



Tamar Bridge and Torpoint Ferry Joint Committee

2019/20 Annual Financial Report and Statement of Accounts

Contents	Page
Explanatory Foreword	3
Statement of Accounts	
Statement of Responsibilities	9
Main Financial Statements	10
Movement in Reserves Statement	11
Comprehensive Income and Expenditure Statement (CIES)	12
Balance Sheet	13
Notes to the Main Financial Statements	14
Index of Notes	15

Explanatory Foreword from the Joint Treasurers

We are pleased to introduce the Tamar Bridge and Torpoint Ferry Joint Committee's Annual Financial Report and Statement of Accounts for 2019/20. The Joint Committee carry out the operation, maintenance and control of the Tamar Bridge and the Torpoint Ferries on behalf of Cornwall Council and Plymouth City Council.

This document provides a summary of the Joint Committee's financial affairs for the financial year 1 April 2019 to 31 March 2020 and the financial position at 31 March 2020.

1. The Financial Report and Statements

Our Annual Financial Report and Statement of Accounts includes the following financial statements and disclosure notes:

- **Explanatory Foreword** – from the Joint Treasurers. This provides a concise guide for the reader of the accounts of the most significant aspects of the Joint Committee's financial performance, year-end position and cash flows.
- **Statement of Accounts**
 - **Statement of Responsibilities** – this explains the different responsibilities relating to the Statement of Accounts.
 - **The Main Financial Statements**
 - **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Joint Committee.
 - **Comprehensive Income and Expenditure Statement** – this statement shows the net cost in the year of providing the Joint Committee services.
 - **Balance Sheet** – the Balance Sheet shows the value at 31 March 2020 of the assets and liabilities held by the Joint Committee.
 - **Notes to the Main Financial Statements** – these provide additional, more detailed information on certain issues included in the main financial statements.

Except where otherwise indicated, figures are presented in millions of pounds (£m) and are rounded to the nearest thousand pounds (£0.001m).

Financial Review of 2019/20

The Tamar Bridge and Torpoint Ferries are run as a self-funding joint undertaking by the Joint Committee on behalf of the parent authorities, Cornwall Council and Plymouth City Council. The only significant source of revenue generated by the Joint Committee is the revenue from tolls charged for using the crossings and it is therefore entirely dependent on this income stream to fund its day to day running costs and ongoing programme of repairs and maintenance.

Tolls were increased on 19 November 2019 following a Public Inquiry and Department for Transport authorisation. It was anticipated that the increase would ensure that reserve levels remained above £2m until 2023. The £2m continues to be considered as the minimum prudent level for reserves.

In March 2020, the organisation began to experience significant impacts from the Covid-19 pandemic. As the crossings provide essential transport links, service levels were maintained through the initial stages of the crisis. The need to maintain complex infrastructure assets required that related expenditure was broadly maintained. However, public reaction and increasing travel restrictions led to traffic falling 70% by 25 March when for public and staff safety reasons, tolls were suspended. This latter action cut the remaining 25% of toll income. At the time of writing, tolls are anticipated to remain suspended until at least the end of May 2020.

In 2019/20, operational expenditure was £9.622m, some £0.987m less than the original budget of £10.609m for the year. The budget was revised in December which decreased the planned expenditure to £9.855m, which provides a favourable variance of £0.233m.

The main reasons for the significant variance are:

- decision to capitalise the Ferry Refit work
- reduction bridge painting budget as contractors redeployed to work making good areas associated with the capital suspension system works
- further delay in upgrading Devonport traffic control systems, to align with pedestrian safety project
- loss of toll income following the severe reduction in traffic volumes from mid-March 2020 associated with the Covid19 pandemic.

The level of revenue raised was £11.868m which is £1.621m less than the original budget of £13.489m and £0.515m less than the revised forecast. At the operating level, a surplus of £2.246m was achieved in 2019/20.

From its income, the Joint Committee also has to fund its capital financing costs, which amounted to £3.079m for the year, a decrease from the original £3.181m budget and as per the revised estimate. After taking these costs into account and a small amount of interest received on cash balances, the overall position was a deficit of £0.828m, compared to an original budgeted deficit of £0.291m.

1.1 Comparison of Outturn Figures to Approved Budget

The table below provides a high level summary of the £0.828m deficit set out on the basis on which it was monitored during the year by the Joint Committee. This reflects the costs that the Joint Committee budgets for from its revenues.

A number in brackets in the Variance from Budget column represents an underspend against the budget.

