WEST LONDON WASTE AUTHORITY

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDING

31 MARCH 2013

WEST LONDON WASTE AUTHORITY

STATEMENT OF ACCOUNTS 2012-13

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EXPLANATORY FOREWORD

Introduction

Welcome to the West London Waste Authority's ("the Authority", "WLWA") Annual Statement of Accounts for 2012-13.

WLWA is a statutory joint waste disposal authority established on 1 January 1986 to undertake the waste disposal functions set out in the Waste Regulation and Disposal (Authorities) Order 1985 made under the Local Government Act 1985, Section 10. It undertakes the waste disposal function for six boroughs in West London. These boroughs are responsible for the collection of waste in their areas. The Authority is comprised of one Councillor from each of the six constituent boroughs: the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The members of the Authority normally meet five times each year. Additionally there are regular liaison meetings between officers of the Authority and officers of the constituent boroughs.

The WLWA's administrative area covers a population of 1.6 M and an area of 38,000 hectares. The main administrative offices of the WLWA were relocated from Isleworth to Hounslow Civic Centre in October 2012. The Authority operates three waste transfer stations that accept waste before transport to final disposal. The Authority employs 86 staff plus 8 agency staff and is headed by the Director. The work of the Authority requires close co-operation with the constituent boroughs in the matters of waste recycling and disposal policy and operational arrangements. The Authority and constituent boroughs have agreed a Joint Waste Management Strategy, which was updated in 2009, and will be reviewed again within the next twelve months. The Authority is also responsible for putting in place appropriate performance management and internal control systems.

In addition to its full time Director, the Authority has three other part-time chief officers – The Clerk, Treasurer and Chief Technical Adviser, who are also full time officers employed in the constituent boroughs. This borough based chief officer arrangement enables the Authority to receive support in specialised areas from boroughs' staff as follows:

- London Borough of Hounslow – legal, human resources, health and safety, occupational health advice and committee administration; and
- London Borough of Ealing (from December 2012) advice and full support on all accountancy, treasury and financial management matters (financial advice, budgets, final accounts, financial systems etc.); Prior to December this was provided by the London Borough of Harrow, who continue to provide creditor payments, internal audit, exchequer services, and payroll.
- London Borough of Ealing – procurement advice and communications, press and publicity support.

The Authority has statutory responsibilities to provide:

- Facilities for the receipt, recycling and disposal of waste which is collected by the six constituent boroughs;

Introduction (continued)

- The transport and disposal of waste which the constituent boroughs receive at their household reuse and recycling centres; and
- The storage and disposal of abandoned vehicles which are removed by the constituent boroughs.

In recent years there has been a major shift of focus on how waste is disposed of – moving from the land filling of waste towards increased recycling and recovery of materials and the Authority has taken on the role of coordinating waste minimisation, that is, the prevention of waste arising.

Financial Outturn

WLWA is primarily financed by an annual levy on the constituent boroughs. Other income is generated from sources such as charges paid by the boroughs and businesses for the disposal of non-household waste. For the levy, borough's tonnages are the basis for the majority of the apportionment with some fixed costs allocated according to Council Tax Base. Authority expenditure is primarily related to waste disposal contracts with the private sector.

The Authority was required to raise a supplementary levy on the constituent boroughs of £3.6M during the year when it was identified that the budget had been set based on some incorrect assumptions about the level of available reserves.

The net cost of services for the year was £51.6 million, an increase of £2.9 million on 2011-12, of which £2.3 million relates to the £8 per tonne increase in the landfill tax rate by HMRC.

During the year the Authority successfully concluded its rent reviews for the two Transfer Stations at rates lower than those stated on the Notice issued. This allowed the release of £600K from the earmarked reserve.

In the final quarter a new Treasurer was appointed to the Authority who has implemented a work plan to develop and improve financial accountability and controls within the organisation and to enhance Corporate Governance generally. Progress is being reported to the Authority on a regular basis and will be reviewed at the newly formed Audit Committee.

Performance 2012-13

The Authority has arranged for the constituent boroughs to provide the household reuse and recycling centres for residents to deposit their waste. Some of these civic amenity sites also take in trade waste and borough collected waste. This Authority is responsible for arranging the transport and disposal of all the waste received at these sites except for the waste that the boroughs recycle.

There are eight civic amenity sites. The boroughs operate six of these (either directly themselves or through contractors) for which the Authority arranges transport and disposal through contracts with the private sector. The remaining two are operated by the Authority as agents of the boroughs.

Performance 2012-13 (continued)

In 2012-13 waste sent for disposal from civic amenity sites totalled about 72,000 tonnes. Of this householders deposited 48,000 tonnes; 13,000 tonnes was trade waste and 11,000 tonnes was borough collected waste. Additionally the Authority arranged the transport and composting of 16,000 tonnes of green waste received at civic amenity sites and 38,000 tonnes was recycled. Comparisons over the last five years are shown in the following table.

