

North London Waste Authority

Statement of Accounts for the year ended

31 March 2020

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

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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.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

THE FINANCIAL ADVISER'S RESPONSIBILITIES

The Financial Adviser is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice). In preparing this Statement of Accounts, the Financial Adviser has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

CERTIFICATION BY THE FINANCIAL ADVISER

The accounts which follow have been prepared in accordance with the requirements of Regulation 9 of the Accounts and Audit Regulations 2015 issued under the Local Audit and Accountability Act 2014 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 gives a true and fair view of the financial position of the Authority and of the Group as at 31 March 2020 and the income and expenditure of the Authority and of the Group for the year then ended.

Jon Rowney

Financial Adviser 31 August 2020

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NARRATIVE REPORT

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 Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (The Code) and the Guidance Notes for Practitioners (both published by the Chartered Institute of Public Finance and Accountancy). The Code requires that five key statements are provided; they comprise:

Expenditure and Funding Analysis: This statement shows how annual expenditure is used and funded from resources (principally the levy) in comparison with those resources consumed in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement and supporting notes.

Movement in Reserves Statement: This shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement: This summarises the Authority's income and expenditure for the year in accordance with generally accepted accounting practices. Adjustments required to show the extent to which revenue balances have increased or decreased are shown in the Movement in Reserves Statement.

Balance Sheet: This shows the value at the balance sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement: This summarises the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by the levy on the NLWA constituent boroughs, charges for non-household waste and other miscellaneous income receipts. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

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 interest in LondonEnergy Ltd.

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OPERATING PERFORMANCE

The principal statutory responsibility for the Authority is to receive, treat and/or dispose of waste collected by the seven constituent boroughs, namely the London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest. The amount of residual (non-recyclable) waste entering the waste stream in 2019/20 increased by 3,795 tonnes (0.65%) compared with 2018/19 i.e. from 582,779 tonnes to 586,574 tonnes.

Residual Waste by Borough	2018/19 Tonnes	2019/20 Tonnes	Variance Tonnes	Variance %
Barnet	102,616	106,584	3,968	3.87
Camden	76,617	75,293	(1,324)	(1.73)
Enfield	90,239	91,057	818	0.91
Hackney	89,608	88,655	(953)	(1.06)
Haringey	73,266	73,940	674	0.92
Islington	79,020	79,336	316	0.40
Waltham Forest	71,413	71,709	296	0.41
	<u>582,779</u>	<u>586,574</u>	<u>3,795</u>	0.65

The Authority continued to provide key recyclable waste treatment services to six of its constituent boroughs. 44,702 tonnes of compostable waste were sent to the Authority for treatment in 2019/20 (46,067 tonnes in 2018/19), a year on year decrease of 1,365 tonnes (2.96%).

Compostable Waste by Borough	2018/19 Tonnes	2019/20 Tonnes	Variance Tonnes	Variance %
Barnet	16,279	13,870	(2,409)	(14.80)
Camden	4,118	4,364	246	5.97
Enfield	-	-	-	-
Hackney	6,848	7,428	580	8.47
Haringey	5,274	5,810	536	10.16
Islington	4,567	4,388	(179)	(3.92)
Waltham Forest	8,981	8,842	(139)	(1.55)
	<u>46,067</u>	<u>44,702</u>	<u>(1,365)</u>	(2.96)

Mixed dry recyclable waste processed by the Authority amounted to 110,585 tonnes in 2019/20 compared with 110,096 in 2018/19, an increase of 489 tonnes (0.44%). Income from the sale of mixed dry recyclables reduces the levy payable by each borough by offsetting the cost of processing. Sale prices of dry recyclable materials increased slightly in 2019/20. The average price received for the year was £14.96 per tonne compared with £13.14 in 2018/19. Income in 2019/20 was £1.802m. In 2018/19, income was £1.390m.

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Mixed Dry Recyclable Waste by Borough	2018/19 Tonnes	2019/20 Tonnes	Variance Tonnes	Variance %
Barnet	26,940	26,535	(405)	(1.50)
Camden	18,707	16,669	(2,038)	(10.89)
Enfield	-	-	-	-
Hackney	17,481	18,470	989	5.66
Haringey	15,964	16,982	1,018	6.38
Islington	15,171	15,973	802	5.29
Waltham Forest	15,833	15,956	123	0.78
	<u>110,096</u>	<u>110,585</u>	<u>489</u>	0.44

Landfill tax continued to rise in line with the Government's stated intention to raise the standard rate of tax in line with inflation. It was £91.35 per tonne in 2019/20, will rise by £2.80 to £94.15 per tonne in 2020/21. The Government has said that it remains committed to ensuring rates are not eroded in real terms. The Authority's Landfill Tax liability was £1.563m in 2019/20 compared to £1.496m in 2018/19.

Work continued to support the development of North London Heat & Power Project, the aim of which is to replace the existing energy from waste (EfW) facility at the Edmonton EcoPark, which is reaching the end of its operational life. The Project includes design, construction and commissioning of an energy recovery facility (ERF), a resource recovery facility (RRF) to maximise the recycling of materials from bulky waste and other materials (including a new public reuse and recycling centre), and EcoPark House, which will be used to provide a space for community use and teach the local community more about the circular economy. EcoPark House will also be the home to Edmonton Sea Cadets.

During 2019/20 the Authority has awarded, on programme, the majority of the site preparation contracts for the Laydown Area West and Eastern Access with Buckingham Group, and contracts for the Northern Access, Transport Yard, and sewer diversion enabling works with Galldris, an Enfield-based contractor. The contract for the design and construction of the sewer diversion was awarded to Barhale, a specialist tunnelling company. Work on the Procurement for the EcoPark south contract (including the RRF, the Reuse & Recycling Centre and EcoPark House) was underway and the contract will be awarded in the 2020/21 financial year. The contract for Laydown Area East was completed in 2019/20.

The Authority continued to invest in waste prevention to reduce waste in north London. Work in 2019/20 focussed on food waste reduction, furniture re-use and exchanging and mending clothes. Additional programmes of activity were delivered to reduce the amount of single-use plastic that is disposed of and encourage a reduction in unwanted mail as well as to encourage a reduction in the number of disposable nappies that are thrown away.

Food waste reduction work was delivered through face to face engagement with residents, through roadshows, public events and stalls in supermarkets. The aim of this activity is to explain the financial benefits of reducing food waste and therefore encourage people to act. The results exceeded the waste prevention programme objective of 10,000 conversations and 100 events by 9% and 13% respectively.

Furniture reuse was promoted with an Upcycling Show and Upcycling competition. This was the fourth year that the Authority had arranged the competition and show. 21 entrants were given a piece of unwanted furniture which they had to upcycle in time for the show. The one-day exhibition featured the judging of the competition, announcement of winners and award of prizes, demonstrations and workshops, as well as exhibits from a range of reuse, repair and upcycling organisations of furniture, textiles, electrical items and home wares

To facilitate the exchange and repair of clothing, the Authority delivered a series of 21 repair cafes (3 in each of the 7 constituent boroughs) where residents could bring clothing, bicycles and at four of the events, small electrical equipment that could potentially be repaired, for free. The specialists would explain the repair process, one-on-one, to the owners so that they can repair it themselves in future. The repair cafes were attended by 297 residents and 422 items were fully or partly repaired, diverting 1.3 tonnes from disposal.

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12 clothes swap or 'swish and style' events were held across North London. The events were attended by 1,059 residents and diverted more than 2.5 tonnes of textiles from disposal.

The Waste Prevention Community Fund provided support for five projects delivered by community groups and charities across the constituent boroughs. This helped to develop new approaches and extend the reach and impact of our waste prevention work.

The Authority worked with the constituent boroughs to implement Low Plastic Zones on high streets in their area. Businesses were encouraged to sign up to a North London Charter of Commitment to reduce single use plastic. Crowcross Street in Islington became the first area to be accredited as a low plastic zone and the launch took place in February 2020.

