

**North London Waste Authority**

**Statement of Accounts for the year ended**

**31 March 2016**

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

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# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 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;
- prepared 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 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 2016 and the income and expenditure of the Authority and of the Group for the year then ended.

**Mike O'Donnell, CPFA**

Financial Adviser 29 June 2016

**North London Waste Authority**

**Statement of Accounts for the year ended 31 March 2016**

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

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

This will be inserted upon completion of the audit.

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# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 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 2015/16* (The Code) and the *Guidance Notes for Practitioners* (both published by the Chartered Institute of Public Finance and Accountancy). The Code requires that four key statements are provided; they comprise:

**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 are 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 LondonWaste Ltd.

#### OPERATING PERFORMANCE

The principal statutory responsibility for the Authority is to receive, treat and/or dispose of waste collected by the seven constituent boroughs; the London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest. The amount of residual waste entering the waste stream in 2015/16 has increased by 8,851 tonnes (1.53%) compared with 2014/15 i.e. from 579,521 tonnes to 588,372 tonnes.

Although not statutorily obliged to do so, the Authority continued to provide key recyclable waste treatment services to six of its constituent boroughs. 52,741 tonnes of compostable waste was sent to the Authority for treatment in 2015/16 (53,547 tonnes in 2014/15), a year on year decrease of 806 tonnes. 118,042 tonnes of dry recyclable waste were delivered to the Authority compared with 116,872 in

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

2014/15. The Commingled Income Payment Scheme (CIPS) continued to be a success. The scheme makes contributions towards the costs incurred by constituent boroughs in collecting and delivering dry recyclable materials to the Authority. In practice payments are limited to the income that the Authority receives from the sale of recyclable materials and there is therefore no net cost or benefit to the Authority. Sale prices of dry recyclable materials however remained low in 2015/16 averaging £21.21 per tonne compared with £21.81 in 2014/15. The scheme is beneficial to those boroughs in receipt of the CIPS payments; the Authority expects to pay a total of £2.503m to participating boroughs relating to 2015/16 (£2.549m in 2014/15).

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 £82.60 per tonne in 2015/16, will rise by £1.80 to £84.40 per tonne in 2016/17 and will continue to rise in line with the retail price index to £86.10 in 2017/18. The Government has said that it remains committed to ensuring rates are not eroded in real terms. The tax has a significant impact on the Authority's budget and therefore the cost to constituent boroughs and is a major driver for diverting waste from landfill.

During the year, LondonWaste Ltd. reached an agreement so that all waste that currently goes to landfill from the Hendon Waste Transfer Station, will instead go to a third-party operated Energy from Waste Facility once it opens in the summer of 2016. This is expected to generate a saving compared to the cost of disposal through landfill.

From October 2015, LondonWaste Ltd. took over the management of the Summers Lane Reuse and Recycling Centre (RRC) in the London Borough of Barnet. North London's reuse shop, 'Second Time Around' was officially opened in November. The shop 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.

Phase two of the public consultation process to support an application to the Secretary of State for a Development Consent Order (DCO) for the construction of a replacement Energy Recovery Facility at the Eco-Park in Edmonton took place in May and June 2015 and the feedback received has been considered by the Authority. The consultation process informed the preparation of the application for a Development Consent order which was submitted in October 2015 and was subsequently accepted for examination by the Planning Inspectorate. This process is ongoing and a decision is required to be issued by the Secretary of State by February 2017.

The Authority continued to invest in waste prevention and reduction. Work in 2015/16 focussed on food waste reduction, furniture and textile re-use initiatives. Food waste reduction work was delivered through face to face engagement with residents through information stands and workshops in shopping centres, libraries, universities and community centres. All told, Authority staff were involved in 111 food waste reduction events, directly engaging with over 11,000 residents. For example, the Authority worked with environmental charity, Hubbub, to deliver the North London Pumpkin Rescue Festival. A number of events including a pumpkin party and pumpkin cookery classes were held and the festival diverted an estimated 3.37 tonnes from disposal. Textile re-use was promoted by delivering sewing workshops and 'swishing' (clothing exchange) events across North London. To support this activity, communications activity included ten waste prevention press releases and 484 Tweets resulting in 510 new Twitter followers and 24,547 unique page views of the Authority's Wise Up To Waste website pages on waste prevention.

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 2015/16, the scheme diverted some 2,600 tonnes from disposal.

### FINANCIAL PERFORMANCE

The Authority agreed its 2015/16 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 and the acquisition of sites for the development of its future waste treatment facilities. In doing so the Authority was aware, as in past years, that if favourable circumstances arose during the year some revenue balances may become available to help fund future budgets. LondonWaste Ltd was able to pay a dividend of £1m in 2015.



## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

In February 2016 the Authority was advised that revenue balances at 31 March 2016 were forecast to be £9.591m. Since then there has been a reduction in the amount of waste sent to landfill, savings in corporate support service costs, replanning of North London Heat and Power project costs into 2016/17 and no call on the contingency have resulted in revenue balances at 31 March 2016 of £13.874m.

Compared to 2014/15, the net cost of services increased by £1.473m (3%). This can largely be attributed to a number of key areas: Wholesale Electricity prices dropped in the year leading the Authority to pay more through its contract with LondonWaste Ltd. and the costs of processing recyclates increased. The Authority agreed to take on the management of the Summers Lane RRC during the year, increasing its overall RRC expenditure. In addition, timing of the DCO process and consultation created year on year increase in costs. These increases were partially offset by a reduction in landfill tax incurred and a saving on corporate overheads.

The Authority also took the decision when setting the 2015/16 budget to reduce the charges to boroughs for Household and Non-Household waste, causing income to reduce overall. Despite this, the Levy to boroughs overall remained unchanged at £46.452m.

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# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 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 2016 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 LondonWaste 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 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.
- 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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## Statement of Accounts for the year ended 31 March 2016

- 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 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 Councils' – 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 Authority. The Authority has agreed a plan of action to review the past audit review recommendations and further audit work which will be completed in the year ahead. The work of internal audit is to co-ordinate with that the Authority's external auditor.
- 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 Members' Finance Working Group provides an effective means of enabling detailed review and examination by Members of the Authority's financial and risk management issues.

The Authority is further supported the work of the Members' Recycling Working Group and a Member/Officer Steering Group. The Authority continues to have in place strong and effective working arrangements with its constituent boroughs.

As services are provided through 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

The Authority is 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.

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## Statement of Accounts for the year ended 31 March 2016

### 5. Significant Governance Issues

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

- A review of Standing Orders was undertaken. Changes were made to reflect new Public Contracts Regulations and the rights of the public to record meetings. The changes were approved by the Authority at its meeting in June 2015.
- The Authority's risk register was reviewed by the Members' Finance Working Group and the conclusions were reported to the Authority in September 2015. A high level risk register for LondonWaste Ltd. was created so that the risks for the company could be taken into account by the Authority as shareholder.
- The Statement of Arrangements between the Authority and the London Boroughs of Camden and Haringey was reviewed during the year and in December and the Authority agreed that this should be revised to reflect current arrangements. Between them, the two boroughs provide the Authority with staff and a number of services including financial matters, IT and legal support. This work is ongoing.
- In January and early February, the seven constituent boroughs each agreed to apportion future levies, from 2016/17, in a way that will incentivise waste prevention and recycling and to enter into an Inter Authority Agreement (IAA) with the Authority. The IAA, executed in May 2016, will formalise the duties and powers of the parties for the next forty years as well as cementing the change to the way that the Levy and charges from the Authority to the boroughs are calculated, as of April 2016.

### 6. 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 the internal audit reviews and the development and completion of a further internal work programme in 2016/17.
- Keeping under review the governance arrangements for LondonWaste Ltd.

