

## **NORTH LONDON WASTE AUTHORITY**

**REPORT TITLE:** 2022/23 STATEMENT OF ACCOUNTS

**REPORT OF:** THE FINANCIAL ADVISER

**FOR SUBMISSION TO:** AUDIT AND GOVERNANCE COMMITTEE

**DATE:** 5 DECEMBER 2024

### **SUMMARY OF REPORT:**

This report summarises the draft Audit Completion Report from Forvis Mazars LLP, the Authority's external auditor, in relation to the audit of the Authority's 2022/23 Final Accounts. The report summarises the auditor's findings and invites Members to authorise the Financial Adviser to sign the Authority's letter of management representation. The report presents the audited 2022/23 Statement of Accounts including the Authority's Annual Governance Statement for approval.

### **RECOMMENDATIONS:**

The Audit and Governance Committee is recommended to:

- A. Note the draft Audit Completion Report
- B. Receive any oral update from the Authority's auditors
- C. Authorise the Financial Adviser or the Director of Corporate Services to sign the 2022/23 letter of management representation as drafted at the end of Appendix A
- D. Approve the Authority's 2022/23 Statement of Accounts and Annual Governance Statement in Appendix B and authorise the Audit and Governance Committee Chair and Clerk to sign these documents.

**SIGNED:** Jon Rowney, Financial Adviser

**DATE:** 25 November 2024

## **1. INTRODUCTION**

- 1.1. The Authority's financial statements are prepared in accordance with International Financial Reporting Standards and provide an important means by which the Authority accounts for its stewardship of public funds. They were also prepared in line with The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2022.
- 1.2. Like many other local Authorities, the preparation of final accounts and the audit of them have fallen behind since the start of the COVID -19 pandemic. The Authority and its auditors are trying to bring audits up to date and the audit of the 2021/22 statements was signed off by the Audit Committee in April 2024.
- 1.3. Officers published the unaudited statement of accounts for 2022/23 in September 2024 and the audit of the statements commenced immediately. A notice advising of the delay to the audit of the 2022/23 statements was published on the Authority's website at the end of July 2023 and further updates were provided in papers to subsequent Authority meetings.
- 1.4. The audit has been undertaken by Mazars. Mazars are also the external auditors for the London Borough of Camden, who provide the Authority with internal audit, financial systems, treasury management as well as accounts payable and receivable support.
- 1.5. The Statement of Accounts includes Group accounts for the Authority and LondonEnergy Ltd (LEL). It should be noted that the financial year for LEL ends on 31 December, whereas the Authority's year-end is 31 March.
- 1.6. As the responsible financial officer, the Financial Adviser is required to report to the Authority on any material amendments made as a result of the audit. Similarly, auditing standards placed on the auditor requires that an Audit Completion Report be presented, setting out the key issues that Members should consider before the audit is completed and before the auditor issues a formal opinion on the Authority's accounts. The draft Audit Completion Report is attached at Appendix A.
- 1.7. Section 2 of this report summarises the key messages and recommendations arising from the current audit. Section 3 details the changes that have been made to the 2022/23 statements during the audit.
- 1.8. The revised outturn for the financial year 2022/23 was reported to the October 2023 Authority meeting. The report concluded that the Authority ended the year with revenue balances of £15.881m at 31 March 2023.
- 1.9. The changes identified in section 3 relating to the amended misstatements in the draft accounts have affected the reported outturn at the end of the 2022/23 financial year and the balances available to reduce future levies increased by

£0.194m to £16.075m. This balance will be captured as part of the budget setting paper for 2025/26 that will be reported to the Authority in February.

## **2. KEY MESSAGES**

### **Key issues and Recommendations**

- 2.1. The Audit Completion report has not identified any significant deficiencies in the Authority's internal controls as at the date of this report, however there was one recommendation to strengthen internal controls, included in section 5 of the audit completion report.

### **YEAR END CUT OFF ERRORS**

- 2.2. As part of the audit, officers review the dates that work is undertaken and the dates that invoices are subsequently received to ensure that income and expenditure is recorded in the correct financial year. In their work reviewing the transactions recorded in March 2023 and April 2023, two errors were identified. Each of these items individually were less than £10,000. In addition, three multi-year insurance policies should have been treated as prepayments, but were not treated correctly as debtors, but were recognised as costs charged to the North London Heat & Power Project.
- 2.3. The Auditor's recommendation is that officers should:
- 2.3.1. Review and correct invoices on hold on the Oracle Dashboard at year end and accrue appropriate amounts. Perform a second review of accruals on a monthly basis for reasonableness.
  - 2.3.2. Review additions where payment is by instalment to ensure expenditure is being recognised appropriately over time against the progress of projects.
- 2.4. Officers agree with this recommendation and have already completed a review of the accruals and prepayments recorded in the 2023/24 year end figures.

## **3. AMENDMENTS TO THE PUBLISHED DRAFT ACCOUNTS – ADJUSTED MISSTATEMENTS**

- 3.1. One significant change has been made to the financial statements during the audit, to Property, Plant & Equipment. This is outlined in section 6 of the Audit Completion report.
- 3.2. The Valuation of Pinkham Way for the 2022/23 was revalued by external valuation experts Savills. The audit testing identified a material overstatement of £4.35m, this error arose as the valuer had used the gross area rather than the net

developable area in the evaluation calculation which resulted in the value of asset being calculated at £17.4m rather than £13.05m. Officers have adjusted the financial statements for this finding.

3.3. Other items that have been adjusted included following:

3.3.1 PWLB accrual calculations have been amended which increases the amount recognised as assets under construction and decreases the value held as a creditor.

3.3.2 Insurance payments - payment of three invoices paid in annual instalments had not been processed correctly as part prepayments. This amendment increases debtors and reduces assets under construction.

3.3.3 A payment in a foreign currency had been amended but the original transaction was not removed correctly and thereby overstated assets under construction and creditors.

3.3.4 PWLB borrowing had been capitalised based on incorrect asset value resulting in understatement of creditors and assets under construction.

#### **Unadjusted Differences**

3.4. Section 6 of the Audit Completion Report also reports on one unadjusted item in the statement of accounts, above the trivial threshold (£38k), which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust.

3.5. The auditor notes an error for an insurance invoice of £18,464 should have been accrued in prior year 2021/22. This corrected itself in 2022/23 but the auditor has extrapolated this amount and notes that there might be an error in the accounts if this was repeated, to a value of £308k. Officers have not adjusted the accounts for this item as no error has been identified in year. Mazars, concur that no adjustment is required.

#### **4. VALUE FOR MONEY CONCLUSION**

4.1. Mazars have completed their work on the Authority's arrangements, and this is included in section 7 of their report. noted that '...we have not identified any significant weaknesses in arrangements that require us to make a recommendation.' The draft audit report in Appendix B of their report confirms that they have no matters to report in respect of significant weakness.

#### **5. AUDIT OPINION**

5.1. Mazars anticipates issuing an unqualified audit opinion once the Authority provides the letter of management representation and approves the Statement of Accounts. The Authority is recommended to authorise the Financial Adviser to sign the

2022/23 letter of management representation. The draft letter, as proposed by the Auditor, is included on pages 25-28 of Appendix A of their report.

- 5.2. The draft 2022/23 statement of accounts, including the Annual Governance Statement is included at Appendix B and Members are asked to approve this and authorise the Audit and Governance Committee Chair and Clerk to sign these documents.

## **6. CONCLUSION**

- 6.1. Subject to the auditor providing an oral update, members are asked to:
- 6.1.1. note the Audit completion report;
  - 6.1.2. authorise the Financial Adviser or Director of Corporate Services to sign the 2022/23 letter of management representation; and
  - 6.1.3. approve the Authority's 2022/23 Statement of Accounts and Annual Governance Statement and authorise the Audit and Governance Committee Chair and Clerk to sign these documents.

## **7. EQUALITIES IMPLICATIONS**

- 7.1. There are no equalities implications arising from this report.

## **8. COMMENTS OF THE LEGAL ADVISER**

- 8.1. The Legal Adviser has been consulted in the preparation of this report and comments have been incorporated.

### **List of documents used:**

Mazars' Audit Completion report 2022/23

North London Waste Authority statement of accounts 2022/23

### **Contact officer:**

Paul Gulliford  
Head of Finance  
North London Waste Authority  
Unit 1b Berol House  
25 Ashley Road  
London N17 9LJ

**APPENDIX A      AUDIT COMPLETION REPORT**



# Audit Completion Report

## North London Waste Authority – year ended 31 March 2023

18 November 2024

North London Waste Authority Audit Committee  
Unit 1B, Berol House  
25 Ashley Road  
London  
N17 9LJ

Forvis Mazars  
30 Old Bailey  
London  
EC4M 7AU

18 November 2024

Dear Committee Members,

### **Audit Completion Report – Year ended 31 March 2023**

We are pleased to present our Audit Completion Report for the year ended 31 March 2023 which follows the update we presented to the Members Finance Work Group on 21 October 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we provided in October 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 07977 261873.

Yours faithfully



Suresh Patel  
Forvis Mazars LLP



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# 01

Executive Summary

# Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In Section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls; and
- Valuation of property, plant and equipment

## Misstatements and internal control recommendations

In Section 5 we set out one new internal control recommendation. In Section 6 we report identified misstatements, with the adjusted items having no impact on the Authority's reported performance and unadjusted misstatements totalling £308,000. Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. At the time of preparing this report, there are no significant matters outstanding. Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We anticipate completing our work on the Authority's WGA submission, in line with the group instructions issued by the NAO. We anticipate reporting that the WGA submission is consistent with the audited financial statements.



### Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. We have received no such correspondence from electors.

# 02

Status of the audit

# Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

## Events after the reporting period

Review of events after the reporting period, up to the point at which we sign our audit report.



## File closure procedures

Following completion of the final review procedures for the above outstanding issues, we need to complete file closedown procedures, including confirming the final set of financial statements, receipt of management's letter of representation and complete our consideration of post balance sheet events to the date of sign-off.



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

03

Audit Approach

# Audit Approach

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, presented to Members Finance Working Group on 21 October 2024.