	Outturn £m	Original Budget £m	Variance from Budget £m
Operational Expenditure			
Bridge Operations	3.713	4.128	(0.415)
Ferry Operations	5.268	5.995	(0.727)
Corporate Expenditure	0.641	0.486	0.155
Sub-total	9.622	10.609	(0.987)
Operational Income			
Toll Income	(10.736)	(12.435)	1.699
Other Income	(1.132)	(1.054)	(0.078)
Sub-total	(11.868)	(13.489)	1.621
Net Operational (Surplus)/Deficit	(2.246)	(2.880)	0.634
Other Expenditure			
Interest on Cornwall Council financing	1.352	1.450	(0.098)
Contribution to Cornwall Council's MRP	1.727	1.731	(0.004)
Sub-total	3.079	3.181	(0.102)
Income			
Interest on balances	(0.005)	(0.010)	0.005
Net Overall (Surplus)/Deficit	0.828	0.291	0.537

1.2 Comparison of Outturn against the Comprehensive Income and Expenditure Statement

There is a difference between the outturn deficit of £0.828m and the (Surplus) or Deficit on Provision of Services line of £1.940m as reported in the Comprehensive Income and Expenditure Statement (CIES) on page 12 of these Accounts.

This is because the Joint Committee is required to prepare its accounts in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 published by CIPFA. Under the Code, there are a number of notional (non-cash) costs that the Joint Committee is required to recognise in its CIES even though it is not required to meet these costs out of its cash revenues and therefore does not budget for them out of its General Fund (usable reserves).

The items that give rise to these different bases of reporting are identified below:

	2019/20	
	£m	£m
Net overall deficit per Outturn		0.828
Depreciation		0.678
Adjustment on Revaluation		1.266
IAS19 pension adjustments	0.655	
Net interest expense	0.226	
		0.881
Increase in annual leave accrual		0.013
Contribution to Cornwall Council's MRP		(1.726)
(Surplus) or Deficit on Provision of Services		1.940

The items giving rise to the difference between the Joint Committee's reported outturn surplus for 2019/20 and the deficit on the CIES are explained below:

- Depreciation is not included in the budget outturn position but is a required charge to the CIES within the Statement of Accounts. The charge is reversed out in the Movement in Reserves Statement (MIRS) so as not to impact the Joint Committee's usable reserves.
- A downward adjustment on the revaluation of assets is not included in the budget outturn position, but is required as a charge to the CIES within the Statement of Accounts. The charge is reversed out in the Movement in Reserves Statement (MIRS) so as not to impact the Joint Committee's usable reserves.
- A net pension debit (as defined by International Accounting Standard 19) of £0.881m has been applied to the CIES, as required by regulation.
- An accrual for short-term compensated absences (annual leave) has been applied to the CIES, as required by regulation.
- The Joint Committee's contribution to Cornwall Council's Minimum Revenue Provision (MRP) cannot be charged to the CIES.

Consequently, although the CIES shows a deficit on the provision of services of £1.940m (2018/19 £2.414m) for the year, the Joint Committee's usable reserves position has only reduced by £0.828m (2018/19 £1.381m).

2. Material Items of Income or Expense

There are no material Items of Income or Expense.

3. Pensions Assets and Liabilities

The Joint Committee participates in the Local Government Pension Scheme, administered locally by Cornwall Council. This is the combination of a funded defined benefit final salary scheme, meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets and career average revalued earnings scheme. The joint authorities are liable as employers for any deficit in the funding of the pension scheme.

The Joint Committee has fully adopted the provisions of International Accounting Standard 19 (IAS 19) in relation to accounting for post-employment benefits. On the basis of valuation required by IAS 19, the Joint Committee's net pension liability at 31 March 2020 was £6.655m, (2018/19 £8.924m). This should be considered alongside the level of usable reserves of £2.792m (2018/19 £3.620m) and total assets less liabilities of £101.377m (2018/19 £100.167m).

4. Capital Expenditure and Funding

In addition to our day to day running costs, the Joint Committee spends money on assets such as the bridge and ferries, vehicles and information, and communications technology. Such expenditure is intended to contribute to service provision over a number of years and is defined as capital expenditure.

Capital expenditure tends to be characterised by large individual schemes, with expenditure often incurred over several financial years. As a consequence, it is controlled through a programme of approved schemes within a multi-year capital plan.