### 7. 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.

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Councillor Clyde Loakes  
Chair of the NLWA

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Mike Cooke  
Clerk to the NLWA

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### MOVEMENT IN RESERVES STATEMENT

| <b>2014/15</b>   | General<br>Fund<br>Balance | Earmarked<br>General<br>Fund<br>Reserves | Capital<br>Receipts<br>Reserve | <b>Total<br/>Usable<br/>Reserves</b> | Unusable<br>Reserves | <b>Total<br/>Authority<br/>Reserves</b> |
|--|----------------------------|--|--------------------------------|--------------------------------------|----------------------|---|
|  | <b>£000</b>                | <b>£000</b>                              | <b>£000</b>                    | <b>£000</b>                          | <b>£000</b>          | <b>£000</b>                             |
| <b>Balance at 31 March 2014</b>  | <b>10,742</b>              | <b>1,000</b>                             | <b>1,439</b>                   | <b>13,181</b>                        | <b>61,961</b>        | <b>75,142</b>                           |
| <b>Movement in reserves during 2014/15</b>                                       |                            |  |                                |                                      |                      |   |
| Surplus or (deficit) on provision of services                                    | 6,809                      | -  | -                              | <b>6,809</b>                         | -                    | <b>6,809</b>                            |
| Other Comprehensive Expenditure and Income                                       | (606)                      | -  | -                              | <b>(666)</b>                         | -                    | <b>666</b>                              |
| <b>Total Comprehensive Income and Expenditure</b>                                | <b>(6,143)</b>             | <b>-</b>                                 | <b>-</b>                       | <b>6,143</b>                         | <b>-</b>             | <b>6,143</b>                            |
| Adjustments between accounting basis & funding basis under regulations           | (2,463)                    | -  | -                              | <b>(2,463)</b>                       | 2,463                | -                                       |
| <b>Net Increase/(Decrease) in 2014/15 before transfers to Earmarked Reserves</b> | <b>3,680</b>               | <b>-</b>                                 | <b>-</b>                       | <b>3,680</b>                         | <b>2,463</b>         | <b>6,143</b>                            |
| Transfers to/from Earmarked Reserves   | 1,000                      | (1,000)                                  | -                              | -                                    | -                    | -                                       |
| <b>Balance at 31 March 2015 carried forward</b>                                  | <b>15,422</b>              | <b>-</b>                                 | <b>1,439</b>                   | <b>16,861</b>                        | <b>64,424</b>        | <b>81,285</b>                           |

**North London Waste Authority**

**Statement of Accounts for the year ended 31 March 2016**

**MOVEMENT IN RESERVES STATEMENT**

| <b>2015/16</b>   | <b>General Fund Balance</b> | <b>Earmarked General Fund Reserves</b> | <b>Capital Receipts Reserve</b> | <b>Total Usable Reserves</b> | <b>Unusable Reserves</b> | <b>Total Authority Reserves</b> |
|--|-----------------------------|--|---------------------------------|------------------------------|--------------------------|---------------------------------|
|  | <b>£000</b>                 | <b>£000</b>                            | <b>£000</b>                     | <b>£000</b>                  | <b>£000</b>              | <b>£000</b>                     |
| <b>Balance at 31 March 2015 brought forward</b>                        | 15,422                      | -                                      | 1,439                           | 16,861                       | 64,424                   | 81,285                          |
| <b>Movement in reserves during 2015/16</b>                             |                             |  |                                 |                              |                          |                                 |
| Surplus or (deficit) on provision of services                          | 1,657                       | -                                      | -                               | 1,657                        | -                        | 1,657                           |
| Other Comprehensive Expenditure and Income                             | 2                           | -                                      | -                               | 2                            | -                        | 2                               |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>1,659</b>                | <b>-</b>                               | <b>-</b>                        | <b>1,659</b>                 | <b>-</b>                 | <b>1,659</b>                    |
| Adjustments between accounting basis & funding basis under regulations | (3,207)                     | -                                      | -                               | (3,207)                      | 3,207                    | -                               |
| <b>Net Increase/(Decrease) in 2015/16</b>                              | <b>(1,548)</b>              | <b>-</b>                               | <b>-</b>                        | <b>(1,548)</b>               | <b>3,207</b>             | <b>1,659</b>                    |
| <b>Balance at 31 March 2016 carried forward</b>                        | <b>13,874</b>               | <b>-</b>                               | <b>1,439</b>                    | <b>15,313</b>                | <b>67,631</b>            | <b>82,944</b>                   |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2014/15                   |                      |                         | Further details of the Authority's Income and Expenditure can be found at Note 2. | 2015/16                   |                      |                         |
|---------------------------|----------------------|-------------------------|---|---------------------------|----------------------|-------------------------|
| Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |   | Gross Expenditure<br>£000 | Gross Income<br>£000 | Net Expenditure<br>£000 |
| 56,897                    | (14,588)             | 42,309                  | Environmental and regulatory services   | 58,174                    | (14,392)             | 43,782                  |
| <b>56,897</b>             | <b>(14,588)</b>      | <b>42,309</b>           | <b>Cost Of Services</b>   | <b>58,174</b>             | <b>(14,392)</b>      | <b>43,782</b>           |
|                           |                      | (46,452)                | Other Operating (Income) and Expenditure  |                           |                      | (46,452)                |
|                           |                      | (2,666)                 | Financing and Investment (Income) and Expenditure                                 |                           |                      | 1,013                   |
|                           |                      | <b>(6,809)</b>          | <b>(Surplus)/Deficit on Provision of Services</b>                                 |                           |                      | <b>(1,657)</b>          |
|                           |                      | 640                     | (Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets          |                           |                      | 0                       |
|                           |                      | 26                      | Actuarial Loss/(Gain) on Pension Assets   |                           |                      | (2)                     |
|                           |                      | <b>666</b>              | <b>Other Comprehensive Income and Expenditure</b>                                 |                           |                      | <b>(2)</b>              |
|                           |                      | <b>(6,143)</b>          | <b>Total Comprehensive Income and Expenditure</b>                                 |                           |                      | <b>(1,659)</b>          |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### BALANCE SHEET

|                               | Note | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>£'000 |
|-------------------------------|------|---------------------------|---------------------------|
| Property, Plant and Equipment | 10   | 24,655                    | 26,344                    |
| Long Term Investments         | 11   | 119,392                   | 119,392                   |
| <b>LONG TERM ASSETS</b>       |      | <b>144,047</b>            | <b>145,736</b>            |
| <u>Short Term Debtors</u>     |      |                           |                           |
| Balance held with LB Camden   | 22   | 12,701                    | 12,988                    |
| LondonWaste Ltd               |      | 2,068                     | 1,822                     |
| HM Revenue and Customs        |      | 1,249                     | 1,025                     |
| Other debtors –revenue        |      | 1,132                     | 1,563                     |
| <b>CURRENT ASSETS</b>         |      | <b>17,150</b>             | <b>17,398</b>             |
| <u>Short Term Creditors</u>   |      |                           |                           |
| Short Term Borrowings         | 12   | (25,903)                  | (26,138)                  |
| LondonWaste Ltd               |      | (8,053)                   | (5,844)                   |
| Other Short Term Creditors    | 17   | (3,935)                   | (4,482)                   |
| <b>CURRENT LIABILITIES</b>    |      | <b>(37,891)</b>           | <b>(36,464)</b>           |
| Long Term Borrowings          | 12   | (40,000)                  | (45,000)                  |
| Other Long Term Liabilities   | 23   | (362)                     | (385)                     |
| <b>LONG TERM LIABILITIES</b>  |      | <b>(40,362)</b>           | <b>(45,385)</b>           |
| <b>NET ASSETS</b>             |      | <b>82,944</b>             | <b>81,285</b>             |
| <u>Usable Reserves</u>        |      |                           |                           |
| General Fund Balance          |      | 13,874                    | 15,422                    |
| Capital Receipts Reserve      | 16   | 1,439                     | 1,439                     |
| <u>Unusable Reserves</u>      |      |                           |                           |
| Capital Adjustment Account    | 13   | 40,349                    | 37,165                    |
| Revaluation Account           | 14   | 5,938                     | 5,938                     |
| Capital Revaluation Account   | 15   | 21,706                    | 21,706                    |
| Pension Reserve               | 23   | (362)                     | (385)                     |
| <b>TOTAL RESERVES</b>         |      | <b>82,944</b>             | <b>81,285</b>             |

Mike O'Donnell CPFA

Financial Adviser 29 June 2016



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### CASH FLOW STATEMENT

|  | Note | 2015/16<br>£'000 | 2014/15<br>£'000 |
|--|------|------------------|------------------|
| Net surplus on the provision of services   |      | (1,657)          | (6,809)          |
| Adjustments to net surplus on the provision of services for non-cash movements                               |      | (3,056)          | (435)            |
| Adjustments for items included in the net surplus on the provision of services that are investing activities |      |                  | -                |
| Net cash inflow from operating activities  | 20   | (4,713)          | (7,244)          |
| Investing activities   | 20   | -                | 9                |
| Financing Activities   | 20   | 5,000            | 25,000           |
| Net decrease in cash and cash equivalents  |      | 287              | 17,765           |
| Cash and cash equivalents at the beginning of the reporting period   |      | (12,988)         | (30,753)         |
| <b>Cash and cash equivalents at the end of the reporting period</b>  |      | <u>(12,701)</u>  | <u>(12,988)</u>  |

The Authority's cash balances are held and managed on its behalf by the London Borough of Camden and are reflected in Camden's accounting statements. The Authority therefore holds no cash or cash equivalents on its own account – instead, an inter company account is maintained, the balance of which is a proxy for the Authority's cash position. In order to provide a more meaningful picture of the Authority's liquidity, for the purposes of this Cash Flow Statement the inter-company account balance is treated as cash and cash equivalents.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### ACCOUNTING POLICIES

The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, 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 sufficient to be material and therefore no accrual has been made. However, non consolidated performance related pay paid to staff in 2016/17 in respect of their work in 2015/16 have been accrued for.

