West Waste

WEST LONDON WASTE AUTHORITY

STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2012

West
Waste

STATEMENT OF ACCOUNTS FOR THE YEAR ENDING

31 MARCH 2012

This statement has been prepared in accordance with the provisions of Section 23 of the Local Government Finance Act 1982, Sections 41 and 42 of the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2011.

The Statement of Accounts for the year ended 31 March 2012 were considered by the Authority on 21 September 2012 and approved by the Chair of the Authority.

Councillor Bassam Mahfouz
Chair of the Authority
29 September 2012

I certify that the accounts present a true and fair view of the financial position of West London Waste Authority at 31 March 2012 and of its income and expenditure for the year ended 31 March 2012.

Jennifer Hydari CPFA
Interim Treasurer to the Authority
29 September 2012

WEST LONDON WASTE AUTHORITY

STATEMENT OF ACCOUNTS 2011-12

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EXPLANATORY FOREWORD

Introduction

Welcome to the West London Waste Authority's ("the Authority", "WLWA") annual Statement of Accounts for 2011-12.

The West London Waste Authority (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 composed of one Councillor from each of the six constituent boroughs: the London Boroughs of Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The Authority normally meets 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 1.4m and an area of 38,000 hectares across the six London boroughs. The main administrative offices of the WLWA are situated at Mogden, Isleworth, and the Authority operates three waste transfer stations that accept waste before transport to final disposal. The Authority employs 86 staff 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. The Authority is also responsible for setting 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. Through these borough-based chief officers, this arrangement enables the Authority to receive support in specialised areas from boroughs' staff as follows:

- London Borough of Hounslow - legal, technical, personnel, property and valuation advice and committee administration; and
- London Borough of Harrow - advice and full support on all accountancy and financial management matters (financial advice, budgets, final accounts, financial systems etc); creditor payments; internal audit; exchequer services; and payroll.

The Authority has statutory responsibilities to provide:

- Facilities for the receipt and recycling or disposal of waste which is collected by the six constituent boroughs;
- The transport and disposal of waste which the constituent boroughs receive at their civic amenity sites; and
- The storage and disposal of the abandoned vehicles which are removed by the constituent boroughs.

Introduction (continued)

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.

Performance in 2011-12

Overall in 2011-12 the Authority and its constituent boroughs dealt with a total of about 669,000 tonnes of waste. Of this total some 156,000 tonnes was recycled, 97,000 tonnes was composted, and the remaining 416,000 tonnes was sent for disposal, with 26,000 tonnes for Energy from Waste, 134,000 tonnes to Materials Recovery Facilities and the remainder (256,000 tonnes) to landfill. Comparisons over the last four years are shown in the following table:

	2008-09 Tonnes	2009-10 Tonnes	2010-11 Tonnes	2011-12 Tonnes
Total waste	733,000	693,000	685,000	**669,000**
Of which				
Recycling & Reuse	139,000	155,000	159,000	**156,000**
Composting	84,000	86,000	92,000	**97,000**
Energy Recovery	1,000	12,000	26,000	**26,000**
Landfill	485,000	395,000	327,000	**256,000**
Materials Recovery Facility	25,000	45,000	81,000	**134,000**
Final treatment route of waste from MRF:				
Recycling & Re-use	Not Used	10,000	11,300	**5,000**
Composting	Not Used	-	-	**-**
Energy Recovery	Not Used	1,000	19,300	**45,000**
Landfill	Not Used	33,000	50,400	**81,000**

Performance in 2011-12 (continued)

In the Authority's area, the constituent boroughs are responsible for arranging the provision of civic amenity sites for residents to deposit their waste. Some of these civic amenity sites also take in trade waste and borough-collected waste. The Authority is responsible for arranging the transport and disposal of the waste received at these sites except for the waste the boroughs recycle.

There are nine civic amenity sites. The boroughs operate seven of these (either directly themselves or through contractors) for which the Authority arranges transport and disposal through contracts with the private sector. Two are operated by the Authority on behalf of boroughs.