During 2019/20, actual capital spending was £5.382m (2018/19 £7.046m). The following table shows where the money was spent:

Capital Expenditure	2019/20
	£m
Suspension System Remedial Works	0.441
Bridge Protective Coating	1.270
Bridge Office Development	0.257
Toll System Upgrade	0.466
Bridge Kerb Units and Waterproofing	1.324
Bridge Structural Monitoring System	0.180
Ferry Refit	1.436
Supplementary Cable Works	0.004
Bridge Weigh in Motion	0.002
Bridge Main Joint	0.002
Total	5.382

This expenditure was fully funded through advances from Cornwall Council.

5. Current Borrowing Facilities and Capital Funding

The Joint Committee cannot legally borrow in its own right. However, the parent authorities have the power to borrow on its behalf and provide advances to the Joint Committee to fund its capital expenditure programme. In recent years, these advances have been made by Cornwall Council.

The Joint Committee pays interest to Cornwall Council at a rate reflecting the Council's own cost of borrowing. The Joint Committee also makes a contribution to Cornwall 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 Council's MRP policy. The advances are held in the Joint Committee's balance sheet as deferred liabilities, split between the elements payable within one year and more than one year from the balance sheet date.

Looking Ahead to 2020/21 and Beyond

The toll revision which came into effect in November 2019 was anticipated to increase the Joint Committee's reserves over the short term and then maintain those reserves at an appropriate level over the medium term, to 2023. This position was further assisted by the upcoming "fallow" refit period following the anticipated completion of LYNHER II's refit early in financial 2020-2021.

Substantial capital expenditure will continue as bridge recoating continues and replacement of bridge kerb/drainage units commences. A smaller capital project to improve onshore traffic control systems at Torpoint will be undertaken, whilst specifications for significant work to bridge parapets will be finalised.

The overall anticipated position of the Undertaking has been severely compromised by the impact of the Covid19 pandemic. It is not expected that tolls will be reintroduced early in the new financial year and the suspension together with the reduction in traffic associated with the Government's "lockdown" response reduces previous income projections by £1.2m a month.

The impact of the pandemic on transport is anticipated to be significant. In the short term, it is expected that if traffic will not reach a "new normal" level until at least the end of financial year 2020/21. Broad expectations are that "new normal" volumes will remain below historical levels for a considerable time as continued social distancing acts as a disincentive to travel, that to some extent social changes during the lockdown become embedded and economic growth and employment remain suppressed. Officers have been modelling potential effects, but it is obvious that the Joint Committee's finance model reliant on steady traffic levels is unlikely to be sustained at current toll levels, without external assistance.

Officers and Members will actively review the position and consider actions during the first half of the upcoming financial year, seeking to put the organisation back on a stable and sustainable footing as soon as is practical.

Statement of Responsibilities

Our Responsibilities

We must:

- make sure that one of our officers is responsible for proper administration of our financial affairs. In our case the Joint Treasurers are responsible for doing this;
- manage our affairs so as to use our resources economically, efficiently and effectively and to protect our assets; and
- approve this Statement of Accounts.

The Joint Treasurers responsibilities

The Joint Treasurers are responsible for preparing our Statement of Accounts in accordance with proper practices.

In preparing this Statement of Accounts, the Joint Treasurers have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Main Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into 'usable reserves' (those that can be applied to fund expenditure) and 'unusable reserves' (which have specific purposes). The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance.

	General Fund Balance £m	Total Usable Reserves ⁵ £m	Unusable Reserves ⁶ £m	Total Authority Reserves £m
Balance at 31 March 2018	(5.001)	(5.001)	(98.275)	(103.276)
Movement in reserves during 2018/19				
(Surplus) or deficit on the provision of services	2.414	2.414	-	2.414
Other Comprehensive Income and Expenditure	-	-	0.695	0.695
Total Comprehensive Income and Expenditure	2.414	2.414	0.695	3.109
Adjustments between accounts basis & funding basis	(1.033)	(1.033)	1.033	-
Increase/Decrease in Year	1.381	1.381	1.728	3.109
Balance at 31 March 2019 carried forward	(3.620)	(3.620)	(96.547)	(100.167)
Movement in reserves during 2019/20				
(Surplus) or deficit on the provision of services	1.940	1.940	-	1.940
Other Comprehensive Income and Expenditure	-	-	(3.150)	(3.150)
Total Comprehensive Income and Expenditure	1.940	1.940	(3.150)	(1.210)
Adjustments between accounts basis & funding basis	(1.112)	(1.112)	1.112	-
Increase/Decrease in Year	0.828	0.828	(2.038)	(1.210)
Balance at 31 March 2020 carried forward	(2.792)	(2.792)	(98.585)	(101.377)

Notes are explained more fully in "Notes to the Financial Statements" pages 16-26

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from toll income.