##### Post employment benefits

In December 1994 all operational 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 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 2016

### Investments and Property

The Authority's investment in LondonWaste Ltd is held at cost. The land at Pinkham Way was valued at 31 March 2014. The Hornsey Street property was valued at 31 March 2015.

#### Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve. The Authority has no investment properties.

#### 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 2015/16 financial statements. Prior year adjustments in respect of the accounts of LondonWaste Ltd are reflected and detailed 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.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

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 LondonWaste 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 payable by the Authority.

### 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 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 rating is 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.

### 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

## **North London Waste Authority**

### **Statement of Accounts for the year ended 31 March 2016**

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 LondonWaste 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 LondonWaste 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.

**NOTES TO THE ACCOUNTS**

**1. EVENTS AFTER THE BALANCE SHEET DATE**

This draft Statement of Accounts was authorised by the Financial Adviser on XX June 2016. 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 2016, 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 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

The analysis below presents the Authority's Income and Expenditure in a format that is intended to aid the understanding of its activities and financial performance.

| <b>EXPENDITURE</b>                          | <b>Note</b> | <b>2015/16</b>  | <b>2014/15</b>  |
|---|-------------|-----------------|-----------------|
|   |             | <b>£'000</b>    | <b>£'000</b>    |
| Main Waste Disposal Contract                | 5 (a)       | 25,625          | 24,575          |
| Civic Amenity Waste                         | 5 (a)       | 1,286           | 1,388           |
| Landfill Tax                                |             | 7,883           | 8,358           |
| Composting Services                         | 5 (b)       | 2,277           | 2,691           |
| Materials Recovery Facility Services        | 5 (c)       | 6,299           | 5,986           |
| Transfer Stations and other Sites           |             | 3,132           | 3,167           |
| Re-use and Recycling Centres                | 6           | 2,801           | 2,350           |
| Corporate and Other Support Service Costs   | 4, 19       | 1,828           | 1,974           |
| Operations Team                             |             | 482             | 481             |
| Waste Reduction Programme – New Initiatives |             | 293             | 294             |
| Technical and Planning Team                 |             | 246             | 269             |
| Joint Communications Initiative             |             | -               | 5               |
| Recycling Initiatives                       |             | 237             | 220             |
| Commingled Income Payment Scheme            | 24          | 2,503           | 2,549           |
| Sites and Planning Process Costs            |             | 3,282           | 2,590           |
| <b>Gross expenditure</b>                    |             | <b>58,174</b>   | <b>56,897</b>   |
| Non-household waste                         | 7           | (9,690)         | (9,966)         |
| Household Waste                             | 7           | (1,920)         | (1,969)         |
| Sale of recyclates                          | 24          | (2,503)         | (2,549)         |
| Rent Receivable                             |             | (108)           | (104)           |
| Other Income                                |             | (171)           | -               |
| <b>Gross income</b>                         |             | <b>(14,392)</b> | <b>(14,588)</b> |
| <b>Cost of Services</b>                     |             | <b>43,782</b>   | <b>42,309</b>   |
| Levy  | 9           | (46,452)        | (46,452)        |
| <b>Other Operating Expenditure</b>          |             | <b>(46,452)</b> | <b>(46,452)</b> |

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

|   |    |                |                |
|---|----|----------------|----------------|
| Interest receivable   |    | (125)          | (120)          |
| Pension Interest Cost   |    | 9              | 13             |
| LondonWaste Ltd Dividend  | 18 | (1,000)        | (5,000)        |
| Revenue Funding of capital - interest   | 12 | 2,129          | 2,441          |
| <b>Total Financing and Investment</b>   |    | <b>1,013</b>   | <b>(2,666)</b> |
| <b>(Surplus)/Deficit on Provision of Services</b>                                       |    | <b>(1,657)</b> | <b>(6,809)</b> |
| Deficit/(Surplus) on Revaluation of Non Current Assets                                  |    | -              | 640            |
| Pension Asset – Actuarial (Gain)/Loss   |    | (2)            | 26             |
| <b>Other Comprehensive Income and Expenditure</b>                                       |    | <b>(2)</b>     | <b>666</b>     |
| <b>Total Comprehensive Income and Expenditure</b>                                       |    | <b>(1,659)</b> | <b>(6,143)</b> |
| <b>Adjustments between accounting basis and funding basis under regulations</b>         |    |                |                |
| Statutory provision for the financing of capital investment – Minimum Revenue Provision | 13 | 4,873          | 4,872          |
| Revaluation gains/(losses) on Property, Plant and Equipment                             |    | -              | (640)          |
| Property, plant and equipment - Depreciation  |    | (1,689)        | (1,760)        |
| Reversal of items relating to retirement benefits                                       |    | (7)            | (39)           |
| Employer's pension contributions paid in year   |    | 30             | 30             |
| <b>Total Funding Basis Adjustments</b>  |    | <b>3,207</b>   | <b>2,463</b>   |
| <b>Transfer from Earmarked Reserve</b>  |    | <b>-</b>       | <b>(1,000)</b> |
| <b>(Addition)/Reduction to General Balances</b>   |    | <b>(1,548)</b> | <b>(4,680)</b> |

### 3. MATERIAL ITEMS OF INCOME AND EXPENSE

There were no material items of income and expense in 2015/16.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 4. CORPORATE AND OTHER SUPPORT SERVICES

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

| <b>Camden</b>                                     | <b>Haringey</b>              |
|---|------------------------------|
| Managing Director                                 | Operational support services |
| Clerk and committee services                      |                              |
| External relations                                | <b>Enfield</b>               |
| Financial Adviser and financial services          | Technical Adviser            |
| Internal Audit                                    |                              |
| Legal Adviser and legal and governance services   |                              |
| Operations (waste strategy, contracts management) |                              |
| Personnel services                                |                              |
| Planning and technical solutions                  |                              |

This cost centre also includes the cost of external audit provided for 2015/16 by KPMG LLP. The agreed statutory fee for the audit of the Authority's 2015/16 financial statements and paid to KPMG LLP was £18,270 (2014/15: £18,270). KPMG LLP did not provide any additional services to the Authority in 2015/16 or 2014/15. No other audit fees were incurred in 2015/16; in 2014/15 KPMG charged the Authority £50,400 for work undertaken in connection to the 2013/14 Value for Money conclusion.

