

DARTFORD-THURROCK CROSSING CHARGING SCHEME

ACCOUNTS, prepared pursuant to Section 3 (1) (b) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003, showing an Income and Expenditure Account and Statement of Capital Expenditure for the year to 31 March 2007 and Statement of Assets and Liabilities as at 31 March 2007 and relevant notes to the account together with the Report of the Comptroller and Auditor General thereon.

Presented pursuant of Section 3 (1) (d) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003.

Dartford-Thurrock Crossing Charging Scheme Account 2006-2007

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Foreword and Management Commentary

Background Information

The Thames crossing between Dartford and Thurrock consists of two tunnels and the Queen Elizabeth II Bridge. The first tunnel was built in 1963, the second in 1980 and the bridge was opened in 1991.

An early Private Finance Initiative (PFI) concession, enacted by the Dartford-Thurrock Crossing Act 1988, transferred the existing debt from the tunnels to the private sector who retained toll revenue to pay off the existing debt and the debt incurred by building the new bridge. Tolls were set by the Department of Transport (and its forerunners) in conjunction with the Concessionaire. The concession was for a period of 20 years from 31 July 1988, but could be ended as soon as the debt was repaid. The Secretary of State determined that all financial commitments had been met by 31 March 2002.

The Dartford-Thurrock Act 1988, Schedule 6, Section 16, (4) (1) contains the provision for a Toll Extension Period for the collection of tolls to provide a fund for future maintenance of the crossing. An Extension Agreement between the Concessionaire and the Secretary of State was in place from 4 March 1999 and allowed the Toll Extension Period to run from 1 April 2002 to 31 March 2003. All Toll Revenue during this period was passed over gross to the Department for Transport.

A charging scheme was introduced at the crossing from 1 April 2003. The powers to introduce a charging scheme on a trunk road bridge and tunnel of at least 600m are set out in Part III Chapter I of the Transport Act 2000 (Road User Charging). Sections 163 (Preliminary) and 167 (Trunk road charging schemes) and Schedule 12 (Road User Charging and Workplace Parking Levy: Financial Provisions) apply to charging schemes introduced on trunk roads.

Schedule 12 paragraph 13 to the Act requires that the net proceeds of such a charging scheme should be applied for the purposes of directly or indirectly facilitating the achievement of any policies or proposals relating to transport but makes no prescription for how that will be achieved.

Schedule 12 paragraph 2(2) allows the Secretary of State to make regulations determining how the net proceeds are to be calculated.

Schedule 12 paragraph 5 allows regulations to be made for the keeping of accounts and the preparation and publication of statements of such accounts.

The effect of the regulations made under these provisions is to require an account to be produced to demonstrate the amount of the net proceeds.

The introduction of a charging scheme at the Dartford-Thurrock Crossing is enabled by the following secondary legislation:

- procedural regulations for the making of an order; ¹
- regulations covering accounting arrangements; ² and
- the making of a Dartford-Thurrock charging scheme order. ³

Cumulatively these enable the requirements of the Act to be translated into a charging scheme at the Dartford-Thurrock Crossing.

A contract with Le Crossing Company Limited has been in place to manage the crossing and collect charges on behalf of the Secretary of State since 1 April 2003, this contract expires on 31 August 2008. All cash receipts from Le Crossing are passed over gross to the Department for Transport. For the year ended 31 March 2007, this amounted to £66,485,051 (2005-06 £67,395,964).

The utilisation of the income for transport purposes is fulfilled through the Parliamentary Supply procedures: these ensure that the whole of the income is received and appropriated in aid and set against the Department's total transport expenditure. Apart from that income which is passed back to the Highways Agency to fund the maintenance of the crossings and the operations of the charging regime, all the other income offsets the generality of transport expenditure and is not hypothecated to particular programmes or projects.

In December 2006 the Government published a consultation document "Proposed Changes to Charges at the Dartford-Thurrock River Crossing". The consultation sought views on a range of measures designed to improve the use of the Crossing including changes to the charges, discounts for local residents, and investment of income in local travel schemes. The consultation closed on 9 March 2007. On reviewing the responses to the consultation, the DfT announced a further consultation to take place later in the year on the development of a discount scheme for local residents.