Communications activity included an increased use of social media in the year, primarily through the Authority's 'Wise Up To Waste' brand. The Twitter, Facebook and Instagram accounts gained a combined 1,766 new followers (6,244 in total). This is particularly significant because at the end of the year the COVID-19 outbreak meant the Authority had to increase the amount of activity delivered online in lieu of face to face activity.

The Authority developed a campaign to tackle the problem of recycling contamination by used nappies. The Bin Your Nappy Campaign focussed on national polling that indicated widespread confusion amongst parents about how to dispose of nappies correctly. The campaign generated national newspaper and television interest as well as articles in local media and trade publications. Interest and galvanised action from manufacturers.

North London's reuse shop, 'Second Time Around' is located within the Kings Road RRC in Chingford and sells items that have been donated by local residents or rescued from RRCs across North London. The shop diverted over 97 tonnes from disposal.

To support efforts to divert waste from disposal, the Authority operates a third-party reuse and recycling credit scheme. This rewards registered charities that repair or recycle donated goods within the constituent boroughs. In 2018/19, fifteen organisations were registered under the scheme and it was estimated to have diverted 3,117 tonnes from disposal.

FINANCIAL PERFORMANCE

The Authority agreed its 2019/20 budget at a level that needed to be sufficiently robust to meet the costs of its day-to-day statutory waste obligations but also sufficient to fund the costs of the North London Heat and Power Project. In doing so, the Authority was aware, as in past years, that if favourable circumstances arose during the year some revenue balances might become available to help fund future budgets.

In February 2020, the Authority was advised that revenue balances at 31 March 2019 were forecast to be £5.540m. Since then, lower volumes of residual waste were received and income from the sale of recyclates improved. In addition, there was no call on the contingency. This has resulted in revenue balances at 31 March 2020 of £8.443m.

Compared to 2018/19, the net cost of services increased by £0.679m (1.4%). This can largely be attributed to the increased cost of waste disposal and the net cost of recycling.

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ANNUAL GOVERNANCE STATEMENT FOR NORTH LONDON WASTE AUTHORITY

1. Scope of Responsibility

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 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 Authority is also responsible for putting in place proper arrangements for governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The governance framework comprises the systems and processes, 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 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 2020 and up to the date of approval of the annual report and statement of accounts.

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 these are reflected in its contract with LondonEnergy Ltd. and other contracts.
- 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 Authority Members and Advisers, whose roles are defined in Standing Orders and 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, delegations to Officers, and Contract Standing Orders. The Authority also follows the London Borough of Camden Financial Standing Orders.
- Central to the Authority's achievement of its objectives is an effective risk management regime. In addition to regular reviews of detailed risk registers by the Authority's management team, the registers are considered annually by the Members' Finance Working Group. Informed by the annual review, a report is presented to the Authority outlining developments in the Authority's key corporate risks. The report also includes an up to date high level risk register.

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- The Authority is also able to benefit from the rules and procedures set in place by its Lead Borough. Officer responsibilities and actions are controlled through Schemes of Officer Delegation.
- The effective and efficient use of resources and the securing of continuous improvement are achieved through a range of review processes and are integral to both the short-term implementation of the Joint Waste Strategy and the development 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 the London Borough of Camden's comprehensive Financial Standing Orders. Members receive and consider detailed financial information on a regular basis and this facilitates the political decision making process. The process is further supported by the work of the Members' Finance Working Group.
- Other features of the financial control environment include the production and review of a medium-term financial forecast. The Authority also benefits from the Internal Audit Shared Service of the London Boroughs of Camden and Islington which provides assurances to management that the London Borough of Camden's – and therefore the NLWA's – control systems are adequate, effective and operating as intended and investigates identified or suspected cases of fraud/irregularity.
- Performance management within the Authority is considered through a range of review arrangements including external/internal audit reviews and annual reports.

4. Review of Effectiveness

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 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 and other review agencies. In addition, Authority meetings receive reports on key aspects of the day-to-day work of the Authority and the Authority's financial health.

The Public Sector Internal Audit Standards require that the Head of Internal Audit provide an annual audit opinion that can be used by the organisation to inform its governance statement. The wider content of this annual governance statement indicates an adequate level of assurance from the Authority's governance framework. With regard to the annual opinion of the Head of Internal Audit (HIA), the HIA is satisfied that the work undertaken by the audit function during 2019/20 has enabled the HIA to form a reasonable conclusion that Camden's – and therefore NLWA's control framework, specifically with regard to key financial systems, is adequate.

The Audit Committee, and the Members' Finance Working Group, provide an effective means of enabling detailed review and examination by Members of the Authority's financial and risk management issues.

The Authority was further supported by the work of the Members' Recycling Working Group and a Member Project Steering Group. Governance arrangements, including decision making, have been strengthened by the decision to replace the Member Project Steering Group with a dedicated Programme Committee, which commenced its operation the municipal year 2019/20. The Authority continues to have in place strong and effective working arrangements with its constituent boroughs.

As services are provided through both the Lead Borough Camden and also 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 review process has been successful in maintaining awareness of governance and control issues

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5. Significant Governance Issues

No significant governance issues have been identified during the year. Work has been undertaken however to ensure that the Authority's governance arrangements continue to follow best practice:

- At its meeting on 4 April 2019, the Authority agreed to amendments to Standing Orders. The amendments were as follows:
 - The creation of a Programme Committee, to replace the Member Project Steering Group. A dedicated programme committee will strengthen decision making by allowing it to receive reports on progress of the North London Heat and Power Project, consider and agree strategies relating to the programme and take decisions on matters such as procurement strategy and contract letting.
 - Allow the Programme Director to agree variations to existing contracts related to the NLHPP,
 - Create the role of Employment and Skills Adviser. The role would advise Authority officers on diversity and inclusion issues as well as how to develop schemes that promote apprenticeships, skills training and local employment opportunities,
 - Allow that the seal can be held in the safe custody of the Managing Director; this will allow the seal to be held at the offices of the Authority rather than in offices of Camden Council.
- The Authority began a review of the 2015 treasury management agreement with the London Borough of Camden to ensure that it still reflects the requirements of both parties. This work is ongoing and is anticipated to be completed by December 2020.
- All staff received refresher training in the year on all mandatory learning packages including the information handling, fraud awareness and inclusion modules.

6. Covid-19 Response

The Covid-19 pandemic impacted the Authority and the services that we provide to North London's residents. By the end of March, all seven of the Reuse and Recycling Centres had been closed to the public, Construction on North London Heat and Power Project sites were temporarily halted and waste prevention events had been put on hold. The Authority instigated a set of emergency governance measures to monitor and respond to the pandemic, including:

- Daily meetings with directors of the seven constituent boroughs to discuss operational issues.
- Regular meetings of North London Heat and Power Project functional leads and advisers to ensure that the temporary closure of sites due to social distancing issues was undertaken quickly, as well as planning for the subsequent recommencement of works a month later.
- Regular meetings of Senior Authority managers to ensure that any impacts to operational services were identified responded to quickly and where necessary communicated to stakeholders including the general public.
- Implementing video conference call platforms to allow staff and Members to communicate more effectively during lockdown.
- Ensuring that transparency in decision making was provided by broadcasting all public meetings on the internet.
- Delivering waste prevention work to the public through virtual means.

The Authority recognises that the pandemic has had a financial impact. As part of the Authority's Medium-Term Financial Strategy, assumptions regarding costs, income, financing and investments will be updated based on the latest information.

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7. Matters for Future Action

There is a continuing need to keep the Authority's governance and control arrangements under review and to take action where appropriate. This will include:

- Training, where appropriate, to members and officers, and an ongoing review of the over-arching and supporting risk registers so that the Authority will be able to track and accurately manage the identified risks associated with all aspects of its work.
- Implementation of any recommendations proposed by internal audit reviews and the development and completion of a further internal work programme in 2020/21.
- Keeping under review the governance arrangements for London Energy Ltd.

