



Tamar Bridge and Torpoint Ferry Joint Committee

2008/2009 Statement of Accounts



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***Statement of
Responsibilities
&
Certification of the
Accounts***

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 proper administration of 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 before 30 June 2009.

The Joint Treasurers responsibilities

The Joint Treasurers are responsible for preparing our statement of accounts. These accounts must present a true and fair view of our financial position, 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 the United Kingdom.

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.

Certification of the Statement of Accounts

The Joint Treasurer's declaration

This statement of accounts presents a true and fair view of the financial position of the Tamar Bridge and Torpoint Ferry Joint Committee on 31 March 2009, and our income and expenditure for the year ended on that date.

Peter Lewis
Joint Treasurer (Cornwall)
Date: 26 June 2009

Adam Broome BSc, CPFA
Joint Treasurer (Plymouth)
Date: 26 June 2009

The Joint Chairmen's declaration

We confirm that these accounts were approved by the Tamar Bridge and Torpoint Ferry Joint Committee on 26 June 2009.

M. Pearn MBE (Cornwall)
Joint Chairs of the Tamar Bridge and Torpoint Ferry Joint Committee
Date: 26 June 2009

R. Ball (Plymouth)

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 Joint Committee accounting statements and related notes of Tamar Bridge & Torpoint Ferry Joint Committee for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Tamar Bridge & 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 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Joint Treasurers and auditor

The Joint Treasurers' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 the financial position of the Joint Committee and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE 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 governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Joint Committee's corporate governance procedures or its risk and control procedures

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting 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 accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Joint Committee in the preparation of the accounting statements and related notes, 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 accounting statements and related notes 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 accounting statements and related notes.

Opinion

In my opinion the Joint Committee's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Joint Committee as at 31 March 2009 and its income and expenditure for the year then ended.

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 regularly to 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 Joint Committee 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 having regard to the criteria for other local government bodies specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, 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 2009.

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.

Lee Budge
Officer of the Audit Commission

3-4 Blenheim Court
Lustleigh Close
Matford
Exeter
EX2 8PQ

Date.....

***Explanatory
Foreword -
Joint Treasurer's
Introduction***

Explanatory Foreword – Joint Treasurer’s Introduction

We are pleased to introduce the Tamar Bridge and Torpoint Ferry Joint Committee’s statement of accounts for 2008/2009. The Joint Committee carry out the operation, maintenance and control of the Tamar Bridge and the Torpoint Ferries on behalf of Cornwall County Council and Plymouth City Council.

We have written our statement of accounts using plain, jargon free English where possible. We hope it will encourage more people to read the 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.

The statement of accounts sets out a summary of our financial affairs for 2008/2009 and shows our financial position on 31 March 2009. 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.

Important Developments this Year

The main source of guidance we follow in preparing our statement of accounts (CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom – the “SORP”) has changed again this year, though the changes are not as significant as in previous years. The most significant of the various changes are considered to be:

1. Accounting for and disclosure of Pension Fund Accounts

The 2008 SORP introduces a requirement for compliance with the Pension SORP 2007 which has been updated to take account of the financial reporting standards issued in respect of investments in particular the presentation requirements of FRS_25 *Financial Instruments: Disclosure and Presentation* and parts of FRS_26 *Financial Instruments: Recognition and Measurement*.

Inspection and audit

Before completing the audit, we made these accounts available for public inspection (from 16 June 2009 to 13 July 2009) 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 Finance Department, Cornwall Council, County Hall, Truro, TR1 3AY.

The statement of accounts was authorised for issue by the Tamar Bridge and Torpoint Ferry Joint Committee on 25 September 2009, having considered any events that occurred since 31 March 2009.

Financial Review

Financial Performance

We budgeted to achieve a deficit of £256,000 on our operational activities in 2008/2009 and an overall deficit of £1,454,000, which was planned to be funded from the Joint Committees reserves. In fact, by the end of the financial year, an operational deficit of £41,000 was achieved with an overall deficit of £1,729,000, which was funded from reserves.

The table below summarises the costs of running the Joint Committee's services from 1 April 2008 to 31 March 2009. It shows where the money came from to fund those costs and the surplus /deficit at the financial year end.

Comparison of 2008/2009 Outturn with the Original Budget

	Budget	Actual	Variation (Favourable)/ Adverse to Budget
	£'000	£'000	£'000
Operational Expenditure			
Bridge Operations	2,825	2,590	(235)
Ferry Operations	3,752	3,983	231
Corporate Expenditure	323	639	316
	<u>6,900</u>	<u>7,212</u>	<u>312</u>
Operational Income			
Toll Income	(6,742)	(6,858)	(116)
Other Income	(414)	(395)	19
	<u>(7,156)</u>	<u>(7,253)</u>	<u>(97)</u>
Net Operational Deficit/(Surplus)	<u>(256)</u>	<u>(41)</u>	<u>215</u>
Other Expenditure			
Interest on CCC Financing	1,017	885	(132)
Capital Expenditure financed from Revenue	82	272	190
Contribution to CCC's MRP	864	846	(18)
Contribution from provision for vouchers	(50)	(50)	0
Income			
Interest on balances	(203)	(183)	20
Net Overall Deficit	<u>1,454</u>	<u>1,729</u>	<u>275</u>

The deficit of £1,729,000 reported in the table above is in line with the decrease reported in the Statement of Total Movement on General Fund Balances for 2008/2009. It differs from the net deficit reported in the Income and Expenditure Account by the adjustments analysed in Note 1 to the Accounts.

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 2008/2009, our actual capital spending was £272,000 (£1,167,000 in 2007/2008). The following table shows where we spent this money.

Capital Schemes in 2008/2009	£'000
Rendel Park	14
Ferry Infrastructure Works	89
Electronic Toll Collection system	89
Advance Signing	53
Bridge Access Works	14
Bridge Office Feasibility	9
Bridge Car Park	4
	<hr/> 272 <hr/>

Capital Receipts and Revenue Financing

In 2008/2009, in total, £272,000 was funded from within the revenue budget rather than from funds advanced by the parent authorities (2007/2008 £133,000).

Advances from the Parent Authorities

There were no advances from the parent authorities in support of the capital programme in 2008/2009 (2007/2008 £1,034,000).