	2008-09 Tonnes	2009-10 Tonnes	2010-11 Tonnes	2011-12 Tonnes	2012-13 Tonnes
Total waste *of which*	733,000	693,000	685,000	661,000	657,000
Recycling and reuse	139,000	155,000	159,000	152,000	152,000
Composting	84,000	86,000	92,000	93,000	91,000
Energy Recovery	1,000	12,000	26,000	26,000	45,000
Landfill	485,000	395,000	327,000	256,000	288,000
Materials Recovery Facility (MRF)	25,000	45,000	81,000	134,000	81,000
Final treatment route of waste from MRF					
Recycling & Re-use	Not used	10,000	11,300	5,000	2,000
Energy Recovery	Not used	1,000	19,300	45,000	78,000
Landfill	Not used	33,000	50,400	81,000	2,000

Household Recycling and Re-Use Sites

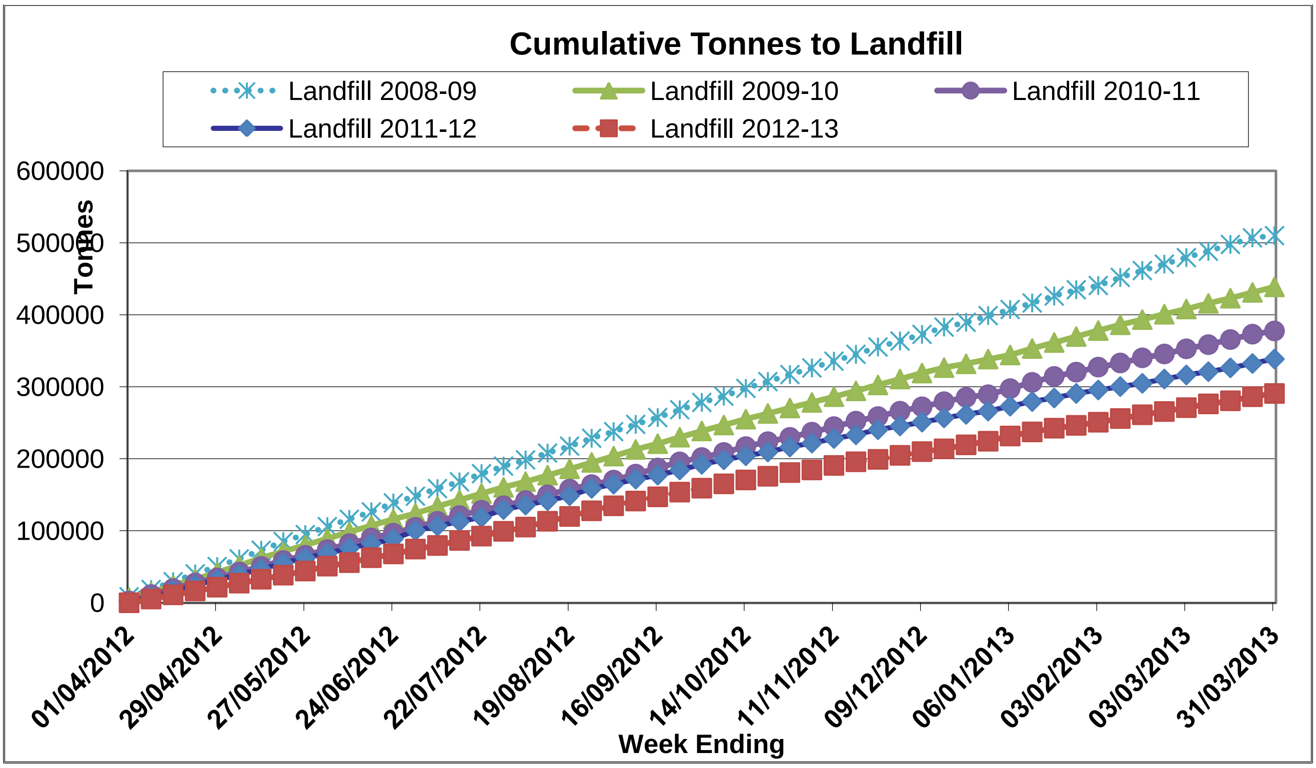
	2008-09 Tonnes	2009-10 Tonnes	2010-11 Tonnes	2011-12 Tonnes	2012-13 Tonnes
CA Site disposal and treatment waste *of which*	106,000	76,000	81,000	72,000	72,000
Brought by householders	59,000	39,000	37,000	37,000	48,000
Trade waste	24,000	18,000	22,000	16,000	13,000
Borough collected	23,000	19,000	22,000	19,000	11,000
CA site recycled and re-used	28,000	44,000	40,000	41,000	38,000
CA site composed	17,000	15,000	15,000	15,000	16,000

Performance 2012-13 (continued)

The recycling and composting performance of household waste by WLWA as a whole is 41% and a further 15% diverted from landfill. There are six Statutory Joint Waste Disposal Authorities (JWDA) and WLWA has the second highest recycling and composting rate.

The Landfill Allowance Trading Scheme (LATS) position for the Authority is a surplus for 2012-13, its final year of operation. The majority of local authorities are in a similar position and as a result the Authority has not recorded any potential value for the surplus within its assets. The graph below shows recent performance, including current performance compared to 2011-12 and 2012-13 targets.

The Authority is in the final stages of a two year Private Public Partnership procurement to put in place waste treatment services for any waste that the boroughs are unable to recycle. SITA UK Ltd were appointed as preferred bidder for this project in April 2013, and are proposing, subject to contract, to construct a new energy recovery plant to guarantee 96.1% diversion from landfill and deliver carbon savings.



ACCOUNTING POLICIES

General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom that is recognised by Statute as representing proper accounting practices. They are also in line with the Audit and Accounting Regulations (2011). Accounts have been prepared in compliance with IFRS requirements.

Borrowing costs

The Authority does not capitalise borrowing costs.

Capital Adjustment Account

This account sets out amounts set aside from revenue resources, or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

Cash and Cash Equivalents

The Authority only holds petty cash. Its Treasury functions are carried out under service level agreement by the London Borough of Harrow (LBH). The Authority shares a bank account with LBH. The balance held by LBH on behalf of the Authority is classified as a debtor.

Debtors and Creditors

The accounts are prepared on an accruals basis. Outstanding debtors and creditors are brought into the accounts at year-end. Where exact amounts are unknown at the time of closing the accounts, accruals are based on management's best estimate.