### 5. WASTE STREAM TONNAGE STATISTICS

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

#### (a) Residual Waste

| <b>Borough</b> | <b>2015/16<br/>Tonnes</b> | <b>2014/15<br/>Tonnes</b> | <b>Variance<br/>Tonnes</b> | <b>%</b>    |
|----------------|---------------------------|---------------------------|----------------------------|-------------|
| Barnet         | 103,156                   | 101,558                   | 1,598                      | 1.57        |
| Camden         | 85,507                    | 87,084                    | (1,577)                    | (1.81)      |
| Enfield        | 88,186                    | 87,438                    | 748                        | 0.86        |
| Hackney        | 90,964                    | 89,948                    | 1,016                      | 1.13        |
| Haringey       | 72,556                    | 71,665                    | 891                        | 1.24        |
| Islington      | 77,107                    | 72,096                    | 5,011                      | 6.95        |
| Waltham Forest | 70,896                    | 69,733                    | 1,163                      | 1.67        |
|                | <u>588,372</u>            | <u>579,522</u>            | <u>8,850</u>               | <u>1.53</u> |

#### (b) Composting Services

| <b>Borough</b> | <b>2015/16<br/>Tonnes</b> | <b>2014/15<br/>Tonnes</b> | <b>Variance<br/>Tonnes</b> | <b>%</b>      |
|----------------|---------------------------|---------------------------|----------------------------|---------------|
| Barnet         | 20,225                    | 21,133                    | (908)                      | (4.30)        |
| Camden         | 4,122                     | 4,119                     | 3                          | 0.07          |
| Enfield*       | -                         | -                         | -                          | -             |
| Hackney        | 6,035                     | 5,928                     | 107                        | 1.80          |
| Haringey       | 7,792                     | 7,811                     | (19)                       | (0.24)        |
| Islington      | 4,197                     | 4,051                     | 146                        | 3.60          |
| Waltham Forest | 10,369                    | 10,505                    | (136)                      | (1.29)        |
|                | <u>52,740</u>             | <u>53,547</u>             | <u>(807)</u>               | <u>(1.51)</u> |



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### (c) Dry Recyclable Service

| Borough        | 2015/16<br>Tonnes | 2014/15<br>Tonnes | Variance<br>Tonnes | %      |
|----------------|-------------------|-------------------|--------------------|--------|
| Barnet         | 27,519            | 26,884            | 635                | 2.36   |
| Camden         | 18,757            | 18,191            | 566                | 3.11   |
| Enfield *      | -                 | -                 | -                  | -      |
| Hackney        | 17,373            | 14,666            | 2,707              | 18.45  |
| Haringey       | 20,123            | 21,815            | (1,692)            | (7.76) |
| Islington      | 14,643            | 14,594            | 49                 | 0.34   |
| Waltham Forest | 19,627            | 20,723            | (1,096)            | (5.29) |
|                | <u>118,042</u>    | <u>116,873</u>    | <u>1,169</u>       | 1.00   |

\* Enfield makes separate arrangements for the treatment of its compostable and dry-recyclable wastes.

### 6. RE-USE AND RECYCLING CENTRES

In October 2015 the Authority took over the management of the Summers Lane RRC in Barnet and now manages eight (seven in 2014/15) RRCs on behalf of its constituent boroughs. Operating costs were ring-fenced to the relevant borough, such that any under or overspend would be carried forward to the levy calculation in the next available levy year i.e. balances at 31 March 2016 would be available for inclusion in the calculation of the 2017/18 levy. The change in the revenue balance position in 2014/15 for each borough with sites managed by the Authority was as follows:

| Centre Location | Additional<br>balances<br>b/fwd from<br>2014/15 | In year<br>change in<br>balances | Total<br>Balances<br>At 31<br>March 2016 |
|-----------------|---|----------------------------------|--|
|                 | £   | £                                | £  |
| Barnet          | (49)  | 303,133                          | 303,084                                  |
| Camden          | (59,363)  | (22,787)                         | (82,150)                                 |
| Enfield         | (31)  | (4,397)                          | (4,428)                                  |
| Hackney         | (15)  | 699                              | 684                                      |
| Haringey        | (81,661)  | (333,011)                        | (414,672)                                |
| Islington       | (29,108)  | 44,052                           | 14,944                                   |
| Waltham Forest  | (179,247)                                       | (74,750)                         | (253,997)                                |
|                 | <u>(349,474)</u>                                | <u>(87,061)</u>                  | <u>(436,535)</u>                         |

### 7. 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 non chargeable household waste and the fixed costs of meeting the Authority's waste disposal obligations are funded from the levy.

In addition to residual non-household and chargeable household waste, four boroughs (Camden, Hackney, Haringey and Islington) delivered recyclable commingled and food waste to the Authority. The charges per tonne for these waste types are lower than for the residual waste stream tonnages. The tonnages and charges are included in the table below.

Constituent councils make monthly payments on account to the Authority based on estimated levels of non-household and chargeable 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 treatment.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

| Non household waste<br>Borough | 2015/16<br>Budget |                  | 2015/16<br>Actual |                  |
|--------------------------------|-------------------|------------------|-------------------|------------------|
|                                | Tonnes            | £                | Tonnes            | £                |
| Barnet                         | 9,821             | 1,033,759        | 9,889             | 1,039,729        |
| Camden                         | 30,526            | 2,966,151        | 30,037            | 2,915,675        |
| Enfield                        | 8,926             | 939,551          | 9,360             | 984,110          |
| Hackney                        | 18,539            | 1,848,277        | 19,673            | 1,918,955        |
| Haringey                       | 3,521             | 347,105          | 3,396             | 335,361          |
| Islington                      | 23,210            | 2,325,974        | 23,623            | 2,349,457        |
| Waltham Forest                 | 1,392             | 146,521          | 1,392             | 146,355          |
|                                | <u>95,935</u>     | <u>9,607,338</u> | <u>97,370</u>     | <u>9,689,642</u> |

| Chargeable household waste<br>Borough | 2015/16<br>Budget |                  | 2015/16<br>Actual |                  |
|---------------------------------------|-------------------|------------------|-------------------|------------------|
|                                       | Tonnes            | £                | Tonnes            | £                |
| Barnet                                | 2,280             | 239,992          | 2,280             | 239,719          |
| Camden                                | 4,394             | 423,218          | 4,605             | 432,135          |
| Enfield                               | 1,431             | 150,627          | 1,431             | 150,455          |
| Hackney                               | 5,656             | 537,705          | 5,734             | 545,036          |
| Haringey                              | 2,721             | 251,707          | 2,774             | 255,467          |
| Islington                             | 2,164             | 199,295          | 3,326             | 296,585          |
| Waltham Forest                        | -                 | -                | -                 | -                |
|                                       | <u>18,646</u>     | <u>1,802,544</u> | <u>20,150</u>     | <u>1,919,397</u> |

### 8. RENTS

During the year the Authority received rental income from LondonWaste Ltd in respect of the Hornsey Street Waste Transfer Station. Hornsey Street 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. The lease runs until December 2025; all costs of operating the facility are met by LondonWaste Ltd.

### 9. LEVY

The levy on constituent boroughs of £46.452m was agreed at the Authority Meeting on 12 February 2015 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 Re-use and Recycling Centres that have been transferred to the Authority and the core costs of operating the Authority. The levy was apportioned in accordance with the alternative levy arrangements agreed by constituent councils in January 2012.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

| Borough        | 2015/16<br>%  | 2014/15<br>%  | 2015/16<br>£'000 | 2014/15<br>£'000 |
|----------------|---------------|---------------|------------------|------------------|
| Barnet         | 20.37         | 20.77         | 9,462            | 9,649            |
| Camden         | 11.98         | 11.03         | 5,566            | 5,122            |
| Enfield        | 11.18         | 11.15         | 5,191            | 5,180            |
| Hackney        | 12.63         | 12.97         | 5,868            | 6,027            |
| Haringey       | 15.46         | 15.88         | 7,182            | 7,375            |
| Islington      | 11.68         | 12.45         | 5,426            | 5,781            |
| Waltham Forest | 16.70         | 15.75         | 7,757            | 7,318            |
|                | <u>100.00</u> | <u>100.00</u> | <u>46,452</u>    | <u>46,452</u>    |

### 10. NON CURRENT ASSETS

#### Property Plant and Equipment

|                          | Land and<br>Buildings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|--------------------------|--------------------------------|---------------------------------------|----------------|
| Balance at 1 April 2015  | 26,300                         | 44                                    | 26,344         |
| Acquisitions             | -                              | -                                     | -              |
| Depreciation             | (1,689)                        | -                                     | (1,689)        |
| Impairment               | -                              | -                                     | -              |
| Balance at 31 March 2016 | <u>24,611</u>                  | <u>44</u>                             | <u>24,655</u>  |

#### Asset

#### Location

|   |                           |
|---|---------------------------|
| Land – Part of the site of the former Friern Barnet Sewage Treatment Works              | Pinkham Way, Haringey     |
| Waste transfer station and yard   | Hornsey Street, Islington |
| Assets under construction – Costs incurred in developing a Re-use and Recycling Centre. | Western Road, Haringey    |

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 March 2016; no factors to indicate that asset values have been impaired were identified.