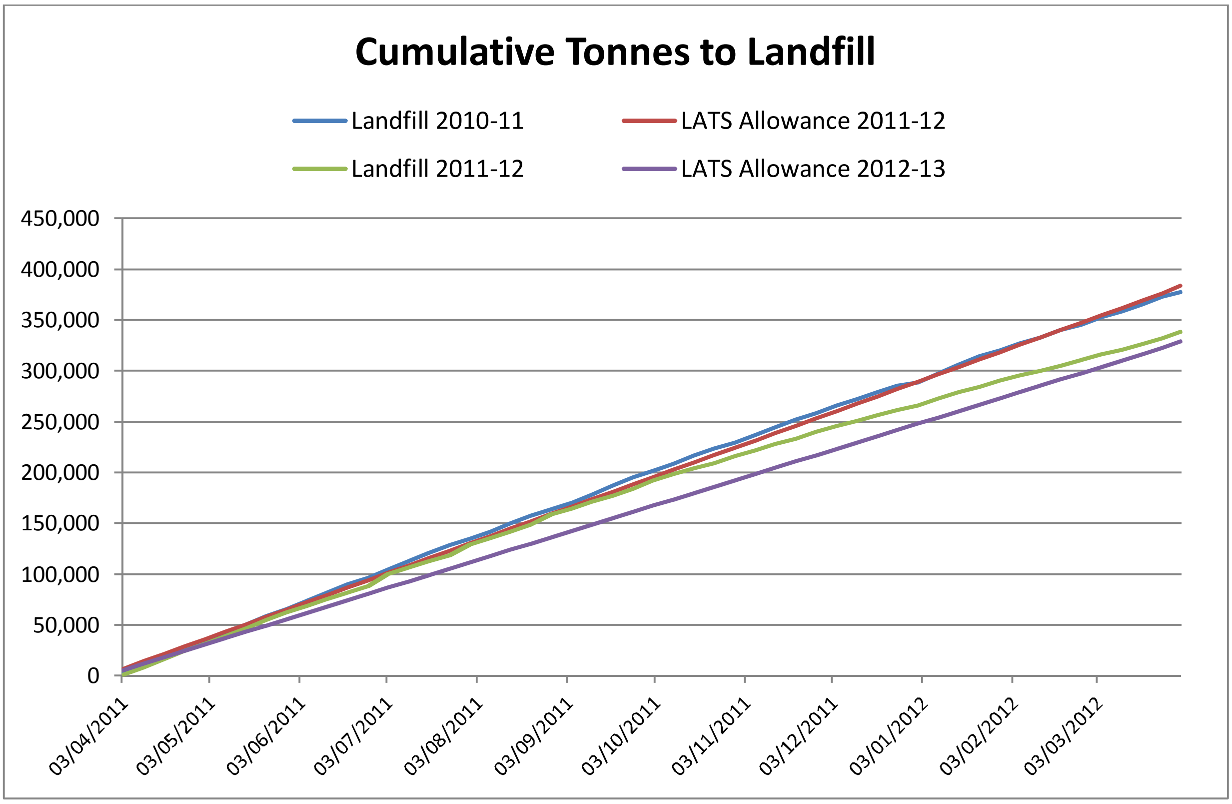
In 2011-12 waste sent for disposal from civic amenity sites totalled about 72,000 tonnes. Of this, householders deposited 37,000 tonnes; 16,000 tonnes was trade waste; and 19,000 tonnes was borough-collected waste. Additionally the Authority arranged the transport and composting of 16,000 tonnes of green waste received at civic amenity sites and 43,000 tonnes was recycled. Comparisons over the last four years are shown in the following table:

	2008-09	2009-10	2010-11	2011-12
	Tonnes	Tonnes	Tonnes	Tonnes
CA site disposal and treatment waste	106,000	76,000	81,000	**72,000**
Of which:				
Brought by householders	59,000	39,000	37,000	**37,000**
Trade waste	24,000	18,000	22,000	**16,000**
Borough collected	23,000	19,000	22,000	**19,000**
CA site recycled & re-used	*28,000*	*44,000*	*40,000*	***43,000***
CA site composted	*17,000*	*15,000*	*15,000*	***16,000***

The recycling and composting performance of WLWA as a whole is 37.8% and a further 12.1% diverted from landfill. These results confirm WLWA as the highest performing Statutory Joint Waste Disposal Authority, in terms of recycling and composting, based on benchmarking with the other JWDAs.

The Landfill Allowance Trading Scheme (LATS) position for the Authority is a surplus of 78,000 tonnes of Biodegradable Municipal Waste (BMW) against a target of 256,000 tonnes BMW for 2011-12. This surplus of 79,000 allowances will be offered for sale to other authorities. The surplus appears on the Authority's Balance Sheet using CIPFA's estimates of LATS values. The graph overleaf shows recent performance, including current performance compared to 2011-12 and 2012-13 LATS targets.

Performance in 2011-12 (continued)



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, boroughs' 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.

ACCOUNTING POLICIES

General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain 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.
All relevant accounting policies are shown below (in alphabetical order):

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. In previous years the balance held with LBH was included as cash and cash equivalents and short term investments. In the current year this has been reclassified as a debtor. This classification is considered to be more appropriate as the balances are legally held by LBH. (Refer note 10)

Debtors and Creditors

The accounts are prepared on an accruals basis. Outstanding debtors and creditors are brought into the accounts at the year-end. Where exact amounts are unknown at the time of closing the accounts, the accrual is 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 years
Fixed Plant	8-10 years
Vehicles	7-8 years

Financial Instruments

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 be 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 contribution 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.

Heritage Assets

The authority holds no heritage assets.