Depreciation

Depreciation is provided for on all fixed assets (which can be determined at the time of acquisition or revaluation) and calculated using the straight-line method over the estimated useful life of the asset.

Type of Asset	Years
Buildings	21-25
Fixed Plant	8-10
Vehicles	7-8

Earmarked Reserves

The Authority sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Revenue Reserve Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate category 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 Revenue Reserve Balance in the Movement in Reserves Statement so that there is no net charge against the Levy for the expenditure.

Financial Instruments

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

Going Concern

The Authority's Statement of Accounts have been prepared on a Going Concern basis, i.e. the accounts have been prepared on the assumption that the Authority will continue in operational existence for the foreseeable future.

Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied.

Conditions are stipulations that:

- Specify that the future economic benefits or service potential embodied in the asset acquired using the grant; or
- Contributions are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Where a revenue grant meets the recognition criteria set out above, it should be recognised in the Comprehensive Income and Expenditure Statement immediately unless there is a condition (as opposed to a restriction) that the Authority has not satisfied. A condition arises where the grant must be returned to the grantor if not used as set out in the terms of the grant. Where the terms of the grant set out how it must be used, but do not require the grant to be returned to the grantor where the terms are not complied with, this is a restriction and the grant should be recognised in the Comprehensive Income and Expenditure Statement immediately.

Impairments

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised. Any reversal in excess of the original loss, is recorded as a gain in the Revaluation Reserve.

Inventories

The inventory comprises of spare parts for fixed and mobile plant as well as health and safety equipment.

Landfill Allowances Trading Scheme (LATS)

The EU Waste and Emissions Trading Act 2003 aims to achieve the requirements of the EU Landfill Directive by progressively reducing the amount of the biodegradable municipal waste that waste disposal authorities may send to landfill. The Act also provides the legal framework for Landfill Allowance Trading Scheme, which commenced on 1 April 2005. The Comprehensive Income and Expenditure Statement reflects the accounting requirements of the LATS scheme in accordance with the Code of Practice on Local Authority Accounting.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangements is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower).The asset recognised is matched by a liability of the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

Minimum Revenue Provision (MRP)

Under Part IV of the Local Government and Housing Act 1989 the Authority is required to set aside a minimum statutory provision (MRP) as part of the means to finance capital expenditure. The MRP was £0.285M based on 4% of the capital financing requirement.

Pensions

(i) WLWA does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority (LPFA). This enables all WLWA staff to participate in the LPFA Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 1997.

The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. For a defined benefit scheme change in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

Pensions (continued)

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the tri-annual valuation date (31 March 2010). The WLWA is committed to provide for service benefits up to the valuation date.

(ii) Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Retirement Benefits (IAS19). Details are provided to the Authority by the Actuary (currently Barnett Waddingham) via the LPFA. The notes to the Core Accounts provide details of how the Authority has met these requirements.

Post Balance Sheet Events

Events after the balance sheet date are those events, both favourable and unfavourable that occurs between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.
- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts are adjusted to reflect such events.

No events have been identified to the date of the signing of these accounts.

Property Plant and Equipment

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The costs arising from financing the construction of the fixed asset are not capitalised but are charged to the Comprehensive Income and Expenditure Statement in the year to which they relate.

The three major sites at Transport Avenue, Twyford and Victoria Road are re-valued every five years (next full valuation due in 2016) applying Fair Value assumptions using independent professional valuations in accordance with International Accounting Standard 16. In April 2013 an interim management review was undertaken by Vail Williams, Consultant Surveyors, to confirm that there have been no material changes to the sites which would have an effect on their value.

The asset values used in the accounts are based on a certificate issued by by Mr Peter Sudworth BSc (Hons) MRICS, valuation partner at Vail Williams, Consultant Surveyors in 2011 and updated in 2013.

Property Plant and Equipment (continued)

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably.

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is added to the asset's carrying value.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Comprehensive Income and Expenditure Statement in the period which it is incurred.

Provisions

As part of the WLWA prudent accounting policies, bad debts provisions are included within the accounts based on the ageing of debt and management judgement where there is uncertainty regarding bad and doubtful debts.

Reserves

Where there are funds that have not been spent within a year for specific purposes, such as the West London Residual Waste Services Procurement, earmarked reserves have been established in the Balance Sheet. This expenditure is expected to be fully spent in the subsequent year. Such reserves are reviewed regularly and if not required, the amounts are released back to General Reserves.

Revenue Recognition

Income is recognised on an accruals basis. Additionally the Authority operates a Pay as you Throw (PAYT) system with partner boroughs. Under this system boroughs are initially billed on estimated tonnages to be disposed of. On a quarterly basis reconciliation is performed on actual tonnages and boroughs are reimbursed or charged additionally, based on difference between estimated and actual tonnage. The income recognised for the year is based on revenue generated from actual tonnages.

Service Borough Costs

Administrative costs charged to the Authority by constituent boroughs are based on the time spent in respect of services rendered (e.g. financial, legal and technical). There are service level agreements in place where appropriate.

VAT

All income and expenditure is shown net of VAT.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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. For WLWA, that officer is the Treasurer.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

The Treasurer's Responsibilities:

The Treasurer 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).

In preparing this Statement of Accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Treasurer has also:

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

The Treasurer is responsible for the maintenance and integrity of the financial information included on the Authority's website.

Statement of the Treasurer

I certify that the Statement of Accounts presents a true and fair view of the Authority's income and expenditure for the year ending 31 March 2013 and the Authority's financial position as at 31 March 2013.

Ian O'Donnell
Treasurer
25 September 2013

Audit Committee

I can confirm that these Accounts were considered by the Audit Committee at their meeting on Wednesday, 11 September 2013 and recommended for Approval by the Authority. The accounts were approved by the Authority on 25 September 2013.

