can borrow money to pay for capital spending in a similar way as people can get a mortgage to buy a house. Under the regulations, when we are making this decision we must keep within the Prudential Code, which sets out the principles that local authorities must follow. These include the following:

- affordability – can we afford to make the repayments?
- Prudence – are we planning to borrow sensibly?
- Value for money – will the loan pay for something that is good value for money?
- Service delivery – will the loan help us to deliver our services aims?

Revenue spending

The day to day spending on employment costs, other operating costs and capital charges less any income from fees, and charges.

Slippage

The term we used to describe capital spending which happens later than we originally planned.

SORP

A statement of recommended practice issued by the Accounting Standards Board or by one of the accountancy institutes (such as CIPFA). SORPs are developed in the public interest and set out current best accounting practice. They are produced for subjects for which it is not considered appropriate to issue a financial reporting standard. Our accounts keep to the relevant SORPs (unless we say otherwise), particularly to the Code of Practice on Local Authority Accounting in Great Britain, and the Best Value Accounting Code of Practice.

SSAP

A statement of standard accounting practice issued by the Accounting Standards Committee and adopted by the organisation which replaced it, the Accounting Standards Board. Our accounts keep to SSAPs where they apply to local authorities.

Surplus

There are two types of surplus. A fund is said to be in surplus when its assets are higher than its liabilities. We achieve an in-year surplus when our income is higher than our spending.

Tangible assets

Operational assets, non-operational assets and assets currently being built.

Useful Life

The period over which we will benefit from using an asset.