## Materiality

Our provisional overall materiality at the planning stage of the audit was set at £3.017 million for the group. Performance materiality was set at £2.414 million. For the single entity statements, we set overall materiality at £1,268 million. Performance materiality was set at £1.015 million.

We set materiality thresholds of 2% of Gross Revenue Expenditure for the group financial statements, and 2% of Gross Revenue Expenditure for the Authority's single entity statements. There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

## Group audit approach – Full audit

The Authority has one wholly owned subsidiary, the LondonEnergy Limited (LEL).

We engaged and communicated with the auditor of LEL, formally through issuing group instructions and less formally with update calls and emails. We have reviewed the auditor's response to our instructions and reviewed the work they carried out on the audit risks we identified for the Group accounts. We found that we could place reliance on the component auditor's work, and we are satisfied we have carried out sufficient review of their work.

We have no matters to report.

## Service organisations

The Authority has made use of the London Borough of Camden as a service organisation for the following:

- Financial systems used for producing the statement of accounts; and
- Financial instrument valuations.

## Management's and our experts

Management makes use of experts in specific areas when preparing the Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Barnett Waddingham (London Pension Fund Authority - LPFA)	We made use of PWC actuarial services who are commissioned by the NAO to review the national analysis of pension trends and assumptions of the various LGPS actuaries.
Property, plant and equipment valuation	Savills	We reviewed the analysis of property valuation movements available from third parties and consider the outcome of the Authority's valuations in comparison with these, challenging conclusions as appropriate.
Financial systems used for the production of the statement of accounts.	London Borough of Camden	We obtained assurance by understanding the process and controls that the Authority has in place to assure itself that transactions are processed materially correctly.
Financial instrument valuations	London Borough of Camden	Our testing obtained confirmation of the nature and value of the sums invested by LB Camden on behalf of the Authority directly from LB Camden's auditors (Forvis Mazars LLP). Our work also included testing that the disclosures relating to the nature and fair value of the investments are appropriately disclosed in the Authority's financial statements.

Significant findings



# Significant findings

## Significant findings, including key areas of management judgement

In this section we outline the significant findings from our audit. These findings include

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 14 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

## Significant Risks

### Management override of controls Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

### How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Please see the next page for further details on our journals testing.

### Audit conclusion

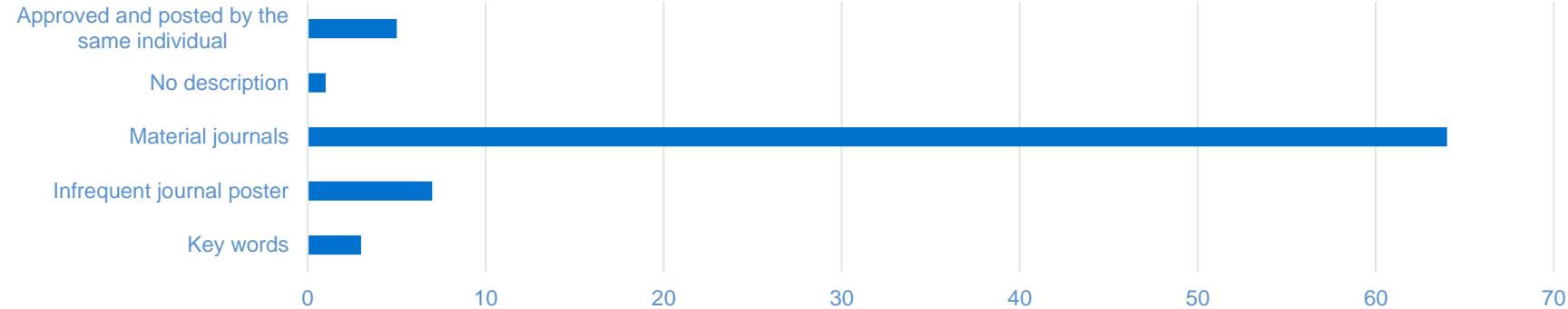
We have completed our planned procedures and have not identified any evidence of management override of controls and any material misstatement due to fraud.

# Significant findings

## Management override of controls

### Analysis of work performed

The figure below highlights the spread of journals selected for testing across identified risk factors for our review. For 2022/23 the Authority posted 261 manual journals that impacted the general ledger. Our risk analysis identified 80 of these journals for testing for the reasons shown.



Our testing confirmed that all the selected items were valid journal postings and we have not identified any evidence of management override of controls or material misstatement due to fraud

# Significant findings

Valuation of property, plant and equipment	Description of the risk
	<p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the current value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued in a five-year cycle.</p>
	<p>The draft accounts showed Land and buildings with a value of £145.1m and assets under construction at £464.4m. Land and buildings primarily being made up of the Edmonton EcoPark and Pinkham Way and Hornsey Street sites (valued on DRC basis), and Assets Under Construction relating almost entirely to the North London Heat and Power Project.</p>
	<p>These were revalued by external valuation expert Savills.</p>
	<p>Due to the high degree of estimation uncertainty associated with valuations, we determined this area to be a significant risk.</p>
	<hr/> <b>How we addressed this risk</b>
	<p>We addressed this risk by reviewing the approach adopted by the Authority to assess the risk that assets not subject to valuation at year end were not materially misstated and considered the robustness of that approach. We also assessed the risk of the valuation changing materially in year, considering the movement in market indices between revaluation dates and the year end, in order to determine whether these indicated that fair values had moved materially. In addition, for those assets which were revalued during the year we:</p>
	<ul style="list-style-type: none"><li>• assessed the valuer’s qualifications;</li><li>• assessed the valuer’s objectivity and independence;</li><li>• reviewed the methodology used; and</li><li>• performed testing of the associated underlying data and assumptions.</li></ul> <p>• Followed up on the recommendations we made in the prior year audit conclusion report regarding PPE valuations.</p>
	<hr/> <b>Audit conclusion</b>
	<p>Our testing identified a material overstatement of £4.35m which has been adjusted for by the Authority. This arose because the valuer had used the gross area rather than the net developable area in the valuation calculation for the development land at Pinkham Way. This resulted in the value of the asset being calculated at £17.4m rather than £13.05m.</p>
	<p>There were no other issues noted in our testing.</p> <hr/>

# Significant findings

## Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Authority's circumstances.

We received the Authority's draft accounts on 26<sup>th</sup> September 2024, and they were of a good quality.

## Significant difficulties during the audit

During the course of the audit, we did not encounter any significant difficulties, and we have had the full co-operation of management. We would like to thank the Finance team for their responsiveness.

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised OR Tailor as appropriate to summarise correspondence and objections.

# 05

Internal control conclusions

# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of Authority's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Authority's internal controls, we are required to communicate to Those Charged With Governance any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Authority's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Authority's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Those Charged With Governance.

We have not identified any significant deficiencies in the Authority's internal controls as at the date of this report.

## Other observations

We also record our observations on the Authority's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Those Charged With Governance and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

# Internal control conclusions

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

We identified two expenditure cut-off errors relating to March 2024 and April 2024. These were £7,698 and £8,625 respectively.

- 1) The first cut-off error was caused by an invoice not being processed just before year end due to a discrepancy between the invoice and the details in the General Ledger. The payment therefore failed, and the invoice was marked as requiring review. The invoice was put on hold in the last week of the year but not reviewed and released (corrected) until the following week, causing the expenditure to be recognised in the wrong year.
- 2) The second cut-off error was due to an accrual for an annual insurance payment (Jan-Dec) for £11.5k being recognised in full rather than recognising £2,875 for 3 months and accruing for the remaining 9 months.

We have not reported these items as misstatements as they are individually and in aggregate trivial. We do not extrapolate the errors accurately as the populations from which they are extracted do not constitute a statistically complete population across the year. However, we have performed an approximate extrapolation which suggests potential misstatements of £457,610 and £99,505 respectively for March and April 2024.

Our work outside of cut-off found an unadjusted misstatement identified in section 06 where a prior year addition was not appropriately accrued for and was recognised in the 2022/23 year, and adjusted misstatement 3 where we identified three invoices that were being paid in instalments had not been processed correctly as part prepayments. The Authority does not currently have a control in place to mitigate this finding.

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### Potential effects

There is the potential for non-trivial misstatements to arise where expenditure is being recognised in the wrong financial year.

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### Recommendation

Review and correct invoices on hold on the Oracle Dashboard at year end and accrue appropriate amounts. Perform a second review of accruals on a monthly basis for reasonableness.

Review additions where payment is by instalment to ensure expenditure is being recognised appropriately over time against the progress of projects.

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### Management response

# 06

Summary of misstatements



# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £38k.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 21 October 2024. Any subsequent changes to those figures are set out in the Section 3 of this report.

## Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: General Fund  Cr: Expenditure  Additions testing noted an error of £18,464.51 where a balance should have been accrued in the prior year but had not been (£308k extrapolated).		(308)	308	
<b>Aggregate effect of unadjusted misstatements</b>		<b>(308)</b>	<b>308</b>	

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold of £38k that we identify during our audit and which management had adjusted and any other misstatements we believe Those Charged With Governance should be made aware of.

	Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
1	<p>Dr: Revaluation Reserve Cr: Property, Plant and Equipment</p> <p>In valuations testing we identified an error where the valuer had used the gross area rather than the net developable area for the valuation calculation of development land at Pinkham Way. Using the net developable area reduces the valuation from £17,400m to £13,050m. As this was a key item by value, we have not extrapolated this error, and the actual error has been adjusted for.</p>			4,350	(4,350)
2	<p>Dr: Assets Under Construction Cr: Interest Payable on Long Term Borrowing Cr: Interest Payable on Short Term Borrowing</p> <p>In our creditors testing we identified an error in the PWLB accrual calculations resulting in an understatement of Assets under construction cost and PWLB interest payable. As this was a key item by value, we have not extrapolated this error, and the actual error has been adjusted for.</p>			40	(2) (38)
3	<p>Dr: Prepayments Cr: Assets Under Construction</p> <p>In our additions testing we identified three invoices that were being paid in instalments had not been processed correctly as part prepayments, with all capitalised expenditure being recognised completely in 22/23. As these were key items by value, we have not extrapolated these errors, and the actual error has been adjusted for.</p>			2,597	(2,597)

# Summary of misstatements

## Adjusted misstatements - continued

	Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
4	<p>Dr: Creditor Accruals</p> <p>Cr: Assets Under Construction</p> <p>In our additions testing we identified that a payment in foreign currency had been corrected to reflect the appropriate translation rate. The original transaction had not been reversed thereby overstating both Assets Under Construction and Creditors accruals. As this was a key item by value, we have not extrapolated this error, and the actual error has been adjusted for.</p>			2,323	(2,323)
5	<p>Dr: Assets Under Construction</p> <p>Cr: Interest Payable on Long Term Borrowing</p> <p>In our additions testing we identified that the calculation of interest to capitalise on PWLB borrowings had been capitalised based on the incorrect asset resulting in an understatement of £128,841. As this was a key item by value, we have not extrapolated this error, and the actual error has been adjusted for.</p>			129	(129)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>9,439</b>	<b>(9,439)</b>

## Disclosure misstatements

We identified a number of minor disclosure misstatements during our audit that have all been corrected by management. There were no significant disclosure misstatements to bring to the attention of Those Charges With Governance.