8. 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 review and enhance our governance arrangements in the coming year. We are satisfied with these steps and will monitor their implementation and operation as part of our next review.

Councillor Clyde Loakes
Chair of the Authority

Jenny Rowlands
Clerk to the NLWA

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Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(8,217)	-	(8,217)	Non-Household Waste	(8,007)	-	(8,007)
(1,707)	-	(1,707)	Household Waste	(1,718)	-	(1,718)
(1,351)	-	(1,351)	Sale of Recyclable Material	(1,803)	-	(1,803)
(115)	-	(115)	Rent Receivable	(118)	-	(118)
(136)	-	(136)	Interest Received	(85)	-	(85)
-	-	-	Other Income	-	-	-
-	7	7	Pension Interest	-	6	6
-	3	3	Pension Asset – Actuarial (Gain)/Loss	-	(37)	(37)
52,252	(4,134)	48,118	Net Cost of Services	52,959	(4,162)	48,797
(48,511)	-	(48,511)	Levy	(53,181)	-	(53,181)
(48,511)	-	(48,511)	Other Income and Expenditure	(53,181)	-	(53,181)
3,741	(4,134)	(393)	(Surplus) or Deficit	(222)	(4,162)	(4,384)
11,962			Opening Balance	8,221		
(3,741)			Add Surplus/(Deficit) in Year	222		
8,221			Closing Balance at 31 March	8,443		

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MOVEMENT IN RESERVES STATEMENT

	General Balance £000	Capital Receipts Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
2019/20					
Balance at 31 March 2019 brought forward	8,221	1,439	9,660	86,927	96,587
Movement in reserves during 2019/20					
Total Comprehensive Income and Expenditure	4,384	-	4,384	-	4,384
Adjustments between accounting basis & funding basis under regulations	(4,162)	-	(4,162)	4,162	-
Increase/(Decrease) in 2019/20	222	-	222	4,162	4,384
Balance at 31 March 2020 carried forward	8,443	1,439	9,882	91,089	100,971
2018/19					
Balance at 31 March 2018 brought forward	11,962	1,439	13,401	82,793	96,194
Movement in reserves during 2018/19					
Total Comprehensive Income and Expenditure	393	-	393	-	393
Adjustments between accounting basis & funding basis under regulations	(4,134)	-	(4,134)	4,134	-
Increase/(Decrease) in 2018/19	(3,741)	-	(3,741)	4,134	393
Balance at 31 March 2019 carried forward	8,221	1,439	9,660	86,927	96,587

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2018/19			2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
34,818	-	34,818	Main Waste Disposal Contract	36,146	-	36,146
1,362	-	1,362	Landfill Tax (non RRC)	1,444	-	1,444
1,682	-	1,682	Composting Services	1,872	-	1,872
6,754	-	6,754	Materials Recovery Facility Services	7,724	-	7,724
2,241	-	2,241	Transfer Stations and Other Sites	2,332	-	2,332
4,661	-	4,661	Reuse and Recycling Centres (incl. Landfill Tax)	4,719	-	4,719
2,101	-	2,101	Corporate and Other Support Service Costs	2,249	-	2,249
526	-	526	Operations Team	667	-	667
458	-	458	Waste Prevention Programme – New Initiatives	512	-	512
306	-	306	Communications Campaign – Household Recyclin	82	-	82
174	-	174	Other Recycling Initiatives	189	-	189
2,675	-	2,675	North London Heat & Power Project	712	-	712
-	(8,217)	(8,217)	Non-Household Waste	-	(8,007)	(8,007)
-	(1,707)	(1,707)	Household Waste	-	(1,718)	(1,718)
-	(1,351)	(1,351)	Sale of Recyclable Material	-	(1,803)	(1,803)
-	(115)	(115)	Rent Receivable	-	(118)	(118)
-	-	-	Other Income	-	-	-
57,758	(11,390)	46,368		58,648	(11,646)	47,002

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Gross Expenditure	Gross Income Net Expenditure			Gross Expenditure	Gross Income Net Expenditure		
£000	£000	£000		£000	£000	£000	
-	(48,511)	(48,511)	Levy	-	(53,181)	(53,181)	
-	(48,511)	(48,511)	Other Operating Income	-	(53,181)	(53,181)	
-	(136)	(136)	Interest Receivable	-	(85)	(85)	
7	-	7	Pension Interest Cost	6	-	6	
1,876	-	1,876	Revenue Funding of Capital – Interest	1,911	-	1,911	
1,883	(136)	1,747	Financing and Investment (Income) and Expenditure	1,917	(85)	1,832	
			(396) (Surplus)/Deficit on Provision of Services				(4,347)
			3 Actuarial Loss/(Gain) on Pension Assets				(37)
			3 Other Comprehensive Income and Expenditure				(37)
			(393) Total Comprehensive Income and Expenditure				(4,384)

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

BALANCE SHEET

	Note	31 Mar 2019 £'000	31 Mar 2020 £'000
Property, Plant and Equipment	5	36,814	62,433
Long Term Investments	7	119,392	119,392
LONG TERM ASSETS		156,206	181,825
<u>Short Term Debtors</u>			
Cash and Cash Equivalents	15	10,301	99,452
LondonEnergy Ltd		968	330
HM Revenue and Customs		1,857	2,980
Other debtors		910	514
CURRENT ASSETS		14,036	103,276
<u>Short Term Creditors</u>			
Short Term Borrowings	8	(731)	(20,995)
LondonEnergy Ltd		(7,373)	(5,234)
Other Local Authorities		(607)	(2,803)
Other Entities and Individuals		(4,642)	(14,847)
CURRENT LIABILITIES		(13,353)	(43,879)
Long Term Borrowings	8	(60,000)	(140,000)
Other Long Term Liabilities	16	(302)	(249)
LONG TERM LIABILITIES		(60,302)	(140,249)
NET ASSETS		96,587	100,973
<u>Usable Reserves</u>			
General Fund Balance		8,221	8,443
Capital Receipts Reserve	12	1,439	1,439
<u>Unusable Reserves</u>			
Capital Adjustment Account	9	55,885	59,995
Revaluation Account	10	9,638	9,639
Capital Revaluation Account	11	21,706	21,706
Pension Reserve	16	(302)	(249)
TOTAL RESERVES		96,587	100,973

Jon Rowney

Financial Adviser 31 August 2020

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

CASH FLOW STATEMENT

	Note	31 Mar 2019 £'000	31 Mar 2020 £'000
Net surplus on the provision of services		(396)	(4,347)
Adjustments to net surplus on the provision of services for non-cash movements	14	(4,370)	(11,226)
Net cash (inflow)/outflow from operating activities		<u>(4,766)</u>	<u>(15,573)</u>
Investing activities		5,761	26,422
Financing activities		-	(100,000)
Net decrease in cash and cash equivalents	15	<u>995</u>	<u>(89,151)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>(11,296)</u>	<u>(10,301)</u>
Cash and cash equivalents at the end of the reporting period		<u>(10,301)</u>	<u>(99,452)</u>

The Authority's cash balances are held and managed on its behalf by the London Borough of Camden.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

ACCOUNTING POLICIES

The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, which has been developed under the oversight of the Financial Reporting Advisory 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 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.

Cash and cash equivalents

The Authority's cash and treasury management requirements are undertaken on its behalf by the London Borough of Camden; it therefore has no cash or cash equivalents on its own account. Instead, the Authority maintains an inter-authority account with Camden on which Camden pays interest equivalent to the average return achieved on its own investment activity for the year.

Capital receipts

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

Leases

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

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. IFRS requires the Authority to consider accruing for the cost of the leave entitlement earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The Authority has assessed the value of carried forward leave and has concluded that it is not significant and therefore no accrual has been made. However, non-consolidated performance related pay paid to staff in 2020/21 in respect of their work in 2019/20 had not been agreed and therefore no accrual has been made.