These advances have all been made by Cornwall County Council. The Joint Committee pays interest to Cornwall County Council at a rate reflecting the Council's own cost of borrowing. The Joint Committee also makes a contribution to Cornwall County Council in respect of the Minimum Revenue Provision (MRP) charged by the Council in its own accounts to provide for future repayment of the funding advanced to the Joint Committee. The level of contribution made will provide for repayment of the amounts advanced evenly over a 25 year period. This is considered by the Joint Treasurers to be a prudent basis on which to make that provision and complies with Cornwall County Council's MRP policy. The advances are held in the Joint Committee's balance sheet as "deferred liabilities".

Pensions Assets and Liabilities

Our net pensions liability at the end of the year was £2,226,000, up from £289,000 in March 2008. This should be considered alongside our level of general reserves of £2,125,000, down from £3,854,000 in March 2008 and total assets less liabilities of £201,000, down from £209,000 in March 2008. We have provided further information in relevant notes to the main Financial Statements.

Reserves and Balances

Surpluses and deficits 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:

Reserves	Balance as at 31 March 2008 £'000	Balance as at 31 March 2009 £'000
General Reserve	3,854	2,125
Total Reserves	<hr/> 3,854 <hr/>	<hr/> 2,125 <hr/>

Prior Year Adjustment

The statement of accounts reflects a prior period adjustment for a change in the accounting treatment of the contribution to Cornwall County Council's MRP made in 2007/2008, which was previously included as a charge to the Statement of total movement on General Fund balance. To provide consistency with the treatment in the Cornwall County Council statement of accounts, this has been restated as a charge to the Income and Expenditure account. Although this changes the reported net deficit of the Joint Committee for 2007/2008 from £3,781,000 to £4,587,000, it does not affect the bottom-line decrease in General Fund balance for the year, which remains at the previously reported £79,000.

Toll Revision

On 16 January 2009, the Joint Committee resolved to submit a toll revision application to the Department for Transport for a proposed 50% increase in tolls to take effect from 1 December 2009. This increase in toll income is necessary to ensure that the Joint Committee can continue to operate the two crossings in a safe, effective and efficient manner on a sustainable basis. The application sets out the justification for the proposed toll revision on the basis of long term projections of future revenue and capital costs and assumptions relating to traffic growth (none assumed) etc.

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 2008/2009 financial year and its position at the year-end of 31 March 2009. It has been prepared in accordance with the Code of Practice on Local Authority Accounting, in the United Kingdom: A Statement of Recommended Practice (the 2008 SORP) issued by the Chartered Institute of Public Finance and Accountancy. The accounts comply with the Statements of Standard Accounting Practice (SSAPs) and Financial Reporting Standards (FRS's) appropriate to local authorities also taking into account the guidance note issued by the Accounting Standards Board.

The accounting convention adopted is historical cost modified by revaluation of certain categories of tangible fixed assets.

The Joint Committee also complies with the Best Value Accounting Code of Practice (BVACOP). This code is also an approved SORP and establishes proper practice with regard to consistent financial reporting below the Statement of accounts level.

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 deliberate or systematic 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 or not 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 of Practice, 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. 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 using the accruals and matching concept:

- fees, charges and rents due from customers are accrued and accounted for as income at the date the undertaking provides the relevant goods or services.
- supplies are accrued and accounted for as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as stocks on the Balance Sheet.
- interest payable on borrowings and interest receivable is accrued and accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- where income 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

There are general exceptions as follows:

- electricity and similar quarterly payments are charged at the date of the meter reading rather than apportioned between years, and
 - items of less than £1,000 are not normally included.
- **Going Concern**
The Joint Committee's Statement of Accounts have been prepared on a going concern basis; that is the accounts have been prepared on the assumption that the Joint Committee will continue in operational existence for the foreseeable future. This means in particular that the income and expenditure account and balance sheet assume no intention to curtail significantly the scale of operation.
 - **Primacy of Legislative Requirements**
The Joint Committee derives its powers from statute and its 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 are the principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. The accounting policies are reviewed regularly to ensure that they remain the most appropriate for the authority's circumstances.

Intangible Fixed Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Joint Committee (eg software licences) is capitalised when it will bring benefits to the undertaking for more than one financial year. The balance is amortised to the revenue account over the economic life of the asset on a straight line basis (3 years for software licences). The policies on revaluation, disposals and impairment are the same as those used for Tangible Fixed Assets shown below.

Tangible Fixed Assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the undertaking and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the Balance Sheet using the following measurement bases:

- land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use
- infrastructure and community assets - depreciated historical cost.

Net current replacement cost is assessed as:

- non-specialised operational properties – existing use value
- specialised operational properties – depreciated replacement cost
- investment properties and surplus assets – market value.

Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years.

A Revaluation Reserve will contain 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

The values of each category of assets and of material individual assets that are not being depreciated are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a revaluation exercise, this is accounted for by:

- where attributable to the clear consumption of economic benefits – the loss is charged to the revenue account
- otherwise – written off against any revaluation gains attributable to the relevant asset in the Revaluation Reserve, with any excess charged to the revenue account.

Where an impairment loss is charged to the Income and Expenditure Account but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the income and expenditure account as part of the gain or loss on disposal. Receipts from disposals of fixed assets are credited to the income and expenditure account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used to fund new capital investment or be used to repay funding advances.

The written-off value of disposals is not a charge against revenue, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

Depreciation

Depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over periods expected to benefit from their use.

Depreciation is calculated on the following bases:

- 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 |

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Charges to Revenue for Fixed Assets

The revenue account is debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service and other losses where there are no accumulated gains in the Revaluation Reserve against which they can be written off
- amortisation of intangible fixed assets attributable to the service

The Joint Committee is not required to raise income to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the amount funded by Cornwall County Council for capital expenditure.

Prior Year Adjustments

The statement of accounts reflects a prior period adjustment for a change in the accounting treatment of the contribution made to Cornwall County Council's MRP in 2007/2008, which was previously included as a charge to the Statement of total movement on General Fund balance. To provide consistency with the treatment in the Cornwall County Council statement of accounts, this has been restated as a charge to the Income and Expenditure account. This had had an effect on the general fund balance.