07

Value for Money

# Value for Money

## Approach to Value for Money

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report before the 13<sup>th</sup> of December.

## Status of our work

We have completed our work in respect of the Authority's arrangements for the year ended 31 March 2023 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

# Appendix A: Draft management representation letter

Suresh Patel  
Forvis Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

Dear Suresh,

## **North London Waste Authority - Audit for Year Ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of North London Waste Authority ('the Authority') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority and Group you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Corporate Services that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority and Group's financial position, financial performance and cash flows.

# Appendix A: Draft management representation letter

## Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Authority and Group in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority and Group have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority and Group has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Director of Corporate Services for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority and Group involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority and Group's financial statements communicated by employees, former employees, analysts, regulators or others.



# Appendix A: Draft management representation letter

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law. I have disclosed to you the identity of the Authority and Group's related parties and all related party relationships and transactions of which I am aware.

## **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## **Charges on assets**

All the Authority and Group's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## **Future commitments**

The Authority and Group has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## **Impacts of Russian Forces entering Ukraine**

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and Group, including the impact of mitigation measures and uncertainties, and that any disclosure in the Annual Report fairly reflects that assessment.

## **Covid-19**

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that any disclosure in the Annual Report fairly reflects that assessment.

## **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority and Group will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

# Appendix A: Draft management representation letter

## **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority and Group's risk assurance and governance framework, and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## **Narrative Report**

The disclosures within the Narrative Report fairly reflect my understanding of the Authority and Group's financial and operating performance over the period covered by the financial statements.

## **Unadjusted misstatements**

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

## **Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)**

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Nikesh Shah

Director of Corporate Services

DATE

# Appendix B: Draft audit report

## Independent auditor's report to the members of North London Waste Authority

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of North London Waste Authority ('the Authority') and its subsidiaries ('the Group') for the year ended 31 March 2023, which comprise the Authority and Group Comprehensive Income and Expenditure Statements, the Authority and Group Movement in Reserves Statements, the Authority and Group Balance Sheets, the Authority and Group Cash Flow Statements, and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ('the Code Update'), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31st March 2023 and of the Authority's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Corporate Services with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Corporate Services is responsible for the other information.

## Appendix B: Draft audit report

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

### **Other information**

The other information comprises the Annual Governance Statement and information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Corporate Services is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Director of Corporate Services for the financial statements**

As explained more fully in the Statement of the Director of Corporate Services' Responsibilities, the Director of Corporate Services 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 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Director of Corporate Services is also responsible for such internal control as the Director of Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Corporate Services is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis, on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Director of Corporate Services is responsible for assessing each year whether or not it is appropriate for the Authority and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Appendix B: Draft audit report

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Authority is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority and the Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Director of Corporate Services' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

## Appendix B: Draft audit report

We are also required to conclude on whether the Director of Corporate Services' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception**

We are required to report to you if, in our view, we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in this respect.

#### **Responsibilities of the Authority**

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made 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.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

#### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

# Appendix B: Draft audit report

## **Use of the audit report**

This report is made solely to the members of North London Waste Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority 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.

## **Certificate**

We certify that we have completed the audit of North London Waste Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

[Signature]

Suresh Patel, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

Suresh Patel, Key Audit Partner  
For and on behalf of Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

DD/MM/2024

## Appendix C: Confirmation of our independence

As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.



## Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Director of Corporate Services that Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p>

# Appendix D: Other communications

Other communication	Response
<p><b>Subsequent events</b></p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p><b>Matters related to fraud</b></p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Those Charged With Governance, confirming that</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b) they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:             <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Contact

## Forvis Mazars

### Suresh Patel

Key Audit Partner

Tel: 07977 261873

[suresh.patel@mazars.co.uk](mailto:suresh.patel@mazars.co.uk)

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**APPENDIX B     2022/23 STATEMENT OF ACCOUNTS**



## **North London Waste Authority**

**Statement of Accounts for the year ended**

**31 March 2023**

# **North London Waste Authority**

## **Statement of Accounts for the year ended 31 March 2023**

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# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

#### THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

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

#### THE FINANCIAL ADVISER'S RESPONSIBILITIES

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

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

#### CERTIFICATION BY THE FINANCIAL ADVISER

The accounts which follow have been prepared in accordance with the requirements of Regulation 9 of the Accounts and Audit Regulations 2015 issued under the Local Audit and Accountability Act 2014 and, except where specifically stated, in accordance with all recognised statutory requirements and codes of practice applicable to local authorities.

I certify that the statement of accounts gives a true and fair view of the financial position of the Authority and of the Group as at 31 March 2023 and the income and expenditure of the Authority and of the Group for the year then ended.

**Jon Rowney**

Financial Adviser

**North London Waste Authority**

**Statement of Accounts for the year ended 31 March 2023**

**Auditor's Report**



**North London Waste Authority**

**Statement of Accounts for the year ended 31 March 2023**

**Auditor's Report**

North London Waste Authority

Statement of Accounts for the year ended 31 March 2023

Auditor's Report

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### NARRATIVE REPORT

#### INTRODUCTION

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the Authority's accounts which have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* (The Code) and the *Guidance Notes for Practitioners* (both published by the Chartered Institute of Public Finance and Accountancy). The Code requires that five key statements are provided; they comprise:

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

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

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

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

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

#### GROUP ACCOUNTS

The summarised group accounts show in aggregate the income and expenditure and assets, liabilities and reserves of the group comprising the Authority and the Authority's interest in LondonEnergy Ltd.

#### OPERATING PERFORMANCE

NLWA manages waste in line with the waste hierarchy to protect the environment and preserve resources for future generations. We work with our boroughs to deliver public-facing behaviour change programmes

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

to encourage waste prevention and recycling. We did fewer face-to-face activities due to COVID-19 restrictions, but our campaigns had a cumulative reach of more than 77million people.

We processed 108,909 tonnes of mixed dry recycling tonnages from households. This is slightly lower than the 113,685 tonnes processed in 2021/22. The provisional household recycling rate is 30.7%, which is an increase on the previous year's 28.4%.

Garden waste volumes were adversely affected by the spring and summer heatwave, with 42,133 tonnes of organic waste processed compared to 47,673 tonnes in 2021/22.

Having introduced mattress recycling and recycling of polystyrene in 2021/22, this year the Authority began trials to collect hard plastics for recycling and introduced a scheme for residents to take reusable DIY materials from reuse and recycling centres. The reuse and recycling centre booking system introduced during the COVID-19 pandemic to manage visitor numbers was withdrawn. Consultation showed that some residents saw the booking system as a barrier to making use of the facilities, and the Authority removed the requirement accordingly. 33,123 tonnes of material were collected at our reuse and recycling centres, of which 76.1% was reused, recycled or composted, an increase from last year's recycling rate.

We dealt with 557,094 tonnes of residual waste, which is a reduction of 16,265 tonnes compared to the previous year. This pattern was seen among other authorities and is likely to be caused by cost of living pressures affecting residents' consumption. A particular pressure on the north London population during the year was the steeply increasing price of energy, as energy price caps were raised significantly. As the residual waste is used to generate electricity by LondonEnergy Ltd at the Edmonton EcoPark, increased income was generated. With LondonEnergy Ltd being publicly owned by the Authority, the increased income allowed the Authority to approve payments of £14.95m as a windfall to constituent boroughs, of which £10.0m will be repaid in 2023/24.

### NORTH LONDON HEAT AND POWER PROJECT

Significant progress was made on the Resource Recovery Facility (RRF) and EcoPark House, and they are on course to be complete in 2024. The RRF will maximise recycling from bulky waste and a new public reuse and recycling centre will allow residents to take items directly to the EcoPark. EcoPark House will provide a visitor centre and community space for local residents and home for the Edmonton Sea Cadets. In December 2021, the Authority decided to award the contract to Acciona SA for the design and build of the new Energy Recovery Facility. The contract was signed in January 2022 and construction started on site in September 2022. The procurement won the award for Best Public Sector Procurement at the 'Tomorrow's Procurement' awards, hosted by Built Environment Networking. Acciona have started the recruitment of the 90 apprenticeships which will be provided under the contract and have taken initiatives with Women into Construction to promote the project as an equality exemplar with training and career opportunities for women.

Community engagement on the project continued with the Community Liaison Group meetings and increased communications to increase awareness of the project and its benefits. Newsletters were sent to 28,000 residents in the wards around the site. Briefings were held with community groups and opportunities were provided to visit the site to see the facilities being constructed.

Further information about the key developments, activities and trends in the Authority's management of north London's waste are available on NLWA website:

<https://www.nlwa.gov.uk/ourauthority/nlwa-annual-report-2022-23>

### FINANCIAL PERFORMANCE

The Authority agreed its 2022/23 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 NLHPP. In doing so, the Authority was aware, as in past years, that if favourable circumstances arose during the year some revenue balances might become available to help fund future budgets.

The Authority plans to finance the cost of the NLHPP through borrowing. To date, the Authority has borrowed £100m from the Public Works Loan Board (PWLb), part of HM Treasury, in February 2020 at

## **North London Waste Authority**

### **Statement of Accounts for the year ended 31 March 2023**

the Local Infrastructure Rate. Since then the Authority has borrowed a further £870m from the PWLB at the certainty rate. The Authority had also taken a short-term loan from LondonEnergy Ltd of £8m as part of the long-term lease of the EcoPark. This was repaid in April 2022.