Post-employment benefits

In December 1994 all operational staff of the Authority transferred to London Energy 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 International Accounting Standard 19 – Employee Benefits (IAS 19), the liability has been reflected in the Authority's Balance Sheet.

Employer-borne pension costs attributable to staff employed by the London Borough of Camden for work performed on behalf of the Authority are included in the support service recharges to the Authority.

Non Current 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 Institution of Chartered Surveyors, although material changes to asset valuations are adjusted in the interim period, as and when they occur.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Investments and Property

The Authority's investment in LondonEnergy Ltd is held at cost. The land at Pinkham Way was valued at 31 March 2018. The Hornsey Street property was valued at 31 March 2018.

Charges to Revenue in respect of Capital Assets

The comprehensive Income and Expenditure Statement is charged with a capital charge for capital assets used in the provision of services. The charge consists of the annual provision for:

- Depreciation attributable to the assets used
- Impairment

The Authority is not required to include depreciation or impairment when setting its levy for the year but is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined in accordance with statutory guidance known as the Minimum Revenue Provision. The Minimum Revenue Provision is a proper charge to the Authority but does not appear in the Comprehensive Income and Expenditure Statement. Such amounts shall be transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement. The amounts of Minimum Revenue Provision to be charged for the year are set out in regulations and guidance.

Depreciation and impairment are therefore replaced by revenue provision in the Movement in Reserves Statement by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Capital charges have a neutral impact on the amount to be raised by the levy as they are reversed out in the Movement in Reserves Statement and replaced by the Statutory Provision for Debt repayment.

Prior Year Adjustments

There are no prior year adjustments in the Authority's own 2019/20 financial statements or in the Group accounts.

Reserves

The Authority may set aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net cost to the Authority for that year.

Certain reserves are kept to manage the accounting processes for non-current assets, and do not represent usable resources for the Authority.

Group accounts

The Authority has prepared group accounts to provide greater transparency and understanding of the Authority's shareholding in LondonEnergy Ltd. These are presented as supplementary information to the primary financial statements in accordance with the Code. 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 paid by the Authority.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for the interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was initially recognised.

All of the Authority's borrowing is with the Public Works Loan Board. The amount presented in the balance sheet is the outstanding principal payable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

The Authority's financial assets comprises of cash balances held with the London Borough of Camden and interest receivable. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the cash balance (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year.

Financial Instrument Risk

The Authority has reviewed the nature and extent of the risks associated with its financial instruments and has concluded that:

In respect of its long term borrowings from the Public Works Loans Board it is not exposed to market risk since the interest rates are fixed for the duration of the loans. Liquidity risk in that the Authority may not have the funds to meet its commitments to make future payments is considered to be very low since the Authority has access to borrow from the PWLB. Additionally, the Authority is required to achieve a balanced budget which ensures that sufficient monies are raised to cover annual expenditure. There is no significant risk that the Authority will be unable to raise finance to meet its commitments.

The Authority's cash balances are managed through the treasury management arrangements operated by the London Borough of Camden. Camden's Treasury Management policy requires it to place deposits only with a limited number of high quality institutions whose credit ratings are independently assessed.

Its main sources of income are its constituent boroughs which are required to pay a levy and charges for the management of non-household and some types of household waste. Accordingly, the risk of non-payment is considered to be extremely low and no provision for bad or doubtful debts is required.

Small amounts of income come from other, commercial sources. The risk to the Authority of non-payment of this income is considered to be low. Accordingly, the Authority does not make a provision for bad or doubtful debts in respect of this income stream.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Contingent Liabilities

Contingent liabilities are possible obligations that may require a payment or a transfer of economic benefit but for which there is no certainty regarding amount or date of settlement. They are disclosed in the notes to the accounts and accruals are not made for contingent liabilities and no adjustments are included within the accounting statements.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out above, the Authority has to make certain judgements about complex transactions or those involving uncertainty about future events.

Although none of the Authority's expenditure is funded directly by central government, almost all of its income is derived from its constituent boroughs for whom central government funding is a significant element of their income. Although mindful of the uncertainty about future levels of funding to the boroughs from central government, the Authority has determined that this uncertainty is not sufficient to indicate that the Authority's assets might be impaired or facilities closed to reduce levels of service provision. The nature of the Authority's statutory responsibilities for waste disposal and its demand led nature of its services provide very limited scope to reduce service levels.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. The Authority has assessed the risk that items in its Balance Sheet being materially different from the assumptions and estimates as being low but recognises that uncertainty cannot be entirely eliminated. Areas of risk are as follows:

The Authority's makes monthly on account payments to LondonEnergy Limited for Landfill Tax and Electricity Income Claim liabilities based on best available estimates. The Authority makes an assessment at 31 March of the extent to which it has under or overpaid during the year and the balance owed to or by the Authority is reflected in the Balance Sheet. Settlement of these sums is subject to formal agreement with LondonEnergy Ltd. The agreed sum may differ from that included in the Balance Sheet but this difference is likely not to be significant.

All staff currently undertaking work for the Authority are employed by the London Borough of Camden and all related pension assets and liabilities are reflected LB Camden's Balance Sheet. The Authority does however have a liability in respect of pensions for 5 formerly directly employed but now retired staff. Payment of pensions to these individuals is made on the Authority's behalf by the London Pension Fund Authority. An assessment of the assets and liabilities is undertaken annually by Barnett Waddingham who in their calculations must make assumptions about inflation, mortality and returns on pension fund assets.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

NOTES TO THE ACCOUNTS

1. EVENTS AFTER THE BALANCE SHEET DATE

This draft Statement of Accounts was authorised by the Financial Adviser on 31 May 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

2. ADDITIONAL INFORMATION SUPPORTING THE EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how the income and expenditure reported to the Authority at meetings for decision making purposes translates to the Comprehensive Income and Expenditure Statement in the final accounts for generally accepted accounting practices. To achieve this, a number of adjustments are made and these are identified below:

Adjustments between accounting basis and funding basis under regulations	2019	2020
	£'000	£'000
Statutory provision for the financing of capital investment – Minimum Revenue Provision	(4,913)	(4,913)
Property, plant and equipment - Depreciation	803	804
Pension asset – Actuarial (gain)/loss	3	(37)
Net interest on defined benefit liability	7	6
Employer's pension contributions paid in year	(34)	(22)
Balance at 31 March	<u>(4,134)</u>	<u>(4,162)</u>

3. NON-HOUSEHOLD AND CHARGEABLE HOUSEHOLD WASTE

The Authority operates separate charging arrangements for non-household waste and certain categories of household waste in accordance with s52 (9) of the Environmental Protection Act 1990.

As a consequence, only the cost of treating non chargeable household waste is funded from the levy.

Constituent councils make monthly payments on account to the Authority based on estimated levels of non-household and chargeable household waste. Following completion of the audit of accounts an additional amount is charged or overpayment repaid based on actual tonnage levels and the actual cost of treatment.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Non household waste	31 Mar 2019		31 Mar 2020	
	Tonnes	£	Tonnes	£
Borough				
Barnet	11,142	895,465	10,918	880,358
Camden	27,392	2,099,037	21,943	2,022,538
Enfield	9,609	774,106	9,394	744,522
Hackney	22,664	1,719,572	18,648	1,683,081
Haringey	3,337	258,405	2,343	213,906
Islington	30,217	2,369,859	27,142	2,363,771
Waltham Forest	1,250	100,679	1,247	98,864
	<u>105,611</u>	<u>8,217,123</u>	<u>91,635</u>	<u>8,007,040</u>

Chargeable household waste	31 Mar 2019		31 Mar 2020	
	Tonnes	£	Tonnes	£
Borough				
Barnet	2,279	183,674	2,280	180,705
Camden	5,731	445,073	5,048	444,696
Enfield	1,431	115,281	1,431	113,416
Hackney	6,662	491,840	5,501	496,791
Haringey	2,881	218,653	2,256	218,614
Islington	3,466	252,311	2,145	263,715
Waltham Forest	-	-	5	374
	<u>22,450</u>	<u>1,706,832</u>	<u>18,666</u>	<u>1,718,311</u>

4. LEVY

The levy on constituent boroughs of £53.182m was agreed at the Authority Meeting on 7 February 2019 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 and operating Re-use and Recycling Centres that have been transferred to the Authority. The levy was apportioned in accordance with the menu price based arrangements agreed by constituent councils in January 2016.

