

North London Waste Authority

Statement of Accounts for the year ended

31 March 2015

*These accounts were approved by the Authority and received an unqualified audit
Opinion on 25 September 2015.*

North London Waste Authority

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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

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

THE FINANCIAL ADVISER'S RESPONSIBILITIES

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- 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 8 of the Accounts and Audit Regulations 2011 issued under the Audit Commission Act 1998 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities.

I certify that the statement of accounts gives a true and fair view of the financial position of the Authority and of the Group as at 31 March 2015 and the income and expenditure of the Authority and of the Group for the year then ended.

Mike O'Donnell, CPFA

Financial Adviser 25 September 2015

CHAIR'S APPROVAL OF STATEMENT OF ACCOUNTS

This Statement of Accounts was presented to the North London Waste Authority at its meeting on 25 September 2015, and was approved by resolution of the Authority.

Councillor Clyde Loakes

Chair of the North London Waste Authority 25 September 2015

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

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

We have audited the financial statements of North London Waste Authority for the year ended 31 March 2015 on pages 11 to 48. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of the Authority, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Financial Adviser and auditor

As explained more fully in the Statement of the Financial Adviser's Responsibilities, the Financial Adviser is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Financial Adviser; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Explanatory Foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2015 and of the Authority's and the Group's expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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Matters on which we are required to report by exception

The Code of Audit Practice 2010 for Local Government Bodies requires us to report to you if:

- the annual governance statement set out on pages 8 to 10 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- the information given in the explanatory foreword for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- any matters have been reported in the public interest under section 8 of Audit Commission Act 1998 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under section 11 of the Audit Commission Act 1998; or
- any other special powers of the auditor have been exercised under the Audit Commission Act 1998.

WE HAVE NOTHING TO REPORT IN RESPECT OF THESE MATTERS.

CONCLUSION ON NORTH LONDON WASTE AUTHORITY'S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, North London Waste Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of matters brought to our attention by local authority electors, relating to the year ended 31 March 2013, under the Audit Commission Act 1998. We are satisfied that this work does not have a material effect on the financial statements.

Phil Johnstone

for and on behalf of KPMG LLP, Appointed Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

28 September 2015

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EXPLANATORY FOREWORD BY THE FINANCIAL ADVISER

INTRODUCTION

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Authority's accounts which have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2014/15* (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.

REVIEW OF THE YEAR AND CURRENT DEVELOPMENTS

The Authority agreed its 2014/15 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. I am pleased to advise that LondonWaste Ltd continued to perform well in 2014 and was able to pay an enhanced dividend of £5m, there was a further but smaller reduction in the residual waste stream, and there was no call on the Authority's contingency.

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In February 2015 the Authority was advised that revenue balances at 31 March 2015 were forecast to be £11.943m. Since then, lower than forecast residual waste tonnage, savings in corporate support service costs, slippage in North London Heat and Power project costs and no call on the contingency have resulted in revenue balances at 31 March 2015 of £15.422m.

The amount of residual waste entering the waste stream in 2014/15 has reduced by 3,611 tonnes (0.62%) compared with 2013/14 i.e. from 583,132 tonnes to 579,521 tonnes. The outturn tonnage figures indicate that the upward pressure reported in February continued but at a slower rate of increase, despite there being a year on year reduction.

The Authority continued to provide recyclable waste treatment services to its constituent boroughs. 53,547 tonnes of compostable waste was sent to the Authority for treatment in 2014/15 (51,195 tonnes in 2013/14). This was broadly in line with the February forecast. 116,872 tonnes of dry recyclable waste were delivered to the Authority's compared with 97,050 in 2013/14. The increase is primarily due to the full year effect of the London Borough of Barnet's decision to send its dry recyclable waste to the Authority with effect from October 2013. The Commingled Income Payment Scheme (CIPS) continued to be a success. The scheme makes contributions towards the costs incurred by constituent boroughs in collection 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 fell in 2014/15 averaging £21.81 per tonne compared with £27.88 in 2013/14. The scheme is beneficial to those boroughs in receipt of the CIPS payments; the Authority expects to pay a total of £2.549m to participating boroughs in 2014/15 (£2.704m in 2013/14).

Landfill tax continued to rise in line with the Government's stated intention to raise the standard rate of tax by £8 per tonne until a figure of £80 was reached, which happened in 2014/15. It will rise by £2.60 to £82.60 per tonne in 2015/16 and in line with the retail price index to £84.40 in 2016/17. 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.

In 2014/15 the Authority was able to implement two initiatives to reduce its Landfill Tax expenditure. Firstly, the cessation of processing commercial residual waste by LondonWaste Ltd enabled the Authority to transfer some 50,000 tonnes of residual waste that would have been sent to landfill via its rail transfer station at Hendon, to LondonWaste's Edmonton facility thus saving some £4m in Landfill Tax. Taking into account additional transport and processing costs, the net saving in 2014/15 was some £3m.

Secondly, in June 2014 LondonWaste Ltd commenced shredding and incinerating residual waste collected from re-use and recycling centres that had hitherto been sent to landfill. Only 11% of this waste is now landfilled resulting in a net saving to the Authority in 2014/15 of some £1.4m.

A new 10 year main waste contract starting in December 2014 was awarded to LondonWaste Ltd. The Authority will benefit from more advantageous pricing in some areas.

Phase one 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 November 2014 – January 2015. The feedback received informed the developed design which is the subject of a Phase Two consultation which began in May 2015.

The Authority continued to invest in waste prevention and reduction. 2014/15 saw the implementation of the first year of the 2014 – 2016 Waste Prevention Plan. Work in 2014/15 focussed on food waste and 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 some 130 food waste reduction events, directly engaging with over 10,000 residents. Also in 2014 the Authority developed an interactive food waste game and in January 2015 food waste advertisements were displayed on London buses. During the year, the Authority diverted 324 tonnes of furniture from waste to reuse by working with the London Community Resource Network and members of the London Reuse Network to develop housing voids furniture clearance contracts. Additionally, collections from university halls of residence were implemented. Textile re-use was promoted by encouraging residents and community groups to hold 'swishing' (clothing exchange) events. In February 2015, swishing advertisements and advertorials were placed in publications circulated to 345,000 households.