	2019/20 £m	2018/19 £m
Gross Expenditure	12.236	12.165
Gross Income	(11.868)	(11.124)
Cost of services	0.368	1.041
Financing and investment income and expenditure	1.572	1.373
(Surplus) or deficit on provision of services	1.940	2.414
Remeasurement of the net defined benefit liability/(asset)	(3.150)	0.695
Other comprehensive income and expenditure	(3.150)	0.695
Total comprehensive income and expenditure	(1.210)	3.109

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Joint Committee at 31 March. The net assets are matched by usable and unusable reserves.

	31 March 2020 £m	31 March 2019 £m
Property, Plant and Equipment ³	140.472	137.034
Long Term Assets	140.472	137.034
Cash and Cash Equivalents	1.393	3.193
Inventories ⁴	0.504	0.671
Short Term Debtors	4.152	2.595
Current Assets	6.049	6.459
Deferred Liabilities - Short Term ⁸	(1.942)	(1.726)
Short Term Creditors	(3.307)	(2.876)
Current Liabilities	(5.249)	(4.602)
Deferred Liabilities - Long Term ⁸	(33.240)	(29.800)
Other Long Term Liabilities - Pensions	(6.655)	(8.924)
Long Term Liabilities	(39.895)	(38.724)
Net Assets	101.377	100.167
Usable Reserves ⁵	(2.792)	(3.620)
Unusable Reserves ⁶	(98.585)	(96.547)
Total Reserves	(101.377)	(100.167)

Notes are explained more fully in "Notes to the Financial Statements" pages 16-26

Notes to the Main Financial Statements

Index of Notes

	<i>Page</i>
Note 1 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	16
Note 2 Adjustments between Accounting Basis and Funding Basis under Regulations	18
Note 3 Property, Plant and Equipment	19
Note 4 Inventories	21
Note 5 Usable Reserves	21
Note 6 Unusable Reserves	21
Note 7 Officers' Remuneration	25
Note 8 Deferred Liabilities	26

**Note
1****Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Joint Committee's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are included on the basis of valuations and assessed useful lives determined by Cornwall Council's Chief Valuer on the basis of condition surveys and standards of professional practice set out by the Royal Institute of Chartered Surveyors (RICS). The assumptions underlying such valuations and the assessment of useful lives are subject to revision and the valuation would therefore be expected to change accordingly. The Covid-19 pandemic has had a global impact on financial markets. This makes judgements around valuations much more challenging as the previous market evidence which is used to inform valuations is less reliable given the substantially increased market uncertainty.</p> <p>Valuations are generally undertaken within guidance provided by the The Royal Institution of Chartered Surveyors (RICS) "Red Book". RICS current guidance is that valuations should be reported on the basis of "material valuation uncertainty". This means that less certainty and a higher degree of caution should be attached to valuations than would normally be the case. As the future impact of Covid-19 on real estate markets is unknown, property valuations will be kept under review. The carrying value of these long term assets at the end of the reporting period was £140.472m.</p>	<p>The impact of a change in valuation or useful life would be to affect the carrying value of the asset in the balance sheet and the charge for depreciation or impairment in the CIES.</p> <p>These changes do not have an impact on the Joint Committee's usable reserves as the Joint Committee is not required to pay for such charges out of its revenues.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, and expected return on pension fund assets. Cornwall Council, the administrators of the Joint Committee's pension arrangements, have engaged a firm of consulting actuaries to provide expert advice about the assumptions to be applied. The carrying value of this long term liability is (£6.655m).</p>	<p>The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the balance sheet and the cost shown in the CIES.</p> <p>These changes do not have an impact on the Joint Committee's usable reserves as the Joint Committee is not required to pay for such charges out of its revenues.</p>

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

**Note
2****Adjustments between Accounting Basis and Funding Basis under Regulations**

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

Adjustments in 2019/20	General Fund Balance £m	Movement in Unusable Reserves £m
Adjustments primarily involving the Reserve Held for Capital Adjustment Account:		
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	(0.678)	0.678
Revaluation losses on Property, Plant and Equipment	(1.266)	1.266
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:		
Capital expenditure charged against the General Fund		-
Contribution to Cornwall Council MRP	1.726	(1.726)
Exceptional adjustment for capital financing entries relating to prior years		-
Adjustments primarily involving the Reserve for Pensions:		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1.688)	1.688
Employer's pensions contributions and direct payments to pensioners payable in the year	0.807	(0.807)
Adjustment primarily involving the Reserve Held for Accumulated Absences Account:		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year	(0.013)	0.013
Total Adjustments	(1.112)	1.112