### 11. INVESTMENTS – LONDONWASTE LTD

|   | £'000          |
|---|----------------|
| Balance at 1 April 2015 and 31 March 2016 | <u>119,392</u> |

Until 22 December 2009 the company 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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

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 2 to the group accounts.

### 12. BORROWING

Details of borrowings at 31 March 2016, all of which are borrowed from the Public Works Loan Board, are set out below:

| Sum Borrowed                          | Repayment Date |
|---------------------------------------|----------------|
| <b>Current – Short Term Creditor</b>  |                |
| £25,000,000                           | 12 April 2016  |
| <b>Long Term – Long Term Creditor</b> |                |
| £20,000,000                           | 12 April 2020  |
| £10,000,000                           | 16 July 2022   |
| £10,000,000                           | 16 July 2024   |

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 2016. 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 March 2016   |            | 31 March 2015   |            |
|--|-----------------|------------|-----------------|------------|
|  | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
|  | £'000           | £'000      | £'000           | £'000      |
| Sum Borrowed - £65,000,000<br>(2014/15: £70,000,000) | 65,903          | 69,144     | 71,138          | 73,907     |

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

### 13. 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.

|                                 | £'000         |
|---------------------------------|---------------|
| Balance at 1 April 2015         | 37,165        |
| Minimum Revenue Provision (MRP) | 4,873         |
| Depreciation                    | (1,689)       |
| Balance at 31 March 2016        | <u>40,349</u> |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 14. REVALUATION ACCOUNT

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

|                          |              |
|--------------------------|--------------|
|                          | <b>£'000</b> |
| Balance at 1 April 2015  | 5,938        |
| Impairment in 2015/16    | -            |
|                          | <hr/>        |
| Balance at 31 March 2016 | 5,938        |
|                          | <hr/> <hr/>  |

### 15. CAPITAL REVALUATION ACCOUNT

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

|  |              |
|--|--------------|
|  | <b>£'000</b> |
|  | <hr/>        |
| Balances at 1 April 2015 and 31 March 2016 | 21,706       |
|  | <hr/> <hr/>  |

### 16. 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.

|   |              |
|---|--------------|
|   | <b>£'000</b> |
|   | <hr/>        |
| Balance at 1 April 2015 and 31 March 2016 | 1,439        |
|   | <hr/> <hr/>  |

### 17. SHORT TERM CREDITORS

Other creditors and provisions can be analysed as follows

|                                | <b>31 March<br/>2016</b> | <b>31 March<br/>2015</b> |
|--------------------------------|--------------------------|--------------------------|
|                                | <b>£'000</b>             | <b>£'000</b>             |
| Other local authorities        | (2,484)                  | (2,641)                  |
| Other entities and individuals | (1,451)                  | (1,841)                  |
|                                | <hr/>                    | <hr/>                    |
|                                | (3,935)                  | (4,482)                  |
|                                | <hr/> <hr/>              | <hr/> <hr/>              |

### 18. 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.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 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 2015/16.

### 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 2015/16.

### Other Public Bodies

A number of transactions with related parties are disclosed elsewhere in the accounts. Details of each constituent borough's levy, charges for the treatment of non household and chargeable household waste and payments made by the Authority under the Commingled Income Payment Scheme are shown in notes 4, 5, 7, 9 and 24.

The London Borough of Camden acts as lead borough to the Authority and provides a range of support services (see note 4). In 2015/16 the Authority paid Camden £1.889m (2014/15: £1.871m) for the provision of lead borough services. On 31 March 2016 Camden held cash and cash equivalents of £12.701m (31 March 2015: £12.988m) on behalf of the Authority.

The London Borough of Haringey provides IT and financial services to the Authority. In 2014/15 The Authority paid Haringey £0.097m for these services (2013/14: £0.096m).

In 2015/16 the Authority paid Enfield £0.009m (2014/15: £0.009m) for the honoraria paid to the Authority's Technical Adviser.

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 25.

### Entities Controlled by the Authority

At 31 March 2016 the Authority owned 100% (31 March 2015: 100%) of the shares in LondonWaste Ltd. In 2015/16 the Authority paid LondonWaste Ltd £38.085m (2014/15: £37.489m) for waste disposal and transport services. The Company paid a dividend to the Authority of £1.000m (2014/15: £5.000m). The Authority's accounts include a creditor of £8.053m (2014/15 £5.844m) in respect of the services provided to the Authority by the Company and a debtor of £2.068m (2014/15 £1.822m) in respect of income due to the Authority from the Company.

### Amounts Written Off

No related party debts were written off in 2015/16 (2014/15: £nil) and no provisions for doubtful debts were raised (2014/15: £nil).

## 19. LEASING AND HIRE PURCHASE

Included within operating expenditure for both 2014/15 and 2015/16 is rent payable in respect of the Hendon Solid Waste Transfer Station, Brent Terrace.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 20. CASH FLOW STATEMENT

|   | 2015/16<br>£'000 | 2014/15<br>£'000 |
|---|------------------|------------------|
| <b>Cash flows from operating activities include:</b>          |                  |                  |
| Interest Paid   | 2,363            | 2,422            |
| Interest Received   | (83)             | (65)             |
| Dividends Received  | (1,000)          | (5,000)          |
| Other operating activities                                    | (5,993)          | (4,601)          |
|   | <b>(4,713)</b>   | <b>(7,244)</b>   |
| <b>Cash flows from investing activities include:</b>          |                  |                  |
| Purchase of property, plant and equipment                     | -                | 9                |
|   | -                | 9                |
| <b>Cash flows from financing activities include:</b>          |                  |                  |
| Repayment of borrowings from Public Works Loans Board (Net)   | 5,000            | 25,000           |
|   | <b>5,000</b>     | <b>25,000</b>    |
| <b>Total (increase)/decrease in cash and cash equivalents</b> | <b>287</b>       | <b>17,765</b>    |

### 21. ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS

|   | At 31<br>March<br>2015<br>£'000 | Cash<br>flows<br>£'000 | At 31<br>March<br>2016<br>£'000 |
|---|---------------------------------|------------------------|---------------------------------|
| Funds lodged with Camden London Borough Council | 12,988                          | (287)                  | 12,701                          |

### 22. 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 LondonWaste Ltd in December 1994. In 2015/16 the Authority paid £32,400 to the London Pension Fund Authority (£33,300 in 2014/15) in respect of these employees. The Authority's future liability as at 31 March 2016 has been calculated by Barnett Waddingham, the actuaries for the LPFA as being £0.362m (£0.385m at 31 March 2015).

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

The figure is based on the following assumptions:

|                                | 2016 | 2015 |
|--------------------------------|------|------|
| Return on assets discount rate | 2.5% | 2.4% |
| Pension increases              | 1.6% | 1.9% |
| Inflation (RPI)                | 2.5% | 2.7% |
| Inflation (CPI)                | 1.6% | 1.9% |

For 2015/16 the actuary adopted a set of demographic assumptions consistent with those used for the formal funding valuation of the LPFA as at 31 March 2013 (2014/15: valuation as at 31 March 2013). 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.

### 23. 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. As at 31 March 2016 the property is carried on the balance sheet at £13.511m (£15.200m at 31 March 2015).

### 24. COMMINGLED INCOME PAYMENT SCHEME (CIPS)

The Authority makes contributions towards the additional costs incurred by the constituent boroughs in collecting and delivering dry recyclable materials to the Authority. In practice payments to the boroughs are limited to the value of the income that Authority receives from the sale of the recyclable materials which in turn is determined by the tonnage supplied and sale prices achieved. The impact on the Authority's finances is therefore neutral. Income due to participating boroughs in respect of 2015/16 was £2.503m (2014/15: £2.549m). Payments to boroughs were as follows:

|                | 2015/16          | 2014/15          |
|----------------|------------------|------------------|
|                | £                | £                |
| Barnet         | 583,628          | 586,753          |
| Camden         | 397,806          | 396,902          |
| Enfield        | -                | -                |
| Hackney        | 368,450          | 318,932          |
| Haringey       | 426,776          | 476,402          |
| Islington      | 310,566          | 318,024          |
| Waltham Forest | 416,255          | 451,757          |
|                | <u>2,503,481</u> | <u>2,548,770</u> |



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 25. OFFICERS' REMUNERATION

The Authority does not have any directly employed staff. Instead, staff are employed by the London Borough of Camden. The Statement of Arrangements between the Authority and the London Borough's of Camden and Haringey sets out the services that each borough will provide 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 and Haringey. Details of staff employed wholly on NLWA business receiving annual remuneration in excess of £50,000 is shown below.