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2014/15 OUTTURN

Outturn compared with original and revised estimate:

	Original budget 2014/15 £'000	Revised budget 2014/15 £'000	Outturn 2014/15 £'000
Gross expenditure	64,437	58,567	55,137
Non-household waste	(10,691)	(9,978)	(9,966)
Household waste	(2,005)	(1,970)	(1,969)
Rents			
Sale of recyclates	(2,974)	(2,528)	(2,549)
Levy on constituent boroughs	(46,452)	(46,452)	(46,452)
Gross income and levy	(62,122)	(60,928)	(60,936)
Surplus before financing & investment	2,315	(2,361)	(5,799)
Rent and Interest Receivable	(180)	(184)	(224)
Dividends receivable	(2,500)	(5,000)	(5,000)
Interest payable	3,383	2,455	2,454
Surplus on provision of services	3,018	(5,090)	(8,569)
Pension fund transactions	17	17	17
Minimum Revenue Provision	4,872	4,872	4,872
Transfer from earmarked reserve	(1,000)	(1,000)	(1,000)
Deficit/(surplus) for the year	6,907	(1,201)	(4,680)
General fund balance			
Balance at 1 April 2014	(6,907)	(10,742)	(10,742)
Deficit/(surplus) for the year	6,907	(1,201)	(4,680)
Balance at 31 March 2015	-	(11,943)	(15,422)

Depreciation

The Authority is not required to include depreciation when setting its levy for the year (and therefore does not include a depreciation provision in its budgets shown in the table above) but is instead required by statute to make an annual provision from revenue to contribute towards the reduction in its borrowing requirement known as the Minimum Revenue Provision (MRP). Accordingly, the authority includes MRP but not depreciation when calculating and setting its levy.

The authority is required however to include a depreciation charge in its Comprehensive Income and Expenditure Statement but this sum is reversed out in the Movement in Reserves Statement and replaced with MRP.

To enable a more meaningful comparison of the outturn with the budget the depreciation provision £1.760m has been excluded from the outturn in the table above.

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

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ANNUAL GOVERNANCE STATEMENT FOR THE NORTH LONDON WASTE AUTHORITY

1. Scope of Responsibility

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

In discharging this overall responsibility, the North London Waste Authority is also responsible for putting in place proper arrangements for governance of its affairs, facilitating the effective exercise of its functions, 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 North London Waste Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place within the North London Waste Authority for the year ended 31 March 2015 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.
- Policy and decision-making are managed and controlled within a strong well-established framework. The Authority's standing orders set out in detail how the Authority operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Political and management control is exercised through the Authority and the Advisers who work to defined and established processes.
- Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include Standing Orders relating to the Authority, Standing Orders relating to Committees, Financial Standing Orders, and Contract Standing Orders.
- 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

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developments in the Authority's key corporate risks. The report also includes an up to date high level risk register.

- The Authority is also able to benefit from the rules and procedures set in place by its Lead Boroughs. Officer responsibilities and actions are controlled through Schemes of Officer Delegation.
- The effective and efficient use of resources and the securing of continuous improvement is achieved through a range of review processes and is integral to both the short-term implementation of the Joint Waste Strategy and the 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 activities of the London Borough of Camden's Internal Audit Division which provides assurances to management that the Council's – and therefore the NLWA's – control systems are adequate, effective and operating as intended and investigates all identified or suspected cases of fraud/irregularity throughout the Council. The 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 of the Council's – and the Authority's – external auditor.
- Performance management within the Authority is considered through a range of review arrangements including external/internal audit reviews and annual reports.

4. Review of Effectiveness

The North London Waste Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is a significant part of the framework and is informed by the work of the internal auditors and the executive managers within the Authority who have responsibility for the development, maintenance and ongoing 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 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 Boroughs of Camden and Haringey the Authority has also benefited from reviews undertaken by those authorities in providing corporate and service-based assurance on the overall system of internal control in operation.

The Authority 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.

The review process has been successful in maintaining awareness of governance and control issues.

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5. Significant Governance Issues

No significant governance 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 proposed changes will be considered by the Authority at its meeting in June 2015.
- Training on the 2015 Public Contracts Regulations has been provided.
- The Authority's risk register was reviewed by the Members' Finance Working Group and the conclusions were reported to the Authority in September 2014. Risks reflecting the requirements of the Bribery act and replacement residual waste management facilities were added.
- The Authority's compliance with the 2015 Transparency Code was reviewed to ensure full compliance.

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 2015/16.
- 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.

Councillor Clyde Loakes
Chair of the NLWA

Mike Cooke
Clerk to the NLWA

North London Waste Authority

MOVEMENT IN RESERVES STATEMENT

2013/14 Restated	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	18,032	1,000	1,439	20,471	56,322	76,793
Movement in reserves during 2013/14						
Surplus or (deficit) on provision of services	(3,906)	-	-	(3,906)	-	(3,906)
Other Comprehensive Expenditure and Income	2,255	-	-	2,255	-	2,255
Total Comprehensive Income and Expenditure	(1,651)	-	-	(1,651)	-	(1,651)
Adjustments between accounting basis & funding basis under regulations	(5,639)	-	-	(5,639)	5,639	-
Net Increase/(Decrease) in 2013/14	(7,290)	-	-	(7,290)	5,639	(1,651)
Balance at 31 March 2014 carried forward	10,742	1,000	1,439	13,181	61,961	75,142

RESTATEMENT NOTE

Property at Hornsey Street has been classified as an investment property in previous financial statements. As the facility is leased to LondonWaste Ltd which is wholly owned by the Authority, the classification has been changed and is shown in these statements as property, plant and equipment. Although this change has no impact on the Authority's Total Comprehensive Income and Expenditure or retained balances and other usable reserves, elements of the 2013/14 Movement in Reserves Statement are restated as a result of the reclassification.

