

**North London Waste Authority**

**Statement of Accounts for the year ended**

**31 March 2009**

# North London Waste Authority

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# North London Waste Authority

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs as the Chief Finance Officer. For the North London Waste Authority that officer is the Financial Adviser; and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### THE FINANCIAL ADVISER'S RESPONSIBILITIES

The Financial Adviser is responsible for the preparation of the Authority's statement of accounts which is required by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice) to present fairly the financial position of the Authority and of the Group at 31 March 2009 and the income and expenditure of the Authority and of the Group for the year 2008/2009. In preparing this statement of accounts, the Financial Adviser has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business; and
- complied with the Code of Practice.

The Financial Adviser has also:

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

### CERTIFICATION BY THE FINANCIAL ADVISER

The accounts which follow have been prepared in accordance with the requirements of Regulation 7 of the Accounts and Audit Regulations 2003, issued under the Audit Commission Act 1998 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities.

I certify that the statement of accounts presents fairly the financial position of the Authority and of the Group as at 31 March 2009 and the income and expenditure of the Authority and of the Group for the year then ended.



**Mike O'Donnell, CPFA**

Financial Adviser 16 June 2009

### CHAIR'S APPROVAL OF STATEMENT OF ACCOUNTS

This Statement of Accounts was presented to the North London Waste Authority at its meeting on 25 September 2009, and was approved by resolution of the Authority.



**Councillor Clyde Loakes**

Chair of the North London Waste Authority

25 September 2009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LONDON WASTE AUTHORITY**

**Opinion on the financial statements**

I have audited the Authority and Group accounting statements and related notes of North London Waste Authority for the year ended 31 March 2009 under the Audit Commission Act 1998. The Authority and Group accounting statements comprise the Authority and Group Income and Expenditure Account, the Authority Statement of Movement on the General Fund Balance, the Authority and Group Balance Sheet, the Authority and Group Statement of Total Recognised Gains and Losses, the Authority and Group 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 North London Waste Authority 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 Chief Finance Officer and auditor**

The Financial Adviser's 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 Authority and Group 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 Authority and its income and expenditure for the year; and
- the financial position of the Group 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 Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority and Group accounting statements, and consider whether it is consistent with the audited Authority and Group 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 Authority and Group accounting statements. My responsibilities do not extend to any other information.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LONDON WASTE AUTHORITY (CONTINUED)**

**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 Authority and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority'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 Authority and Group 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 Authority and Group accounting statements and related notes.

**Opinion**

In my opinion:

- The Authority 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 Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group 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 Authority 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**

**Authority's Responsibilities**

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

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTH LONDON WASTE AUTHORITY (CONTINUED)

#### 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, North London Waste Authority 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.



Philip Johnstone

District Auditor

Audit Commission

1<sup>st</sup> Floor Millbank Tower

Millbank

London

SW1P 4HQ

25 September 2009

## EXPLANATORY FOREWORD BY THE FINANCIAL ADVISER

### INTRODUCTION

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Authority's accounts which have been prepared in accordance with the standard format for local authority accounts recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). They comprise:

**Income and expenditure account:** This summarises the Authority's income and expenditure for the year, the amount of funding from levies on constituent boroughs and the extent to which revenue balances have been increased or decreased.

**Balance sheet:** This shows the balances and reserves at the Authority's disposal at the year-end, together with the net current assets employed in its operations and information on the fixed assets held.

**Cash flow statement:** This summarises the cash movements arising from both revenue and capital transactions with third parties.

**Statement of total movements in reserves:** This brings together all the Authority's recognised gains and losses in the year.

**Group accounts:** The summarised group accounts show in aggregate the income and expenditure and assets, liabilities and reserves of the group comprising the Authority and the Authority's share of LondonWaste Ltd.

### REVIEW OF THE YEAR AND CURRENT DEVELOPMENTS

In previous reviews I have drawn attention to the default levy apportionment arrangements. The Government in February 2006 changed these and following two years of transitional arrangements 2008/09 was the first full year in which the household element of the levy was apportioned wholly on a tonnage basis. For the NLWA, the levy comprises two elements, a 'household waste' element and an 'other' costs element.

With decisions on the levy apportionment now effectively taken the Authority was able to give further consideration to the options for changing the non-household charging arrangements and this led, following agreement with constituent councils, to a method of calculation on 1 April 2008 based upon the number commercial agreements between the boroughs and their trade waste customers.

Compared with 2007/08, there has been a further reduction in the amount of residual waste entering the residual waste stream. 2008/09 tonnages have reduced by 37,927 tonnes (5.08%) compared with 2007/08 tonnage levels, i.e. a reduction from 746,728 tonnes to 708,801 tonnes. Whilst this reduction is in part due to an increase in recycling and composting activity of our constituent boroughs the main reason for the decline appears to relate to the state of the UK economy, which has now been formally declared to be in recession.

Although the amount of residual waste coming to the Authority for final disposal is reducing, the amount of separated wastes that constituent councils have sent to the Authority for treatment has increased from 56,857 tonnes in 2007/08 to 105,050 tonnes in 2008/09. Although most boroughs are committed to using these services it is possible that some boroughs may review their position because of the cost implications to their boroughs. The Authority is considering how best to deal with this issue.

Work on both the short and long-term implementation of the North London Joint Waste Strategy has increased significantly over the course of the year. In October 2008 the Authority approved and submitted an Outline Business Case to DEFRA to support its application for funding through the Private Finance Initiative. This application has been subject to a detailed scrutiny by DEFRA and following a refresh of the Authority's application in May 2009 the Authority is expected to know if it has been successful over the next few months. This is a very significant project for the Authority and as a consequence the Authority took the decision in the closing stages of the year to strengthen its governance arrangements by creating a post of Managing Director with responsibility to oversee the work and direction of the Authority. One of the first tasks will be to review the support arrangements to the Authority and to its constituent boroughs so that the Authority and constituent boroughs can be satisfied that it is able to successfully meet the challenges faced by the Authority in the coming years.

### EXPLANATORY FOREWORD BY THE FINANCIAL ADVISER (CONTINUED)

The Authority continues to hold an equity interest in LondonWaste Ltd. Although no dividend has been paid for 2008 it is understood, that subject to a satisfactory trading position, a payment may be recommended during the latter stages of 2009.