Revenue Expenditure funded from Capital under Statute

This represents 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 Adjustment Account.

De Minimis 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 minimis level are charged to the revenue account in place of capital charges.

Stocks and Works in Progress

Stocks are normally valued at cost price (first in – first out). No obsolete stock is 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.

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 Adjustment Account includes amounts that we have set aside from day to day spending or capital receipts to pay for fixed assets or to repay capital funding
- The Revaluation Reserve (currently nil) represents the effects of us revaluing our fixed assets.

Value Added Tax (VAT)

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

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 (average of 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 2008/2009 our contributions were at a rate of 21.40% of employees' pay. In 2009/2010 this rate will be 21.00%.

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

- The liabilities of the Cornwall County Council pension scheme attributable to the Joint Committee 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 projected 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;
- The assets of the Cornwall County Council pension fund attributable to the Joint Committee are included in the balance sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unlisted securities – current bid price
 - Property – market value;
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as the result of years of service earned this year
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Income and Expenditure Account
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Income and Expenditure Account
 - Expected return on assets – the annual investment return on the fund assets attributable to the Joint Committee, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Income and Expenditure Account
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Joint Committee of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services in the Income and Expenditure Account
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Statement of Total Recognised Gains and Losses
 - Contributions paid to the Cornwall County Council pension fund – cash paid as employer's contributions to the pension fund.

The Statement of Movement on the General Fund Balance includes 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 any amounts payable to the fund but unpaid at the year-end.

Contingent Assets

Any contingent assets are excluded from accruals in the accounts and disclosed by way of a note to the accounts.

Contingent Liabilities

Any contingent liabilities are excluded from accruals in the accounts and disclosed by way of a note to the accounts.

Foreign Currency Translation

Income and expenditure arising from a transaction in a foreign currency are translated into £ sterling at the exchange rate in operation on the day the transaction occurred.

At the Balance Sheet date, any monetary assets and liabilities denominated in a foreign currency have been translated into £ sterling by using the closing rate or where appropriate the rate of exchange fixed under the terms of the relevant transaction.

Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the Joint Committee, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Income and Expenditure Account is the amount payable for the year under the agreed terms.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at their amortised cost. Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Income and Expenditure Account.

Available-for-sale Assets

Available-for-sale assets are initially measured and carried at fair value.

Cash Flow Statement

The Council's policy is to present the cash flows using the indirect method.

Events after the Balance Sheet Date

Where an event occurs after the balance sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the balance sheet date, the amounts recognised in the Statement of Accounts are adjusted to reflect this. Where an event occurs after the balance sheet date that is indicative of conditions that arose after the balance sheet date, the amounts recognised in the Statement of Accounts are not adjusted but are disclosed as a separate note to the accounts.

Events after the balance sheet date are reflected up to the date when the Statement of Accounts are authorised for issue, which is the date they are authenticated by the Joint Treasurers by signing and dating them before publishing.

Financial Statements

Income and Expenditure Account

This following table shows the total cost of the providing our service. It includes charges for support services, the use of assets and adjustments for the true cost of providing pensions. By convention, costs are shown as positive numbers without brackets. Income is shown as negative numbers in brackets.

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

	2007/2008	2007/2008	2008/2009
	Net Expenditure	Restated	Net Expenditure
	£'000	Net Expenditure	£'000
		£'000	
Gross Expenditure	10,423	10,423	11,871
Gross Income	(7,174)	(7,174)	(7,253)
Net Cost of Service	3,249	3,249	4,618
Other Operating Expenditure			
FRS_17 Interest Cost (Pensions)	576	576	661
FRS_17 Expected Return on Assets (Pensions)	(671)	(671)	(650)
Interest Received	(265)	(265)	(183)
Interest Payable	892	892	885
Contribution to CCC's MRP	0	807	846
Net Deficit	3,781	4,588	6,177

Statement of total movement on General Fund Balance

The Statement of total movements on General Fund balance 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.

	2007/2008	2007/2008	2008/2009	Note
	£'000	Restated	£'000	No:
		£'000		
(Surplus)/Deficit for the year on the Income and Expenditure Account	3,781	4,588	6,177	
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund balance for the year	(3,702)	(4,509)	(4,448)	1
Total (increase)/decrease in General Fund Balance for the year	79	79	1,729	
General Fund Balance brought forward	(3,933)	(3,933)	(3,854)	
General Fund Balance carried forward	(3,854)	(3,854)	(2,125)	

Statement of total recognised Gains and Losses

The Statement of total recognised gains and losses of the Joint Committee for the year shows the aggregate increase or decrease in its net worth. In addition to the surplus or deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2007/2008	2007/2008	2008/2009	
	£'000	Restated £'000	£'000	Note No:
(Surplus)/deficit on the Income and Expenditure Account for the year	3,781	4,588	6,177	
Actuarial gain/loss on pension fund assets and liabilities	(950)	(950)	1,910	10
Contribution to CCC's MRP		(807)	(846)	
Total recognised gains and losses for the year	2,831	2,831	7,241	

Balance Sheet

The Balance Sheet shows our financial position at the start and end of the 2008/2009 financial year. It shows the value of the Joint Committee's assets and liabilities at the end of the financial year (31 March 2009).

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

	2008	2009		Note No:
	£'000	£'000	£'000	
Fixed Assets				
Intangible Fixed Assets				
Intangible	9	0		2
Operational Assets				
Other land and buildings	212,333	208,806		2
Vehicles, plant, furniture & equipment	14,833	14,018		2
Infrastructure	264	256		2
Non-operational assets				
Assets under construction	62	0		2
Total Fixed Assets	227,501		223,080	
Current Assets				
Stocks and Work in Progress	282	476		3
Debtors	297	351		4
Payments in advance	13	13		5
Cash in hand and in transit	2,567	962		11(d)
Total Current Assets	3,159		1,802	
Total Assets	230,660		224,882	
Current Liabilities				
Creditors	(540)	(851)		6
Receipts in advance	(879)	(990)		7
Total Current Liabilities	(1,419)		(1,841)	
Total Assets less Current Liabilities	229,241		223,041	
Long Term Liabilities				
Deferred liability	(20,355)	(19,509)		9
Defined benefit pension scheme liability	(289)	(2,226)		16
Provisions	(50)	0		8
Total Long Term Liabilities	(20,694)		(21,735)	
Total Assets less Liabilities	208,547		201,306	
Financed by:				
Pensions Reserve	(289)	(2,226)		10
Revaluation Reserve	0	0		10
Capital Adjustment Account	204,982	201,407		10
Revenue Balances				
General Reserve	3,854	2,125		10
Total Net Worth	208,547		201,306	

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.