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.

Inventories

Inventory is valued on an average cost basis.

Landfill Allowances Trading Scheme (LATS)

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

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. 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 not 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 (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) in respect of retirement benefits. Disclosures have changed this year to align with international reporting standards. 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 occur 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 is 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 income and expenditure account in the year to which they relate.

Significant land and buildings are revalued to current value using independent professional valuations in accordance with International Accounting Standard 16.

The asset values used in the accounts are based on a certificate issued by consultant surveyors, Vail Williams. The properties were inspected and a report prepared on the valuation by Mr. Peter Sudworth BSc (Hons) MRICS, valuation partner of Vail Williams.

The Authority assets were valued as at 31 March 2011 on the basis of Depreciated Replacement Cost, where the properties are specialised and particular to the Authority's operating activities, or on the basis of Open Market Value, where appropriate, in accordance with the Practice Statements and Guidance Notes set out in the RICS Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors.

Management are of the opinion that the fair value for these properties has not changed materialy. No revaluation adjustments were processed for the current year.

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 Statement of Comprehensive Income in the period in 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 Balances.

Revenue Recognition

Income is recognised on an accruals basis. Additionally, the Authority operates a Pay as You Throw (PAYT) system with partner authorities. Under this system authorities are initially billed on estimated tonnages to be disposed of. On a quarterly basis reconciliation is performed on actual tonnages and authorities 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 Boroughs 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.

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. In the West London Waste Authority, that officer is the Treasurer.

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer's Responsibilities:

The Treasurer is responsible for the preparation of the Authority's statement of accounts which, in terms of the Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year (ended 31 March 2012).

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 Code of Practice;
- 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.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2011-12		2010-11	
	£000	£000	£000	£000
Gross expenditure				
Employees	**4,513**		2,837	
Premises	**2,708**		2,816	
Waste transport & disposal	**40,601**		40,289	
Landfill allowances usage	**1,826**		3,209	
Other supplies & payments	**2,496**		2,999	
Impairment of waste transfer Stations	**-**		6,233	
Depreciation	**373**		544	
		52,517		58,927
Gross income				
Trade Waste	**(804)**		(1,079)	
Agency	**(679)**		(640)	
Landfill allowances grant	**(1,962)**		(3,660)	
Miscellaneous Income	**(329)**		(356)	
Section 52 (9) non - household waste	**(8)**		(1,504)	
		(3,782)		(7,239)
Cost of services		**48,735**		51,688
Financing and investment income & expenditure (note 6)	**36**		295	
Levies on constituent councils	**(42,587)**		(48,641)	
		(42,551)		(48,346)
Deficit on provision of services		**6,184**		3,342
Surplus on revaluation of fixed assets		**-**		(270)
Actuarial loss/(gain) on pension liability		**2,843**		(4,330)
Other comprehensive (income) & expenditure		**2,843**		(4,600)
Total comprehensive (income) & expenditure		**9,027**		(1,258)

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 assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. 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	2011-12 £000	2010-11 £000
Property, plant and equipment	7	**6,585**	6,271
Long term assets		**6,585**	6,271
Inventories	9	**180**	264
Short term debtors	10	**8,537**	16,393
Landfill allowance trading scheme	19	**2,238**	3,660
Current assets		**10,955**	20,317
Short term creditors	11	**(5,870)**	(7,059)
Liability for landfill Allowance trading scheme	19	**(1,651)**	(3,209)
Current liabilities		**(7,521)**	(10,268)
Long term borrowing	12	**(2,931)**	(3,181)
Finance lease liabilities	17	**(192)**	(486)
Pension liability	18	**(7,393)**	(4,561)
Long term liabilities		**(10,516)**	(8,228)
Net (liabilities)/assets		**(497)**	8,092
Usable reserves		**(3,568)**	(9,664)
Unusable reserves	13	**4,065**	1,572
Total deficit/(reserves)		**497**	(8,092)

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' line 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 2010	**(6,835)**	**(570)**	**(7,405)**	**572**	**(6,833)**
Deficit on provision of services (accounting basis)	3,342	-	3,342	-	3,342
Other comprehensive (income)	-	-	-	(4,600)	(4,600)
Total comprehensive expenditure and (income)	3,342	-	3,342	(4,600)	(1,258)
Adjustments between accounting basis & funding basis under regulations (note 4)	(5,601)	-	(5,601)	5,600	(1)
Net (increase)/decrease before transfers to earmarked reserves	(2,259)	-	(2,259)	1,000	(1,259)
Transfers to earmarked reserves (note 5)	940	(940)	-	-	-
(Increase)/decrease in year	**(1,319)**	**(940)**	**(2,259)**	**1,000**	**(1,259)**
Balance at 31 March 2011	**(8,154)**	**(1,510)**	**(9,664)**	**1,572**	**(8,092)**