Accounts of the Secretary of State

Section 3(1) (b) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulation 2003 requires the production of accounts for the year to 31 March 2007.

These accounts have been prepared in accordance with a Direction given by HM Treasury in pursuance of the above regulation. The Direction is reproduced as an Appendix to the Accounts.

The accounts have been audited by the Comptroller and Auditor General (C&AG). His opinion is expressed on pages 11 and 12.

Archie Robertson

Accounting Officer

13 November 2007

¹ Statutory Instrument 2001 No. 2303 The Trunk Road Charging Schemes (Bridges and Tunnels) (England) Procedure Regulations 2001

² Statutory Instrument 2003 No. 298 The Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Procedure Regulations 2003

³ Statutory Instrument 2002 No. 1040 The A282 Trunk Road (Dartford-Thurrock Crossing Charging Scheme) Order 2002.

Statement of Secretary of State and Accounting Officer Responsibilities

Under Section 3 (1) (b) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003, the Secretary of State is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the Treasury. The accounts are prepared on an accruals basis and must present fairly the income and expenditure for the financial year and the assets and liabilities at year-end.

The Treasury have appointed an Accounting Officer for the account. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in "Government Accounting" (TSO), superseded in October 2007 by 'Managing Public Money'.

Statement on Internal Control

The Statement on Internal Control describes the overall control environment and the management of risk within the Highways Agency. Management and preparation of this account, and the underlying accounting transactions, are subject to the control environment of the Highways Agency to which the following statement refers. There are no risks identified specifically for the Dartford-Thurrock Crossing Charging Scheme account.

The scope and purpose of the system of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. This includes responsibility for transactions in respect of the Dartford-Thurrock Crossing Charging Scheme.

The Highways Agency's system of internal control was in place for the year ended 31 March 2007 and up to the date of approval of the Agency's annual report and accounts. It accords with Treasury guidance.

The system of internal controlⁱ is designed to manage risk of failure to achieve policies, aims and objectives to a reasonable level rather than to eliminate all risk; it can therefore only provide reasonable and not absolute assurance of effectiveness. Risk management informs a number of internal control processes designed to fulfil the Agency's control objectives.ⁱⁱ

The risk and control framework

I have established a framework of responsibility for risk management, with appropriate support, guidance and proceduresⁱⁱⁱ in all parts of the Agency's business.^{iv}

My staff work closely with their counterparts in the Department for Transport to ensure that risk management systems are compatible, there is clear accountability for managing risks, joint action is taken where appropriate to manage risks, and the Department is kept informed of risks as appropriate.

The Highways Agency Board sets the Agency's risk appetite^v in line with that of the DfT Board. The Board formally reviewed the Agency's risk appetite during the year and reaffirmed their commitment to well-managed risk-taking in the interest of improved delivery.

The Board identifies strategic risks^{vi} to the Agency's business. Managers identify and evaluate risks to successful delivery of the Agency's operational and control objectives when they prepare and monitor directorate and divisional management plans.

I hold regular meetings with Ministers when operational risks are discussed. Ministers receive direct reports about risks to key initiatives, the outcome of key Gateway Reviews and other key risk areas. They receive reports on risks to delivery of Public Service Agreement Targets through the DfT reporting system.

I am keenly aware that risks to public stakeholders arise from many aspects of the development and operation of the strategic highways network.

While developing new works, we involve the public in risk management through the normal consultation process. My senior staff and I regularly meet with stakeholder groups and cover their views on risks to their interests in these meetings. We manage road safety risks through a developing set of safety action plans based on the views from the public and stakeholders with the objective of meeting the targets set by the DfT Road Safety Strategy.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review consists of discussions with my Head of Internal Audit and the chair of the Audit Committee. It is informed by the work of my internal auditors, stewardship reports from the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. This year my review was also informed by a review of the Agency's project and programme management and cost control by the Nichols Group ^{vii}.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board ^{viii} and the Audit Committee ^{ix}. Measures to address weaknesses and ensure continuous improvement of the system are in place, and as a result of my review and the advice received I have commissioned:

- Improvements in cost control, programme and project management, and other areas as a result of the Nichols Review, and
- Further improvements in process / guidance as part of a 3-year programme.