	31 Mar 2019		31 Mar 2020	
	%	£'000	%	£'000
Borough				
Barnet	22.76	11,039	19.50	10,372
Camden	10.64	5,162	10.44	5,554
Enfield	13.43	6,517	13.42	7,135
Hackney	13.95	6,765	13.16	6,998
Haringey	11.86	5,755	15.08	8,021
Islington	11.94	5,794	11.26	5,986
Waltham Forest	15.42	7,479	17.14	9,116
	<u>100.00</u>	<u>48,511</u>	<u>100.00</u>	<u>53,182</u>

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

5. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £'000	Assets Under Construction £'000	Total £'000
Movement on balances in 2019/20			
Cost or Valuation			
At 1 April 2019	31,648	5,978	37,626
Additions,	-	26,423	26,423
Disposals	-	-	-
Impairment	-	-	-
Revaluation	-	-	-
At 31 March 2020	31,648	32,401	64,049
Depreciation and Impairment			
At 1 April 2019	812	-	812
Depreciation charge	804	-	804
Revaluation	-	-	-
At 31 March 2020	1,616	-	1,616
Net Book Value at 31 March 2020	30,032	32,401	62,433
Net Book Value at 31 March 2019	30,836	5,978	36,814
Comparative movement on balances in 2018/19			
Cost or Valuation			
At 1 April 2018	31,648	217	31,865
Additions,	-	5,761	5,761
Disposals	-	-	-
Impairment	-	-	-
Revaluation	-	-	-
At 31 March 2019	31,648	5,978	37,626
Depreciation and Impairment			
At 1 April 2018	9	-	9
Depreciation charge	803	-	803
Revaluation	-	-	-
At 31 March 2019	812	-	812
Net Book Value at 31 March 2019	30,836	5,978	36,814
Net Book Value at 31 March 2018	31,639	217	31,856

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Depreciation is provided for on property plant and equipment by the allocation of depreciable amounts over their useful lives. Exceptions to this are land which does not have a determinable useful life and assets under construction which are not yet available for use.

It is the Authority's policy to revalue assets 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.

For the years that formal valuations are not undertaken, the Authority conducts a review to determine whether its assets useful lives have changed and that values have been impaired as a result. The review also considers market values where appropriate. The review was undertaken in April 2020; no factors to indicate that asset values have been impaired were identified.

The Authority revalued Hornsey Street Waste Transfer station and land at Pinkham Way on 31 March 2018. Hornsey Street was valued at £15.9m, an increase of £0.7m and Pinkham Way was valued at £14.1m, an increase of £3.0m. As a result of the re-valuation, the plant and Buildings at Hornsey Street is being depreciated over 20 years (from 1 April 2018) and all historic depreciation at 31 March 2018 has been removed, matched by a corresponding charge to the Capital Adjustment Account (note 9).

6. CAPITAL COMMITMENTS

At 31 March 2020, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years. Commitments amounting to £1m or more are as follows:

Contract description	£'000
Laydown Area (East)	3,158
Laydown Area (West) & Eastern Access	8,392
Northern Access	2,295
Transport Yard Relocation	2,468
Sewer Diversion Enabling Works	1,599
Sewer Diversion Main Works	4,912
	<u>22,824</u>

7. INVESTMENTS – LONDONENERGY LTD

	31 Mar 2019 £'000	31 Mar 2020 £'000
Balance at 31 March	<u>119,392</u>	<u>119,392</u>

Until 22 December 2009 LondonEnergy Ltd (formerly LondonWaste Ltd) operated as a joint venture company with Sita UK Ltd and the Authority each holding 50% of the share capital. On 22 December 2009 the Authority purchased the shares held by Sita UK Ltd at a gross cost of £97.686m (including stamp duty) under a deferred payment arrangement. Payment took place on 12 April 2010.

Details of the net assets and results of the company are given in Note 3 to the group accounts.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

8. BORROWING

Details of borrowings at 31 March 2020, all of which is borrowed from the Public Works Loan Board, are set out below:

Long Term Creditor

Repayment Date	Sum Borrowed
12-Apr-20	£20,000,000
16-Jul-22	£10,000,000
16-Jul-24	£10,000,000
12-Apr-26	£10,000,000
12-Apr-28	£10,000,000
26-Feb-60	£100,000,000

The fair value of each loan is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used was the new borrowing rate at 31 March 2020. Since the carrying value included in the balance sheet includes accrued interest, this is also included in the fair value calculations, which are as follows:

	31-Mar-19		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Sum Borrowed - £160,000,000 (2018/19: £60,000,000)	60,731	63,230	160,995	166,959

The fair value is higher than the carrying amount as all six loans are at a fixed rate and the interest rate payable is higher than rates available for similar loans at the balance sheet date.

9. CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account shows the resources used to finance capital expenditure and the historic cost of acquiring and enhancing non-current assets.

	2019	2020
	£'000	£'000
Balance brought forward	51,775	55,885
Minimum Revenue Provision (MRP)	4,913	4,913
Depreciation	(803)	(804)
Revaluation	-	-
Balance at 31 March	55,885	59,994

10. REVALUATION ACCOUNT

The Revaluation Account records gains and losses arising from the revaluation of non-current assets.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

	2019	2020
	£'000	£'000
Balance brought forward	9,638	9,638
Revaluation	-	-
Balance at 31 March	<u>9,638</u>	<u>9,638</u>

11. CAPITAL REVALUATION ACCOUNT

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

	2019	2020
	£'000	£'000
Balance at 31 March	<u>21,706</u>	<u>21,706</u>

12. USABLE CAPITAL RECEIPTS RESERVE

This reserve represents unspent receipts from disposals of capital assets and can be used only to fund capital expenditure or repay debt.

	2019	2020
	£'000	£'000
Balance at 31 March	<u>1,439</u>	<u>1,439</u>

13. RELATED PARTIES

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

Central Government

Central government has effective control over the general operations of the Authority in that it is responsible for providing the statutory framework within which the Authority operates.

Members

Each of the seven constituent boroughs of the Authority appoints two of their Members to the Authority. Transactions between the Authority and its constituent boroughs, principally the Levy and charges for the treatment of non-household waste, are detailed elsewhere in the accounts. Apart from this dual role, no Member of the Authority has reported that he/she or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2019/20.

Officers

No officer or member of their family or household, whether working wholly for the Authority or in an advisory role has indicated that they or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2019/20.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

Other Public Bodies

A number of transactions with related parties are disclosed elsewhere in the accounts. Details of each constituent borough's levy and charges for the treatment of non-household and chargeable household waste are shown in notes 3 and 4.

The Authority operates through a lead borough arrangement with its constituent boroughs. Charges are made by the constituent boroughs in providing the following services.

Camden

Managing Director
Clerk and committee services
External relations
Financial Adviser and financial services
Internal Audit
Legal Adviser and legal and governance services
Operations (waste strategy, contracts management)
Personnel services
Planning and technical solutions

Haringey

Operational support services

In 2019/20 the Authority paid Camden £2.463m (2018/19: £2.082m) for the provision of lead borough services. On 31 March 2020 Camden held cash and cash equivalents of £99.452m (31 March 2019: £10.301m) on behalf of the Authority.

The London Borough of Haringey provides Operational support services to the Authority. In 2019/20 The Authority paid Haringey £0.123m for these services (2018/19: £0.111m).