	As reported	As restated
	£'000	£'000
Deficit on provision of services	(1,397)	(3,906)
Other expenditure & income	(254)	2,255

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MOVEMENT IN RESERVES STATEMENT

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

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14 (Restated)				2014/15		
Gross Expenditure	Gross Income	Net Expenditure	Further details of the Authority's Income and Expenditure can be found at Note 2.	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
64,216	(14,272)	49,944	Environmental and regulatory services	56,897	(14,588)	42,309
64,216	(14,272)	49,944	Cost Of Services	56,897	(14,588)	42,309
		(41,829)	Other Operating (Income) and Expenditure			(46,452)
		(4,209)	Financing and Investment (Income) and Expenditure			(2,666)
		3,906	(Surplus)/Deficit on Provision of Services			(6,809)
		(2,209)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			640
		(46)	Actuarial Loss/(Gain) on Pension Assets			26
		(2,255)	Other Comprehensive Income and Expenditure			666
		1,651	Total Comprehensive Income and Expenditure			(6,143)

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATEMENT NOTE

As per the note in the Movement in Reserves Statement, the re-classification of the Hornsey Street facility requires the restatement of some lines of the 2013/14 Comprehensive Income and Expenditure Statement. Although this change has no impact on the Authority's Total Comprehensive Income and Expenditure or retained balances, the presentational requirements are different.

In order to maintain meaningful year on year comparisons the 2013/14 accounting statements have been restated to reflect the change in classification.

The changes made to the 2013/14 Comprehensive Income and Expenditure Statement are as follows:

	As reported	As restated
	£'000	£'000
Gross Expenditure	62,707	64,216
Gross Income	(14,170)	(14,272)
Financing and Investment Income	(5,311)	(4,209)
Deficit/(Surplus) on revaluation of Property, Plant and Equipment Assets	300	(2,209)

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

BALANCE SHEET

	Note	2015 £'000	2014 (Restated) £'000	2013 (Restated) £'000
Property, Plant and Equipment	10	26,344	28,735	28,000
Long Term Investments	11	119,392	119,392	119,392
LONG TERM ASSETS		145,736	148,127	147,392
<u>Short Term Debtors</u>				
Balance held with LB Camden	22	12,988	30,753	29,714
LondonWaste Ltd		1,822	1,143	790
HM Revenue and Customs		1,025	1,211	1,153
Other debtors –revenue		1,563	2,135	1,364
CURRENT ASSETS		17,398	35,242	33,021
<u>Short Term Creditors</u>				
Short Term Borrowings	12	(26,138)	(26,433)	(1,433)
LondonWaste Ltd		(5,844)	(2,798)	(2,857)
Other Short Term Creditors	18	(4,482)	(8,620)	(3,887)
CURRENT LIABILITIES		(36,464)	(37,851)	(8,177)
Long Term Borrowings	12	(45,000)	(70,000)	(95,000)
Other Long Term Liabilities	23	(385)	(376)	(443)
LONG TERM LIABILITIES		(45,385)	(70,376)	(95,443)
NET ASSETS		81,285	75,142	76,793
<u>Usable Reserves</u>				
General Fund Balance		15,422	10,742	18,032
Earmarked Reserve	17	-	1,000	1,000
Usable Capital Receipts Reserve	16	1,439	1,439	1,439
<u>Unusable Reserves</u>				
Capital Adjustment Account	13	37,165	34,053	30,689
Revaluation Account	14	5,938	6,578	4,370
Capital Revaluation Account	15	21,706	21,706	21,706
Pension Reserve	23	(385)	(376)	(443)
TOTAL RESERVES		81,285	75,142	76,793

Mike O'Donnell CPFA

Financial Adviser 25 September 2015

These financial statements replace the unaudited statements certified by Mike O'Donnell on 30 June 2015.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

BALANCE SHEET

RESTATEMENT NOTE

The Balance Sheet at 31 March 2015 reflects the re-classification of the Hornsey Street facility. In order to maintain meaningful year on year comparisons, a prior period adjustment for the 2013/14 balances has been processed and the accounting statements for this year have been restated to reflect the change in classification. The Authority's usable reserves are unaffected as a result of this change.

In previous years, the creditor provision for interest due on the Authority's borrowings was split into a long term and a short term element in line with the maturity of the relevant loans. With effect from 2014/15 the Authority is treating the entirety of the creditor provision as a short term creditor. The Balance Sheets for 31 March 2014 and 31 March 2013 have been restated.

	As reported	As restated
	£'000	£'000
31 March 2014		
<u>Short Term Creditors</u>		
Short term borrowings	(25,295)	(26,433)
<u>Long Term Liabilities</u>		
Long term borrowings	(71,138)	(70,000)
<u>Long Term Assets</u>		
Property, plant and equipment	11,135	28,735
Investment property	17,600	-
<u>Unusable Reserves</u>		
Capital adjustment account	36,943	34,053
Revaluation account	3,688	6,578
31 March 2013		
<u>Short Term Creditors</u>		
Short term borrowings	-	(1,433)
<u>Long Term Liabilities</u>		
Long term borrowings	(96,433)	(95,000)
<u>Long Term Assets</u>		
Property, plant and equipment	11,400	28,000
Investment property	16,600	-
<u>Unusable Reserves</u>		
Capital adjustment account	32,070	30,689
Revaluation account	2,989	4,370

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

CASH FLOW STATEMENT

	Note	2014/15 £'000	2013/14 (Restated) £'000
Net surplus on the provision of services		(6,809)	3,906
Adjustments to net surplus on the provision of services for non-cash movements		(435)	(4,980)
Adjustments for items included in the net surplus on the provision of services that are investing activities		-	-
Net cash inflow from operating activities	21	(7,244)	(1,074)
Investing activities	21	9	35
Financing Activities	21	25,000	-
Net increase in cash and cash equivalents		17,765	(1,039)
Cash and cash equivalents at the beginning of the reporting period		(30,753)	(29,714)
Cash and cash equivalents at the end of the reporting period		(12,988)	(30,753)

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.

RESTATEMENT NOTE

The reclassification of the Hornsey Street facility to property, plant and equipment has no effect on the authority's cash balances at either 31 March 2015 or 31 March 2014 but a restatement of some elements of the 2013/14 cash flow statement is required.

The changes made to the 2013/14 Cashflow Statement are as follows:

	As reported £'000	As restated £'000
Net surplus – provision of services	1,397	3,906
Adjustments for non-cash movements	(2,471)	(4,980)

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

ACCOUNTING POLICIES

The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, 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, bonuses payable to senior employees in 2015/16 in respect of their work in 2014/15 have been accrued for.