Signed on behalf of West London Waste Authority
Bassam Malfouz
Chairman
25 September 2013

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices:

	Note	2012-13 £'000	£'000	2011-12 £'000	£'000
Gross expenditure					
Employees		3,357		4,513	
Premises		2,342		2,708	
Waste transport and Disposal		25,155		23,691	
Landfill Tax		18,667		16,910	
Landfill allowances and usage	19	587		1,826	
Other supplies and payments		2,901		2,496	
Depreciation	7	384		373	
			53,393		52,517
Gross income					
Trade Waste		(891)		(804)	
Agency	16	(555)		(679)	
Landfill allowances grant	19	-		(1,962)	
Miscellaneous Income		(188)		(329)	
Section 52 (9) non-household waste		-		(8)	
Grants		(85)		-	
			(1,719)		(3,782)
Net cost of services			**51,674**		**48,735**
Net operating expenditure					
Financing and investment income and expenditure	6	230		36	
Levies on constituent councils	16	(50,532)		(42,587)	
			(50,302)		(42,551)
Deficit on provision of services			**1,372**		**6,184**
Actuarial loss on pension liability			222		2,843
Other comprehensive expenditure	18		**222**		**2,843**
Total comprehensive expenditure			**1,594**		**9,027**

BALANCE SHEET

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. The net liabilities of the Authority (assets less liabilities) are matched by the reserves/(deficit) held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. 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".

	Notes	2012-13 £'000	2011-12 £'000
Property, plant and equipment	7	6,259	6,585
Long Term Assets		**6,259**	**6,585**
Inventories	9	145	180
Short term debtors	10	8,745	8,537
Landfill allowance trading scheme	19	-	2,238
Current Assets		**8,890**	**10,955**
Total Assets		**15,149**	**17,540**
Short term creditors	11	(6,547)	(5,870)
Liability for landfill Allowance trading scheme	19	-	(1,651)
Current Liabilities		**(6,547)**	**(7,521)**
Long Term Borrowing	12	(2,818)	(2,931)
Finance lease liabilities	17	(84)	(192)
Pension Liability	18	(7,791)	(7,393)
Long term Liabilities		**(10,693)**	**(10,516)**
Net liabilities		**(2,091)**	**(497)**
Usable reserves		**(2,474)**	**(3,568)**
Unusable reserves	13	4,565	4,065
Total deficit		**2,091**	**497**

MOVEMENT IN RESERVES STATEMENT

This statement 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. The "net" increase/decrease before transfers to earmarked reserves shows the statutory General Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

	General Balance £'000	Earmarked Reserves £'000	Total Usable reserves £'000	Unusable reserves £'000	Total Authority Reserves £'000
Balance at 1 April 2012	**(2,009)**	**(1,559)**	**(3,568)**	**4,065**	**497**
Deficit on provision of services (accounting basis)	1,372	-	1,372	-	1,372
Other comprehensive expenditure	-	-	-	222	222
Total comprehensive expenditure	1,372	-	1,372	222	1,594
Adjustments between accounting basis and funding basis under regulations (Note 4)	(278)	-	(278)	278	-
Net decrease before transfers to earmarked reserves	1,094	-	(1,094)	-	-
Transfers from earmarked reserves (Note 5)	(1,199)	1,199	-	-	-
(Increase)/decrease in year	**(105)**	**1,199**	**829**	**500**	**1,329**
Balance at 31 March 2013	**(2,114)**	**(360)**	**(2,474)**	**4,565**	**2,091**

CASH FLOW STATEMENT

The Cash Flow Statement shows 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 from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for reserves 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:

	Note	2012-13 £'000	2011-12 £'000
Net deficit on the provision of services		(1,372)	(6,184**)**
Adjustments to net deficit		(589)	(280)
Net cash generated from operating activities		**(1,961)**	**(6,464)**
Investment activities			
Payments for property, plant and equipment	7	(58)	(249)
Interest received	6	68	239
Net cash generated/(used) from investment activities		**10**	**(10)**
Financing activities			
Interest paid		(129)	(173)
Payments to pension fund		(508)	(536)
Repayment of borrowings		(122)	(111)
Payments on finance leases		(156)	(181)
Net cash used in financing activities		**(915)**	**(1,001)**
Net Movement in cash and cash equivalents		(2,866)	(7,475)
Movement in cash debtor balance per note	10	2,866	7,475
Cash and cash equivalents at end of year		-	-
Adjustments to net deficit for non-cash movements			
Depreciation	7	384	373
Finance leases		17	26
LATS impairment	19	587	136
IAS 19 pension entries	18	517	423
Employer contributions		-	536
Release of accruals		(189)	-
Decrease in inventory	9	35	84
(Increase)/decrease in short term debtors	10	(3,074)	(381)
Increase/(decrease) in short term creditors	11	727	(1,468)
Other adjustments		177	128
Sub Total		(819)	(316))
Adjustments for items included in financing/investing activities			
Interest received	6	(68)	(239)
Interest paid	6	298	275
Total Adjustments		(589)	(280)

NOTES TO THE CORE FINANCIAL STATEMENTS

The notes to the core financial statements (notes to the accounts) are provided to give additional information about items included in the core statements. The notes expand on some of the information and provide further explanation of a number of matters prescribed by Statement of Recommended Practice (SORP).

1. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in the financial statements, the Authority has had to make certain judgements about complex transactions or those involving certainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future funding levels and long term contracts;
- Whether contracts need to be accounted for as service concessions or with embedded leases.

2. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains a number of estimates that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2013 for which there may be a risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the way the asset is used and the amount of repairs and maintenance required	If the assets use changes then the life of the asset may change which would impact on the depreciation charge for the asset. If the asset is not maintained that may have a similar effect. Net book value of assets at 31 March 2013 is £6.2 million.
Provision for Doubtful Debts	Judgements are required to be made about the recoverability of long outstanding balances.	If a debt that has not been provided for is not recovered, this will have a negative impact on the net deficit for the year.

2. Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of net pension liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the Pension Fund to provide expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance a 0.5% increase in the discount rate would result in an increase in the pension liability of £0.9 million.
Accruals of Waste Contract Payments	The final waste data flows and settlement of the year end costs incurred by the Authority is not completed until the end of September each year. Estimates are made of both the waste data flows and the final amounts in settlement of the costs payable by the Authority at the year end.	If the waste data flow information is significantly different from that expensed then the waste contract payments, the landfill tax payments and the use of LATS will be affected. However the impact of this final settlement is not expected to be significant as the Authority uses its own waste data in arriving at the estimates. Those figures are the ones that are verified in September and the Authority's experience is that there have not been significant changes in recent years.

3. Events after the Balance Sheet Date

The Statement of Accounts were authorised for issue by the Treasurer of the Authority on 25 September 2013. 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 2013 they have been taken into account. There are no events after the reporting date which the Authority is aware should be reported within these accounts.

4. Adjustments between Accounting Basis and Funding Basis under Regulations

	2012-13 £'000	2011-12 £'000
Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:		
Depreciation and Impairments*	(384)	(373)
Reversal of items relating to IAS19 Retirement Benefits	(686)	(525)
	(1,070)	**(898)**
Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:		
Statutory provision for the Repayment of Debt*	263	286
Employer's Pension Contributions Payable in Year	508	536
	771	**822**
Transfer to/from Balances		
Accumulated Absences Account	21	(12)
Earmarked reserve	-	136
	21	**124**
Net additional amount to be (credited)/debited to general balances for the year	**(278)**	**48**

*Adjustments impact capital adjustment (unusable reserve)

5. Transfers (to)/from Earmarked Reserves

This note sets out the amounts set aside from General Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2012-13

	Balance at 1 April 2011	Transfer Out 2011-12	Transfer in 2011-12	Balance at 1 April 2012	Transfer Out 2012-13	Transfer in 2012-13	Balance at 31 March 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Waste Strategy	(250)	87	-	(163)	163	-	-
LATS	(300)	-	(136)	(436)	436	-	-
Rent Review	(750)	-	-	(750)	600	-	(150)
Waste Procurement	(210)	-	-	(210)	-	-	(210)
TOTAL	**(1,510)**	**87**	**(136)**	**(1,559)**	**1,199**	**-**	**(360)**

6. Financing and Investment Income and Expenditure

	2012-13 £'000	2011-12 £'000
Interest payable and similar charges	129	173
Pensions interest cost and expected return on pensions assets	169	102
Interest receivable and similar income	(68)	(239)
	230	**36**

7. Property, Plant and Equipment

	Land and Buildings Freehold £'000	Land and Buildings Leasehold £'000	Fixed Plant and Vehicles £'000	TOTAL £'000
Gross book value at 1 April 2012	4,500	1,162	3,419	**9,081**
Additions	-	-	58	**58**
Gross book value at 1 April 2013	**4,500**	**1,162**	**3,477**	**9,139**
Accumulated depreciation brought forward	(20)	(58)	(2,418)	**(2,496)**
Depreciation charge for the year	(20)	(58)	(306)	**(384)**
Accumulated depreciation carried forward	**(40)**	**(116)**	**(2,724)**	**(2,880)**
Net book Value at 31 March 2013	**4,460**	**1,046**	**753**	**6,259**
Net book value at 31 March 2012	4,480	1,104	1,001	6,585

The Authority has acquired a number of trailers, containers and a case loader under finance leases, as assessed under IAS 17.

The assets acquired under leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts.

	2012-13 £'000	2011-12 £'000
Depreciation on leased assets	128	141
Carrying value of leased assets	167	291

8. Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Authority) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet is made up of the following categories of "financial instruments".

There are no significant differences between the carrying value and the fair value of these items.

	Long Term		Current	
	2012-13 £'000	2011-12 £'000	2012-13 £'000	2011-12 £'000
Financial Assets				
Loans and receivables			8,745	8,537
Financial Liabilities				
Amortised cost	(2,818)	(2,931)		

9. Inventories

	2012-13 £'000	2011-12 £'000
Transport Avenue	95	117
Victoria Road	50	63
	145	**180**

The main type of stock held by the Authority includes protective clothing and replacement parts for fixed and mobile plant and equipment.

Movement on stock year on year is £35k. This is represented by a write off of stock in year of £5k and winding down of additional stocks of £30k due to transfer of sites to new contractor in the next financial year.

10. Short Term Debtors

	2012-13 £'000	2011-12 £'000
Other Local Authorities	3,958	729
Other Entities and Individuals	202	347
Balance with London Borough of Harrow*	4,367	7,233
Prepayment	301	297
	8,828	**8,606**
Less provision for bad debts	(83)	(69)
TOTAL	**8,745**	**8,537**

*The balance with London Borough of Harrow represents cash and cash equivalents legally held by London Borough of Harrow in their bank account on behalf of West London Waste Authority.

In determining the recoverability of Short Term Debtors, the Authority considers the credit quality of the receivable. Credit risk is considered to be low as the majority of balances relate to the six London boroughs.