To the extent that monies paid to boroughs for services are paid on by those boroughs to their senior officers, these sums are reflected in Note 18.

Entities Controlled by the Authority

At 31 March 2020, the Authority owned 100% (31 March 2019: 100%) of the shares in LondonEnergy Ltd. In 2019/20 the Authority paid LondonEnergy Ltd £45.730m (2018/19: £39.330m for waste disposal and transport services. The Company paid no dividend to the Authority in 2019/20 (2018/19: £nil). The Authority's accounts include a creditor of £5.234m (2018/19 £7.373m) in respect of the services provided to the Authority by the Company and a debtor of £0.330m (2018/19 £0.968m) in respect of income due to the Authority from the Company.

Amounts Written Off

No related party debts were written off in 2019/20 (2019/19: £nil) and no provisions for doubtful debts were raised (2018/19: £nil).

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

14. ADJUSTMENT TO NET SURPLUS FOR NON-CASH MOVEMENTS

The surplus or deficit on the provision of services in the cash flow statement has been adjusted for the following non-cash movements

	2019	2020
	£'000	£'000
Cash flows from operating activities include:		
Depreciation	(803)	(804)
Movement in pension liability	27	16
(Increase)/decrease in creditors	(3,097)	(10,527)
Increase/(decrease) in debtors	(497)	89
Balance at 31 March	<u>(4,370)</u>	<u>(11,226)</u>

15 ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS

	At 31		At 31
	March	Cash	March
	2019	flows	2020
	£'000	£'000	£'000
Cash and cash equivalents held at 31 March	10,301	89,150	<u>99,451</u>

16. DEFINED BENEFIT PENSION SCHEME

The Authority does not have any directly employed staff. The payroll and pension arrangements for staff wholly employed on authority business are administered by the London Borough of Camden and all transactions, assets and liabilities relating to these staff are included in the accounts of Camden's pension scheme. Similarly, the pension arrangements of the advisers to the Authority are managed by the respective adviser's own authority.

The Authority does however have obligations and liabilities in respect of the added years' element of pensions paid to retired former employees who were directly employed by the Authority prior to the transfer of staff to LondonEnergy Ltd (formerly LondonWaste Ltd) in December 1994. In 2019/20 the Authority paid £34,245 to the London Pension Fund Authority (£33,735 in 2018/19) in respect of these employees. The Authority's future liability as at 31 March 2020 has been calculated by Barnett Waddingham, the actuaries for the LPFA as being £0.249m (£0.302m at 31 March 2019).

The figure is based on the following assumptions:

	2018/19	2019/20
Return on assets discount rate	2.20%	2.30%
Pension increases	2.50%	1.95%
Inflation (RPI)	3.50%	2.95%
Inflation (CPI)	2.50%	1.95%

For 2019/20 the actuary adopted a set of demographic assumptions consistent with those used for the formal funding valuation of the LPFA as at 31 March 2019 (2018/19: valuation as at 31 March

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

2016). 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.

17. 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 LondonEnergy 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. As at 31 March 2020 the property is carried on the balance sheet at £14.310m (£15.105m at 31 March 2019).

18. OFFICERS' REMUNERATION

The Authority does not have any directly employed staff. Instead, its staff are employed by the London Borough of Camden. The Statement of Arrangements between the Authority and the London Borough of Camden sets out the services that will be provided to the Authority including the provision of the Clerk and other key Adviser roles. The cost of these services is recovered from the Authority by Camden. Details of staff employed wholly on NLWA business receiving annual remuneration in excess of £50,000 are shown below.

Senior Officers with Remuneration over £150,000

		Salary	Variable Pay	Employers Pension Contribution	Total
		£	(Note 1) £	£	£
Managing Director	2018/19	144,011	8,568	54,012	206,591
(Martin Capstick)	2019/20	145,656	-	45,827	191,483

North London Waste Authority

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Senior Officers with remuneration between £50,000 and £150,000 per year

		Salary	Variable Pay	Employers Pension Contribution	Total
		£	(Note 1) £	£	£
Programme Director (Note 2)	2018/19	48,667	-	17,285	65,952
	2019/20	122,174	-	39,381	161,555
Head of Operations (Note 3)	2018/19	8,682	-	3,056	11,738
	2019/20	-	-	-	-
Head of Strategy & Services (Note 4)	2018/19	38,500	-	13,678	52,178
	2019/20	78,540	-	26,484	105,024
Head of Legal & Governance	2018/19	80,554	1,611	24,421	106,586
	2019/20	82,019	-	26,442	108,461
Commercial Lead (Note 5)	2018/19	-	-	-	-
	2019/20	28,893	-	7,051	35,944
Head of Finance	2018/19	80,553	-	28,800	109,353
	2019/20	82,164	-	26,484	108,648

Note 1 – Variable pay is a non-consolidated payment based on performance. This had not been agreed at the point that the accounts were compiled for 2019/20 and no estimate has been included.

Note 2 – The Programme Director was a new post in 2018/19. The post holder took up his duties on 5 November 2018.

Note 3 – The Head of Operations resigned on 4 May 2018. The post has been deleted.

Note 4 – The Head of Strategy and Services is a new post in 2018/19. The post holder took up his duties on 1 October 2018.

Note 5 – The Commercial Lead is a new post in 2019/20. The post holder took up his duties on 25 November 2019.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employers pension contribution) were paid in the following bands:

Salary range	2018/19	2019/20
£50,000 to £54,999	1	1
£55,000 to £59,999	-	-
£60,000 to £65,000	3	1
£75,000 to £79,999	-	-
£80,000 to £85,000	1	1
Total	5	3

North London Waste Authority

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Advisers

The Statement of Arrangements also provides for various Adviser roles. These roles are undertaken by specific posts within each Lead Borough. Advisers receive an honorarium the cost of which is recharged to the Authority as follows:

		Variable Pay (Note 1) £	Employers Pension Contribution £	Total £
Clerk – Chief Executive (Camden) (Note 1)	2018/19	8,922	2,774	11,696
	2019/20	-	-	-
Clerk – Chief Executive (Camden) (Note 1)	2018/19	-	-	-
	2019/20	8,922	2,445	11,366
Financial Adviser – Executive Director of Corporate Services (Camden) (Note 2)	2018/19	6,308	1,957	8,265
	2019/20	-	-	-
Financial Adviser – Executive Director of Corporate Services (Camden) (Note 2)	2018/19	2,103	658	2,761
	2019/20	8,580	1,184	9,764
Legal Adviser – Borough Solicitor (Camden)	2018/19	7,224	946	8,170
	2019/20	7,369	1,017	8,386

Note 1 The Chief Executive of Camden retired on 31 March 2019. The new Chief Executive undertook the role of Clerk to the Authority from 1 April 2019

Note 2 Two Camden Executive Directors of Corporate Services undertook this role in 2018/19. The first for the period to 31 December 2018 and the second from 1 January 2019.

19. EXTERNAL AUDIT COSTS

Mazars LLP were appointed auditors to the Authority from 2018/19. The Authority has incurred the following costs in relation to the audit of the statutory accounts. Mazars LLP have not provided any additional services to the authority in either 2018/19 or 2019/20. No other audit fees were incurred in 2018/19 or 2019/20.

	2018/19 £	2019/20 £
Audit of the Statutory Accounts	14,068	14,068

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INTRODUCTION TO THE GROUP ACCOUNTS

Until 22 December 2009 the Authority held a 50% interest in the shares of LondonEnergy Ltd (formerly 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 means of complying with the requirements of the Environmental Protection Act 1990. However, on 22 December 2009 the Authority purchased the shares held by its joint venture partner and LondonEnergy Ltd became wholly owned by the Authority but continues to operate at arm-length with its own board of directors and management team.