Post employment benefits

In December 1994 all of the staff of the Authority transferred to LondonWaste Ltd. However, the Authority continues to be responsible for the payment of employer borne pension costs (annual compensation) of former retired employees. The Authority has previously decided that this should continue to be paid on a pay-as-you-go basis. However, in accordance with 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.

Investments and Property

The Authority's investment in LondonWaste Ltd is held at cost. The land at Pinkham Way was revalued at 31 March 2014.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

ACCOUNTING POLICIES

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.

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

These financial statements include a prior period adjustment in relation to the classification of the Hornsey Street transfer station. In the 2013/14 statements the facility was classed as an investment property but it has since been determined that it should be property, plant and equipment. The 2014/15 statements reflect the change but to enable meaningful year on year comparisons the 2013/14 financial statements are restated. More details about the effects of this change are set out in restatement notes which follow each of the financial statements.

Reserves

The Authority sets 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 2015

ACCOUNTING POLICIES

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.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

ACCOUNTING POLICIES

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

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

1. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised by the Financial Adviser on 30 June 2015. 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 2015, 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.

EXPENDITURE	Note	2014/15 £'000	2013/14 Restated £'000
Main Waste Disposal Contract	5 (a)	24,575	24,516
Civic Amenity Waste	5 (a)	1,388	1,360
Landfill Tax		8,358	12,424
Composting Services	5 (b)	2,691	2,724
Materials Recovery Facility Services	5 (c)	5,986	4,957
Transfer Stations and other Sites		3,167	2,816
Re-use and Recycling Centres	6	2,350	2,112
Corporate and Other Support Service Costs	4, 19	1,974	1,454
Operations Team		481	538
Waste Reduction Programme – New Initiatives		294	277
Technical and Planning Team		269	84
Joint Communications Initiative		5	288
Recycling Initiatives		220	202
Commingled Income Payment Scheme	25	2,549	2,704
Procurement Process Costs		0	7,581
Sites and Planning Process Costs		2,590	179
Gross expenditure		56,897	64,216
Non-household waste	7	(9,966)	(9,539)
Household Waste		(1,969)	(1,872)
Sale of recyclates	25,26	(2,549)	(2,759)
Rent Receivable		(104)	(102)
Gross income		(14,588)	(14,272)
Cost of Services		42,309	49,944
Levy	9	(46,452)	(41,829)
Other Operating Expenditure		(46,452)	(41,829)
Interest receivable		(120)	(268)
Pension Interest Cost		13	9
LondonWaste Ltd Dividend	19	(5,000)	(7,000)
Revenue Funding of capital - interest	12	2,441	3,050
Total Financing and Investment		(2,666)	(4,209)

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

(Surplus)/Deficit on Provision of Services	(6,809)	3,906
Deficit/(Surplus) on Revaluation of Non Current Assets	640	(2,209)
Pension Asset – Actuarial (Gain)/Loss	26	(46)
Other Comprehensive Income and Expenditure	666	(2,255)
Total Comprehensive Income and Expenditure	(6,143)	1,651
Adjustments between accounting basis and funding basis under regulations		
Statutory provision for the financing of capital investment – Minimum Revenue Provision	4,872	4,872
Revaluation gains/(losses) on Property, Plant and Equipment	(640)	2,209
Property, plant and equipment - Depreciation	(1,760)	(1,509)
Reversal of items relating to retirement benefits	(39)	37
Employer’s pension contributions paid in year	30	30
Total Funding Basis Adjustments	2,463	5,639
Transfer from Earmarked Reserve	(1,000)	0
(Addition)/Reduction to General Balances	(4,680)	7,290

3. MATERIAL ITEMS OF INCOME AND EXPENSE

There were no material items of income and expense in 2014/15. Gross Expenditure in 2013/14 included £5m in respect of financial settlements in connection with the Authority’s decision not to proceed with the procurement of long term contracts for waste services and fuel use.

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.

Camden

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

Haringey

Operational support services

Enfield

Technical Adviser

Waltham Forest

Planning Adviser (part year – see note 26)

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

This cost centre also includes the cost of external audit provided for 2014/15 by KPMG LLP. The agreed statutory fee for the audit of the Authority's 2014/15 financial statements and paid to KPMG LLP was £18,270 (2013/14: £18,270). KPMG LLP did not provide any additional services to the Authority in 2014/15 or 2013/14. KPMG LLP have advised the Authority that additional fees will result from work undertaken in connection to their 2013/14 Value for Money conclusion. No fees were charged in 2014/15 for this work but KPMG has advised the Authority of an additional fee of £50,000 for this work. The Authority has accrued this sum in its 2014/15 financial statements.

5. WASTE STREAM TONNAGE STATISTICS

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

(a) Residual Waste

Borough	2014/15 Tonnes	2013/14 Tonnes	Variance Tonnes	%
Barnet	101,558	105,520	(3,962)	(3.75)
Camden	87,084	87,691	(607)	(0.69)
Enfield	87,438	86,662	776	0.90
Hackney	89,948	88,214	1,734	1.97
Haringey	71,665	71,475	190	0.27
Islington	72,096	71,167	929	1.31
Waltham Forest	69,733	72,403	(2,670)	(3.69)
	<u>579,522</u>	<u>583,132</u>	<u>(3,610)</u>	<u>(0.62)</u>

(b) Composting Services

Borough	2014/15 Tonnes	2013/14 Tonnes	Variance Tonnes	%
Barnet	21,133	21,118	15	0.07
Camden	4,119	4,222	(103)	(2.44)
Enfield*	-	-	-	-
Hackney	5,928	4,502	1,426	31.67
Haringey	7,811	7,365	446	6.06
Islington	4,051	4,010	41	1.02
Waltham Forest	10,505	9,978	527	5.28
	<u>53,547</u>	<u>51,195</u>	<u>2,352</u>	<u>4.59</u>

(c) Dry Recyclable Bulking Service

Borough	2014/15 Tonnes	2013/14 Tonnes	Variance Tonnes	%
Barnet	26,884	12,790	14,094	110.20
Camden	18,191	15,794	2,397	15.18
Enfield *	-	-	-	-
Hackney	14,666	13,723	943	6.87
Haringey	21,815	21,347	468	2.19
Islington	14,594	14,580	14	0.10
Waltham Forest	20,723	18,816	1,907	10.13
	<u>116,873</u>	<u>97,050</u>	<u>19,823</u>	<u>20.42</u>