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

|                                 |         | Salary  | Variable Pay<br>(note 1) | Employers<br>Pension<br>Contribution | Total   |
|---------------------------------|---------|---------|--------------------------|--------------------------------------|---------|
|                                 |         | £       | £                        | £                                    | £       |
| Managing Director               | 2015/16 | 140,760 | *                        | 41,250                               | £       |
|                                 | 2014/15 | 138,000 | 7,760                    | 38,234                               | 183,994 |
| Head of Operations              | 2015/16 | 83,330  | 1,667                    | 24,482                               | 109,479 |
|                                 | 2014/15 | 83,330  | 704                      | 22,749                               | 106,783 |
| Head of Finance (1)<br>(note 2) | 2015/16 | -       | -                        | -                                    | -       |
|                                 | 2014/15 | 86,595  | -                        | 24,024                               | 110,619 |
| Head of Finance (2)<br>(note 2) | 2015/16 | 75,000  | 1,500                    | 21,225                               | 97,725  |
|                                 | 2014/15 | 7,589   | -                        | 2,072                                | 9,661   |
| Head of Legal &<br>Governance   | 2015/16 | 73,435  | 1,469                    | 21,181                               | 96,085  |
|                                 | 2014/15 | 70,575  | 1,408                    | 19,345                               | 91,328  |

Note 1 – Variable pay is a non consolidated payment based on performance.

Note 2 – The Head of Finance (1) retired on 31 March 2015. His replacement (2) commenced his duties in February 2015.

\* Not available for these draft statements.

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       | 2015/16 | 2014/15 |
|--------------------|---------|---------|
| £50,000 to £54,999 | 1       | 1       |
| £55,000 to £59,999 | 2       | 2       |
| £65,000 to £69,999 | -       | 1       |
| £70,000 to £74,999 | 1       | -       |
| Total              | 4       | 4       |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 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:

|  |         | Honorarium | Employers<br>pension<br>contributions | Total  |
|--|---------|------------|---------------------------------------|--------|
|  |         | £          | £                                     | £      |
| Clerk – Chief Executive (Camden)   | 2015/16 | 8,747      | 2,475                                 | 11,222 |
|  | 2014/15 | 8,747      | 2,388                                 | 11,135 |
| Financial Adviser – Executive Director of<br>Corporate Services (Camden) | 2015/16 | 8,165      | 2,311                                 | 10,476 |
|  | 2014/15 | 8,165      | 2,229                                 | 10,394 |
| Legal Adviser – Borough Solicitor<br>(Camden)                            | 2015/16 | 7,012      | 1,985                                 | 8,997  |
|  | 2014/15 | 7,012      | 1,914                                 | 8,926  |
| Technical Adviser – Director of<br>Environment (Enfield)#                | 2015/16 | 6,999      | 1,462                                 | 8,461  |
|  | 2014/15 | 6,996      | 1,462                                 | 8,458  |
| # This appointment is outside the Lead<br>Borough arrangement.           |         |            |                                       |        |

### INTRODUCTION TO THE GROUP ACCOUNTS

Until 22 December 2009 the Authority held 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 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 LondonWaste Ltd became wholly owned by the Authority but continues to operate at arm-length with its own board of directors and management team.

#### ABOUT LONDONWASTE LTD

LondonWaste 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 LondonWaste Ltd has returned to NLWA ownership and handled approximately 800,000 tonnes of waste in 2014. The company employs over 250 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.

#### 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 LondonWaste Ltd.

In accordance with IFRS 3 *Business Combinations* and the Code of Practice, LondonWaste 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 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 2016

**GROUP MOVEMENT IN RESERVES STATEMENT**

| <b>2014/15<br/>Restated</b>   | General<br>Fund<br>Balance | Earmarked<br>General<br>Fund<br>Reserves | Capital<br>Receipts<br>Reserve | <b>Total<br/>Usable<br/>Reserves</b> | Unusable<br>Reserves | <b>Total<br/>Group<br/>Reserves</b> |
|---|----------------------------|--|--------------------------------|--------------------------------------|----------------------|-------------------------------------|
|   | £000                       | £000                                     | £000                           | £000                                 | £000                 | £000                                |
| <b>Balance at 31 March<br/>2014</b>   | <b>21,303</b>              | <b>1,000</b>                             | <b>1,439</b>                   | <b>23,742</b>                        | <b>86,844</b>        | <b>110,586</b>                      |
| <b><u>Movement in reserves<br/>during 2014/15</u></b>                           |                            |  |                                |                                      |                      |                                     |
| Surplus or (deficit) on<br>provision of services                                | 6,680                      | -  | -                              | <b>6,680</b>                         | -                    | <b>6,680</b>                        |
| Other Comprehensive<br>Expenditure and<br>Income                                | (3,018)                    | -  | -                              | <b>(3,018)</b>                       | -                    | <b>(3,018)</b>                      |
| <b>Total Comprehensive<br/>Income and<br/>Expenditure</b>                       | <b>3,662</b>               | -  | -                              | <b>3,662</b>                         | -                    | <b>3,662</b>                        |
| Adjustments between<br>accounting basis &<br>funding basis under<br>regulations | (930)                      | -  | -                              | <b>(930)</b>                         | 930                  | -                                   |
| <b>Net<br/>Increase/(Decrease) in<br/>2014/15</b>                               | <b>2,732</b>               | -  | -                              | <b>2,732</b>                         | <b>930</b>           | <b>3,662</b>                        |
| Transfers from<br>Earmarked Reserves  | 1,000                      | (1,000)                                  | -                              | -                                    | -                    | -                                   |
| <b>Balance at 31 March<br/>2015 carried forward</b>                             | <b>25,035</b>              | -  | <b>1,439</b>                   | <b>26,474</b>                        | <b>87,774</b>        | <b>114,248</b>                      |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### Restatement Note

The adoption by LondonWaste Ltd of Financial Reporting Standard 102 (FRS 102) for its 2015 financial statements has required the restatement of some elements of the Group 2014/15 Movement in Reserves Statements:

|   | General Fund Balance | Earmarked General Fund Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Group Reserves |
|---|----------------------|---------------------------------|--------------------------|-----------------------|-------------------|----------------------|
|   | £000                 | £000                            | £000                     | £000                  | £000              | £000                 |
| <b>Balance at 31 March 2014 as reported</b>                   | 22,312               | 1,000                           | 1,439                    | 24,751                | 86,844            | 111,595              |
| <b>As restated</b>  | 21,303               | 1,000                           | 1,439                    | 23,742                | 86,844            | 110,586              |
| Surplus/(deficit) on provision of services - as reported      | 6,165                | -                               | -                        | 6,165                 | -                 | 6,165                |
| As restated   | 6,680                | -                               | -                        | 6,680                 | -                 | 6,680                |
| Other Comprehensive Expenditure and Income – as reported      | (3,377)              | -                               | -                        | (3,377)               | -                 | (3,377)              |
| As restated   | (3,018)              | -                               | -                        | (3,018)               | -                 | (3,018)              |
| Total Comprehensive Income and Expenditure – as reported      | 2,788                | -                               | -                        | 2,788                 | -                 | 2,788                |
| As restated   | 3,662                | -                               | -                        | 3,662                 | -                 | 3,662                |
| Accounting and Funding basis adjustments - unchanged          | (930)                | -                               | -                        | (930)                 | 930               | -                    |
| Transfers from Earmarked Reserves - unchanged                 | 1,000                | (1,000)                         | -                        | -                     | -                 | -                    |
| <b>Balance at 31 March 2015 carried forward – as reported</b> | <b>25,170</b>        | <b>-</b>                        | <b>1,439</b>             | <b>26,609</b>         | <b>87,774</b>     | <b>114,383</b>       |
| <b>As restated</b>  | <b>25,035</b>        | <b>-</b>                        | <b>1,439</b>             | <b>26,474</b>         | <b>87,774</b>     | <b>114,248</b>       |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### GROUP MOVEMENT IN RESERVES STATEMENT