ABOUT LONDONENERGY LTD

LondonEnergy Ltd is a company limited by shares incorporated in England and Wales. 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 LondonEnergy Ltd has returned to NLWA ownership and handled approximately 770,000 tonnes of waste in 2019. The company employs approximately 340 staff offering a wide range of services. 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. On 5 September 2017, the company changed its registered name from LondonWaste Ltd to LondonEnergy Ltd.

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 its stewardship of the funds supplied by 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 LondonEnergy Ltd.

The Authority's accounting year ends on 31 March and LondonEnergy Ltd has an accounting year end of 31 December. The Code permits the consolidation of accounting statements of different dates so long as the two dates are not more than three months apart and that accounting statements of a date that isn't 31 March are adjusted for the effects of significant transactions and events that occurred between the two dates. No adjustments were found to be necessary to the financial statements of LondonEnergy Ltd at 31 December 2019.

In accordance with IFRS 3 *Business Combinations* and the Code of Practice, LondonEnergy has been included on a line by line basis. Accordingly, these group accounts consist of:

- this introduction, explaining the basis on which the group accounts have been prepared;
- a group expenditure and funding analysis;
- a group movement in reserves statement;
- a group comprehensive income and expenditure statement;
- a group balance sheet;
- a group cash flow statement.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2020

GROUP EXPENDITURE AND FUNDING ANALYSIS

2018/19			2019/20		
Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
50,494	(5,239)	45,255	47,869	797	48,666
50,494	(5,239)	45,255	47,869	797	48,666
(47,774)	-	(47,774)	(46,311)	-	(46,311)
2,720	(5,239)	(2,519)	1,558	797	2,355
26,375		Opening Balance	23,655		
(2,720)		Add Surplus/(Deficit) in Year	(1,558)		
23,655		Closing Balance at 31 March	22,097		

North London Waste Authority

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GROUP MOVEMENT IN RESERVES STATEMENT

	General Balance £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
2019/20					
Balance at 31 March 2019 brought forward	23,655	1,439	25,094	118,785	143,879
Movement in reserves during 2019/20					
Total Comprehensive Income and Expenditure	(2,355)	-	(2,355)	-	(2,355)
Adjustments between accounting basis & funding basis under regulations	797	-	797	(797)	-
Increase/(Decrease) in 2019/20	(1,558)	-	(1,558)	(797)	(2,355)
Balance at 31 March 2020 carried forward	22,097	1,439	23,536	117,988	141,524
2018/19					
Balance at 31 March 2018 brought forward	26,375	1,439	27,814	113,546	141,360
Movement in reserves during 2018/19					
Total Comprehensive Income and Expenditure	2,519	-	2,519	-	2,519
Adjustments between accounting basis & funding basis under regulations	(5,239)	-	(5,239)	5,239	-
Increase/(Decrease) in 2018/19	(2,720)	-	(2,720)	5,239	2,519
Balance at 31 March 2019 carried forward	23,655	1,439	25,094	118,785	143,879

North London Waste Authority

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GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
81,558	(36,303)	45,255	Environmental and regulatory services	83,212	(34,546)	48,666	
81,558	(36,303)	45,255	Cost of Services	83,212	(34,546)	48,666	
		(48,511)	Other Operating (Income) and Expenditure			(53,181)	
		1,610	Financing and Investment (Income) and Expenditure			1,723	
		386	Taxation and Non-Specific Grant Income			(360)	
		(1,260)	Surplus on Provision of Services			(3,152)	
		(1,218)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			4,846	
		(41)	Actuarial (Gain)/Loss on Pension Assets			661	
		(1,259)	Other Comprehensive Income and Expenditure			5,507	
		(2,519)	Total Comprehensive Income and Expenditure			2,355	

North London Waste Authority

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GROUP BALANCE SHEET

	Note	31 Mar 2019 £'000	31 Mar 2020 £'000
Property, Plant and Equipment	5.6, 5.8	134,399	156,690
Long Term Investments	5.6, 5.8	50,213	50,213
LONG TERM ASSETS		184,612	206,903
CURRENT ASSETS	5.9	41,497	126,916
CURRENT LIABILITIES	5.7, 5.10	(20,152)	(50,168)
Long Term Borrowings		(60,000)	(140,000)
Long Term Liabilities - Pension		(302)	(249)
Deferred Taxation		(1,776)	(1,878)
Other Long Term Liabilities		-	-
LONG TERM LIABILITIES		(62,078)	(142,127)
NET ASSETS		143,879	141,524
<u>Usable Reserves</u>			
General Fund Balance		23,655	22,097
Capital Receipts Reserve		1,439	1,439
<u>Unusable Reserves</u>			
Capital Adjustment Account	5.7	56,085	60,082
Revaluation Account		9,639	9,638
Capital Revaluation Account		21,706	21,706
Acquisition Revaluation Reserve		31,657	26,811
Pension Reserve		(302)	(249)
TOTAL RESERVES		143,879	141,524

Jon Rowney

Financial Adviser 31 August 2020

North London Waste Authority

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GROUP CASH FLOW STATEMENT

	2018/19 £'000	2019/20 £'000
Net surplus on the provision of services	(1,260)	(3,152)
Adjustments to net surplus on the provision of services for non-cash movements	<u>(4,677)</u>	<u>(12,929)</u>
Net cash inflow from operating activities	(5,937)	(16,081)
Investing activities	10,622	33,292
Financing activities	<u>-</u>	<u>(100,000)</u>
Net (increase)/decrease in cash and cash equivalents	4,685	(82,789)
Cash and cash equivalents at the beginning of the reporting period	<u>(33,930)</u>	<u>(29,245)</u>
Cash and cash equivalents at the end of the reporting period	<u>(29,245)</u>	<u>(112,034)</u>

NOTES TO THE GROUP ACCOUNTS

1. ACCOUNTS OF LONDONENERGY LTD

The 2019 accounts were approved by the Board of LondonEnergy Ltd on 24 March 2020 and received an unqualified audit opinion by BDO LLP (the Company's statutory auditor) on 19 May 2020. LondonEnergy Ltd is not required to comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 but with effect from 2015 it is required to prepare financial statements in accordance with Financial Reporting Standard 102.

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

2. CONSOLIDATION ADJUSTMENT

The consolidated balance sheet for 2018/19 was adjusted for items of income and expenditure that were, at the time, in dispute between the North London Waste Authority and LondonEnergy Ltd. These items have been resolved and no adjustments have been made to the 2019/20 statements.

These balances related to both income and expenditure from prior years. The Amount for Debtors in the Authority's balance sheet included £875,416 and Creditors falling due within 1 year included £663,007. These amounts were not included in the LondonEnergy Ltd. financial statements for the year ended 31 December 2018.

North London Waste Authority

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3. INVESTMENT IN LONDONENERGY LTD

Summarised balance sheet of LondonEnergy Ltd

		31-Dec-18 £'000	31-Dec-19 £'000
	Note		
LONG TERM ASSETS			
Tangible assets	5.6	41,803	43,321
		<u>41,803</u>	<u>43,321</u>
CURRENT ASSETS			
Stocks		2,390	2,953
Debtors		12,930	13,009
Cash at bank and in hand		18,944	12,582
		<u>34,264</u>	<u>28,544</u>
CREDITORS: amounts falling due within one year		<u>(13,803)</u>	<u>(11,279)</u>
NET CURRENT ASSETS		<u>20,461</u>	<u>17,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,264	60,586
PROVISIONS FOR LIABILITIES -			
Deferred tax		(1,776)	(1,878)
TOTAL PROVISIONS		<u>(1,776)</u>	<u>(1,878)</u>
NET ASSETS		<u>60,488</u>	<u>58,708</u>
CAPITAL AND RESERVES			
Called up share capital		31,196	31,196
Share premium		1,648	1,648
Profit and loss account		27,644	25,864
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>60,488</u>	<u>58,708</u>

4. SHARE PREMIUM RESERVE

The share premium reserve represented the Authority's 50% share of LondonEnergy Limited's share premium account.