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

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

6. RE-USE AND RECYCLING CENTRES

The Authority manages seven RRCs on behalf of its constituent boroughs. The operating costs are ring-fenced to the relevant borough, such that any under or overspend is carried forward to the levy calculation in the next available levy year i.e. balances at 31 March 2015 will be available for inclusion in the calculation of the 2016/17 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 balances b/fwd from 2013/14	In year change in balances	Total Balances At 31/3/15
	£	£	£
Barnet	-	(725)	(725)
Camden	(40,496)	(30,874)	(71,370)
Enfield	-	(453)	(453)
Hackney	-	(226)	(226)
Haringey	(63,276)	(114,398)	(177,674)
Islington	(3,153)	(60,444)	(63,597)
Waltham Forest	(17,131)	(82,528)	(99,659)
	<u>(124,056)</u>	<u>(289,648)</u>	<u>(413,704)</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 2015

NOTES TO THE ACCOUNTS

Non household waste	2014/15 Budget		2014/15 Actual	
	Tonnes	£	Tonnes	£
Borough				
Barnet	12,286	1,412,890	10,252	1,177,237
Camden	32,575	3,746,125	28,986	3,053,763
Enfield	8,860	1,018,900	8,649	993,165
Hackney	16,040	1,844,600	16,150	1,854,504
Haringey	2,368	248,185	3,184	337,195
Islington	20,260	2,256,810	21,823	2,387,224
Waltham Forest	1,418	163,070	1,422	163,288
	<u>93,807</u>	<u>10,690,580</u>	<u>90,466</u>	<u>9,966,376</u>

Chargeable household waste	2014/15 Budget		2014/15 Actual	
	Tonnes	£	Tonnes	£
Borough				
Barnet	2,280	262,200	2,280	261,812
Camden	4,328	497,720	4,460	465,405
Enfield	1,431	164,565	1,431	164,322
Hackney	5,635	596,007	5,640	590,858
Haringey	2,776	274,717	2,766	273,744
Islington	2,130	210,184	2,154	212,278
Waltham Forest	-	-	-	-
	<u>18,580</u>	<u>2,005,393</u>	<u>18,731</u>	<u>1,968,419</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 Budget Meeting on 13 February 2014 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 has been 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 2015

NOTES TO THE ACCOUNTS

Borough	2014/15 %	2013/14 %	2014/15 £'000	2013/14 £'000
Barnet	20.77	17.94	9,649	7,503
Camden	11.03	11.90	5,122	4,977
Enfield	11.15	12.34	5,180	5,161
Hackney	12.97	12.21	6,027	5,109
Haringey	15.88	15.42	7,375	6,452
Islington	12.45	12.05	5,781	5,040
Waltham Forest	15.75	18.14	7,318	7,587
	<u>100.00</u>	<u>100.00</u>	<u>46,452</u>	<u>41,829</u>

10. NON CURRENT ASSETS

Property Plant and Equipment

	Land and Buildings £'000	Assets Under Construction £'000	Total £'000
Balance at 1 April 2014	28,700	35	28,735
Acquisitions	-	9	9
Depreciation	(1,760)	-	(1,760)
Impairment	(640)	-	(640)
Balance at 31 March 2015	<u>26,300</u>	<u>44</u>	<u>26,344</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. The land at Pinkham Way was acquired in the closing months of 2010/11 and hitherto was revalued annually. Given that the Authority's plans for its future use did not change in 2014/15 it is considered appropriate to resume the 5 year cycle.

The waste transfer station and yard at Hornsey Street is leased to LondonWaste Ltd for the duration of the Authority's contract with the Company which is due to terminate on 15 December 2025. It has previously been classified as an investment property but has been reclassified as property plant and equipment in these accounting statements. Explanatory notes setting out the background and effect of this change can be found in the main accounting statements. Although it is the Authority's policy to revalue property, plant and equipment assets every five years, the Code of Practice on Local Government Accounting requires that investment properties are revalued annually and the Authority engaged Savills to value the facility at 31 March 2015. The valuation indicated that the Authority should make an impairment adjustment to the value of the facility in 2014/15. It is anticipated that future valuations will be undertaken on a five year cycle in accordance with the Authority's policy unless circumstances suggest more frequent valuations would be appropriate.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

11. INVESTMENTS – LONDONWASTE LTD

	2015 £'000	2014 £'000
Balances at 31 March	119,392	119,392

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 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

To fund the acquisition of the remaining 50% interest in LondonWaste Ltd, in April 2010 the Authority borrowed £95m in four tranches from the Public Works Loans Board. No further borrowing has been undertaken. The first tranche of £25m was repaid on the due date of 12 April 2014. Details of borrowings are set out below:

Sum Borrowed	Repayment Date
Current – Short Term Creditor	
£25,000,000	12 April 2015
Long Term – Long Term Creditor	
£25,000,000	12 April 2016
£20,000,000	12 April 2020

Half yearly interest payments are due on 12 April and 12 October. As at 31 March 2015 accrued interest in respect of the loans was £1.138m (31 March 2014: £1.433m).

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 2014 (Restated)	34,053
Minimum Revenue Provision (MRP)	4,872
Depreciation	(1,760)
Balance at 31 March 2015	37,165

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

14. REVALUATION ACCOUNT

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

	£'000
Balance at 1 April 2014 (Restated)	6,578
Impairment in 2014/15	<u>(639)</u>
Balance at 31 March 2015	<u><u>5,939</u></u>

15. CAPITAL REVALUATION ACCOUNT

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

	£'000
Balances at 1 April 2014 and 31 March 2015	<u><u>21,706</u></u>

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.

	£'000
Balance at 1 April 2014 and 31 March 2015	<u><u>1,439</u></u>

17. EARMARKED RESERVES

An earmarked reserve of £1,000,000 to fund future recycling initiatives was established in 1999/2000 following the receipt of a special dividend from LondonWaste Ltd. In setting its 2014/15 budget in February 2014 the Authority resolved to transfer this reserve to general balances.