The Landfill Allowance Trading Scheme (LATS) commenced on 1 April 2005 and is a Government initiative aimed at reducing the amount of biodegradable waste sent to landfill. The Government issued the Authority with allowances for each year up until 2019/20. Although the Authority should enjoy a favourable trading position up to 2009/10 (the Authority benefits from a rising LATS Allowance allocation up to 2009/10) the landfill avoidance targets become more challenging, particularly just before the NLWA/LondonWaste Ltd contract comes to an end in December 2014 and thereafter. Although the Authority continues to use fewer allowance than allocated, this is true of most waste disposal authorities and therefore there has been little or no trading in 2008/09. This has also meant that the official book value of allowance has reduced from £5 in 2007/08 to £0.10 in 2008/09. As 2009/10 has been designated by DEFRA as a 'target year' the Authority will not be able to carry forward surplus allowances into 2009/10. As a consequence it has been necessary to write-off 396,693 of surplus allowances at 31 March 2009. Whilst these have a book value of £0.039m this a notional figure with no real cash value.

By the time of the 2009/10 budget and levy meeting in February I was able to advise the Authority that it should have revenue balances of £4.428m available at year-end to assist with the funding of the Authority's 2009/10 budget. In the final outturn, actual balances are £6.811m, i.e. an increase of £2.383m. Subject to the 2009/10 budget remaining sufficiently robust to fund its in-year activities the additional balances should be available to assist with the funding of the 2010/11 budget.

Last year I indicated that the Chancellor of the Exchequer had suggested in his 2008 Budget that the standard rate of landfill tax was likely to continue to rise beyond 2010/11. The Chancellor re-affirmed this view in his 2009 Budget when it was announced that the Standard rate of tax (£32 in 2008/09) would continue to rise by £8 per tonne until a figure of £72 was reached in 2013/14. As a consequence waste management costs seem set to rise at above inflation levels for many years to come.

#### 2008/09 OUTTURN

The 2008/09 net revenue budget for the year was originally agreed at £51.873m to be financed by a levy of £37.829m, charges to boroughs for non-household waste of £10.880m and the use of estimated revenue balances of £3.164m. The budget was subsequently revised to £48.528m, a reduction of £3.637m. Allowing for higher than expected revenue balances of £1.264m brought forward from 2007/08 and a reduction in forecast income from non-household waste charges of £0.204m the Authority was forecast to have revenue balances of £4.428m as at 31 March 2009. The accounts show an actual general fund balance of £6.811m. The final outturn also allows for the financial effect on the Authority of the Landfill Allowance Trading Scheme (LATS).

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## EXPLANATORY FOREWORD BY THE FINANCIAL ADVISER (CONTINUED)

Final outturn compared with budget:

	<b>Original budget 2008/9 £'000</b>	<b>Revised estimate 2008/9 £'000</b>	<b>Final outturn 2008/9 £'000</b>
<b>Gross expenditure</b>	57,724	51,484	48,063
Non-household waste	(10,880)	(10,676)	(10,410)
Rents	(89)	(85)	(87)
LATS grant	(6,179)	(1,718)	(34)
<b>Gross income</b>	(17,148)	(12,479)	(10,531)
<b>Net cost of services</b>	40,576	39,005	37,532
Interest on balances	(650)	(1,471)	(934)
<b>Net operating expenditure</b>	39,926	37,534	36,598
Transfer to pension reserve	34	30	30
Transfer to LATS reserve	1,033	288	(1,159)
Levy on constituent authorities	(37,829)	(37,829)	(37,829)
<b>Deficit for the year</b>	<u>3,164</u>	<u>23</u>	<u>(2,360)</u>
<b>General fund balance</b>			
Opening balance	(3,164)	(4,451)	(4,451)
Deficit for the year	3,164	23	(2,360)
Closing balance	<u>-</u>	<u>(4,428)</u>	<u>(6,811)</u>

A fuller explanation of the more significant variances can be found in the notes to the accounts.

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## ANNUAL GOVERNANCE STATEMENT FOR THE NORTH LONDON WASTE AUTHORITY

### 1. Scope of Responsibility

The North London Waste Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The North London Waste Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the North London Waste Authority is also responsible for putting in place proper arrangements for governance of its affairs, facilitating the effective exercise of its functions, and which include arrangements for the management of risk.

### 2. The Purpose of the System of Internal Control

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled. It enables the authority 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 a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the North London Waste Authority's 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.

The governance framework has been in place within the North London Waste Authority for the year ended 31 March 2009 and up to the date of approval of the annual report and statement of accounts. The Authority formally agreed its approach to strategic risk management in April 2005 and has subsequently undertaken regular reviews. This included agreement of the Authority's Risk Register and an action plan to achieve delivery of a risk aware culture within the Authority and to embed the new approach within the Authority's planning processes and its control systems. We reviewed this and agreed the revisions to the risk register at our meeting in June 2009.

### 3. The Governance Framework

The key elements of the governance framework in which the Authority functions can be summarised as follows:

- The Authority has a clearly defined set of objectives in terms of service delivery and this is reflected in its contract with LondonWaste Ltd.
- The Authority and its constituent councils have been working in partnership to develop the North London Joint Waste Strategy. This is a major new initiative that will assist the Authority in reviewing its objectives and defining its overall aims. In partnership with its seven constituent boroughs the Authority has established a Strategy Implementation Board at Member level that will provide the framework to monitor and guide the implementation of the Strategy. The implementation phase is now proceeding. Under the lead of a Project Sponsor and Procurement Director the Authority has established an in-house team of experienced people to work with external advisers with a view to

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securing appropriate cost effective waste management services over the next 30 years. Working in partnership with its constituent councils the partners have established key working groups of senior officers and Members to ensure that well informed decisions are made at key stages of the procurement process.

- Policy and decision-making are managed and controlled within a strong well-established framework. The Authority's standing orders set out in detail how the authority operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Political and management control is exercised through the Authority and the Advisers who work to defined and established processes.
- Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include Standing Orders relating to the Authority, Standing Orders relating to Committees, Financial Standing Orders, and Contract Standing Orders.
- The Authority is also able to benefit from the rules and procedures set in place by its Lead Boroughs. Officer responsibilities and actions are controlled through Schemes of Officer Delegation.
- The effective and efficient use of resources and the securing of continuous improvement is achieved through a range of review processes and is integral to both the short-term implementation of the Joint Waste Strategy and the procurement of the next generation of waste infrastructure and services for North London.
- The financial management of the authority is organised through a wide range of well-established processes and procedures which deliver strong financial control arrangements. The Authority has in place a detailed strategic budget planning process which is supported by comprehensive Financial Standing Orders which have recently been subject to a review. Members receive and consider detailed financial information on a regular basis and this facilitates the political decision making process.
- Other features of the financial control environment include the production and review of a medium term financial forecast. The Authority also benefits from the activities of the London Borough of Camden's Internal Audit Division which provides assurances to management that the Council's – and therefore the NLWA's – control systems are adequate, effective and operating as intended and investigates all identified or suspected cases of fraud/irregularity throughout the Council. The work of internal audit is to co-ordinate with that of the Council's – and the Authority's – external auditor.
- Performance management within the authority is considered through a range of review arrangements including external/internal audit reviews, annual reports and the detailed reporting of national and local performance indicators. This has been strengthened with the decision to create the post of Managing Director with responsibility for overseeing the work and direction of the Authority including a review of its support arrangements to ensure that these are fit for purpose.