MOVEMENT IN RESERVES STATEMENT (continued)

	General balance £000	Earmarked reserves £000	Total usable reserves £000	Unusable reserves £000	Total authority reserves £000
Balance at 1 April 2011	**(8,154)**	**(1,510)**	**(9,664)**	**1,572**	**(8,092)**
Deficit on provision of services (accounting basis)	6,184	-	6,184	-	6,184
Revaluation (gain) on fixed assets	-	-	-	(438)	(438)
Other comprehensive expenditure	-	-	-	2,843	2,843
Total comprehensive expenditure and income	6,184	-	6,184	2,405	8,589
Adjustments between accounting basis & funding basis under regulations (note 4)	48	(136)	(88)	88	-
Net (increase)/ decrease before transfers to earmarked reserves	6,232	(136)	6,096	2,493	8,589
Transfers to earmarked reserves (note 5)	(87)	87	-	-	-
(Increase)/decrease in year	**6,145**	**(49)**	**6,096**	**2,493**	**8,589**
Balance at 31 March 2012	**(2,009)**	**(1,559)**	**(3,568)**	**4,065**	**497**

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 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:

	2011-12 £000	2010-11 £000
Net deficit on the provision of services	**(6,184)**	(3,342)
Adjustments to net deficit for non-cash movements (Refer below)	6,879	3,899
Interest paid	(275)	(476)
Net cash generated from operating activities	**420**	81
Investment activities		
Payments for property, plant and equipment	(249)	-
Interest received	239	181
Net cash (used in)/generated from investment activities	**(10)**	181
Financing activities		
Repayment of short and long-term borrowings	(410)	(262)
Net cash used in financing activities	**(410)**	(262)
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of the year	**-**	-
Adjustments to net deficit for non-cash movements:		
Depreciation and impairments	**373**	6,777
Interest received	**(239)**	(181)
Interest paid	**275**	476
Movement in LATS	**(136)**	(451)
Movement in accumulated leave pay	**12**	(4)
Decrease in inventory	**84**	50
Decrease in short term debtors	**7,856**	(3,079)
(Decrease)/increase in short term creditors	**(1,465)**	1,207
IAS 19 pension charges (accounting basis)	**423**	(803)
Other adjustments	**(304)**	(93)
Total	**6,879**	3,899

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 the 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 uncertainty 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 lease; and
- Whether other entities with which the Authority has a relationship are subsidiaries, or associates.

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 31st March 2012 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the 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 £0.9M.
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 expected 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 29 September 2012. 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 31st March 2012, there are no events after the reporting date which the Authority is aware which should be reported within these accounts.

4. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments Between Accounting Basis and Funding Basis under Regulations

	2011-12 £000	2010-11 £000
Amounts included in the Comprehensive Income and Expenditure Account but required by Statute to be excluded:		
Depreciation and Impairments*	**(373)**	(6,777)
Reversal of Items relating to IAS19 Retirement Benefits	**(525)**	512
	(898)	(6,265)
Amounts not included in the Comprehensive Income and Expenditure Account but required by Statute to be included:		
Statutory Provision for the Repayment of Debt*	**286**	261
Employer's Pension Contributions Payable in Year	**536**	399
	822	660
Transfer to/ from Balances		
Accumulated Absences Account	**(12)**	4
Earmarked reserve	**136**	-
	124	4
Net additional amount to be debited/(credited) to general balances for the year	**48**	(5,601)

*** 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 2011/12.

	Balance at 1 April 2010 £000	Transfers Out 2010-11 £000	Transfers In 2010-11 £000	Balance at 31 March 2011 £000	Transfers Out 2011-12 £000	Transfers In 2011-12 £000	Balance at 31 March 2012 £000's
Earmarked Reserves							
Waste Strategy	(570)	320	-	(250)	87	-	(163)
LATS	-	-	(300)	(300)	-	(136)	(436)
Rent Review	-	-	(750)	(750)	-	-	(750)
Waste Procurement	-	-	(210)	(210)	-	-	(210)
Total	**(570)**	**320**	**(1,260)**	**(1,510)**	**87**	**(136)**	**(1,559)**

6. Financing and Investment Income and Expenditure

	2011-12 £000	2010-11 £000
Interest Payable and Similar Charges	**173**	185
Pensions Interest Cost and Expected Return on Pensions Assets (Note 18)	**102**	291
Interest Receivable and Similar Income	**(239)**	(181)
	36	295

7. Property, Plant and Equipment

	Land & Buildings Freehold £000	Land & Buildings Leasehold £000	Fixed Plant & Vehicles £000	Total £000
Gross book value as at 1 April 2011	4,500	1,162	3,170	8,832
Additions	-	-	249	249
Gross book value as at 31 March 2012	4,500	1,162	3,419	9,081
Accumulated depreciation brought forward	(335)	(193)	(2,033)	(2,561)
Revaluation adjustment	335	193	(90)	438
Depreciation	(20)	(58)	(295)	(373)
Accumulated depreciation carried forward	(20)	(58)	(2,418)	(2,496)
Net book value as at 31 March 2012	4,480	1,104	1,001	6,585
Net book Value as at 31 March 2011	4,165	969	1,137	6,271

The Authority has acquired a number of trailers, containers and a case loader under finance leases, as assessed under IAS17.