Provisions for doubtful debts are recognised against trade receivables, based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Short Term Debtors disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Authority has not recognised a provision for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired	2012-13 £'000	2011-12 £'000
< 90 days	1,952	35
91 – 180 days	2	18
> 180 days	309	7
TOTAL	**2,263**	**60**

11. Short Term Creditors

	2012-13 £'000	2011-12 £'000
Other Entities and Individuals	(3,807)	(3,411)
Central Government Bodies	(1,292)	(861)
Other Local Authorities	(1,448)	(1,598)
TOTAL	**(6,547)**	**(5,870)**

12. Long Term Borrowing

The Authority's capital expenditure is financed by an arrangement with the London Borough of Harrow. The interest charged was 4.23%.

The total sum outstanding as at 31 March 2013 totals £2.9 million (£3.0 million 2011-12).

The table below reflects the long term portion of this loan. The balance, payable within one year, is included within short term creditors.

	2012-13 £'000	2011-12 £'000
London Borough of Harrow		
1 year	118	138
Analysis of long term portion by maturity		
2-5 years	(322)	(456)
5 to 10 years	(536)	(535)
10 years +	(1,961)	(1,940)
Long term liability	**(2,818)**	**(2,931)**
TOTAL	**2,936**	**3,069**

13. Unusable Reserves

	2012-13 £'000	2011-12 £'000
Revaluation reserve	(708)	(708)
Capital adjustment account	(2,545)	(2,666)
Pensions liability	7,791	7,393
Accumulated absences account	27	46
	4,565	**4,065**

(i) Revaluation Reserve

The Revaluation reserve contains gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007 (the date that the reserve was created). Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2011-12 £'000		2012-13 £'000
(270)	Balance as at 1 April	(708)
(438)	Difference between fair value depreciation and historical cost depreciation	-
(708)	**Balance as at 31 March**	(708)

(ii) Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement.

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition.

2011-12 £'000		2012-13 £'000
(2,753)	Balance as at 1 April	(2,666)
373	Charges for depreciation and impairment	384
(2,380)	Net written out amount of the cost of non-current assets consumed in the year	**(2,282)**
(286)	Capital financing applied for the year	(263)
(2,666)	Balance at 31 March	**(2,545)**

(iii) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employers' contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources of the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011-12 £'000		2012-13 £'000
(4,561)	Balance as at 1 April	(7,393)
(2,843)	Actuarial gains or losses on pension assets and liabilities	(222)
(525)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(686)
536	Employer's pensions contributions and direct payments to pensioners payable in the year	508
(7,393)	Balance at 31 March	**(7,791)**

14. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Salary		Pension Contributions		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Director - Jim Brennan	106,036	106,036	16,011	16011	122,047	122,047
Senior Assistant Director - Operations - Barry Lister	81,258	81,258	12,269	12,269	93,527	93,527
Assistant Director - Resources (until July 2012) - Jonathan Nulty*	24,743	74,229	3,736	11,208	28,479	85,437

In addition Mr Nulty received a severance payment of £28,000.

In addition to the disclosure above, the Authority is also required to make a similar disclosure to that from prior years which meets the Greenbury Rules on disclosure. That disclosure has been updated and the bands of the disclosure which start at £50,000 are now smaller bands of £5,000

Remuneration Band			2012-13 No of employees	2011-12 No of employees
£50,000	to	£54,999	1	0
£55,000	to	£59,999	1	0
£60,000	to	£64,999	0	0
£64,999	to	£69,999	0	0
£70,000	to	£74,999	0	1
£75,000	to	£79,999	0	0
£80,000	to	£84,999	1	1
£85,000	to	£89,999	0	0
£90,000	to	£94,999	0	0
£95,000	to	£99,999	0	0
£100,000	to	£104,999	0	0
£105,000	to	£109,999	1	1

Members Allowances

No member allowances have been paid in year.

15. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2012-13 £'000	2011-12 £'000
Audit of the Authority	17,430	44,550
VFM conclusion	1,338	2,230
Whole of Government Accounts	1,002	1,670
TOTAL FEES	**19,770**	**48,450**

16. Related Party Transactions

This disclosure has been prepared after considering the requirements of "related party transactions" in accordance with the Authority's interpretation and understanding of International Accounting Standard 24 (IAS 24) and its applicability to the public sector utilising current advice and guidance. Any disclosure under IAS 24 is designed to set out relationships with other parties that might materially affect the Authority. The Authority is composed of one Councillor from the six constituent boroughs, the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames and is financed by an annual levy on the constituent boroughs.

The Authority has sought and received declarations from Members, the advisors and senior officers of any "related party transaction" in which they or their related parties have been engaged in during 2012-13. No related party transactions were declared. The officer in the post of Clerk to the Authority is also Chief Officer at the Borough of Hounslow. The Treasurer (since December 2012) and the Chief Technical Officer (since Sept 2012) are also Chief Officers at the Borough of Ealing. The Chief Technical Officer until September 2012 and the Treasurer (until December 2012) were also Chief Officers from the Borough of Hounslow and Harrow respectively. The Authority pays the individuals directly for the services they provide. The Authority also receives support services from Hounslow and Harrow, and the cost of these support services are set out below and are included in the Comprehensive Income and Expenditure Account.