#### 4. Review of Effectiveness

The North London Waste Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is a significant part of the framework and is informed by the work of the internal auditors and the executive managers within the authority who have responsibility for the development, maintenance and ongoing

## North London Waste Authority

assurance in respect of the internal control environment covering their individual areas of responsibility. This is also supported by reviews conducted by the external auditors.

As services are provided through the Lead Boroughs of Camden and Haringey the Authority has also benefited from reviews undertaken by those authorities in providing corporate and service-based assurance on the overall system of internal control in operation.

The Authority has in place an action plan to deliver the strategic approach to managing strategic risk particularly in relation to implementation of the procurement project.


The Authority is now also a signatory to the Nottingham declaration on climate change and has committed itself to review and manage its services in such a way as to minimise its climate change impacts.

### 5. Matters for Future Action

Following the review work undertaken in relation to its system of internal control for 2008/09 the Authority accepts that there is a need to keep under review its controls and risk management arrangements and to take action where appropriate. This will include training to members and officers and the ongoing review of the Risk Register, including the continued development of a separate detailed procurement risk register that will be able to track and accurately manage the identified risks associated with a large scale procurement project.

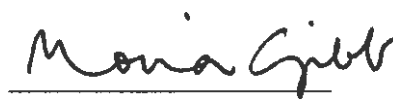
### 6. Signed Agreement

We have been advised of the arrangements that are in place to ensure that an effective system of governance exists in the Authority and of the plan to further enhance our governance arrangements.



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Councillor Clyde Loakes  
Chair of the NLWA



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Moira Gibb  
Clerk to the NLWA

# North London Waste Authority

## STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice (the SORP), which has been approved by the Accounting Standards Board.

### Accruals

In general the accounts have been prepared on a basis that accrues and accounts for income and expenditure in the period to which they relate. At year-end allowance is made in the accounts for expenditure and income not paid or received by 31<sup>st</sup> March, either, on the basis of invoices received, or, a best estimate of the income or expenditure which should be accrued in that year's accounts.

### Capital receipts

Capital receipts are credited to the Usable Capital Receipts Reserve when received. They are only available to fund future capital expenditure.

### Leases

Expenditure on operating leases is charged to the income and expenditure account in the period to which it relates.

### Pension costs

In December 1994 all of the staff of the Authority transferred to LondonWaste Ltd. However, the Authority continues to be responsible for the payment of employer borne pension costs (annual compensation) of former retired employees. The Authority has previously decided that this should continue to be paid on a pay-as-you-go basis. However, in accordance with Financial Reporting Standard 17 – retirement costs (FRS 17), the liability has been reflected in the Authority's Balance Sheet.

Employer-borne pension costs attributable to staff employed by the London Boroughs of Camden and Haringey for work performed on behalf of the Authority are included in the support service recharges made by these boroughs to the Authority.

### Fixed Assets

Land and buildings shown in the balance sheet represent the residual non-operational assets held by the Authority. Depreciation is not charged on non-operational assets. Fixed assets are valued at five-yearly intervals in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors, although material changes to asset valuations are adjusted in the interim period, as and when they occur.

### Investments

The Authority's investment in LondonWaste Ltd is held at the lower of cost and net realisable value.

### Reserves

An earmarked reserve has been established to fund future recycling initiatives.

### Group accounts

The authority has prepared group accounts to provide greater transparency and understanding of the Authority's shareholding in LondonWaste Ltd. These are presented as supplementary information to the primary financial statements in accordance with the SORP. More details are given in the introduction to the group accounts.

### Members' allowances

Members of the authority receive allowances from the borough that they represent. No allowances are payable by the Authority.

### Landfill Allowance Trading Scheme (LATS)

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities (WDAs) to reduce the amount of biodegradable municipal waste (BMW) that is disposed to landfill. The scheme came into effect on 1 April 2005 and therefore the 2008/09 Accounts record LATS transactions in accordance with CIPFA guidance: Local Authority Accounting Panel Bulletin No. 64.

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### INCOME AND EXPENDITURE ACCOUNT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>EXPENDITURE</b>			
Rent , rates and insurance		935	359
Agent borough services and other support	1	583	442
Waste Strategy and Contracts Group	2 (a)	750	657
Waste contract – procurement process	2 (b)	2,588	1,062
Transport, disposal and recycling services	3	34,906	32,880
Landfill tax		7,186	6,537
Recycling credits	4	(116)	2,966
BMW diversion reward scheme	23	(57)	206
Other recycling initiatives		95	68
LATS – use of allowances	22	1,193	2,283
<b>Gross expenditure</b>		<b>48,063</b>	<b>47,460</b>
Non-household waste	5	(10,410)	(8,008)
Rents	6	(87)	(83)
LATS grant	22	(34)	(1,654)
<b>Gross income</b>		<b>(10,531)</b>	<b>(9,745)</b>
<b>Net cost of services</b>		<b>37,532</b>	<b>37,715</b>
Interest on balances		(934)	(1,226)
<b>Net operating expenditure</b>		<b>36,598</b>	<b>36,489</b>
Levy on constituent authorities	8	(37,829)	(34,901)
<b>(Surplus)/Deficit for the year</b>		<b>(1,231)</b>	<b>1,588</b>

## North London Waste Authority

### STATEMENT OF MOVEMENT IN GENERAL FUND BALANCE

Year ended 31 March 2009

The Income and Expenditure Account shows the Authority's actual financial performance for the year. The General Fund Balance compares the Authority's spending against the levy income that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

	Note	2009 £'000	2008 £'000
(Surplus)/deficit for the year on the Income and Expenditure Account		(1,231)	1,588
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	20 & 22	(1,129)	(919)
Change in General Fund Balance for the Year		<u>(2,360)</u>	<u>669</u>
General Fund Balance brought forward		<u>(4,451)</u>	<u>(5,120)</u>
General Fund Balances carried forward		<u><u>(6,811)</u></u>	<u><u>(4,451)</u></u>

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 March 2009

This statement brings together all the recognised gains and losses of the Authority for the financial year and shows the aggregate increase in net worth. In addition to the surplus generated on the Income and Expenditure Account it includes other gains and losses.