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

	2011-12 £000	2010-11 £000
Vehicles, Plant, Furniture & Equipment	**291**	435
	291	435

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	
	2011-12	2010-11	2011-12	2010-11
	£000's	£000's	£000's	£000's
Financial Assets				
Loans and receivables	**-**	-	**8,537**	16,393
Financial Liabilities				
Amortised cost	**(2,931)**	(3,181)	**(138)**	(146)

9. Inventories

	2011-12	2010-11
	£000	£000
Stock is held at two locations as follows:		
Transport Avenue	**117**	113
Victoria Road	**63**	151
	180	264

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

10. Short Term Debtors

	2011-12 £000	2010-11 £000
Other Local Authorities	**729**	1,548
Other Entities & Individuals	**644**	154
Balance with LBH*	**7,233**	14,708
Total	**8,606**	16,410
Less: Provision for Bad Debts	**(69)**	(17)
	8,537	16,393

* The balance with LBH represents cash and cash equivalents legally held by LBH in their bank account on behalf of WLWA.

11. Short Term Creditors

	2011-12 £000	2010-11 £000
Other Entities and Individuals	**(3,411)**	(2,633)
Central Government Bodies	**(861)**	(1,536)
Other Local Authorities	**(1,598)**	(2,890)
Total	**(5,870)**	(7,059)

12. Long Term Borrowing

The Authority's capital expenditure is financed by an arrangement with the London Borough of Harrow. The sum outstanding as at 31 March 2012 totals £2.931m (£3.181m in 2010-11). The interest charged was 4%.

	2011-12 £000's	2010-11 £000's
Source of Loan:		
London Borough of Harrow	**(2,931)**	(3,181)
Analysis of Loan by Maturity:		
1 to 2 years	**(135)**	(146)
2 to 5 years	**(321)**	(348)
5 to 10 years	**(535)**	(581)
10 years +	**(1,940)**	(2,106)
	(2,931)	(3,181)

13. Unusable Reserves

	2011-12 £000	2010-11 £000
Revaluation reserve	**(708)**	(270)
Capital adjustment account	**(2,666)**	(2,753)
Pensions reserve	**7,393**	4,561
Accumulated absences account	**46**	34
	4,065	1,572

(i) Revaluation reserve

The Revaluation Reserve contains gains made by the Authority arising from increases in the value of its Property, Plant and equipment (and Intangible Assets).

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 1st 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.

2010-11 £000		2011-12 £000
-	**Balance as at 1st April**	(270)
(270)	Upward Revaluation of Assets	-
(270)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/ Deficit on the Provision of Services	-
-	Difference between fair value depreciation and historical cost depreciation	(438)
(270)	**Balance at 31st March**	(708)

13. Unusable reserves (continued)

(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.

2010-11 £000		2011-12 £000
(9,268)	**Balance as at 1 April**	**(2,753)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
6,777	Charges for depreciation and impairment	**373**
-	Revenue expenditure funded from capital under statute	**-**
(2,491)		**(2,380)**
(2,491)	Net written out amount of the cost of non-current assets consumed in the year	(2,380)
	Capital financing applied in the year:	
(262)	- Statutory provision for the financing of capital investment charged against General Balances	**(286)**
(2,753)	**Balance at 31 March**	**(2,666)**

(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 employer's 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 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.

2010-11 £000		2011-12 £000
(9,802)	**Balance as at 1 April**	**(4,561)**
4,330	Actuarial gains or losses on pension assets and Liabilities	**(2,843)**
512	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	**(525)**
399	Employer's pensions contributions and direct payments to pensioners payable in the year	**536**
(4,561)	**Balance at 31 March**	**(7,393)**

14. Officers' Remuneration

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

	Salary		Pension Contributions		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	£	£	£	£	£	£
Director	**106,036**	106,036	**28,383**	19,086	**134,419**	125,122
Senior Assistant Director (Operations)	**81,258**	79,527	**21,405**	14,626	**102,663**	94,153
Assistant Director (Resources)	**74,229**	74,229	**19,362**	13,361	**93,591**	87,590

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	2010-11 Number of Employees	**2011-12 Number of Employees**
£50,000 - £54,999	0	**0**
£55,000 - £59,999	0	**0**
£60,000 - £64,999	0	**0**
£65,000 - £69,999	0	**0**
£70,000 - £74,999	1	**1**
£75,000 - £79,999	0	**0**
£80,000 - £84,999	1	**1**
£85,000 - £89,999	0	**0**
£90,000 - £94,999	0	**0**
£95,000 - £99,999	0	**0**
£100,000 - £104,999	0	**0**
£105,000 - £109,999	1	**1**