	2007/2008	2007/2008	2008/2009	Note
	£'000	Restated £'000	£'000	No:
Net cash inflow/(outflow) from operating activities	2,080	1,273	(447)	11(a)
Returns on Investment and Servicing of Finance				
Cash Inflows				
Interest Received	265	265	183	
Cash Outflows				
Interest Paid	(1,064)	(1,064)	(885)	
	(799)	(799)	(702)	
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	(1,180)	(1,180)	(456)	
Cash Inflows				
Disposal of Fixed Assets	0	0	0	
	(1,180)	(1,180)	(456)	
Net cash inflow/(outflow) before financing	101	(706)	(1,605)	
Financing				
Cash Outflows				
Repayments of capital funding	(807)	-	-	
Cash Inflows				
New funding received	1,000	1,000	-	
	193	1,000	-	
Net Increase/(Decrease) in Cash	294	294	(1,605)	11(d)

Notes to the Accounts

Notes to the Accounts

Note 1 Reconciling items for the Statement of Movement on the General Fund Balance

	2007/2008 £'000	2007/2008 Restated £'000	2008/2009 £'000
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			
Depreciation of fixed assets	(4,698)	(4,698)	(4,680)
Net charges made for retirement benefits in accordance with FRS_17 contribution to or from the FRS_17 Pensions Reserve	519	519	283
Impairment of fixed assets	0	0	(13)
	(4,179)	(4,179)	(4,410)
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			
Contribution to Cornwall County Council's MRP	807	-	-
Capital expenditure charged in year to the General Fund balance	132	132	272
Employer's contributions payable to the pension fund & retirement benefits payable direct pensioners	(412)	(412)	(310)
	527	(280)	(38)
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			
Net transfer to or from earmarked reserves	(50)	(50)	0
	(50)	(50)	0
Net additional amount required by statute and non-statutory proper practices to be debited and credited to the General Fund balance for the year	(3,702)	(4,509)	(4,448)

Note 2 Movement on fixed assets

Intangible assets

	Purchased software licences etc £'000	Total £'000
Original cost	25	25
Amortisations to 1 April 2008	(17)	(17)
Balance at 1 April 2008	8	8
Expenditure in year	-	-
Written off to revenue in year	(8)	(8)
Balance at 31 March 2009	-	-

Operational assets

	Land and Buildings £'000	Infrastruct ure £'000	Vehicles, Plant & Equipment £'000	Assets under Construction £'000	Total £'000
Cost or valuation					
At 1 April 2008	227,248	341	17,694	62	245,345
Additions	130		142		272
Impairment	(13)				(13)
Transfers			62	(62)	0
At 31 March 2009	227,365	341	17,898	0	245,604
Depreciation and impairment					
At 1 April 2008	(14,914)	(77)	(2,862)	0	(17,853)
Depreciation in year	(3,645)	(8)	(1,019)	0	(4,672)
At 31 March 2009	(18,559)	(85)	(3,881)	0	(22,525)
Balance Sheet amount at 31 March 2008	212,334	264	14,832	62	227,492
Balance Sheet amount at 1 April 2009	208,806	256	14,017	0	223,079

The total Capital Expenditure and Financing was:

	2007/2008 £'000	2008/2009 £'000
Expenditure		
Operational assets	1,105	272
Non-operational assets	61	0
	1,166	272
Sources of finance		
Sums set aside from revenue	132	272
Advanced from Cornwall County Council	1,034	0
	1,166	272

Note 3 Stocks

At the 31 March 2009, the Joint Committee held stocks to the value of £476,000. The stocks are analysed by category as follows:

	31 March	
	2008 £'000	2009 £'000
General materials	172	176
Fuel	38	35
Chain	0	120
TamarTags and accessories	63	99
Toll equipment spares	0	38
Uniforms and work wear	7	6
Cleaning materials	2	2
Total	282	476

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	
	2008 £'000	2009 £'000
Amounts falling due within one year:		
Government departments	291	326
Sundry debtors	6	25
Total	297	351

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	
	2008 £'000	2009 £'000
Advance payments for Rates	13	13
Total	13	13

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	
	2008 £'000	2009 £'000
Capital creditor	222	38
Sundry creditors	318	813
Total	540	851

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	
	2008 £'000	2009 £'000
TamarTag account balances	879	990
Total	879	990

Note 8 Provisions

Provisions are funds set up to cover any financial liabilities which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. The toll vouchers provision was set up to provide for the cost of unredeemed concessionary vouchers being cashed in; it has now been depleted and closed.

	Balance as at 1 April 2008 £'000	Additions £'000	Deductions £'000	Balance as at 31 March 2009 £'000
Provision for liability (toll vouchers)	50	0	(50)	0
	50	0	(50)	0

Note 9 Deferred Liabilities

We have a liability to Cornwall County Council in respect of long term financing for capital expenditure, the balance as at the 31 March is:

Source of Liability	2008 £'000	2009 £'000
Cornwall County Council	20,355	19,509

Note 10 Statement of Total Movements in Reserves

We keep a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are need to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Balance 1 April 2008 £'000	Net movement in year £'000	Balance 31 March 2009 £'000	Purpose of reserve	Further detail of movement s
Capital Adjustment Account	204,982	(3,575)	201,407	Store of capital resources set aside to meet past expenditure	(a) below
Pensions Reserve	(289)	(1,937)	(2,226)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet	(c) below
General Reserve	3,854	(1,729)	2,125	Resources available to meet future costs	(b) below
Total	208,547	(7,241)	201,306		

The total movements in reserves during the year were as follows

(a) Capital Adjustment Account

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

	£'000
Balance as at 1 April 2008	204,982
2008/2009 Capital Financing - direct revenue financing	272
2008/2009 Capital Financing - contribution to Cornwall County Council's MRP charge	846
Depreciation of fixed assets	(4,680)
Impairment of fixed assets	(13)
Balance as at 31 March 2009	201,407

(b) General Reserves

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

	£'000
Balance as at 1 April 2008	3,854
Receipts in year	0
Payments in year	(1,729)
Balance as at 31 March 2009	2,125

(c) Pensions Reserves

The FRS_17 Pensions Reserve is used to meet the future costs of pensions.