In February 2023, the Authority was advised that revenue balances at 31 March 2023 were forecast to be £10.439m. Since then, lower volumes of residual tonnage were delivered during the period of reinstated national Covid-19 restrictions in early 2021, Increased income from recyclates, the effects of increases in wholesale electricity prices and non-use of contingency have resulted in revenue balances at 31 March 2022 of £15.881m.

Compared to the accounts for 2021/22, the net cost of services increased by £1.073m (2.1%). This can largely be attributed to inflationary increases and a reduction in income from non-household and chargeable household wastes.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### ANNUAL GOVERNANCE STATEMENT FOR NORTH LONDON WASTE AUTHORITY

#### 1. Scope of Responsibility

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

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

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

The governance framework comprises the systems and processes, culture and values, by which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place within the North London Waste Authority for the year ended 31 March 2023 and up to the date of approval of the annual report and statement of accounts.

#### 3. The Governance Framework

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

- The Authority has a clearly defined set of objectives in terms of service delivery, and these are reflected in its contract with LondonEnergy Ltd. and other key contracts.
- Policy and decision-making are managed and controlled within a strong well-established framework. The Authority's standing orders set out in detail how the Authority operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. Political and management control is exercised through Authority Members and Advisers and Officers, whose roles are defined in Standing Orders and who work to defined and established processes.
- Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include Standing Orders relating to the Authority, Standing Orders relating to Committees, delegations to Officers, and Contract Standing Orders. The Authority also follows the London Borough of Camden Financial Standing Orders.
- Central to the Authority's achievement of its objectives is an effective risk management regime. In addition to regular reviews of detailed risk registers by the Authority's management team, the registers are considered annually by the Members' Finance Working Group. Informed by the annual review, a report is presented to the Authority outlining developments in the Authority's key corporate risks. The report also includes an up-to-date high level risk register.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

- The Authority is also able to benefit from the rules and procedures set in place by its Lead Borough. Officer responsibilities and actions are controlled through Schemes of Officer Delegation.
- The effective and efficient use of resources and the securing of continuous improvement are achieved through a range of review processes and are integral to the Joint Waste Strategy, Residual Waste Reduction Plan 2020 to 2022 and the development of the next generation of waste infrastructure and services for north London. A new Joint Waste Strategy is being prepared for consideration by Members along with Constituent Boroughs (Barnet, Camden, Enfield, Hackney, Haringey, Islington, Waltham Forest) which will focus on activities to move all waste up the waste hierarchy.
- The financial management of the Authority is organised through a wide range of well-established processes and procedures which deliver strong financial control arrangements. The Authority has in place a detailed strategic budget planning process which is supported by the London Borough of Camden's comprehensive Financial Standing Orders. Members receive and consider detailed financial information on a regular basis, and this facilitates the political decision making process. The process is further supported by the work of the Members' Finance Working Group.
- Other features of the financial control environment include the annual production and review of a medium-term financial forecast. The Authority also benefits from the Internal Audit Shared Service of the London Boroughs of Camden and Islington which provides assurances to management that the London Borough of Camden's – and therefore the NLWA's – control systems are adequate, effective and operating as intended and investigates identified or suspected cases of fraud/irregularity.
- Performance management within the Authority is considered through a range of review arrangements including external/internal audit reviews and annual reports.
- As all staff are employed by the London Borough of Camden, they are required to complete mandatory training sessions which include anti-fraud, cyber security and information handling, among others. The Authority maintains a register of related party transactions for all Members and Senior officers and there is a separate register of gifts and hospitality that have been offered.

### 4. Review of Effectiveness

North London Waste Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is a significant part of the framework and is informed by the work of those charged with governance within the Authority who have responsibility for the development, maintenance and ongoing assurance in respect of the internal control environment covering their individual areas of responsibility. This is also supported by reviews conducted by the external auditors and other review agencies. In addition, Authority meetings receive reports on key aspects of the day-to-day work of the Authority and the Authority's financial health.

The Public Sector Internal Audit Standards require that the Head of Internal Audit provide an annual audit opinion that can be used by the organisation to inform its governance statement. The wider content of this annual governance statement indicates an adequate level of assurance from the Authority's governance framework. With regard to the annual opinion of the Head of Internal Audit (HIA), the HIA is satisfied that the work undertaken by Internal Audit during 2022/23 has enabled the HIA to form a reasonable conclusion that Camden's – and therefore NLWA's control framework, specifically with regard to key financial systems, is adequate.

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

The Authority was further supported by the work of the Members' Recycling Working Group. The Authority continues to have in place strong and effective working arrangements with its constituent boroughs.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

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

The Authority has participated in a Corporate Peer challenge, organised by the Local Government Association. This was conducted by a diverse team of experienced senior local government councillors and officers

### 5. Significant Governance Issues

A key element of the annual governance review process is to identify any significant internal control issues. The Authority has adopted the approach recommended by the CIPFA, which has identified what may be considered generally as a significant issue. These include:

- The issue has seriously prejudiced or prevented achievement of a principal objective;
- The issue has resulted in a need to seek additional funding to allow it to be resolved;
- The issue has resulted in significant diversion of resources from another aspect of the business;
- The issue has led to a material impact on the accounts;
- The Audit Committee, or equivalent, has advised that it should be considered significant for this purpose, or
- The Camden and Islington Shared Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

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

- The Members' Finance Working Group reviewed the Authority's risk register, and the conclusions were reported to the Authority in March 2022 and again in April 2023. A high-level risk register for London Energy Ltd, containing the organisations key risks, was included so that the risks for the company could be taken into account by the Authority as shareholder.
- The Authority allows residents to make deputations to any of its public meetings, and on 23 June 2022 deputations were made at the Authority Meeting concerning the appointment of Members to the Authority and its decision making. Responses to the deputation were provided at the meeting.
- At its meeting on 31 October 2022, the Authority approved the reappointment of the Chair of LondonEnergy Ltd and the retention of two board members.
- During the year, the Authority participated in a Corporate Peer Challenge organised by the Local Government Association. The peer team was made up of senior officers and Councillors from other local authorities and their initial report was presented to the Authority in June 2023. It considered areas such as:
  - Local priorities and outcomes
  - Organisational and place leadership
  - Governance and culture
  - Financial planning and management
  - Capacity for improvement
  - Engagement and the community

### 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:



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

- Keeping under review the governance arrangements for LondonEnergy Ltd, including the preparation for the next operating contract from 2025 and an addendum to the existing contract for the operation of new assets created by the North London Heat and Power Project.
- 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.
- The Authority intends to appoint a Governance Manager to ensure that its arrangements are best in class.
- Implementation of any recommendations proposed by internal audit reviews and the development and completion of a further internal work programme in 2023/24.

### 7. Signed Agreement

We have been advised of the arrangements that are in place to ensure that an effective system of governance exists in the Authority and of the plan to further review and enhance our governance arrangements in the coming year. We are satisfied with these steps and will monitor their implementation and operation as part of our next review.

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Councillor Clyde Loakes  
Chair of the Authority

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Jenny Rowlands  
Clerk to the NLWA

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### MOVEMENT IN RESERVES STATEMENT

	General Balance	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
2022/23	£000	£000	£000	£000	£000
<b>Balance at 31 March 2022 brought forward</b>	<b>15,250</b>	<b>1,439</b>	<b>16,689</b>	<b>215,027</b>	<b>231,716</b>
<b>Movement in reserves during 2022/23</b>					
Total Comprehensive Income and Expenditure	5,063	-	5,063	(11,406)	(6,343)
Adjustments between accounting basis & funding basis under regulations	(4,238)	-	(4,238)	4,238	-
<b>Increase/(Decrease) in 2022/23</b>	<b>825</b>	<b>-</b>	<b>825</b>	<b>(7,168)</b>	<b>(6,343)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>16,075</b>	<b>1,439</b>	<b>17,514</b>	<b>207,859</b>	<b>225,373</b>
<b>Balance at 31 March 2021 brought forward</b>	<b>8,043</b>	<b>1,439</b>	<b>9,482</b>	<b>151,837</b>	<b>161,319</b>
<b>Movement in reserves during 2021/22</b>					
Total Comprehensive Income and Expenditure	11,696	-	11,696	58,701	70,397
Adjustments between accounting basis & funding basis under regulations	(4,489)	-	(4,489)	4,489	-
<b>Increase/(Decrease) in 2021/22</b>	<b>7,207</b>	<b>-</b>	<b>7,207</b>	<b>63,190</b>	<b>70,397</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>15,250</b>	<b>1,439</b>	<b>16,689</b>	<b>215,027</b>	<b>231,716</b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure	2021/22			2022/23		
	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
35,818	-	35,818	Main Waste Disposal Contract	38,124	-	38,124
1,875	-	1,875	Composting Services	1,658	-	1,658
9,915	-	9,915	Materials Recovery Facility Services	10,146	-	10,146
3,441	(897)	2,544	Transfer Stations and Other Sites	2,733	(95)	2,638
5,166	(518)	4,648	Reuse and Recycling Centres (incl. Landfill Tax)	5,422	(562)	4,860
3,391	-	3,391	Corporate and Other Support Service Costs	3,858	(19)	3,839
219	-	219	Waste Prevention Programme – New Initiatives	262	-	262
85	-	85	Communications Campaign – Household Recycling	244	-	244
153	-	153	Other Recycling Initiatives	202	-	202
833	-	833	North London Heat & Power Project	760	(16)	744
-	(6,276)	(6,276)	Non-Household Waste	-	(6,484)	(6,484)
-	(1,428)	(1,428)	Household Waste	-	(1,265)	(1,265)
-	(7,057)	(7,057)	Sale of Recyclable Material	-	(8,091)	(8,091)
-	(124)	(124)	Rent Receivable	-	(135)	(135)
-	(9)	(9)	Other Income	-	(479)	(479)
<b>60,896</b>	<b>(16,309)</b>	<b>44,587</b>		<b>63,409</b>	<b>(17,146)</b>	<b>46,263</b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
-	(57,798)	(57,798)	Levy	-	(52,294)	(52,294)
-	<b>(57,798)</b>	<b>(57,798)</b>	<b>Other Operating Income</b>	-	<b>(52,294)</b>	<b>(52,294)</b>
-	(52)	(52)	Interest Receivable	-	(222)	(222)
4	-	4	Pension Interest Cost	5	-	5
1,567	-	1,567	Revenue Funding of Capital – Interest	1,148	-	1,148
<b>1,571</b>	<b>(52)</b>	<b>1,519</b>	<b>Financing and Investment (Income) and Expenditure</b>	<b>1,153</b>	<b>(222)</b>	<b>931</b>
		<b>(11,692)</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>(5,100)</b>
		(60,659)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			21,610
		1,958	(Surplus)/Deficit on revaluation on Currency Euro account			(10,204)
		(4)	Actuarial Loss/(Gain) on Pension Assets			37
		<b>(58,705)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>11,443</b>
		<b>(70,397)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>6,343</b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### BALANCE SHEET