Members allowances

No members allowances have been paid in year

15. External Audit Fees

The audit fees reflected in the accounts are as follows:

	2011-12 £000	2010-11 £000
Annual Audit: 2010-11	**13**	33
Annual Audit: 2011-12	**29**	0

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 (IAS24) and its applicability to the public sector utilising current advice and guidance. Any disclosure under IAS24 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 also received payments from the constituent boroughs in respect of section 52(9) charges for the disposal of non-household waste.

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 2011-12. No related party transactions were declared. The officers in the post of Clerk to the Authority and the Chief Technical Officer are also Chief Officers at the Borough of Hounslow. The Treasurer to the Authority is from the Borough of Harrow. The Authority pays 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:

Related Party Transactions	Brent £ 000	Ealing £ 000	Harrow £ 000	Hillingdon £ 000	Hounslow £ 000	Richmond £ 000	Total £ 000
Income							
PAYT	6,624	7,734	4,758	5,782	5,757	4,231	34,887
Levy Income	1,294	1,582	1,160	1,319	1,156	1,188	7,700
Agency Income	410	-	-	269	-	-	679
	8,328	**9,316**	**5,918**	**7,370**	**6,913**	**5,419**	**43,266**
Expenses							
Waste transport and disposal costs	2	3	-	4	19	66	93
Legal Costs	-	-	-	-	33	-	33
Shared Services	-	-	142	-	-	-	142
	2	**3**	**142**	**4**	**52**	**66**	**268**

Debtors	41	313	7,512	62	34	0	7,962
Creditors	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:

	31st March 2012	31st March 2011
	£000	£000
Not later than one year	**138**	155
Later than one year and	**-**	-
not later than five years	**192**	333
Later than five years	**-**	-
	330	488

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 (mainly used for plant and equipment), analysed by years are:

	31st March 2012	31st March 2011
	£000	£000
Not later than one year	**236**	253
1 - 2 years	**697**	802
2 – 5 years	**-**	131
Later than five years	**-**	-
	933	1,186

18. Defined Benefit Pension Scheme

Accounting Policy Extract

Pensions

(i) The 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 not 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 (IAS19) in respect of retirement benefits. Disclosures have changed this year to align with international reporting standards. 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.

The accounts conform to the accounting and disclosure requirements of IAS19 (International Accounting Standard 19), as adopted for local authorities by CIPFA. For the financial year ended 31st March 2012, this requires inclusion of relevant amounts as well as disclosure of IAS19 figures in the accounts. The Authority's actuary, Barnett Waddingham, was instructed, via the London Pensions Fund Authority (LPFA), to undertake the IAS19 calculations on behalf of the Authority as at 31st March 2012.

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 needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme, administered locally by the London Pensions Fund Authority. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

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:

		2011-12 £000	2010-11 £000
Comprehensive Income & Expenditure Account			
Cost of Services:			
	Current Service Cost	423	569
	Past Service Cost	-	(1,372)
	Settlements and Curtailments	-	-
Financing & Investment Income & Expenditure:			
	Interest Cost	897	1,022
	Expected Return on Scheme Assets	(795)	(731)
Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services		525	(512)
Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement:			
	Actuarial (Gains) and Losses	2,843	(4,330)
Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement		2,843	(4,330)

		2011-12 £000	2010-11 £000
Movement In Reserves			
	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(525)	512
Actual Amount Charged against the General Balance for pensions in the year:			
	Employers Contributions payable to Scheme	536	387

Based upon projections as at 31st March 2012, employer contributions payable to the scheme in 2012-13 will be £511,000.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2011-12 £000	2010-11 £000
Opening Balance as at 1st April	16,152	20,268
Current Service Cost	423	569
Interest Cost	897	1,022
Contributions by Scheme Participants	149	149
Actuarial Gains and (Losses)	2,165	(4,128)
Benefits Paid	(259)	(344)
Past Service Costs	-	(1,372)
Unfunded Pension Payments	(12)	(12)
Closing Balance as at 31st March	19,515	16,152

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

	2011-12 £000	2010-11 £000
Opening Balance as at 1st April	11,592	10,467
Expected Rate of Return	795	731
Actuarial Gains and (Losses)	(678)	202
Employer Contributions	536	399
Contributions from Scheme Participants	149	149
Benefits Paid	(271)	(356)
Closing Balance as at 31st March	12,123	11,592

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 £117,000 (2010-11: £765,000).