	£'000
Balance as at 1 April 2008	(289)
Appropriations to/from revenue	(27)
Actuarial gains/losses relating to Pensions	(1,910)
Balance as at 31 March 2009	(2,226)

Note 11 Cash Flow Statement**(a) Reconciliation of surplus/ (deficit) to net cash inflow/ (outflow)**

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.

	2007/2008 £'000	2007/2008 Restated £'000	2008/2009 £'000
Surplus/(Deficit) for the year	(3,781)	(4,588)	(6,177)
Non cash transactions			
Depreciation and impairment	4,698	4,698	4,693
Pension fund adjustments	(107)	(107)	27
Contribution to/from provisions	(389)	(389)	(50)
	4,202	4,202	4,670
Adjustments for items reported separately on cashflow			
Interest received	(265)	(265)	(183)
Interest payable	1,064	1,064	885
	799	799	702
Items on an accrual basis			
(Increase)/decrease in debtors and payments in advance	218	218	(54)
Increase/(decrease) in creditors	673	673	606
(Increase)/decrease in stock and work in progress	(31)	(31)	(194)
	860	860	358
Revenue activities net contributions	2,080	1,273	(447)

(b) Analysis of net debt

	Balance as at 1 April 2008 £'000	Cash Flow £'000	Balance as at 31 March 2009 £'000
Cash in hand and in transit	2,567	(1,605)	962
Deferred liability	(20,355)	846	(19,509)
	(17,788)	(759)	(18,547)

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

	2007/2008 £'000	2008/2009 £'000
Increase/(Decrease) in cash in the period	294	(1,605)
Cash inflow from new capital funding	(1,000)	0
Cash outflow from capital funding repaid	807	846
Movement in net debt in the period	101	(759)
Net debt as at 1 April	(17,889)	(17,788)
Net Debt as at 31 March	(17,788)	(18,547)

(d) Analysis of changes in cash and cash equivalents during the year

	2007/2008 £'000	Change in Year £'000	2008/2009 £'000
Cash	2,567	(1,605)	962
Increase/(decrease) in year	2,567	(1,605)	962

Note 12 Publicity Expenditure

Under section 5.1(1) of The Local Government Act 1986 we must provide details of its spending on publicity. The following analysis shows the amount spent during the year.

	2007/2008 £'000	2008/2009 £'000
Advertising		
Recruitment advertising	2	0
Other advertising	2	8
	4	8

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:

	2007/2008 £'000	2008/2009 £'000
Traffic management	291	288
Total amount reimbursable	291	288

Note 14 Significant Commitments under Capital Contracts as at 31 March

	2008 £'000	2009 £'000
Expenditure approved and contracted		
Electronic tolling	195	0
	195	0

Note 15 Pension Costs

As part of the terms and conditions of employment of its staff, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that needs to be disclosed at the time employees earn their future entitlement. The Joint Committee participates in the Local Government Pension Scheme administered locally by Cornwall County Council – this is a funded defined final salary scheme, meaning that the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Under the 2008 SORP the Joint Committee has adopted the amendment to FRS_17, *Retirement benefits*. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. On the grounds of materiality, the figures for previous periods have not been restated. Current and prior year surplus have been unaffected by this change.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	2007/2008 £'000	2008/2009 £'000
Income and Expenditure Account		
<i>Net cost of service:</i>		
Current service cost	(412)	89
Past service cost	424	(105)
<i>Net operating expenditure</i>		
Interest cost	(576)	(661)
Expected return on scheme assets	671	650
<i>Net charge to the Income and Expenditure Account</i>	107	(27)
<i>Statement of movement on the General Fund Balance</i>		
Reversal of net charges made for retirement benefits in accordance with FRS_ 17	(107)	27
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>		
Employers contributions payable to the pension fund	(412)	(310)

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial gains and losses of £1,910,000 (£950,000 2007/2008 as restated) were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses is £545,000.

Note 16 Pension Assets and Liabilities

Reconciliation of present value of the scheme liabilities

	2007/2008 £'000	2008/2009 £'000
1 April	10,657	9,523
Current service cost	412	310
Interest cost	576	661
Contributions by scheme participants	111	129
Actuarial gains and losses	(1,738)	(906)
Benefits paid	(495)	(421)
Past service costs	0	105
31 March	9,523	9,401

Reconciliation of fair value of the scheme assets

	2007/2008 £'000	2008/2009 £'000
1 April	9,311	9,234
Expected rate of return	671	650
Actuarial gains and losses	(788)	(2,816)
Employer contributions	417	398
Contribution by scheme participants	111	129
Benefits paid	(488)	(420)
31 March	9,234	7,175

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 £2,080,000 (2007/2008: £117,000).

Scheme history

	2004/2005 * £'000	2005/2006 * £'000	2006/2007 * £'000	2007/2008 * £'000	2008/2009 £'000
Present value of liabilities	(8,827)	(10,541)	(10,657)	(9,523)	(9,401)
Fair value of assets	6,682	8,454	9,311	9,234	7,175
Surplus/(deficit) in the scheme	(2,145)	(2,087)	(1,346)	(289)	(2,226)

* The Joint Committee elected not to restate fair value of scheme assets for 2004/2005, 2005/2006, 2006/2007 and 2007/2008 as permitted by FRS_17 (as revised).

The liabilities show the underlying commitments that the joint committee has in the long run to pay retirement benefits. The total liability of £2,226,000 has a substantial impact on the net worth of the joint committee as recorded in the Balance Sheet, resulting in a negative overall balance of £102,000.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;

The total contributions expected to be made to the pension scheme by the joint committee in the year to 31 March 2010 is £449,000.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The pension fund liabilities have been assessed by an independent firm of actuaries, estimates for the pension fund being based on the latest full valuation of the scheme as at 1 April 2008.