	2009 £'000	2008 £'000
(Surplus)/deficit for the year on the Income and Expenditure Account	(1,231)	1,588
Surplus arising on revaluation of fixed assets	(2,333)	0
Actuarial losses/(gains) on pension fund assets and liabilities	4	(30)
Total recognised (gains)/losses for the year	<u><u>(3,560)</u></u>	<u><u>1,618</u></u>

# North London Waste Authority

## BALANCE SHEET 31 March 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets – general	9	1	1
Tangible fixed assets - long-term leases	9 & 21	14,773	12,440
Investments – LondonWaste Ltd	10	21,706	21,706
		<u>36,480</u>	<u>34,147</u>
<b>CURRENT ASSETS</b>			
Debtor - balance held with Camden London Borough Council	19	16,665	15,731
LondonWaste Ltd		936	704
HM Customs & Excise		822	693
Other debtors & accruals		84	44
LATS – recognition of allowances	22	18	2,151
		<u>18,525</u>	<u>19,323</u>
<b>CURRENT LIABILITIES</b>			
LondonWaste Ltd		(8,756)	(5,999)
Other creditors and provisions		(1,319)	(5,101)
LATS liability for BMW landfill usage	22	(18)	(992)
		<u>(10,093)</u>	<u>(12,092)</u>
<b>NET CURRENT ASSETS</b>			
		<u>8,432</u>	<u>7,231</u>
<b>LONG-TERM LIABILITIES</b>			
Pension liability	20	(517)	(543)
<b>TOTAL NET ASSETS</b>			
		<u>44,395</u>	<u>40,835</u>
<b>Financed by</b>			
Capital Adjustment Account	21 & 24	12,441	12,441
Revaluation Account	24	2,333	0
Capital Revaluation Account	12	21,706	21,706
Usable Capital Receipts Reserve	13	621	621
Earmarked Reserves	14	1,000	1,000
Pension Reserve	20	(517)	(543)
LATS Reserve	22	0	1,159
General Fund Balance		6,811	4,451
<b>TOTAL EQUITY</b>			
		<u>44,395</u>	<u>40,835</u>

# North London Waste Authority

## CASH FLOW STATEMENT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>REVENUE ACTIVITIES</b>			
<b>Cash Outflows</b>			
Cash paid to contractors and other third parties		(47,529)	(42,648)
<b>Cash Inflows</b>			
Non-household waste		10,004	8,340
Other operating income		(159)	(99)
Rents		87	83
Levy		37,829	34,901
<b>Net cash inflow/(outflow) from revenue activities</b>	18	<u>232</u>	<u>577</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		702	974
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>702</u>	<u>974</u>
<b>Management of liquid resources:</b>			
<b>Increase/(decrease) in net funds lodged with Camden London Borough Council</b>	19	<u>934</u>	<u>1,551</u>

## STATEMENT OF TOTAL MOVEMENT IN RESERVES Year ended 31 March 2009

	Capital Adjustment/ Revaluation Accounts £'000	Capital Revalua- tion Account £'000	Usable Capital Receipts Reserve £'000	Earmarked Reserves £'000	Pension Reserve £'000	LATS Reserve £'000	General Fund Balance £'000	Total £'000
As at 1 April 2008	12,441	21,706	621	1,000	(543)	1,159	4,451	40,835
Revaluation of Assets	2,333	-	-	-	-	-	-	2,333
Surplus for the year before reserve transfers	-	-	-	-	-	-	1,231	1,231
Actuarial loss	-	-	-	-	(4)	-	-	(4)
Transfer to pension reserve	-	-	-	-	30	-	(30)	-
Transfer to LATS reserve	-	-	-	-	-	(1,159)	1,159	-
<b>As at 31 March 2009</b>	<u>14,774</u>	<u>21,706</u>	<u>621</u>	<u>1,000</u>	<u>(517)</u>	<u>0</u>	<u>6,811</u>	<u>44,395</u>

**NOTES TO THE ACCOUNTS**

**1. AGENT BOROUGH SERVICES AND OTHER SUPPORT**

Agent borough services represent charges made by constituent boroughs in providing the following services.

<b>Camden</b>	<b>Haringey</b>
Financial services	Technical and client support services
Clerk and committee services	Valuation services
Legal services	Personnel services (part)
Procurement services	
Personnel services (part)	
<b>Waltham Forest</b>	
Planning Advice services	

This cost centre also includes external audit costs of £26,130 (Deloitte and Touche re. the 2007/08 accounts) and £32,633 (Audit Commission re. the 2008/09 accounts) and £175,000 in respect of the use of external consultants.

**2. WASTE STRATEGY AND CONTRACTS GROUP AND PROCUREMENT TEAM**

(A) The Waste Strategy and Contracts Group is responsible for monitoring the Authority's contract arrangements, providing policy and strategic advice, as well as liaising with the constituent boroughs on day to day waste disposal issues. The Group is based in Haringey.

(B) The Procurement Team is responsible for the procuring the Authority's long-term service needs in accordance with the North London Joint Waste Strategy. The Team is based in Haringey.

**3. TRANSPORT, DISPOSAL AND TREATMENT OF RECYCLABLE WASTES**

Transport and disposal is the largest of the Authority's expenditure budgets and provides for the transport and final disposal of waste arising in the Authority's area and the treatment of separated wastes delivered to the Authority for recycling and composting.

<b>Contract</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Main contract	28,275	27,817
Civic amenity waste	1,540	1,656
Fridges and freezers	0	119
Composting arrangements	2,487	1,581
Dry-recyclable bulking arrangements	2,290	1,378
Clinical waste	267	260
	<hr/>	<hr/>
	34,859	32,811
Miscellaneous	47	69
	<hr/>	<hr/>
	<u>34,906</u>	<u>32,880</u>

NOTES TO THE ACCOUNTS

Details of the actual residual and separated recyclable wastes entering the waste stream from constituent councils:

Borough	2009 Tonnes	2008 Tonnes	Variance Tonnes	%
Barnet	143,134	148,361	(5,227)	(3.52)
Camden	113,253	111,901	1,352	1.21
Enfield	131,125	108,795	22,330	20.53
Hackney	104,777	109,074	(4,297)	(3.94)
Haringey	118,275	120,069	(1,794)	(1.49)
Islington	100,289	105,995	(5,706)	(5.38)
Waltham Forest	102,998	98,133	4,865	4.96
	<u>813,851</u>	<u>802,328</u>	<u>11,523</u>	1.44

4. RECYCLING CREDITS

The statutory recycling credit scheme for the payment of recycling credits to the NLWA constituent boroughs was repealed with effect 1 April 2006. The Authority replaced this with a discretionary scheme for 2006/07 and 2007/08 to mirror the transitional arrangements for introducing the new default levy apportionment arrangements. Although the discretionary scheme ended on 31 March 2008 and therefore no payments were made to the constituent boroughs in respect of 2008/09, the 2008/09 accounts do allow for the write-back to revenue of an excess creditor of £0.230m in respect of the 2007/08 scheme-year. The Authority now only pays recycling and re-use credits to third parties and this amounted to £0.114m in 2008/09 (2007/08:£0.092m). As a consequence the 2008/09 accounts show a net credit of £0.116m.