| <b>2015/16</b>   | <b>General Fund Balance</b> | <b>Earmarked General Fund Reserves</b> | <b>Capital Receipts Reserve</b> | <b>Total Usable Reserves</b> | <b>Unusable Reserves</b> | <b>Total Group Reserves</b> |
|--|-----------------------------|--|---------------------------------|------------------------------|--------------------------|-----------------------------|
|  | <b>£000</b>                 | <b>£000</b>                            | <b>£000</b>                     | <b>£000</b>                  | <b>£000</b>              | <b>£000</b>                 |
| <b>Balance at 31 March 2015 brought forward</b>                        | 25,035                      | -                                      | 1,439                           | 26,474                       | 87,774                   | 114,248                     |
| <b><u>Movement in reserves during 2015/16</u></b>                      |                             |  |                                 |                              |                          |                             |
| Surplus or (deficit) on provision of services                          | 3,828                       | -                                      | -                               | 3,828                        | -                        | 3,828                       |
| Other Comprehensive Expenditure and Income                             | 4,432                       | -                                      | -                               | 4,432                        | -                        | 4,432                       |
| <b>Total Comprehensive Income and Expenditure</b>                      | <b>8,260</b>                | <b>-</b>                               | <b>-</b>                        | <b>8,260</b>                 | <b>-</b>                 | <b>8,260</b>                |
| Adjustments between accounting basis & funding basis under regulations | (7,189)                     | -                                      | -                               | (7,189)                      | 7,189                    | -                           |
| <b>Net increase/Decrease in 2015/16</b>                                | <b>1,071</b>                | <b>-</b>                               | <b>-</b>                        | <b>1,071</b>                 | <b>7,189</b>             | <b>8,260</b>                |
| <b>Balance at 31 March 2016 carried forward</b>                        | <b>26,106</b>               | <b>-</b>                               | <b>1,439</b>                    | <b>27,545</b>                | <b>94,963</b>            | <b>122,508</b>              |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2014/15 Restated  |                 |                 |  | 2015/16           |                 |                 |
|-------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income    | Net Expenditure |  | Gross Expenditure | Gross Income    | Net Expenditure |
| £000              | £000            | £000            |  | £000              | £000            | £000            |
| 76,864            | (41,392)        | 35,472          | Environmental and regulatory services                                    | 73,277            | (33,354)        | 39,923          |
| <b>76,864</b>     | <b>(41,392)</b> | <b>35,472</b>   | <b>Cost Of Services</b>  | <b>73,277</b>     | <b>(33,354)</b> | <b>39,923</b>   |
|                   |                 | (46,452)        | Other Operating (Income) and Expenditure                                 |                   |                 | (46,452)        |
|                   |                 | 2,261           | Financing and Investment (Income) and Expenditure                        |                   |                 | 1,969           |
|                   |                 | 2,039           | Taxation and Non-Specific Grant Income                                   |                   |                 | 732             |
|                   |                 | <b>(6,680)</b>  | <b>Surplus on Provision of Services</b>                                  |                   |                 | <b>(3,828)</b>  |
|                   |                 | 2,060           | (Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets |                   |                 | (4,095)         |
|                   |                 | 958             | Actuarial (Gain)/Loss on Pension Assets                                  |                   |                 | (337)           |
|                   |                 | <b>3,018</b>    | <b>Other Comprehensive Income and Expenditure</b>                        |                   |                 | <b>(4,632)</b>  |
|                   |                 | <b>(3,662)</b>  | <b>Total Comprehensive Income and Expenditure</b>                        |                   |                 | <b>(8,260)</b>  |

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

#### RESTATEMENT NOTE

The adoption by LondonWaste Ltd of Financial Reporting Standard 102 (FRS 102) has required the restatement of some elements of the 2014/15 Group Comprehensive Income and Expenditure Statement:

#### Gross Expenditure

|  |         |
|--|---------|
| As reported  | 77,957  |
| Reclassification of administrative expenses as prior year adjustment | (1,098) |
| Other adjustment   | 5       |
| Gross Expenditure – restated   | 76,864  |

#### Financing and Investment Expenditure

|   |       |
|---|-------|
| As reported                                     | 1,902 |
| Reclassification of return on pension asset     | 359   |
| Financing and Investment Expenditure – restated | 2,261 |

#### Taxation and Non Specific Grant Income

|   |       |
|---|-------|
| As reported                                       | 1,820 |
| Taxation relating to prior year adjustment        | 219   |
| Taxation and Non Specific Grant Income – restated | 2,039 |

#### Actuarial (Gain)/Loss on Pension Assets

|  |       |
|--|-------|
| As reported  | 1,317 |
| Reclassification of return on pension asset        | (359) |
| Actuarial (Gain)/Loss on Pension Assets – restated | 958   |



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### GROUP BALANCE SHEET

|                                 | Note      | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>Restated<br>£'000 | 31 March<br>2014<br>Restated<br>£'000 |
|---------------------------------|-----------|---------------------------|---------------------------------------|---------------------------------------|
| Property, Plant and Equipment   | 4.6, 4.8  | 113,363                   | 111,031                               | 117,105                               |
| Intangible Assets – Goodwill    | 4.6, 4.8  | 50,213                    | 50,213                                | 50,213                                |
| <b>LONG TERM ASSETS</b>         |           | <b>163,576</b>            | <b>161,244</b>                        | <b>167,318</b>                        |
| <b>CURRENT ASSETS</b>           | 4.9       | <b>39,035</b>             | <b>42,638</b>                         | <b>62,325</b>                         |
| <b>CURRENT LIABILITIES</b>      | 4.7, 4.10 | <b>(36,807)</b>           | <b>(40,215)</b>                       | <b>(44,503)</b>                       |
| Long Term Borrowings            |           | (40,000)                  | (45,000)                              | (70,000)                              |
| Long Term Liabilities - Pension |           | (362)                     | (1,349)                               | (749)                                 |
| Deferred Taxation               |           | (2,934)                   | (3,070)                               | (2,951)                               |
| Other Long Term Liabilities     |           | -                         | -                                     | (854)                                 |
| <b>LONG TERM LIABILITIES</b>    |           | <b>(43,296)</b>           | <b>(49,419)</b>                       | <b>(74,554)</b>                       |
| <b>NET ASSETS</b>               |           | <b>122,508</b>            | <b>114,248</b>                        | <b>(110,586)</b>                      |
| <u>Usable Reserves</u>          |           |                           |                                       |                                       |
| General Fund Balance            |           | 26,106                    | 25,035                                | 21,303                                |
| Earmarked Reserve               |           | -                         | -                                     | 1,000                                 |
| Usable Capital Receipts Reserve |           | 1,439                     | 1,439                                 | 1,439                                 |
| <u>Unusable Reserves</u>        |           |                           |                                       |                                       |
| Capital Adjustment Account      | 4.7       | 40,889                    | 37,818                                | 34,819                                |
| Revaluation Account             |           | 5,938                     | 5,938                                 | 6,578                                 |
| Capital Revaluation Account     |           | 21,706                    | 21,706                                | 21,706                                |
| Acquisition Revaluation Reserve |           | 26,792                    | 22,697                                | 24,117                                |
| Pension Reserve                 |           | (362)                     | (385)                                 | (376)                                 |
| <b>TOTAL RESERVES</b>           |           | <b>122,508</b>            | <b>114,248</b>                        | <b>110,586</b>                        |

Mike O'Donnell CPFA

Financial Adviser 29 June 2016

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### RESTATEMENT NOTE

The adoption by LondonWaste Ltd of Financial Reporting Standard 102 (FRS 102) has required the restatement of some elements of the Group Balance Sheet at 31 March 2014 and 31 March 2015:

|                                    | 31 March 2015 | 31 March 2014 |
|------------------------------------|---------------|---------------|
| <b>Current Liabilities</b>         |               |               |
| As reported                        | (40,079)      | (43,274)      |
| Prior year adjustment              | (136)         | (1,229)       |
| Restated                           | (40,215)      | (44,503)      |
| <b>Deferred Taxation</b>           |               |               |
| As reported                        | (3,264)       | (3,171)       |
| Effect of prior year adjustment    | 194           | 220           |
| Restated                           | (3,070)       | (2,951)       |
| <b>Long term Pension Liability</b> |               |               |
| As reported                        | (1,156)       | (749)         |
| Effect of pension surplus          | (193)         | -             |
| Restated                           | (1,349)       | (749)         |
| <b>General Fund Balance</b>        |               |               |
| As reported                        | 25,170        | 22,312        |
| Adjustments detailed above         | (135)         | (1,009)       |
| Restated                           | 25,035        | 21,303        |