The principal assumptions used by the actuary have been:

	31 March 2009	31 March 2008
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.0%	7.7%
Bonds	5.6%	5.7%
Property	4.9%	5.7%
Cash	4.0%	4.8%

Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	19.6 years	n/a
Women	22.5 years	n/a
Longevity at 65 for future pensioners		
Men	20.7 years	n/a
Women	23.6 years	n/a
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	5.1%	5.6%
Rate of increase in pensions	3.1%	3.6%
Proportion of employees opting to take a commuting lump sum	70.0%	40.0%
Rate for discounting scheme liabilities	6.9%	6.9%

History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve in 2008/2009 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2009.

	2004/2005 %	2005/2006 %	2006-2007 %	2007/2008 %	2008/2009 %
Experience gains and losses on assets	284	1,267	185	(788)	(2,816)
Experience gains and losses on liabilities	660	(32)	(3)	149	369

Note 17 Related Party 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. There were no transactions of this nature in the financial year.

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. Financial information is shown in notes 15 and 16.

The interest received of £183,216 represents interest on the cash balances held by Cornwall County Council on behalf of the Joint Committee. The interest paid of £885,455 represents interest on the capital funding provided by Cornwall County Council. In addition we paid a sum of £846,471 to Cornwall County Council as our contribution towards the council's MRP charge in respect of funding for capital expenditure.

Both Cornwall County Council and Plymouth City Council provided support services (£107,266 and £38,131) and contracted services (£223,046 and £43,592) to the Joint Committee. Contracts were entered into in full compliance with the Joint Committee's standing orders.

Note 18 External Audit Fees

In 2008/2009, the Joint Committee incurred the following fees relating to external audit and inspection.

	2007/2008 £'000	2008/2009 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	13	11

Note 19 Employees' Pay

Under regulations, we must show the number of our staff, whose remuneration, excluding employer's pension contributions was £50,000 or more in bands of £10,000.

Remuneration band	2007/2008 Number of employees	2008/2009 Number of employees
£50,001 - £59,999	1	-
£60,001 - £69,999	-	1

Note 20 Financial Instruments

Financial instruments on the balance sheet have been categorised as financial liabilities and loans & receivables and are valued at an amortised cost. Interest payable on financial liabilities and interest received on cash balances are reflected in the income and expenditure account. There is a limited possibility of credit risk and past experience has not resulted in any default from any credit obligations.

Note 21 Statement of Accounts – Authorisation for issue

The Statement of Accounts was authorised for issue by the Joint Treasurers on 25 September 2009

Annual Governance Statement

Annual Governance Statement

This section gives the results of our yearly assessment of how well we are managing and controlling risks achieving our aims and meeting 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 system of governance within our organisation to help us carry out our work effectively, including arrangements for managing risk.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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.

The governance framework has been in place for the Joint Committee for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

Review of effectiveness

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review is informed by the work of the managers within the joint undertaking and the joint authorities (who collectively have responsibility for the development and maintenance of the governance environment), internal audit and by comments made by the external auditors and other review agencies and inspectorates.

Performance Management

The performance of the Undertaking in operating, maintaining and improving the two crossings is managed by the internal management team, with support from the Joint Authorities. The primary service delivered is the provision of safe, effective and efficient crossings of the River Tamar.

On a day-to-day basis the two crossings are to a large extent managed separately and service levels are managed and monitored by the Operations Managers at each crossing, under the supervision of the General Manager.

The safety of the two crossings is treated as paramount and at both crossings is controlled by the employment of proven systems, equipment and procedures meeting statutory or regulatory requirements or, where there are no such requirements, to contemporary best practice industry standards. Wind speed and temperature are monitored several times per hour to ensure that appropriate measures are put in place. Incidents with any bearing on safety are logged by supervisory staff at the time, both on paper and electronically. Significant incidents are raised immediately to managerial level. Others are reviewed on a daily basis and policies and procedures are produced or modified from time to time based on such reviews. The undertaking is also represented on national and international operators' forums which meet regularly and serve as benchmarking tools for standards and statistics.

At the Tamar Bridge, the availability of traffic lanes and toll lanes are measured and monitored on a daily basis and reviewed regularly by managers. Both traffic lane and toll lane availability are reported quarterly to Members at Joint Committee meetings. Traffic lane availability is affected by internal and external factors. Traffic lane closures and toll lane closures may be required for maintenance or inspection activities which are planned and co-ordinated by the Operations Managers and the Engineering Manager to minimise impact on the travelling public while preserving the safety of activities. External factors include vehicle breakdowns and environmental conditions. Most vehicle breakdowns are handled with the undertaking's own contracted resources and the time to undertake recovery is recorded and reviewed.

Toll lane availability is also affected by the availability of toll collection staff, which is a contracted resource controlled by contractual penalties. This has been successful to the extent that no penalty thresholds have been exceeded in the report period.

Facility availability is updated every 30 minutes on the organisation's website using a colour-coded traffic condition statement. This is supported by webcam views of the crossing in both directions which are updated every 30 seconds. Motorists on the adjacent road network are also advised of exceptional traffic conditions using up to twelve variable message signs on the A38 and adjoining local roads.

The performance of the bridge toll collection function is monitored in terms of speed, accuracy, integrity and quality. Speed is monitored by the continuous supervision of traffic throughput. Accuracy is measured by daily reconciliation of takings and errors above a threshold are investigated commencing the same day. Integrity is controlled by separation of duties, system access controls, continuous recorded video surveillance, toll system vehicle recognition data and frequent random unannounced searches. Customer complaints are all investigated in accordance with the undertaking's complaints procedure. Complaint trends are reviewed at weekly management meetings and appropriate action taken. Meetings with the toll collection contractor are held monthly to discuss performance.

At the Torpoint Ferry the service provision is measured in terms of the percentage of scheduled crossings achieved. This is based on supervisors' daily logs of down time and is collated weekly and reviewed by the Operations Manager and the General Manager. Ferry availability is reported quarterly to Members at Joint Committee meetings. Both planned and unplanned down-time is recorded. Planned maintenance is undertaken at off-peak periods wherever possible, although this flexibility may be constrained by the availability of suitable states of wind and tide for certain activities. The previous week's performance is posted in a public area on each ferry and on the web site.