5. NON-HOUSEHOLD WASTE

The Authority operates a separate charging arrangement for non-household waste in accordance with s52 (9) of the Environmental Protection Act 1990. The scheme came into effect on 1 April 1996, and as a consequence, only household waste and fixed costs of meeting the Authority's waste disposal obligations are funded from the levy. The methodology for determining the non-household element of the waste stream was reviewed in 2007/08, in consultation with the NLWA constituent boroughs, and changes implemented with effect 1 April 2008.

Constituent councils make payments on account to the Authority on a monthly basis based on estimated levels of non-household waste. At the end of the year an additional amount is charged or overpayment repaid based on actual tonnage levels and the actual marginal cost of disposal.

Borough	Original estimate		Actual charges	
	Tonnes	£	Tonnes	£
Barnet	21,668	1,354,900	22,506	1,372,416
Camden	48,301	3,020,262	48,047	2,929,906
Enfield	13,300	831,649	14,229	867,684
Hackney	29,365	1,836,193	28,491	1,737,381
Haringey	16,872	1,055,006	17,625	1,074,773
Islington	30,621	1,914,731	28,362	1,729,515
Waltham Forest	13,884	868,167	11,463	699,014
	<u>174,011</u>	<u>10,880,908</u>	<u>170,723</u>	<u>10,410,689</u>

# North London Waste Authority

## NOTES TO THE ACCOUNTS

### 6. RENTS

During the year the Authority received rental income from LondonWaste Ltd in respect of the Hornsey Street Waste Transfer Station. Hornsey became the replacement facility for Ashburton Grove in July 2004. The rent is set at the market rate, however, the increase in rent at Hornsey Street (determined by reference to the rent of the Ashburton facility as adjusted for revisions under the terms of the Ashburton lease) is recoverable from the Authority by LondonWaste Ltd as an additional cost post-vesting, i.e. the net effect is to restrict the rental income from LondonWaste Ltd to the rental income due under the original Ashburton lease.

### 7. DIVIDEND INCOME

The Authority receives dividend income from LondonWaste Ltd, a joint venture company in which it holds 50% of the shares. The profit for year after taxation was £1.430m (2007: £3.757m restated). The directors did not recommend a dividend due to the need to fund the future development of the business.

### 8. LEVY

The levy on constituent boroughs of £37.829m was agreed at the Budget Meeting on 6 February 2008 and represents, after allowance for the use of revenue balances, the net cost of meeting the Authority's statutory responsibility for the disposal of household waste. The levy has been apportioned in accordance with the default arrangements contained in the Joint Waste Disposal Authorities (Levies) (England) Regulations 2006.

<b>Borough</b>	<b>2009</b> %	<b>2008</b> %	<b>2009</b> £'000	<b>2008</b> £'000
Barnet	19.62	19.77	7,423	6,901
Camden	12.95	13.68	4,900	4,775
Enfield	14.11	15.58	5,337	5,439
Hackney	13.90	12.64	5,257	4,410
Haringey	14.44	13.71	5,462	4,785
Islington	12.67	12.47	4,794	4,350
Waltham Forest	12.31	12.15	4,650	4,241
	<u>100.00</u>	<u>100.00</u>	<u>37,829</u>	<u>34,901</u>

### 9. TANGIBLE FIXED ASSETS

	<b>Non- operational</b> £'000
<b>Valuation at net book value</b>	
At 1 April 2008	12,441
Revaluation of assets	2,333
At 31 March 2009	<u>14,774</u>

During the year ended 31 March 1995 the Authority's operational assets were vested in LondonWaste Ltd and the Authority's outstanding debt was repaid. The authority now only holds the following non-operational assets which are valued at open market value:

NOTES TO THE ACCOUNTS

Asset	Location
Waste transfer station and yard (999 year lease) – See also note 21	Hornsey Street, Islington
Residual freehold interest in residential properties sold under the Right to Buy legislation	Picketts Lock Lane, Edmonton

These assets are revalued every five years on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The valuations have been provided by the London Borough of Haringey under the guidance of its Head of Property Services, Dinesh Kotecha, in the case of Hornsey Street (12 June 2009), and Wilks Head & Eve in the case of Picketts Lock Lane (31 March 2005).

10. INVESTMENTS – LONDONWASTE LTD

	2009 £'000	2008 £'000
Cost	<u>21,706</u>	<u>21,706</u>

The Authority holds a 50% interest in the shares of LondonWaste Ltd, a company registered in England and Wales engaged in the business of waste disposal. The company is a joint venture with Sita UK Ltd who holds the remaining 50%. The Authority has no obligation to meet accumulated deficits or losses of LondonWaste Ltd.

This balance represents the original cost of the 21,705,937 shares held by the Authority. The shares are fully paid and have a nominal value of £1 each. Details of the net assets and results of the company are given in Note 2 to the group accounts.

11. FIXED ASSET RESTATEMENT ACCOUNT (FARA)

	2009 £'000
Balance at 1 April 2007	12,441
Transfer to Capital Adjustment Account	(12,441)
Balance at 31 March 2008	<u>-</u>

This balance represented the difference between the historic cost of assets and their current valuation, adjusted for differences arising on revaluations and for additions and disposals.

CAPITAL ADJUSTMENT AND REVALUATION ACCOUNTS

	2009 £'000
Balance at 31 March 2008	12,441
Revaluation of non-operational assets	2,333
Balance at 31 March 2009	<u>14,774</u>

**NOTES TO THE ACCOUNTS**

**12. CAPITAL REVALUATION ACCOUNT**

**2009  
£'000**

Balances at 1 April 2008 and 31 March 2009

21,706

This balance represents the original cost on vesting date (15 December 1994) of the Authority's investment in LondonWaste Ltd.