	£'000
Balance at 1 April 2014	<u>1,000</u>
Transfer to general balances	<u>(1,000)</u>
Balance at 31 March 2015	<u><u>0</u></u>

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

18. SHORT TERM CREDITORS

Other creditors and provisions can be analysed as follows

	31 March 2015	31 March 2014
	£'000	£'000
Other local authorities	(2,641)	(2,327)
Other entities and individuals	(1,841)	*(6,293)
	<u>(4,482)</u>	<u>(8,620)</u>

* Includes £5m for settlement of claims brought by bidding consortia following the Authority's decision not to proceed with the procurement of long term contracts.

19. RELATED PARTIES

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

Central Government

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

Members

Each of the seven constituent boroughs of the Authority appoints two of their Members to the Authority. Transactions between the Authority and its constituent boroughs, principally the Levy and charges for the treatment of non-household waste, are detailed elsewhere in the accounts. Apart from this dual role, no Member of the Authority has reported that he/she or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2014/15.

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 2014/15.

Other Public Bodies

A number of transactions with related parties are disclosed elsewhere in the accounts. Details of each constituent borough's levy and charges for the treatment of non household and chargeable household waste are shown in notes 4, 5 and 7 above.

The London Borough of Camden acts as lead borough to the Authority and provides a range of support services (see note 4). In 2014/15 the Authority paid Camden £1.871m (2013/14: £1.981m) for the provision of lead borough services. On 31 March 2015 Camden held cash and cash equivalents of £12.988m (31 March 2014: £30.753m) 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 £0.096m for these services (2013/14: £0.240m. This included payments in respect of office accommodation which the Authority vacated in early 2014/15.).

In 2014/15 the Authority paid Enfield £0.009m (2013/14: £0.009m) for the honoraria paid to the Authority's Technical Adviser.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

In 2014/15 the Authority paid Waltham Forest £0.003m (2013/14: £0.008m) for the honoraria paid to the Authority's Planning Adviser. This arrangement ceased in August 2014.

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 26.

Entities Controlled by the Authority

At 31 March 2015 the Authority owned 100% of the shares in LondonWaste Ltd. In 2014/15 the Authority paid LondonWaste Ltd £37.489m (2013/14: £43.419m (Re-stated) for waste disposal and transport services. The Company paid a dividend to the Authority of £5.000m (2013/14: £7.000m). The Authority's accounts include a creditor of £5.844m (2013/14 £2.798m) in respect of the services provided to the Authority by the Company and a debtor of £1.822m (2012/13 £1.143m) in respect of income due to the Authority from the Company.

Amounts Written Off

No related party debts were written off in 2014/15 (2013/14: £nil) and no provisions for doubtful debts were raised (2013/14: £nil).

20. LEASING AND HIRE PURCHASE

Included within operating expenditure for both 2013/14 and 2014/15 are rents 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 2015

NOTES TO THE ACCOUNTS

21. CASH FLOW STATEMENT

	2014/15 £'000	2013/14 £'000
Cash flows from operating activities include:		
Interest Paid	2,422	3,050
Interest Received	(65)	(202)
Dividends Received	(5,000)	(7,000)
Other operating activities	(4,601)	3,078
	(7,244)	(1,074)
Cash flows from investing activities include:		
Purchase of property, plant and equipment	9	35
	9	35
Cash flows from financing activities include		
Repayment of loan from Public Works Loans Board	25,000	-
	25,000	-
Total (increase)/decrease in cash and cash equivalents	17,765	(1,039)

22. ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS

	At 31 March 2014 £'000	Cash flows £'000	At 31 March 2015 £'000
Funds lodged with Camden London Borough Council	30,753	(17,765)	12,988

23. 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 2014/15 the Authority paid £33,300 to the London Pension Fund Authority (£33,100 in 2013/14) in respect of these employees. The Authority's future liability as at 31 March 2015 has been calculated by Bennett Waddingham, the actuaries for the LPFA as being £0.385m (£0.376m at 31 March 2014).

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

The figure is based on the following assumptions:

	2015	2014
Return on assets discount rate	2.4%	3.6%
Pension increases	1.9%	2.4%
Inflation (RPI)	2.7%	3.2%
Inflation (CPI)	1.9%	2.4%

For 2014/15 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 (2013/14: 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.

24. 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 2015 the property was valued at £15.200m and £17.600m at 31 March 2014 (see also note 10).

25. 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 2014/15 was £2.549m (2013/14: £2.704m).

26. 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.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

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

		Salary	Variable Pay (note 1)	Compensation for Loss of Office	Total excluding employers pension contributions
Managing Director	2014/15	£138,000	£7,760	-	£145,760
	2013/14	£135,000	£2,000	-	£137,000
Procurement Director (Note 2)	2014/15	-	-	-	-
	2013/14	£91,667	£10,000	£16,110	£117,777
Head of Operations	2014/15	£83,330	£704	-	£84,034
	2013/14	£82,144	-	-	£82,144
Head of Finance (1) (note 3)	2014/15	£86,595	-	-	£86,595
	2013/14	£79,121	£1,377	-	£80,498
Head of Finance (2) (note3)	2014/15	£7,589	-	-	£7,589
	2013/14	-	-	-	-
Head of Legal & Governance #	2014/15	£70,575	£1,408	-	£71,983
	2013/14	£28,371	£287	-	£28,658

In November 2013 the Authority adopted a new senior management structure. Although no additional posts were created, the numbers of Heads of Service reporting to the Managing Director increased and thus fell within the scope of Regulation 7 of the Accounts and Audit (England) Regulations 2011. The remuneration detail shown above for post marked (#) is for the five months from November 2013 to March 2014. Details for 2014/15 are for the full year.

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

Note 2 – The Director of Procurement was in post from 1 April 2013 to 31 October 2013. The salary for 2013/14 is inclusive of pay in lieu of notice.