	Note	31 Mar 2022 £'000	31 Mar 2023 £'000
Property, Plant and Equipment	5	347,445	605,212
Long Term Investments	7	119,392	119,392
<b>LONG TERM ASSETS</b>		<b>466,837</b>	<b>724,604</b>
<u>Short Term Assets</u>			
Cash and Cash Equivalents	15	607,437	533,724
LondonEnergy Ltd		2,006	608
Other Local Authorities		65	28
HM Revenue and Customs		4,476	8,557
Other Entities and Individuals		52	2,728
<b>CURRENT ASSETS</b>		<b>614,036</b>	<b>545,645</b>
<u>Short Term Creditors</u>			
Short Term Borrowings	8	(21,056)	(3,965)
LondonEnergy Ltd		(5,240)	(7,622)
Other Local Authorities		(7,396)	(9,554)
Other Entities and Individuals		(15,256)	(23,515)
<b>CURRENT LIABILITIES</b>		<b>(48,948)</b>	<b>(44,656)</b>
Long Term Borrowings	8	(800,000)	(1,000,000)
Other Long Term Liabilities	17	(209)	(219)
<b>LONG TERM LIABILITIES</b>		<b>(800,209)</b>	<b>(1,000,219)</b>
<b>NET ASSETS</b>		<b>231,716</b>	<b>225,374</b>
<u>Usable Reserves</u>			
General Fund Balance		15,250	16,075
Capital Receipts Reserve	12	1,439	1,439
<u>Unusable Reserves</u>			
Capital Adjustment Account	9	68,563	76,787
Revaluation Account	10	124,967	109,586
Capital Revaluation Account	11	21,706	21,706
Pension Reserve	17	(209)	(219)
<b>TOTAL RESERVES</b>		<b>231,716</b>	<b>225,374</b>

Jon Rowney

Financial Adviser December 2024

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### CASH FLOW STATEMENT

	Note	31 Mar 2022 £'000	31 Mar 2023 £'000
Net surplus on the provision of services		(11,692)	(5,100)
		-	
Adjustments to net surplus on the provision of services for non-cash movements	14	(4,525)	(9,791)
		-	
Net cash (inflow) / outflow from operating activities		(16,217)	(14,891)
		-	
Investing activities		101,466	269,977
Financing activities		(530,000)	(181,373)
		-	
Net decrease / (increase) in cash and cash equivalents	15	(444,751)	73,713
		-	
Cash and cash equivalents at the beginning of the reporting period		(162,686)	(607,437)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(607,437)</b>	<b>(533,724)</b>

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

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2023

#### EXPENDITURE AND FUNDING ANALYSIS

2021/22			2022/23		
Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000	£000
35,818	-	35,818	38,124	-	38,124
1,875	-	1,875	1,658	-	1,658
9,915	-	9,915	10,146	-	10,146
1,739	804	2,543	1,834	804	2,638
4,648	-	4,648	4,860	-	4,860
3,421	(30)	3,391	3,871	(32)	3,839
219	-	219	262	-	262
86	-	86	244	-	244
153	-	153	202	-	202
833	-	833	744	-	744
6,830	(5,263)	1,567	6,200	(5,052)	1,148

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(6,276)	-	(6,276)	Non-Household Waste	(6,484)	-	(6,484)
(1,428)	-	(1,428)	Household Waste	(1,265)	-	(1,265)
(7,057)	-	(7,057)	Sale of Recyclable Material	(8,091)	-	(8,091)
(124)	-	(124)	Rent Receivable	(135)	-	(135)
(52)	-	(52)	Interest Received	(222)	-	(222)
(9)	-	(9)	Other Income	(479)	-	(479)
-	4	4	Pension Interest	-	5	5
-	(4)	(4)	Pension Asset – Actuarial (Gain)/Loss	-	37	37
<b>50,591</b>	<b>(4,489)</b>	<b>46,102</b>	<b>Net Cost of Services</b>	<b>51,469</b>	<b>(4,238)</b>	<b>47,231</b>
(57,798)	-	(57,798)	Levy	(52,294)	-	(52,294)
<b>(57,798)</b>	-	<b>(57,798)</b>	<b>Other Income and Expenditure</b>	<b>(52,294)</b>	-	<b>(52,294)</b>
<b>(7,207)</b>	<b>(4,489)</b>	<b>(11,696)</b>	<b>(Surplus) or Deficit</b>	<b>(825)</b>	<b>(4,238)</b>	<b>(5,063)</b>
<b>8,043</b>			<b>Opening Balance</b>	<b>15,250</b>		
7,207			Add Surplus/(Deficit) in Year	825		
<b>15,250</b>			<b>Closing Balance at 31 March</b>	<b>16,075</b>		



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### ACCOUNTING POLICIES

The accounts have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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. The Authority receives interest on its Sterling balances equivalent to the average return achieved on Camden's own investment activity for the year. Foreign currency balances are held separately and the Authority receives interest on the balance at the prevailing rate.

#### Capital receipts

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

#### Leases

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

#### Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. IFRS requires the Authority to consider accruing for the cost of the leave entitlement earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The Authority has assessed the value of carried forward leave and has concluded that it is not significant and therefore no accrual has been made. However, non-consolidated performance related pay paid to staff in 2023/24 in respect of their work in 2022/23 has been accrued.

#### Post-employment benefits

In December 1994, all operational staff of the Authority transferred to LondonEnergy Ltd. However, the Authority continues to be responsible for the payment of employer borne pension costs (annual compensation) of former retired employees. The Authority has previously decided that this should continue to be paid on a pay-as-you-go basis. However, in accordance with International Accounting Standard 19 – Employee Benefits (IAS 19), the liability has been reflected in the Authority's Balance Sheet.

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

#### Non-Current Assets

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### Investments and Property

The Authority's investment in LondonEnergy Ltd is held at cost. The land at Pinkham Way was valued at 31 March 2023, in line with the five year valuation cycle. The Hornsey Street property was also valued at 31 March 2023. The land at EcoPark included in the 999-year lease was valued at 31 March 2023.

### 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

No prior year adjustments have been included in the financial statements.

### Reserves

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

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

### Group accounts

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### Members' allowances

Members of the Authority receive allowances from the borough that they represent. No allowances are paid 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 Instruments

#### Financial Liabilities

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

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

#### Financial Assets

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

### Financial Instrument Risk

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

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

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

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

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### Contingent Liabilities

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

### CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

**NOTES TO THE ACCOUNTS**

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

This Statement of Accounts was authorised by the Financial Adviser on xx December 2024. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 11 July 2024, the Authority borrowed a further £140m from the Public Works Loan Board for the North London Heat and Power Project. This consisted of 1 loan with a length of 42 years and 6 months.

On 16 July 2024, the £10m loan from the Public Works Loan Board became due and was repaid in full.

**2. ADDITIONAL INFORMATION SUPPORTING THE EXPENDITURE AND FUNDING ANALYSIS**

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

<b>Adjustments between accounting basis and funding basis under regulations</b>	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Statutory provision for the financing of capital investment – Minimum Revenue Provision	(5,263)	(5,052)
Property, plant and equipment - Depreciation	804	804
Pension asset – Actuarial (gain)/loss	(4)	37
Net interest on defined benefit liability	4	5
Employer’s pension contributions paid in year	(30)	(32)
Balance at 31 March	<u>(4,489)</u>	<u>(4,238)</u>

**3. NON-HOUSEHOLD AND CHARGEABLE HOUSEHOLD WASTE**

The Authority operates separate charging arrangements for non-household waste and certain categories of household waste in accordance with s52 (9) of the Environmental Protection Act 1990. As a consequence, only the cost of treating non chargeable household waste is funded from the levy.

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

Non household waste Borough	31 Mar 2022		31 Mar 2023	
	Tonnes	£'000	Tonnes	£'000
Barnet	10,709	833	9,928	830
Camden	19,296	1,349	21,722	1,547
Enfield	9,045	717	8,649	741
Hackney	21,210	1,499	19,652	1,462
Haringey	2,871	201	3,167	235
Islington	21,147	1,561	20,038	1,545
Waltham Forest	1,554	116	1,554	124
	<u>85,832</u>	<u>6,276</u>	<u>84,710</u>	<u>6,484</u>

Chargeable household waste Borough	31 Mar 2022		31 Mar 2023	
	Tonnes	£'000	Tonnes	£'000
Barnet	2,086	165	1,999	171
Camden	3,344	236	1,173	87
Enfield	1,431	113	1,430	122
Hackney	6,699	467	6,438	479
Haringey	2,881	201	2,881	211
Islington	3,487	246	2,635	195
Waltham Forest	-	-	-	-
	<u>19,928</u>	<u>1,428</u>	<u>16,556</u>	<u>1,265</u>

#### 4. LEVY

The levy on constituent boroughs of £57.047m was agreed at the Authority Meeting on 10 February 2022 and represents, after allowance for the use of revenue balances, the net cost of meeting the Authority's statutory responsibility for the disposal of household waste and operating Re-use and Recycling Centres that have been transferred to the Authority. The levy was apportioned in accordance with the menu price based arrangements agreed by constituent councils in January 2016.