**13. USABLE CAPITAL RECEIPTS RESERVE**

**2009  
£'000**

Balance at 1 April 2008 and 31 March 2009

621

This reserve represents unspent receipts from disposals of capital assets. Under the Local Government and Housing Act 1989 these receipts may be used to finance future capital expenditure or transferred to constituent councils. No decision has been made on the use of this resource.

**14. EARMARKED RESERVES**

**2009  
£'000**

Balance at 1 April 2008 and 31 March 2009

1,000

An earmarked reserve of £1,000,000 to fund future recycling initiatives was established in 1999/2000 following the receipt of a special dividend from LondonWaste Ltd

**15. RELATED PARTY TRANSACTIONS**

A number of transactions with related parties are disclosed elsewhere in the accounts.

The London Borough of Camden acts as lead borough to the Authority for the provision of the Clerk, Financial Adviser and Legal Adviser. In 2008/9 Camden paid £7.920m (2007/08: £6.716m) to the Authority in respect of non-household charges and its share of the levy. It received payments of £0.231m (2007/08: £0.909m) in respect of the Authority's recycling credit (2007/08 residual payment) and BMW reward schemes, and £0.489m (2007/8: £0.400m) for the provision of lead borough services. As at 31 March 2009 it held cash of £16.665m (2007/08: £15.729m) on behalf of the Authority.

The London Borough of Haringey acts as lead borough to the Authority for the provision of client services, technical and valuation advice. In 2008/9 Haringey paid £6.517m (2007/08: £5.988m) to the Authority in respect of non-household waste charges and share of levy. It received payments of £1.075m (2007/08: £0.723m) for the provision of lead borough services and £0.037m in respect of the Authority's recycling credit (2007/08 residual payment) and BMW reward schemes.

**16. LEASING AND HIRE PURCHASE**

Included within operating expenditure for both 2007/08 and 2008/09 are rental payable to Freightliner (previously English Welsh and Scottish Railways) in respect of the Hendon Solid Waste Transfer Station, Brent Terrace. The Authority was served with a rent review notice in March 2008 backdated to March 2003. Expenditure for 2008/09 allows for payment of the agreed rental for the year to 24 March 2009, together with additional rental costs not covered by the creditor provision that had been made in previous year's accounts. The rental and terms of the new lease from 25 March have yet to be finalised but the accounts include a provision for the March 2009 rental payment.

NOTES TO THE ACCOUNTS

17. RECONCILIATION OF NET REVENUE EXPENDITURE TO NET CASH OUTFLOW FROM REVENUE ACTIVITIES

	2009 £'000	2008 £'000
Net revenue expenditure	(1,426)	2,215
Increase in debtors	169	16
Decrease/(increase) in creditors	1,025	(2,808)
<b>Net cash (inflow) from revenue activities</b>	<b>(232)</b>	<b>(577)</b>

18. ANALYSIS OF CHANGES IN NET FUNDS

	At beginning of period £'000	Cash flows £'000	At end of Year £'000
Funds lodged with Camden London Borough Council	15,731	934	16,665

20. EMPLOYEES

In 2008/09 the Authority paid £29,885 to the London Pension Fund Authority (£29,671 in 2007/8) in respect of the added years element of pensions paid to former retired employees. Future payments are estimated to be in the order of £0.517m. This figure has been calculated by the actuaries for the LPFA and represents a reduction compared with the previous year's estimate of scheme liabilities of £0.543m at 31 March 2009.

The figure is based on the following assumptions:

	2009	2008
Return on assets discount rate	6.9%	6.9%
Inflation/ pension increases	3.1%	3.6%

In both years the actuary adopted a set of demographic assumptions consistent with those used for the formal funding valuation of the LPFA as at 31 March 2007 as included in the formal valuation report dated May 2009.

The Authority has recognised this liability in the balance sheet and established a pension reserve of an equal amount which is defrayed by the value of the payments made to the LPFA during the year, i.e. by means of a transfer to the pension reserve.

## **NOTES TO THE ACCOUNTS**

### **21. NON-MONETARY CAPITAL RECEIPTS**

In October 2003, the Authority signed a relocation agreement with Ashburton Properties Ltd (the company set up by the Arsenal Football Club for the purpose of this relocation) and also the corresponding relocation agreement with LondonWaste Ltd for relocation of the Authority's waste transfer station from Ashburton Grove to Hornsey Street. Subsequently, in July 2004, following the issue of an independent Engineer's Certificate of Practical Completion, the Authority entered into two 999-year leases for the new facility at Hornsey Street.

Ashburton Properties Ltd therefore provided the new waste facility at Hornsey Street in exchange for the Authority's land at Ashburton Grove. There has been no capital outlay for the Authority in this respect, however, for the purpose of recognising the new asset in the Authority's accounts the asset, which was originally valued at £12.440m at completion, is deemed to have been funded by a non-monetary capital receipt.

### **22. LANDFILL ALLOWANCE TRADING SCHEME (LATS)**

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities (WDAs) to reduce the amount of biodegradable municipal waste (BMW) that is disposed to landfill. The Act provides the legal framework for the Landfill Allowance Trading Scheme which commenced operation on 1 April 2005. The Government has allocated tradable landfill allowances to the Authority for the next 15 years. The Authority's allowances rise year-on-year until 2009/10 and then reduce year-on-year to 2019/20. If the Authority exceeds its allowance in any one year it faces the prospect of a fine of £150 for every additional tonne of biodegradable waste landfill. Conversely, if the Authority does not fully utilise its allowances in any one year it could either carry-forward surplus allowances to meet a shortfall in future years (there are restrictions), or, sell the surplus to another WDA which needs to buy additional allowances to cover its own shortfall.

In February 2006 CIPFA issued accounting guidance for the 2005/06 and subsequent accounting years. The 2008/09 Statement of Accounts therefore records the first three year's effect of LATS.

At the 31 March 2008 the Authority held 231,931 surplus allowances with a book value of £1.159m based upon the DEFRA/CIPFA 2007/08 valuation for allowances of £5.00 per allowance. The value of allowances in 2008/09 has been re-evaluated by DEFRA/CIPFA and a value of £0.10 per allowance has been determined for use in the 2008/09 accounts. This includes revaluing the surplus allowances held by the Authority at 31 March 2008. The latter, based upon a price of £0.10 per allowance, have been valued at £0.023m, i.e. a reduction of £1.136m. The latter has been reflected in the 2008/09 accounts.