The Agency's corporate governance arrangements are designed to comply with the Code of Good Practice on Corporate Governance in Central Government Departments ^x.

My Head of Internal Audit provides regular reports on key risk and control issues, to standards defined in the Government Internal Audit Manual, and an annual independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

The Head of Internal Audit's opinion for the year 2006-07 is that: on the basis of evidence obtained during 2006-07 he can provide substantial assurance on the adequacy and effectiveness of the Highways Agency's arrangements for corporate governance, risk management and internal control. In his opinion there are no significant weaknesses that fall within the scope of issues that should be reported in the statement on internal control.

Actions to rectify specific weaknesses identified by my internal auditors are under way. I have also set an objective for the top managers in the Agency to improve control and assurance (as measured by internal audit opinions relating to their commands) during the year and commissioned the program of work to improve assurance outlined above.

In my Statement on Internal Control for 2005-06 I reported that I had commissioned action to:

- Document and publish an agreed new corporate governance framework for the Agency (incorporating risk, stewardship and balance scorecard reporting);
- Make further improvements in the electronic guidance on processes and controls; and
- Provide support and guidance to managers to help them improve record-keeping, control and accountability in their commands.

As a follow-up I can report that:

- The corporate governance framework has been reviewed and updated;
- A programme of reviews is under way to deliver continuous improvements of our internal guidance, processes and controls, starting with financial management areas; and
- Improved anti-fraud policies and procedures have been put in place.

Notes

i **The system of internal control** is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

ii **Control Objectives**

- to ensure that the Agency has established (agreed) clear strategic direction, objectives and key targets in support of government policies;
- to ensure regularity and propriety in the Agency's stewardship of public funds and other assets with due regard to accountability, probity and integrity;
- to ensure that the Agency delivers its services to time/ cost / quality;
- to ensure information and advice is timely and TRUE (Trusted - Reliable - Useful - Effective); and
- to ensure that HA people and procedures comply with relevant legal, government, departmental and technical standards and requirements.

iii **Capacity To Handle Risk**

The Agency's Directors and other senior managers lead risk management in their commands, supported by a team of risk management co-ordinators led by a risk management adviser. Risk management guidance is available to all staff. The guidance outlines key aspects of the risk management process and identifies the main reporting procedures. Senior managers have received training in risk management tailored to their responsibilities and concerns.

iv Risk management is an integral part of the Agency's management and project planning procedures.

Staff and managers are required to identify new or increased risks and opportunities as part of the routine performance reporting process. Risk is a standard agenda item in team meetings in many areas of the Agency.

Risks are reviewed, the effectiveness of risk treatments and their impact on residual risk is monitored, and changes identified and evaluated throughout the year, as part of routine management activity. Risk owners include reports on their handling of

operational risk as part of their wider stewardship reports. The Board allocate the management of strategic risks to nominated directors who report back as appropriate through the year.

v The **Agency's risk appetite** is set to ensure that:

- All risks with a high impact on the Agency's performance, stewardship of public funds, stewardship of the environment or the reputation of the Agency or the wider Government receive focused, cost-justified management attention; and
- Where appropriate, action is escalated through the line management chain to DfT and Ministers.

vi The **key strategic risks managed by the Board** are shown in the Management Commentary section of the Agency's annual report.

vii <http://www.dft.gov.uk/pgr/roads/nicholsreport/>

viii The **Highways Agency Board** (which comprises the senior members of the Agency and three independent non-executive directors) meets frequently to consider the plans, performance and strategic direction of the Agency, the most important risks to successful delivery of those plans and the Agency's stewardship of public assets.

ix The Audit Committee is made up of two of the non-executive directors, one of whom chairs it, and three Highways Agency Board members. I, together with my Head of Internal Audit, Finance Director and representatives from the DfT and National Audit Office attend but have no vote. The independent Chairman of the Audit Committee advises as appropriate on key risk and control issues.

x http://www.hm-treasury.gov.uk/documents/public_spending_reporting/governance_risk/psr_governance_corporate.cfm

Disclosures about how the Board and its sub-committees operate, the independence of non-executive directors, and the Audit Committee's terms of reference can be found in the Highways Agency annual report.