**Note
3** **Property, Plant and Equipment**

The main assets held by the Joint Committee and reflected in its balance sheet are set out below:

- Tamar Bridge - The Tamar Bridge and approach roads, associated land and offices.
- Torpoint Ferries - The three Torpoint ferries (Plym II, Tamar II and Lynher II) and landing stages, associated land and offices.
- Joint / Other - Rendell Park, Torpoint, Electronic Toll System and Advance Traffic Signage System.

Movements on Balances 2019/20	Other Land and Buildings £m	Vehicles, Plant, Furniture Equipment £m	Infrastructure Assets £m	Infrastructure Assets Toll Bridge £m	Assets Under Construction £m	Total Property, Plant and Equipment £m
Cost or Valuation						
At 1 April 2019	2.673	18.749	0.798	126.232	5.763	154.215
Additions	-	-	-	-	5.382	5.382
Revaluation increases/(decreases) in the Revaluation Reserve	(0.702)	-	-	(5.797)	-	(6.499)
Assets reclassified (to)/from Other	5.482	0.001	-	0.628	(6.111)	-
At 31 March 2020	7.453	18.750	0.798	121.063	5.034	153.098
Accumulated Depreciation and Impairment						
At 1 April 2019	(0.373)	(11.859)	(0.088)	(4.860)	-	(17.180)
Depreciation charge	-	(0.669)	(0.009)	-	-	(0.678)
Depreciation written out to the Revaluation Re	0.373	-	-	4.860	-	5.233
At 31 March 2020	-	(12.528)	(0.098)	-	-	(12.626)
Net Book Value						
at 31 March 2020	7.453	6.222	0.700	121.063	5.034	140.472
at 31 March 2019	2.300	6.890	0.710	121.372	5.763	137.034
Movements on Balances 2018/19						
Cost or Valuation						
At 1 April 2018	2.673	18.749	0.798	117.654	7.295	147.169
Additions	-	-	-	-	7.046	7.046
Assets reclassified (to)/from Other	-	-	-	8.578	(8.578)	-
At 31 March 2019	2.673	18.749	0.798	126.232	5.763	154.215
Accumulated Depreciation and Impairment						
At 1 April 2018	(0.300)	(11.190)	(0.079)	(3.808)	-	(15.377)
Depreciation charge	(0.073)	(0.669)	(0.009)	(1.052)	-	(1.803)
At 31 March 2019	(0.373)	(11.859)	(0.088)	(4.860)	-	(17.180)
Net Book Value						
at 31 March 2019	2.300	6.890	0.710	121.372	5.763	137.034
at 31 March 2018	2.373	7.559	0.719	113.846	7.295	131.791

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – offices 30-35 years, ferry waiting area 35 years
- Vehicles, plant, furniture and equipment – Torpoint ferries 25 years, IT equipment 5 years
- Infrastructure – approach road 40 years
- Infrastructure (Toll Bridge) – Tamar Bridge 120 years.

Revaluations

The Joint Committee carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Asset Valuation and Rating Manager of Cornwall Council. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest prices adjusted for the condition of the asset.

	Other Land and Buildings £m	Vehicles, Plant, Furniture and Equipment £m	Infrastructure Assets £m	Infrastructure Assets Toll Bridge £m	Assets Under Construction £m	Total £m
Carried at historical cost	-	6.222	0.700	-	5.034	11.956
Valued at fair value as at:						
31 March 2020	7.453	-	-	121.063	-	128.516
31 March 2019	-	-	-	-	-	-
31 March 2018	-	-	-	-	-	-
31 March 2017	-	-	-	-	-	-
31 March 2016	-	-	-	-	-	-
Net Book Value - Valuation Movements	7.453	6.222	0.700	121.063	5.034	140.472

Note 4 Inventories

	Chain & Materials		Tamar Tags		Fuel		Other		Total	
	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m	2019/20 £m	2018/19 £m
Balance outstanding at start of year	0.386	0.403	0.152	0.053	0.060	0.054	0.073	0.061	0.671	0.571
Purchases	-	-	0.269	0.270	0.218	0.176	0.070	0.290	0.557	0.736
Recognised as an expense in the year	(0.100)	(0.017)	(0.313)	(0.171)	(0.233)	(0.170)	(0.078)	(0.278)	(0.724)	(0.636)
Balance at year end	0.286	0.386	0.108	0.152	0.045	0.060	0.065	0.073	0.504	0.671

Note 5 Usable Reserves**General Fund Reserve**

The General Fund Reserve is a usable reserve, i.e. a reserve that the Joint Committee may use to provide services, subject to the need to maintain the reserve at a prudent level.