Facility availability is updated every 30 minutes on the organisation's website using a colour-coded traffic condition statement. This is supported by webcam views of the waiting areas in both directions which are updated every 30 seconds. Motorists on the adjacent road network are also advised of exceptional traffic conditions using up to twelve variable message signs on the A38 and adjoining local roads. In addition, traffic updates on traffic conditions are provided to local radio stations usually every 30 mins.

The ferry operation as a whole and the ferries themselves are subject to the regulatory requirements of the Maritime and Coastguard Agency (MCA), which include the vessels being taken to dry-dock facilities periodically for inspection and this affects service provision. The undertaking also voluntarily maintains the vessel to meet the requirements of a recognised classification society, Lloyds Register, giving further reassurance to the public, insurers and the owners.

Certain maintenance activities can only be undertaken satisfactorily and/or economically in dry conditions and these are undertaken as a periodic refit in conjunction with the MCA and Lloyds inspections. The programming of refit work and inspections is planned to maximise value and maintain compliance. The timing of this activity is governed by suitable weather conditions and is chosen to minimise risk to service delivery. Contractual provisions provide a bonus for early completion of refit work and a penalty for late completion. In the report period, the one refit undertaken was completed early.

The performance of the ferry toll collection function is also monitored in terms of speed, accuracy, integrity and quality. Speed is monitored by the continuous supervision of the service and is dictated by the crossing cycle. Accuracy is measured by daily reconciliation of takings and errors above a threshold are investigated generally commencing the same day. Integrity is controlled by separation of duties, system access controls and continuous recorded video surveillance. Customer complaints are all investigated in accordance with the undertaking's complaints procedure. Complaint trends are reviewed at management meetings and appropriate action taken.

Significant Partnerships and Joint Working Protocols

The undertaking operates in partnership and joint working arrangements with a range of organisations including:

- Cornwall County Council (CCC) – transport issues and general operation
- Plymouth City Council (PCC) - transport issues and general operation
- Highways Agency – partnering on the operation of the Tamar Bridge/Saltash Tunnel Tidal Flow Corridor
- Department for Transport – General Manager is Chairman of DfT’s Interoperability Forum Operators’ Sub-Committee which represents UK current and potential toll operators - also general partnering on exchange of traffic information and other data
- Devon and Cornwall Police – partnering on shared data and other issues
- Cornwall County Fire Brigade – joint working on rescue procedures
- Devon and Somerset Fire and Rescue Service - joint working on rescue procedures
- UK Bridge Operators, UK Toll Operators and UK Chain and Cable Ferry Operators – joint working on shared documents and standards, benchmarking and other exchange of information
- International Cable Supported Bridge Owners/Operators - benchmarking and other exchange of information

These relationships contribute significantly to the safety, efficiency and effectiveness of the crossings. Significant efforts are invested in the maintenance and development of these important relationships, but this investment is rewarded with a return, through shared benefits, exceeding that achievable solely through contractual arrangements.

CCC provides support and specialist advice on civil engineering procurement and structural engineering generally and a term consultant is employed to advise on the Tamar Bridge structure.

A marine consultant is employed to supervise ferry refit work and provide advice on a call-off basis. Other consultants are employed from time to time for specific advice.

Governance

The powers to charge tolls and to operate maintain and improve the two crossings are derived from primary legislation, the Tamar Bridge Acts. The application of those powers is governed by the Joint Committee representing the Joint Authorities.

The Joint Committee meets quarterly to consider current issues and undertake specific statutory tasks including the approval of the Statement of Accounts. At these quarterly meetings, Members receive reports allowing them to monitor the operations and financial position of the undertaking and review the progress of any specific ongoing projects or issues.

Certain powers are delegated to Chief Officers or the General Manager through Financial Regulations or by specific authority from the Joint Committee. It is considered that the scope of delegated powers needs further and closer definition and it is anticipated that this will be undertaken in conjunction with the further development and establishment of a Constitution for the Joint Committee. This clarification of delegated powers would free management from some of the constraints of the quarterly Joint Committee meeting framework and allow Joint Committee Members to focus more on strategic issues. It would also reduce duplication of efforts on the part of officers of each of the Joint Authorities.

Governance of the undertaking is effective, but its efficiency is compromised by a lack of definition of delegated powers which remains outstanding. Work on a draft Constitution was begun in 2008/2009 but a decision was taken to hold development of that draft until Cornwall’s unitary transition had taken place and a new constitution for Cornwall County Council had been drafted, to ensure consistency.

Risk Management

As an operator of a self-funded busy front line service to the public and reliant on key elements of infrastructure, the undertaking faces significant risks. These have been handled competently on an ad hoc basis, but the lack of a formal risk register or business continuity plan was highlighted in internal and external audit reports and it was recognised that these shortcomings needed to be addressed.

In 2007/2008, efforts began to develop a formal risk register. This involved holding a Risk Workshop for Members and key officers and building on that to develop a formal hierarchy of risks and responses. This work has continued in 2008/2009 including a review of the original raw (unmitigated) register, with risk likelihoods and outcomes adjusted to recognise existing mitigation measures. The next steps will be to consider further mitigation measures and prioritise resources to optimise risk reduction.

In the meantime, the recognition and management of risk has continued to be a fundamental element of day to day management and steers the development of our specifications and procedures.

Management Assurance

The management of the undertaking is operated at two levels. Monthly management group meetings covering both crossings are held to review policies, procedures, projects and common operational issues. These are supplemented by separate meetings at each crossing addressing crossing-specific operational and project issues. These may be weekly, monthly, or driven by project requirements.

Ad hoc management groups are established from time to time to suit ongoing requirements. In particular, management individuals or teams generally take on the roles of project director and/or project manager for key projects to ensure that client requirements and interests are adequately covered. The nature of the facility is such that bespoke solutions are preferred in many areas and it is considered essential that client representatives have a strong position in developing solutions.

Financial Management

Treasury, accountancy and payroll functions are provided by Cornwall County Council (CC). The accountancy team works closely with TBTF management, providing monthly monitoring reports and attending regular meetings, typically quarterly, to review budget variances and prepare future budgets and forecasts. The accountant also regularly attends monthly management team meetings.