<http://www.highways.gov.uk/aboutus/15980.aspx>

Archie Robertson

Accounting Officer

13 November 2007

The Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of the Dartford-Thurrock Crossing Charging Scheme for the year ended 31 March 2007 under the Transport Act 2000. These comprise the Income and Expenditure Account, the Statement of Capital Expenditure, the Statement of Assets and Liabilities and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Secretary of State and Accounting Officer and auditor

The Secretary of State and Accounting Officer are responsible for preparing the Foreword and the financial statements in accordance with the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Secretary of State and Accounting Officer Responsibilities.

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

I report to you my opinion as to whether the financial statements present fairly the assets and liabilities in relation to functions exercised under the Transport Act 2000 and whether the financial statements have been properly prepared in accordance with the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003 and HM Treasury directions made thereunder. I also report whether in all material respects the assets and liabilities in relation to functions exercised under the Transport Act 2000 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Highways Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury is not disclosed.

I review whether the Statement on Internal Control reflects the Highways Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Highways Agency's corporate governance procedures or its risk and control procedures.

I read the information contained in the Foreword and Management Commentary and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and that in all material respects the receipts and payments have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

Audit Opinions

In my opinion:

- the financial statements present fairly the assets and liabilities in relation to functions exercised under the Transport Act 2000 and directions made thereunder by HM Treasury, for the year ended 31 March 2007; and
- the financial statements have been properly prepared in accordance with the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003 and HM Treasury directions made thereunder.

Audit Opinion on Regularity

In my opinion, in all material respects the assets and liabilities in relation to functions exercised under the Transport Act 2000 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

John Bourn

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
15 November 2007

Income and Expenditure Account for the Year Ended 31 March 2007

	Note	£'000	2006-07 £'000	2005-06 £'000
INCOME				
Road user charges			49,337	49,558
DART Tag usage			19,488	19,715
Rental income			139	54
Other Income	2		132	-
			<u>69,096</u>	<u>69,327</u>
EXPENDITURE				
Managing Agent Contractor's costs	3	15,663		14,426
Other expenditure	3	6,142		3,396
Audit fee	3	14		15
			<u>21,819</u>	<u>17,837</u>
NET PROCEEDS FOR THE YEAR	4		<u>47,277</u>	<u>51,490</u>

All results derive from continuing operations

The notes on pages 15 to 19 form part of these accounts.

Statement of Capital Expenditure for the Year Ended 31 March 2007

EXPENDITURE TYPE	2006-07	2005-06
Pylon Protection	-	313
Toll Booth Protection	252	1,347
IT Development DART Tags	222	-
Motorway Incident Detection Automatic Signalling System	228	-
Install National Motorway Communication System & Information points	112	-
Others	79	5
CAPITAL EXPENDITURE	<u>893</u>	<u>1,665</u>

Statement of Assets and Liabilities as at 31 March 2007

	Note	£'000	2006-07 £'000	2005-06 £'000
CURRENT ASSETS				
Bank	5	5,469		6,259
Debtors	5	5		122
Stock	6	3,067		2,919
Accrued income	5	1,399		438
			<u>9,940</u>	<u>9,738</u>
CURRENT LIABILITIES				
Creditors: Amounts falling due within one year	7		<u>(11,684)</u>	<u>(9,659)</u>
NET ASSETS / (LIABILITIES)				
			<u>(1,744)</u>	<u>79</u>
Financing due from / (to) the Highways Agency	8		<u>1,744</u>	<u>(79)</u>

Archie Robertson

Accounting Officer

13 November 2007

The notes on pages 15 to 19 form part of these accounts.

Notes to the Account

1. Statement of Accounting Policies

a. Accounting Convention

The Accounts are prepared under the historical cost convention on an accruals basis.