	2019/20 £m	2018/19 £m
General Fund Reserve	(2.792)	(3.620)
Total Usable Reserves	(2.792)	(3.620)

Note 6 Unusable Reserves

	2019/20 £m	2018/19 £m
Revaluation Reserve	(1.827)	(2.011)
Capital Adjustment Account	(103.463)	(103.497)
Pensions Reserve	6.655	8.924
Accumulated Absences Account	0.050	0.037
Total Unusable Reserves	(98.585)	(96.547)

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost

- Used in the service provision and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

Revaluation Reserve	2019/20		2018/19
	£m	£m	£m
Balance at 1 April		(2.011)	(2.071)
Adjustment to Capital Adjustment Account		0.184	0.060
Amount written off to the Reserve Held for Capital Adjustment Account		0.184	0.060
Balance at 31 March		(1.827)	(2.011)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Joint Committee to finance acquisitions, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Joint Committee. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2019/20		2018/19
	£m	£m	£m
Balance at 1 April		(103.497)	(103.795)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets	0.678		1.803
Revaluation losses on Property, Plant and Equipment	1.266		
		1.944	1.803
Adjusting amounts written out of the Reserve Held for Revaluation		(0.184)	(0.060)
Net written out amount of the cost of non-current assets consumed in the year		1.760	1.743
Cornwall Council provision for the financing of capital investment charged against the General Fund	(1.726)		(1.445)
		(1.726)	(1.445)
Balance at 31 March		(103.463)	(103.497)

Pensions Reserve

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

Pensions Reserve	2019/20	2018/19
	£m	£m
Balance at 1 April	8.924	7.556
Remeasurements of the net defined benefit liability/(asset)	(3.150)	0.695
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	1.688	1.439
Employer's pensions contributions and direct payments to pensioners payable in the year	(0.807)	(0.766)
Balance at 31 March	6.655	8.924

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact of the General Fund Balance is neutralised by transfers to or from the Account.

Accumulated Absences Account	2019/20	2018/19
	£m	£m
Balance at 1 April	0.037	0.035
Settlement or cancellation of accrual made at the end of the preceding year	(0.037)	(0.035)
Amounts accrued at the end of the current year	0.050	0.037
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.013	0.002
Balance at 31 March	0.050	0.037

Note 7 Officers' Remuneration

The Joint Committee's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

		Salary, Fees and Allowances £	Pension Contribution £	Total £
General Manager	2019/20	82,110	15,090	97,200
	2018/19	77,534	14,794	92,328
Bridge Operations Manager	2019/20	52,448	10,423	62,871
	2018/19	54,504	10,784	65,288
Engineering Manager	2019/20	53,927	10,506	64,433
	2018/19	62,385	12,238	74,623
Bridge Operations Manager	2019/20	43,709	8,767	52,476
	2018/19	55,379	11,076	66,455
Governance & Finance Manager	2019/20	58,726	11,660	70,386
	2018/19	42,203	8,369	50,572
Ferry Manager	2019/20	52,771	10,501	63,272
	2018/19	51,806	10,295	62,101

Remuneration Bands (£):		Number of Employees	
From	To	2019/20	2018/19
50,000	54,999	3	2
55,000	59,999	1	1
60,000	64,999	-	1
65,000	69,999	-	-
70,000	74,999	-	-
75,000	79,999	-	1
80,000	84,999	1	-
85,000	89,999	-	-
		5	5

Note 8 **Deferred Liabilities**

The Joint Committee has a liability to Cornwall Council in respect of long term financing for capital expenditure, an element of which is payable within one year from the balance sheet date and which is therefore treated as a current liability. The repayment of this liability is made in the form of contributions to Cornwall Council's Minimum Revenue Provision (MRP).

	2019/20	2018/19
	£m	£m
Balance at 1 April	31.526	25.925
New Advances	5.382	7.046
Repayments Due	(1.726)	(1.445)
Total	35.182	31.526
Of Which: Due within one year	(1.942)	(1.726)
Due after more than one year	(33.240)	(29.800)