16. Related Party Transactions (continued)

Related Party Transactions

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

	Brent	Ealing	Harrow	Hillingdon	Hounslow	Richmond	TOTAL
Income							
Pay as you Throw	6,669	8,382	4,622	6,387	6,081	4,643	36,784
Fixed Cost Levy	2,322	2,804	2,079	2,365	2,063	2,119	13,752
Agency income	286	-	-	269	-	-	555
TOTAL 2012/13	**9,277**	**11,186**	**6,701**	**9,021**	**8,144**	**6,762**	**51,091**
TOTAL 2011/12	8,328	9,316	5,918	7,370	6,913	5,419	43,266
Expenses							
Waste Transfer and Disposal Costs	-	75	-	3	22	74	174
Rent and Rates	70	-	-	317	325	-	712
Communications Consultancy	-	30	-	-	-	-	30
Shared Services	-	8	141	-	15	-	164
TOTAL 2012/13	**70**	**113**	**141**	**320**	**362**	**74**	**1,080**
TOTAL 2011/12	2	3	142	4	52	66	268
Debtors 2012/13	**1,449**	**823**	**4,468**	**659**	**727**	**321**	**6,758**
Debtors 2011/12	41	313	7,512	62	34	-	7,962
Creditors 2012/13	**-**	**355**	**-**	**27**	**27**	**66**	**415**
Creditors 2011/12	553	-	279	111	283	36	1,262

17. Leases – Authority as Lessee

Finance Leases

The Authority is committed to making minimum payments under these leases comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding

The minimum lease payments are made up of the following amounts

	31 March 2013 £'000	31 March 2012 £'000
Between 2 and 5 years	84	192
	84	**192**

Operating Leases

The Authority uses plant and equipment financed under the terms of operating leases, with typical lives ranging from five to ten years.

The Authority's operating leases for plant and machinery, analysed by years are:

	31 March 2013 £'000	31 March 2012 £'000
Within 1 year	262	236
Between 1 and 5 years	537	697
	799	**933**

In addition, The Authority has rental leases at the main transfer station sites

Values shown are annual rents for each site.

	£'000
Victoria Road (Lease until March 2098)	**540**
Transport Avenue (Lease until September 2020, with rights to extend to 2098 In 15 year tranches)	**700**
	1,240

18. Defined Benefit Pension Scheme

Accounting Policy Extract

Pensions

(i) The West London Waste Authority (WLWA) does not manage its own pension scheme but is an admitted body in the London Pensions Fund Authority. This enables all WLWA staff to participate in the London Pensions Fund Authority (LPFA) Pension Fund, which is a defined benefit statutory scheme, administered in accordance with the Local Government Scheme Regulations 1997.

The Scheme rules define the benefits independently of the contributions payable, and the benefits are no directly related to the investments of the scheme. For a defined benefit scheme changes in actuarial deficits or surpluses arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

The liabilities of a defined benefit scheme reflect the estimated outgoings due after the tri-annual valuation date. The WLWA is committed to provide for service benefits up to the valuation date

(ii) Code of Practice on Local Authority Accounting requires the Authority to apply accounting principles and to make disclosures under International Accounting Standard 19, Retirement Benefits (IAS 19) in respect of retirement benefits. Details are provided to the Authority by the Actuary (currently Barnett Waddingham) via the LPFA. The notes to the Core Accounts provide details of how the Authority has met these requirements.

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge that is required to be made is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of General Balances via the Movement in Reserves Statement.

Changes in the net pension liability arising as a result of past events which are not concurrent with the assumptions made in the course of the last actuarial valuation, or as a result of revised actuarial assumptions are charged to the Pensions Reserve.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Balance via the Movement in Reserves Statement during the year:

18. Defined Benefit Pension Scheme (continued)

		2012-13 £'000	2011-12 £'000
Comprehensive Income and Expenditure Account			
Cost of Services:			
	Current service cost	517	423
	Past service cost	-	-
	Settlements and curtailments	-	-
Financing and Investment Income and Expenditure			
	Interest cost	887	897
	Expected return on assets	(718)	(795)
Total post employment benefits charged to the surplus or deficit on the Provision of Services		686	525
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement			
	Actuarial Gains	(222)	(2,843)
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement		(222)	(2,843)

18. Defined Benefit Pension Scheme (continued)

Movement in Reserves	2012-13 £'000	2011-12 £'000
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the code	(686)	(525)
Actual amount charged against the General Balance for pensions in year		
Employers contributions payable to scheme	508	536

Based upon projections as at 31 March 2013 employer contributions payable to the scheme in 2013-14 will be £566K.

Assets and liabilities in relation to post-employment benefits

Reconciliation of fair value of the scheme (plan) liabilities:

	2012-13 £'000	2011-12 £'000
Opening balance as at 1 April	19,515	16,152
Current service cost	517	423
Interest cost	887	897
Contributions by scheme participants	142	149
Actuarial Gains and (Losses)	1,234	2,165
Benefits Paid	(584)	(259)
Past service costs	-	-
Unfunded pension payments	(13)	(12)
Closing balance as at 31 March	**21,698**	**19,515**

18. Defined Benefit Pension Scheme (continued)

Reconciliation of fair value of the scheme (plan) assets:

	2012-13 £'000	2011-12 £'000
Opening balance as at 1 April	12,123	11,592
Expected Rate of Return	718	795
Actuarial Gains and (Losses)	1,012	(678)
Employers contributions	508	536
Employees contributions	142	149
Benefits paid	(596)	(271)
Closing balance as at 31 March	**13,907**	**12,123**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long term real rates of return experienced in the respective markets

The actual return on scheme assets in the year was £1,730K (2011-12, £117K)

	2008-09 £'000	2009-10 £'000	2010-11 £'000	2011-12 £'000	2012-13 £'000
Present values of liabilities					
Local Government Pension Scheme (LGPA)	(11,739)	(20,268)	(16,153)	(19,515)	(21,698)
Fair value of assets in the LGPA	7,728	10,467	11,592	12,123	13,907
Deficit in the scheme	**(4,011)**	**(9,801)**	**(4,561)**	**(7,393)**	**(7,791)**
Cumulative actuarial gains and losses recognised in Other Comprehensive Income and Expenditure Statement	(1,318)	(6,848)	(2,518)	(5,361)	(5,583)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £7.8 M has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet

However statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy, as the deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

18. Defined Benefit Pension Scheme (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels etc.

The London Pension Fund Authority liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for the Fund being based on the latest formal valuation of the scheme at 31 March 2010.