5. NOTES TO THE GROUP ACCOUNTS

In addition to the notes and accounting policies to the Authority single-entity accounts, the following disclosures are made in respect of LondonEnergy Ltd.

Accounting Policies

5.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2020. The acquisition method of accounting has been

Statement of Accounts for the year ended 31 March 2020

adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the comprehensive income and expenditure statement from the date of acquisition or up to the date of disposal.

5.2 Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions has been capitalised.

5.3 Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

5.4 Deferred Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as likely that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

5.5 Pensions

LondonEnergy Ltd operates a defined benefits pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The pension charge is based on the latest actuarial valuation.

For the defined benefit scheme, the company recognises the net assets or liabilities of the scheme in the balance sheet, net of any related deferred tax liability or asset. The changes in scheme assets and liabilities, based on actuarial advice are as follows:

- a. The current service cost based on the most recent actuarial valuation is deducted in arriving at operating profit.
- b. The interest cost, based on the present value of the scheme liabilities and the discount rate at the beginning of the year and amended for changes in scheme liabilities during the year, is included as interest.
- c. The expected return on scheme assets, based on the fair value of scheme assets and expected rates of return at the beginning of the year and amended for changes in the scheme assets during the year, is included as interest.
- d. Actuarial gains and losses, representing differences between the expected return and actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the year, and changes in actuarial assumptions, are recognised in the movement in reserves statement.
- e. Past service costs are spread evenly over the period in which the increases in benefit vest and are deducted in arriving at operating profit. If an increase in benefits vests immediately, the cost is recognised immediately.
- f. Gains and losses arising from settlements or curtailments not covered by actuarial assumptions, are included in operating profit.

5.6 Non Current Assets and Depreciation

The non-current assets of LondonEnergy Ltd are included in its financial statements at depreciated historical cost. This is not in accordance with The Code which permits this method of depreciation only for small value assets with short lives and where no other approach is practicable. Moreover,

North London Waste Authority

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the Company values its freehold land at historic cost. Accordingly, the Authority commissioned Savills chartered surveyors to value the Company's land, buildings, plant and machinery at 31 March on an existing use value basis. The conclusions from Savills' investigations are reflected in the Group financial statements and in the table below. Vehicles and office equipment were outside the scope of Savills' work and are included at depreciated historical cost. The depreciation rates used for these assets are within the range 12.5% and 25%.

The non-current assets of the North London Waste Authority are as set out in Authority's statements and notes. The Authority has two depreciable assets – a waste transfer station and yard at Hornsey Street in the London Borough of Islington and a water pumping station in Edmonton in the London Borough of Enfield. For these assets, depreciation is calculated on a straight-line basis over 20 years and 9 years, respectively. This is in accordance with advice sought from the valuer. The Authority also has a land holding at Pinkham Way in the London Borough of Haringey. Land is not depreciated. All assets are valued on a five-year cycle and impairment reviews are undertaken in the interim years.

PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Vehicles & Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
Movement on balances in 2019/20				
Cost or Valuation				
At 1 April 2019	135,847	4,697	9,079	149,623
Additions,	-	75	33,217	33,292
Disposals	(246)	(234)	(34)	(514)
Transfer between classes	2,941	3,559	(6,500)	-
Revaluation	(4,846)	-	-	(4,846)
At 31 March 2020	133,696	8,097	35,762	177,555
Depreciation and Impairment				
At 1 April 2019	12,011	3,213	-	15,224
Depreciation Charge	5,399	722	-	6,121
Disposals	(246)	(234)	-	(480)
At 31 March 2020	17,164	3,701	-	20,865
Net Book Value at 31 March 2020	116,532	4,396	35,762	156,690
Net Book Value at 31 March 2019	123,836	1,484	9,079	134,399

North London Waste Authority

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Comparative movement on balances in 2018/19

Cost or Valuation

At 1 April 2018	137,798	9,719	1,145	148,662
Additions,	-	414	10,208	10,622
Disposals	(4,931)	(5,948)	-	(10,879)
Transfer between classes	1,762	512	(2,274)	-
Revaluation	1,218	-	-	1,218
At 31 March 2019	135,847	4,697	9,079	149,623

Depreciation and Impairment

At 1 April 2018	11,759	8,746	-	20,505
Depreciation Charge	5,174	415	-	5,589
Disposals	(4,922)	(5,948)	-	(10,870)
Write back to CIES	-	-	-	-
At 31 March 2019	12,011	3,213	-	15,224
Net Book Value at 31 March 2019	123,836	1,484	9,079	134,399
Net Book Value at 31 March 2018	126,039	973	1,145	128,157

5.7 Accounting for Capital Grants

In 2005 the Authority was successful in securing a capital grant from the London Recycling Fund to assist with the funding of a new In-vessel Composting Facility (IVC) at LondonEnergy Ltd.'s Eco-Park. £1.7m was paid over to LondonEnergy Ltd in March 2005 which was offset by the receipt of a grant from the London Recycling Fund. LondonEnergy Ltd constructed the IVC facility at the Eco-Park and has been using it to process compostable waste delivered by the Authority since 2005.

Under The Code of Practice, where there were no conditions attached or where the recipient has complied with any conditions, the grant must be recognised immediately in the Comprehensive Income and Expenditure Statement. If the expenditure that the grant was intended to fund has been incurred the income must be reversed out of General Fund balances via the Movement in reserves Statement.

The policy of LondonEnergy Ltd with regard to this grant has been to amortise the grant over the 15 year expected life of the IVC facility. Accordingly, each year, the Company credits its Profit and Loss Account with £0.113m; with the un-amortised balance being retained as a creditor. This accounting treatment is not compliant with the Code.

The Authority therefore, as part of the group accounts consolidation process, has changed the accounting treatment of the grant to reflect the provisions of the Code.

5.8 Acquisition Note

On 22 December 2009, the Authority acquired the remaining 50% of its joint venture, LondonEnergy Limited. LondonEnergy Limited is fully consolidated in these financial statements. The acquisition has been accounted for using acquisition accounting. The goodwill arising at acquisition of £50.213m was capitalised.

North London Waste Authority

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The 2009 accounts for LondonEnergy Ltd showed that the Company's net assets were valued at £46.327m at 31 December 2009. The Code of Practice requires the Authority to take into account the estimated fair value of LondonEnergy Ltd at the balance sheet date and therefore in preparing its 2009/10 accounts the Authority determined this to be £94.577m after a positive adjustment of £48.250m to the Company's non-current assets.

For the purposes of ensuring that the 2019/20 group accounts were prepared in accordance with International Financial Reporting Standards (IFRS), the Authority commissioned chartered surveyors Savills to value the company's land, buildings and plant and machinery at 31 March 2020. Savills concluded that the fair value of these assets at that date was £86.500m, i.e. an increase of £50.936m over the figure of £35.564m included in the company's balance sheet as at 31 December 2019. These adjustments have been reflected in the group balance sheet.

The increase in the net assets on acquisition of LondonEnergy Ltd gave rise to an increase in value which is recorded in an Acquisition Revaluation Reserve in the sum of £24.125m and included in the 2009/10 group accounts. Annual valuations undertaken since then to March 2019 increased this reserve by £7.532m to £31.657m. A further valuation at March 2020 has decreased this reserve by £4.846m bringing the balance to £26.811m.

5.9 Analysis of Current Assets

	31 March 2019 £'000	31 March 2020 £'000
HM Revenue and Customs	1,857	2,980
Other debtors	8,005	8,949
Inventories	2,390	2,953
Cash and cash equivalents	29,245	112,034
	<u>41,497</u>	<u>126,916</u>

5.10 Analysis of Current Liabilities

	31 March 2019 £'000	31 March 2020 £'000
Short Term Borrowings	(731)	(20,995)
Other creditors	(18,395)	(28,586)
Central Government	(1,026)	(587)
	<u>(20,152)</u>	<u>(50,168)</u>