At its meeting on 31 October 2022, the Authority approved a rebate worth 1 month off the levy for each borough worth £4.753m. This was agreed as the Authority was holding larger than usual balances and recognised the additional operating income that the Authority's subsidiary company, LondonEnergy Ltd had created due to rising energy prices. This rebate has been reflected in the figures below.

Borough	31 Mar 2022		31 Mar 2023	
	%	£'000	%	£'000
Barnet	23.1	13,362	20.5	10,718
Camden	8.9	5,125	10.0	5,223
Enfield	12.3	7,134	13.5	7,054
Hackney	13.1	7,586	12.6	6,612
Haringey	15.6	8,999	13.8	7,201
Islington	10.4	6,026	11.9	6,235
Waltham Forest	16.6	9,566	17.7	9,251
	<u>100.0</u>	<u>57,798</u>	<u>100.0</u>	<u>52,294</u>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 5. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £'000	Plant and Machinery £'000	Assets Under Construction £'000	Total £'000
<b>Movement on balances in 2022/23</b>				
<b>Cost or Valuation</b>				
At 1 April 2022	166,500	-	184,169	350,669
Additions,	-	-	280,182	280,182
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	(25,728)	142	-	(25,586)
Asset Reclassified	-	-	-	-
At 31 March 2023	140,772	142	464,351	605,265
<b>Depreciation and Impairment</b>				
At 1 April 2022	3,224	-	-	3,224
Depreciation charge	803	-	-	803
Write Back on Revaluation	(3,975)	-	-	(3,975)
Revaluation	-	-	-	-
At 31 March 2023	52	-	-	52
Net Book Value at 31 March 2023	140,720	142	464,351	605,213
Net Book Value at 31 March 2022	163,276	-	184,169	347,445
<b>Comparative movement on balances in 2021/22</b>				
<b>Cost or Valuation</b>				
At 1 April 2021	105,841	-	84,661	190,502
Additions,	-	-	99,508	99,508
Disposals	-	-	-	-
Impairment	-	-	-	-
Revaluation	60,659	-	-	60,659
Asset Reclassified	-	-	-	-
At 31 March 2022	166,500	-	184,169	350,669
<b>Depreciation and Impairment</b>				
At 1 April 2021	2,420	-	-	2,420
Depreciation charge	804	-	-	804
Revaluation	-	-	-	-
At 31 March 2022	3,224	-	-	3,224
Net Book Value at 31 March 2022	163,276	-	184,169	347,445
Net Book Value at 31 March 2021	103,421	-	84,661	188,082

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

It is the Authority's policy to revalue assets every five years on the basis of open market value in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

For the years that formal valuations are not undertaken, the Authority conducts a review to determine whether its assets useful lives have changed and that values have been impaired as a result. The review also considers market values where appropriate. The Authority commissioned chartered surveyors Savills to value the following sites as at 31 March 2023:

The Authority revalued Hornsey Street Waste Transfer station on 31 March 2023. It was valued at £28.1m, an increase of £12.2m compared to the 2018 valuation. As a result of the re-valuation, plant and machinery valued at £0.2m has been classified separately. The plant and Buildings at Hornsey Street are being depreciated over 20 years (from 1 April 2023) and all historic depreciation at 31 March 2023 has been removed, matched by a corresponding charge to the Capital Adjustment Account (note 9).

The Authority also owns land at Pinkham Way and this was valued on 31 March 2023 at £13.1m, a decrease of £1.0m on the previous valuation from 2018. In the intervening years, the Authority has reviewed the value of Pinkham way for impairment or a change in value, based on based on market evidence from land valuations at the EcoPark. Compared to the estimates used in the March 2022 financial statements, there is a reduction in value of £15.8m.

In December 2020, the Authority agreed a 999-year lease for 73% of the area of the EcoPark from LondonEnergy Ltd for £17.3m (including stamp duty). The Authority commissioned chartered surveyors Savills to value the lease as at 31 March 2023 and concluded that the fair value was £96.2m (£117.6m as at 31 March 2022). The Authority has an agreement in place with LondonEnergy Ltd to lease the remaining 27% of the land when the existing Energy from Waste facility at Edmonton EcoPark is taken out of service.

### 6. CAPITAL COMMITMENTS

At 31 March 2023, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years. Commitments amounting to £1m or more are as follows:

<b>Contract description</b>	<b>£'000</b>
EcoPark South	16,533
Northern Area Clearance - Demolitions Works	3,097
Electricity Connection	1,655
Gas-Main Connection	4,264
Energy Recovery Facility	765,439
	<u>790,988</u>

### 7. INVESTMENTS – LONDONENERGY LTD

	<b>31 Mar 2022 £'000</b>	<b>31 Mar 2023 £'000</b>
Balance at 31 March	<u>119,392</u>	<u>119,392</u>

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

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



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 8. BORROWING

Details of borrowings at 31 March 2023 are set out below:

#### Short Term and Long Term Creditors

Repayment Date	Sum Borrowed
<b>Public Works Loan Board:</b>	
16-Jul-24	£10,000,000
12-Apr-26	£10,000,000
12-Apr-28	£10,000,000
24-Jun-36	£54,000,000
24-Aug-36	£41,000,000
24-Jun-46	£64,000,000
24-Aug-46	£54,000,000
18-Sep-52	£140,000,000
24-Jun-56	£75,000,000
24-Aug-56	£69,000,000
26-Feb-60	£100,000,000
24-Jun-66	£87,000,000
19-Jul-66	£200,000,000
24-Aug-66	£86,000,000

The fair value of each loan is determined by calculating the Net Present Value of future cash flows, which provides an estimate of the value of payments in the future in today's terms. The discount rate used was the new borrowing rate at 31 March 2023. Since the carrying value included in the balance sheet includes accrued interest, this is also included in the fair value calculations, which are as follows:

	31 Mar 22		31 Mar 23	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Sum Borrowed - £1,000,000,000 (2021/22: £818,626,913)	821,056	719,347	1,003,926	663,278

All loans are at a fixed rates of interest. The total fair value is lower than the carrying amount as the overall interest rate payable is lower than rates available for similar loans at the balance sheet date.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 9. CAPITAL ADJUSTMENT ACCOUNT

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

	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance brought forward	64,103	68,562
Minimum Revenue Provision (MRP)	5,263	5,052
Depreciation	(804)	(804)
Write-back depreciation on revaluation	-	3,975
Balance at 31 March	<u>68,562</u>	<u>76,787</u>

### 10. REVALUATION ACCOUNT

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

	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance brought forward	66,267	124,968
Revaluation of Property, Plant and Equipment Assets	60,659	(25,586)
Revaluation on Currency Euro account	(1,958)	10,204
Balance at 31 March	<u>124,968</u>	<u>109,586</u>

### 11. CAPITAL REVALUATION ACCOUNT

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

	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 31 March	<u>21,706</u>	<u>21,706</u>

### 12. USABLE CAPITAL RECEIPTS RESERVE

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

	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 31 March	<u>1,439</u>	<u>1,439</u>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 13. RELATED PARTIES

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

#### Central Government

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

#### Members

Each of the seven constituent boroughs of the Authority appoints two of their Members to the Authority. Transactions between the Authority and its constituent boroughs, principally the Levy and charges for the treatment of non-household waste, are detailed elsewhere in the accounts. Apart from this dual role, no Member of the Authority has reported that he/she or members of their families and households exercised any control or influence on any of the companies or other bodies with which the Authority transacted in 2022/23.

#### 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 2022/23.

#### Other Public Bodies

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

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

#### Camden

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

#### Haringey

Operational support services

#### Enfield

Environmental adviser

In 2022/23 the Authority paid Camden £3.388m (2011/22: £2.840m) for the provision of lead borough services. On 31 March 2023 Camden held cash and cash equivalents of £533.724m (31 March 2022: £607.437m) on behalf of the Authority.

The London Borough of Haringey provides Operational support services to the Authority. In 2022/23 the Authority paid Haringey £0.212m for these services (2021/22: £0.177m).

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

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 19.

### Entities Controlled by the Authority

At 31 March 2023, the Authority owned 100% (31 March 2022: 100%) of the shares in LondonEnergy Ltd. In 2022/23 the Authority paid LondonEnergy Ltd £34.566m (2021/22: £52.406m) for waste disposal and transport services. The Company paid no dividend to the Authority in 2022/23 (2021/22: £nil). The Authority's accounts include a creditor of £7.622m (2021/22 £5.251m) in respect of the services provided to the Authority by the Company and a debtor of £0.608m (2021/22 £2.006m) in respect of income due to the Authority from the Company.

During 2022/23 Cllr Loakes, Cllr Zinkin, Cllr Coban (from July 2022), Cllr Champion (from July 2022) and the Authority's Managing Director and Head of Legal and Governance (until May 2022) served as non-executive directors on LondonEnergy Ltd.'s board.

### Amounts Written Off

No related party debts were written off in 2022/23 (2021/22: £nil) and no provisions for doubtful debts were raised (2021/22: £nil).

## 14. ADJUSTMENT TO NET SURPLUS FOR NON-CASH MOVEMENTS

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

	2022	2023
	£'000	£'000
<b>Cash flows from operation activities include:</b>		
Depreciation	(804)	(804)
Movement in pension liability	26	27
(Increase)/decrease in creditors	(4,579)	(14,335)
Increase / (decrease) in debtors	832	5,322
Balance at 31 March	<u>(4,525)</u>	<u>(9,791)</u>

## 15 ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS

	At 31 March	Cash flows	At 31 March
	2022		2023
	£'000	£'000	£'000
Cash	-	-	-
Short Term Investments	124,512	122,422	246,934
Money Market Funds	482,925	(196,135)	286,790
Cash and cash equivalents held	<u>607,437</u>	<u>(73,713)</u>	<u>533,724</u>

During the year to 31 March 2023, the Authority secured borrowing of £200m of new borrowing from HM Treasury, via the Public Works Loan Board to fund the works of the capital NLHPP project. £10m of older borrowing was repaid and the loan from LondonEnergy was also repaid.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 16. FINANCIAL INSTRUMENTS

#### Cash on Deposit with London Borough of Camden

The cash and cash equivalents carried on the balance sheet are held by London Borough of Camden on behalf of the Authority. This can be further subdivided into the following categories of financial instruments. The Authority's funds are held in interest bearing accounts and are therefore shown as being held in short term investments and money market funds.