An Accounts Direction has been given by H M Treasury and is reproduced in the Appendix.

b. Stock

Stock of DART Tags is valued at the lower of historical cost and net realisable value. Net realisable value is deemed to be the equivalent of current replacement cost.

c. Contingent Liabilities

Contingent liabilities in relation to the Dartford-Thurrock Crossing are the responsibility of the Highways Agency. All contingent liabilities are also identified and reported in the Agency's annual report and account.

2. Other Income

The £132k of other income relates to income in relation to the liquidation of the previous concessionaire DRC Ltd.

3. Expenditure

		2006-07	2005-06
	£'000	£'000	£'000
Managing Agent Contractor's costs		15,663	14,426
Other expenditure;			
Structure renewals	1,040		780
Safety scheme	71		263
Road renewals	1,979		480
Pylon protection	-		313
Toll booth protection	252		1,347
Diverting traffic	78		39
Waste Disposal	169		11
EU Tunnel Directive	1,581		150
Local Network Management Schemes (LNMS)	909		-
Technology Projects Safety	63		-
Others	-		13
		6,142	3,396
Audit fee		14	15
		21,819	17,837

The capital expenditure detailed on page 13 is expensed as it is incurred.

The audit fee represents an amount of £14,000 accrued charge for the audit of the 2006-07 account.

4. Net proceeds

The gross income of £69,096,000 (2005-06 £69,327,000) is payable to the Department for Transport and is Appropriated in Aid in its accounts. The gross expenditure of £21,819,000 (2005-06 £17,837,000) has been financed through the Parliamentary Supply to the Department for Transport.

5. Current Assets excluding stock

	2006-07	2005-06
	£'000	£'000
Bank	5,469	6,259
Debtors		
Amounts due from DfT in respect of DART Tag creditors	-	92
Amounts due from DfT in respect of British Rail creditor	-	30
Advance Rental Income	5	-
	5	122
Accrued Income		
Accrued toll income	575	438
Accrued DART Tag income	817	-
Accrued Rental Income	7	-
	1,399	438
	6,873	6,819

Bank represents amounts received in respect of road user charges and DART Tag prepayments plus rental income not yet paid over to DfT. These will be paid over to the Department for Transport (DfT) immediately in the case of road user charges and rental income, or as and when the DART Tag is utilised.

Accrued toll income represents receipts for the period 27 to 31 March 2007 (2005-06 28 to 31 March 2006) where the cash was not received from Le Crossing by 31 March 2007.

6. Stock of DART Tags

	2006-07	2005-06
	£'000	£'000
Opening balance	2,919	2,814
Purchases in the year	306	140
Write-downs	-	-
Lost and stolen tags	(158)	(35)
	<u>3,067</u>	<u>2,919</u>

Regular users of the Crossing have the facility to deposit funds in advance for their journeys through the plaza under the DART Tag scheme. A DART Tag is an electronic device that is placed inside a vehicle's windscreen to enable automatic passage through the plaza with a deduction instantly made from the customers account. Customers on the DART tag scheme receive a discount on each individual journey to recognise the increased efficiency and reduced congestion this scheme creates.

7. Creditors: amounts falling due within one year

	2006-07	2005-06
	£'000	£'000
Trade creditors	2,097	1,723
Amounts to be paid over to DfT	1,679	1,924
Accrued expenditure	2,468	1,103
DART Tag prepayments	5,076	4,770
DART Tag unrepresented cheques	87	92
British Rail creditor	-	30
Amounts due to Le Crossing relating to DART Tag	272	3
VAT creditor	-	14
Rental Income Advance	5	-
	<u>11,684</u>	<u>9,659</u>

The amounts to be paid over to DfT are charges collected for the period 27 to 31 March 2007, to be paid over to the Department for Transport once they clear the Highways Agency bank account.

Accrued expenditure represents maintenance work carried out not yet invoiced of £2,453,801 (2005-06 £1,088,441) and audit charges of £14,000 (2005-06 £15,000).

DART Tag prepayments are amounts received from road users as at 31 March 2007 for future use, they will be paid over to the Department for Transport once utilised.

DART Tag unpresented cheques relate to liabilities transferred to the Highways Agency from the previous operator. A payment of an equivalent amount was received from the previous Concessionaire to cover this liability.