Note 3 – The Head of Finance (1) retired on 31 March 2015. His replacement (2) commenced his duties in February 2015.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

Employers pension contributions

		Employers Pension Contributions
Managing Director	2014/15	£38,234
	2013/14	£39,450
Procurement Director	2014/15	-
	2013/14	£28,473
Head of Operations	2014/15	£22,749
	2013/14	£21,245
Head of Finance (1)	2014/15	£24,024
	2013/14	£21,168
Head of Finance (2)	2014/15	£2,072
	2013/14	-
Head of Legal & Governance #	2014/15	£19,345
	2013/14	£7,521

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

Salary range	2014/15	2013/14
£50,000 to £54,999	1	2
£55,000 to £59,999	2	1
£65,000 to £69,999	1	1
Total	4	4

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

NOTES TO THE ACCOUNTS

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 pension contributions	Total
Clerk – Chief Executive (Camden)	2014/15	£8,747	£2,388	£11,135
	2013/14	£8,747	£2,461	£11,208
Financial Adviser - Director of Finance (Camden)	2014/15	£8,165	£2,229	£10,394
	2013/14	£8,165	£2,296	£10,461
Legal Adviser – Borough Solicitor (Camden)	2014/15	£7,012	£1,914	£8,926
	2013/14	£7,012	£1,946	£8,958
Technical Adviser – Director of Environment (Enfield)#	2014/15	£6,996	£1,462	£8,458
	2013/14	£6,996	£1,435	£8,431
Valuation Adviser – Head of Corporate Property Services – Haringey (Note 1)	2014/15	-	-	-
	2013/14	£3,586	-	£3,586
Planning Adviser – Executive Director of Environment & Regeneration - Waltham Forest# (Note 2)	2014/15	£2,885	-	£2,885
	2013/14	£6,923	-	£6,923

These appointments are outside the Lead Borough arrangement.

Note 1 - The Valuation Adviser role fell vacant during 2013/14. The role is currently under review.

Note 2 – The Planning Adviser’s employment at Waltham Forest ceased during 2014/15. Pending a review of this role, the Authority has put in place interim temporary arrangements.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

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 consequence of 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 NLWA 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 2015

GROUP MOVEMENT IN RESERVES STATEMENT

2013/14 Restated	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2013	24,697	1,000	1,439	27,136	84,204	111,340
<u>Movement in reserves during 2013/14</u>						
Surplus or (deficit) on provision of services	(912)	-	-	(912)	-	(912)
Other Comprehensive Expenditure and Income	1,167	-	-	1,167	-	1,167
Total Comprehensive Income and Expenditure	255	-	-	255	-	255
Adjustments between accounting basis & funding basis under regulations	(2,640)	-	-	(2,640)	2,640	-
Net Increase/(Decrease) in 2012/13	(2,385)	-	-	(2,385)	2,640	255
Balance at 31 March 2014 carried forward	22,312	1,000	1,439	24,751	86,844	111,595

Property at Hornsey Street has been classified as an investment property in previous financial statements. As the facility is leased to LondonWaste Ltd which is wholly owned by the Authority, the classification has been changed and is shown in these statements as property, plant and equipment. Although this change has no impact on the Authority's Total Comprehensive Income and Expenditure or retained balances and other usable reserves, elements of the 2013/14 Movement in Reserves Statement are restated as a result of the reclassification. Further detail can be found in the Authority's accounting statements.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

GROUP MOVEMENT IN RESERVES STATEMENT

2014/15	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31 March 2014 brought forward	22,312	1,000	1,439	24,751	86,844	111,595
<u>Movement in reserves during 2014/15</u>						
Surplus or (deficit) on provision of services	6,165	-	-	6,165	-	6,165
Other Comprehensive Expenditure and Income	(3,377)	-	-	(3,377)	-	(3,377)
Total Comprehensive Income and Expenditure	2,788	-	-	2,788	-	2,788
Adjustments between accounting basis & funding basis under regulations	(930)	-	-	(930)	930	-
Net increase/Decrease before transfers from Earmarked Reserves	1,858	-	-	1,858	930	2,788
Transfers from Earmarked Reserves	1,000	(1,000)	-	-	-	-
Balance at 31 March 2015 carried forward	25,170	-	1,439	26,609	87,774	114,383

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2013/14 Restated				2014/15		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
82,589	(45,045)	37,544	Environmental and regulatory services	77,957	(41,392)	36,565
82,589	(45,045)	37,544	Cost Of Services	77,957	(41,392)	36,565
		(41,829)	Other Operating (Income) and Expenditure			(46,452)
		2,542	Financing and Investment (Income) and Expenditure			1,902
		2,655	Taxation and Non-Specific Grant Income			1,820
		912	Surplus on Provision of Services			(6,165)
		677	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			2,060
		(1,844)	Actuarial (Gain)/Loss on Pension Assets			1,317
		(1,167)	Other Comprehensive Income and Expenditure			3,377
		(255)	Total Comprehensive Income and Expenditure			(2,788)

As per the note in the Movement in Reserves Statement, the re-classification of the Hornsey Street facility requires the restatement of some lines of the 2013/14 Comprehensive Income and Expenditure Statement. Although this change has no impact on the Authority's Total Comprehensive Income and Expenditure or retained balances, the presentational requirements are different.

In order to maintain meaningful year on year comparisons the 2013/14 accounting statements have been restated to reflect the change in classification.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

GROUP BALANCE SHEET

	Note	31 March 2015 £'000	31 March 2014 Restated £'000	31 March 2013 Restated £'000
Property, Plant and Equipment	4.6, 4.8	111,031	117,105	120,798
Intangible Assets – Goodwill	4.6, 4.8	50,213	50,213	50,213
LONG TERM ASSETS		161,244	167,318	171,011
CURRENT ASSETS	4.9	42,638	62,325	57,203
CURRENT LIABILITIES	4.7, 4.10	(40,079)	(43,274)	(14,146)
Long Term Borrowings		(45,000)	(70,000)	(95,000)
Long Term Liabilities - Pension		(1,156)	(749)	(3,203)
Deferred Taxation		(3,264)	(3,171)	(3,887)
Other Long Term Liabilities		-	(854)	(638)
LONG TERM LIABILITIES		(49,420)	(74,774)	(102,728)
NET ASSETS		114,383	111,595	111,340
<u>Usable Reserves</u>				
General Fund Balance		25,170	22,312	24,697
Earmarked Reserve		-	1,000	1,000
Usable Capital Receipts Reserve		1,439	1,439	1,439
<u>Unusable Reserves</u>				
Capital Adjustment Account	4.7	37,818	34,819	31,568
Revaluation Account		5,938	6,578	4,370
Capital Revaluation Account		21,706	21,706	21,706
Acquisition Revaluation Reserve		22,697	24,117	27,003
Pension Reserve		(385)	(376)	(443)
TOTAL RESERVES		114,383	111,595	111,340

Mike O'Donnell CPFA

Financial Adviser 25 September 2015

These financial statements replace the unaudited statements certified by Mike O'Donnell on 30 June 2015.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

RESTATEMENT NOTE

The Balance Sheet at 31 March 2015 reflects the re-classification of the Hornsey Street facility. In order to maintain meaningful year on year comparisons, a prior period adjustment for the 2013/14 balances has been processed and the accounting statements for this year have been restated to reflect the change in classification. The Group's usable reserves are unaffected as a result of this change.