#### Market Risk

The Authority is exposed to market risk in terms of the value that an instrument will fluctuate due to changes in market factors. These factors will have an impact on the overall performance of these instruments, the risk of which can be reduced by diversification into assets that are not correlated with the market.

The Authority holds part of the Money Market Funds in Euro which will be used to pay for the construction of the process equipment within the Energy Recovery Facility being built as part of the North London Heat and Power Project. As the Euro are held exclusively for this use and the work is capital expenditure, any unrealised gain or loss at the balance sheet date has been captured as part of the unusable reserves.

	2022	2023
	£'000	£'000
Short Term Investments	124,512	246,934
Money Market Fund	482,925	286,790
Balance at 31 March	<u>607,437</u>	<u>533,724</u>

#### Financial Liabilities

	2022		2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
Public Works Loan Board (PWLB) Loans	812,418	710,709	1,003,965	663,278
LondonEnergy Ltd Loan	8,638	8,638	-	-
Short term creditors	27,892	27,892	40,691	40,691
	<u>848,948</u>	<u>747,239</u>	<u>1,044,656</u>	<u>703,969</u>

### 17. DEFINED BENEFIT PENSION SCHEME

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

The Authority does however have obligations and liabilities in respect of the added years' element of pensions paid to retired former employees who were directly employed by the Authority prior to the transfer of staff to LondonEnergy Ltd (formerly LondonWaste Ltd) in December 1994. In 2022/23 the Authority paid £31,967 to the London Pension Fund Authority (£30,193 in 2021/22) in respect of these employees. The Authority's future liability as at 31 March 2023 has been calculated by Barnett Waddingham, the actuaries for the LPFA as being £0.219m (£0.209m at 31 March 2022).

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

The figure is based on the following assumptions:

	<b>2021/22</b>	<b>2022/23</b>
Return on assets discount rate	2.60%	4.80%
Pension increases	3.55%	2.85%
Inflation (CPI)	3.55%	3.50%

For 2022/23 the actuary adopted a set of demographic assumptions consistent with those used for the formal funding valuation of the LPFA as at 31 March 2019 (2021/22: valuation as at 31 March 2019). 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.

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

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

Ashburton Properties Ltd therefore provided the new waste facility at Hornsey Street in exchange for the Authority's land at Ashburton Grove. There has been no capital outlay for the Authority in this respect, however, for the purpose of recognising the new asset in the Authority's accounts, the asset, which was originally valued at £12.440m at completion, is deemed to have been funded by a non-monetary capital receipt. As at 31 March 2023 following a revaluation at the balance sheet date, the property, plant and machinery are carried on the balance sheet at £28.268m (£12.720m at 31 March 2022).

### **19. OFFICERS' REMUNERATION**

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

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### Senior Officers with Remuneration over £150,000

		Salary	Variable Pay	Employers Pension	Total
		£	(Note 1) £	Contribution £	£
Managing Director	2021/22	152,281	7,484	53,707	213,472
	2021/22 (restated)	149,662	7,484	52,808	209,954
(Martin Capstick)	2022/23	151,907	7,595	54,398	213,900

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

		Salary	Variable Pay	Employers Pension	Total
		£	(Note 1) £	Contribution £	£
Programme Director	2021/22	127,967	6,289	45,131	179,387
	2021/22 restated	125,766	6,289	44,132	176,186
	2022/23	127,652	6,383	45,712	179,747
Director of Corporate Services (Note 2)	2021/22	-	-	-	-
	2022/23	61,215	3,060	21,921	86,196

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

Note 2 – The Director of Corporate Services commenced duties on 6 September 2022.

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2023

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

Salary range	2021/22	2021/22 restated	2022/23
£50,000 to £54,999	1	1	7
£55,000 to £59,999	2	2	1
£60,000 to £64,999	-	1	-
£65,000 to £69,999	-	-	1
£70,000 to £74,999	-	-	1
£75,000 to £79,999	-	-	-
£80,000 to £84,999	1	3	-
£85,000 to £89,999	-	1	2
£90,000 to £94,999	-	-	2
£95,000 to £99,999	-	-	1
<b>Total</b>	<b>4</b>	<b>8</b>	<b>15</b>

#### Advisers

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

		Variable Pay (Note 1) £	Employers Pension Contribution £	Total £
Clerk – Chief Executive (Camden)	2021/22	9,350	3,231	12,581
	2022/23	9,491	3,303	12,794
Financial Adviser – Executive Director of Corporate Services (Camden)	2021/22	8,993	3,108	12,101
	2022/23	9,128	3,177	12,305
Legal Adviser – Borough Solicitor (Camden)	2021/22	7,723	2,669	10,392
	2022/23	7,839	2,728	10,567



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 20. EXTERNAL AUDIT COSTS

Mazars LLP were appointed auditors to the Authority from 2018/19. The Authority has incurred the following costs in relation to the audit of the statutory accounts. Mazars LLP have not provided any additional services to the authority in either 2021/22 or 2022/23. No other audit fees were incurred in 2021/22 or 2022/23.

	2021/22	2022/23
	£	£
Audit of the Statutory Accounts	<u>39,264</u>	<u>27,757</u>

The table above discloses the scale fees plus additional fees agreed with the Authority, their external auditor and Public Sector Audit Appointments Ltd for the prior year 2021/22. However additional work on specific issues may be required up until the audit opinion has been issued, meaning that the total for additional fees cannot be confirmed until the audit is completed, The table discloses the scale fees only for the current year 22/23.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### INTRODUCTION TO THE GROUP ACCOUNTS

Until 22 December 2009 the Authority held a 50% interest in the shares of LondonEnergy Ltd (formerly LondonWaste Ltd). The interest arose as a result of the Acquisition and Collaboration Agreement between the Authority and Sita UK Ltd. The company was established as a means of complying with the requirements of the Environmental Protection Act 1990. However, on 22 December 2009 the Authority purchased the shares held by its joint venture partner and LondonEnergy Ltd became wholly owned by the Authority but continues to operate at arm-length with its own board of directors and management team.

#### ABOUT LONDONENERGY LTD

LondonEnergy Ltd is a company limited by shares incorporated in England and Wales. The company's origins date back to the late 1960's when the Greater London Council (GLC) built the Edmonton Energy from Waste plant. The plant was operated by the GLC until 1986, when the body was abolished. Between 1986 and 1994 the Edmonton plant was owned and operated by the Authority. In 1994 the plant was transferred to a unique public/private partnership between the Authority and SITA, resulting in the formation of the company. Today LondonEnergy Ltd has returned to NLWA ownership and as well as handling the Authority's waste, also holds a contract to treat some waste from Hertfordshire County Council. The company employs approximately 360 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 LondonEnergy Ltd.

The Authority's accounting year ends on 31 March and LondonEnergy Ltd has an accounting year end of 31 December. The Code permits the consolidation of accounting statements of different dates so long as the two dates are not more than three months apart and that accounting statements of a date that isn't 31 March are adjusted for the effects of significant transactions and events that occurred between the two dates. No adjustments were found to be necessary to the financial statements of LondonEnergy Ltd at 31 December 2022.

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

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

**GROUP MOVEMENT IN RESERVES STATEMENT**

	General Balance £'000	Capital Receipts Reserve £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>2022/23</b>					
<b>Balance at 31 March 2022 brought forward</b>	<b>34,114</b>	<b>1,439</b>	<b>35,553</b>	<b>238,068</b>	<b>273,621</b>
<b>Movement in reserves during 2022/23</b>					
Total Comprehensive Income and Expenditure	(27,063)	-	(27,063)	(22,648)	(49,711)
Adjustments between accounting basis & funding basis under regulations	7,426	-	7,426	(7,426)	-
<b>Increase/(Decrease) in 2022/23</b>	<b>(19,637)</b>	<b>-</b>	<b>(19,637)</b>	<b>(30,074)</b>	<b>(49,711)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>14,477</b>	<b>1,439</b>	<b>15,916</b>	<b>207,994</b>	<b>223,910</b>
<b>2021/22</b>					
<b>Balance at 31 March 2021 brought forward</b>	<b>32,436</b>	<b>1,439</b>	<b>33,875</b>	<b>135,706</b>	<b>169,581</b>
<b>Movement in reserves during 2021/22</b>					
Total Comprehensive Income and Expenditure	6,167	-	6,167	97,873	104,040
Adjustments between accounting basis & funding basis under regulations	(4,489)	-	(4,489)	4,489	-
<b>Increase/(Decrease) in 2021/22</b>	<b>1,678</b>	<b>-</b>	<b>1,678</b>	<b>102,362</b>	<b>104,040</b>
<b>Balance at 31 March 2022 carried forward</b>	<b>34,114</b>	<b>1,439</b>	<b>35,553</b>	<b>238,068</b>	<b>273,621</b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22			2022/23		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
82,855	(32,578)	50,277	150,853	(78,174)	72,679
<b>82,855</b>	<b>(32,578)</b>	<b>50,277</b>	<b>150,853</b>	<b>(78,174)</b>	<b>72,679</b>
		Environmental and regulatory services			
		<b>Cost of Services</b>			
		(57,798) Other Operating (Income) and Expenditure			(52,294)
		1,396 Financing and Investment (Income) and Expenditure			832
		(748) Taxation and Non-Specific Grant Income			(6,631)
		<b>(6,873) (Surplus)/Deficit on Provision of Services</b>			<b>14,586</b>
		(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			31,262
		(99,831)			
		(Surplus)/Deficit on revaluation of Long Term - Investments			13,254
		1,958 (Surplus)/Deficit on revaluation of Currency			(10,204)
		706 Actuarial (Gain)/Loss on Pension Assets			813
		<b>(97,167) Other Comprehensive Income and Expenditure</b>			<b>35,125</b>
		<b>(104,040) Total Comprehensive Income and Expenditure</b>			<b>49,711</b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### GROUP BALANCE SHEET