Compared with the Authority's 2008/09 LATS allowance allocation of 343,642 the Environment Agency has determined that the Authority has used 178,880 allowances during the year resulting in the Authority holding 164,762 additional surplus allowances at 31 March 2009 with an additional book value of £0.016m, i.e. a total of £0.039m after allowing for the adjusted surplus brought forward from 2007/08. However, as the Government has designated 2009/10 a LATS Target Year it is not possible to carry forward surplus allowances into 2009/10 and therefore the notional value of surplus allowance held by the Authority at 31 March 2009 have been written-off. The Authority's LATS reserve therefore is nil at 31 March 2009.

**NOTES TO THE ACCOUNTS**

**23. BIODEGRADABLE MUNICIPAL WASTE (BMW) DIVERSION REWARD SCHEME**

At its budget meeting in February 2006 the Authority agreed the introduction of a BMW diversion reward scheme that would reward constituent councils for their increase in BMW diversion from landfill for 2007/08 and for each subsequent year compared with their actual tonnage diversion in 2004/5. The scheme provides for a BMW payment equivalent to 50% of LATS values for every additional tonne of BMW waste diverted from the waste stream. The 2008/09 accounts have been based upon the Authority's estimate of the additional amount of BMW wastes diverted from the waste stream at a rate of £0.05 per tonne.

**24. REVALUATION RESERVE**

The Balance Sheet figures fro 31 March 2007 have been adjusted from those included in the Statement of Accounts for 2006/07 to accommodate the implementation of the Revaluation Reserve. The Revaluation Reserve replaces the Fixed Asset Restatement Account (FARA). The credit balance of £12.441m on the FARA at 31 March 2007 has been written off to the new Capital Adjustment Account and the Revaluation Reserve has been included in the Balance Sheet with a Nil opening balance. Non-operational assets (part) were re-valued in 2008/09(2.333m) and this is reflected in the accounts at 31 March 2009.

## North London Waste Authority

### INTRODUCTION TO THE GROUP ACCOUNTS

The Authority has a 50% interest in the shares of LondonWaste Ltd. The interest arose as a result of the Acquisition and Collaboration Agreement between the Authority and Sita UK Ltd. The company was established as a consequence of the requirements of the Environmental Protection Act 1990 and was approved by the Secretary of State for the Environment.

#### ABOUT LONDONWASTE LTD

LondonWaste Ltd is a company limited by shares incorporated in England and Wales which operates on a stand-alone basis from the Authority. The board consists of three directors appointed by the NLWA ("A" directors), three directors appointed by Sita UK Ltd ("B" directors) and three executive directors appointed from the company's management ("C" directors), with the Chair of the board alternating between the A and B directors. Resolutions of the board must be approved by a majority of both the A and B directors.

The company's origins date back to the late 1960's when the Greater London Council (GLC) built the Edmonton Energy from Waste plant. The plant was operated by the GLC until 1986, when the body was abolished. Between 1986 and 1994 the Edmonton plant was owned and operated by the Authority. In 1994 the plant was transferred to a unique public/private partnership between the Authority and SITA, resulting in the formation of the Company. Today LondonWaste is one of the capital's largest waste management companies, handling over 1 million tonnes of waste a year. The company employs over 200 staff offering a wide range of services to their clients. The company is committed to providing economic, efficient, and environmentally responsible solutions for disposal and treatment of waste, and ultimately, to help preserve and protect the environment.

#### ABOUT THE GROUP ACCOUNTS

The CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom requires the primary statements of the Authority to be prepared on a stand-alone basis to enable the reader to understand how the Authority has accounted for their stewardship of the funds supplied by the government and local taxpayers through the charges made to and levies raised from the constituent boroughs.

Where an authority has a significant interest in the operation of a company the Code of Practice recognises that a full understanding of the overall picture of the authority's operations and resources can only be gained from summarised group accounts. Accordingly, the accounts of the Authority contain summarised group accounts which present the consolidated financial position of the Authority and its interest in LondonWaste Ltd.

In accordance with FRS 9 *Associates and joint ventures* and the Code of Practice, LondonWaste has been included on an equity accounting basis based on its accounts for the year ended 31 December 2008. Accordingly, these group accounts consist of:

- this introduction, explaining the basis on which the group accounts have been prepared;
- a group income and expenditure account which includes £0.362m (2007/08: net profit of £1.118m restated) which is the Authority's adjusted share of LondonWaste's profits for the year ended 31 December 2008;
- a group statement of movement in general fund balance;
- a statement of recognisable gains;
- a group balance sheet which includes the Authority's share of the accumulated reserves of LondonWaste of £6.633m (2007/08: £6.271m restated). However, as LondonWaste operates on a stand-alone basis, these reserves are not available to the Authority until a dividend is proposed by the directors of the company and approved by both shareholders;
- a group cash flow statement; and
- a group statement of total movement on reserves.

## North London Waste Authority

### GROUP INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2009

	Note	2009 £'000	2008 (Restated) £'000
Gross expenditure		48,063	47,460
Gross income		(10,531)	(9,745)
<b>Net cost of services</b>		<u>37,532</u>	<u>37,715</u>
Interest on balances		(934)	(1,226)
<b>Net operating expenditure of the Authority</b>		<u>36,598</u>	<u>36,489</u>
Share of operating profit of joint venture	1	(362)	(1,118)
<b>Net operating expenditure of group</b>		<u>36,236</u>	<u>35,371</u>
Levy on constituent authorities		(37,829)	(34,901)
<b>(Surplus) for the year</b>		<u>(1,593)</u>	<u>470</u>

### GROUP STATEMENT OF MOVEMENT IN GENERAL FUND BALANCE

Year ended 31 March 2009

The Income and Expenditure Account shows the Group's actual financial performance for the year. The General Fund Balance compares the Group's spending against the NLWA levy income that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure. This reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2009 £'000	2008 (Restated) £'000
(Surplus)/deficit for the year on the Income and Expenditure Account	(1,593)	470
Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	(1,129)	(919)
<b>Change in General Fund Balance for the Year</b>	<u>(2,722)</u>	<u>(449)</u>
General Fund Balance brought forward	(10,722)	(10,273)
<b>General Fund Balances carried forward</b>	<u>(13,444)</u>	<u>(10,722)</u>

**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**Year ended 31 March 2009**

This statement brings together all the recognised gains and losses of the Group for the financial year and shows the aggregate increase in net worth. In addition to the surplus generated on the Income and Expenditure Account it includes other gains and losses.