Internal audit is also undertaken by CCC, using a framework agreed with management. The reporting period has covered the latter stages of the transition to electronic tolling for pre-payment customers. While the number of accounts continues to increase, the transition period was nominally terminated on 31 March 2008, to give clarity to project issues and accountancy. The management team have continued to work closely with Internal Audit, CCC Treasury and the Accountancy Team to establish adequate controls during this unstable transition period. The 2008/2009 audit report gave an overall opinion of no immediate problems, though recommendations were made to improve existing controls, all of which were accepted.

It was determined in TBTFJC's meeting on 29 January 2008 that in view of the annual deficit position forecast for 2007/2008 and 2008/2009 and forecast increasing costs into the future, options needed to be explored to put the balance of income and expenditure on a sustainable footing. As a result, a workshop was convened for Members and officers to develop a preferred strategy. A financial model with a 2025 horizon was used at the workshop to explore various options of toll levels and timing of toll revisions to fund forecast expenditure and maintain a prudent level of reserves as a general contingency. The workshop also considered other possible variations, including changes to vehicle classifications, particularly with a view to facilitating automatic vehicle classification using roadside equipment.

A public consultation exercise was undertaken in November 2008 to inform users and stakeholders of the justification for an increase on tolls and gather opinion on a range of issues.

The preferred toll revision option resulting from this process was agreed at TBTFJC's meeting on 16 January 2009 and minor modifications were agreed at its subsequent meeting on 13 March 2009. A toll revision application to the Secretary of State for Transport was subsequently prepared and submitted based on this decision.

Human Resources Management

Personnel support is provided by Plymouth City Council under a service level agreement and the part-time HR Advisor is integrated as part of the management team.

During this period, the main work of the organisation's job evaluation exercise has been undertaken. A final proposal was submitted to the trade union's head office in November 2008 for comment which was still awaited at the end of the reporting period.

In March 2008, the Joint Committee authorised an increase in establishment which includes posts to supplement the existing management team in the areas of engineering, health and safety and ICT. This will improve resource levels, separation of duties and availability of key personnel. The delay in finalising the job evaluation process has stalled the recruitment of up to seven vacancies pending determination of salaries payable. As a result, the aim of strengthening the management team as has not yet been achieved, but job descriptions and person specifications have been drawn up in readiness and will be incorporated in recruitment as soon as salaries are announced.

Quality Management

The undertaking strives to continuously improve quality.

Increased human resources input has allowed HR policies and procedures to be given increased priority during the reporting period, with more sophisticated recruitment interviewing processes and faster response to day-to-day staff issues. In particular, sickness levels have been brought under better control.

A staff appraisal system is operated and tailored training programmes are in place for the majority of operational staff. Other staff attend training courses or events to suit contemporary organisational or personal needs and two managers are being supported on MBA courses. Attendance at networking and user group forums is also supported.

Procurement is undertaken in accordance with contemporary best practice in line with the Joint Authorities and using Cornwall County Council's Contract Procedure Rules on an interim basis. Quality/price assessment models are used to place appropriate emphasis on quality to place a value on risk.

External Audit and Regulation

The Audit Commission audits the undertaking each year and provides opinions on internal control and governance systems.

The undertaking is also subject to external regulation by the following:

- Maritime and Coastguard Agency (MCA) – the MCA undertakes a programme of health & safety inspections of the vessels and their operation. Its 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
- Lloyds Register – the undertaking also subscribes voluntarily to regulation by Lloyds classification society – the programme of inspections ensures 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 and any defects identified are dealt with accordingly

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 which were approved and adopted in March 2007. These may be in need of some minor updating in 2009/2010 in the light of changes to the Cornwall County Council financial regulations, from which they were derived.

Other elements progressed in 2008/2009 were:

- a constitution - draft in progress
- a risk register developed with Members and officers
- a business plan
- job evaluation

These items and recruitment for key posts need to be brought to fruition in 2009/2010

Significant External Issues

The revision of tolls is essential to ensure the financial sustainability of the undertaking and the pursuit of powers to raise tolls is therefore a critical item for 2009/2010.

Conclusion

This statement has identified certain issues of control and risk that we plan to address in 2009/2010 and these are summarised below:

- closer definition of delegated powers
- finalisation of a formal risk register
- strengthening of the management team
- development and approval of a formal constitution
- revise tolls
- agree a long term business plan
- update of financial regulations

Kevin Lavery
Joint Clerk & Chief Executive (Cornwall)
Date: 26 June 2009

Barry Keel
Joint Clerk & Chief Executive (Plymouth)
Date: 26 June 2009

M. Pearn MBE (Cornwall)
Joint Chairs of the Tamar Bridge and Torpoint Ferry Joint Committee
Date: 26 June 2009

R. Ball (Plymouth)

Glossary of Terms

Glossary of Terms

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 Adjustment Account

A reserve built up from:

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

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 Minimis 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 minimis 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.

Events after the Balance Sheet Date

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

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.

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. 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.

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 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, furniture and equipment, administration and other costs.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

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.

Revaluation Reserve

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

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 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.

Stocks

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

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.

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 Appraisal and Valuation Standards (5th Edition) published by The Royal Institution of Chartered Surveyors.

In line with the agreed 5-year rolling programme I carried out a revaluation as at 1 April 2004 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 RICS Valuation Standards 6th Edition (UKPS 1.12) 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 2008, is fairly represented in the sum of £227,588,931 (two hundred and twenty seven million, five hundred and eighty eight thousand, nine hundred and thirty one pounds).

Tamar Bridge	£223,904,842
Tamar Bridge Offices, Car Parks and Land	£95,000
Torpoint Ferry Offices, Workshops, Car Parks, Land and Waiting Room	£3,589,089
TOTAL	£227,588,931

R J Perry MA MRICS
Chief Valuer and Estate Manager
Cornwall County Council

Date: 8 May 2009

Conditions and Assumptions

Impairment of Fixed Assets

Under the requirements of FRS_15 an Impairment Review of Fixed Assets during the financial year 2007/2008 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 8 May 2009

Valuer

This valuation has been carried out by R.J. Perry, a Member of the Royal Institution of Chartered Surveyors, Chief Valuer and Estate Manager of Cornwall County Council.