	Note	31 Mar 2022 £'000	31 Mar 2023 £'000
Property, Plant and Equipment	4.7, 4.9	436,104	645,902
Investments	4.8	7,000	7,000
Long Term Investments	4.9, 4.10	50,213	36,959
<b>LONG TERM ASSETS</b>		<b>493,317</b>	<b>689,861</b>
<b>CURRENT ASSETS</b>	4.11	<b>634,349</b>	<b>592,898</b>
<b>CURRENT LIABILITIES</b>	4.12	<b>(51,918)</b>	<b>(58,631)</b>
Long Term Borrowings		(800,000)	(1,000,000)
Long Term Liabilities - Pension		(209)	(219)
Deferred Taxation		(1,918)	-
Other Long Term Liabilities		-	-
<b>LONG TERM LIABILITIES</b>		<b>(802,127)</b>	<b>(1,000,219)</b>
<b>NET ASSETS</b>		<b>273,621</b>	<b>223,909</b>
<u>Usable Reserves</u>			
General Fund Balance		34,114	14,477
Capital Receipts Reserve		1,439	1,439
<u>Unusable Reserves</u>			
Capital Adjustment Account		68,564	76,787
Revaluation Account		124,968	109,586
Capital Revaluation Account		21,706	21,706
Acquisition Revaluation Reserve		23,039	133
Pension Reserve		(209)	(219)
<b>TOTAL RESERVES</b>		<b>273,621</b>	<b>223,909</b>

Jon Rowney

Financial Adviser December 2024

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### GROUP CASH FLOW STATEMENT

	2021/22 £'000	2022/23 £'000
Net surplus on the provision of services	(6,873)	14,780
Adjustments to net surplus on the provision of services for non-cash movements	<u>(9,313)</u>	<u>(47,479)</u>
Net cash inflow from operating activities	(16,186)	(32,699)
Investing activities	119,167	269,977
Financing activities	<u>(530,000)</u>	<u>(181,373)</u>
Net (increase)/decrease in cash and cash equivalents	(427,019)	55,905
Cash and cash equivalents at the beginning of the reporting period	<u>(181,704)</u>	<u>(608,723)</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>(608,723)</u></b>	<b><u>(552,818)</u></b>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### GROUP EXPENDITURE AND FUNDING ANALYSIS

2021/22			2022/23		
Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
54,766	(4,489)	50,277	76,917	(4,238)	72,679
<b>54,766</b>	<b>(4,489)</b>	<b>50,277</b>	<b>76,917</b>	<b>(4,238)</b>	<b>72,679</b>
(56,444)	-	(56,444)	(57,280)	-	(57,280)
<b>(1,678)</b>	<b>(4,489)</b>	<b>(6,167)</b>	<b>19,637</b>	<b>(4,238)</b>	<b>15,399</b>
<b>32,436</b>		<b>Opening Balance</b>	<b>34,114</b>		
1,678		Add Surplus/(Deficit) in Year	(19,637)		
<b>34,114</b>		<b>Closing Balance at 31 March</b>	<b>14,477</b>		

**NOTES TO THE GROUP ACCOUNTS**

**1. ACCOUNTS OF LONDONENERGY LTD**

The 2022 accounts were approved by the Board of LondonEnergy Ltd on 21 July 2023 and received an unqualified audit opinion by BDO LLP (the Company's statutory auditor) on 25 August 2023. LondonEnergy Ltd is not required to comply with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 but with effect from 2015 it is required to prepare financial statements in accordance with Financial Reporting Standard 102.

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

**2. INVESTMENT IN LONDONENERGY LTD**

**Summarised balance sheet of LondonEnergy Ltd**

		31-Dec-21 £'000	31-Dec-22 £'000
	<b>Note</b>		
<b>LONG TERM ASSETS</b>			
Tangible assets	4.7	41,495	3,178
Investments	4.8	7,000	7,000
		<u>48,495</u>	<u>10,178</u>
<b>CURRENT ASSETS</b>			
Stocks		3,435	1,594
Debtors		27,463	33,579
Cash at bank and in hand		1,286	19,094
		<u>32,184</u>	<u>54,267</u>
<b>CREDITORS:</b> amounts falling due within one year		<u>(14,843)</u>	<u>(20,989)</u>
<b>NET CURRENT ASSETS</b>		<u>17,341</u>	<u>33,278</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		65,836	43,456
<b>PROVISIONS FOR LIABILITIES -</b>			
Deferred tax		(1,918)	-
<b>TOTAL PROVISIONS</b>		<u>(1,918)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>63,918</u>	<u>43,456</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		31,196	31,196
Share premium		1,648	1,648
Profit and loss account		31,074	10,612
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>63,918</u>	<u>43,456</u>



# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

LondonEnergy's accounts for the year ended December 2022 note that as a result of the Authority signing a contract to build a new Energy Recovery Facility at the Edmonton EcoPark, the life of the current facilities owned by LondonEnergy Ltd are limited. In light of this, the company's Directors have conducted an impairment review for the value of their assets and the likelihood that these would be recovered through future cashflows. The company's Directors determined that an impairment charge of £31.3m should be recognised as of January 2022. In addition, stocks of spares held for the current plant of £2.4m should also be impaired.

### 3. SHARE PREMIUM RESERVE

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

### 4. NOTES TO THE GROUP ACCOUNTS

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

#### Accounting Policies

#### 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 2023. 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 Valuation of Investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income and Expenditure Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

#### 4.3 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.

#### 4.4 Inventories

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

#### 4.5 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.

#### 4.6 Pensions

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

The pension charge is based on the latest actuarial valuation.

## North London Waste Authority

### Statement of Accounts for the year ended 31 March 2023

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

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

#### 4.7 Non-Current Assets and Depreciation

The non-current assets of LondonEnergy Ltd are included in its financial statements at depreciated historical cost. This is not in accordance with The Code which permits this method of depreciation only for small value assets with short lives and where no other approach is practicable. Moreover, the Company values its freehold land at historic cost. Accordingly, the Authority commissioned Savills chartered surveyors to value the Company's land, buildings, plant and machinery at 31 March on an existing use value basis. The conclusions from Savills' investigations are reflected in the Group financial statements and in the table below. Vehicles and office equipment were outside the scope of Savills' work and are included at depreciated historical cost. The depreciation rates used for these assets are within the range 12.5% and 25%.

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

Following an impairment review (see note 1), the value of London Energy Ltd.'s property plant and equipment were impaired by £31.3m.

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### PROPERTY, PLANT & EQUIPMENT

#### Movement on balances in 2022/23

	Land and Buildings	Vehicles & Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
At 1 April 2022	252,427	8,621	199,763	460,811
Additions,	-	-	280,182	280,182
Disposals	(110,763)	(8,621)	(15,594)	(134,978)
Transfer between classes	-	-	-	-
Revaluation	(35,380)	142	-	(35,238)
At 31 March 2023	106,284	142	464,351	570,777
<b>Depreciation and Impairment</b>				
At 1 April 2022	19,481	5,226	-	24,707
Depreciation Charge	803	-	-	803
Disposals	(95,410)	(5,226)	-	(100,636)
At 31 March 2023	(75,126)	-	-	(75,126)
Net Book Value at 31 March 2023	181,410	142	464,351	645,903
Net Book Value at 31 March 2022	232,946	3,395	199,763	436,104

#### Movement on balances in 2021/22

	Land and Buildings	Vehicles & Equipment	Assets Under Construction	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
At 1 April 2021	151,368	8,697	91,803	251,868
Additions,	-	33	110,176	110,209
Disposals	(782)	(315)	-	(1,097)
Transfer between classes	2,010	206	(2,216)	-
Revaluation	99,831	-	-	99,831
At 31 March 2022	252,427	8,621	199,763	460,811
<b>Depreciation and Impairment</b>				
At 1 April 2021	15,787	4,508	-	20,295
Depreciation Charge	4,473	1,008	-	5,481
Disposals	(779)	(290)	-	(1,069)
At 31 March 2022	19,481	5,226	-	24,707
Net Book Value at 31 March 2022	232,946	3,395	199,763	436,104
Net Book Value at 31 March 2021	135,581	4,189	91,803	231,573

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 4.8 Long Term Investments

On 31 December 2021, LondonEnergy Ltd invested in Lime Street Insurance Guernsey PCC Ltd, a protected cell company. It acquired 7,000,000 non-voting cell shares of £1 each.

### 4.9 Acquisition Note

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

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

In December 2020, NLWA entered into a 999-year lease with LondonEnergy Ltd for 73% of the area of the EcoPark for £17.3m (including stamp duty).

For the purposes of ensuring that the 2022/23 group accounts were prepared in accordance with International Financial Reporting Standards (IFRS), the Authority commissioned chartered surveyors Savills to value the EcoPark land, at 31 March 2023. Savills concluded that the fair value of the remaining 23% of the EcoPark land belonging to LondonEnergy Ltd. was £40.690m (2021/22: £69.670m for the land and buildings combined), a decrease of £37.512m. This adjustment has been reflected in the group balance sheet.

The increase in the net assets on acquisition of LondonEnergy Ltd gave rise to an increase in value which is recorded in an Acquisition Revaluation Reserve in the sum of £24.125m and included in the 2009/10 group accounts. Annual valuations undertaken since then to March 2022 has decreased this reserve to nil (2021/22 £23.039m).

### 4.10 Long Term Investments

Goodwill is reviewed annually to consider whether the recoverable amount is higher than the carrying amount. At the End of March 2023, the amount of goodwill has been impaired to reflect the impairment made to LondonEnergy Ltd.'s assets. A review of the value of the asset in use showed that the carrying amount should be £36.959m, an impairment of £13.438m. The impairment has been set against the remaining Acquisition Revaluation reserve to bring its value to £nil.

### 4.11 Analysis of Current Assets

	31 March 2022 £'000	31 March 2023 £'000
HM Revenue and Customs	4,476	13,267
Other debtors	17,715	25,219
Inventories	3,435	1,594
Cash and cash equivalents	608,723	552,818
	<u>634,349</u>	<u>592,898</u>

# North London Waste Authority

## Statement of Accounts for the year ended 31 March 2023

### 4.12 Analysis of Current Liabilities

	31 March 2022 £'000	31 March 2023 £'000
Short Term Borrowings	(12,418)	(3,965)
Other creditors	(39,069)	(51,352)
Central Government	(431)	(3,314)
	<u>(51,918)</u>	<u>(58,631)</u>