8. Financing due from / (to) the Highways Agency

Work carried out and not paid at year-end less stock of Dart Tags, comprising:

	2006-07	2005-06
	£'000	£'000
Trade creditors	2,097	1,723
Accrued expenditure	2,468	1,103
VAT creditor	-	14
Amounts due to Le Crossing*	246	-
Stock of DART Tags	(3,067)	(2,919)
	1,744	(79)

*Excludes abnormal load adjustment

9. Financial Instrument

FRS13 "Derivatives and Other Financial Instruments" requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments and agencies are financed, the Highways Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk that would be typical of the listed companies to which FRS13 mainly applies. The Highways Agency has limited powers to borrow or invest surplus funds and except for relatively insignificantly forward purchases of foreign currency, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Highways Agency in undertaking its activities. There are no specific risks which have been identified as relating to the Dartford-Thurrock Crossing Charging Scheme account that would require disclosure under FRS13.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the risk profile.

Liquidity Risk

The managing agent contractor's cost and other expenditure as incurred by the Highways Agency are financed by resources voted annually by Parliament to the Department for Transport. The Highways Agency is not therefore exposed to significant liquidity risks.

Interest-rate Risk

The Highways Agency is not exposed to any significant interest rate risk with regards to the Dartford-Thurrock Crossing Charging Scheme account.

Exchange-rate risk

The Highways Agency is not exposed to any significant exchange rate risk with regards to the Dartford-Thurrock Crossing Charging Scheme account.

Appendix: Dartford Thurrock Crossing Road Charging Scheme

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 3 OF THE TRUNK ROAD CHARGING SCHEMES (BRIDGES AND TUNNELS) (KEEPING OF ACCOUNTS) (ENGLAND) REGULATIONS 2003

The Treasury in pursuance of Section 3 (1) (b) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003 hereby gives the following direction:

1. The statement of accounts which is the duty of the Secretary of State for Transport to prepare in respect of the year ended 31 of March 2004 and in any subsequent year shall comprise:
 - (a) a Foreword, which shall include:
 - (i) a statement that the accounts have been prepared in accordance with a Direction given by the Treasury in pursuance of Section 3 (1) (b) of the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003;
 - (ii) an explanatory introduction;
 - (iii) information on significant events during the period; and
 - (iv) a statement providing information on how the Secretary of State has or intends to disburse the net proceeds arising from the scheme on other transport initiatives.
 - (b) a statement of the responsibilities of the person signing the accounts
 - (c) a statement of the system of internal control
 - (d) a statement of income and expenditure
 - (e) a statement of capital expenditure
 - (f) a statement of assets and liabilities
 - (g) notes to the accounts, including an explanation of the accounting policies adopted, that may be necessary to present fairly the income and expenditure for the period, transfers of funds to or from Central Government, and the assets and liabilities at the end of the period in relation to functions under the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003.
2. The statement of accounts shall disclose the net proceeds of the scheme for the year ended 31 of March 2004 and for each subsequent year.

3. The statement of accounts shall be prepared under the historical cost convention on an accruals basis and shall follow the format attached to this Direction although minor drafting changes may be made without seeking the approval of the Treasury. Except for the statement of accounts for the year ended 31 March 2004, comparative figures shall be shown.
4. The statement of account prepared under the Trunk Road Charging Schemes (Bridges and Tunnels) (Keeping of Accounts) (England) Regulations 2003 shall observe all relevant accounting and disclosure requirements as given in Government Accounting and other guidance as issued by the Treasury from time to time.
5. The statement of accounts shall be transmitted to the Comptroller and Auditor General no later than the 30 of November following the end of the financial year to which the statement relates, for the purpose of audit, examination and report.
6. The statement of accounts, once audited, shall be laid before each House of Parliament not later than the 31 of January in the calendar year following the end of the financial year to which the statement relates.
7. This Accounts Direction (excluding the proforma accounts) shall be reproduced as an Appendix to the accounts.

David A. Cruden FCA

Head of the Central Accountancy Team, Her Majesty's Treasury
2 February 2005

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