In previous years, the creditor provision for interest due on the Authority's borrowings was split into a long term and a short term element in line with the maturity of the relevant loans. With effect from 2014/15 the Authority is treating the entirety of the creditor provision as a short term creditor. The Balance Sheets for 31 March 2014 and 31 March 2013 have been restated.

North London Waste Authority

Statement of Accounts for the year ended 31 March 2015

GROUP CASH FLOW STATEMENT

	2014/15 £'000	2013/14 Restated £'000
Net surplus on the provision of services	(6,165)	912
Adjustments to net surplus on the provision of services for non-cash movements	(1,188)	(7,421)
Adjustments to net surplus for items that are financing activities	-	-
	<hr/>	<hr/>
Net cash inflow from operating activities	(7,353)	(6,509)
Investing activities	1,987	2,471
Financing activities	25,000	-
	<hr/>	<hr/>
Net increase in cash and cash equivalents	19,634	(4,038)
Cash and cash equivalents at the beginning of the reporting period	<hr/> (52,079) <hr/>	<hr/> (48,041) <hr/>
Cash and cash equivalents at the end of the reporting period	<hr/> 32,445 <hr/>	<hr/> 52,079 <hr/>

RESTATEMENT NOTE

The reclassification of the Hornsey Street facility to property, plant and equipment has no effect on the Group's cash balances at either 31 March 2015 or 31 March 2014 but a restatement of some elements of the 2013/14 cash flow statement is required.

Statement of Accounts for the year ended 31 March 2015
NOTES TO THE GROUP ACCOUNTS

1. ACCOUNTS OF LONDONWASTE LTD

The 2014 accounts were approved by the Board of LondonWaste Ltd on 23 April 2015 and received an unqualified audit opinion by BDO LLP (the Company's statutory auditor) on 26 April 2015. LondonWaste Ltd is not required to comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 or to present statements in a format that meets International Financial Reporting Standards (IFRS). However, for the purpose of preparing the NLWA Group Accounts it has been necessary to review the LondonWaste Ltd approved accounts in the light of IFRS requirements before consolidation. In practice there are a limited number of changes to the LondonWaste Ltd accounts. The principal adjustment relates to the value of non-current assets, however, as the Group Accounts for 2014/15 had been prepared on a fair value basis there is minimal impact.

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 2014 £'000	31 December 2013 £'000
LONG TERM ASSETS			
Tangible assets	4.6	37,865	40,128
		37,865	40,128
CURRENT ASSETS			
Stocks		1,808	1,715
Debtors		11,641	7,983
Investments		-	5,051
Cash at bank and in hand		19,457	16,275
		32,906	31,024
CREDITORS: amounts falling due within one year		(11,934)	(10,130)
NET CURRENT ASSETS		20,972	20,894
TOTAL ASSETS LESS CURRENT LIABILITIES		58,837	61,022
PROVISIONS FOR LIABILITIES -			
Deferred tax		(3,264)	(3,171)
Other provisions		-	(854)
NET ASSETS EXCLUDING PENSION LIABILITY		55,573	56,997
Defined benefit pension scheme liability		(771)	(373)
NET ASSETS INCLUDING PENSION LIABILITY		54,802	56,624
CAPITAL AND RESERVES			
Called up share capital		31,196	31,196
Share premium		1,648	1,648
Profit and loss account		21,958	23,780
TOTAL EQUITY SHAREHOLDERS' FUNDS		54,802	56,624

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3. SHARE PREMIUM RESERVE

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

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 2015. 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

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underlying the scheme liabilities and actual experience during the year, and changes in actuarial assumptions, are recognised in the movement in reserves statement.

- e. Past service costs are spread evenly over the period in which the increases in benefit vest and are deducted in arriving at operating profit. If an increase in benefits vests immediately, the cost is recognised immediately.
- f. Gains and losses arising from settlements or curtailments not covered by actuarial assumptions, are included in operating profit.

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% - 10% 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 2014 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 Land	Property, buildings, Plant & machinery	Motor Vehicles	Office Equipment	Capital Works In progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 31 December 2014	11,750	99,506	1,695	7,031	615	120,597
Depreciation at 31 December 2014	0	75,178	1,253	6,301	0	82,732
Net book value at 31 December 2014	11,750	24,328	442	730	615	37,865
Additional value as a result of valuation at 31 December 2014	23,516	23,306	0	0	0	46,822
Total adjusted value of assets at 31 December 2014	35,266	47,634	442	730	615	84,687

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

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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 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 2014/15 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 2014. Savills concluded that the fair value of these assets at that date was £82.900m, i.e. an increase of £46.822m over the figure of £36.078m included in the company's balance sheet as at 31 December 2014. 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 2013 reduced this reserve by £0.008m to £24.117m. A further valuation at December 2014 has reduced this reserve by £1.420m bringing the balance to £22.697m.

4.9 Analysis of Current Assets

	31 March 2015	31 March 2014
	£'000	£'000
Balance held with LB Camden*	12,988	30,753
HM Revenue and Customs	1,025	1,211
Other debtors	7,361	7,320
Stocks	1,808	1,715
Investments*	-	5,051
Cash at Bank*	19,457	16,275
	<u>42,639</u>	<u>62,325</u>
	<u>32,445</u>	<u>52,079</u>

* Cash and cash equivalent

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4.10 Analysis of Current Liabilities

	31 March 2015 £'000	31 March 2014 Restated £'000	31 March 2013 Restated
Short Term Borrowings	(26,138)	(26,433)	(1,433)
Other creditors	(13,428)	(13,988)	(9,142)
Central Government	(513)	(2,853)	(3,571)
	<u>(40,079)</u>	<u>(43,274)</u>	<u>(14,146)</u>