	2007-08 £000	2008-09 £000	2009-10 £000	2010-11 £000	2011-12 £000
Present Values of Liabilities:					
Local Government Pension Scheme	(11,857)	(11,739)	(20,268)	(16,153)	(19,515)
Fair Value of Assets in the Local Government Pension Scheme	9,814	7,728	10,467	11,592	12,123
Deficit in the Scheme	(2,043)	(4,011)	(9,801)	(4,561)	(7,392)
Cumulative actuarial gains and losses recognised in Other Comprehensive Income	500	(1,318)	6,848	2,518	5,361

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. The total liability of £7.4 million 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.

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 31st March 2010.

The principal assumptions used by the actuary have been:

	2011-12	2010-11
Long-term expected rate of return on assets in the scheme:		
Equity Investments	6.3%	7.4%
Bonds	n/a	5.5%
Property	5.3%	6.4%
Cash	3.0%	3.0%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	20.5	20.4
Women	23.0	22.9
Longevity at 65 for future pensioners:		
Men	22.5	22.4
Women	25.0	24.9
Rate of Inflation	3.3%	3.5%
Rate of Increase in Salaries	4.2%	4.5%
Rate of Increase in Pensions	2.5%	2.7%
Rate of Discounting Scheme Liabilities	4.6%	5.5%
Take-up option to convert annual pension into retirement lump sum	50.0%	50.0%

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

	2011-12 %	2010-11 %
Equities	73	69
Target Return Portfolio	12	12
Alternative Assets	14	14
Cash	1	3
Other Bonds	-	2
	100	100

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pension Reserve in 2011-12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31st March:

	2007-08 %	2008-09 %	2009-10 %	2010-11 %	2011-12 %
Differences between the expected and actual return on assets	3.3	(35.9)	17.3	1.7	(5.6)
Experience gains and losses on liabilities	(5.8)	0.0	0.1	22.7	0.1

19. Landfill Allowances Trading Scheme

The Authority has received allowances for the year 2011-12 for 256,108 tonnes. The estimated BMW landfill usage is 178,000 tonnes. It does not buy or sell any allowances in the year. DEFRA has advised that the average traded value of allowances in 2011-12 has been £2.92

Amounts to be included in the 2011/12 Statement of Accounts:

Comprehensive Income & Expenditure Statement	Gross Income £000's	Gross Expenditure £000's	Net Expenditure £000's
Landfill Allowances	(1,962)	1,651	(587)
Impairment of 2010 -11 Allowances		175	175

Balance Sheet for 2011-12	Upon Recognition	Movement After Recognition	31-Mar-12
Current Assets:			
Landfill Usage Allowances for 2011/12	1,962	-	1,962
Landfill Usage Allowances for 2010/11	276	-	276
	2,238	-	2,238
Current Liabilities:			
Liability to DEFRA for 2011/12 Landfill Usage	-	(1,651)	(1,651)
Net Assets			587
Reserve (Allowances Assets Accounts):			
Derecognition of carrying amount of assets	(1,962)	-	(1,962)
Amount of liability discharged	-	1,651	1,651
Gain on derecognition			(311)
Impairment of 2010/11 allowances			175
Total credit to reserves			136

20. Contingent Liabilities

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

ANNUAL GOVERNANCE STATEMENT 2011-12

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 ensures that there is a sound system of internal control, which facilitates the effective exercise of its functions, including arrangements for the management of risk.

The WLWA is a single purpose authority that was 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 is an Authority that:

- Facilitates the receipt and recycling or disposal of the waste collected by the six constituent boroughs;
- Transports and disposes of the waste which the constituent boroughs receive at their civic amenity sites; and
- Stores and disposes of abandoned vehicles that are removed by the constituent boroughs.

2. The System of Internal Control

Internal control systems are designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems are based on an on-going 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 main elements of a system of internal control have been in place during 2011-2012 and up to the date of approval of the annual accounts. The Authority has also a Risk Assessment Register, which is updated and reported on an annual basis.

3. The Internal Control Environment

The key elements of the internal control environment are summarised as follows:

Establishing and monitoring the Authority's objectives
The objectives of the Authority are set out in the West London Joint Municipal Waste Management Strategy. The Board also receives regular financial and service related reports during the year on those objectives.

Policy and decision-making
The Authority is managed by six Members, one from each of the constituent Boroughs. Standing Orders and Financial Regulations of the Authority govern the Authority. A directly employed Director together with Advisers from constituent boroughs also supports the Board. The Advisers are the Clerk to the Authority (who acts as the Monitoring Officer) from Hounslow, the Treasurer (the Chief Financial Officer) from Harrow, and the Chief Technical Adviser also from Hounslow.

Compliance
The WLWA has a duty to ensure that it acts in accordance with the law and various regulations, including European Commission Directives, in the performance of its functions. It has developed policies and procedures for its staff to ensure that, as far as possible, all staff understands their responsibilities both to the Authority and the public.

Economic, effective and efficient use of resources
The Authority strives to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty.