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### GROUP CASH FLOW STATEMENT

|  | 2015/16                | 2014/15                |
|--|------------------------|------------------------|
|  | £'000                  | £'000                  |
|  |                        | Restated               |
| Net surplus on the provision of services                                       | (3,828)                | (6,680)                |
| Adjustments to net surplus on the provision of services for non-cash movements | (6,850)                | (673)                  |
| Net cash inflow from operating activities                                      | <u>(10,678)</u>        | <u>(7,353)</u>         |
| Investing activities   | 3,876                  | 1,987                  |
| Financing activities   | 5,000                  | 25,000                 |
| Net (increase)/decrease in cash and cash equivalents                           | <u>(1,802)</u>         | <u>19,634</u>          |
| Cash and cash equivalents at the beginning of the reporting period             | <u>(32,445)</u>        | <u>(52,079)</u>        |
| <b>Cash and cash equivalents at the end of the reporting period</b>            | <u><u>(34,247)</u></u> | <u><u>(32,445)</u></u> |

#### RESTATEMENT NOTE

The adoption by LondonWaste Ltd of Financial Reporting Standard 102 (FRS 102) has required the restatement of some elements of the 2014/15 Group Cash Flow Statement:

The restatement adjustments to the Net Surplus on the provision of services and Adjustments for non cash movements are set out in a note to the Group Comprehensive Income and Expenditure Statement. There is no impact on Net cash inflow from operating activities.

**NOTES TO THE GROUP ACCOUNTS**

**1. ACCOUNTS OF LONDONWASTE LTD**

The 2014 accounts were approved by the Board of LondonWaste Ltd on 5 May 2016 and received an unqualified audit opinion by BDO LLP (the Company's statutory auditor) on 9 May 2016. LondonWaste Ltd is not required to comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 but with effect from 2015 it is required to prepare financial statements in accordance with Financial Reporting Standard 102. The adoption of FRS 102 has necessitated the restatement of some aspects of the Company's 2014 financial statements.

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

**2. INVESTMENT IN LONDONWASTE LTD**

**Summarised balance sheet of LondonWaste Ltd**

|   | Note | 31 December<br>2015<br>£'000 | 31 December<br>2014<br>Restated<br>£'000 |
|---|------|------------------------------|--|
| <b>LONG TERM ASSETS</b>                               |      |                              |  |
| Tangible assets                                       | 4.6  | 37,791                       | 37,865                                   |
|   |      | 37,791                       | 37,865                                   |
| <b>CURRENT ASSETS</b>                                 |      |                              |  |
| Stocks  |      | 1,644                        | 1,808                                    |
| Debtors   |      | 8,816                        | 11,641                                   |
| Cash at bank and in hand                              |      | 21,546                       | 19,457                                   |
|   |      | 32,006                       | 32,906                                   |
| <b>CREDITORS:</b> amounts falling due within one year |      | (9,577)                      | (12,070)                                 |
| <b>NET CURRENT ASSETS</b>                             |      | 22,429                       | 20,836                                   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 60,220                       | 58,701                                   |
| <b>PROVISIONS FOR LIABILITIES -</b>                   |      |                              |  |
| Deferred tax  |      | (2,934)                      | (3,070)                                  |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>         |      | 56,286                       | 55,631                                   |
| Defined benefit pension scheme liability              |      | -                            | (964)                                    |
| <b>NET ASSETS INCLUDING PENSION LIABILITY</b>         |      | 57,286                       | 54,667                                   |
| <b>CAPITAL AND RESERVES</b>                           |      |                              |  |
| Called up share capital                               |      | 31,196                       | 31,196                                   |
| Share premium   |      | 1,648                        | 1,648                                    |
| Profit and loss account                               |      | 24,442                       | 21,823                                   |
| <b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>               |      | 57,286                       | 54,667                                   |

**3. SHARE PREMIUM RESERVE**

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

## Statement of Accounts for the year ended 31 March 2016

### 4. NOTES TO THE GROUP ACCOUNTS

In addition to the notes and accounting policies to the Authority only accounts the following disclosures are made in respect of LondonWaste Ltd.

#### Accounting Policies

##### 4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2016. The acquisition method of accounting has been 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.

##### 4.2 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.

##### 4.3 Inventories

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

##### 4.4 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.

##### 4.5 Pensions

LondonWaste 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.

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

- f. Gains and losses arising from settlements or curtailments not covered by actuarial assumptions, are included in operating profit.

#### 4.6 Non Current Assets and Depreciation

The non-current assets of LondonWaste Ltd are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other property, plant and equipment is provided at rates calculated to write off the cost of those assets, less their residual value, over the expected useful lives on the following basis:

|                     |                               |
|---------------------|-------------------------------|
| Plant and equipment | 6.66% - 20% per annum on cost |
| Motor Vehicles      | 12.5% - 25% on cost           |
| Office equipment    | 12.5% - 25% on cost           |
| Freehold buildings  | 5% - 7% on cost               |

The following table provides a summary of the book value of assets held by LondonWaste Ltd as at 31 December 2015 as adjusted for the revaluation undertaken by Savills as at the same date for the purpose of obtaining an up-to-date fair value of the non-current assets held by the Company:

|   | Freehold<br>Land | Property,<br>buildings,<br>Plant &<br>machinery | Motor<br>Vehicles | Office<br>Equipment | Capital<br>Works In<br>progress | Total   |
|---|------------------|---|-------------------|---------------------|---------------------------------|---------|
|   | £'000            | £'000   | £'000             | £'000               | £'000                           | £'000   |
| Cost at 31 December 2015                                      | 11,750           | 102,687   | 1,690             | 7,346               | 949                             | 124,422 |
| Depreciation at 31 December 2015                              | 0                | 78,654  | 1,364             | 6,613               | 0                               | 86,631  |
| Net book value at 31 December 2015                            | 11,750           | 24,033  | 336               | 733                 | 949                             | 37,791  |
| Additional value as a result of valuation at 31 December 2015 | 31,136           | 19,781  | 0                 | 0                   | 0                               | 50,917  |
| Total adjusted value of assets at 31 December 2015            | 42,886           | 43,814  | 326               | 733                 | 949                             | 88,708  |

#### 4.7 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 LondonWaste Ltd's Eco-Park. £1.7m was paid over to LondonWaste Ltd in March 2005 which was offset by the receipt of a grant from the London Recycling Fund. LondonWaste 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 LondonWaste 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

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2016

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.

#### 4.8 Acquisition Note

On 22 December 2009, the Authority acquired the remaining 50% of its joint venture, LondonWaste Limited. LondonWaste 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.

The 2009 accounts for LondonWaste 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 LondonWaste 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 2015/16 group accounts were prepared in accordance with International Financial Reporting Standards (IFRS), LondonWaste Ltd commissioned chartered surveyors Savills to value the company's land, buildings and plant and machinery at 31 December 2015. Savills concluded that the fair value of these assets at that date was £86.700m, i.e. an increase of £50.917m over the figure of £35.783m included in the company's balance sheet as at 31 December 2015. These adjustments have been reflected in the group balance sheet.

The increase in the net assets on acquisition of LondonWaste 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 December 2014 reduced this reserve by £1.428m to £22.697m. A further valuation at December 2015 has increased this reserve by £4.095m bringing the balance to £26.792m.

#### 4.9 Analysis of Current Assets

|                              | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>£'000 |
|------------------------------|---------------------------|---------------------------|
| Balance held with LB Camden* | 12,701                    | 12,988                    |
| HM Revenue and Customs       | 1,249                     | 1,025                     |
| Other debtors                | 1,895                     | 7,361                     |
| Stocks                       | 1,644                     | 1,808                     |
| Cash at Bank*                | 21,546                    | 19,457                    |
|                              | <u>39,035</u>             | <u>42,639</u>             |
|                              | 34,247                    | 32,445                    |

\* Cash and cash equivalents

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2016

### 4.10 Analysis of Current Liabilities

|                       | 31 March<br>2016<br>£'000 | 31 March<br>2015<br>Restated<br>£'000 |
|-----------------------|---------------------------|---------------------------------------|
| Short Term Borrowings | (25,903)                  | (26,138)                              |
| Other creditors       | (9,455)                   | (13,564)                              |
| Central Government    | (1,449)                   | (513)                                 |
|                       | <u>(36,807)</u>           | <u>(40,215)</u>                       |

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