The principal assumptions used by the actuary have been:

			2012-13	2011-12
Long term expected rate of return on assets in the scheme				
	Equity investments			6.30%
	Bonds			N/A
	Property			5.30%
	Cash			3.00%
	Single Net Interest Cost*		5.9%	

*For accounting years beginning on or after 1 January 2013, the expected return and the interest cost will be replaced with a single net interest cost which will effectively set the expected return equal to the IAS19 discount rate.

			2012-13	2011-12
Mortality assumptions				
	Longevity at 65 for current pensioners			
		Men	20.6	20.5
		Women	23.1	23
	Longevity at 65 for future pensioners			
		Men	22.6	22.5
		Women	25.1	25
Rate of inflation			3.3%	3.3%
Rate of increase in salaries			4.2%	4.2%
Rate of increase in pensions			2.5%	2.5%
Rate of discounting scheme liabilities			4.3%	4.6%
Take up option to convert annual pension into retirement lump sum			50%	50%

The Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

		2012-13	2011-12
	Equities	73%	73%
	Target Return Portfolio	10%	12%
	Alternative Assets	15%	14%
	Cash	2%	1%
		100%	100%

18. Defined Benefit Pension Scheme (continued)

History of Experience - Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2012-13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March

	2008-09 %	2009-10 %	2010-11 %	2011-12 %	2012-13 %
Differences between the expected and actual return on assets	35.9	17.3	1.7	(5.6)	7.3
Experience gains and losses on liabilities	-	0.1	22.7	0.1	(0.1)

19. Landfill Allowances Trading Scheme

The Authority has received allowances for the year 2012-13 for 219,347 tonnes. The estimated biodegradable municipal waste landfill usage is 179,765. It does not buy or sell any allowances in the year. Reference to the DEFRA database suggests that the average traded value of allowances in 2012-13 has been £0.50

	Value at 1 April 2012	Initial recognition in 2012-13 Allowances	2012-13 In year Movements	As at 31 March 2013
	£'000	£'000	£'000	£'000
Assets and Liabilities on the balance sheet				
Current Assets				
Landfill usage allowances	2,238	110	2,348	-
TOTAL ASSETS	2,238	110	2,348	-
Liabilities				
Liability to DEFRA for landfill usage	(1,651)	(90)	(1,741)	-
TOTAL LIABILITIES	587	20	(607)	-
Reserves				
Earmarked Reserves	587	20	(607)	-
TOTAL RESERVES	587	20	(607)	-

20. Contingent Liabilities

There are no outstanding contingent liabilities at the time of signing this report.

ANNUAL GOVERNANCE STATEMENT 2012-13

1. Scope of Responsibility

The WLWA 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 its responsibilities the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Authority's code can be obtained from the Director, Jim Brennan.

This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3) which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with its stakeholders. 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 services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aim 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 and potential impact of those risks being realised, and to manage them efficiently effectively and economically.

The governance framework was not put into place until after the end of the financial year.

3. The Governance Framework

The key elements of the Governance Framework include

- Production of an annual business plan within a three year corporate plan
- Performance monitoring information (Key performance Indicators)

- Statement of Accounts
- Schemes of delegation for Officers, and Members
- Audit Committee
- Whistle blowing policy
- People Strategy, including HR Policies and Strategies
- Information Governance Policies
- Public meetings, except for confidential items
- Clear communication with stakeholders
- Joint Waste Management Strategy

4. Review of Effectiveness

The 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 effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors.

Internal audit have produced annual written reports on the effectiveness of Authority governance arrangements. In addition the appointment of a new Treasurer and Technical Advisor during the year has enabled a fresh approach to be taken to the review. This has included one to one meetings with senior staff and regular attendance at WLWA Officer Meetings.

The Authority has been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the officers and Audit Committee and that it is agreed that the current arrangements need to be significantly improved. An action plan for 2013-14 has been developed, and will be monitored by the Audit Committee.

5. Significant Governance Issues

a. The first meeting of the Audit Committee was not held until June 2013.
b. A corporate plan was not published for 2012-13, and the Authority relied on the Joint Waste Management Strategy
c. Performance data collected for 2012-13 was limited to tonnages whereas the dataset for 2013-14 includes overtime, absence, website statistics, financial information and project progress.
d. Internal audit produced two red reports during the year on Income and Expenditure processes and the management of overtime.
e. A gap in the breadth of Authority HR, ICT and Information Governance Policies has been identified with a project plan put in place for 2013-14 to ensure a complete suite is in place.

A detailed work plan has been put in place, with many actions already completed, for 2013-14 to take immediate steps to address the above matters to further enhance our governance arrangements.

Signed ____________________	Signed ____________________
Chair to the Authority	Jim Brennan, Director

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

Opinion on the Authority financial statements

We have audited the financial statements of West London Waste Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Accounting in the United Kingdom 2012/13.

This report is made solely to the members of West London Waste Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. We read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of West London Waste Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that West London Waste Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, we have considered the results of the following:

- our review of the annual governance statement;

- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and

- our locally determined risk-based work.

As a result, we have concluded that there is the following matter to report:

The Annual Governance Statement highlights a number of significant weaknesses in the Authority's Governance Framework. Although an action plan has been devised, and certain governance failures have been rectified subsequent to the year end, the matters existed throughout the 2012/13 financial year.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Matthew Hall

Matthew Hall (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom
26 September 2013