Financial Management
The Treasurer has the statutory responsibility under Section 73 of the Local Government Act 1985 for the proper administration of the Authority's financial affairs and for undertaking the responsibilities outlined in the Accounts and Audit Regulations. The systems of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The Authority's arrangements also conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The system of internal control is based on a framework of regular management information, financial regulation, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. These were overhauled in 2009-2010.

The Director of the Authority is responsible for ensuring that an effective system of internal control is maintained and operated for Authority resources. The Director is also responsible for establishing, reviewing and maintaining effective internal controls, which include promotion of:

- compliance with Authority policy and regulations;
- probity and regularity, including accuracy in recording transactions; and
- high standards of conduct and accountability.

The Internal Audit service (provided by the London Borough of Harrow) independently appraises the adequacy of these systems and reports on strengths and weaknesses.

In addition the Director and Advisers will undertake development and maintenance of the internal control systems, which include:

- The setting of annual budgets for approval by the Board, including a three-year revenue budget forecast;
- Budget monitoring;
- Periodic and annual financial and services related reports to the Authority setting out financial performance against the approved budget; and
- Liaison and consultation maintained with the constituent boroughs on technical and financial matters via joint forums.

Performance Management
The Authority's Performance Indicators are collected by waste data flow and are published by the Environment Agency.

4. Review of Effectiveness

The WLWA has responsibility for reviewing the effectiveness of the system of internal control. The effectiveness of the system of internal control was informed by:

- Work of managers within the Authority;
- Regular reports to the Authority;
- The External Audit Annual Letter.

The Authority makes use of LB Harrow's FMS for its exchequer and financial reporting. Monthly financial monitoring reports are then produced and shared with boroughs, elected members and senior managers. During the course of 2011-12, reporting indicated that a major underspend was expected and in December/January, when 2012-13 budgets were set, this projection was taken into account when decisions on budget reductions and use of balances. This now appears to have been a mis-reporting of the actual situation and as a result the Authority's budgets and level of balances will be under pressure for 2012-13.

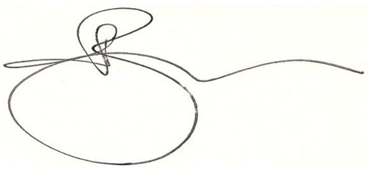
A risk-based approach is used in the development of the Internal Audit work over a multi-year plan for the Authority, with Internal Audit cover provided to defined standards. In 2011-12, no internal audit reports were completed (some 2010-11 reports progressed but not finished). However, Internal Audit's regular review of LB Harrow's internal financial controls and systems were carried out. This is currently being addressed with tighter management of the Internal Audit Plan by both LB Harrow Internal Audit and WLWA managers. This is believed to be a contributory factor to the mis-reporting of financial monitoring during 2011-12, which has caused an urgent re-assessment of the 2012-13 budget.

5. Conclusion

The Authority has considered the effectiveness of the system of internal control by the WLWA and plans to address any weaknesses that may be identified in future and to ensure continuous improvement of the systems is in place.

From the control weaknesses for financial monitoring that have been identified during the closure of the 2011-12 accounts, significant work is now underway to address these issues. An independent review of financial monitoring and the 2011-12 outturn has been undertaken by Pricewaterhouse Coopers LLP and all processes and procedures are being rigorously overhauled to give the Authority assurances that robust and effective systems of financial monitoring and internal control are in place.

The Authority has an established risk management framework covering the Authority's current risks, with a Corporate Risk Register, a WLRWS Procurement Risk Register and a Budget Risk Register (to ensure that Balances are maintained at a sustainable level). The Authority reviews these arrangements on a periodic basis.



Jim Brennan
Director of West London Waste Authority

29 September 2012

INDEPENENT 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 2012 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 2011/12.

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 2012 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 2011/12.

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 the 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 in October 2011, 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:

- It was identified that monitoring controls within the monthly management reporting process did not operate effectively for the period under review. This led to inaccuracies within financial reporting and a reassessment of the 2012-13 budget.

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 (Engagement Lead)
for and on behalf of Deloitte LLP
Appointed Auditor
St Albans, United Kingdom

30 September 2012

FURTHER INFORMATION

The Authority has a policy of providing full information about its affairs. Interested parties have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection by the public is advertised in the local press each year.

Further information on the activities and accounts of the WLWA may be obtained from:

Operational Activities

The Director,
West London Waste Authority,
Mogden Works,
Mogden Lane,
Isleworth,
Middlesex,
TW7 7LP
info@westlondonwaste.gov.uk

Accounts

The Treasurer,
West London Waste Authority,
c/o London Borough of Harrow,
Corporate Finance Directorate,
PO Box 21,
Civic Centre,
Harrow, Middlesex,
HA1 2UJ

WEB: www.westlondonwaste.gov.uk

West
Waste