	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>(Restated)</b> <b>£'000</b>
(Surplus)/deficit for the year on the Income and Expenditure Account	(1,593)	470
Surplus arising on revaluation of fixed assets	(2,333)	0
Actuarial losses on pension fund assets and liabilities	4	30
Total recognised gains for the year	<u>(3,922)</u>	<u>500</u>

# North London Waste Authority

## GROUP BALANCE SHEET 31 March 2009

	Note	2009 £'000	2009 £'000	2008 (Restated) £'000	2008 (Restated) £'000
<b>FIXED ASSETS</b>					
Tangible fixed assets			14,774		12,441
Investments in joint venture – LondonWaste Ltd					
Share of gross assets	2	52,111		51,681	
Share of gross liabilities	2	(22,625)		(22,557)	
			<u>29,486</u>		<u>29,124</u>
			44,260		41,565
<b>NET CURRENT ASSETS</b>					
Current assets			18,525		19,323
Current liabilities			(10,093)		(12,092)
<b>NET CURRENT ASSETS</b>			<u>8,432</u>		<u>7,231</u>
<b>LONG-TERM LIABILITIES</b>					
Pension liability			(517)		(543)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>52,175</u>		<u>48,253</u>
<b>Financed by</b>					
Fixed Asset Restatement Account			0		0
Capital Adjustment Account			12,441		12,441
Revaluation Reserve			2,333		0
Capital Revaluation Account			21,706		21,706
Share Premium Reserve	3		1,147		1,147
Usable Capital Receipts Reserve			621		621
Earmarked Reserves			1,000		1,000
Pension Reserve			(517)		(543)
LATS Reserve			0		1,159
General Fund Balance			13,444		10,722
<b>TOTAL EQUITY</b>			<u>52,175</u>		<u>48,253</u>

# North London Waste Authority

## GROUP CASH FLOW STATEMENT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>REVENUE ACTIVITIES</b>			
<b>Cash Outflows</b>			
Cash paid to LondonWaste Ltd		{	(38,231)
Cash paid to other contractors and third parties		{ (47,529)	(4,417)
<b>Cash Inflows</b>			
Non-household waste		10,004	8,340
Other operating income		(159)	(99)
Rents		87	83
Levy		37,829	34,901
<b>Net cash inflow/(outflow) from revenue activities</b>	18	<u>232</u>	<u>577</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		702	974
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>702</u>	<u>974</u>
<b>CAPITAL ACTIVITIES</b>			
Capital grant received		0	0
<b>Net cash inflow/(outflow) from capital activities</b>		<u>0</u>	<u>0</u>
<b>Management of liquid resources:</b>	19		
<b>Increase/(decrease) in net funds lodged with Camden London Borough Council</b>		934	1,551

## GROUP STATEMENT OF TOTAL MOVEMENT IN RESERVES Year ended 31 March 2009

	FARA/ Capital Adjustment/ and Revaluation Accounts £'000	Capital Revalua- tion Account £'000	Share Premium Reserve	Usable Capital Receipts Reserve £'000	Ear- marked Reserves £'000	Pension Reserve £'000	LATS Reserve	General Fund Balance £'000	Total £'000
As at 1 April 2008	12,441	21,706	1,147	621	1,000	(543)	1,159	10,722	48,253
Asset revaluation	2,333								2,333
Surplus for the year	-	-	-	-	-	-	-	1,593	1,593
Actuarial loss	-	-	-	-	-	(4)	-	-	(4)
Transfer to pension reserve	-	-	-	-	-	30	-	(30)	-
Transfer to LATS reserve	-	-	-	-	-	-	(1,159)	1,159	-
<b>As at 31 March 2009</b>	<u>14,774</u>	<u>21,706</u>	<u>1,147</u>	<u>621</u>	<u>1,000</u>	<u>(517)</u>	<u>0</u>	<u>13,444</u>	<u>52,175</u>

**NOTES TO THE GROUP ACCOUNTS**  
**Year ended 31 March 2009**

**1. SHARE OF OPERATING PROFIT OF JOINT VENTURE – LONDONWASTE LTD**

The shares held by NLWA and Sita UK Ltd rank pari passu in all respects except in the case of dividends. Shares rank equally for dividend subject to the NLWA shareholder's ongoing commitment to make special contributions to the LondonWaste Limited Pension Scheme as long as the employees who transferred from the NLWA at vesting are still in service, such special contributions being deducted from the NLWA share of the dividend. In 2008 the value of this deduction is £0.100m. However, as no dividend has been paid for 2007 this amount will be deducted from a future dividend payment. Additionally, if the net after-tax profits of the company should exceed 12% of the company's turnover in any financial year after 31 December 1998 then a dividend will be declared in respect of at least an amount equal to the excess, and the shareholders shall be entitled to the excess dividend in the proportion 75% to the NLWA shares and 25% to the SITA shares. The latter did not arise in 2008.

The Company has not paid a dividend in 2008.

**2. INVESTMENTS IN JOINT VENTURE – LONDONWASTE LTD**

Summarised balance sheet of LondonWaste Ltd

	31 December 2008 £'000	31 December 2007 (Restated) £'000
<b>FIXED ASSETS</b>		
Tangible assets	66,394	62,065
<b>CURRENT ASSETS</b>		
Stocks	1,286	1,076
Debtors	29,208	35,051
Cash at bank and in hand	7,334	5,171
	<u>37,828</u>	<u>41,298</u>
<b>CREDITORS: amounts falling due within one year</b>	(32,772)	(29,809)
Pensions liability	(2,255)	(2,105)
	<u>2,801</u>	<u>9,384</u>
<b>NET CURRENT ASSETS</b>		
	69,195	71,449
<b>CREDITORS: amounts falling due after more than one year – bank loans</b>	(8,822)	(12,000)
	<u>60,373</u>	<u>59,449</u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	43,412	43,412
Share premium	2,294	2,294
Profit and loss account	14,667	13,743
	<u>60,373</u>	<u>59,449</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		
	<u>60,373</u>	<u>59,449</u>

**NOTES TO THE GROUP ACCOUNTS**

**Year ended 31 March 2009**

**3. SHARE PREMIUM RESERVE**

The share premium reserve represents the Authority's 50% share of LondonWaste Limited's share premium account.

**4. ACCOUNTS OF LONDONWASTE LTD**

The accounts of LondonWaste Ltd can be obtained from the Company Secretary, LondonWaste Ltd, Energy from Waste Plant, Advent Way, Edmonton, London N18 3AG.

**5. NOTES TO THE GROUP ACCOUNTS**

Please also refer to the notes to the Authority only accounts as there are no material additional amounts or details in relation to the joint venture that require disclosure.